

Jones Act Defenders Challenge Economic Arguments for Repealing Century-Old Law



The usefulness today of the 100-year-old Jones Act was the main topic of discussion during a webinar aired on April 14 as part of the Navy League's Sea-Air-Space 2020: Virtual Edition. ARLINGTON, Va. – The 100-year-old Jones Act is far from an outdated law that keeps shipping prices high and hurts the nation's economy, a panel of maritime policy experts argued on April 14.

"The biggest misconception of the Jones Act is the cost impact, the final cost to delivered goods," John McCown, founder of Blue Alpha Capital, a maritime financial services firm, said on a webcast for Navy League's Sea-Air-Space 2020: Virtual Edition. "Many of the critics have distorted what that number is, cherry picked it, taken it out of context," McCown added.

To register and then watch this Sea-Air-Space 2020: Virtual Edition webinar live online, click [here](#).

The Jones Act – also known as the Merchant Marine Act of 1920 – bars foreign-built, foreign-owned or foreign-flagged vessels from conducting coastal and inland waterway trade within the United States and between the United States and some of its territories such as Puerto Rico. The law also generally applies restrictions that effectively prohibit Jones Act-compliant ships from being overhauled at foreign shipyards. Ship crews must be composed of U.S. citizens or legal U.S. residents.



John McCown, founder of Blue Alpha Capital, a maritime financial services firm, joined the discussion on the Jones Act during a webcast for the Navy League's Sea-Air-Space 2020: Virtual Edition.

Opponents say it's time to repeal the law because it has led to higher shipping costs, which pass along higher prices to vendors, retailers and consumers. They also maintain higher costs have driven the commercial shipbuilding industry overseas, leading to a smaller pool of qualified U.S. merchant mariners.

That claim has turned the Jones Act into a scapegoat for "all sorts of economic ills," McCown said. He noted that after

Hurricane Maria devastated Puerto Rico in 2017, critics claimed the Jones Act was strangling Puerto Rico's economy and, without the law, there would be a 15% drop in consumer prices. Such a price cut "translates to \$9 billion a year," which, McCown said, was a ludicrous estimate many times the total annual revenue of the Jones Act.

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U.S. Navy and Coast Guard officials have defended the law, saying that without it, there would be no pool of U.S. noncombat ships – or trained American seafarers to man them – in a war or other national emergency. If cost becomes the deciding factor in maritime trade, leading to elimination of the Jones Act, then commerce on U.S. coastal waters and internal waterways like the Mississippi River would be taken over by another nation, most likely China, the second-biggest economy and shipbuilder in the world, and a "Great Power" competitor, proponents of the law argue.

Given medical supply shortages in the current COVID-19 pandemic, dependence on foreign vessels and foreign crews could pose not just a national security risk, but economic and homeland security risks if the U.S. remains dependent on foreign supply chains, especially for medical equipment and pharmaceuticals, noted former Oklahoma Rep. Ernest Istook, a senior fellow at the Frontiers of Freedom, a conservative think tank. "If they decide to do something that might cut us off, then we are at their mercy," he added.

MARAD's Buzby: Readiness of Sealift, Ready Reserve Force Suffering



The U.S. Military Sealift Command large, medium speed roll-on/roll-off ship Benavidez transits the English Channel. U.S. Navy/Mass Communication Specialist 3rd Class Jordan R. Bair
ARLINGTON, Va. – U.S. strategic sealift fleets need recapitalization and some increased manning to achieve the readiness that the nation needs to sustain its maritime power, the U.S. maritime administrator said April 14.

“The readiness is suffering,” a fact that sealift stakeholders recognize, Maritime Administrator Mark H. Buzby said

during a webcast that is part of the Navy League's Sea-Air-Space 2020: Virtual Edition.

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Buzby pointed out that rusting ships, obsolete equipment, unavailable parts and repairing and replacing ships are the materiel challenges faced by the Maritime Administration (MARAD) and the U.S. Navy's Military Sealift Command (MSC).

MARAD's Ready Reserve Force of 46 ships and MSC's 15 sealift ships all need recapitalization, Buzby added.

He said the federal government is taking three approaches to recapitalizing the fleets and that a combination of those "will help us renew the fleet":

- Extending the service lives of some existing ships to possibly 60 years.
- Replacing 25 to 26 ships with new or converted used vessels.
- Procuring built-for-purpose sealift ships "from the keel up."

