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## Striking the Right Balance for U.S. Shipping

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It is time to reduce our exposure to China by bringing more production closer to home.

Mary Anastasia O’Grady is to be commended for identifying the Jones Act as a barrier to expanded economic integration between the U.S., Mexico and Central America (“Capitalism and the Border Crisis,” The Americas, March 22). Beyond its severe restrictions on foreign-flagged ships, the law’s requirement that vessels engaged in domestic trade be U.S.-built plays a particularly pernicious role. While U.S. automakers, as well as Boeing, have successfully harnessed Mexican production to help keep the costs of their products competitive, the Jones Act greatly limits such possibilities owing to the law’s mandate that qualifying vessels have all major components of the hull and superstructure fabricated in the U.S. This contributes to ship prices far higher than those found abroad and a greatly diminished appetite for the offerings of U.S. shipyards.

A 2016 Organization for Economic Cooperation and Development study notes that one way in which high-wage Norway is able to remain competitive in shipbuilding is by subcontracting hull production to lower-cost Eastern European shipyards. U.S. shipyards should be allowed to take a similar approach for vessels engaged in domestic trade. Relaxing the Jones Act’s U.S.-built requirement, which is not found in any other form of domestic transportation, could produce important benefits for the shipbuilding industries of both the U.S. and its Latin American neighbors.

**Colin Grabow**

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We couldn’t agree more with most of Ms. O’Grady’s column. The pandemic has shown that our dependence on many items produced in China leaves us vulnerable. “Near-shoring” production from China to Central America is a no-brainer. Central America is almost 10,000 miles closer to the U.S. market and has an excellent logistics supply chain that can cut weeks off the factory-to-retail cycle. Many apparel manufacturers have been sourcing in Central America for years. And ramping up production in Central America would provide more good-paying jobs to hard-working Central Americans. Jobs, economic growth and security are exactly what is needed to reduce migration to the north.

Yet her references to America’s domestic shipping law, the Jones Act, are not relevant since that law doesn’t apply to this international market. The Jones Act applies, however, to transportation between the mainland and Puerto Rico, which is a prime location for “on-shoring” (also from China) the production of American-made goods, including pharmaceuticals, medical supplies and other items deemed critical to our national security.

My company and others have completely overhauled the maritime logistics supply chain between Puerto Rico and the mainland. That supply chain includes clean-powered ships and helps give Puerto Rico a competitive advantage for these on-shoring production jobs. Products shipped from a Puerto Rican factory on a Tuesday can be in an Atlanta store that Friday at very low costs thanks to backhaul economics on that route.

It is time to reduce our exposure to China by bringing more production closer to home.

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