

## Dated Marine Laws Hinder NC Ports

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North Carolina recently set aside \$283 million to dredge the Port of Wilmington to accommodate larger ships moving through the expanded Panama Canal. More money was allocated to the project than should have been necessary, not because of overspending in Raleigh, but because of anti-competitive laws in Washington.

The Foreign Dredge Act of 1906 requires that all dredging in U.S. waters be performed by ships that are U.S.-built and owned, with a U.S. crew. It prevents bidding on projects by experienced, globally-competitive dredging companies based in friendly countries like the Netherlands. As a result, U.S. ports pay far more to dredge than ports in Europe and elsewhere. A 2019 Congressional Research Service report found that due to the ban on outside competition the domestic market is served by only four U.S. companies that employ smaller, older and less efficient dredges than European counterparts. U.S. Army Corps of Engineers data shows that more than a third of its projects have only one bidder.

Once dredged, U.S. ports such as Wilmington are further limited by the 1920's Jones Act, which requires that any cargo shipped between U.S. ports must be carried on a ship that is U.S.-built, flagged, owned and crewed. Like the 1906 Dredge Act, this confines intercoastal shipping to a limited fleet of aging ships, driving up the cost of moving goods within U.S. coastal waters.

The Jones Act has made shipping goods by water less competitive with trucking and rail. While the tonnage of cargo carried domestically by rail and truck has risen in recent decades, the U.S. DOT says shipping tonnage is down 45% compared to the 1970s. The exorbitant cost of coastal shipping adds to congestion on U.S. highways.

If the Jones Act restrictions were relaxed, say by allowing the use of foreign-built ships for intercoastal shipping, Wilmington and other ports could serve as hubs and feeders to distribute incoming cargo from abroad to other ports along the coast.

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