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*Susan*

TWENTY-FIVE YEAR REVIEW OF PUBLIC LAW 480 AND OTHER U.S. FOOD  
AID PROGRAMS, FISCAL YEARS 1955-79

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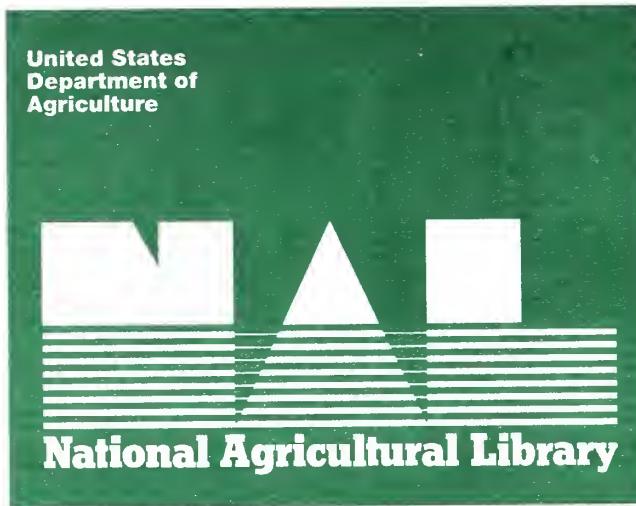
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This report reviews the changes which have occurred in Public Law (P.L.) 480 programs, commodities and recipients over the 1955-79 period. The goals of P.L. 480 shifted from disposing of U.S. surpluses to encouraging economic development and combating hunger. P.L. 480 exports peaked in 1965. Developing countries took over three-fourths of all P.L. 480 exports--consisting mainly of grains. As recipient countries increased their economic growth and foreign exchange earnings, they generally increased their commercial purchases of U.S. farm products and terminated or reduced their reliance on food aid. Demand for food aid in the poorest countries is to continue likely in the near future.

Keywords: P.L. 480, Food Aid.

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TWENTY-FIVE YEAR REVIEW OF PUBLIC LAW 480 AND OTHER U.S. FOOD AID PROGRAMS,

FISCAL YEARS 1955-79

Susan Libbin

Introduction

The United States has been the world's leading food aid donor, primarily through Public Law-480 (P.L. 480) since 1955, but its share of the total has declined considerably during the last decade. As Canada and many European countries increased their food aid at a faster rate than the United States since 1969, the U.S. portion of the value of all net food aid disbursements from developed countries dropped from an annual average of 92 percent during calendar years 1965-68 to an average of 60 percent annually for 1975-79 (table 1).

This article reviews the changing priorities and legislative history of P.L. 480, describes shifts in the magnitude, commodity composition and destination of P.L. 480 programs, highlights commercial expansion and market development of U.S. agricultural products in recipient countries, and briefly discusses food aid programs other than P.L. 480.

The United States provided food aid through various foreign aid programs for many years prior to the mid-1950's. However, it was not until 1954 that legislative authority created for a specific agricultural commodity aid program--the Agricultural Trade Development and Assistance Act of 1954, commonly known as Public Law 480. During most of P.L. 480's history there have been five basic goals--disposing of U.S. surpluses, developing commercial markets for U.S farm products, encouraging agricultural and economic development, combating hunger and malnutrition, and supporting U.S. foreign policy objectives. Food security has recently emerged as an additional new consider-

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\* International economist, Economics and Statistics Service U.S. Department of Agriculture. Helpful comments were provided by Eileen Manfredi, Jitendar Mann, Dewain Rahe, and Tom Warden.

Table 1. U.S. disbursements of food aid compared with food aid from other developed donors,  
calendar years 1965-79 1/

Country	1965- 1968	1969	1971	1973	1974	1975	1976	1977	1978	1979 2/
-- Million dollars --										
United States 3/										
West Germany	1,128	907	800	618	728	1,266	1,210	1,210	1,083	1,302
Canada	3	26	50	92	144	131	91	132	164	172
Japan	74	60	89	96	142	264	190	185	225	159
Netherlands	1	55	134	106	74	16	9	15	22	113
United Kingdom	4/	14	16	24	47	45	45	65	119	86
France	2	17	17	12	49	60	33	46	81	86
Australia	1	5/	34	67	106	83	50	52	79	84
Italy	10	15	13	19	76	61	35	24	41	8/
Other 5/	1	24	4/	29	48	45	20	46	57	47
Total	7	56	64	59	108	157	107	137	149	166
	1,227	1,174	1,217	1,133	1,522	2,129	1,790	1,912	2,020	2,296

1/ Except as indicated from organization for Economic Cooperation and Development, Development Cooperation, (ann. reviews).

2/ Preliminary.

3/ Not comparable with U.S. Department of Agriculture data which is on a shipment basis.

4/ Less than \$500,000.

5/ Includes Austria, Belgium, Denmark, Finland, New Zealand, Norway, Sweden, and Switzerland.

ation. The priorities of these goals have changed in response to varying economic, financial, political, and agricultural conditions at home and abroad.

Exports of agricultural commodities under P.L. 480 totaled nearly \$29 billion throughout fiscal years 1955-1979. P.L. 480 has included several programs--Title I concessional sales, Title II donations, Title III barter (none since 1969); and recently, Title III Food for Development. Principal commodities shipped since 1954 have been wheat, rice, wheat flour, corn, soybean oil, nonfat dry milk, cotton, and tobacco. The major recipients of P.L. 480 included mainly developing countries such as India, Pakistan, Republic of Korea, Egypt, South Vietnam, Indonesia, and Brazil. The size, composition and destination of P.L. 480 programs have changed over the last 25 years, affected by economic, financial, political and other factors. Demand for food aid, particularly in the poorest countries, is likely to rise in the near future, mainly due to deteriorating economic and financial conditions, rising oil costs, and sharply increasing grain needs of low-income countries relative to their domestic production.

#### Objectives and Legislative History of P.L. 480

P.L. 480 was enacted in 1954 primarily to help dispose of large U.S. surpluses, mainly grains, to countries that lacked sufficient foreign exchange for commercial purchases and to continue U.S. support of foreign aid efforts in Europe and other areas. 1/

In 1966, there was a sharp drop in grain production in India and the possibility of mass starvation. Even though U.S. grain stocks were relatively low, the United States felt obligated to assist India and other developing countries with similar problems.

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1/ For more detail on this section see Vellianitis-Fidas, Amalia and Eileen Manfredi, P.L. 480 Concessional Sales, U.S. Department of Agriculture, FAER No. 142, December 1977, pp. 1-8.

Thus, amendments were enacted into the Food for Peace Act of 1966 which shifted the priorities of P.L. 480 toward encouraging development and combatting hunger abroad. The 1966 law required that sales under Title I be allocated to countries pursuing self-help measures.

The 1966 Act also included amendments to enable P.L. 480 to make a stronger contribution to the U.S. balance of payments. By December 1971, a transition was to be completed under Title I from sales for local currencies to sales for dollars with a long repayment period.

In fiscal 1974, P.L. 480 exports fell to their lowest level since the program's inception, mainly because of reduced U.S. stocks following increased commercial U.S. shipments in the early 1970's to meet grain short-falls in many countries. Grain prices were soaring, and with the sharp rise in oil prices by the Organization of Petroleum Exporting Countries (OPEC) in 1973, most developing countries were seriously hindered in meeting increasing demands for food. The International Development and Food Assistance Act of 1975 (amending P.L. 480) contained several amendments in recognition of the needs of the poorest countries and also to strengthen the economic development and humanitarian goals. The law required that at least 75 percent of food commodities under Title I in any fiscal year go to countries with an annual per capita gross national product of \$300 or less that are unable to secure sufficient food for their immediate needs through domestic production or commercial imports. The Act also specified that U.S. aid should be related to efforts by recipients "to increase their own agricultural production, with emphasis on development of small family farm agriculture,

and improve their facilities for transportation, storage and distribution of food commodities." The law further established the first minimum level for Title II donations at 1.3 million tons annually. Another provision required an annual global assessment of food production and needs in developing countries.

P.L. 480 was last amended by the Food and Agriculture Act of 1977 and the International Development and Food Assistance Act of 1977. The legislation changed the eligibility requirement that 75 percent of food under Title I go to countries which meet the per capita gross national product poverty criterion revised annually by the International Development Association. 2/ The IDA raised its poverty criterion from \$580 or less per capita in 1979 to \$625 or less in 1980. The minimum tonnages to be shipped under Title II were increased to 1.6 million tons for fiscal years 1978-80 and to higher minimums during subsequent years.

A new Title III Food for Development Program was added to establish a relationship between U.S. food aid under Title I and efforts of developing countries to increase the supply of food to the poor and improve the quality of their life. To meet this goal, a specified portion of Title I funds in each fiscal year (unless a waiver is granted) is to be used for multiyear agreements with recipients who agree to use the proceeds from the sale of Title I commodities for approved programs such as agricultural development, aid to small farmers, sharecroppers and landless farm laborers, nutrition, health services, and population planning. The amount used for the agreed programs will be considered as repayment toward the country's obligations under Title I financing.

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2/ This requirement can be waived if it is determined that 75 percent of the food aid cannot be used effectively in poor countries to carry out the humanitarian or development purposes of Title I.

Other 1977 amendments that reinforce P.L. 480 objectives include:

(1) No Title I agreement concluded with any country engaging in a consistent pattern of human rights violations, unless the aid will be used for programs that directly benefit the country's needy people; (2) No substantial disincentive to domestic production will occur; and (3) Beginning in October 1978 and at succeeding five-year intervals, a comparative evaluation of Titles II and III will be made in at least five countries, covering all the developing regions.

Food security has become a recent concern in U.S. food aid policy. 3/ The need for a grain reserve program has arisen mainly due to the rising import needs of low and middle-income developing countries and their limited capacity to finance these imports, the growing dependency of the developing countries on the United States and a few other food exporters, and the questionable ability of the major exporters to meet immediate and long-term demands for food. The 1977 Food and Agriculture Act authorized the Secretary of Agriculture to establish and maintain a farmer-owned grain reserve, but did not specify how the reserve could be used. The 1977 Act also amended the availability criteria of P.L. 480 (sec. 401) to allow food aid to be used for urgent humanitarian needs during periods of limited U.S. supplies. Legislation to authorize a reserve of up to 4 million tons of wheat for emergency food aid is being considered by Congress.

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3/ See U.S. Department of Agriculture, Economics, Statistics, and Cooperatives Service, Global Food Assessment, 1980, FAER, No. 159, July 1980, pp. 101-104; and Presidential Commission on World Hunger, Overcoming World Hunger: The Challenge Ahead, March 1980, pp. 89-102.

The United States contributes through P.L. 480 Title II to the United Nations International Emergency Food Reserve (IEFR). 4/ The IEFR was created in 1975 to enable the World Food Program to meet increasing demands for emergency relief.

Public Law 480 Programs

Exports under P.L. 480 rose from \$385 million in fiscal 1955 to a peak of nearly \$1.6 billion in 1965 (quantity peaked at 18.8 million tons in 1962) (table 2). After the mid-1960's, food aid was phased out in European countries, Japan, and some developing countries as their economic and financial conditions improved. The value of P.L. 480 exports declined from the peak in 1965 to around \$1 billion in 1969 and stayed near that level until 1973. P.L. 480 shipments dropped to \$867 million (3.3 million tons) in fiscal 1974, mainly because of reduced U.S. stocks following shortfalls in grain production in many countries and their heavy purchases from the United States in the early 1970's. Except for one year during the 1975-79 period, P.L. 480 exports were fairly stable at around \$1.1 billion. Exports dropped some in 1976, mainly due to programming lags and the planning for large shipments during the July-September transition period to the new fiscal reporting year. 5/

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4/ For more information on the IEFR, see "Value of World Food Aid Up In Calendar 1978," FATUS, Dec. 1979, p. 83, and "Bilateral World Food Aid Declines, Multilateral Increases in Calendar 1977," FATUS, Dec. 1978, p. 67.

5/ All data on P.L. 480 cover July-June fiscal years for 1955-76 and October-September fiscal years for 1977-79.