Recruiting and retaining enough mariners remains a challenge as well, Buzby said. Commercial mariners in the U.S. Merchant Marine – including those in the Ready Reserve Force, on Maritime Security Program ships available for mobilization and the declining U.S.-flag merchant fleet – and the government's civilian mariners who work for the MSC are part of the pool that man the sealift ships.



Maritime Administrator Mark H. Buzby participates in a webcast for the Navy League's Sea-Air-Space 2020: Virtual Edition

He said that 24 ships in the Ready Reserve Force are steam-powered, operated by a shrinking pool of technicians qualified to operate and maintain the obsolete propulsion system.

Buzby said the mariner pool is "enough for a steady state today" but inadequate for a substantial mobilization requirement.

Of help would be to place more merchant ships "under the U.S. flag so it gets the pool ... where it needs to be," he added.

Building up the U.S.-flag merchant fleet is a considerable challenge, he said, because competitors such as China that have state-run enterprises can undercut the U.S. in terms of lower-cost shipbuilding and manning and can therefore compete more effectively for cargo business.

"We're asking our merchant marine to play on an unlevel playing field," he said.

Philly Shipyard Selected to Build NSMV



An artist's rendering of the National Security Multi-Mission Vessel (NSMV). MARAD

WASHINGTON – TOTE Services has selected Philly Shipyard Inc. of Philadelphia to build the newest class of training ship, the National Security Multi-Mission Vessel (NSMV), the Maritime Administration (MARAD) announced April 8.

The shipyard will construct up to five new ships to provide maritime training for America's future mariners and to support humanitarian assistance and disaster relief in times of need.

"This new world-class vessel, constructed at an American shipyard, is part of our much-needed program to replace the aging training vessels currently operated by state maritime academies," Transportation Secretary Elaine L. Chao said.

Last May, TOTE contracted with MARAD as the vessel construction manager to deliver one to five NSMVs. This occurred after Congress required that the NSMVs be procured using commercial design and build practices.

Following construction and delivery of the ships to TOTE, the vessels will be transferred to MARAD for their mission of training future licensed mariners at state maritime academies and responding to humanitarian and natural disasters.

“Investing in maritime education creates more American jobs,” Maritime Administrator Mark H. Buzby said.

The NSMV will feature numerous instructional spaces and a full training bridge and have space for up to 600 cadets to train in an at-sea academic environment.

In its role as a National Defense Reserve Fleet vessel, the NSMV will incorporate medical capabilities, a command-and-control platform and berthing for up to 1,000 first responders and recovery workers. The vessel’s roll-on/roll-off ramp and crane to facilitate container storage capabilities will enable it to provide critical support equipment and supplies to those in need during a disaster.

Chao, Buzby Conference With Maritime Industry Leaders Over COVID-19



The Henry J. Kaiser-class underway replenishment oiler USNS Yukon prepares to conduct a loading with the commercial tanker MT Empire State. U.S. Navy/Mass Communication Specialist 1st Class Patrick W. Menah Jr.

WASHINGTON – Transportation Secretary Elaine L. Chao and Maritime Administrator Mark H. Buzby held a teleconference with maritime industry leaders on April 2 to discuss the effects of the COVID-19 outbreak on the industry, according to an April 2 MARAD release.

Chao and Buzby discussed the crisis with chief executive officers, presidents and other senior officials of the industry.

“During the call, Secretary Chao voiced her support for the maritime industry and the challenges they face at this time,” the release said.

Did you know there are about 70 civilian mariners aboard the USNS Comfort supporting the Navy doctors, nurses, and other health care professionals. Andrew Chen, chief mate, helps guide the ship from the bridge as it arrives in New York City. pic.twitter.com/ED4Qu2IBJP

“Secretary Chao and Administrator Buzby briefed maritime industry partners on departmental activities concerning COVID-19 and provided industry leaders the opportunity to share their insights, questions and concerns with the secretary, [Department of Transportation], MARAD and other government interagency Partners. Topics discussed included the overall status of maritime industry operations, including personnel [staff/contractors], any disruptions, and [the outbreak’s] impact on the cargo movement in the U.S. and overseas.”

2nd Fleet Conducts Convoy Exercise in Atlantic



A convoy made up of the guided-missile cruiser USS Vella Gulf (foreground), the vehicle carrier MV Resolve (center) and the MSC cargo ship USNS Benavidez steam in formation. U.S. Navy/Mass Communication Specialist 3rd Class Andrew Waters NORFOLK, Va. – U.S. 2nd Fleet, on behalf of U.S. Naval Forces Europe (NAVEUR) and with Military Sealift Command (MSC), is conducting convoy operations across the Atlantic, employing the guided-missile cruiser USS Vella Gulf alongside USNS Benavidez, MV Resolve and MV Patriot, the 2nd Fleet said in a release.

