



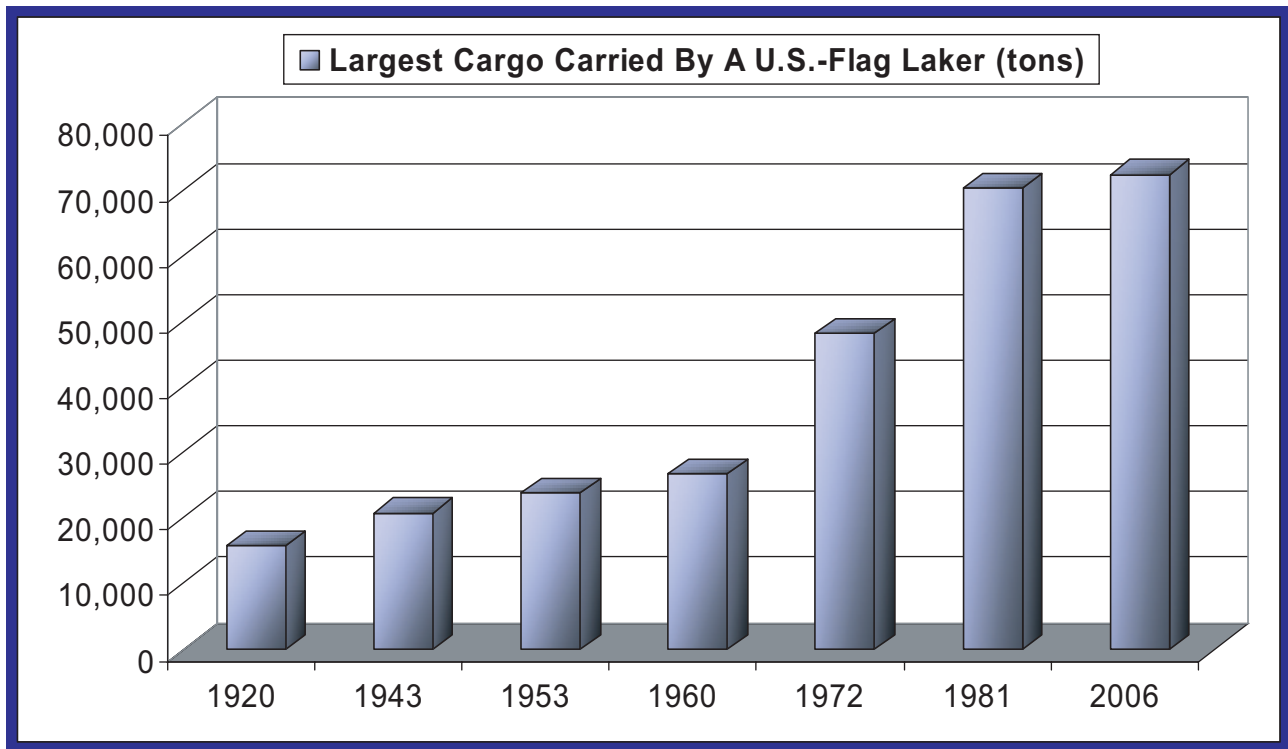
2006 Position Papers

THE JONES ACT: FOUNDATION OF U.S. MARITIME POLICY

**SINCE ITS ENACTMENT IN 1920,
EVERY ADMINISTRATION AND CONGRESS
HAS SUPPORTED THE JONES ACT**

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| <p>“I can assure you a Reagan Administration will not support legislation that would jeopardize this long-standing policy ... embodied in the Jones Act....”</p> <p><i>Ronald Reagan</i> 1980</p> | <p>“Sealift is essential ... to maintaining a wartime economy. The U.S.-owned ocean carrier industry ... will be relied upon to provide sealift in peace, crisis and war.”</p> <p><i>George Bush</i> 1989</p> | <p>“My Administration ... continues to support the Jones Act as essential to the maintenance of the nation’s commercial and defense maritime interests.”</p> <p><i>William J. Clinton</i> 1998</p> | <p>“Programs that have contributed to the growth of our domestic fleet, such as the Jones Act ... should be maintained.”</p> <p><i>George W. Bush</i> 2004</p> |
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GROWTH IN LARGEST CARGO SINCE 1920 ILLUSTRATES EFFICIENCIES U.S.-FLAG LAKERS HAVE ACHIEVED UNDER THE JONES ACT





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The Jones Act's requirement that cargo moved between U.S. ports be carried in vessels that are U.S.-owned, U.S.-built, and U.S.-crewed has enabled Lake Carriers' Association's members to assemble the world's largest fleet of self-unloading vessels and operate them to the highest safety and environmental standards on Earth.

Our nation's Founding Fathers were keenly aware the country would need a law to regulate coastwise trade between the States. Therefore, one of Congress' first acts was to pass a law to promote a national flag fleet by issuing licenses to ships in the coastwise trade. This took precedence over legislation to establish the U.S. Treasury.

Since 1920, U.S. domestic maritime policy has been embodied in the Jones Act (Section 27 of the Merchant Marine Act, 1920). The law is very straightforward: Cargo moving between U.S. ports must be carried in vessels that are U.S.-owned, U.S.-built, and U.S.-crewed. As a result, all participants in domestic waterborne commerce comply equally with the same U.S. laws and regulations, pay taxes on revenue earned, and are fully accountable to the United States. In other words, the playing field is level, so success is based on service and innovation, not lax oversight by a foreign government or unfair tax or subsidy advantages.

LCA-registered vessels engaged in the domestic trades on the Great Lakes illustrate the many benefits of a "cabotage" law such as the Jones Act. The vessels are so efficient they haul a ton of iron ore the 800-plus miles from Duluth/Superior (Minnesota/Wisconsin) to a steel mill in Cleveland, Ohio, for less than the price of a cheeseburger, fries, and soft drink at a fast-food restaurant.

The impact of the cargos Jones Act Lakers haul is likewise impressive. One iron ore cargo in a 1,000-foot-long vessel – 70,000 tons – keeps a major steel mill in operation for nearly 5 days. Fill that vessel with coal, and those tons will produce enough electricity to power a metropolitan area the size of Greater Detroit for a day.

The U.S.-Flag vessels working the Great Lakes also constitute the largest fleet of self-unloading vessels in the world. No other maritime nation, not even those that subsidize vessel operations or construction, has employed this technology to the degree found in

the Great Lakes' Jones Act trades. In addition to fast discharge of cargo – 70,000 tons in 10 hours or less – the ability to self-unload means any waterfront property can become a working dock with little investment from shoreside interests.

Safety is another hallmark of the Jones Act. U.S.-Flag vessels are built and operated to the world's most demanding safety and environmental standards. Mariners' credentials are certified by the United States Coast Guard and, again, no other nation requires more skills and expertise from its sailors.

Nationwide, there are more than 42,000 vessels in the various Jones Act trades, and they move more than 1 billion tons of cargo a year. The economic impact is obvious, but the Jones Act makes significant contributions to the nation's defense capabilities. When crisis or war requires overseas deployment of U.S. troops, 95 percent of the materiel they need moves in ships. Without the Jones Act, the United States would have to rely on foreign vessels to supply our soldiers in the field.

Since its enactment, every Administration and Congress has supported the Jones Act. The law provides no subsidies, just the guarantee of a level playing field. The Jones Act is a proven commodity and must remain the foundation of U.S. domestic maritime policy.