

# HAWAII REPORTER

## Are your tax dollars lobbying for the Jones Act?

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Salacious details keep rolling in from the thousands of pages of Jones Act-related emails obtained from the U.S. Maritime Administration through a Freedom of Information Act request made by Cato Institute researchers.

The latest revelations concern attempts in early 2019 by then-MARAD Deputy Administrator Richard Balzano to obstruct efforts by Puerto Rico and the New England states to obtain Jones Act waivers for the importation of liquid natural gas — raising questions about whether MARAD has become, de facto, a taxpayer-funded lobbyist for the 1920 protectionist shipping law.

In an [article](#) published earlier this week, Cato Institute research fellow Colin Grabow highlighted how Balzano engaged in back-door communication with government officials and collaborated with Jones Act-friendly special interest groups to deny those waiver requests.

The backdrop is that [Puerto Rico](#), the [northeastern states](#) and even [Hawaii](#) struggle to obtain cost-effective LNG from domestic sources because the 102-year-old Jones Act mandates that all goods carried between U.S. ports be on vessels built, flagged and mostly owned and crewed by Americans.

That is a problem because not a single LNG tanker exists that complies with those requirements, making it impossible for Puerto Rico, New England and Hawaii to import LNG directly from U.S. producers.

In August 2018, a group of New England governors proposed amending the Jones Act to ensure that their states' energy needs could be met during the coming winter — as they did [again just several months ago](#).

Also in August 2018, almost a year after Hurricane Maria smashed into the U.S. territory, Puerto Rico lodged a [formal request](#) for a 10-year waiver from the Jones Act for LNG imports.

As emails from January 2019 show, Balzano did his best to dissuade those requests through behind-the-scenes actions and statements that clearly were misleading.

For example, to head off a possible Jones Act waiver request from U.S. Energy Secretary Rick Perry, Balzano sent an email to two of Secretary of Transportation Elaine Chao's top staffers

asking if he could reach out to DOE officials to tell them about the alleged “devastating impact” such a waiver would have on the U.S. maritime industry.

“The claim is a curious one,” Grabow said, “particularly given that the entire rationale for such a waiver is that bulk transportation of LNG is not a service that the U.S. maritime industry provides.”

In another email, Balzano told Massachusetts state officials there was a Jones Act-compliant LNG barge that could “support New England in times of need.”

However, Grabow said, that barge was “a 2,200 cubic meter capacity bunkering barge used to refuel LNG-powered ships [with] a storage capacity less than 2% that of a typical LNG tanker and ... thoroughly impractical as a solution to New England’s energy needs.”

Balzano also told Massachusetts officials of “three large older LNG cargo ships in lay-up that could be brought back to life to use for this market that are JA compliant.”

But Grabow said those ships weren’t actually Jones Act-compliant.

“Balzano’s proposed use of ships exceeding 40 years of age as a stopgap solution wasn’t feasible even if there was interest in using the ancient vessels,” he wrote.

Grabow wrote, “While the agency’s opposition does not surprise, the level of misinformation — if not outright dishonesty — is deeply concerning. These documents suggest that, at least in matters concerning the Jones Act, MARAD is properly regarded as a taxpayer-funded lobbyist for the U.S. maritime industry.”

“The U.S. maritime industry is no doubt thankful it has a government agency dedicated to looking after its interests,” Grabow wrote, “but who is looking out for the American people?”

Grabow noted that President Donald Trump reportedly was initially inclined to support a Jones Act waiver for LNG shipments, but ultimately caved to political pressure and decided against it.

Grabow, who is also a Grassroot Scholar, is set to appear in Honolulu in December as part of a forum on the Jones Act sponsored by the Grassroot Institute of Hawaii.