

106TH CONGRESS
1ST SESSION

S. RES. 32

To express the sense of the Senate reaffirming the cargo preference policy
of the United States.

IN THE SENATE OF THE UNITED STATES

FEBRUARY 4, 1999

Mr. INOUE submitted the following resolution; which was referred to the
Committee on Commerce, Science, and Transportation

RESOLUTION

To express the sense of the Senate reaffirming the cargo
preference policy of the United States.

Whereas the maritime policy of the United States expressly
provides that the United States have a merchant marine
sufficient to carry a substantial portion of the inter-
national waterborne commerce of the United States;

Whereas the maritime policy of the United States expressly
provides that the United States have a merchant marine
sufficient to serve as a fourth arm of defense in time of
war and national emergency;

Whereas the Federal Government has expressly recognized
the vital role of the United States merchant marine dur-
ing Operation Desert Shield and Operation Desert
Storm;

Whereas cargo reservation programs of Federal agencies are intended to support the privately owned and operated United States-flag merchant marine by requiring a certain percentage of government-impelled cargo to be carried on United States-flag vessels;

Whereas when Congress enacted Federal cargo reservation laws Congress contemplated that Federal agencies would incur higher program costs to use the United States-flag vessels required under such laws;

Whereas section 2631 of title 10, United States Code, requires that all United States military cargo be carried on United States-flag vessels;

Whereas Federal law requires that cargo purchased with loan funds and guarantees from the Export-Import Bank of the United States established under section 635 of title 12, United States Code, be carried on United States-flag vessels;

Whereas section 901b of the Merchant Marine Act, 1936 (46 U.S.C. App. 1241f) requires that 75 percent of the gross tonnage of certain agricultural exports that are the subject of an export activity of the Commodity Credit Corporation or the Secretary of Agriculture be carried on United States-flag vessels;

Whereas section 901(b) of such Act (46 U.S.C. App. 1241(b)) requires that at least 50 percent of the gross tonnage of other ocean borne cargo generated directly or indirectly by the Federal Government be carried on United States-flag vessels;

Whereas cargo reservation programs are very important for the shipowners of the United States who require compensation for maintaining a United States-flag fleet;

Whereas the United States-flag vessels that carry reserved cargo provide quality jobs for seafarers of the United States;

Whereas, according to the most recent statistics from the Maritime Administration, in 1997, cargo reservation programs generated \$900,000,000 in revenue to the United States fleet and accounted for one-third of all revenue from United States-flag foreign trade cargo;

Whereas the Maritime Administration has indicated that the total volume of cargoes moving under the programs subject to Federal cargo reservation laws is declining and will continue to decline;

Whereas, in 1970, Congress found that the degree of compliance by Federal agencies with the requirements of the cargo reservation laws was chaotic, uneven, and varied from agency to agency;

Whereas, to ensure maximum compliance by all agencies with Federal cargo reservation laws, Congress enacted the Merchant Marine Act of 1970 (Public Law 91-469) to centralize monitoring and compliance authority for all cargo reservation programs in the Maritime Administration;

Whereas, notwithstanding section 901(b) of the Merchant Marine Act, 1936 (46 U.S.C. App. 1241(b)), and the purpose and policy of the Federal cargo reservation programs, compliance by Federal agencies with Federal cargo reservation laws continues to be inadequate;

Whereas the Maritime Administrator cited the limited enforcement powers of the Maritime Administration with respect to Federal agencies that fail to comply with section 901(b) of the Merchant Marine Act, 1936 (46

U.S.C. App. 1241(b)) and other Federal cargo reservation laws; and

Whereas the Maritime Administrator recommended that Congress grant the Maritime Administration the authority to settle any cargo reservation disputes that may arise between a ship operator and a Federal agency: Now, therefore, be it

1 *Resolved*, That it is the sense of the Senate that—

2 (1) each Federal agency shall administer pro-
3 grams of the Federal agency that are subject to
4 Federal cargo reservation laws (including regulations
5 of the Maritime Administration) to ensure that such
6 programs are in compliance with the intent and pur-
7 pose of such cargo reservation laws; and

8 (2) the Maritime Administration shall closely
9 and strictly monitor any cargo that is subject to
10 such cargo reservation laws and shall provide direc-
11 tions and decisions to such Federal agencies as will
12 ensure maximum compliance with the cargo pref-
13 erence laws.

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