Sealift remains the primary method for transporting military equipment, supplies and materiel around the world. With the return of peer competition and access to sea lanes no longer guaranteed, the Navy and MSC train together to

ensure successful delivery and sustainment of combat power.

“In a real-world conflict, much of the military equipment must still go by sealift, which makes convoy operations a critical skill set to maintain and practice,” said Capt. Hans E. Lynch, commodore of MSC Atlantic. “In the last five years, there has been an increased emphasis on including Merchant Marine shipping in large-scale exercises to enhance tactical proficiency. Exercises that incorporate convoy operations are an extension of that ongoing tactical training.”

This exercise is simulating an opposed transit, testing the fleets’ abilities to safely cross the Atlantic and new ways of conducting a convoy in today’s environment. Convoy operations were critical during World War I and World War II as the primary method for moving troops and military equipment, supplies and materiel to Europe. After WWII, convoys became less prevalent in the Atlantic theater, although still practiced in other areas of operation.

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Capt. Hans E. Lynch, commodore of MSC Atlantic

“The Atlantic is a battlespace that cannot be ignored,” said Vice Adm. Andrew Lewis, commander of the 2nd Fleet. “We need to be prepared to operate at the high end alongside our allies, partners and adversaries alike as soon as we’re underway.”

During its operations in the Atlantic, Nimitz-class aircraft carrier USS Dwight D. Eisenhower, along with P-8s from VP-4 and a U.S. submarine, cleared the maritime battlespace prior to the transit of the Vella Gulf-escorted MSC convoy.

“This exercise allows us to sharpen our ability to move

critical resources across the Atlantic, from the United States to Europe,” said Adm. James G. Foggo III, commander of NAVEUR.

Foggo added: “The transatlantic bridge is just as important today for moving troops and military equipment, supplies and materiel from the United States to Europe as it has been at any point in history.”

The 2nd and 6th fleets work together to ensure the security of sea lanes of communication in the Atlantic. If called upon, the Pentagon’s sealift transportation fleet expects to move about 90% of required assets from the U.S. to the conflict theater. The safest and quickest way to get needed materials to the front lines is via maritime convoy.

“We, as a Navy, are inherently linked with the broader maritime industry, and this exercise provides a great opportunity to train like we fight,” said Capt. Andrew Fitzpatrick, the Vella Gulf’s commander. “Practicing convoy operations flexes a blue-water, high-end skill for the first time in many years, enabling us all to operate on, above and below the sea in a contested environment.”

MSC operates about 110 noncombatant, civilian-crewed ships that replenish Navy ships, conduct specialized missions, strategically preposition combat cargo at sea around the world and move military cargo and supplies used by deployed U.S. forces and coalition partners.

C2F tests operational authorities over assigned ships, aircraft and landing forces on the East Coast and the Atlantic Ocean. When directed, C2F conducts exercises and operations within the U.S. European Command area of responsibility as an expeditionary fleet.

N.S. Savannah Returns from Dry Dock



NS Savannah reaches the Golden Gate Bridge in 1962 en route to the World's Fair in Seattle. U.S. government archives

WASHINGTON – The N.S. Savannah, the world's first nuclear-powered merchant ship, was to begin its journey back on Feb. 13 from dry-docking in preparation for decommissioning, the Maritime Administration said in a release.

Having spent the last few months at Northeast Ship Repair in Philadelphia undergoing maintenance, the ship will be back at home at the Canton Marine Terminal in Baltimore by Feb. 14.

The only U.S.-built, nuclear-powered merchant ship, the Savannah was in Philadelphia for general inspection, repairs and structural modifications. The ship was a demonstration project for the potential use of nuclear energy and was named after the SS Savannah, the first steamship to cross the Atlantic Ocean.

The N.S. Savannah, which was deactivated in 1971, was in service between 1962 and 1972 as one of only four nuclear-powered cargo ships ever built. Soviet icebreaker Lenin, launched in 1957, was the first nuclear-powered civil ship.

While the last nuclear fuel was removed from the Savannah nearly 50 years ago, there are still components of the nuclear power plant that need to be removed to support its decommissioning. A contract for decommissioning the vessel's nuclear plant is expected to be announced later this year.

Once the ship is back in Baltimore, it will be open for limited tours.

