



Congress of the United States

House of Representatives

Washington, DC 20515

October 7, 2005

The Honorable Michael Chertoff
Secretary
U.S. Department of Homeland Security
Naval Security Station
Nebraska & Massachusetts Avenues, NW
Washington, D.C. 20528

Dear Secretary Chertoff:

We are writing to express strong opposition to the waivers of the Jones Act you issued on September 1, 2005 and September 26, 2005, in the aftermath of Hurricanes Katrina and Rita, respectively. In the interests of maintaining a strong U.S. maritime system – vital to our national security – we call upon you to rescind without delay the blanket waiver now in effect until October 24th. Such action would immediately reinstate Jones Act requirements for the shipment of oil and refined petroleum products between U.S. ports.

As you are aware, the Jones Act requires that vessels used to transport cargo between U.S. ports be owned and registered by U.S. citizens, built in U.S. shipyards and staffed by U.S. crews. The Jones Act also provides for waivers of its requirements to be made on a case-by-case basis, in the event that the U.S. Maritime Administration determines that an appropriate U.S.-flagged ship is not available.

According to your blanket waiver order of September 26th, you believed this action essential to facilitate the transportation of oil and refined petroleum products "... in and from portions of the United States affected by the hurricanes, and to other regions affected by the disruptions that have occurred in the Gulf Coast area." In light of the U.S.-flag vessels currently available in gulf waters, however, this second waiver is clearly unnecessary.

As of Thursday, September 29th, a minimum of 5 Jones Act vessels were sitting idle and seeking work in the U.S. Gulf. The ships include: (1) B-245: a 250,000 barrel, double hull, articulated-tug barge owned by Bouchard Transportation; (2) SEABROOK: a 235,000 barrel, single hull tanker owned by Fairfield Maxwell; (3) TEXAS: a 205,000 barrel, barge owned by Penn Maritime; (4) MONSIEUR: a 268,000 barrel, double hull tanker owned by American Heavylift; and (5) SEABULK CHALLENGE: a 350,000 barrel, single hull tanker owned by Seabulk.

Moreover, as of September 29th, the Katrina and Rita-related shut-down of a number of gulf coast refineries had freed up several other U.S.-flag ships from their regularly scheduled charter work. Among others, the American Heavylift-owned tanker – ANASTASI and the Seabulk-owned tanker – SEABULK POWER provided two examples of such vessels. Recognizing that the precise location of tankers and barges may shift on a daily basis, it is important to keep in mind the overall Jones Act tonnage available on the Atlantic and Gulf coasts. More than 80 U.S.-flag tankers, with a carrying capacity of at least 6 million barrels, routinely transport oil and refined petroleum between Gulf ports and the Atlantic seaboard.

Since its enactment in 1920, the Jones Act has been the cornerstone of a strong national maritime policy and robust fleet of vessels that some have termed a “fourth arm of national defense.” In times of crisis or national emergencies, our nation can rely on this vigorous U.S.-flag fleet and contingent of U.S. mariners. Virtually ninety percent of all ocean-going and self-propelled Jones Act vessels, for example, are militarily useful. At the same time, the Jones Act ensures a solid foundation for the U.S. commercial shipbuilding and repair industry. While serving as Chairman of the Joint Chiefs, General Colin Powell reminded us that the maritime infrastructure afforded by the Jones Act serves as the underlying basis of U.S. maritime power.¹

Merchant marines and other Americans working aboard Jones Act vessels are now 80,000 strong. When shore positions are added – including requisite jobs in building, maintaining and repairing U.S. ships – total employment afforded by the Jones Act reaches 124,000 Americans. Every year, these workers alone pay close to \$1.5 billion dollars in federal and more than \$320 million in State income taxes. In turn, the owners and builders of U.S.-flag vessels pay more than \$300 million in federal taxes and \$55 million in state taxes.

In sharp contrast, neither owners nor workers of foreign-flag ships pay U.S. taxes. More alarming still, foreign-flag ships are not subject to any U.S. labor, safety and health, or environmental laws. As such, foreign-flag ships do not have to abide by basic U.S. standards for the minimum wage, child labor, right to organize, workers compensation, or worksite health and safety protections.

The Jones Act fleet of over 44,000 vessels contributes some \$15 billion directly to the U.S. economy every year. In addition to contributing to our economic security, the Jones Act is widely acknowledged as an invaluable mainstay of our maritime – and hence national – security. As specified above, a sufficient number of U.S.-flag tankers are currently in the Gulf region and available to transport oil and refined petroleum products. Moreover, current law affords the Maritime Administration case-by-case waiver

¹ “We are a maritime nation. We must be able to project power across the seas. This means that not only do we need a strong Navy, but a strong maritime industry as well. The merchant marine and our maritime industry will be vital to our national security for many years to come.” General Colin Powell, Chairman Joint Chiefs of Staff, June 15, 1992.

authority, if needed. We therefore strongly urge you to rescind, and under no circumstances extend, the unnecessary blanket waiver of the Jones Act ordered on September 26th.

Sincerely,



GEORGE MILLER
Senior Democratic Member
Committee on Education and the Workforce



BENNIE G. THOMPSON
Ranking Member
Committee on Homeland Security



MAJOR R. OWENS
Senior Democratic Member
Subcommittee on Workforce Protections
Committee on Education and the Workforce