



For Immediate Release
October 25, 2017

**Statement of USA Maritime on Senate Foreign Relations
October 19, 2017
Hearing Regarding Food for Peace**

WASHINGTON, D.C.—USA Maritime Chairman James L. Henry today issued the following statement in response to certain allegations and statements made during the October 19, 2017, hearing titled “Modernizing the Food for Peace Program.”

“Statements made during the hearing misrepresent the value proposition of shipping Food for Peace cargoes with the U.S. Merchant Marine pursuant to our nation’s cargo preference laws. Hiring Americans sailing on U.S.-flag ships, instead of foreign mariners, leverages transportation dollars our government already has to spend to ensure we maintain a U.S. Merchant Marine necessary to support our nation in times of war and national emergency. For example, the U.S.-flag merchant fleet carried more than 90% of the supplies our troops needed in Iraq and Afghanistan at a fraction of the cost of other alternatives. Relying upon this partnership with the U.S. commercial fleet is a cost-effective alternative to replicating such sealift capacity by building military gray-hull ships and hiring more government employees. This approach saves taxpayers more than \$1 billion in annual operating costs for vessels and related intermodal assets together with \$13 billion in vessel capital costs. In contrast, data from the U.S. Maritime Administration and recent Government Accountability Office findings show that hiring Americans to ship Food for Peace cargoes adds just one percent to the program budget — less than \$20 million annually to support a \$1.7 billion program. Total program costs for ocean shipping — not just U.S.-flag shipping — amount to only 8% of the budget. Moreover, for every dollar invested in U.S.-flag shipping, \$3.14 is returned in tax revenue, which would otherwise be lost if we instead opted to support foreign sealift capability to move these government cargoes.”

“Statements made during the hearing also misrepresent the importance of food aid to our U.S. Merchant Marine fleet. The April 2015 U.S. 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 national defense sealift capability. The MARAD report indicates that the principal reason our U.S. Merchant Marine has declined in recent years, has been the decrease in U.S. Government preference cargoes. According to MARAD’s data, food aid is the



largest component among such preference cargoes—over half of all dry cargo tonnage shipped by all agencies since 2002. Since 2000, the U.S. fleet has shrunk dramatically as food aid cargoes plummeted 77%, even though military cargoes increased by 60% during the same period. The decline of the fleet has accelerated in recent years, with a quarter of the fleet leaving the United States since the requirement to ship food aid cargoes on American ships was reduced in 2012 from 75% of cargoes to 50% of cargoes. MARAD also notes that the Government Accountability Office concluded in an earlier report that without government preference cargo, 77% of intermodal ships and 96% of bulk ships would withdraw from the U.S. fleet.”

“General Duncan McNabb, then-Commander of the U.S. Transportation Command, which is the logistical command in charge of supporting all of the U.S. Armed Forces, foresaw the problem in 2011, when he wrote: ***‘The movement of international food aid has been a major contributor to the cargo we have moved under the cargo preference law that our U.S. commercial sealift industry depends upon. Any reductions will have to be offset in other ways to maintain current DOD sealift readiness.’*** Similarly, Jeff Marootian, Assistant Secretary, U.S. Department of Transportation, testified in 2015: ***‘Cargo preference is a pillar that ensures America can activate and sustain a sealift fleet adequate to deploy and support the United States Armed Forces anywhere in the world. So the benefits of cargo preference are clear. . . . This program which benefits both the public and private sectors, is less of a burden on the tax payer than the other options to provide the same capability.’***”

“While food aid cargoes for the U.S. fleet have fallen precipitously in the last few years, replacement cargoes have failed to materialize. In March 2015, General Paul Selva, then-Commander of the United States Transportation Command and now Vice Chairman of the Joint Chiefs of Staff, stated: ***‘The reduction in government impelled cargoes due to the drawdown in Afghanistan and reductions in food aid . . . are driving vessel owners to reflag to non-U.S. flag out of economic necessity. . . . With recent reductions, the mariner base is at the point where future reductions in U.S.-flag capacity puts our ability to fully activate, deploy, and sustain forces at increased risk.’*** And General Darren McDew, the current Commander, United States Transportation Command, testified earlier this year: ***‘[W]ithout cargo preference, our maritime industry is in jeopardy and our ability [to] project the force is in jeopardy.’*** According to MARAD and Defense Department estimates, we are now approximately 40 ships and 2,000 mariners short of what is needed to sustain our warfighters, and any reductions in ship-American requirements will exacerbate the crisis.”



“USA Maritime and the men and women sailing in the U.S. Merchant Marine have been strong partners with the U.S. farm and agricultural community for more than 60 years, striving to protect and preserve our international food assistance programs. We are proud of this partnership, and of our contribution to alleviating food insecurity around the world.”

About USA Maritime

USA Maritime is a coalition of American ship operators, maritime labor organizations, and maritime trade associations committed to protecting our national security through a public-private partnership that features the U.S. Merchant Marine. During times of war, natural disaster, and famine around the globe, the U.S. 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.

For more information, please visit: www.usamaritime.org.

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