



Thomas A. Allegretti
President & CEO

801 North Quincy Street
Suite 200
Arlington, VA 22203

tallegretti@americanwaterways.com
703.841.9300

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The Honorable Roger F. Wicker
Chairman, Committee on Commerce, Science, and Transportation
United States Senate
512 Dirksen Senate Office Building
Washington, DC 20510

Dear Chairman Wicker:

Thank you for the opportunity to provide insights from the tugboat, towboat, and barge industry during the Senate Committee on Commerce, Science, and Transportation's hearing on "The State of the American Maritime Industry." Included below are answers for the hearing record in response to questions from the committee.

WRITTEN QUESTION SUBMITTED BY THE HON. JOHN THUNE TO THOMAS ALLEGRETTI

Question. Mr. Allegretti, you mentioned in your testimony the urgent need for modernization and repair of inland waterways infrastructure. In addition to locks and dams, inland ports play a vital role in the maritime supply chain, serving as critical intermodal connections for agricultural commodities bound for markets across the country and the world.

- 1. Could you speak to the importance of inland port facilities to the supply chain, especially as it relates to the movement of agricultural commodities?*

592 million tons of cargo is transported by barge on U.S. inland waterways each year, including nearly 90 million tons of food and farm products. The 25,000 miles of navigable waterways serve 38 states and act as a key gateway in efficiently moving American agricultural products from the heartland to export markets around the world.

Inland ports are an important part of that transportation supply chain. Waterways Council, Inc., estimates that there is a \$20.37/ton cost savings to transport goods by waterway. For farmers buying bulk fertilizer or selling commodities moved by barge, inland port facilities provide the opportunity to take advantage of that reduced transportation cost closer to home. In addition to the economic savings for producers and consumers, shifting more cargo to waterways served by inland ports reduces highway congestion and roadway infrastructure requirements while also reducing emissions, since a single dry cargo barge can hold the equivalent cargo of 70 tractor trailers.

2. *As a follow-up, when it comes to federal freight policy, do you see any gaps in the promotion of intermodal infrastructure development at inland ports?*

Federal freight policy should be responsive to the individualized needs and conditions of localities. As highways become more congested, states, counties, and cities have begun looking to intermodal transportation and opportunities to utilize waterways for alternative transportation options. This diversification shows the greatest promise when a locality identifies a congested highway or a new transportation need in tandem with identifying a waterway that can be utilized to relieve that congestion or provide a needed new service to consumers. I encourage Congress to use the authorizations and appropriations process to be responsive to this type of ground-up approach to support localities in building and expanding intermodal links.

WRITTEN QUESTION SUBMITTED BY THE HON. MARSHA BLACKBURN TO THOMAS ALLEGRETTI

Question. There was much discussion during the hearing regarding the economic and national security benefits provided by the domestic maritime industry. Barge companies in my home state of Tennessee make long-term business decisions based on the current legal regime, such as purchasing large amounts of steel to replace and refit barges for the next thirty years. These decisions require certainty in U.S. maritime law, and Section 27 of the Merchant Marine Act—the Jones Act—is the foundational statute underpinning U.S. maritime law.

1. *What are some potential market disruptions that would occur in the maritime industry if Congress or the Administration were to make changes to the Jones Act?*

The requirements of the Jones Act all work in tandem to support America's domestic maritime industry. Weakening any one of those elements would seriously undermine the national, homeland, and economic security that the maritime industry provides for the country.

As you correctly note in your question, maritime businesses make long-term decisions based on the stability and certainty of the Jones Act. Without this foundational law, the maritime industry would become a race-to-the-bottom as foreign competitors that are supported by state-owned enterprises, subsidies, and lax regulations enter the domestic market. When lawmakers or members of the Administration waiver in their support of the Jones Act, vessel operators hesitate to make long-term business decisions to hire more American workers or make investments that support shipbuilding, manufacturing, and an efficient transportation system for producers and consumers throughout the country.

2. *What are the national security implications of changing this statute, or allowing waivers to the Jones Act?*

America's ability to project and deploy forces globally depends on having the civilian sealift capacity to transport military and humanitarian cargos. Military leaders consistently express strong support for the Jones Act because it ensures a domestic maritime industrial base of vessels and mariners to reliably transport equipment and supplies from U.S. ports to distant parts of the world. Domestically, the Jones Act fleet of tugboats, towboats and barges also provides vital services that support the day-to-day operation and readiness of the U.S. military, including waterborne transportation of military goods and cargos throughout the U.S., harbor assist services to safely escort military vessels in and out of port, and transporting coal and petroleum products to maintain the operation and resiliency of electrical generation on which military bases

and installations rely. Without strong support for the Jones Act, those tasks would be outsourced to foreign companies.

WRITTEN QUESTION SUBMITTED BY THE HON. RON JOHNSON TO THOMAS ALLEGRETTI

Question: As you noted in discussions with Senator Schatz regarding the Gulf War, it is critical that our nation maintains a reliable fleet of vessels and mariners with an unquestionable allegiance in order to move our military assets in times of war. Could you please provide the breakdown of which Jones Act assets were used to provide that critical transport support, and what percentage of transport was made via Jones Act vs non-Jones Act vessels?

A wide array of American civilian and military vessels supported what the Department of Defense called the largest rapid deployment of U.S. forces and supplies in history. According to Military Sealift Command, more than 95% of all the equipment, supplies, and fuel needed to support the Gulf War was transported by sea, with U.S.-flagged military and civilian vessels carrying nearly 80% of that seaborne cargo. Those U.S.-flagged civilian vessels included both cargo vessels and tankers. Additionally, several U.S.-flagged containerships delivered cargoes as part of their regularly-scheduled liner service.

The remaining 20% of seaborne cargo was carried by foreign-flagged vessels chartered by the military. To show the vulnerability we face as a nation in relying on foreign vessels to transport wartime matériel, alarmingly, crews on 13 of those foreign-flagged vessels mutinied and forced the ships away from the warzone. Our nation cannot afford this kind of uncertainty when our armed forces rely on the timely delivery of these critical cargoes.

Again, thank you again for the opportunity to provide testimony and for your interest in the American maritime industry. If you have any further questions or need additional information, please do not hesitate to contact me.

Sincerely,



Thomas A. Allegretti
President & CEO