

## Jones Act waiver hint rattles U.S. maritime industry

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American maritime industry interests expressed concerns over news reports from earlier this week that President Donald Trump is considering granting Puerto Rico a waiver to the requirement to use U.S.-flag vessels to transport liquified natural gas from U.S. ports to the island.

Puerto Rico's Gov. Ricardo Rosselló in December requested from the Trump administration a 10-year waiver of the cabotage laws to allow the transport of U.S.-origin LNG to the island on foreign-flag tankers.

U.S. cabotage laws operate under the auspices of the 1920 Merchant Marine Act, better known as the Jones Act, which requires vessels moving cargo between points in the United States — including the mainland of the U.S. and Puerto Rico — be done with ships that are U.S. flagged, U.S. owned, U.S. built and U.S. crewed.

U.S.-flag vessel proponents further questioned why the president would even consider a Jones Act waiver for Puerto Rico after he signed an executive order in early March that supports the transition of military veterans to the U.S. merchant marine.

“The 650,000 Americans whose jobs depend on the domestic maritime industry would find it inconceivable that President Trump — who is committed to putting ‘America First,’ supporting U.S. jobs and manufacturing, and also just last month signed an executive order helping military veterans transition into the American maritime industry — would choose to favor foreign shipping interests over American workers,” said American Maritime Partnership Chairman Matt Woodruff in a statement.

The group has asked President Trump to reject Puerto Rico's Jones Act waiver request.

“American maritime is the quintessential ‘America First’ industry and we are confident President Trump, who has championed and supported our American shipyards, mariners and industrial base, would not start us down a path now that would cripple our national security,” Woodruff said.

Other pro-Jones Act industry associations include the Transportation Institute, Shipbuilders Council of America and the American Waterway Operators.

Thomas Allegretti, president and CEO of the American Waterways Operators, told Senate Commerce Committee lawmakers during a hearing in early March the Jones Act's importance to supporting the nation's security and management of emergencies. “Transferring that to foreign assets and crews with no allegiances [to the U.S.] is absolutely absurd to me,” he said.

The Jones Act also generally has had widespread bipartisan support among lawmakers on Capitol Hill. In a Feb. 6 letter to then Homeland Security Secretary Kirstjen M. Nielsen, House Transportation and Infrastructure Committee Chairman Peter DeFazio, D-Ore., and Ranking Member Sam Graves, R-Mo., asked the Trump administration to stand firm against issuing a Jones Act waiver to Puerto Rico.

“We can do many things to foster and support the recovery of Puerto Rico and its citizens from the devastation of Hurricane Maria, and our committee has done so,” the House lawmakers wrote. “However, we believe there is no justification for waiving the Jones Act. ... Again, we urge you to deny this request.”

During its early March U.S. maritime industry hearing, Senate Commerce Committee Chairman Roger Wicker, R-Miss., and Ranking Member Maria Cantwell, D-Wash., presented a united front to oppose any degradation to the Jones Act. Last year, Rep. John Garamendi, D-Calif., introduced the Energizing American Maritime Act (H.R. 5893), which would require a “small percentage” of exported crude oil and LNG be transported on as many as 50 newly U.S.-built and U.S.-flagged vessels by 2040.

Inside the White House, Transportation Secretary Elaine Chao and Peter Navarro, the president's trade adviser, have similarly been outspoken supporters of the Jones Act.

However, Trump is under equal pressure from traditional anti-Jones Act lobbyists, as well as petroleum industry groups, such as the newly founded Domestic Energy Producers Alliance which represents the U.S. LNG producers, to grant Puerto Rico the waiver. With exception LNG bunkering barges, there are currently no LNG carriers in the U.S.-flag fleet.

For years, think tanks Cato Institute and Heritage Foundation have attacked the maritime cabotage law on the grounds that it's a financial drag on the U.S. economy. A 2012 report by economists at the University of Puerto Rico claimed the Jones Act caused a cumulative loss of \$17 billion to the island's economy between 1990 and 2010.

Colin Grabow, a policy analyst with the institute's Herbert A. Stiefel Center for Trade Policy, said President Trump should grant the Jones Act waiver to Puerto Rico “without delay.”

“Granting this waiver would mark not just a triumph of common sense but also help fulfill President Trump's campaign promise to take on the Washington special interests who profit from laws such as the Jones Act at the expense of American consumers and businesses,” he said.