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March 26, 2010

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**VIA AGRI@APPRO.SENATE.GOV**

The Honorable Herb Kohl (D-WI)

Chairman

Subcommittee on Agriculture, Rural Development,

FDA, and Related Agencies

Senate Appropriations Committee

Dirksen Senate Office Building, SD-129

Washington, D.C. 20510

Dear Mr. Chairman:

On behalf of the *Ad Hoc* Coalition in Support of Sustained Funding for Food Aid, we respectfully submit herewith the Coalition's statement for the hearing record on Fiscal Year 2011 funding. The members of the Coalition, which represent a number of farm commodity and maritime organizations, include the following (listed alphabetically):

- America Cargo Transport Corp.
- American Maritime Congress
- American Maritime Officers
- American Maritime Officers' Service
- American Peanut Council
- American Soybean Association
- APL Limited
- Central Gulf Lines, Inc.
- Global Food and Nutrition Inc.
- Hapag-Lloyd USA, LLC
- International Organization of Masters, Mates & Pilots
- Liberty Maritime Corporation

The Honorable Herb Kohl (D-WI)

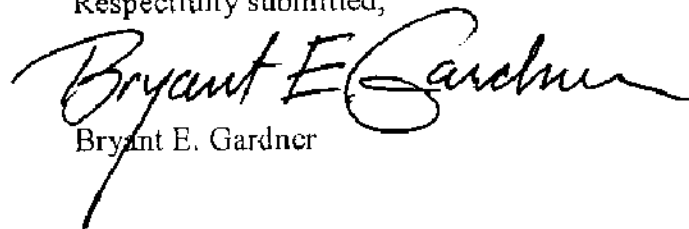
March 26, 2010

Page 2

- Maersk Line, Ltd.
- Marine Engineers' Beneficial Association
- Maritime Institute for Research and Industrial Development
- National Association of Wheat Growers
- National Corn Growers Association
- National Council of Farmer Cooperatives
- National Potato Council
- Sailors' Union of the Pacific
- Seafarers International Union
- Sealift, Inc.
- Transportation Institute
- United Maritime Group, LLC
- U.S. Dry Bean Council
- U.S. Dry Pea & Lentil Council
- U.S. Wheat Associates, Inc.
- USA Rice Federation
- Waterman Steamship Corporation

Thank you for considering the Coalition's testimony.

Respectfully submitted,



Bryant E. Gardner

Enclosure

**STATEMENT OF THE *AD HOC* COALITION IN SUPPORT  
OF SUSTAINED FUNDING FOR FOOD AID**

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Submitted for the Hearing Record  
of the  
Subcommittee on Agriculture, Rural Development,  
FDA, and Related Agencies  
Committee on Appropriations  
U.S. Senate  
March 26, 2010

Mr. Chairman, Members of the Subcommittee, this statement is respectfully submitted on behalf of the *ad hoc* coalition composed of the organizations listed below. The coalition supports sustained funding for our nation's food aid programs, including Titles I and II of P.L. 480, and therefore strongly opposes all proposals to divert funding away from these important programs.

**FOOD AID'S UNIQUE ROLE**

The donation of American commodities as food aid has been the cornerstone of U.S. and global foreign assistance programs since their inception. However, food aid has evolved in important ways over the years. Food aid began as an outgrowth of American farm policy that generated sizeable surpluses and American foreign policy characterized by the Cold War competition for the hearts and minds of impoverished populations across the globe. Since then, American farm policy has evolved away from surpluses, and therefore food can no longer be mischaracterized as "dumping" of excess commodities. Indeed, the United States now purchases commodities for donation on the open market. In today's political and economic climate, the need to provide societal stability, avoid failed states, prevent terrorist breeding grounds, and bolster America's image abroad has never been more important.

Our in-kind food aid programs are needed now more than at any time in their history. Hunger is a powerful and destabilizing force, and America faces a convergence of terrorist and other security threats from failed and unstable states that feed on ill will toward our nation. The United Nations World Food Program tells us that in recent years the food insecure have been hit by a "perfect storm" of increases in food prices coupled with export restrictions imposed by traditional regional and local food exporters. Here at home, the ranks of long term unemployed have soared. U.S. food aid programs not only further our humanitarian and food security goals by allowing Americans to contribute to the needy in a tangible way, but the programs also provide stable jobs for Americans.

