AGRICULTURAL TRADE DEVELOPMENT AND ASSISTANCE ACT OF 1954
(Public Law 480 - 83rd Congress as amended by Public Law
89-808, 89th Congress, November 11, 1966 - commonly known as P.L. 480)

"An Act, to increase the consumption of United States agricultural commodities in foreign countries, to improve the foreign relations of the United States, and for other purposes." The Food for Peace Act of 1966, Public Law 89-808, 80 Stat. 1526, approved November 11, 1966, substantially amends the Agricultural Trade Development and Assistance Act of 1954, as amended, popularly known as Public Law 480. Such amendments became effective January 1, 1967.

Beginning January 1, 1967, Title I authorizes sales of U.S. farm products for local currencies and for dollar credits; Title II authorizes famine relief and donations of food; both on government-to-government basis and through voluntary and international organizations, and Title III authorizes barter of U.S. farm products for materials and services from abroad.

Title I - Vietnam

1. Agricultural commodities imported under Title I, Public Law 480 generate piasters; to support the Government of Vietnam military establishment, to assist in maintaining the stability of the economy and to counteract inflationary pressures.

2. The program is implemented through international agreements. The agreements list the terms of the sale and the U.S. commodities in maximum dollar amounts and approximate quantities to be purchased. Terms are arrived at by consultation among representatives of GVN, USG and the private sectors of Vietnam and the United States.

3. After an agreement is effected (in Vietnam by the signatures of the American Ambassador and the Vietnamese Foreign Minister), Purchase Authorizations are requested by GVN through its Embassy in Washington. USAID verifies these requests. PA's are for specific commodities, include maximum dollar amounts, approximate quantity, specifications and contracting and delivery periods.

4. Purchase may be by bid or by negotiation, depending on the commodity, the supplier and the importer. Purchases are reviewed and approved or rejected by the U.S. Department of Agriculture. The suppliers' sales price must not exceed the prevailing range of export market prices as applied to the terms of the sale at the time of the sale.

5. In Vietnam purchases of rice and corn are by GVN and all other commodities by private importers; sweetened condensed milk, wheat flour, tobacco, cotton, evaporated milk, dry whole milk and nonfat dry milk.

6. After a purchase/sales contract has been effected and the commodity delivered to the ship by the exporter, he is paid in dollars from funds appropriated by the Congress for this purpose.

7. Appropriate documentation of sale, delivery and payment then is forwarded to the foreign bank (here the National Bank of Vietnam). On receipt thereof the NBVN deposits full payment in piasters at the applicable rate of exchange to the account of the U.S. in Saigon.

8. The importer pays the bank for the commodities and then sells on the local market through regular commercial channels. Finished commodities such as sweetened condensed milk are sold directly; raw products; i.e., cotton, tobacco, nonfat dry milk and wheat flour first are fabricated into a salable commodity.

9. The piasters so generated are divided between U.S. and Vietnam uses in accordance with stipulations in the international agreement. During the past several years the proportions have ranged between 100% U.S. uses to 10% U.S. and 90% Vietnam uses. Most funds designated for the Government of Vietnam go to the support of the Vietnamese military budget. Most for U.S. are for general uses by the Embassy as called for by the agreements; exchange for dollars, purchase of travel, various local expenses of the mission, etc.

10. Ocean transportation costs are for the account of the importers, except that the law requires use of American bottoms for at least 50% of the transportation, when available. Since American shipping rates are higher than foreign rates the purchaser pays the foreign rate and the USDA pays the differential required for American bottoms. This is support for the American ocean transport industry.

SUMMARY:

1. It is important to note that Title I of Public Law 480 are commercial transactions involving the movement of agricultural commodities of the U.S. to Vietnam. The sale of these commodities generates piasters for the purposes established by the agreement. Thus, with very little dollar drain from the United States, Vietnam receives substantial assistance in the form of piasters to meet its financial requirement and in agricultural commodities to stabilize its economy, combat inflation and help in its development.

2. The dollars appropriated by the Congress for support of the Title I program are spent in the U.S. for production, processing and transportation of agricultural commodities within the U.S. The farmer, the miller, the railroads, the warehouses and related activities derive the dollar benefit. Not only is there little dollar drain, there is almost no drain of irreplaceable natural resources. The rice and wheat moved from the U.S. for this purpose will be replaced by next year's crop of rice and wheat.

3. Should you desire additional information come in or write Food for Freedom, USAID/ADCCA, Saigon. We are located at Mondial Building, 265 Phan Ngu Lao, Room 108. Telephone 5441 or 5385.