

103^D CONGRESS
1ST SESSION

S. RES. 115

Expressing the sense of the Senate regarding the need to eliminate price-gouging in the transportation of food assistance to Russia.

IN THE SENATE OF THE UNITED STATES

MAY 28 (legislative day, APRIL 19), 1993

Mr. BROWN (for himself, Mr. PRESSLER, Mr. DURENBERGER, Mrs. KASSEBAUM, Mr. GRASSLEY, Mr. NICKLES, and Mr. CRAIG) submitted the following resolution; which was referred to the Committee on Commerce, Science, and Transportation

RESOLUTION

Expressing the sense of the Senate regarding the need to eliminate price-gouging in the transportation of food assistance to Russia.

Whereas on April 3, 1993, in Vancouver, Canada, the President of the United States and the President of the Russian Federation announced a \$1,600,000,000 aid package for Russia, including \$700,000,000 in food assistance;

Whereas the provision of food assistance announced at the Vancouver summit is a vital sign of United States support for Russia's continued movement toward democracy and transition to a market economy;

Whereas on May 3, 1993, the United States Government and the Government of Russia reached initial agreement on

the \$700,000,000 in food assistance to be extended by the United States to Russia;

Whereas the agreement stipulated that while \$500,000,000 of the United States food aid package will be used for Russia to purchase United States agricultural commodities, the remaining \$200,000,000, as estimated by the Administration, will be used solely to cover the cost of transportation;

Whereas the Administration announced that 75 percent of the commodities would be shipped on United States-flag commercial vessels under United States cargo preference requirements;

Whereas United States cargo preference laws require at least 75 percent of United States food assistance shipped overseas to be shipped on United States-flag commercial vessels;

Whereas this requirement eliminates competition and encourages shippers to charge the United States Government rates two or three hundred percent above world market shipping rates;

Whereas the current world market shipping rate is between \$25 and \$35 per metric ton;

Whereas shippers, anticipating the elimination of competition, have offered bids for shipping the grain to Russia between \$75 and \$138 per metric ton;

Whereas these bids are up to 4 times greater than comparable world rates;

Whereas the cost of the grain itself is approximately \$100 per metric ton;

Whereas the effect of the cargo preference requirements is to increase the cost of transportation so that it nearly equals or exceeds the cost of the grain itself; and

Whereas the effect of the cargo preference requirements increases the taxpayer cost of assistance to Russia: Now, therefore, be it

1 *Resolved*, That it is the sense of the Senate that—

2 (1) the food assistance provided by the United
3 States Government to Russia has been supported
4 and approved to meet the dire humanitarian needs
5 of the Russian people;

6 (2) the increased cost of assistance to Russia
7 resulting from cargo preference requirements could
8 adversely affect the progress of democracy and mar-
9 ket development in Russia;

10 (3) at a minimum, the President should not
11 permit Federal agencies to accept bids from any car-
12 rier that are more than 50 percent above competitive
13 world market rates; and

14 (4) the President should immediately exercise
15 the temporary waiver authority of the cargo pref-
16 erence requirement in section 901(b)(1) of the Mer-
17 chant Marine Act of 1936 and permit Federal agen-
18 cies to accept only bids that are competitive on the
19 world market, thereby eliminating price-gouging for
20 the transportation of Russian food assistance and

- 1 ensuring that the greatest possible amount of assist-
- 2 ance is provided to Russia.

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