



AMERICA IS MORE SECURE **BECAUSE OF ITS STRONG DOMESTIC MARITIME INDUSTRY**

Under U.S. domestic maritime laws, commonly known as the Jones Act, cargo shipped between two U.S. ports must move on American vessels. These laws are critical for American economic, national, and homeland security, which is why they have enjoyed the support of the U.S. Navy, Members of Congress of both parties, and every President in modern history.

The Domestic Maritime Industry Is Key to America's Economic Strength and Security.

From the earliest days of our nation, shipping has been the grease for America's economic engine. Today, the maritime industry is by far the most economical form of domestic transportation, moving more than 1 billion tons of cargo annually at a fraction of the cost of other modes. Remarkably, the domestic maritime industry transports about one-quarter of America's domestic cargo for just 2% of the national freight bill. Fundamental U.S. industries depend on the efficiencies and economies of domestic maritime transportation to move raw materials and other critical commodities.

America's domestic shipping industry is responsible for nearly 500,000 jobs and more than \$100 billion in annual economic output, according to a recent study by PricewaterhouseCoopers for the Transportation Institute. Labor compensation associated with the domestic fleet exceeds \$29 billion annually with those wages spent in virtually every corner of the United States. The American domestic fleet, with more than 40,000 vessels, is the envy of the world. Every job in a domestic shipyard results in four additional jobs elsewhere in the U.S. economy.

A small number of individuals and organizations support repeal of the Jones Act, which would allow foreign-built, foreign-operated, foreign-manned, and foreign-owned vessels to operate on American waters. The result would be to take a core American industry like shipbuilding and transfer it overseas to nations like China and South Korea, which heavily subsidize their shipyards and play by their own set of rules. Additional losses would occur from the outsourcing of American shipping jobs to foreign nations. Particularly at a time of severe economic dislocation in the U.S., it makes little if any sense to send American jobs overseas and undermine an essential American industry.

The U.S. Navy Says the Jones Act Is Critical to National Security.

The U.S. Navy's position is clear – repeal of the Jones Act would “hamper [America's] ability to meet strategic sealift requirements and Navy shipbuilding.” Over the past several decades the Navy has consistently opposed efforts to repeal or modify key U.S. maritime laws.

America's domestic fleet is an important part of the national maritime infrastructure that helps ensure there will be ample U.S. sealift capacity to defend our nation. American ships, crews to man them, ship construction and repair yards, intermodal equipment, terminals, cargo tracking systems, and other infrastructure can be made available to the U.S. military at a moment's notice in times of war, national emergency, or even in peacetime. In addition, during a major mobilization, American domestic vessels move defense cargoes to coastal ports for overseas shipments.

During Operations Enduring Freedom and Iraqi Freedom (2002 – 2010), U.S.-flag commercial vessels, including ships drawn from the domestic trades, transported 57% of all military cargoes moved to Afghanistan and Iraq. As important, the American domestic fleet also provided fully half of the mariners used to crew U.S. government-owned sealift vessels activated from reserve status, which carried an additional 40% of the total cargoes delivered.

The Defense Department (“DoD”) has consistently emphasized the military importance of maintaining a strong domestic shipbuilding industry, stating “[W]e believe that the ability of the nation to build and maintain a U.S. flagged fleet is in the national interest, [and] we also believe it is in the interest of the DoD for U.S. shipbuilders to maintain a construction capability for commercial vessels.” A study by the U.S. Department of Commerce, Bureau of Export Administration, reached a similar conclusion:

The U.S. shipbuilding and repair industry is a strategic asset analogous to the aerospace, computer, and electronic industries. Frontline warships and support vessels are vital for maintaining America’s national security and for protecting interests abroad. In emergency situations, America’s cargo carrying capacity is indispensable for moving troops and supplies to areas of conflict overseas. A domestic capability to produce and repair warships, support vessels, and commercial vessels is not only a strategic asset but also fundamental to national security.

America’s Domestic Maritime Industry Makes Our Homeland More Secure.

As America works to secure its borders, it must also secure its waterways. Homeland security is enhanced by the requirement for American vessels that operate in full accordance with U.S. laws and with the consistent oversight of the U.S. government. In that respect, the Jones Act is as effective a homeland security measure as any federal agency could ever write and enforce.

Today, it takes a small army of Customs agents, Immigration Services officials, homeland security staff, and others to regulate foreign ships that enter and exit the U.S. in international trade, even within the carefully controlled structure of U.S. ports. However, there is no precedent for allowing foreign-controlled ships operated by foreign crews to move freely throughout the tens of thousands of miles of America’s navigational “bloodstream.” Inland lakes, rivers and waterways go to virtually every corner of the nation.

There is considerable uncertainty about what laws would apply to a foreign shipping company operating in U.S. domestic commerce if the Jones Act were repealed. However, it is certain that the task of monitoring, regulating, and overseeing potentially tens of thousands of foreign-controlled, foreign crewed vessels in internal U.S. commerce would be difficult at best and fruitless at worst. Repeal or modification of the key domestic maritime laws would make America more vulnerable and less secure.

U.S. Maritime Laws Ensure a Level Playing Field for American Businesses.

American domestic maritime laws ensure a level playing field by requiring that all shipping and shipbuilding companies that operate in U.S. domestic commerce play by the same set of rules. Allowing foreign companies to operate in the U.S. outside of our immigration, employment, safety, environmental, tax, labor, and others laws would be unfair. American laws are often stricter than the laws that govern shipping and shipbuilding in international trades. No other industry operates exclusively in American domestic commerce yet outside of our laws (e.g., paying third world wages to its employees). No country in the world would – or does – permit businesses to operate domestically without complying with its national and local laws. Companies that do business here must fully obey American laws, regulations and other rules.

Conclusion: It’s About Security

You don’t need to be an expert in the maritime industry to know that repeal or modification of the key domestic maritime laws would make America less secure economically and militarily. Repeal of those laws would provide little benefit while making America more vulnerable.