Table 2 --U.S. agricultural exports under Public Law 480 and Mutual Security/AID programs,  
quantity and value, fiscal years 1955-1979

Fiscal year	Public	Mutual	Total	Public	Mutual	Total
	Law	Security/	Government	Law	Security	Government
	480 1/	AID		480 1/	AID	2/
: -- 1,000 metric tons --						
: -- Million dollars --						
<b>July-June</b>						
1955 .....	3,431	2,959	6,390	385	450	835
1956 .....	10,205	2,792	12,997	984	355	1,339
1957 .....	14,519	2,999	17,518	1,525	394	1,919
1958 .....	9,288	1,601	10,889	981	227	1,208
1959 .....	11,620	1,140	12,760	1,017	210	1,227
1960 .....	14,329	1,130	15,459	1,116	167	1,283
1961 .....	16,391	1,761	18,152	1,316	186	1,502
1962 .....	18,799	402	19,201	1,495	74	1,569
1963 .....	17,370	102	17,472	1,457	13	1,470
1964 .....	16,788	112	16,900	1,418	23	1,441
1965 .....	18,431	92	18,523	1,570	26	1,596
1966 .....	18,158	158	18,316	1,346	42	1,388
1967 .....	13,957	147	14,104	1,271	37	1,308
1968 .....	14,587	71	14,658	1,280	17	1,297
1969 .....	10,006	65	10,071	1,039	11	1,050
1970 .....	10,959	54	11,013	1,056	12	1,068
1971 .....	9,839	348	10,187	1,023	56	1,079
1972 .....	9,913	402	10,315	1,058	66	1,124
1973 .....	7,375	356	7,731	954	84	1,038
1974 .....	3,322	441	3,762	867	76	943
1975 .....	4,884	457	5,341	1,101	123	1,224
1976 .....	4,464	922	5,386	907	216	1,123
July-September 1976 .....	2,006	819	2,825	385	138	523
<b>October-September</b>						
1977 .....	6,460	2,242	8,702	1,102	419	1,521
1978 .....	6,154	2,564	8,718	1,074	475	1,549
1979 <u>3/</u> .....	6,303	1,791	8,091	1,182	304	1,486
<b>Total</b> .....	<b>279,555</b>	<b>25,927</b>	<b>305,482</b>	<b>28,909</b>	<b>4,201</b>	<b>33,110</b>

1/ Includes Title I credit sales, Title II donations and Title III barter (until 1969).

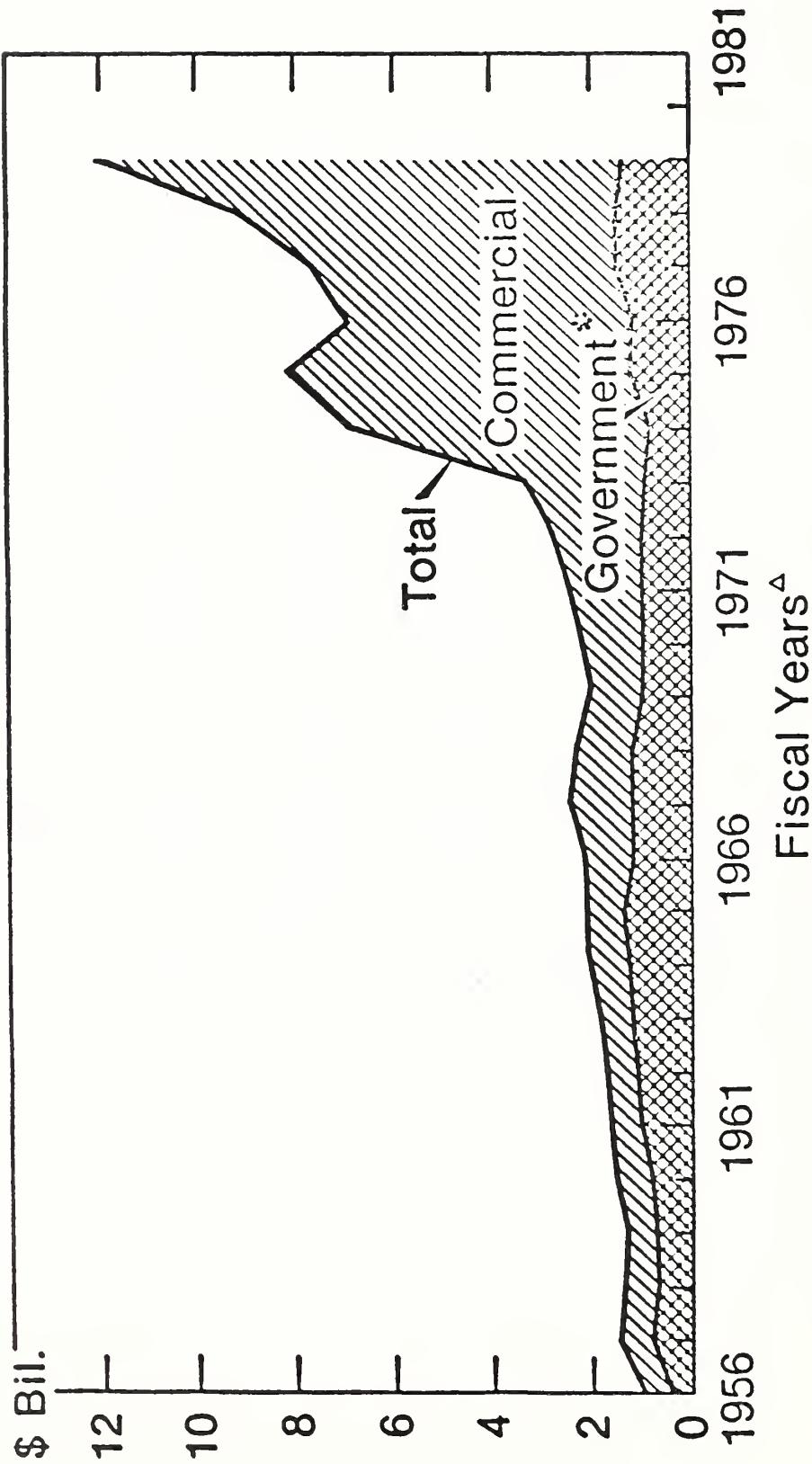
2/ Details may not add to totals due to rounding.

3/ Preliminary.

Higher commodity prices generally affected the value of P.L. 480, especially since 1970 (fig. 1). The quantity shipped under P.L. 480 declined 44 percent during fiscal 1970-79, while the value rose by 8 percent. The decline in P.L. 480 during 1970-74 was about 20 percent in value, but nearly 70 percent in volume.

Wheat was the leading commodity exported under P.L. 480, accounting for 40 percent of the total value throughout 1955-79 (table 3). Most of the wheat moved under the Title I program. Rice has generally been the second leading commodity in value--also exported almost entirely under Title I. Other major commodities have been feed grains, 60 percent under Title I and 25 percent under barter; wheat flour, nearly equally divided between Title I and Title II; soybean oil, about 70 percent under Title I; tobacco and cotton, both almost all under Title I; nonfat dry milk, bulgur wheat, and blended food products; all three almost entirely under Title II. During the first 12 years of P.L. 480, there were mainly increases in exports of wheat, rice, flour, cotton and nonfat dry milk. During the last ten, the relative importance of nonfood products (cotton and tobacco) has declined as food needs of developing countries were emphasized. Since 1970, there have been value and volume gains mostly in P.L. 480 exports of bulgur wheat and blended fortified food products (corn-soya milk and wheat-flour soya). Reduced supplies in the mid-1970's caused sharp declines in P.L. 480 exports of several commodities, such as wheat, flour, rice, feed grains, vegetable oils and nonfat dry milk. Since then, export volume under P.L. 480 of these commodities, except for rice, has risen, but remain far below the levels of the early 1970's. Increased grain production in several Asian countries in recent years,

## U.S. Agricultural Exports to Developing Countries



\*Includes Public Law 480 and Mutual Security Programs.

△July-June for 1956-76 and October-September periods for 1977-79.

Table 3 --U.S. agricultural exports under Public Law 480 programs, fiscal years 1955-79 1/

Commodity	1955	1956	1957	1958	1959	1960	1961	1962	1963	1964	1965	1966	1967	1968	1969
-- Million dollars --															
Wheat	170	293	486	335	425	516	613	707	709	710	868	755	460	573	318
Rice	2	36	132	42	36	69	77	54	83	84	69	47	131	132	171
Cotton	11	96	334	185	144	102	187	156	162	124	128	73	139	118	98
Vegetable oils 2/	18	90	112	82	97	88	73	110	79	81	136	100	106	104	77
Feedgrains	37	200	169	81	105	133	117	159	77	69	58	103	186	88	37
Wheat flour	4	4	36	58	63	91	120	136	126	123	105	97	66	60	83
Nonfat dry milk	45	56	73	75	68	38	50	46	57	54	63	69	64	64	74
Tobacco	4	55	35	26	31	51	55	65	37	27	25	35	28	30	32
Bulgur wheat	---	---	---	4/	4/	4/	4/	3	13	21	22	27	24	26	29
Blended food prod.	5/	---	---	---	---	---	---	---	---	---	---	---	18	21	31
Feedgrain products	4/	---	14	34	12	14	16	15	16	15	16	13	17	18	11
Other	94	154	134	68	36	14	8	44	98	110	80	27	32	46	78
Total	385	984	1,525	981	1,017	1,116	1,316	1,495	1,457	1,418	1,570	1,346	1,271	1,280	1,039
-- 1,000 Metric tons --															
Wheat	3,324	4,730	8,125	5,908	6,883	8,585	10,112	11,379	11,210	13,414	12,778	7,073	9,370	5,216	
Rice	14	260	968	280	314	574	658	423	615	674	565	359	828	734	993
Cotton	14	119	511	295	222	180	310	244	265	208	205	144	258	216	171
Vegetable oils 3/	51	243	311	234	118	339	284	362	298	337	472	320	343	401	367
Feedgrains	719	4,159	3,218	1,671	2,175	2,673	2,534	3,260	1,554	1,206	1,033	2,009	3,503	1,706	786
Wheat flour 4/	43	59	444	595	841	1,341	1,829	2,261	2,180	1,976	1,706	1,628	997	1,304	1,332
Nonfat dry milk	129	207	224	290	301	182	244	278	335	301	209	217	138	135	143
Tobacco	3	36	24	15	18	22	37	47	22	18	16	24	17	16	16
Bulgur wheat 5/	---	---	---	2	4	---	1	31	142	215	205	243	201	285	303
Blended food prod.	5/	---	---	---	---	---	---	---	---	---	---	---	87	118	188
Feedgrain prod. 6/	3	---	215	300	222	282	324	335	348	329	342	302	336	357	241
Other	131	392	486	198	522	51	58	180	401	311	264	134	176	215	250
Total	3,431	10,205	14,519	9,288	11,620	14,329	16,391	18,799	17,370	16,788	18,431	18,158	13,957	14,587	10,006

Continued--

Table 3 --U.S. agricultural exports under Public Law 480 programs, fiscal years 1955-79 1/--Continued

Commodity	1970	1971	1972	1973	1974	1975	1976	July- Sept. 1976	1977	1978	1979 2/	1955- 1979
:-- Million dollars --												
:-- 1,000 Metric tons --												
Wheat	311	303	313	245	136	425	387	149	363	364	474	11,408
Rice	153	147	176	211	321	291	143	113	176	171	137	3,204
Cotton	136	103	92	104	35	11	34	25	18	10	18	2,643
Vegetable oils 3/	89	120	127	73	72	65	38	18	100	138	121	2,314
Feedgrains	63	70	73	94	91	21	13	5	50	58	78	2,240
Wheat flour	97	78	64	64	70	67	72	29	107	136	144	2,095
Nonfat dry milk	75	94	90	22	1	58	32	10	82	134	23	1,417
Tobacco	24	24	23	29	30	17	16	2	57	1	7	746
Bulgur wheat	22	21	22	39	41	63	36	11	48	66	85	619
Blended food products 5/	25	33	53	64	54	55	49	11	64	53	68	599
Feedgrain products	12	13	5	9	9	13	14	2	13	16	16	333
Other	49	17	15	---	7	15	13	10	24	27	11	1,291
Total	1,056	1,023	1,058	954	867	1,101	907	385	1,102	1,074	1,182	28,909
:-- 1,000 Metric tons --												
Wheat	5,776	5,067	5,177	2,995	860	2,796	2,681	1,132	3,471	2,997	3,230	164,002
Rice	947	923	1,061	997	605	747	509	454	686	529	484	16,200
Cotton	234	159	120	18	28	9	30	16	10	8	13	4,007
Vegetable oils 3/	331	379	381	220	119	71	82	31	157	209	149	6,609
Feedgrains	1,197	1,165	1,386	1,462	846	158	63	47	528	585	675	40,401
Wheat flour 6/	1,551	1,250	999	789	386	385	466	191	892	1,003	891	27,069
Nonfat dry milk	138	151	126	29	1	46	26	7	55	67	64	4,043
Tobacco	11	11	12	12	11	6	5	1	14	7/	2	426
Bulgur wheat 6/	290	298	268	321	199	335	210	64	323	411	441	4,792
Blended food products 5/	149	176	266	270	179	171	133	28	155	156	201	2,274
Feedgrain products 6/	234	219	99	118	86	97	116	19	96	130	116	5,265
Other	101	41	18	144	2	63	143	16	57	59	34	4,467
Total	10,959	9,839	9,913	7,375	3,322	4,884	4,464	2,006	6,460	6,154	6,300	279,555

1/ Includes Title I credit sales, Title II donations and Title III barter (until 1969). July-June for 1955-76 and October-September years for 1977-79.