MARAD Announces \$20 Million for Jacksonville Terminal Modernization



Maritime Administrator Adm. Mark Buzby formally presents a check for \$20 million to Jacksonville for its International Cargo Terminal modernization project. U.S. Department of Transportation

JACKSONVILLE, Fla. – U.S. Department of Transportation Maritime Administration Administrator Adm. Mark Buzby formally presented a check for \$20 million to Jacksonville for the International Cargo Terminal modernization project, the Maritime Administration announced in a release.

U.S. Secretary of Transportation Elaine L. Chao said Nov. 22 that the Trump administration will invest \$900 million in American infrastructure through the Better Utilizing Investments to Leverage Development (BUILD) transportation grants program.

“The administration is targeting BUILD transportation grants to repair, rebuild and revitalize significant infrastructure projects across the country,” Chao said.

Fiscal year 2019 BUILD grants are for investments in surface transportation infrastructure and have been awarded on a competitive basis to projects with a significant impact in their local or regional communities. BUILD funding supports

roads, bridges, transit, rail, ports or intermodal transportation.

“An investment in the Port of Jacksonville delivers benefits for the local economy and for American workers. It is a central part of President Trump and Secretary Chao’s belief of investing in infrastructure to grow our economy and create jobs. This grant will also indirectly help support the jobs of the American civilian mariners who crew military sealift vessels that help us carry the fight wherever we must go,” Buzby said.

The International Cargo Terminal Modernization Project will reconstruct and modernize about 100 acres of the SSA Marine cargo terminal on Blount Island across six phases. In addition to repaving, the project will improve stormwater management, install new lighting, signage, and other utilities, and will be designed in a manner to enhance future operations.

Repaving the container yard will restore the terminal to a state of good repair, with long-term maintenance supported by port-generated revenues. The project benefits from a strong public-private partnership, with a broad array of stakeholders collaborating to support and deliver the improvements.

During construction, the terminal will continue to handle container, roll-on/roll-off, breakbulk, and general cargoes, with a significant increase in capacity once the project is completed. The project will also result in operating efficiencies which enhance economic competitiveness.

The program selection criteria encompassed safety, economic competitiveness, quality of life, state of good repair, environmental sustainability, innovation, and partnerships with a broad range of stakeholders. For this round of BUILD grants, the maximum grant award is \$25 million, and no more than \$90 million can be awarded to a single state.

Sea Machines, MARAD Partner to Demonstrate Autonomous Technology on Spill-Response Vessel



A Marine Spill Response Corp. vessel like the one that will be used in cooperation with the U.S. Maritime Administration to demonstrate Sea Machines Robotics' autonomous oil-spill response technology. MSRC

BOSTON — Boston-based

Sea Machines Robotics has entered into a cooperative agreement with the U.S. Department

of Transportation's Maritime Administration (MARAD) to demonstrate the ability

of Sea Machines' autonomous technology in increasing the safety, response time

and productivity of marine oil-spill response operations, the company said July

24.

To make the

on-water exercises possible, Sea Machines will install its SM300

autonomous-command system aboard a skimming vessel owned by Marine Spill

Response Corp. (MSRC) and will train MSRC personnel to operate the system.

Then, on Aug. 21, Sea Machines and MSRC will execute simulated oil-spill

recovery exercises in the harbor of Portland, Maine, before an

audience of government, naval, international, environmental and industry partners.

The response skimming vessel is manufactured by Kvichak Marine Industries of Seattle and is equipped with a MARCO filter belt skimmer to recover oil from the surface of the water. This vessel typically operates in coastal or near-shore areas. Once installed, the SM300 will give the MSRC vessel these new capabilities:

- Remote autonomous control from an onshore location or secondary vessel
- ENC-based mission planning
- Autonomous waypoint tracking
- Autonomous grid line tracking
- Collaborative autonomy for multivessel operations
- Wireless remote payload control to deploy onboard boom and other response equipment
- Obstacle detection and collision avoidance

“The ability to use autonomous technology ... furthers our mission of response preparedness.”

John Swift, vice president of MSRC

Additionally, Sea Machines enables minimally manned and unmanned autonomous operations. Such

configurations allow operators to respond to spill events 24 hours a day, seven days a week depending on recovery conditions, even when crews are unavailable or restricted. These configurations also reduce or eliminate exposure of crewmembers to toxic fumes and other safety hazards.

