



# FACT SHEET

UNITED STATES DEPARTMENT OF AGRICULTURE

December 2008

## Stocks For Food Program

### Overview

The current market situation has stressed food aid budgets and the ability of the nation's food banks to deliver much-needed food to the hungry. High commodity costs, combined with increased transportation costs, have severely limited the amount of food aid that can be provided under the limited food assistance program budgets.

USDA has developed a unique approach to combat this problem through the Stocks-for-Food Initiative. The Stocks-for-Food initiative is a new, innovative effort administered by USDA's Food and Nutrition Service (FNS) and Farm Service Agency (FSA). The initiative uses available resources to further address food needs of the hungry both domestically and internationally and has the same effect as a supplemental appropriation for the Foreign Agricultural Service (FAS) and FNS.

### How the Initiative Works

Government-owned commodities, such as corn, cotton, peanuts, rice, soybeans and wheat are acquired through forfeitures, when commodities held as collateral for FSA's marketing assistance loans, are signed over to the Commodity Credit Corporation (CCC),

the lender, as payment. Through the barter system, these commodities are then exchanged with U.S. food processors for value-added agricultural products like canned vegetables, flour, oil, meat and other products.

FAS and FNS make commodity requests through FSA to supplement their food aid assistance programs.

FSA barter CCC inventories through an online trading system that allows buyers and sellers to negotiate, initiate sales and complete transactions. The system provides Internet-based global electronic exchanges for perishable agricultural commodities and processed food products, which are used to augment food assistance programs supported by USDA. The proceeds from these sales are used to purchase processed food products that will be distributed to authorized feeding assistance outlets.

The bartered foods for domestic programs are distributed through FNS' Commodity Food Supplemental Program (CSFP) and The Emergency Food Assistance Program (TEFAP). States distribute these products to thousands of local agencies, including food banks, soup kitchens and food pantries, which supplement millions

of meals for low-income Americans. Bartered foods for international food assistance programs are distributed through FAS' McGovern-Dole International Food for Education and Child Nutrition Program.

### Benefits

The Stocks-for-Food initiative is especially significant because budget shortfalls make it harder to pay higher food and transportation costs, and the potential effect of this double impact is rationing assistance.

By making excess CCC inventories available to food aid programs, USDA is able to maximize the quantity of aid provided while eliminating government inventories and annual storage costs. Bartering commodities allows USDA to use the receipts to make additional food available to the needy at home and abroad. In addition, the Stocks-for-Food Program is providing more than \$26 million to benefit more than 700,000 children in several low-income countries through the McGovern-Dole International Food for Education and Child Nutrition Program, which helps promote education, child development, and food security for some of the world's poorest children. It

provides for donations of U.S. agricultural products, as well as financial and technical assistance, for school feeding and maternal and child nutrition projects in low-income countries.

the Food and Nutrition Service's Emergency Food Assistance Program.

Domestic food aid programs such as TEFAP and CSFP receive approximately 80 percent of the value of the commodities, which is approximately \$92 million dollars.

### **Commodities**

To date, the processed products include approximately 6,000 metric tonne (mt.) of vegetable oil, over 7,000 mt of corn-soy blend, nearly 7.6 million pounds of peanut butter, over 15.7 million pounds of canned meat (beef, beef stew, pork and poultry) and about 18.4 million pounds of canned vegetables.

### **Goal**

Since July 2007, more than \$138 million in commodities have been bartered, with more than \$15 million in additional government inventories expected to be swapped in the near future. Since Nov. 1, 2008, USDA's Stocks for Food program has generated more than \$12 million in barter assets to boost assistance to U.S. domestic and foreign nutrition programs. By the end of Dec. 2008, USDA expects to use the program to provide an additional \$11 million worth of canned tuna and \$11 million in canned chicken for

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