

Jones Act Seen as Key Hedge Against China's Growing Merchant Might



Naval Air Crewman (Helicopter) 2nd Class Benjamin Whitney, from Syracuse, New York, lowers a litter during rescue training with a merchant ship in the Gulf of Aden, March 1, 2019, during Lucky Mariner 19. Lucky Mariner is an annual exercise led by Naval Coordination and Guidance for Shipping (NCAGS) alongside shipping and coalition maritime forces designed to exercise command and control and provide standardized direction during periods of increased tension to protect the free flow of commerce. *U.S. NAVY / Mass Communication Specialist 2nd Class Logan C. Kellums*

The Jones Act and commercial cargo operations in general must be strengthened to avoid further erosion of U.S. shipping strength versus commercial powerhouse China, said speakers at a Navy League Sea-Air-Space Prequel "Lunch and Learn" virtual session on July 21.

Dr. Sal Mercogliano, associate professor of history at Campbell University in North Carolina and a former merchant mariner, led a panel discussion entitled "The Jones Act, Where Commerce and Defense Converge."

Mercogliano and the speakers sounded the alarm about the status of the U.S. merchant marine, particularly when compared to China.

"Are we a true proponent of sea power if we have the No. 1 Navy in the world and the No. 21 merchant marine in the world, when China is basically No. 2 in both and growing?" Mercogliano asked.

China has the largest merchant fleet, "which dwarfs ours," the largest coast guard, the world's only maritime militia,

produces 96% of the world's shipping containers and owns seven of the 10 busiest ports in the world, said panelist Tony Padilla, director of the Office of Cargo and Commercial Sealift at the Department of Transportation's Maritime Administration.

On an average day in the United States, 23 U.S.-flagged vessels call at ports, compared with 2,800 foreign-flagged vessels, he said. In the critical Indo-Pacific region, 35 U.S.-flagged vessels call at ports on an average day, compared with 20,000 foreign-flagged vessels.

"This should be a wake-up call," he said. "This is a major issue that we need to get to like yesterday, like last year, like 10 years ago."

Panelist Mike Roberts, senior vice president of government relations for Crowley Maritime Corp. and president of the American Maritime Partnership, joined Padilla in pointing out the dangers posed by China, an authoritarian country.

"China's advantage in the commercial maritime sector is simply overwhelming in sheer numbers. The Navy League reported last December that there were roughly 6,000 large commercial ships controlled by China internationally. The corresponding number of American-flagged ships is below 200 and that includes ships operating in U.S. domestic trades," Roberts said.

"It's all about policy – laissez faire on steroids on the U.S. side, versus mercantilism on steroids on the China side."

The Jones Act – officially known as the Merchant Marine Act of 1920 – ensures that only U.S.-built, flagged and crewed ships can operate in domestic commerce, although it does allow for waivers of those requirements. Roberts said it is sometimes derided as a protectionist law aimed at bolstering the defense market, but one big value is promoting U.S. industry and workers.

“Foreign ships don’t obey American rules, hire American workers or pay American taxes. They should not be allowed to trade in our domestic markets, and that’s simply a function of American sovereignty, and not protectionism,” he said.

Costs are higher using U.S. workers versus developing nations’ labor, but “it’s simply not OK to replace American workers with foreign workers right here in America,” he said. “Those who complain about the cost of the Jones Act invariably miss that point.”

Jennifer Carpenter, president and CEO of the American Waterways Operators, a trade association for the tugboat, towboat and barge industry, said the U.S. commercial fleet showed its worth during the darkest days of the COVID-19 pandemic by keeping goods flowing.

Throughout the worst days of the pandemic, “tugboats, towboats, barges and other domestic vessels continued to move the commodities that kept a weakened economy afloat,” not least by delivering equipment to fight the virus.

“How much worse could things have been if we’d had to rely on foreign vessels to move supplies on our domestic waters and if we had to deal with the potential to the disruption to our maritime commerce in the middle of contending with COVID?” Carpenter said. “Thanks to the Jones Act, we didn’t have to find out.”

Carpenter said commercial shipping can respond quickly in the case of disaster, such as when ships stepped up to deliver oil to riverine ports in the wake of the Colonial Pipeline shutdown. Jones Act opponents sometimes call for waivers in the wake of such events, but she said the recent National Defense Authorization Act puts new requirements on such waivers and includes transparency and accountability as to who is asking for them, “so Congress can provide oversight.”

The act also specifies that renewable energy projects –

mainly, offshore wind farms – are subject to the Jones Act, just like oil and gas work is.

Building wind farms is a “generational opportunity,” Carpenter said. “Let’s let American maritime companies and American mariners make this tremendous investment that is going to serve our country and our economy and our security so well.”