

105TH CONGRESS
2D SESSION

H. R. 4236

To amend the Merchant Marine Act, 1920, to limit the restriction on carriage of certain noncontainerized agricultural and bulk cargoes in coastwise trade by foreign-built freight vessels.

IN THE HOUSE OF REPRESENTATIVES

JULY 16, 1998

Mr. SMITH of Michigan (for himself, Mr. STENHOLM, Mr. BOB SCHAFFER of Colorado, and Mr. MCINTOSH) introduced the following bill; which was referred to the Committee on National Security, and in addition to the Committee on Transportation and Infrastructure, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

A BILL

To amend the Merchant Marine Act, 1920, to limit the restriction on carriage of certain noncontainerized agricultural and bulk cargoes in coastwise trade by foreign-built freight vessels.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Shipping Relief for
5 Agriculture Act of 1998”.

1 **SEC. 2. FINDINGS.**

2 The Congress finds the following:

3 (1) Efficient, competitive, broadly available wa-
4 terborne cargo transportation service is imperative
5 to American agriculture and an essential component
6 of a national intermodal transportation system, and
7 such services should be promoted by the United
8 States.

9 (2) The cost of building ships in the United
10 States is so uncompetitive with international ship-
11 builders that it is effectively prohibiting the growth
12 and modernization of the Jones Act fleet.

13 (3) The decline of ships of over 1,000 tons in
14 the Jones Act fleet, and the resulting decrease in the
15 number of seamen, represents a diminution in emer-
16 gency sealift capacity in times of national emer-
17 gency.

18 (4) In the last several decades, the size of the
19 active United States domestic deepwater fleet has
20 shrunk substantially, to a total today of only 118
21 self-propelled oceangoing vessels of over 1,000 tons
22 and 59 vessels in the Great Lakes. No Jones Act
23 bulk carriers operate on either coast of the United
24 States.

25 (5) The result has been shipping shortages,
26 higher prices, and significant commercial transpor-

1 tation inefficiencies, all of which can be alleviated,
2 without any cost to the taxpayer, by increasing com-
3 petition in domestic deepwater shipping.

4 (6) Such inefficiencies undermine the competi-
5 tive position of a broad range of American busi-
6 nesses, particularly in potential domestic markets,
7 versus their foreign competition. These shipping
8 shortages and higher-than-market prices have led to
9 the loss of American jobs to overseas competitors
10 able to purchase transportation services on the inter-
11 national market.

12 (7) Lack of access to adequate deepwater com-
13 mercial waterborne transportation alternatives sup-
14 presses economic activity in an amount of between
15 \$4,200,000,000 and \$10,000,000,000 annually and
16 causes the loss of associated tax revenue, according
17 to a study by the United States International Trade
18 Commission.

19 (8) Similarly, allowing domestic transportation
20 service providers to purchase their vessels on the
21 international market without penalty will lower their
22 operating expenses, creating savings which they can
23 pass on to their customers in the form of lower
24 prices and improved efficiency.

1 (9) Expansion of the Jones Act fleet will create
2 more jobs for United States seamen and longshore
3 workers.

4 **SEC. 3. LIMITATION ON APPLICATION OF COASTWISE**
5 **TRADE RESTRICTION ON TRANSPORTATION**
6 **OF CERTAIN AGRICULTURAL, BULK, OR FOR-**
7 **EST PRODUCT CARGO BY FREIGHT VESSELS.**

8 (a) AMENDMENT TO THE MERCHANT MARINE ACT,
9 1920.—Section 27 of the Merchant Marine Act, 1920 (46
10 U.S.C. App. 883), is amended by inserting “(a)” after
11 “SEC. 27.”, and by adding at the end the following:

12 “(b)(1) Any requirement under this section that a
13 vessel must be constructed in the United States shall not
14 apply with respect to deepwater transportation of qualified
15 cargo by a freight vessel, if the vessel—

16 “(A) is documented under the laws of the
17 United States;

18 “(B) is owned by persons who are citizens of
19 the United States; and

20 “(C) otherwise complies with this section with
21 respect to that transportation.

22 “(2) In this subsection—

23 “(A) the term ‘deepwater transportation’ means
24 any combination of—

1 “(i) transportation outside the Boundary
2 Line;

3 “(ii) transportation on the Great Lakes;
4 and

5 “(iii) such transportation inside the
6 Boundary Line as is necessary to enter or de-
7 part from a port in the United States;

8 “(B) the term ‘qualified cargo’ means non-
9 containerized, nonliquid merchandise that is agricul-
10 tural cargo, bulk cargo, or forest products;

11 “(C) the term ‘agricultural cargo’ includes
12 grains, livestock, fertilizer, seed, and other bulk agri-
13 cultural inputs;

14 “(D) each of the terms ‘bulk cargo’ and ‘forest
15 products’ has the meaning that term has under sec-
16 tion 3 of the Shipping Act of 1984 (46 U.S.C. App.
17 1702)); and

18 “(E) each of the terms ‘Boundary Line’ and
19 ‘freight vessel’ has the meaning that term has under
20 section 2101 of title 46, United States Code.”.

21 (b) AMENDMENT TO TITLE 46, UNITED STATES
22 CODE.—Section 12106 of title 46, United States Code,
23 is amended by adding at the end the following:

24 “(f)(1) Notwithstanding subsection (a)(2), a certifi-
25 cate of documentation for a freight vessel that was not

1 built in the United States may be endorsed with a coast-
2 wise endorsement under this subsection if the vessel—

3 “(A) is eligible for documentation; and

4 “(B) otherwise qualifies under the laws of the
5 United States to be employed in coastwise trade au-
6 thorized by the endorsement.

7 “(2) Coastwise trade authorized by a coastwise en-
8 dorsement under this subsection shall consist solely of
9 deepwater transportation of qualified cargo (as those
10 terms are defined in section 27(b)(2)).”.

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