

New Congress Brings New Challenges, New Enthusiasm for Maritime Programs

As we reported in the last edition of *The Master, Mate & Pilot*, the November 2010 Congressional elections resulted in significant changes in the make-up of Congress. Longtime supporters of our industry, including Reps. Jim Oberstar, Ike Skelton and Gene Taylor, lost their reelection bids, and the victors in these races have joined the more than 100 other newly elected members who will be serving for the first time in the 112th Congress. Equally significant, the voters sent a clear message that they want Congress to conserve federal resources and focus on the creation and preservation of American jobs. The electorate gave control over this agenda to Republicans in the House of Representatives and to a smaller majority of Democrats in the Senate.

MM&P, MIRAID and the rest of the U.S.-flag maritime industry begin the first session of the 112th Congress firmly committed to our core principle: that a strong, competitive, privately owned U.S.-flag merchant marine, owned and operated by American citizens and crewed by American mariners, makes an irreplaceable and indispensable contribution to the economic and military security of our nation. This principle has served our nation well throughout its history.

Since the results of the November elections were announced, we have been asked repeatedly whether the new Congress, with its emphasis on controlling federal spending and creating jobs, will be receptive to continuing and funding the programs and policies important to our industry. This, of course, is the challenge we face. It is incumbent on us all to educate the new Congress about the role the U.S.-flag maritime industry plays in the context of conserving economic resources, protecting our nation and creating American jobs.

And we are prepared to face this challenge head-on. We have every reason to be proud of the role our industry plays in support of our nation's economic and military security objectives. The U.S.-flag maritime industry provides an important base of employment for American maritime workers— skilled workers whose jobs will be lost if our country's maritime programs are weakened



C. James Patti

and whose skills will be lost to the Department of Defense if American jobs are outsourced to the benefit of foreign workers.

The essential role of the Jones Act

The U.S.-flag maritime industry, through the Jones Act, guarantees that the carriage of America's domestic commerce will not be controlled by foreign vessels and crews or vulnerable to the economic whims of foreign shipping interests. Only American maritime workers are subject to the background and security checks imposed by the Department of Homeland Security and implemented by the Federal Bureau of Investigation, the Coast Guard and the Transportation Security Administration. Repealing the Jones Act would give foreign companies and foreign workers, who are not subject to U.S.-government background and security checks, unlimited access to America's ports, port facilities and coastal, Great Lakes and inland waterways.

As everyone is well aware, the disastrous oil spill in the Gulf in early 2010 brought unprecedented attacks against the Jones Act. Critics of our industry, opponents of the President, and those who would profit from turning American jobs over to foreign workers jumped at the chance to accuse supporters of the Jones Act of impeding the clean-up efforts in the Gulf. Commentators on television, radio and in the print media, joined by their allies in Congress, tried to use the spill to achieve their ultimate goal: the weakening—if not the outright repeal—of the Jones Act.

Of course, we did not let these attacks go unanswered. Time and again, through statements issued by the White House, by those directly responsible for overseeing the clean-up, including Adm. Thad Allen, and by those in Congress who oppose turning over control of America's domestic shipping trades to foreign companies and foreign workers, it was made clear that the Jones Act did not impede the clean-up in any way.

It is incumbent on us all to educate the new Congress about the role the U.S.-flag maritime industry plays in the context of conserving economic resources, protecting our nation and creating American jobs.

In fact, the non-partisan National Commission on the BP Deepwater Horizon Oil Spill, in its final report released on Jan. 11, reaffirmed what we have said all along about the Jones Act and the Gulf spill. Specifically, the Commission noted that, “News reports and politicians alleged that the federal government turned away foreign offers of assistance because of the Jones Act, a law preventing foreign vessels from participating in trade between U.S. ports. While decision makers did decline to purchase some foreign equipment for operational reasons—for example, Dutch vessels that would have taken weeks to outfit and sail to the region, and a Taiwanese super-skimmer that was expensive and highly inefficient in the Gulf—they did not reject foreign ships because of Jones Act restrictions. These restrictions did not even come into play for the vast majority of vessels operating at the wellhead, because the Jones Act does not block foreign vessels from loading and then unloading oil more than three miles off the coast. When the Jones Act did apply, the National Incident Commander appears to have granted waivers and exemptions when requested.” (Emphasis added.)

As important as it is that the non-partisan Commission’s report verified what we knew all along, we must acknowledge that it will not be sufficient to put to rest the shortsighted, misguided attacks on the Jones Act. There will still be those who espouse the position put forward by *Lloyd’s List* (Nov. 8, 2010) that the Jones Act is an anti-free-trade protectionist measure that is “overdue for repeal.”

We must ensure that the members of the 112th Congress are aware that repealing the Jones Act would be counter to the mandate put forth by the American people on Nov. 2. Repealing the Jones Act would put American shipping companies out of business, compromise or eliminate the jobs of more than 500,000 American workers and threaten the economic and military security of our nation. The members of the 112th Congress must be made aware of the fact that, if the Jones Act were to be repealed, foreign vessels built in foreign shipyards by foreign workers, owned by foreign companies and operated by foreign crews, would be granted unprecedented access to our nation’s inland rivers and waterways, and coastal, inland and Great Lakes ports.