2/ Preliminary.

3/ Includes soybean and cottonseed oils.

4/ Less than \$500,000.

5/ Corn-soya blend and wheat-flour soya.

6/ In grain equivalent.

7/ Less than 500,000 metric tons.

Table 4 --U.S. agricultural exports under Public Law 480 to principal developing and developed countries, fiscal years 1955-79 1/

Country	1955	1956-60 average	1961-65 average	1966-70 average	1971-75 average	1976	1977	1978	1979	1955-79 3/		Total Sales 2/	Title I Sales	Title II Sales	Title III Sales	P.L. 480 Donations	Barter
										1970	1971-75 average		1978	1979			
-- Million dollars --																	
Developing Countries																	
India	19	166	351	393	131	107	141	132	130	4,524	1,203	75	5,802				
Pakistan	7	62	120	91	70	106	52	40	1,830	1,39	1,203	4/	1,089				
Korea	9	40	71	98	111	63	76	63	4,3	1,597	310	6	1,913				
Egypt	16	31	128	21	18	151	210	423	250	1,643	190	12	1,045				
Indonesia	4/	25	33	67	72	49	132	159	111	1,374	105	2	1,481				
South Vietnam	---	---	30	74	132	4/	---	---	---	1,369	156	4/	1,465				
Brazil	2	32	85	46	16	1	1	4/	4/	607	227	63	897				
Israel	13	28	32	33	39	16	11	7	5	644	25	47	716				
Bangladesh	---	---	---	59	158	66	104	89	59	590	122	---	712				
Turkey	25	41	52	25	12	---	4/	---	---	550	106	18	674				
Morocco	6	3	22	28	24	14	25	28	18	194	277	4	475				
Taiwan	5	14	40	19	5	5	---	---	---	294	85	16	395				
Chile	1	12	18	14	16	59	17	6	9	239	146	4	389				
Philippines	1	7	13	13	20	17	49	15	30	172	203	16	391				
Tunisia	4/	3	20	24	15	4	13	19	16	198	161	1	360				
Other	5	136	163	190	226	150	248	51	373	2,070	2,134	181	4,385				
Total	109	600	1,178	1,136	966	895	1,041	1,067	1,114	17,855	5,589	445	23,89				
Developed Countries																	
Yugoslavia	78	75	84	29	---	---	---	---	---	848	153	20	1,021				
Spain	13	88	29	4	---	---	---	---	---	474	145	32	651				
Poland	---	62	65	5	---	---	---	---	---	498	60	9	567				
Italy	24	64	11	1	---	---	---	---	---	140	232	34	406				
Japan	27	56	10	---	---	---	12	7	68	216	39	9	264				
Portugal	1	4	8	2	6	6	---	---	---	164	88	13	145				
Greece	20	22	20	3	---	---	---	---	---	322	100	1,170	1,692				
Other	113	133	20	18	3	---	---	---	---	---	---	---	---				
Total	276	524	247	62	9	12	61	7	68	2,642	817	1,287	4,746				
Destination Unknown	10	1	26	10	26	---	---	---	---	---	---	274	---	274			
Total	39	1,125	1,451	1,208	1,001	907	1,102	1,074	1,187	20,97	6,680	1,732	28,909				

--- = Not applicable.

1/ 1955-76 covers July-June period; 1977-79 covers October-September.

2/ Preliminary.

3/ Includes July-Sept. 1976.

4/ Less than \$500,000.

higher foreign exchange earnings in some developing countries since 1970, and cessation of aid to a few countries for political reasons have contributed to the volume decline in P.L. 480 exports of several commodities since 1970.

P.L. 480 shipments have gone to almost all countries, over 80 percent to developing ones. However, 6 countries took 60 percent of the total value shipped to over 100 developing countries during 1955-79 (table 4). 6/ India, the leading recipient, got one-fifth of all exports under P.L. 480. Shifts in the amount of food aid to the major developing countries over the last 25 years will be discussed under the various P.L. 480 programs.

P.L. 480 exports went to nearly 30 developed countries (including Eastern Europe), with 7 countries getting over two-thirds of the developed share, all mainly during the late 1950's. During the last 10 years Portugal has been the only developed country to receive U.S. food aid.

#### Title I Sales Program

Title I exports, totaling \$20.5 billion, accounted for about 70 percent of all P.L. 480 shipments during 1955-79 (table 5). The program involved two financial arrangements: Cash sales for the local currencies of the recipient country, and long-term dollar credit sales. 7/

About 60 percent of all Title I exports were under sales for local currencies, which were at their highest during 1960-65. Since then, they declined until the phasing out of local currency agreements in 1971. The local currencies accruing from the sale of commodities under these agreements were held in the recipient country in a special account to be used for a variety of

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6/ The top six were India, Pakistan, South Korea, Egypt, Indonesia, and South Vietnam.

7/ For detailed information on Title I operations, financing and procedures for negotiating Title I agreements, see Manfredi and Fidas, op. cit., pp. 13-21.

Table 5-U.S. agricultural exports under Government-financed programs and commercial, fiscal years 1955-79\*

Year	Public Law 480						Total agricultural exports											
	Title I		Title II		Title III		Under specified programs		Outside specified Government programs									
Long-term Government-aided dollar and to- local currency 1/; currency 2/		Donation through local relief credit		Barter for strategic materials 5/		Mutual Security AID 6/		Government programs 7/										
<i>Year</i>																		
<i>Year</i>																		
-- Million dollars --																		
1955 .....	73	---	52	135	125	385	450	835	2,309	3,144								
1956 .....	439	---	63	184	298	984	355	1,339	2,157	3,096								
1957 .....	908	---	51	165	401	1,525	394	1,919	2,809	4,728								
1958 .....	657	---	51	173	100	981	227	1,208	2,795	4,003								
1959 .....	724	---	30	131	132	1,017	210	1,227	2,492	3,719								
1960 .....	824	---	38	105	149	1,116	167	1,283	3,236	4,519								
1961 .....	951	---	75	146	144	1,316	186	1,502	3,444	4,946								
1962 .....	1,030	19	88	160	198	1,495	74	1,569	3,573	5,142								
1963 .....	1,088	57	89	174	48	1,457	13	1,470	3,608	5,078								
1964 .....	1,056	48	81	189	43	1,418	23	1,441	4,627	6,068								
1965 .....	1,142	158	55	183	32	1,570	26	1,596	4,501	6,097								
1966 .....	866	181	87	180	32	1,346	42	1,388	5,359	6,747								
1967 .....	803	178	110	157	23	1,271	37	1,308	5,513	6,821								
1968 .....	723	300	100	150	6	1,280	17	1,297	5,086	6,383								
1969 .....	346	427	111	154	1	1,039	11	1,050	4,776	5,826								
1970 .....	309	506	113	128	---	1,056	12	1,068	5,650	6,718								
1971 .....	204	539	138	142	---	1,023	56	1,079	6,674	7,753								
1972 .....	143	515	228	152	---	1,058	66	1,124	6,922	8,046								
1973 .....	6	661	159	128	---	954	84	1,038	11,864	12,902								
1974 .....	9/	575	147	145	---	867	76	943	20,350	21,293								
1975 .....	---	762	148	191	---	1,101	123	1,224	20,354	21,378								
1976 .....	---	650	65	192	---	907	216	1,123	21,024	22,147								
July-September 1976 .....	---	316	18	51	---	385	138	523	4,832	5,355								
October-September 1976/77 .....	---	760	92	250	---	1,102	419	1,521	22,453	23,974								
October-September 1977/78 .....	---	739	112	223	---	1,074	475	1,549	25,742	27,291								
October-September 1978/79 .....	---	793	126	263	---	1,182	304	1,486	30,489	31,975								
1955 through October-September 1979: 12,292	8,205	2,427	4,253	1,732	28,909	4,201	33,110	232,371	265,481									
-- Percent --																		
1955 .....	2	---	2	4	4	12	14	26	74	100								
1956 .....	13	---	2	5	8	28	10	38	62	100								
1957 .....	19	---	1	4	9	33	8	41	59	100								
1958 .....	16	---	1	4	3	24	6	30	70	100								
1959 .....	19	---	1	3	4	27	6	33	67	100								
1960 .....	18	---	1	2	3	24	4	28	72	100								
1961 .....	19	---	1	3	3	26	4	30	70	100								
1962 .....	20	10/	2	3	4	29	1	30	70	100								
1963 .....	22	1	2	3	1	29	10/	29	71	100								
1964 .....	17	1	1	3	1	23	1	24	76	100								
1965 .....	19	3	1	3	10/	26	10/	26	74	100								
1966 .....	13	3	1	3	10/	20	1	21	79	100								
1967 .....	12	3	2	2	10/	19	10/	19	81	100								
1968 .....	11	5	2	2	10/	20	10/	20	80	100								
1969 .....	6	7	2	3	10/	18	10/	18	82	100								
1970 .....	5	7	2	1	---	16	---	16	84	100								
1971 .....	7	2	2	2	---	13	1	14	86	100								
1971 .....	7	1	1	2	---	13	1	14	86	100								
1971 .....	10/	1	1	1	---	7	1	8	92	100								
1971 .....	10/	7	1	1	---	4	10/	4	96	100								
1975 .....	3	1	1	1	---	5	1	6	94	100								
1976 .....	3	10/	1	1	---	4	1	5	95	100								
July-September 1976 .....	6	10/	1	1	---	7	3	10	90	100								
October-September 1976/77 .....	3	10/	1	1	---	4	2	6	94	100								
October-September 1977/78 .....	3	10/	1	1	---	4	2	6	94	100								
October-September 1978/79 .....	2	10/	1	1	---	4	1	5	95	100								
1955 through October-September 1979: 5	3	1	2	1	11	2	12	88	100									

--- = Not applicable. Details may not add to totals due to rounding.

\* Oct.-Sept. 1976/77 is the beginning of the new fiscal year. No comparison will be made for the Oct.-Sept. 1975/76 year.

