
HOUSE 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
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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
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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
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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
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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
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30 WHEREAS, the high construction costs and low production
31 rate of the United States shipbuilding industry has resulted in
32 an aging and inefficient fleet serving Hawaii, Alaska, and
33 Puerto Rico, and this disproportionately and adversely affects
34 noncontiguous jurisdictions; and



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2 WHEREAS, United States ship construction is typically four
3 to five times the cost of comparable ships built in Japan or
4 South Korea and is also of limited scale, averaging less than
5 three deep draft merchant ships annually; and
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7 WHEREAS, the United States construction requirement of the
8 Jones Act creates an artificial scarcity of available ships,
9 erects substantial barriers to entry for domestic trade, and
10 severely restricts the contestability of the domestic ocean
11 transportation markets; and
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13 WHEREAS, the average age of container ships employed in the
14 noncontiguous common carrier trades is thirty years, compared to
15 the international average of twelve years, and this results in
16 higher operating costs and increased accident rates; and
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18 WHEREAS the United States construction requirement of the
19 Jones Act for large oceangoing ships in noncontiguous domestic
20 trades is not essential for the national defense of the United
21 States because the remaining seven domestic shipbuilding yards
22 capable of constructing large oceangoing ships mainly build
23 naval ships and produce so few merchant ships each year that
24 this activity does not represent sufficient shipbuilding
25 capacity to address the mobilization needs of a major wartime
26 contingency; and
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28 WHEREAS, granting an exemption to the requirement that a
29 ship be constructed in the United States will allow aging ships
30 to be quickly and economically replaced by newer, less
31 expensive, safer, and more fuel efficient ships; and
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33 WHEREAS, an exemption to the United States construction
34 requirement would not change the other existing Jones Act
35 requirements as they currently apply to the coastwise
36 noncontiguous domestic trade; and
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38 WHEREAS, enactment of federal legislation exempting
39 noncontiguous domestic trade from the United States construction
40 requirement for large self-propelled ships would revitalize
41 shipping by allowing for the use of efficient foreign-built
42 ships, removing barriers to entry, encouraging competition, and
43 making more United States merchant ships available to support
44 military sealift operations; now, therefore,



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 2 BE IT RESOLVED by the House of Representatives of the
 3 Twenty-eighth Legislature of the State of Hawaii, Regular
 4 Session of 2015, that the Congress of the United States is urged
 5 to enact legislation exempting the domestic shipment of goods to
 6 and from Hawaii, Alaska, and Puerto Rico, from the United States
 7 construction requirement of the Jones Act for large self-
 8 propelled oceangoing ships; and
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10 BE IT FURTHER RESOLVED that certified copies of this
 11 Resolution be transmitted to the President of the United States;
 12 the Majority Leader of the United States Senate; the Speaker of
 13 the United States House of Representatives; the Chairperson of
 14 the United States Senate Committee on Commerce, Science, and
 15 Transportation; the Chairperson of the United States House of
 16 Representatives Committee on Transportation and Infrastructure;
 17 the Secretary of the United States Department of Transportation;
 18 members of Hawaii's congressional delegation; members of
 19 Alaska's congressional delegation; the Resident Commissioner of
 20 Puerto Rico; and the Delegate to the United States House of
 21 Representatives from Guam.
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