The critical importance of the MSP

The Maritime Security Program (MSP) is an unparalleled example of a government–industry partnership that meets critical policy objectives in an efficient and cost-effective manner, saving the American taxpayer billions of dollars along the way.

The Department of Defense has testified that it would need more than \$10 billion in capital investments and \$1 billion in annual operating costs to replace what the Maritime Security Program and the private commercial U.S.-flag industry provide at a fraction of the expense. The Congressionally authorized appropriations for the Maritime Security Program for the entire 2011 fiscal year are \$174 million (and for fiscal year 2012, \$186 million), compared to the \$1 billion in each of these years that Congress would be asked to appropriate if there were no MSP.

Since its inception and subsequent reauthorization and expansion in October 2003, the program and its fleet of privately owned, U.S.-flag, militarily useful commercial vessels have proven to be an efficient, cost-effective means to ensure that the Department of Defense has the commercial sealift capability and U.S.-citizen mariners it needs to allow us to respond in time of war or other emergency.

In fact, MSP has enjoyed such strong bipartisan support that, in one of its last acts, the 111th Congress approved legislation to extend it for an additional ten years, through fiscal 2025. It is now up to the 112th Congress to fund the program at its authorized level to ensure the uninterrupted operation of the maritime security fleet and guarantee that the benefits of the MSP are realized in the years ahead.

In 2003 Gen. John W. Handy, commander, U.S. Transportation Command, told the House Committee on Armed Services that, “As we look at operations on multiple fronts in support of the War on Terrorism, it is clear that our limited defense resources will increasingly rely on partnerships with industry to maintain the needed capability and capacity to meet our most demanding wartime scenarios . . . *MSP is a cost-effective program that*

WASHINGTON OBSERVER

assures guaranteed access to required commercial U.S.-flag shipping and U.S. merchant mariners when needed . . . MSP is a vital element of our military's strategic sealift and global response capability." (Emphasis added.)

The Office of Management and Budget (OMB) has given MSP the highest effectiveness rating a government program can receive, saying it "sets ambitious goals, achieves results, [is] well-managed and improves efficiency." Out of 1,015 federal programs evaluated by OMB, only 193 received the same exemplary rating.

Besides MSP's cost-effectiveness, OMB also noted that this program gives the United States:

- ▶ access to important international ports;
- ▶ the ability to negotiate bilateral maritime trading agreements; and
- ▶ the standing to participate in international organizations such as the United Nations' International Maritime Organization, the United Nations' World Trade Organization and the Organization for Economic Cooperation and Development.

OMB determined that the presence of a U.S.-flag fleet in major markets: aids the U.S. economy; creates jobs for professional mariners; ensures that an open market for shipping goods exists; and guarantees the United States a seat in international maritime negotiations.

MSP maintains a fleet of 60 vessels in U.S. international trade. According to the federal efficiency website expectmore.gov, without the MSP, most of this fleet would likely have been reflagged foreign, at a cost to the U.S. economy of thousands of critically important jobs. The current 60-ship MSP fleet supports about 1,260 billets, which translates into approximately 2,900 shipboard jobs for licensed and unlicensed American seafarers. If the MSP vessels were reflagged foreign, these jobs would be lost to the U.S. economy, creating significant unemployment in our country's maritime industry.

Not only is the Maritime Security Program itself cost-effective, the funds that support this program meet a critical national security policy objective, one that is not met by any other federal program. The expectmore.gov rating site points out that MSP fills a unique role in that there is no other program that addresses the need to maintain a U.S.-flag commercial fleet of active, commercially viable, militarily useful, privately-owned vessels that serves the dual purposes of fulfilling national defense and other security requirements and maintaining a U.S. presence in international commercial shipping.

Our message has always been, and will continue to be, non-partisan. It is a message that resonates with anyone concerned about strengthening the economic and military security of the United States, preserving American jobs and promoting the efficient use of federal resources.

As the new Congress begins its work in earnest, we will intensify our efforts to educate and inform members of the House of Representatives and the Senate about our industry, the American jobs it supports and the national and economic security benefits it provides. We will fight to preserve the Jones Act, ensure full funding for the Maritime Security Program, make sure at least a portion of U.S. taxpayer-financed cargoes are transported on U.S.-flag vessels, and advocate for changes in America's tax laws that will encourage rather than discourage the operation of U.S.-flag vessels and the employment of American mariners.

Our message has always been, and will continue to be, non-partisan. It is a message that resonates with anyone concerned about strengthening the economic and military security of the United States, preserving American jobs and promoting the efficient use of federal resources.

The challenge is great and the battle will not be easy. There are powerful interests who stand to gain economically if U.S.-flag shipping programs are eliminated and foreign vessels gain total control over the carriage of America's foreign and domestic commerce.

Through the MM&P Political Contribution Fund (PCF), we must continue to support those who support us. Your contribution to the PCF ensures that we have the resources necessary to help elect the Republicans, Democrats and Independents who understand the importance of the U.S.-flag merchant marine and who are committed to preserving and creating jobs for American mariners.

Please go to www.bridgedeck.org to learn more about the PCF. If you have any questions about the PCF or about our advocacy work in Washington on behalf of the American Merchant Marine, please contact me at jpatti@miraid.org or communications@bridgedeck.org.