



Statement of USA Maritime on GAO Report Concerning Cargo Preference

The recent Government Accountability Office Report No. 15-666 “*International Food Assistance: Cargo Preference Increases Food Aid Shipping Costs and Benefits Are Unclear*” paints a distorted picture because it only tells half the story.

The GAO report examines food aid shipment costs, but fails to consider the USAID bulk food aid cargoes which are the most efficiently and economically transported food aid cargoes under the US-flag and make up most of the food aid shipped. Therefore, GAO’s conclusions regarding shipment costs are based upon faulty, cherry-picked information and are unreliable.

The April 2015 US Maritime Administration report “*Impacts of Reductions in Government Impelled Cargo on the U.S. Merchant Marine*” includes hard data demonstrating the importance of food aid to sustaining our U.S. Merchant Marine, which the Department of Defense relies upon for sealift in times of war and national emergency at a fraction of the cost to duplicate that sealift capacity using DOD-owned assets.

The MARAD report indicates that the main reason our US Merchant Marine has declined in recent years has been the decrease in US Government preference cargoes. According to MARAD, food aid is the greatest source of such preference cargo—over half of all dry cargoes shipped since 2002. Since 2000, the US fleet has shrunk dramatically as food aid cargoes have plummeted 77%, even though DOD cargoes increased by 60% during the same period. MARAD also notes that GAO itself concluded in an earlier report that without preference cargo, 77% of intermodal ships and 96% of bulk ships would leave the US fleet.

Although the budget for Food for Peace and other food aid programs has been under pressure in recent years as USAID seeks to give away envelopes of cash in developing countries instead of food aid, the most damaging loss of food aid cargo occurred as a result of the 2012 reduction of cargo allocated to US-flag vessels from 75% to 50%, which took away a third of the cargo overnight. A 2010 Promar International Report found that food aid shipments sustained 33,000 jobs prior to the reduction in cargo preference.

About USA Maritime

USA Maritime is a coalition of ship operators, maritime labor organizations, and maritime trade associations committed to protecting our national security through a public-private partnership that features the US Merchant Marine. During times of war, natural disaster, and famine around the globe, the US Merchant Marine is always there, safely and cost-effectively delivering essential equipment and supplies, as well as needed food to hundreds of thousands of people worldwide.