

# GAO Highlights

Highlights of [GAO-22-106198](#), a testimony before the Subcommittee on Coast Guard and Maritime Transportation, Committee on Transportation and Infrastructure, House of Representatives

## Why GAO Did This Study

Cargo preference requirements are intended to support the U.S.-flag shipping industry. The requirements are designed to ensure the industry, among other things, has sufficient vessels and trained mariners to supplement the cargo-carrying capacity of military ships during times of war or national emergency.

This statement discusses: (1) the extent to which MARAD has monitored and reported on agencies' compliance with cargo preference requirements and (2) MARAD's efforts to enforce cargo preference requirements, among other objectives.

This statement is based on GAO's September 12, 2022 report [GAO-22-105160](#). For that report, GAO reviewed relevant federal laws, regulations, and policies; reviewed cargo preference data for fiscal years 2012 through 2020; and interviewed MARAD officials.

## What GAO Recommends

GAO recommended that MARAD: (1) publicly report, on an annual basis, the cargo preference data it receives and (2) take steps to develop regulations to oversee and enforce cargo preference requirements. DOT concurred with GAO's recommendations.

View [GAO-22-106198](#). For more information, contact Andrew Von Ah at (202) 512-2834 or [vonaha@gao.gov](mailto:vonaha@gao.gov).

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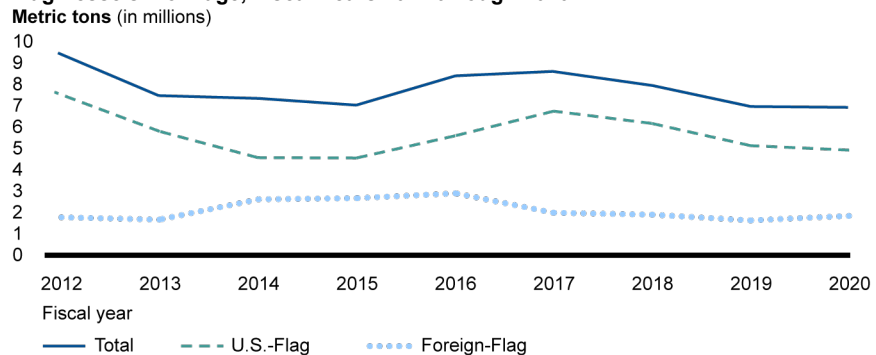
## MARITIME ADMINISTRATION

### Actions Needed to Enhance Cargo Preference Oversight

## What GAO Found

Federal "cargo preference" laws, regulations, and policies require that when cargo owned or financed by the federal government is shipped internationally, certain percentages of that cargo be carried on vessels registered in the United States (U.S.-flag vessels). The Maritime Administration (MARAD), within the Department of Transportation, monitors federal agencies' cargo volumes to calculate the percentage shipped on U.S.-flag vessels. However, MARAD has not publicly reported these data since 2013. According to data received by MARAD, total government-wide cargo volumes in fiscal year 2020 were 27 percent lower than in fiscal year 2012, and U.S.-flag volumes were 36 percent lower (see figure). MARAD no longer reports the data because a 2008 law eliminated the statutory reporting requirement; however the elimination of this requirement does not preclude MARAD from reporting the data. Without public reporting by MARAD, Congress and others lack visibility into federal agencies' cargo shipments, including the amounts shipped on U.S.-flag vessels. Public reporting would also provide an important accountability measure to monitor federal agencies' shipping activities in relation to their cargo preference requirements.

**Data Received by MARAD on Federal Agencies' Cargo Volumes, Including U.S.- and Foreign-Flag Vessels' Tonnage, Fiscal Years 2012 through 2020**



Source: GAO analysis of data received by the Maritime Administration (MARAD). | [GAO-22-106198](#)

MARAD has taken steps to identify potential instances of noncompliance with cargo preference requirements and collaborated with federal agencies and contractors to encourage compliance. However, MARAD has not taken enforcement actions. For example, MARAD has notified federal agencies and contractors about potential contract violations, and has encouraged shipping additional cargo on U.S.-flag vessels. However, according to MARAD officials, MARAD has not taken any enforcement actions, in part, because it has not developed regulations necessary to take such action. MARAD has not developed regulations primarily due to challenges in reaching consensus with other agencies on how to implement cargo preference requirements. Without taking steps to evaluate options for developing regulations that achieve sought-after consensus with agencies, MARAD will continue to lack the tools necessary to oversee and enforce agencies' compliance with cargo preference requirements.