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Good morning, committee members. I am Kyle Burleson, Director of State Advocacy for the American Waterways Operators. AWO is the national trade association for the tugboat, towboat, and barge industry. We have 300 members throughout the United States, including those serving and calling on the Port of Portsmouth. I am testifying today in opposition to HR 19, a resolution calling for the repeal of the Jones Act

The Jones Act, known formally as the Merchant Mariner Act of 1920 is the United States law requiring that cargo moved between U.S. ports be transported on vessels owned by U.S. companies, built in U.S. shipyards, and crewed by U.S. Mariners. The men and women of the U.S. towing industry comprise the largest segment of the 40,000-vessel strong Jones Act fleet, and they play a vital role in the nation's supply chain. The U.S. maritime industry supports more than 650,000 people and contributes more than \$150 billion in economic input. In New Hampshire alone, the maritime industry contributes over \$230 million annually to the state economy and provides good, family-wage jobs for New Hampshire residents¹.

The Jones Act has broad support across the political spectrum² as well as across the United States. Ensuring that Americans serve Americans helps both workers and businesses, but the Jones Act also serves the United States in another important respect: national security.

Addressing the text of the resolution, I will begin with the first clause, stating that the Jones Act has been a detriment to national security. While I would agree that a more comprehensive maritime strategy is necessary to bolster U.S. shipbuilding, there is no dispute that our military leaders have spoken in full throated support of the Jones Act. Just last year, Gen. Jacqueline Van Ovost, Commander of U.S. Transportation Command, testified in a U.S. House Armed Services Committee hearing that the Jones Act, along with other federal laws and policies, "ensure we have the necessary U.S. flag capability and U.S. mariners during peacetime and are ready to move sensitive defense materials during a national emergency³."

¹ <https://www.americanmaritimepartnership.com/u-s-maritime-industry/maritime-in-your-community/maritime-in-your-community-statistics/#nh>

² <https://www.americanmaritimepartnership.com/general/bipartisan-congressional-leaders-highlight-importance-of-jones-act-in-house-coast-guard-and-maritime-subcommittee-hearing/>

³ <https://armedservices.house.gov/hearings/joint-readiness-and-seapower-and-projection-forces-subcommittee-hearing-posture-and>

Additionally, in 2020, a bi-partisan group of national lawmakers described the Jones Act as an “important asset to our military,” noting that U.S.-crewed vessels around the world “expand our military’s horizon by serving as the eyes and ears of our nation,” and “in keeping our military well-supplied.” Losing the Jones Act, they concluded, “would hurt our ability to project power during a time of war or national emergency⁴.” This is no less true for New Hampshire. The Port of Portsmouth is one of the U.S. Navy’s most important operational areas in the country, and the Jones Act ensures that the Navy can charter American vessels with American mariners (both regulated by the U.S. Coast Guard) to assist with its operations. It also bears mentioning that the Jones Act helps to preserve a domestic shipbuilding industry and ensures skilled workers and the industrial base needed to ramp up shipbuilding if needed for war, including at the Portsmouth Naval Shipyard just across the border in Maine.

The importance of the Jones Act to national security is further highlighted by recent stories⁵ regarding the possible use of Chinese-manufactured harbor cranes by the Chinese Communist Party to gather information about American ports, some of our most critical pieces of infrastructure. Weakening of the Jones Act would go beyond that, allowing foreign nationals to move products, including dangerous ones such as petroleum products and fertilizer, throughout our nation’s extensive coastal and inland waterways. This is just one more reason the Jones Act has such strong support from our military.

To speak to what the resolution states about energy costs, I will share the most recent study done on the impact of the Jones Act on U.S. Petroleum Markets, completed by the National Bureau for Economic Research, and released in December 2023⁶. With regard to the New England market, that study found that the Jones Act adds \$0.003 to each gallon of gasoline, and the results for diesel, natural gas, and home heating fuel would be comparable. In other words, the Jones Act adds 0.3 cents to a gallon of gas, and the study has the fatal flaw of assuming that international carriers would pass that nominal savings on to consumers, rather than pocket it as profit, which we have seen happen repeatedly whenever a Jones Act waiver has been granted. The study also assumes that foreign tankers can operate within U.S. domestic commerce exempt for U.S. laws, including U.S. income tax, immigration, wage, hour, and employment laws, among others. There is no industry that can do that.

The 0.3 cents per gallon I mentioned, when compared to the costs of crude oil, taxes, distribution, and refining, reflects an infinitesimal cost⁷, and refutes the resolution’s assertions that the Jones Act pushes more carbon intensive surface transportation modes and inflates the rates of those modes. For any bulk product, maritime shipping is the greenest, safest, and most cost-effective way to move that product. In fact, trucks create

⁴ <https://transportation.house.gov/news/documentsingle.aspx?DocumentID=404903>

⁵ <https://www.wsj.com/articles/pentagon-sees-giant-cargo-cranes-as-possible-chinese-spying-tools-887c4ade>

⁶ <https://www.nber.org/papers/w31938>

⁷ <https://www.americanmaritimepartnership.com/infographics/american-maritime-a-cost-efficient-way-to-transport-fuel/>

1000% more emissions than maritime freight to move the same amount of cargo, and trains create 30% more emissions than maritime freight. A marine vessel can move one ton of cargo 675 miles on one gallon of fuel. Compare that to 472 miles by rail and 151 miles by truck.

I would be remiss if I didn't share that the United States' domestic maritime fleet and international carriers already work in tandem to provide timely delivery of fuel for New Hampshire. In 2022, the Port of Portsmouth saw 96 vessel deliveries of home heating oil and other important fuel products, amounting to about two vessel arrivals per week and totaling millions of barrels of fuel for New Hampshire residents. However, owing largely to New Hampshire's proximity to Canada, around two-thirds of New Hampshire's fuel deliveries are sourced in St. Johns, New Brunswick and carried on international – i.e., non-Jones Act – vessels. While U.S. vessel operators have a healthy presence in Portsmouth, delivering fuel and conducting ship assist work and building more vessels in New England shipyards to support the market, it is erroneous to direct concerns over the cost of energy towards the Jones Act when two-thirds of New Hampshire's fuel shipments are made on international vessels.

Indeed, while HR 19 references terminating to the Jones Act as a way to decrease fuel costs, the cost of shipping has virtually no impact on the cost of fuel to consumers. Fuel prices on the world market are determined by oil companies and any transportation savings are pocketed by energy traders. In short, when the Jones Act is waived, it is oil traders, not consumers and certainly not American mariners, who benefit. There is no reason to believe that terminating the Jones Act would have a different result.

AWO members and partner companies are proud to serve the people of New Hampshire as a front-line industry vital to its supply chain, and studies on the impact of the Jones Act have repeatedly affirmed its importance to the nation. For these reasons, we urge this Committee to vote against HR 19. AWO members remain committed to working with all legislators in New Hampshire on maritime issues. Thank you very much for your time and consideration.