1/ Authorized by Title I, P.L. 480. 2/ Shipments under agreements signed through Dec. 31, 1966, authorized by Title IV, P.L. 480. Shipments under agreements signed from Jan. 1, 1967, authorized by Title I, P.L. 480, as amended by P.L. 89-808. 3/ Authorized by Title II, P.L. 480. Includes World Food Program. 4/ Authorized by Section 416 of the Agricultural Act of 1949 and Section 302, Title III, P.L. 480 through Dec. 31, 1966. Authorized by Title II, P.L. 480, as amended by P.L. 89-808, effective Jan. 1, 1949. 5/ Authorized by Section 303, Title III, P.L. 480, and other legislation. Includes some shipments in exchange for goods and services for U.S. agencies before 1963. 6/ Sales for foreign currency, economic aid, and expenditures under development loans authorized by P.L.'s 165, 665, and 87-195. 7/ "Total agricultural exports outside specified Government programs" (sales for dollars) include in addition to unassisted commercial transactions, shipments of some commodities with governmental assistance in the form of (1) barter shipments for overseas procurement for U.S. agencies; (2) extension of credit through CCC's Export Credit Sales Program and Export-Import Bank loans and medium-term guarantees; and (3) sales of Government-owned commodities at less than domestic market prices. 8/ Data does not include furskins, bulk tobacco, citric acid, fatty acids, glues and adhesives n.e.c., 1966-71. 9/ Less than \$500,000. 10/ Less than one-half percent.

purposes in the recipient country, such as loans and grants for economic development, U.S. activities (i.e. market development), educational and cultural exchange programs, and military support for common defense.

Dollar credit sales were added to P.L. 480 in 1959, first under Title IV and since 1966, under Title I. All new Title I agreements since 1972 have been for dollar credit. In most cases, interest rates on Title I loans are 2 percent during the grace periods and 3 percent thereafter. Recipient countries repaid \$1,932 million (including interest) through September 1979 for dollar credit loans. 8/

Commodities under Title I are exported entirely by private U.S. traders with prices the same as for purely commercial sales. A U.S. bank pays the commercial exporter and the U.S. Government reimburses the bank.

Wheat has been the leading Title I commodity, providing nearly one-half the value of Title I exports during 1955-79 (table 6). The volume of wheat exported under Title I reached a peak in 1965 and then fell sharply until 1974. Since then, the volume has risen some but is still far below the level of the early 1970's (table 7). Other major commodities under the program have included rice, feedgrains (mostly corn), wheat flour, soybean oil, cotton, and tobacco. Particularly sharp declines have occurred in Title I volume exports of rice, corn and cotton since 1973.

Title I exports went to over 70 countries with about a dozen taking nearly three-fourths of the total during 1955-79. 9/ Foreign governments must initiate the request to negotiate a Title I agreement. Foreign exchange availability, food needs, economic and agricultural growth, and foreign policy considerations are the major factors affecting Title I sales to recipients.

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8/ U.S. Department of Agriculture, Commodity Credit Corporation, Report of Financial Conditions and Operations, Sept. 30, 1979.

9/ Major Title I recipients for the 1955-79 period include India, Pakistan, Egypt, South Korea, Indonesia, South Vietnam, Yugoslavia, Israel, Brazil, Bangladesh, Turkey, Poland, and Spain.

Table 6. U.S. agricultural exports under Public Law 480,  
Title I Sales, fiscal years 1955-79

Fiscal Year	: Soybean : and : Cottonseed : Oils									Wheat grains 1/	Feed flour	Wheat flour	Tobacco	Other 2/	Total
	Wheat	Rice	Cotton	Cottonseed	Feed grains 1/	Wheat flour	Tobacco	Other 2/	Total						
-- Million Dollars --															
July-June:															
1955	42.2	---	9.8	7.3	8.5	---	33.9	1.0	73.0						
1956	152.4	16.1	84.6	79.4	28.0	0.9	55.5	22.0	438.9						
1957	324.5	114.7	205.8	111.3	43.5	5.3	35.2	67.5	907.8						
1958	298.0	34.3	125.8	81.7	53.4	1.5	25.5	37.3	657.5						
1959	372.8	23.0	96.1	97.5	67.7	14.0	30.0	23.1	724.2						
1960	458.5	52.7	87.9	88.8	67.8	33.4	31.0	3.8	923.9						
1961	518.4	59.2	171.8	72.0	57.2	39.5	29.4	4.0	951.5						
1962	600.1	51.2	152.4	92.3	56.3	61.7	19.1	15.3	1,043.4						
1963	651.5	83.1	161.7	60.5	45.8	66.0	24.2	52.6	1,145.4						
1964	621.1	84.5	119.6	74.0	57.1	72.5	26.7	49.1	1,104.6						
1965	839.7	68.9	109.1	99.7	48.5	48.4	19.5	66.0	1,299.8						
1966	704.2	46.9	57.5	52.9	90.3	40.0	29.2	26.3	1,047.3						
1967	416.6	131.4	127.5	59.2	165.8	28.7	20.0	31.8	951.0						
1968	540.8	131.7	112.5	70.8	81.9	24.6	30.4	30.3	1,023.0						
1969	280.0	169.5	96.3	53.7	33.2	43.8	32.1	63.9	772.5						
1970	287.6	151.6	138.6	61.7	55.3	43.6	23.7	53.1	815.2						
1971	269.2	146.1	103.3	86.0	50.3	41.6	23.7	22.8	743.0						
1972	257.3	127.6	91.5	58.8	67.4	31.6	23.3	19.9	677.4						
1973	191.2	204.2	103.4	34.3	80.2	13.2	28.8	12.0	667.3						
1974	103.4	321.4	35.0	37.5	36.3	5.8	30.2	5.8	575.4						
1975	400.4	287.0	11.3	21.9	2.0	20.1	16.5	2.8	762.0						
1976	370.3	143.3	34.1	38.4	---	47.1	15.8	1.0	650.0						
July-September:															
1976	139.4	112.7	24.6	11.9	4.3	21.2	2.0	---	316.1						
October-September:															
1977	313.6	168.4	18.0	76.1	44.8	73.3	55.6	10.0	759.5						
1978	324.5	149.7	10.0	104.2	40.4	106.1	1.1	2.8	738.8						
19793/	433.5	118.9	18.4	37.9	63.5	108.6	7.7	4.3	792.8						
Total 1955-1979	9,911.2	98.1	6.6	1,669.8	1,349.5	991.6	651.3	628.5	20,496.6						

--- = Not applicable

<sup>1/</sup> Mainly corn.

<sup>2/</sup> Mainly dairy products and inedible tallow.

<sup>3/</sup> Preliminary.

Table 7.—U.S. agricultural exports under Public Law 480, Title I sales,  
fiscal years 1955-79

Fiscal year:	Wheat	Rice	Feed grains <sup>1/</sup>	Wheat flour <sup>2/</sup>	Soybean and cottonseed oils <sup>3/</sup>	Cotton	Tobacco	Other <sup>4/</sup>	Total
--- 1,000 metric tons ---									
July-June:									
1955	647	115	152	—	23	13	3	—	838
1956	2,534	822	552	18	219	101	36	89	3,664
1957	5,429	231	803	90	311	300	24	159	7,938
1958	4,853	171	1,119	21	234	188	15	111	6,773
1959	6,039	454	1,410	265	352	139	19	186	8,581
1960	7,629	546	1,390	622	339	153	19	18	10,624
1961	8,580	546	1,223	768	280	282	18	22	11,719
1962	9,701	400	1,130	1,147	313	239	12	84	13,026
1963	10,364	614	897	1,160	251	265	14	298	13,863
1964	9,919	674	995	1,109	314	200	17	207	13,435
1965	12,978	566	861	788	366	179	12	203	15,953
1966	11,935	359	1,804	760	196	120	21	59	15,254
1967	6,473	828	3,175	463	219	241	13	118	11,530
1968	8,909	735	1,595	427	301	204	15	206	12,392
1969	4,568	984	721	726	290	171	17	292	7,769
1970	5,400	940	1,069	700	250	234	11	143	8,747
1971	4,519	923	862	659	293	159	11	68	7,494
1972	4,298	814	1,213	493	194	120	12	27	7,171
1973	2,307	964	1,274	158	110	137	12	68	5,030
1974	684	606	379	33	65	28	11	4	1,810
1975	2,649	741	15	134	29	9	6	—	3,583
1976	2,566	499	—	314	83	31	4	2	3,501
July-Sept.									
1976	1,061	454	35	146	24	16	1	—	1,737
Oct.-Sept.:									
1977	2,995	661	480	639	126	10	14	68	4,993
1978	2,659	466	425	801	167	8	4/	17	4,543
1979 <sup>5/</sup>	2,957	418	568	677	55	13	2/	23	4,710
Total	142,653	14,985	24,144	13,120	5,404	3,360	339	2,472	206,677

<sup>1/</sup> Not Applicable

<sup>2/</sup> Mainly corn.

<sup>3/</sup> In wheat equivalent.

<sup>4/</sup> Mainly dairy products and edible tallow.

<sup>5/</sup> Preliminary.

South Asia was the leading regional recipient until the mid-1970's, although Title I exports to the area reached a peak in the mid-1960's (table 8). Exports to South Asia in 1979, accounting for 15 percent of all Title I exports, were about three-fourths less than the value during the 1961-65 annual average when they accounted for a 40-percent share. The decline was mainly due to increased grain production and foreign exchange earnings in several countries. India was the leading recipient until the mid-1970's when Bangladesh became the regional South Asian leader.

Following South Asia, during the first five years of the program, Western Europe (mainly Spain), and Eastern Europe (Yugoslavia and Poland), were the major regional recipients. Title I exports to Eastern Europe were also large during the 1961-65 period. Improved economic and financial conditions led to the program's termination in these regions.

During the 1960-75 period, Southeast and East Asia was generally the second leading regional recipient. During the program's early years, Japan was the major East Asian recipient, but sales were phased out in 1958 with the country's improved economic conditions. Taiwan was also an important recipient until the mid-1960's when improved economic conditions led to reduced shipments and the termination of the program by 1973. Korea and Indonesia were major Asian recipients over the last 25 years. However, Title I exports to Korea have generally fallen since the mid-1970's with substantial improvement in the country's ability to import commercially. South Vietnam was a leading recipient during the 1966-75 period, and Cambodia received large amounts during the early 1970's. Political factors led to termination of the program to these two countries in 1976.

Table 8--U.S. agricultural exports under Public Law 480 Title I sales, by selected region and country, fiscal years 1955-79

