

Testimony

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Subcommittee on Merchant Marine
Committee on Merchant Marine and Fisheries

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Hearing on H.R. 3002
To amend the Merchant Marine Act, 1936, to
preserve the percentage of certain agricultural
commodities exported from Great Lakes ports
(Great Lakes Set-Aside)

Good morning, Mr. Chairman and members of the Committee. My name is Robert Silberman and I am the Deputy Administrator for Inland Waterways and Great Lakes of the Maritime Administration.

Mr. Chairman, I am here this morning to offer the Committee the Administration's views on H.R. 3002, a bill to amend the Merchant Marine Act of 1936 to preserve the percentage of P.L. 480, Title II relief (food assistance) commodities exported from Great Lakes ports.

The Great Lakes set-aside provision, section 901b (B) of the Food Security Act of 1985, provides that "the Secretary of Transportation in administering the provision shall take steps that are necessary and practicable without detriment to any port range to preserve during calendar years 1986, 1987, 1988, and 1989 the percentage share or metric tonnage of bagged, processed, or fortified commodities, whichever is lower, experienced in calendar year 1984 as determined by the Secretary of Agriculture of waterborne cargoes exported from Great Lakes ports pursuant to title II of the Agricultural Trade Development and Assistance Act of 1954."

The Secretary of Agriculture determined that about 245,000 metric tons of Title II cargo was shipped through Great Lakes ports in 1984. This represents about 20 percent of the total Title II, P.L. 480 shipments of packaged commodities in 1984.

Mr. Chairman, as you know, the mission of the Maritime Administration is to promote the U.S. merchant marine; to support, where appropriate, the many interests related to American waterborne commerce; and to assure a viable maritime component to our defense logistic capabilities. In implementing this mission, we at MARAD believe we cannot concentrate our efforts solely on one segment of the maritime community to the exclusion of others. Our policies must be broadly supportive of the U.S. maritime industry as a whole.

Mr. Chairman, I believe both this Administration and the prior Administration have done an excellent job in complying with this provision of the Food Security Act in a fair and equitable manner. The Departments of Transportation and Agriculture, as well as A.I.D., have worked closely and diligently to carry out the will of Congress as expressed in this law. However, you and the other members of the Subcommittee are well aware of the difficulties and controversy that we have encountered in doing so. For example, port interests at port ranges other than the Great Lakes have complained that by specifically setting aside tonnage allocations for shipment through Great Lakes ports, the Department of Agriculture is violating the clause in the law "without detriment to any port range." Tonnage set aside for shipment through one port range necessarily results in fewer commodities being allocated to the other port ranges.

The Great Lakes provision has also increased the cost of transportation under P.L. 480 by an estimated \$6 million for the four-year period. Since the additional transportation costs are paid from the P.L. 480 food aid budget, the set-aside has required a reduction in the amount of commodities shipped roughly equivalent to 40,000 tons of corn.

Finally, the set-aside provision exacerbates the difficult task of balancing the competing and often conflicting legislative mandates imposed on the P.L. 480 food aid program. In addition to the U.S. flag requirements and the Great Lakes set-aside, program managers must also attempt to meet a minimum tonnage requirement and minimum share for processed, bagged and fortified commodities. All of these mandates compete for the limited budgetary resources. The net effect is to weaken the effectiveness of P.L. 480 food assistance in meeting humanitarian and developmental objectives.

Mr. Chairman, because of the administrative burdens I've outlined, and because of the negative impact of the Great Lakes set-aside on the P.L. 480 program, the Administration opposes extension of the set-aside.

That concludes my remarks, Mr. Chairman. Thank you again for the opportunity to appear before you, and I would be happy to respond to any questions.