



Ernst & Young report makes the case for the Jones Act

By Sam Chambers

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In a fillip to backers of one of the US's most controversial maritime regulations, the Transportation Institute, a Washington DC-based think tank, has released a study by Ernst & Young (EY) evaluating the Jones Act and its implications on freight rates, container availability, port congestion, and carrier performance in the Caribbean region relative to global averages. The study evaluated the timeframe between January 2019 and December 2021 and captured the heightened volatility of freight movement during the peak of the covid pandemic.

“Across multiple metrics, shippers overwhelmingly associated better carrier performance with Jones Act carriers than non- Jones Act ones,” the study states. It also concluded that in addition to providing stability and security in the region, the Jones Act shipping industry continues to provide substantial economic benefits to Puerto Rico.

“Jones Act carriers are dedicated to Puerto Rico and help local businesses make goods more affordable and the supply chain more reliable compared to our global competitors,” said James Henry, chairman and president of the Transportation Institute. “While the entire global supply chain was disrupted during the pandemic, our Jones Act carriers proved to be 27 times more affordable and eight times more reliable than non-Jones Act carriers.”

EY engaged in primary data collection through a survey of 49 companies that ship to and from the continental United States and the Caribbean. The survey gathered information from shippers on advantages or impediments that they experienced while shipping via Jones Act and non-Jones Act carriers with respect to freight and shipping cost, the availability of containers, and the resiliency and adaptability in carrier customer service models to meet the pandemic and supply chain challenges. The study also evaluated the economic contribution of the Jones Act shipping industry in Puerto Rico based on direct, indirect and induced contributions.

Backers and opponents of the Jones Act have been making headlines on *Splash* a great deal of late with the Washington DC-based Cato Institute arguing it inflicts economic harm, while others such as Blue Alpha Capital's John McCown have insisted the protectionist measure that prioritises US tonnage is necessary, principally on national security grounds