	July-June										October-September			
	1955	1956-60	1961-65	1966-70	1971-75	1976	1977	1978	1979 <sup>1/</sup>	1955-79 <sup>2/</sup>				
	average	average	average	average	average	average	average	average	average	average				
-- Million dollars --														
World	73.0	710.5	1,109.9	927.8	685.0	650.0	759.8	738.8	792.8	2,0446.6				
Western Europe	3.3	143.5	43.0	4.8	6.2	12.4	61.4	6.8	67.9	1,160.7				
Spain	---	72.7	20.9	1.4	---	---	---	---	---	474.1				
Portugal	---	1.4	---	---	5.8	12.4	61.4	6.8	67.9	216.4				
Greece	---	12.5	14.1	2.2	---	---	---	---	---	144.1				
Italy	---	28.1	---	---	---	---	---	---	---	140.0				
Other	3.3	28.8	8.0		1.2	.4	---	---	---	186.1				
Eastern Europe	40.6	101.6	131.6	27.9	---	---	---	---	---	1,346.1				
Yugoslavia	40.6	60.4	73.1	27.9	---	---	---	---	---	847.9				
Poland	---	41.2	58.5	---	---	---	---	---	---	498.2				
South America	4.6	62.4	93.3	48.9	30.4	51.8	---	20.0	39.9	1,280.4				
Brazil	---	28.1	64.1	24.6	---	---	---	---	---	606.6				
Chile	0.5	7.2	12.0	8.5	9.5	51.8	---	---	---	239.1				
Colombia	---	8.2	3.8	---	2.9	---	---	---	---	110.1				
Uruguay	---	6.6	.3	3.5	2.4	---	---	---	---	65.3				
Peru	1.4	4.7	2.7	---	---	---	---	11.1	26.7	77.9				
Other	2.7	7.6	10.4	12.3	15.6	---	---	8.9	13.2	181.4				
Central American and Caribbean	---	4.9	2.5	5.2	5.9	1.3	13.9	22.9	40.9	180.0				
Dominican Republic	---	---	2.4	4.2	5.2	---	---	1.5	13.0	73.6				
Haiti	---	---	---	---	.5	---	11.1	6.5	8.1	32.8				
Other	---	4.9	.1	1.2	.2	1.3	2.8	3/14.9	3/19.8	73.6				
South Asia	.5	204.5	441.4	438.4	175.7	281.0	179.0	211.6	118.5	7,258.6				
India	---	151.1	324.1	345.6	54.9	27.6	41.8	27.8	---	4,523.5				
Pakistan	.5	53.4	115.5	87.8	62.5	91.5	51.3	59.3	38.6	1,850.0				
Bangladesh	---	---	---	---	44.6	156.6	49.5	85.0	62.4	591.1				
Other <sup>4/</sup>	---	---	1.7	5.0	13.7	5.3	36.3	39.5	17.5	294.0				
Southeast and East Asia	---	90.9	156.0	263.1	363.3	106.7	210.7	214.2	161.9	5,222.8				
Republic of Korea	---	21.0	58.4	72.0	97.6	62.8	72.1	63.3	42.6	1,596.8				
Indonesia	---	23.9	30.9	61.8	64.0	43.9	125.4	150.9	103.8	1,373.7				
South Vietnam	---	1.5	14.2	107.4	124.7	---	---	---	---	1,308.9				
Cambodia	---	---	---	---	58.8	---	---	---	---	295.7				
Taiwan	---	7.2	28.6	15.2	4.0	---	---	---	---	293.3				
Philippines	---	2.5	6.6	6.7	9.5	---	13.2	---	---	13.9	163.0			
Japan	---	27.0	---	---	---	---	---	---	---	135.0				
Other	---	7.8	17.3	---	4.7	---	---	---	---	56.4				
West Asia	24.0	65.7	90.9	43.1	58.1	36.3	42.8	27.1	30.7	1,515.7				
Israel	5.6	25.6	25.1	31.5	37.7	15.5	11.2	7.2	5.4	644.4				
Turkey	18.3	36.5	48.3	4.6	---	---	---	---	---	550.1				
Iran	---	1.2	9.9	1.3	6.9	---	---	---	---	115.4				
Syria	---	1.6	5.0	---	1.4	12.0	18.0	7.7	18.3	107.6				
Jordan	---	---	---	2.1	4.0	8.8	9.5	6.3	5.3	62.0				
Other	.1	.8	2.6	3.6	8.1	---	6.1	5.9	1.7	36.2				
North Africa	---	23.0	129.2	45.6	34.0	147.8	217.2	200.7	26.	2,046.3				
Egypt	---	23.0	113.3	17.7	10.8	147.8	198.9	177.8	229.3	1,632.8				
Tunisia	---	---	9.3	11.4	13.6	---	8.7	10.7	9.6	197.9				
Morocco	---	---	6.5	13.7	8.0	---	9.6	12.2	7.3	193.9				
Other	---	---	6.9	4.8	1.6	---	---	---	---	11.1				
Other Africa	---	---	22.0	24.3	11.7	12.5	34.8	35.5	86.8	496.0				
Zaire	---	11.4	9.9	.6	4.9	13.5	5.0	25.0	163.0					
Ghana	---	---	---	9.0	3.8	---	---	9.6	73.6					
Guinea	---	---	---	3.0	4.6	5.4	3.0	5.5	6.0	68.3				
Sudan	---	---	3.6	1.2	1.0	---	4.8	10.3	19.9	63.9				
Tanzania	---	---	---	---	1.2	2.2	7.6	6.5	---	26.5				
Zambia	---	---	---	---	---	---	4.6	3.2	10.6	18.5				
Somalia	---	---	---	---	---	---	5.0	11.2	16.7					
Other	---	---	10.6	4.4	.5	---	1.3	---	4.5	55.5				

--- = Not Applicable.

<sup>1/</sup> Preliminary.<sup>2/</sup> Includes July-September 1976.<sup>3/</sup> Mainly Jamaica.<sup>4/</sup> Mainly Sri Lanka.

Generally, during the last four years, the major regional gains have been in Africa and the Caribbean. In 1979, North Africa was the leading regional recipient, taking 30 percent of all Title I exports compared with 12 percent annually during the 1961-65 period. Egypt has taken over two-thirds of all Title I exports to Africa except during curtailment of the program to the country in the early 1970's mainly for political reasons. Recently, Title I has increased in small amounts to several non-North African countries, such as Zaire, Sudan, Zambia and Somalia.

Title I exports to the Caribbean have been very small, but in recent years have risen considerably to the Dominican Republic, Haiti and Jamaica. Exports to South America were the largest during the program's first 10 years. Brazil was a leading recipient, taking nearly half the total to South America. Improved economic and financial conditions led to reduced Title I sales and the termination of the Title I program in most South American countries by the late 1960's. Political and economic factors led to resumption of Title I to Chile in 1975 and 1976, and to Peru and Bolivia in recent years.

Title I shipments to West Asia reached a peak in the mid-1960's, mainly to Turkey and Israel. The program ceased in Iran and Turkey in the mid-1970's and since then has dropped considerably to Israel. Since 1976, Title I has risen to Syria and Jordan.

Generally, the Title I program helped many countries with shortages of foreign exchange meet increasing demands for food and shortfalls in food production, reduce price inflation, promote development of agricultural industries, and provide resources for agricultural investments. However, the program caused major concern over its possible disincentive effects on agricultural development and government policies in recipient countries, and on influencing commercial trade patterns of the United States and

other exporters. Evaluations of Title I have not been done on an in-depth and systematic basis since the mid-1960's when the Department of Agriculture financed extensive contract studies for Turkey, Israel, Greece, Spain, India, and Colombia. 10/ The United Nations also published smaller evaluations on Pakistan and Korea. 11/ Since then, there have been a handful of analyses either narrowly focused on one country in a short time period or limited to broad generalizations of issues. 12/ There is a need for a series of in-depth country studies to evaluate Title I during the last 10 years to provide the information necessary for effective planning and operation of future Title I programs.

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10/ For a summary of the USDA studies, see Barlow, Frank, and Susan Libbin, Food Aid And Agricultural Development, FAER No. 51, U.S. Department of Agriculture, June 1969.

11/ United Nations Economic Commission for Asia and the Far East (ECAFE), A Note on the Utilization of U.S. Agricultural Surpluses in the Republic of Korea, 1965, Bangkok; and ECAFE and the Food and Agriculture Organization, A Note on the Utilization of Agricultural Surpluses for Economic Development in Pakistan, 1961, Bangkok.

12/ Two information studies done in the 1970's on major Title I issues include: Isenmen, Paul J. and Singer, H.W.; "Food Aid: Disincentive Effects and Their Policy Implications," Economic Development and Cultural Change, Jan. 1977; and Bard, Robert, Food Aid and International Agricultural Trade, Lexington Books, 1972. For an analytical survey of selected materials written since the mid-1960's on the impact of food aid, see Schneider, Hartnut, The Effects of Food Aid on Agricultural Production in Recipient Countries (annotated bibliography), OECD Development Center, Paris, Oct. 1975; and World Food Program, Committee on Food Aid Policies and Programs, Food Aid Policies and Programs, A Survey of Studies of Food Aid (synthesis of findings), WFP/CFA; 5/5-C, March 1978.

## Title II Donations Programs

Shipments under Title II donations (all grants), totaling \$6.7 billion, accounted for nearly one-fourth of all P.L. 480 exports during 1955-79. During most of the 1971-79 period, the value of Title II exports was generally higher than for the previous years. They reached a record \$389 million in fiscal 1979--one-third of all P.L. 480 exports. Higher commodity prices caused most of the gain. The quantity exported under Title II in 1979 was about 30 percent less than in 1970, while the value shipped was 60 percent higher (tables 9 and 10).

Title II commodities are distributed three ways: recipient governments operating under a bilateral agreement with the United States, nonprofit voluntary U.S. agencies (such as CARE), and international agencies, mainly the World Food Program (WFP). Generally, voluntary agencies have handled at least two-thirds of all Title II exports. Since the early 1970's, the amount distributed through Government-to-Government channels has generally dropped while WFP shipments have tended to increase.

During the 1955-79 period, the principal commodities donated were nonfat dry milk--20 percent of the total value exported--wheat flour, wheat, blended food products, vegetable oils, and bulgur wheat. Since the early 1970's, Title II volume exports of all these commodities except bulgur wheat and blended food products have generally declined. More emphasis has been placed on providing high protein, blended fortified products.

Table 9 U.S. agricultural exports under Public Law 780, Title II, (quotations),  
fiscal years 1955-79

Fiscal Year	Nonfat dry milk	Wheat flour	Soybean oil	Blended Food products	Bulgur Wheat grain	Feed grain	Rice products	Other products	Total
-- Million Dollars --									
July-Junes									
1955	45.0	3.7	29.2	---	8.3	---	5.4	2.2	93.1
1956	54.2	3.3	23.6	---	8.7	4.7	3/	18.9	133.6
1957	72.7	31.1	22.3	0.4	5.0	13.5	15.3	55.7	247.0
1958	69.8	31.0	20.1	---	10.2	31.5	7.2	31.2	216.0
1959	60.1	46.5	19.5	---	---	6.6	11.9	3.4	10.9
1960	31.0	57.7	17.6	---	5.7	13.8	14.5	2.4	142.7
1961	45.8	80.0	39.5	1.5	13.2	16.4	17.4	7.1	210.9
1962	44.1	71.7	36.6	18.2	2.6	27.1	15.3	2.2	248.9
1963	53.9	60.8	47.7	18.1	13.0	8.1	16.1	0.1	45.7
1964	51.2	50.2	54.0	7.8	20.7	10.3	15.1	---	60.6
1965	60.5	56.4	22.5	36.3	22.2	9.1	15.8	4.4	16.0
1966	66.4	57.4	42.8	47.5	27.2	10.0	13.3	---	1.9
1967	63.5	37.6	40.7	17.9	47.0	23.7	19.0	---	266.5
1968	62.7	35.8	32.1	20.7	32.5	21.5	6.3	18.3	20.3
1969	71.8	38.7	37.1	30.7	22.9	21.2	3.6	11.2	269.9
1970	73.6	53.1	22.8	24.7	27.6	17.9	7.5	11.6	238.8
1971	90.7	36.1	34.6	32.5	34.4	19.4	19.3	12.8	240.6
1972	83.6	32.1	55.8	52.5	68.4	21.2	10.8	5.4	266.5
1973	18.9	50.9	55.4	63.7	39.2	30.1	13.4	8.7	1.0
1974	---	64.4	32.6	54.0	34.8	41.3	34.2	8.5	267.4
1975	56.7	45.5	25.0	34.7	32.7	63.1	18.9	13.1	292.0
1976	32.4	25.2	17.1	49.0	---	16.2	8.2	14.4	319.0
July-Sept. 1976	9.8	7.6	9.1	11.3	4.4	10.8	1.5	2.3	74.1
Oct.-Sept. 1977	81.3	35.2	49.1	62.9	23.9	39.3	5.3	13.1	27.6
1978	33.3	29.4	39.6	32.9	34.2	63.0	17.3	15.9	342.0
1979 4/-	22.9	33.6	40.5	67.5	63.5	62.2	14.6	16.4	335.0
1955-1979	1,355.8	1,099.8	867.0	594.9	632.3	576.6	315.5	333.4	389.4
								177.6	727.3
									6,680.2

--- = Not Applicable.

1/ Mainly corn.

2/ Mainly dairy products.

3/ Less than \$50,000.

4/ Preliminary.

