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Chair

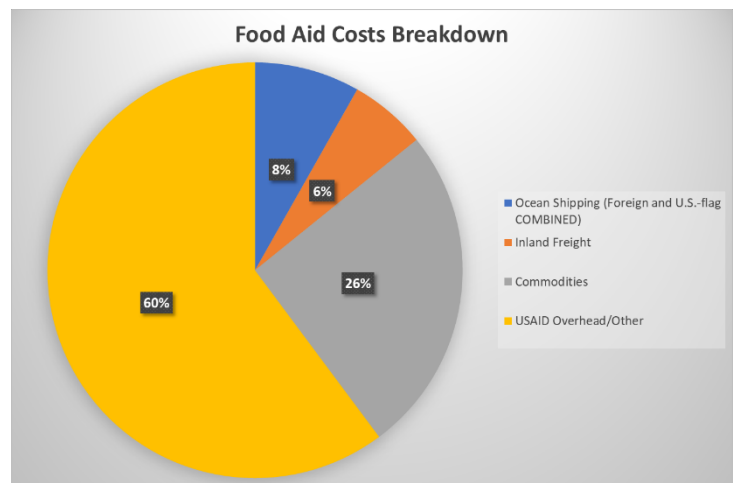


KEEP AMERICAN RULES FOR U.S.-FLAG SHIPPING

SUPPORT OUR MERCHANT MARINE

DO NOT SUPPORT S.CON.RES 37 OR 38 WAIVING SHIP AMERICAN RULES

- Senate Concurrent Resolutions 37 & 38 would eliminate the Ship American “cargo preference” rules that are essential to support our US-flag shipping sealift capability.
- Today’s environment of rising peer nation competition from Russia and China and a global supply chain crisis is not the time to cede our US-flag shipping capacity to foreign interests--we need to be prepared to support our allies in Europe and elsewhere with American sealift ships and mariners who have never failed our nation in the past.
- **The proposals are overbroad. They are not limited only to supplies for Ukraine but would waive Ship American rules globally---hurting American workers.**
- **The proposals are duplicative and unnecessary. Under current provisions of law, USAID, USDA, and other shipping agencies of the US Government already have—and frequently use—the ability to self-grant waivers of Ship American rules anytime US-flag ships are not available at fair and reasonable rates.**
- USAID already has waived Ship-American rules for 40% of the Food for Peace program and consequently *US-flag ships carry less than a third of the cargoes under that program.*
- Although it is true that commodities account for a minority of USAID’s program costs, more than half of the costs of food aid shipments are USAID’s nebulous “ITSH” and “202(e)” costs (see USAID overhead in chart) which have nothing to do with ocean shipping. **All ocean shipping—US and foreign flag costs combined—are only 8% of program costs. The premium for hiring US-flag ships is less than 1% of program costs.** If we want to make the program more efficient—focus on “ITSH” and “202(e)” which absorb most of the food and program budget—not cutting out American mariners and American jobs.
- Although only concurrent resolutions, under provisions of existing law, 56 USC 55305, the resolutions may be deemed to have the force of law sufficient to enact the waiver—*however* the 55305 authority only contemplates a temporary waiver whereas the S. Con. Res. 37 states no time limit (S. Con. Res. 38 is three years).



Support Cargo Preference
May 4, 2022

- The US-flag ships, American businesses, and American mariners that would be hurt by the waivers have not been part of the surge in prices affecting the foreign-flag container shipping markets – we should grow the US-flag fleet to prevent the next supply chain crisis.
- **The resolutions would hurt our strategic US-flag shipping industry but provide no off-setting benefit to the Federal agencies shipping humanitarian supplies** because they already have and use generously their existing waiver authorities.
- **American taxpayer dollars should support American workers, American mariners, and the US flag fleet.**