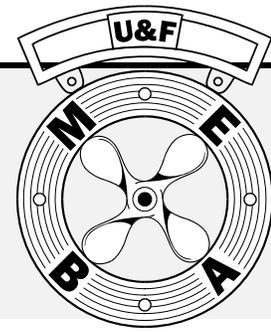


LEGISLATIVE UPDATE

JUNE 2021



White House Budget Requests Full Funding for Maritime Security Program & Tanker Security Fleet – On May 28th, President Biden introduced his first annual budget request for Fiscal Year 2022. The proposed \$6 trillion dollar budget includes full funding (\$318 million) for the Maritime Security Program to support the 60 participating U.S.-flag vessels made available upon request by the Department and Defense to provide logistics management, services, port terminal facilities, and U.S. mariners to crew the ships. The White House budget also includes a request for \$60 million to support the newly authorized Tanker Security Program, which would support a fleet of 10 U.S.-flag militarily useful, commercially viable product tankers sailing in international trade. In a May 18th hearing before the House Armed Services Subcommittee on Seapower and Projection Forces, TRANSCOM Commander General Stephen Lyons expressed strong support for the Tanker Security Program noting, *“I think the work this Committee's done on the Tanker Security Program is great...It is critical in my view...it's clear that we need to have a U.S.-flag capability to meet our national defense and national security needs.”*

President Biden Signs Bill to Waive PVSA Requirements for Alaskan Cruise Line Industry – On May 24, President Biden signed a bill into law that would help restart cruise ship activities to Alaska despite an ongoing prohibition by the Canadian government in response to the COVID-19 pandemic. The legislation was introduced by Senators Lisa Murkowski (R-AK) and Dan Sullivan (R-AK), and House Representative Don Young (R-AK). The temporary law waives requirements from the Passenger Vessel Service Act (PVSA) by allowing foreign-flag cruise ships to bypass Canada on Alaskan cruises from Washington, and only applies to a specified list of cruise ships. However, the workaround will only remain in place until March 2022 or until the Transport Canada ban is lifted, whichever comes first. In addition, another factor in the restart of cruising to U.S. ports is for cruise companies to satisfy the U.S. Centers for Disease Control and Prevention's (CDC) Conditional Sailing Order, by which cruise line companies can obtain Conditional Sailing Certificates if they meet a CDC checklist of health and safety protocols.

Temporary Jones Act Waivers Approved in Response to Colonial Pipeline Cyber Attack – On May 12 & 13, the Department of Homeland Security approved temporary, targeted Jones Act waivers for two Gulf Coast refiners, allowing them to ship cargoes of fuel aboard foreign-flag vessels to areas on the East Coast that have been affected by the Colonial Pipeline shutdown. While the pipeline began operating at full capacity by week’s end, waivers were granted at the expense of Jones Act-compliant vessels. Under current law, waivers can only be granted in unusual circumstances when there is a legitimate national defense need and a U.S.-flag bottom is unavailable. However, based on the industry data, M.E.B.A. was informed that there were available U.S. vessels and American crews at the time the waivers were granted. The M.E.B.A. publicly opposed these waivers before the White House and the Maritime Administration (MarAd) making it clear that several Jones Act-compliant ships were ready and waiting, including some already loaded and in operation in the Gulf Coast, that could have easily been diverted - thus making any waivers unnecessary. The M.E.B.A. also conveyed its concerns that such action by the Biden Administration would be exploited by Big Oil to shore up profit margins to the benefit of the foreign-flag shipping industry. The M.E.B.A. is disappointed by the White House’s decision to approve these waivers as they undermine the intended policy set forth under the Administration’s ‘Buy American’ Executive Order. M.E.B.A. will continue to engage industry stakeholders and the appropriate government agencies to monitor shipments made under the waiver while demanding accountability and transparency in the waiver process moving forward.

Bipartisan Group of Senators Urge Full Funding for Maritime Security Program – On April 30, a group of 19 bipartisan Senators urged the Senate Appropriations Committee to include \$318 million dollars for Fiscal Year 2022 to fully fund the 60 vessels enrolled in the Maritime Security Program (MSP). The letter cites MSP as a “...vital component of our military strategic sealift and global response capability. It is designed to ensure that the United States has the U.S.-flagged commercial sealift capability and trained U.S. citizen merchant mariners available in times of war or national emergencies.” The letter is a positive sign of broad congressional support and supplements the recent White House Fiscal Year 2022 budget which requests the same dollar amount, as Congressional leaders head into summertime negotiations to pass federal spending packages for the upcoming fiscal year, which begins on October 1, 2021.