

Seatrade Maritime News

Jones Act controversy ignited by waiver on LNG cargo

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Over the weekend, the US Department of Homeland Security (DHS) issued a waiver of the Jones Act, allowing a cargo of LNG to be transported to Puerto Rico, which is still recovering from the severe Hurricane Fiona that battered the island in late September. The island's Governor, said, on social media, that: "We requested an expedited approval to ensure continued generation at EcoElectrica plant." This facility is located near Guayanilla, on Puerto Rico's south coast.

The Governor went on to thank the Biden Administration, and especially the DHS Secretary, Alejandro Mayorkas, for granting the waiver, which is undertaken in consultation with two other agencies, the US Department of Transportation, and the US Department of Energy.

Though the Governor referred to the vessel transporting gas as a "barge", chatter on social media suggested that the vessel in question was the tanker "*Methane Princess*, 138,000 cu m, built 2003, which had been broadcasting an AIS position through early Monday (October 17) at San Pedro de Macoris, along the south coast of the Dominican Republic.

Among observers, there was some confusion as to how a Jones Act waiver would apply to what had been described as an inter-island cargo. On Twitter, Cato Institute's Colin Grabow, a staunch opponent of the Jones Act, had suggested that the cargo had almost certainly originated from an export terminal on the US mainland. US Department of Energy data on individual vessel export loadings is only available through end August, but does show that *Methane Princess* had loaded US LNG at least once, earlier in the year.

The Jones Act, which reserves transport of cargo between the US mainland, and Puerto Rico (a "territory" rather than a state) for vessels, built in US yards/ owned by US citizens/ and crewed by US seafarers, has been highly contentious. Waivers are rarely given; the law firm Holland & Knight, in a blog from last year's "Hurricane Season" (especially intense during August through October), cautioned that: "Interested stakeholders should be aware of the process for seeking Jones Act waivers and understand that the opportunities for such waivers are narrow – and the window of time in which the waivers are approved is usually temporary and limited."

The lawyers add that: "However, requests for waivers in instances involving natural disasters (such as hurricanes) have been successful when made on the basis that such waivers connected energy shortages and disruptions with national defense."

The LNG shipment was actually the second Jones Act waiver granted in the aftermath of Hurricane Fiona, in late September, 2022, a shipment of diesel fuel aboard the product carrier *G.H. Parks*, 50,000 dwt, built 2009, that had loaded for BP at a refinery in Texas and then waited offshore Puerto Rico until a waiver was granted.

At that time, eight members of the House of Representatives, had issued a letter to Secretary Mayorkas calling for a one-year waiver of the Jones Act. Two members of the US Senate also chimed in. During the Trump administration, Puerto Rico had received a Jones Act waiver of one week duration, following Hurricane Maria, in 2017.