Table 10 U.S. agricultural exports under Public Law 480, Title II donations,  
fiscal years 1955-79 <sup>1/</sup>

Fiscal year	Wheat	Wheat flour <sup>2/</sup>	Wheat products <sup>2/</sup>	Feed grain	Feed grain products <sup>2/</sup>	Bulgur	Feed wheat <sup>2/</sup>	Nonfat dry milk	Food products <sup>3/</sup>	Blended food and products <sup>3/</sup>	Soybean oil	Rice	Other <sup>4/</sup>	Total	-- 1,000 Metric tons --		
															July-June	July-June	
<b>July-June</b>																	
1955	43	419	3	---	---	86	128	19	14	126	838						
1956	41	361	---	---	---	77	199	17	136	195	1,026						
1957	356	337	215	---	---	78	223	1	116	111	1,435						
1958	374	296	300	---	---	184	268	---	49	97	1,768						
1959	576	292	222	---	---	116	259	---	28	18	1,511						
1960	718	161	282	---	---	102	147	---	89	102	1,601						
1961	1,062	596	324	---	---	268	221	4	96	14	2,583						
1962	1,113	532	335	31	494	262	48	21	92	92	2,929						
1963	1,020	670	348	141	147	315	47	1	117	21	2,614						
1964	867	759	329	215	176	286	23	23	105	105	2,760						
1965	919	361	342	205	150	199	---	106	67	67	2,319						
1966	867	706	302	243	172	210	---	124	80	80	2,704						
1967	533	550	336	201	319	137	87	124	58	58	2,345						
1968	606	461	357	229	111	130	100	100	71	71	2,193						
1969	298	649	241	208	65	134	168	77	365	365	2,234						
1970	852	376	234	237	129	133	149	81	7	14	2,212						
1971	591	548	219	271	303	141	176	86	---	10	2,345						
1972	505	879	99	262	173	116	266	187	248	6	2,741						
1973	630	691	118	268	178	26	270	112	33	19	2,345						
1974	352	176	86	199	466	1	177	53	1	1	1,511						
1975	250	147	97	298	143	46	171	41	6	102	1,301						
1976	251	115	116	258	62	26	133	---	2	2	963						
<b>July-September</b>																	
1976	45	71	19	64	12	7	26	7	---	16	269						
<b>October-September:</b>																	
1977	253	477	95	259	46	55	152	31	25	72	1,467						
1978	202	338	130	393	160	67	156	63	58	58	1,610						
1979 <sup>2/</sup>	214	273	116	420	110	64	200	93	66	32	1,590						
Total 1955-79	13,736	11,227	5,265	4,402	4,329	3,800	2,271	1,426	1,007	1,950	49,413						

--- = Not applicable

1/ Includes donations through Government-to-Government, World Food Program and voluntary relief agencies.

2/ In grain equivalent.

3/ Wheat-soy blend and corn-soy milk.

4/ Mainly dairy products.

5/ Preliminary.

The objectives of Title II have been to reduce malnutrition, combat hunger, help promote self-help community and development projects in rural areas, and provide disaster relief. Title II programs are generally designed to supplement and help promote developmental and nutritional activities within recipient countries. Local recipient institutions usually provide some funding or management for the programs. While Title I commodities are not designated for any specific group prior to shipment, Title II exports are specifically allocated to low-income groups, including expectant mothers, preschool and school children, farmers and disaster victims. Since 1973 highest priority has been given to maternal and pre-school feeding programs and food-for-work self-help projects (table 11). For example, exports for school lunch programs dropped from two-fifths of all Title II exports in 1971 to just under one-fifth in 1979, while the share for maternal and preschool feeding rose from 17 percent to 36 percent.

Donations have gone to almost all countries, with India by far the leading recipient, receiving 18 percent of all Title II exports during 1955-79 (table 12). Title II shipments to South Asia have risen since the mid-1960's and to the Caribbean, Central American, and non-North African countries since the mid-1970's.

The Agency for International Development (AID), the Food and Agriculture Organization, and private agencies or contractors periodically prepare reviews of specified Title II projects in selected areas of a country.

The only overall assessment of the program's effectiveness was done under contract for AID in 1972 and was based on eight country reviews 13/. However, during the last two years, evaluations have been prepared for AID on the entire Title II operation in several countries--Morocco, Tunisia, Bolivia, Sri Lanka and India--and plans to continue in-depth country reviews.

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13/ Cheeci and Company, Food for Peace, An evaluation of P.L. 480 Title II (2 vol.), Washington, D.C. July 1972.

Table 11-U.S. agricultural exports under Public Law 480 Title II donations, by sponsor and category, fiscal years 1969-79 <sup>1/</sup>

Sponsor/Category <sup>2/</sup>	1969	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979
<sup>3/</sup> == Million dollars ==											
Voluntary relief agencies	154.3	127.8	142.1	151.7	128.4	144.5	190.7	192.0	251.4	222.9	262.9
World Food Program	N.A.	N.A.	43.3	36.8	61.0	101.3	45.4	58.7	75.6	72.0	54.5
Government-to-Government	N.A.	N.A.	184.5	122.6	86.5	47.0	19.2	33.6	36.4		
<b>Total <sup>3/</sup></b>	<b>264.7</b>	<b>240.6</b>	<b>279.9</b>	<b>379.5</b>	<b>287.8</b>	<b>292.0</b>	<b>339.0</b>	<b>256.6</b>	<b>343.7</b>	<b>334.9</b>	<b>389.4</b>
Maternal and preschool feeding	41.9	37.4	51.3	48.8	45.0	54.3	90.5	146.3	166.6	128.5	144.6
Food for work	52.3	71.4	68.0	69.7	62.2	70.7	102.1	67.1	88.1	80.6	106.7
School lunch	137.3	106.9	123.3	102.5	79.1	69.8	66.3	55.0	51.6	58.4	70.5
Emergency and disaster relief	55.7	47.3	60.2	182.7	103.7	88.1	57.9	45.3	55.7	60.3	55.3
<b>Total <sup>3/</sup></b>	<b>287.2</b>	<b>263.0</b>	<b>302.8</b>	<b>403.7</b>	<b>290.0</b>	<b>282.9</b>	<b>316.8</b>	<b>313.7</b>	<b>362.0</b>	<b>327.8</b>	<b>4/ 399.5</b>

N.A.=Not available.

<sup>1/</sup> Data not available for prior years.

<sup>2/</sup> Sponsor from U.S. Department of Agriculture, Foreign Agricultural Trade of the United States, Nov. 1973, pp. 25 and 28; Dec. 1975, p. 40; Oct. 1976, p. 44; March 1977, p. 47; Jan. 1978, p. 10; and June-July 1980, p. 101; and category from Agency for International Development and published in Department of Agriculture, Annual Report on Public Law 480 (annual issues).

<sup>3/</sup> Sponsor totals vary from category totals due to different sources and time periods for reporting data.  
<sup>4/</sup> Includes \$22.4 million for a new category of industrial development.

Table 12-U.S. agricultural exports under Public Law 480 Title II donations, by selected region and country, fiscal years 1955-1979

Area/Country	July-June						October-September			1955-79	
	1955	1956-60	1961-65	1966-70	1971-75	1976	1977	1978	1979 1/	2/	
	average	average	average	average	average						
-- Million dollars --											
World	186.9	198.1	248.4	257.9	315.7	256.6	342.0	335.0	389.4	6,680.2	
Europe 3/	105.5	88.8	37.2	14.3	2.0	---	.4	---	---	817.3	
Italy	24.4	30.1	10.3	1.1	---	---	---	---	---	232.1	
Yugoslavia	35.7	14.8	7.3	1.3	---	---	---	---	---	152.9	
Spain	12.5	13.8	4.4	2.6	---	---	---	---	---	145.3	
Other	32.9	30.1	15.2	9.3	2.0	---	.4	---	---	287.0	
South America	9.9	13.3	32.3	42.1	37.6	30.3	35.3	22.6	32.6	769.8	
Brazil	1.7	1.8	12.1	18.9	11.6	.3	1.0	.4	.4	226.6	
Columbia	1.0	2.6	3.9	7.6	10.7	9.2	4.8	2.4	1.1	153.9	
Chile	0.1	4.7	5.3	5.8	4.7	7.4	17.1	5.8	8.5	145.9	
Peru	0.6	2.3	2.8	4.3	4.6	6.3	6.4	6.4	13.7	104.6	
Other	6.5	1.9	6.2	5.5	.6	6.9	6.0	8.0	8.9	138.8	
Central America and Caribbean	2.6	4.0	16.5	14.1	19.9	35.8	33.5	21.1	28.6	397.0	
Dominican Republic			3.0	5.4	7.2	9.6	9.9	3.6	6.7	109.5	
Other 3/	2.6	4.0	13.5	8.7	12.7	26.2	23.6	17.5	21.9	287.5	
South Asia	24.9	26.7	27.8	52.3	97.1	86.0	121.4	128.6	169.3	1,351.8	
India	18.6	12.8	16.6	38.0	76.6	79.1	99.6	103.9	130.0	1,202.7	
Pakistan	6.1	8.8	4.7	3.5	7.5	.7	.3	.9	1.9	138.7	
Bangladesh	---	---	---	---	11.5	1.6	17.0	18.9	26.5	121.5	
Other	.2	5.1	6.5	10.8	1.5	4.6	4.5	4.9	10.9	88.9	
Southeast and East Asia	14.2	40.9	40.9	61.0	40.1	22.3	43.6	23.9	23.6	1,045.2	
Republic of Korea	7.3	11.8	11.9	26.1	10.2	.2	---	---	---	309.6	
Philippines	0.5	2.9	5.4	5.8	9.0	17.3	35.7	15.2	14.7	202.8	
South Vietnam			2.5	16.7	5.4	---	---	---	---	156.2	
Indonesia	0.1	0.7	1.7	3.1	8.2	4.9	6.4	7.3	6.9	105.0	
Other	6.3	25.9	19.4	7.3	7.3	.1	1.5	1.4	2.0	271.6	
West Asia	2.4	9.0	19.0	15.0	23.4	6.6	11.1	11.3	11.4	366.0	
Turkey	0.2	2.0	3.6	9.3	6.2	---	.2	.1	.1	106.0	
Other 6/	2.2	7.0	15.4	5.7	17.2	6.6	10.9	11.2	11.3	260.0	
North Africa	17.7	12.8	54.8	28.6	24.3	24.7	36.6	40.4	38.9	767.4	
Morocco	0.1	2.6	14.2	13.2	13.6	13.6	15.0	15.7	11.2	276.9	
Egypt	15.6	4.6	13.7	3.5	3.3	2.7	11.6	12.4	2.0	190.4	
Tunisia	0.1	3.1	9.8	6.8	6.6	3.9	4.8	8.2	6.7	161.1	
Algeria	---	0.3	15.3	1.4	.8	4.0	5.2	4.1	---	119.2	
Other	1.9	2.2	1.8	3.7	---	.5	---	---	---	19.8	
Other Africa	4/	1.4	31.3	20.9	45.2	50.7	59.7	87.1	83.0	691.4	
Destination unknown	9.7	1.2	26.0	9.6	26.1	---	---	---	---	274.3	

--- = Not Applicable.

1/ Preliminary.

2/ Includes July-September 1976.

3/ Mostly Western Europe.

4/ Less than \$50,000.

5/ Mainly Guatemala, Haiti and Mexico.

6/ Mainly Jordan.

### Title III Food For Development (FFD)

An important provision was added to P.L. 480 in 1977 (Title III FFD) which aims to encourage recipient countries to use the local currency proceeds from the domestic sale of commodities provided under Title I to promote their food and agricultural development, with emphasis on aiding the poorest segment of the rural population. Title III allows for multi-year commitments up to five years. Local currency proceeds used to carry out agreed projects are considered as repayment of the debt incurred under the Title I sales program.

Two Title III agreements were signed in fiscal 1978 <sup>14/</sup>. One was with Bolivia for \$75 million of wheat and flour over 5 years. The proceeds from the sale of the Title I commodities will be used to improve living conditions of the rural poor. The second was with Bangladesh for \$96.8 million (\$56 million more was added in fiscal 1979) of wheat and soybean oil for 3 years. The proceeds will be used to encourage increased food production. Half the wheat will be sold on the open market, one-fourth will be distributed to low-income rural consumers through a ration system, and the remainder will be held in reserves. A task force from the Department of Agriculture and AID prepared an evaluation of the program in Bangladesh for the first 16 months.