**FOOD AID VERSUS CASH DONATIONS FOR "LOCAL AND REGIONAL PURCHASES"**

Food for Peace, which provides farm products grown in the United States to millions overseas in bags marked as gifts "From the American People," is a clear and tangible sign of America's concern and generosity to its recipients. This same "in-kind" composition generates important economic benefits to our nation—vital jobs in many industries, farm income, markets

for agriculture processors, and revenue for American transportation providers and ports. It also generates Federal, state, and local tax revenues, as well as secondary economic effects, such as farm equipment purchases and farm family spending in our broader economy. For these reasons, a strong domestic constituency for food aid, in good economic times and bad, has sustained America's food aid programs through decades of competing funding priorities.

Furthermore, for over fifty years American agriculture has provided a dependable source of high-quality nutritious food that is not always reliably available to "local" or "regional" markets. Given the recent food crisis experienced by many nations, in terms of price, availability, and quality, and considering the recent actions by some food-exporting nations to halt food exports when domestic price increases occurred, the amount and dependability of U.S.-produced food aid in P.L. 480 is crucial to our humanitarian assistance effort.

Using American taxpayer dollars to purchase foreign agricultural commodities would forego the unique benefits of U.S. food aid, such as predictable food aid supply, unparalleled quality, and good American jobs, when our country and food-deficit areas need them most. Nevertheless, additional resources have already been directed to so-called "local and regional purchases": USAID has been provided hundreds of millions of dollars of new funding for such purchases under the Foreign Assistance Act through the International Disaster and Famine Assistance Account and Congress also established a \$60 million CCC-funded USDA pilot program in the 2008 Farm Bill to examine the potential dangers and benefits of this approach before considering further expansion of its use in conjunction with a strong in-kind food aid program centered around American commodities. Additionally, the UN World Food Program operations have wide latitude to purchase grain from Europe, Australia, and elsewhere.

#### **RESTORATION OF TITLE I/FOOD FOR PROGRESS**

The Title I concessional sales food aid program is an important tool in the aid "toolbox". In order to ensure that countries with the most dire need have sufficient donated food aid, the coalition recommends that USDA offer the Title I concessional sales program to countries that can afford it. Title I allows us to leverage our aid dollars, helping more people in need with our limited budget resources.

To the extent that the Title I funding truly cannot be used for concessional sales, it may be converted to donations on full grant terms through the Food for Progress ("FFP") program.

#### **CONCLUSIONS AND RECOMMENDATIONS**

Mr. Chairman, the coalition is committed to maintaining the funding for America's food aid programs to meet humanitarian needs, enhance the potential for economic growth in recipient countries, and stimulate the economy here at home. Our recommendation is to increase, over time, annual food assistance with a blend of programs drawing upon the unique strengths of the different U.S. food aid program authorities. Specifically, the coalition respectfully recommends the following:

Statement of the *Ad Hoc* Coalition In Support of  
Sustained Funding for Food Aid  
March 26, 2010  
Page 3

- o Full up-front funding of Title II at the \$2.5 billion authorized by law, which is consistent with the FY 2008 and FY 2009 appropriation levels, and should serve to help avoid the cycle of emergency supplemental appropriations for this program.
- o Title I/Food for Progress program levels should be restored to responsible levels so that the unique efficiencies of the program are not lost and more people can be fed.
- o Increase funding available for the McGovern-Dole program, leveraging the special ability of this program to reach children and to spur long-term development.

P.L. 480 Food for Peace is the world's most successful foreign assistance program, and has saved countless lives. Its straightforward delivery of American food to the hungry fills a clear and immediate need overseas, and its unique architecture has made it a successful program here at home that has endured for over fifty years.

Thank you, Mr. Chairman.

America Cargo Transport Corp.  
American Maritime Congress  
American Maritime Officers  
American Maritime Officers' Service  
American Peanut Council  
American Soybean Association  
APL Ltd.  
Central Gulf Lines, Inc.  
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Hapag-Lloyd USA, LLC  
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