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Letter, John Delahoussaye from David R. Bowen, July 27, 1977

The office of Congressman David R. Bowen

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July 27, 1977

Mr. John Delahoussaye
Manager
Mississippi Rice Growers Association
P. O. Box 32
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Dear John:

Before you leave for your board meeting in New Orleans, I wanted to take this opportunity to communicate with you regarding the Farm Bill, with special emphasis, of course, on the rice section.

Chairman Foley asked me and other Subcommittee Chairmen to join him in opposing floor amendments to the bill, and I did make that commitment to him. The only exceptions were those amendments with Committee support, such as the one I offered on updating procedures for determining cotton allotments. This amendment was proposed on the floor only because the full Committee did not have an opportunity to act on it in time for inclusion in the final legislative product.

As you know, all parties interested in this Farm Bill were given abundant notice and time to testify during our hearings or to offer amendments during Subcommittee and full Committee mark-ups.

In the case of rice, we thwarted an attempt, as you already know, in the Subcommittee and full Committee by Paul Findley to lower the payments limitation and to lower the target and loan levels for rice. Findley then initiated a move on the House floor this week to lower the target price for rice. We fortunately succeeded in persuading him not to offer such an amendment.

Another amendment which the rice industry opposed--based upon all communications I received from the industry--was the effort to limit rice exports under P.L. 480 by restricting any exporter to 25% of the volume. As all of you saw, this meant that low bids could not be accepted by foreign buyers and thus less U.S. rice could be sold. As you know, we defeated this amendment.

One amendment in which you were interested--the Dock Receipt Amendment--also came up for consideration. I opposed it and would like to explain briefly my reasons for adopting such a position. This proposed amendment, which would provide for payment to P.L. 480 suppliers upon presentation of a dock receipt in lieu of an on-board bill of lading, appeared harmless enough on the surface, but actually posed serious problems for the P.L. 480 purchaser and the P.L. 480 program.

As you know, at the present time bagged commodities are not considered exported until loaded on board a vessel. When a bill of lading is issued, title passes to the buyer. This system serves to protect the P.L. 480 purchaser and the P.L. 480 program by keeping responsibility for the commodity in the hands of the exporter until the time it is loaded to the buyer's vessel. This is where responsibility belongs and where it must be kept. There are substantial costs to be borne, such as costs of fumigation, insurance, wharfage, handling, inspection, storage, demurrage, documentation, forwarding and security. All such costs are presently included in the price and financed under the P.L. 480 program. These responsibilities and costs are a vital part of the export sale and for which the exporter is paid.

The dock receipt amendment, without the benefit of any committee study or deliberations, would have precipitately replaced a long-established and well-understood procedure with one that is untested and untried and one that contains a potential for disaster. It would have transferred title to the P.L. 480 buyer as soon as the food commodity had

reached the dock. It would have taken away the cost and responsibility for caring for the food on the dock from those experienced in this vital task and would have thrust it upon poor countries who are least able to pay the costs and who are without knowledge and experience in handling commodities in the United States.

If companies are to participate in the P.L. 480 program as exporters, they must be obligated to perform the entire export function. Responsibility for shipments under P.L. 480 must stay where it belongs--with the exporter--until it is aboard the ship. We should not and we cannot ask a country to take title to and responsibility for a bagged food commodity when it is still in a domestic position on the docks in the United States.

The Administration strongly opposed the amendment, and Chairman Foley strongly opposed the amendment. USDA authorities contended that it would have imposed a burden on P.L. 480 recipients which could diminish interest in U.S. commodities and would thereby result in a loss of exports. The Administration also maintained that this amendment would not have increased participation in the P.L. 480 program as its proponents argued since all suppliers large and small would have benefitted. In fact, it would probably have ended up benefitting the large suppliers to a much greater extent than the small suppliers. The Department also expressed the view that the amendment posed difficult and complicated problems from the standpoint of administering it.

I am pleased that the Rice Production Act of 1975 has won wide acceptance throughout America and has now been extended for four more years--not without hard work but certainly with the assistance of the rice farmers, millers, and exporters of our nation.

John, these are my thoughts, and I pass them on to you with the hope that they will help to clarify this issue and my position on it.

Sincerely,

DAVID R. BOWEN
Member of Congress