In fiscal 1979, three Title III agreements were signed. One was with Honduras for \$4 million over 2 years; one with Sudan for \$100 million for wheat and flour over 5 years and the last one with Egypt for \$105 million in wheat

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<sup>14/</sup> For detailed information on these agreements and the Title III program, contact Program Planning Division, Office of the General Sales Manager, U.S. Department of Agriculture, Washington, D.C.

and flour for 5 years. In Sudan, the proceeds from the sale of the commodities will be used to finance agricultural marketing improvement, outreach programs, and rural planning. Without the Title III agreement, it is believed that the agreed upon projects would be postponed or significantly curtailed due to the Government's austere development budget. The local currency proceeds in Egypt will be used for improvement of rural services.

#### Title III Barter Program

Barter shipments occurred mainly during fiscal 1955-62 when they accounted for 18 percent of all P.L. 480 shipments. Commodities were exported for the acquisition of foreign-produced strategic materials for U.S. Government stock-piles. Since 1963, barter for overseas procurement has been classified as commercial exports. All P.L. 480 barter transactions were completed by fiscal 1969. Wheat and feed grains were the main barter products, followed by cotton and tobacco. Europe and Japan were the principal destinations.

#### Mutual Security/AID Programs

In addition to P.L. 480, \$4 billion in other U.S. food aid was disbursed during 1955-79. Food and fiber aid was provided during 1954-61 as sales for local currencies under the Mutual Security Act and tied in with the general foreign assistance programs to recipients. Mutual Security food aid accounted for about one-fifth of all U.S. food aid during 1955-61. Principal commodities included cotton, wheat, and feed grains, mainly for Western Europe, South Korea and Taiwan (tables 13 and 14).

Table 13. U.S. agricultural exports under Mutual Security/AID programs, fiscal years 1955-79

- Not applicable.

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Table 14 U.S. agricultural exports under Mutual Security/AID programs, by principal commodity and recipient, fiscal years 1955-79

Commodity	July-June						October-September											
	1955-		1960-		1965-		1970-		1975		1976		1977		1978		1979	
	: 59		: 64		: 69		: 74		: average		: average		: average		: average		: 1955-	
	:-	-	:-	-	:-	-	:-	-	:-	-	:-	-	:-	-	:-	-	:-	-
-- Million dollars --																		
Cotton	: 132	22	2	---	---	---	---	---	59	123	216	419	475	304	4,201	788		
Wheat	: 89	16	1	10	---	34	57	42	1	743								
Feedgrains	: 23	8	1	2	---	19	159	151	164	733								
Soybeans	: 13	11	2/	2/	85	69	92	88	67	546								
Inedible tallow	: 6	3	5	17	31	50	42	58	23	374								
Vegetable oils 3/	: 11	5	2	1	---	35	31	77	1	245								
Tobacco	: 3	8	2	2/	2/	2/	19	29	22	136								
Rice	: 1	2	4	14	2/	2/	2/	2/	---	112								
Other 4/	: 49	17	9	15	7	7	19	30	26	524								
Total	: 327	92	26	59	123	216	419	475	304	4,201								
Country/Region	:-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Israel	: 14	3	2/	1	86	166	329	243	218	1,260								
European Community	: 112	24	---	---	---	---	---	---	---	684								
Egypt	: 1	1	---	---	---	35	90	232	81	453								
Republic of Korea	: 39	11	2	16	---	2/	---	---	---	340								
Other Western Europe 5/	: 49	10	---	---	---	---	---	---	---	293								
Taiwan	: 39	20	2/	---	---	---	---	---	---	267								
South Vietnam	: 10 6/	7	4	5	3	---	---	---	---	137 6/								
India	: 14	3/	1	8	7	---	---	---	---	122								
Philippines	: 12	8	---	4	---	---	---	---	---	106								
Latin America 7/	: 7	1	5	1	2/	2/	---	---	2/	102								
Morocco	: 2	6	3	3	4	2/	---	---	---	73								
Other	: 28	1	11	21	23	15	---	---	5	364								
Total	: 327	92	26	59	123	216	419	475	304	4,201								

--- = Not applicable.

1/ Includes disbursements during July-September 1976.

2/ Less than \$500,000.

3/ Mainly soybean oil, except during 1977 and 1978 when cottonseed oil predominated.

4/ Mainly dairy products, hides and skins, fruits, and oilcake and meal.

5/ Mainly Spain and Greece.

6/ Includes a small amount to Cambodia.

7/ Mainly Dominican Republic, Bolivia and Chile.

Since 1962, AID has provided food as part of the recipient's overall economic aid program of loans or grants. AID food disbursements were relatively small during 1962-74. Since then, they have risen considerably, reaching a record \$475 million in fiscal 1975--30 percent of that year's total U.S. food aid. Israel and Egypt have been the AID recipients since 1975 with major commodities including wheat, corn, soybeans, inedible tallow, soybean and cottonseed oils, and tobacco. Food provided under AID programs is not limited to a restriction that a specified portion go to low-income countries as is required under P.L. 480 Title I. Thus, Israel was able to receive large amounts of food under AID since 1975 while only small amounts moved under Title I. During fiscal 1980, a new type of AID program began in Israel, whereby financial grants and loans are extended for purchase of any type of commodity, but no record is kept by AID of the specific purchase made. Thus, in the future it will not be possible to determine the amount of agricultural commodities disbursed to Israel with AID funds.

#### Expansion of Commercial Sales and Market Development

Food aid has accounted for a declining share of all U.S. agricultural exports since the mid-1960's. During the first 10 years of relatively large food aid shipments, the aid share (P.L. 480 and Mutual Security) generally exceeded 26 percent of all U.S. farm exports (table 5). Since then, this share dropped, and with the substantial rise in commercial exports during 1974-79, shipments under Government-financed programs (P.L. 480 and AID) were around 6 percent of all U.S. agricultural exports.

U.S. commercial sales of most major agricultural commodities also exported under food aid programs have increased considerably since the mid-1960's (table 15). Commercial exports of wheat rose from less than one-third of all U.S. wheat exports during fiscal 1956-65 to an annual average of 54 percent for 1966-70 and to around 90 percent of the total since then. Commercial exports of feed grains were onefourth of the total throughout 1956-60, but since the mid-1960's have accounted for almost the entire amount. Commercial rice exports annually averaged around half of all U.S. rice during 1956-73 and about three-fourths or more for 1976-79. Commercial exports of soybean and cottonseed oils averaged around two-fifths of the total during most of 1956-70, but then rose to three-fourths or more since the mid-1970's. Commercial exports of cotton and tobacco have accounted for at least 75 percent of the total since the early 1960's. Commercial exports of wheat flour have generally been less than half of all our exports. Most U.S. exports of bulgur wheat, nonfat dry milk and blended food products have been under P.L. 480 programs.

As developing countries have increased their economic growth and foreign exchange earnings, they have tended to increase their commercial purchases of U.S. agricultural products and in many cases to reduce or eliminate their need for food aid (table 16). Many economic, political and social factors contribute to a country's development. Food aid could be considered only one of these factors. U.S. commercial agricultural exports to developing countries reached a record \$10.7 billion in fiscal 1979, more than triple 1973's level (fig. 2). During fiscal 1974-79, commercial agricultural exports accounted for over 80 percent of all U.S. agricultural exports to developing countries compared with about 40 percent or less to these areas prior to 1966.

Table 1. U.S. exports of selected agricultural commodities, under concessional<sup>1/</sup>, Government-financial programs and commercial, fiscal years 1955-75 <sup>2/</sup>

Commodity	1955	1956-60	1961-65	1966-70	1971-75	1976	1977	1978	1979 <sup>2/</sup>	1955-1979/
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Table 16 U.S. agricultural exports under concessional Government-financed programs and commercial to selected developing countries, fiscal years 1955-79 1/

--- = Not applicable.

1/ 1955-76 covers July-June and 1975-76 covers October-September.  
2/ Preliminary.

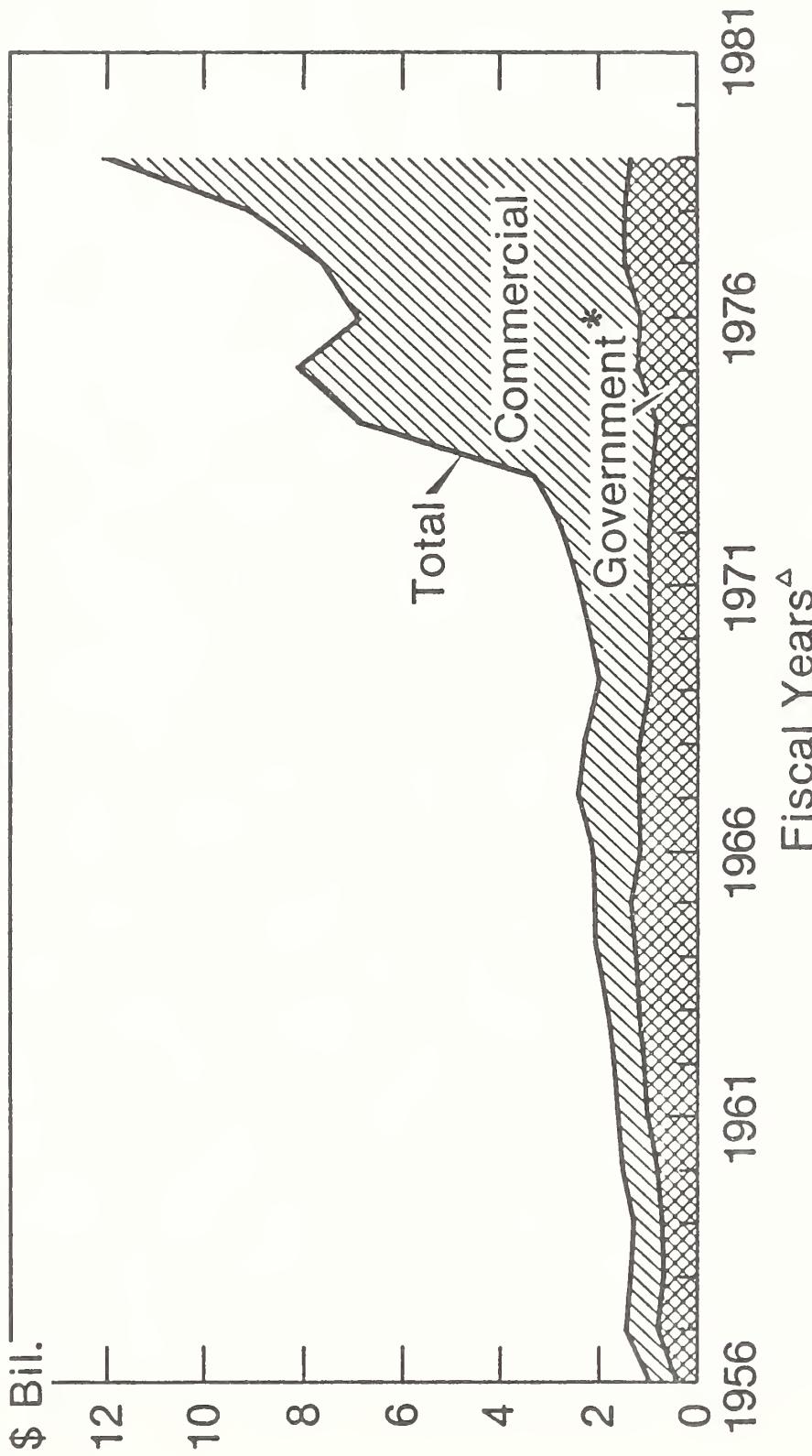
2/ Preliminary.  
3/ Includes

3/ Includes July-Sept. 1976.  
4/ Less than \$50,000

4/ Less than \$50,000.

Figure 2

## U.S. Agricultural Exports to Developing Countries



\*Includes Public Law 480 and Mutual Security Programs.  
△ July-June for 1956-76 and October-September periods for 1977-79.