Sea Machines and MARAD Enter into Agreement to Demonstrate Capabilities of Autonomous Tech Installed Aboard an MSRC Spill-Response Vessel <https://t.co/08VorrIR8c> [#MARAD](#) [#SeaMachinesRobotics](#) [#AutonomousTechnology](#) [#KvichakMarineIndustries](#) pic.twitter.com/0LNuqC5n3S

– *VesselFinder (@VesselFinder)* [July 24, 2019](#)

“Autonomous technology has the power to not only help prevent vessel accidents that can lead to spills but can also facilitate better preparedness [and] aid in safer, efficient and effective clean-up,” said Michael G. Johnson, CEO of Sea Machines. “We look forward to working closely with MARAD and MSRC in these industry-modernizing exercises.”

“Our No. 1 priority is the safety of our personnel at MSRC,” said John Swift, vice president of MSRC. “The ability to use autonomous technology – allowing response operations to continue in an environment where their safety may be at risk – furthers our mission of response preparedness.”

Transportation Secretary

Announces Over \$19 Million in Grants for Small U.S. Shipyards



WASHINGTON —

The U.S. Department of Transportation's Maritime Administration (MARAD) announced \$19.6 million in grants to support capital improvements at 28 U.S. small shipyards as a part of its Small Shipyard Grant program, MARAD said in a release.

Provided

through MARAD's Small Shipyard Grant program, the funding supports employee training and related improvements that foster increased efficiency and economic growth, the release said.

"These grants

help create jobs in America's small shipyards, which play a significant role in our country's maritime sector," Transportation Secretary Elaine Chao said.

In 2013, U.S.

shipbuilders produced \$37.3 billion in gross domestic product. Usually

family-owned and employing less than 1,200 workers, small shipyards play a

critical role in contributing to our nation's economy. Supporting more than

400,000 jobs, they create employment opportunities for working families and

small communities.

“Small shipyards are an irreplaceable aspect of America’s shipbuilding industry,” Maritime Administrator Mark. H. Buzby said. “They are a key component to national security and our economic viability as a whole, providing good jobs for hardworking Americans.”

Since 2008, MARAD’s Small Shipyard Grant Program has awarded more than \$226 million for a total of 216 grants. These grants help fund upgrades and expansions that often lead to more competitive operations, quality ship construction and improved employee skill.

Having produced some of the most innovative vessels in the world, U.S. small shipyards have become economic backbones throughout the country. Small shipyard grants leverage the skills and expertise of the shipyard community, according to the release.

U.S. Department of Transportation Launches Port

Infrastructure Development Program

WASHINGTON

– The U.S. Department of Transportation (DOT) posted a Notice of Funding Opportunity (NOFO) to apply for \$292.7 million in discretionary grant funding through the new Port Infrastructure Development Program, the department said in a June 12 release.

“This major investment in the Port Infrastructure Development Program will help strengthen, modernize, and improve our country’s maritime systems and gateway ports,” said U.S. Transportation Secretary Elaine L. Chao.

As the administration continues to invest in America’s infrastructure, this new program aims to support public coastal ports by improving the safety, efficiency, or reliability of goods movement into, out of, or within a port, according to the release.

Investments in port transportation infrastructure will be awarded on a competitive basis for projects located either within the boundary of a coastal seaport, or outside the boundary of a coastal seaport, and directly relate to port operations or to an intermodal connection to a port.

The department will evaluate projects using criteria which include leveraging federal funds, project costs and benefits, project outcomes, project readiness, and domestic preference. The department will also consider geographic diversity when selecting grant recipients.

The Consolidated Appropriations Act of 2019 made available \$292.7 million for the Port Infrastructure Development Program, including \$92.7 million for the 15 coastal seaports that handled the greatest number of loaded foreign and domestic twenty-foot equivalent units of containerized cargo in 2016, as identified by the U.S. Army Corps of Engineers. The minimum award size is \$10 million, with a federal cost share not to exceed 80%.

Additionally, the Department anticipates awarding funding to at least one project that advances each of the following project outcomes:

- Advance technology supported safety, design efficiency improvements.
- Improve state of good repair and resiliency.
- Promote efficient energy trade.
- Promote manufacturing, agriculture or other forms of exports.
- For only the top 15 coastal ports, a

project that supports the safe flow of agricultural and food products, free of pests and disease, domestically and internationally.

To provide technical assistance, DOT will host a series of webinars during the Port Infrastructure Development Program grant application process. Details and registration information regarding these webinars will be made available at www.transportation.gov/portgrants.

The deadline to submit an application for the Port Infrastructure Development Program is 8 p.m. EDT Sept. 22, 2019.