
HOUSE CONCURRENT RESOLUTION

URGING CONGRESS TO EXEMPT THE DOMESTIC SHIPMENT OF GOODS TO AND FROM HAWAII, ALASKA, AND PUERTO RICO, FROM THE JONES ACT REQUIREMENT THAT THE TRANSPORTING SHIP BE CONSTRUCTED IN THE UNITED STATES.

1 WHEREAS, interstate ocean shipping is a vital economic link
2 connecting the United States mainland, Alaska, Hawaii, American
3 Samoa, Guam, Northern Mariana Islands, Puerto Rico, and the
4 United States Virgin Islands; and
5

6 WHEREAS, section 27 of the Merchant Marine Act of 1920, 46
7 United States Code section 55102, commonly known as the Jones
8 Act, is a federal cabotage law that requires goods shipped
9 domestically overseas be transported on vessels constructed in
10 the United States, registered to the United States, owned by
11 United States citizens, and crewed by United States citizens or
12 permanent residents; and
13

14 WHEREAS, the Jones Act restricts shipping to and from
15 Alaska, Guam, Hawaii, and Puerto Rico, but not American Samoa,
16 the Northern Mariana Islands, and the Virgin Islands due to
17 exemptions arising from international treaties; and
18

19 WHEREAS, Guam has been granted an exemption from the Jones
20 Act requirement that all commercial vessels be constructed in
21 the United States pursuant to 46 United States Code section
22 12111, known as the "Guam exemption"; and
23

24 WHEREAS, the Guam exemption is of limited benefit because
25 the natural westbound trade lane from the west coast of the
26 United States to Guam passes through Hawaii, making it difficult
27 for ocean common carriers to mount financially viable voyages
28 without carrying cargo to both Hawaii and Guam; and
29

30 WHEREAS, the high construction costs and low production
31 rate of the United States shipbuilding industry has resulted in



1 an aging and inefficient fleet serving Hawaii, Alaska, and
2 Puerto Rico, and this disproportionately and adversely affects
3 noncontiguous jurisdictions; and
4

5 WHEREAS, United States ship construction is typically four
6 to five times the cost of comparable ships built in Japan or
7 South Korea and is also of limited scale, averaging less than
8 three deep draft merchant ships annually; and
9

10 WHEREAS, the United States construction requirement of the
11 Jones Act creates an artificial scarcity of available ships,
12 erects substantial barriers to entry for domestic trade, and
13 severely restricts the contestability of the domestic ocean
14 transportation markets; and
15

16 WHEREAS, the average age of container ships employed in the
17 noncontiguous common carrier trades is thirty years, compared to
18 the international average of twelve years, and this results in
19 higher operating costs and increased accident rates; and
20

21 WHEREAS the United States construction requirement of the
22 Jones Act for large oceangoing ships in noncontiguous domestic
23 trades is not essential for the national defense of the United
24 States because the remaining seven domestic shipbuilding yards
25 capable of constructing large oceangoing ships mainly build
26 naval ships and produce so few merchant ships each year that
27 this activity does not represent sufficient shipbuilding
28 capacity to address the mobilization needs of a major wartime
29 contingency; and
30

31 WHEREAS, granting an exemption to the requirement that a
32 ship be constructed in the United States will allow aging ships
33 to be quickly and economically replaced by newer, less
34 expensive, safer, and more fuel efficient ships; and
35

36 WHEREAS, an exemption to the United States construction
37 requirement would not change the other existing Jones Act
38 requirements as they currently apply to the coastwise
39 noncontiguous domestic trade; and
40

41 WHEREAS, enactment of federal legislation exempting
42 noncontiguous domestic trade from the United States construction
43 requirement for large self-propelled ships would revitalize
44 shipping by allowing for the use of efficient foreign-built



H.C.R. NO. 46

1 ships, removing barriers to entry, encouraging competition, and
 2 making more United States merchant ships available to support
 3 military sealift operations; now, therefore,
 4

5 BE IT RESOLVED by the House of Representatives of the
 6 Twenty-eighth Legislature of the State of Hawaii, Regular
 7 Session of 2015, the Senate concurring, that the Congress of the
 8 United States is urged to enact legislation exempting the
 9 domestic shipment of goods to and from Hawaii, Alaska, and
 10 Puerto Rico, from the United States construction requirement of
 11 the Jones Act for large self-propelled oceangoing ships; and
 12

13 BE IT FURTHER RESOLVED that certified copies of this
 14 Concurrent Resolution be transmitted to the President of the
 15 United States; the Majority Leader of the United States Senate;
 16 the Speaker of the United States House of Representatives; the
 17 Chairperson of the United States Senate Committee on Commerce,
 18 Science, and Transportation; the Chairperson of the United
 19 States House of Representatives Committee on Transportation and
 20 Infrastructure; the Secretary of the United States Department of
 21 Transportation; members of Hawaii's congressional delegation;
 22 members of Alaska's congressional delegation; the Resident
 23 Commissioner of Puerto Rico; and the Delegate to the United
 24 States House of Representatives from Guam.
 25
 26
 27

OFFERED BY:

James S. King

John Ward

James H. M. Mitchell

Cindy Evans

A. J. Jopola

FEB 20 2015

