Why GAO Did This Study

Food aid cargo must generally be carried on U.S.-flag ships under requirements set by the cargo preference program. Two groups of carriers compete for this cargo: (1) those that participate in the Maritime Security Program and receive an annual government subsidy—generally liners operating on scheduled routes and (2) those that do not—generally carriers operating on a charter basis. Congress directed GAO to study (1) how the cargo preference and Maritime Security programs are designed and who participates; (2) the nature and extent of MSF and non-MSF carrier participation and competition in the food aid program; and (3) how a tonnage limitation on bagged preference cargo for MSF vessels could affect MSF, other U.S.-flag ships, the cargo preference food aid program, and the ports servicing these ships.

While GAO makes no recommendations in this report, we observe that a decline in bulk food aid shipments since 2000 suggests greater competition for bagged food aid, but clear trends in how industry segments are responding cannot yet be determined. Our analysis suggests that under certain conditions a tonnage limit would not lead to large shifts in food aid to non-MSF carriers, and could result in lower levels of subsidy payments and increased agency burdens. We note significant limits of efforts to predict the future course of events where key factors are so volatile.

Non-MSF and MSF Bagged Food Aid Shipments, Fiscal Years 1999-2003

To view the full product, including the scope and methodology, click on the link above. For more information, contact Celia Thomas at (202) 512-8987 or thomasc@gao.gov.