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Cargo Preference Opposed

WHEAT is Oklahoma's largest cash crop, bringing an estimated $697 million in cash receipts last year. And eight of every 10 truckloads of wheat harvested here go to foreign countries.

Therefore Oklahoma has a big stake in pending legislation that would require 5 percent of commodities exported to be transported in U.S. vessels. The proposed law would increase the minimum gradually to 20 percent in 15 years. Government-owned or financed exports already are under "cargo preference" laws.

Sen. Don Nickles, Ponca City Republican, figures Oklahoma wheat growers would have to pay increased shipping costs of $1.42 per bushel for that part of their crops exported on American ships. He says higher costs of shipping would be recouped by grain companies through lower prices paid to farmers.

Another aspect of the problem is that our maritime industry has become non-competitive because of high union labor wage rates. Evidence that the U.S. merchant fleet has been losing out in world shipping is reflected in the decline in number of ships, from 1,170 in 1950 to 520 in 1982.

Thirty years ago American ships transported half of this nation's international commerce. Now only 5 percent of our exports and imports move in U.S. ships. Ninety-eight percent of the bulk goods — iron ore, coal, petroleum, grain, etc. — move in foreign ships. Shipowners and labor want to change this by law.

Sponsors of the legislation claim it would provide new jobs and contribute to American security. But the American Petroleum Institute, along with other groups, argues that "cargo preference" would cause a drop in overall employment, a loss of markets for U.S. exports and higher costs for imports, including crude oil, gasoline and heating oil.

James L. Lockett, president of the Oklahoma Farm Bureau, said cargo preference laws amount to a subsidy for labor. OFB policy opposes such legislation because it increases shipping costs and discourages purchases of farm commodities, he said.

The Oklahoma Farmers Union has not adopted a policy on cargo preference, but Jimmie L. Jarrell, president, said that higher costs thus imposed would adversely affect farmers' incomes.

The importance of private shipping to national security is recognized through maritime subsidies of more than $500 million annually, but these funds have not kept American fleets competitive. It costs more to build ships in this country and more to man them. As a result, the United States has, at latest report, only 578 of the world's 24,867 oceangoing merchant ships of 1,000 tons or more. Transportation spokesmen say that unless a positive cargo preference policy is enacted the fight to save the U.S. merchant marine will be lost. However, if costly requirements are imposed that would make our agricultural, petroleum and other industries less competitive in world markets, they might fall into the same trap the shipping industry is in, and all would suffer.