

Deputy US Maritime Administrator Orlando Gotay

Remarks to Food Aid Conference

Kansas City, MO, June 28, 2011

Thank you for the kind introduction, it is great to be here today.

I understand this is the first time that MARAD provides one of the main speakers to this important annual conference, and I am pleased to join you to discuss the importance of food aid, our foreign policy, our economic policy, and national defense, all from our maritime point of view. This is the 13th annual conference, and it was about time we came here to tell our story. And explain to you how it all fits together. And let me assure you, we have more in common than you may think.

When I was preparing for this presentation, I was looking for a straightforward, concise way to convey my message to you.

And then, a few weeks ago, at the first ever government agency shipper forum, held by us at the Department of Transportation, John Brause, Deputy Assistant Administrator of USAID said -- "we're all in the same boat" making a reference to cargo preference.

God works in mysterious ways. There was my message. Delivered by an unassailable envoy.

He's right. But allow me to expand the thought a little, and let me say that we are all together in food aid, MARAD is not just in for the cargo preference.

We, and the industry we are charged by law to promote, have a vested interest in making sure the food aid programs succeed. That is part of the reason I asked to be here with you today.

As many of you know, it is the policy of this Administration and it is the law-- that U.S. food aid --or most of it--be transported on American-flag ships.

Administering those laws is our responsibility. And we also see that there are efficient ways to administer these laws, so that they can carry out their purpose of providing food aid where it needs to go, and provide cargo to American maritime workers,

We see a way where we are fair and allow for the effective implementation cargo preference in the food aid programs.

Of course, we strongly support these cargo preference laws, and here's why: they maintain thousands of American jobs, help keep our economy strong, and create the economic conditions so that we have a commercial fleet--a merchant marine--that is there to do its job in the national defense and also when disasters strike or other situations.

At that government agency shipper forum I mentioned, it was great to hear Major General Michelle Johnson of the

US Transportation Command, tell how important it was for the military to have commercial--American shipping-- that delivered the goods--where needed and when needed.

So these laws--cargo preference, bind us in a special way. But I want to make clear to you that we are partners in the good outcome of the food aid program.

We are working hard to ensure that cargo preference laws and its processes are transparent, business like and efficient. We are aiming at improving consistency, predictability and fairness to all of the entities and businesses involved in the process.

And because we consider ourselves partners, we share the concern over some of the clouds that loom out there in the horizon.

Food Aid

President Obama's budget includes \$1.69 billion[i] for the Food For Peace, Title II food aid program. We think it's not only a moral imperative, but good for America, to help feed the world's hungry and poor.

When Administrator Matsuda and I started our jobs, one of the very first things we did was frame food aid bags-- yes, USAID bags.

This is because we want to always remember the importance of food aid for humanitarian reasons, and for our foreign policy, and to remind our many visitors how we at the Maritime Administration contribute in making that food delivery happen.

Food aid is a critical component for the economic viability of the U.S. Merchant Marine. And even now, when program amounts are under threat, they take on a redoubled importance, as other cargoes diminish as military operations abroad complete a draw down.

It provides economic opportunity that helps ensure that those Mariners--yes, American fathers and mothers, who pay US taxes and live here in America-- are active and ready whenever they're needed for defense or disaster response.

The first commercial vessel to respond to the crisis brought about by the earthquake in Haiti in 2010 was American. It's important to be prepared.

And readiness is not a concept just for the military. We need to be prepared too.

As some say, the time to buy fire insurance is before the fire. Not in the middle of it.

So we are committed to face the challenges of the food aid program, together with you.

A strong food aid program and a healthy merchant marine are in fact possible at the same time. Congress created the Cargo Preference Program and applied it to food aid shipments as it intended both to happen. And of course all in this room are keenly aware that the broad economic impact of food aid programs is felt from sea to shining sea, from our farms to our ports, besides the distant shores where the food is ultimately delivered.

MARAD and the entire Department of Transportation are committed to maintaining and achieving these important goals.

Improvements

To that end, we are working to improve our procedures every day. Food aid cargo preference statutes have a provision whereby MARAD reimburses shipper agencies for some part of the ocean freight paid to deliver those shipments. In fact, we fully reimburse the difference between shipping American and shipping with foreign vessels.

A few days ago, we transferred in excess of \$90 million in freight refunds from last year's food aid shipments to USAID & USDA. It was not long ago that one of those refunds was held back for several years—almost a decade-- on the basis of an accounting dispute. We turned that last \$90 million bill around in less than 30 days after we got it.

Simply put, that means more funds available for both USAID and USDA to perform their crucially important work.

And as I mentioned at the beginning, on June second, we had our first-ever Cargo Preference forum for federal shippers. We brought the senior leadership of federal agencies together to discuss how we can improve the administration of the programs.

It's because we believe that more seats at the table will lead to better policies.

We will continue to strengthen this "iron triangle" of support that has kept this program vibrant and effective and which has saved millions of lives worldwide.

I am very aware that we need to continue working to develop a strong partnership between stakeholders. We need to move beyond the "today" mentality and broaden the horizon, so we can jointly achieve better outcomes in improving the administration of the food aid program. MARAD will continue to help. And, of course, will continue to be an advocate of the maritime industry.

Closing

Cargo preference and its connection to food aid will remain a major topic of discussion as we move forward. I am sure it was the same way when it was enacted. But different from that time, we are facing challenges of the 21st century, and we need to implement 21st century solutions that continue to fulfill the mandates set by the Congress.

And we will continue working to help our colleagues administer food aid in compliance with cargo preference laws, which provides needed relief to people across the globe and has provided—and will continue to provide-- so many benefits for our American economy.

I leave you with one last thought. Nothing sends a stronger message of America's good will, than American produced food, being transported on American vessels with American Merchant Mariners.

Remember, we are all in this together.

