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UNITED STATES GENERAL ACCOUNTING OFFICE

WASHINGTON, D.C. 20548

INTERNATIONAL DIVISION

MAY 28 1971

B-114824



Major General William B. Campbell  
Army and Air Force Exchange Service  
Dallas, Texas 75222

Dear General Campbell:

The General Accounting Office is making a survey in Europe to see whether economic advantages could be realized by using American agricultural commodities instead of European agricultural commodities.

Our European Branch has informed us that the European Exchange System (EES), a large United States nonappropriated fund activity which is a part of the Army and Air Force Exchange Service (AAFES), has arranged to buy about \$92,000 worth of peanuts this year from a German contractor. The EES decided to purchase these peanuts in Germany because they thought that American peanuts would cost 24-1/2 cents a pound, plus freight and handling, compared with a delivered cost of 23 cents a pound for the foreign peanuts.

The Department of Agriculture (USDA), operating through the Commodity Credit Corporation (CCC), subsidizes the export of peanuts by selling them to processors at prices which make them available competitively in foreign markets. Under this program, unroasted peanuts in-the-shell (which are the type purchased by the EES) are selling for about 14-1/2 cents a pound, f.o.b. origin, processors' plants.

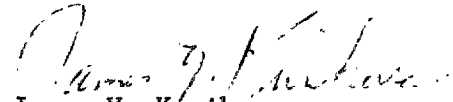
In view of the balance-of-payments benefits that might be realized, we suggest that the AAFES jointly explore with USDA the possibility of obtaining U.S. peanuts provided under the CCC export program to meet future world-wide requirements which otherwise would be purchased with dollars from foreign sources. USDA officials told us that they would be pleased to discuss the possibility of making American peanuts available to AAFES at competitive prices. The appropriate division to contact at USDA is the Office of Oilseed and Special Crops Division of the Agricultural Stabilization and Conservation Service located in room 5768, South Agricultural Building, Washington, D. C.

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We would appreciate receiving your views and advice as to any steps taken or contemplated.

Sincerely yours,

A handwritten signature in cursive script, appearing to read "James Y. Kurihara".

James Y. Kurihara  
Assistant Director