A STRONG MARITIME INDUSTRY CREATES AMERICAN JOBS AND PROTECTS AMERICA'S SECURITY

A vibrant maritime industry capable of accommodating growing cargo demand and sustaining U.S. jobs is integral to both our economic recovery and nation's security interests. Recently, the industry has suffered from a combination of ideological attacks on labor, imprudent budget cuts, inadequate port investments, and misinterpretations of cargo preference requirements. It is imperative that policymakers recognize the strategic role of maritime-related commerce by investing in the industry and adhering to maritime laws and policies.

In the wake of the 2010 Deepwater Horizon tragedy, politicians and pundits tried to blame U.S. maritime cabotage law, known as the Jones Act, for the troubled Gulf cleanup efforts. Specifically, opponents claimed the Jones Act prevented foreign vessels and skimmers from providing relief assistance. This is pure fiction. According to the National Commission on the BP Deepwater Horizon Oil Spill and Offshore Drilling, the government "did not reject foreign ships because of the Jones Act" and did grant waivers "when the Act did apply." In short, the Commission concluded that the Jones Act's restrictions on foreign vessels were wholly immaterial to cleanup efforts.

However, the entire campaign against the Jones Act was never about providing assistance to the Gulf. Rather, it was a blatant effort to demonize unions with the hope of ending cabotage protections to the benefit of foreign shipping interests. Proponents of repealing the Jones Act made hollow claims that it "favors labor unions over consumers" and that abolishing maritime cabotage law would "boost the economy" and "spur job growth." Nothing could be further from the truth. In fact, the Jones Act serves a critical economic role for the nation, sustaining over 500,000 good-paying American jobs and generating $100 billion in total annual economic output. Eliminating maritime cabotage requirements would result in the loss of hundreds of thousands of American jobs – further eroding the U.S. Merchant Marine – so that foreign entities that do not employ U.S. workers and do not pay taxes to our treasury can operate with impunity on our inland waterways and along our coasts.

We also remain steadfast that U.S. agencies continue to honor U.S. cargo preference laws. The logic supporting the application of cargo preference is clear: these laws ensure a privately owned U.S.-flag fleet that both supports U.S. jobs and is essential for the maintenance of a trained mariner population capable of meeting the U.S. government's sealift objectives. Recently, the Department of Energy (DOE) agreed to follow the Cargo Preference Act of 1954 after consultation with the Department of Transportation. While we appreciate the DOE's willingness to prospectively transport its import purchases on U.S-flag-vessels, we strongly disagree with their continued belief that these purchases should not be subject to cargo preference requirements. The Act is rather clear and applies to all "guarantees made by or on behalf of the United States." Clearly, the imported cargo used for the agency's energy projects, which are backed by explicit government-insured loan guarantees, fall under the Act's authority. Moving forward, we urge the DOE to reexamine its understanding of cargo preference as it applies cargo preference requirements to agency purchases.

Similarly, the Export Import Bank should, where applicable, adhere to the requirements of Public Resolution 17 (PR 17), which requires exports financed by government agencies to be transported on U.S.-flag vessels. Despite claims that PR 17 impedes the Bank's export competitiveness, the Ex-Im Bank has posted consecutive record-breaking years while operating under these preference requirements. In fact, by statute, the Bank is required to "contribute to the employment of United States workers." We believe the strategic and economic case for cargo preference application is clear and urge all appropriate government agencies to comply accordingly.

As the new Congress moves to cut government spending, it must be careful to neither stunt our recovery nor undermine our nation's strategic interests. Unfortunately, at a time when nearly 1 billion people worldwide suffer from hunger, the House of Representatives has cut foreign food aid programs by 42 percent in its FY 2011 funding bill. This reduction will severely diminish or stop aid to approximately 18 million needy people. Further, it will dramatically hinder America's ability to deploy a viable merchant marine necessary to transport food aid to countries that are critical to our national security and foreign policy interests. Food aid serves an important domestic economic role as well, sustaining 13,000 jobs and resulting in $1.9 billion in output for U.S. industries. For decades our nation has supported a robust food aid program and, in the process, maintained our strategic sealift capabilities – made up of a pool of skilled American mariners – that should not be diminished by senseless budget cuts in Washington. These House-proposed cuts to food aid would deal a severe blow to the world campaign to contain a global epidemic of hunger while undermining the U.S. maritime industry and threatening thousands of good jobs here in America. We urge the Senate to fully restore funding to the food aid budget.

Another proven job creation tool is the Maritime Administration's Title XI loan guarantee program. The program guarantees commercial loans for domestic ship construction and shipyard modernization, spurring private sector investment that creates both seagoing and shore-side employment opportunities. However, the program has been subject to intermittent funding, undercutting long-term planning capabilities and the overall economic health of the maritime industry. To combat these strategic failures and create maritime jobs, it is absolutely essential that Congress provide stable, long-term funding for the Title XI program.

Additionally, we urge Congress to fund the Maritime Security Program (MSP) at its fully authorized level of $186 million. This funding is essential to support the program's security fleet of 60 privately owned and militarily useful vessels and ensure that a cadre of well-trained merchant mariners can meet our overseas military operations. The Department of Defense has routinely recognized the strategic necessity and economic benefits of the program. In 2010, according to General Duncan McNabb, then-Commander of the United States Transportation Command, without the MSP, "the monetary costs would be astronomical" for the government. A failure to fund the fleet and its American citizen crews could endanger our military's access to vital supplies and imperil the U.S.-flag industry.

Finally, it is in our nation's long-term economic interest to embrace a more comprehensive approach to the movement of cargo by making investments in port infrastructure and enhancing existing and developing new multimodal capabilities. With the economy recovering, a new generation of large ships with greater vessel capacity is expected to transport an increasing amount of containerized goods. This will require the Corps of Engineers civil works budget to be funded to complete deeper dredging needs and that targeted investments are made in rail separation projects and fast corridors to reduce congestion and streamline the movement of goods to market.

Transportation labor urges the U.S. government to work cooperatively to support the maritime industry and its workforce. This will require honoring maritime policies, fully funding maritime programs and deploying greater investment into the industry. America's longshoremen and mariners serve a unique role, acting as the conduits for the movement of goods and economic growth while assisting our nation's military. Accordingly, it is important that Congress bolsters the maritime industry and create good-paying jobs.

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