



US lawmakers call for cargo preference waiver to ease food aid costs

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Members of the U.S. Congress on Wednesday called for a waiver to cargo preference laws that increase the costs of shipping the country's food assistance, eating up dollars on transportation instead of feeding millions of hungry people as the global food crisis worsens.

Current law requires 50% of Title II food aid, distributed under the U.S. Agency for International Development's Food for Peace program, to be carried on U.S.-flagged vessels. There have been previous attempts to remove the requirement from the five-year farm bill — the legislation that authorizes U.S. food aid — but none has been successful.

Republican Rep. Michael McCaul, the ranking member of the House Foreign Affairs Committee, urged President Joe Biden's administration to waive cargo preference as the war in Ukraine causes further hikes in food and fuel prices. At a Congressional hearing Wednesday, he called the situation an "emergency."

"Our priority should be paying for food, not unnecessary shipping costs. Spending unnecessary resources on shipping means less food for starving people," McCaul said.

"It's not really an exaggeration to say that action now will save lives. I hope greater flexibility on cargo preference will be a bipartisan issue that we can address in committee through legislation."

McCaul and seven of his Republican colleagues on the House Foreign Affairs Committee wrote to USAID Administrator Samantha Power on Wednesday, encouraging the administration to "prioritize efforts to reduce all possible bureaucratic impediments and costs associated with urgently and efficiently providing" ramped-up food assistance.

They reiterated the call to waive cargo preference "for the purposes of the current global food crisis and global impacts of Russia's war in Ukraine."

According to the letter, USAID has paid around 28% more per metric ton for shipping on U.S.-flagged vessels this fiscal year. Waiving cargo preference in 2021 would have saved almost \$31 million — enough money to afford food aid for 16 million more people, they wrote.

Although Kyiv and Moscow reached an agreement last week to allow the export of some 20 million tons of grain from Ukraine, with the first shipments leaving as early as this week, people in 45 countries are at risk of high levels of food insecurity, according to the World Food Programme.

Amid the current situation, members of the two primary political parties in the U.S. have expressed a desire to issue exemptions to cargo preference laws. Bipartisan resolutions — which do not become laws the way bills do when passed — to waive cargo preference until 2025 have been introduced in both the House and Senate.

A 2021 working paper from the American Enterprise Institute found that cargo preference is responsible for about 36% — or \$47.5 million — of the total costs incurred in shipping emergency food aid from the United States. And according to the Cato Institute, there are only four dry bulk ships on which to ship U.S. food assistance, with three of them owned by the same company.

In a hearing last week, Republican Sen. Jim Risch said the U.S. needs to do “everything we can to stretch U.S. aid dollars further.”

“This includes removing U.S. cargo preference requirements on food aid that have outlived their purpose, drive up costs, and slow the delivery of lifesaving food up to 12 months,” he said. “There are only three bulk carriers left in the U.S.-flagged fleet that carry food aid, none of which are militarily useful. To suggest that maintaining U.S. cargo preference for food aid is somehow vital to maintaining U.S. maritime security is inaccurate.”

USAID spent an extra \$80 million on transportation because of cargo preference, he added.

“Imagine all of the starving men, women, and children we could have reached with an additional \$80 million,” Risch said. “Hungry people can’t eat transportation costs. It’s time to end this brand of corporate welfare.”

Sarah Charles, the assistant administrator in USAID's Bureau for Humanitarian Assistance, told members at the Congressional hearing Wednesday that the agency welcomes efforts to offer more flexibility in delivering emergency food assistance “for a time-limited, case-by-case basis.”

USAID uses a U.S.-flagged fleet when available, Charles said, but sometimes is required to ship on other vessels. The current farm bill expires in 2023, and negotiations are already underway for its reauthorization, which Charles said is another opportunity to maximize efficiency.

“In previous reauthorization efforts, USAID has worked closely with this committee as well as the agricultural committees to make technical changes to Title II under the Food for Peace Act,” Charles said. “These changes resulted in greater flexibility and improved programming for emergency and nonemergency food assistance programs. The 2023 reauthorization offers similar opportunities.”