Examples of former P.L. 480 recipients that have become top cash customers include Taiwan, Brazil, Iran, Japan, Poland and Spain. Several current recipients have also increased their commercial purchases considerably since the late 1960's such as South Korea, India, Pakistan, Indonesia, the Philippines, Morocco, Tunisia, the Dominican Republic, Chile, and Peru. Since the early 1970's, South Korea has been one of the 10 leading U.S. commercial customers. In fiscal 1979, commercial agricultural exports to South Korea reached a record \$1.3 billion, nearly two-fifths higher than the previous year and more than double 1974's level. Commercial sales to India jumped to over \$500 million in fiscal 1975 and 1976 compared with less than \$100 million throughout 1955-73. However, since 1977, commercial sales to India have dropped to less than \$200 million, mainly due to the country's increased production.

U.S. commercial sales of wheat--the major P.L. 480 commodity--have risen to many former and current developing recipients, such as India, Brazil, South Korea, Taiwan, Iran and Morocco. 15/ All wheat exports to Brazil, Taiwan and Iran have been commercial since fiscal 1972. South Korea has been among the top 10 cash markets for U.S. wheat for about 6 years. In fiscal 1975 and 1976, India was the second leading dollar customer for U.S. wheat.

The Title I program played a market development role in several countries. It enabled Taiwan and Korea to import wheat during a time of low foreign exchange earnings and thus helped generate a taste and demand for a relatively new import. As these countries' financial and economic conditions improved, they substantially increased their commercial wheat imports from the United States and other suppliers.

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15/ See U.S. Department of Agriculture, Foreign Agricultural Trade of the United States, June 1979, p. 85.

The Title I program also enabled Spain, Israel and South Korea to purchase feed grains needed for development of livestock and poultry industries. As these countries expanded their industries and improved their economic conditions, they increased their commercial purchases.

#### Summary and Conclusions

The United States supplied over 90 percent of the world's food aid until 1969, but with increased aid from other donors, the U.S. share fell to an annual average of around 60 percent for the last 3 years. Since the 1920's, the United States has given food aid periodically, but the first legislation was enacted in 1954 to create a food aid program--known as Public Law 480. The priorities of P.L. 480 have shifted since the mid-1960's from surplus disposal to meeting humanitarian needs and encouraging long-term agricultural and economic development. Promotion of commercial markets for U.S. farm products and support of U.S. foreign policy objectives have been continuing goals. Recently, provision of food security has become a concern. Legislative authority for P.L. 480 expires in 1982.

Since 1955, most U.S. food aid has moved under P.L. 480 programs, nearly \$29 billion exported during fiscal 1955-79. P.L. 480 exports reached a peak of nearly \$1.6 billion in 1965. They dropped to a low of \$867 million in fiscal 1974, mainly because of reduced U.S. stocks, following shortfalls in grain production in many countries and their heavy purchases from the United States in the early 1970's. During most of the last five years, P.L. 480 exports were fairly stable at around \$1.1 billion, but volume declined. The quantity exported declined over 40 percent during 1970-79 while the value rose by nearly 10 percent.

Exports under the Title I sales program have accounted for over 70 percent of all P.L. 480 shipments. This program involved sales for the local currencies of the recipient countries (phased out in 1971) and long-term dollar credit sales. Wheat has been the leading commodity under Title I--providing nearly half the total value of shipments, followed by rice, wheat flour, corn, soybean oil, cotton and tobacco. During the last five years, the volume of Title I exports of most commodities has been considerably below the levels prior to 1970. Cotton registered the sharpest drop.

Title I exports went mostly to developing countries. Foreign exchange availabilities, economic and agricultural growth, and foreign policy considerations are major factors affecting Title I sales to recipients. To strengthen the development goal of P.L. 480, an amendment was made in 1975 and revised in 1977, currently requiring that at least 75 percent of all food commodities under Title I go to countries which meet the per capita gross national product poverty criterion annually revised by the International Development Association. India, Pakistan and Republic of Korea have generally been major recipients since 1955, but improved economic and agricultural growth and increased foreign exchange earnings during the 1970's led to reduced Title I shipments to these countries. During the program's early years, principal recipients were various Western and Eastern European countries, Japan, Brazil, Turkey and Taiwan. Improved economic and financial conditions led to the program's phasing out in these areas. South Vietnam and Cambodia received large amounts for a period, but shipments ceased in 1976 for political reasons. Other leading recipients under Title I have been Indonesia, Bangladesh since 1974, Israel until the mid 1970's, and Egypt mainly in the mid-1960's and since

1976. In recent years, the program has spread to several non-North African countries and to the Caribbean.

Shipments under Title II donations accounted for about one-fourth of all P.L. 480 exports, but their share rose in recent years. However, with rising commodity prices, the volume under Title II has fallen since 1977. Most donations are distributed through nonprofit private relief agencies with the remainder through the World Food Program and on a government-to-government basis. Principal commodities donated have been nonfat dry milk, wheat, wheat flour, blended food products, vegetable oils and bulgur wheat. Since the early 1970's, Title II volume exports of all these commodities except bulgur wheat and blended products have generally declined. More emphasis has been placed on providing high protein, blended fortified products.

While Title I commodities are not designated for any specific group prior to shipment, Title II exports are specifically allocated to specific low-income groups: expectant mothers, preschool and school children, farmers and disaster victims. Highest priority has been given to maternal and pre-school feeding programs and food-for-work projects since the mid-1970's. To help promote Title II's goals of combating malnutrition and hunger and promoting self-help rural projects, an amendment in 1975 set a minimum level for donations for the first time. A 1977 amendment set the level at 1.6 million tons for 1978-80.

In 1977, an important section was added to P.L. 480--Title III Food for Development. This program encourages countries to use the proceeds from the local sale of commodities provided under Title I for specified projects to help promote agricultural development and particularly improve conditions of the poorest rural groups. Proceeds used for agreed projects are counted toward repayment

of the Title I agreement. Multiyear agreements up to five years are allowed for this program. Five countries--Bangladesh, Bolivia, Honduras, Sudan, and Egypt--currently participate.

In addition to P.L. 480, food aid has been disbursed under Mutual Security/AID programs as part of general foreign assistance to recipients. This aid moved mainly during the late 1950's, primarily as cotton, wheat, and corn to Western Europe, South Korea and Taiwan. Since 1975, there have also been large shipments of food under AID programs, mainly wheat, corn, soybeans, vegetable oils, tobacco and tallow to Egypt and Israel.

Food aid has accounted for a declining share of all U.S. agricultural exports since the mid-1960's--dropping to around 6 percent during the 1974-79 period. U.S. commercial sales of most major commodities also exported under P.L. 480 programs have increased considerably since the mid-1960's. Many major recipients of P.L. 480 (such as Spain, Japan, Taiwan, South Korea, Indonesia, the Philippines, India, Iran, Brazil, and Morocco) have also substantially increased their commercial purchases of farm products from the United States.

Agricultural development in developing countries is a complex, slow process, requiring many years of difficult adjustments before satisfactory production gains can occur. During such periods, many countries experience serious food shortages and limited foreign exchange earnings. A Department of Agriculture report published in 1979 stated that the unmet food needs of the poorest low-income developing countries have been rising sharply during the last decade and are large relative to their indigenous production and several times larger than any annual food aid shipments. 16/ World grain aid during 1977-79 was around 11 million

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16/ U.S. Department of Agriculture, Economics, Statistics, and Cooperatives Service, Report Assessing Global Food Production And Needs As Of April 15, 1979, October 1979, pp. 2-16.



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metric tons, less than during the early 1970's but considerably higher than the 1974-76 period (table 17). It is projected that world grain aid may drop to about 9 million tons by 1981. The United States provided about 70 percent of the total during the last 3 years. Poor economic conditions and rising oil costs in many developing countries will limit their ability to import food commercially. Thus, needs for food aid, particularly in the poorest countries, are likely to rise in the near future.

Table 17-World aid shipments of grains, vegetable oils and milk, by principal donor 1/

Donor	:	1970	:	1971	:	1972	:	1973	:	1974	:	1975	:	1976	:	1977	:	1978	:	1979	:	1980	:	1981	Estimated allocations																									
-- 1,000 Metric tons --																																																		
<b>Grains 2/</b>																																																		
Argentina	:	27	:	10	:	13	:	2	:	10	:	20	:	22	:	22	:	34	:	30	:	23	:	35																										
Australia	:	216	:	235	:	215	:	259	:	222	:	330	:	268	:	257	:	257	:	312	:	325	:	400																										
Canada	:	663	:	608	:	1,093	:	887	:	486	:	594	:	1,034	:	1,176	:	884	:	735	:	550	:	600																										
European Com.	3/	1,356	:	983	:	978	:	986	:	1,208	:	1,413	:	928	:	1,131	:	1,451	:	1,352	:	1,288	:	1,650																										
Finland	:	15	:	13	:	---	:	25	:	17	:	24	:	25	:	33	:	47	:	9	:	14	:	20																										
Japan	:	395	:	753	:	731	:	528	:	350	:	182	:	33	:	46	:	141	:	352	:	680	:	300																										
Norway	:	14	:	9	:	8	:	---	:	---	:	---	:	10	:	10	:	10	:	10	:	10	:	30																										
Sweden	:	38	:	65	:	8	:	56	:	65	:	316	:	47	:	122	:	105	:	104	:	99	:	80																										
Switzerland	:	35	:	45	:	27	:	21	:	33	:	29	:	35	:	33	:	22	:	32	:	32	:	27																										
United States 4/	10,161	:	9,284	:	9,423	:	7,134	:	3,588	:	4,731	:	4,637	:	7,940	:	7,663	:	7,313	:	6,273	:	5,533																											
Public Law 480:10,158	9,105	:	9,260	:	6,924	:	3,162	:	4,731	:	4,256	:	6,204	:	5,847	:	5,886	:	5,573	:	5,573	:	5,533																											
AID	:	3	:	179	:	163	:	180	:	426	:	---	:	381	:	1,736	:	1,816	:	1,427	:	300	:	300																										
Other 6/	:	---	:	10	:	231	:	320	:	62	:	753	:	177	:	108	:	495	:	520	:	600	:	520																										
<b>Total 7/</b>	<b>:</b>	<b>12,920</b>	<b>:</b>	<b>12,015</b>	<b>:</b>	<b>12,727</b>	<b>:</b>	<b>10,398</b>	<b>:</b>	<b>6,467</b>	<b>:</b>	<b>8,393</b>	<b>:</b>	<b>7,194</b>	<b>:</b>	<b>10,851</b>	<b>8/11,109</b>	<b>8/10,769</b>	<b>9/14</b>	<b>9,195</b>																														
<b>Vegetable oils 9/</b>																																																		
N.A.	:	383	:	401	:	285	:	139	:	86	:	320	:	239	:	419	:	10/237	:	N.A.	:	N.A.	:	N.A.																										
United States 4/	:	331	:	379	:	396	:	229	:	119	:	71	:	217	:	175	:	366	:	147	:	5/ 96	:	N.A.																										
Public Law 480:	331	:	379	:	381	:	220	:	119	:	71	:	128	:	165	:	228	:	143	:	143	:	5/ 96	:	5/ 112																									
AID	:	---	:	---	:	15	:	9	:	---	:	---	:	89	:	11	:	138	:	11	:	---	:	N.A.																										
Milk & Milk Prod. 5/	N.A.	224	:	196	:	102	:	87	:	128	:	172	:	204	:	249	:	9/251	:	N.A.	:	N.A.	:	N.A.																										
11/	United States 4/	138	:	151	:	126	:	29	:	1	:	46	:	26	:	55	:	67	:	64	:	5/ 48	:	5/ 94																										
7/	Includes U.S. AID data.																																																	
8/	In addition to the totals indicated <u>FAO Food Outlook</u> , June 1980 estimated the U.S.S.R. provided emergency aid of 200,000 tons each in 1978 and 1980 and 400,000 tons in 1979.																																																	
9/	Totals include AID data. Except where indicated from FAO "Establishment of Minimum Food AID Target for Dairy and Fish Products, Oils and Fats," WFP/CFA:1/6-c Mar. 1976, and "General Review of Food Aid Policies and Programs," WFP/CFA:9/5, Mar. 1980.																																																	
10/	Based on estimated allocations.																																																	
11/	Besides the United States, mainly from the EC with small amounts also from Canada, New Zealand, Australia, Austria, and Finland. From same source as listed in footnote 9.																																																	

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