

**STATE OF THE U.S. MARITIME INDUSTRY:
IMPACTS OF THE COVID-19 PANDEMIC**

(117-2)

REMOTE HEARING
BEFORE THE
SUBCOMMITTEE ON
COAST GUARD AND MARITIME TRANSPORTATION
OF THE
COMMITTEE ON
TRANSPORTATION AND
INFRASTRUCTURE
HOUSE OF REPRESENTATIVES
ONE HUNDRED SEVENTEENTH CONGRESS

FIRST SESSION

FEBRUARY 9, 2021

Printed for the use of the
Committee on Transportation and Infrastructure



Available online at: [https://www.govinfo.gov/committee/house-transportation?path=/
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44-493 PDF

WASHINGTON : 2021

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Committee on Transportation and Infrastructure
U.S. House of Representatives
Washington, DC 20515

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FEBRUARY 4, 2021

SUMMARY OF SUBJECT MATTER

TO: Members, Subcommittee on Coast Guard and Maritime Transportation
FROM: Staff, Subcommittee on Coast Guard and Maritime Transportation
RE: Hearing on “State of the U.S. Maritime Industry: Impacts of the COVID-19 Pandemic”

PURPOSE

The Subcommittee on Coast Guard and Maritime Transportation will hold a hearing on Tuesday, February 9, 2021, at 11:00 a.m. EST to examine the current state of the U.S. maritime industry amid the ongoing COVID-19 pandemic. The hearing will take place in 2167 Rayburn House Office Building and virtually via Cisco WebEx. The Subcommittee will hear testimony from the American Association of Port Authorities, American Maritime Partnership, American Waterways Operators, the National Association of Waterfront Employers, Shipbuilders Council of America, and USA Maritime.

BACKGROUND

U.S. MARITIME INDUSTRY

U.S. Merchant Marine and Fleet

The U.S. Merchant Marine, the Nation’s port system, and supporting industries (collectively referred to as the U.S. maritime industry), integrate our economy with a vast global maritime supply chain system that moves more than 90 percent of the world’s trade by tonnage, including energy, consumer goods, agricultural products, and raw materials.¹ These industries, vessels, infrastructure, and personnel also play critical roles in national security, supporting our Nation’s ability to provide sea-lift for the Department of Defense (DoD) during times of war and national emergency.

The U.S. Merchant Marine is the fleet of U.S. documented (flagged) commercial vessels and civilian mariners that carry goods to and from, as well as within, the United States. These vessels are operated by U.S. licensed deck and engineering officers and unlicensed seafarers. During times of peace and war, the U.S. Merchant Marine acts as a naval auxiliary to deliver troops and war material to military operations abroad. Throughout our Nation’s history, the Navy has relied on U.S. flagged commercial vessels to carry weapons and supplies and ferry troops to the battlefield. During Operations Enduring Freedom and Iraqi Freedom, U.S. flagged commercial

¹Maritime Administrator Mark H. Buzby Testimony before the House Committee on Transportation and Infrastructure Subcommittee on Coast Guard and Maritime Transportation (March 6, 2019).

vessels transported 90 percent of sustainment cargoes moved to Afghanistan and Iraq.²

The merchant marine was formally recognized in statute with the passage of the Merchant Marine Act of 1920, portions of which are now codified in Subtitle V of title 46, United States Code. Section 50101(a) of title 46, United States Code, states that “[i]t is necessary for the national defense and the development of the domestic and foreign commerce of the United States that the United States have a merchant marine . . .” Sections 50101(b) and 51101 of title 46, United States Code, establish that “[i]t is the policy of the United States to encourage and aid the development and maintenance of the merchant marine . . .” and that “merchant marine vessels of the United States should be operated by highly trained and efficient citizens of the United States . . .”

Currently, there are approximately 41,000 non-fishing related commercial vessels flagged and operating in the United States.³ The vast majority of these vessels are engaged in domestic waterborne commerce, generally referred to as the “Jones Act trade,”⁴ moving over 115 million passengers and nearly \$300 billion worth of goods between ports in the United States on an annual basis.⁵ Each year the domestic coastwise fleet carries nearly 900 million tons of cargo through the inland waterways, across the Great Lakes, and along the Atlantic, Pacific, and Gulf of Mexico coasts.⁶

The U.S. Government-owned National Defense Reserve Fleet (NDRF) consists of 100 government-owned vessels waiting in reserve to provide additional domestic or international logistic support with 46 vessels in the Maritime Administration’s (MARAD) Ready Reserve Force (RRF), a subset of NDRF.⁷ The RRF vessels provide the initial surge of military capability while the commercial fleet is responsible for the ongoing sustainment.

Of the 41,000 U.S. flagged vessels, approximately 85 are operating in international commerce moving goods between U.S. and foreign ports.⁸ These vessels serve as a training and employment base for the civilian mariners who serve aboard the Government-owned fleet when they are called to deploy. The percentage of international commercial cargoes carried on U.S. flagged vessels has fallen from 25 percent in 1955 to approximately 1.5 percent today.⁹ Over the last 36 years, the number of U.S. flagged vessels sailing in the international trade dropped from 850 to 85 vessels.¹⁰ This decline corresponds with a decrease in U.S. mariners resulting in an estimated shortfall of approximately 1,929 qualified mariners needed to crew the Government-owned fleet.¹¹ Since the DoD relies on civilian mariners to crew the Government-owned fleet, maintaining a pool of highly trained mariners through the Maritime Security Program (MSP) is imperative.

Within the international U.S. flag fleet, up to 60 vessels are enrolled in the MSP.¹² Under this program, militarily useful oceangoing commercial vessels each receive an annual operating stipend of \$5 million, which will increase to \$5.3 million in fiscal year (FY) 2022, to provide military sealift for the United States Transportation Command within the DoD.¹³

² *Id.*

³ The Waterways Journal *How big is the Jones Act Fleet?* (January 18, 2019) available at <https://www.waterwaysjournal.net/2019/01/18/how-big-jones-act-fleet/>.

⁴ *Merchant Marine Act of 1920*, portions of which are now codified in Subtitle V of title 46, United States Code.

⁵ *National Strategy for the Marine Transportation System: Channeling the Maritime Advantage 2017–2022* (Oct. 2017), available at https://www.cmts.gov/downloads/National_Strategy_for_the_MTS_October_2017.pdf; *Economic Contribution of the US Tugboat, Towboat, and Barge Industry* (June 22, 2017), available at <https://www.maritime.dot.gov/ports/economic-contribution-us-tugboat-towboat-and-barge-industry-study>.

⁶ The U.S. Waterway System Transportation Facts & Information, available at <https://usace.contentdm.oclc.org/digital/collection/p16021coll2/id/1429/>.

⁷ U.S. Department of Transportation, Maritime Administration, (accessed Feb. 2, 2021) available at <https://www.maritime.dot.gov/national-security/strategic-sealift/strategic-sealift>.

⁸ U.S. Department of Transportation, Maritime Administration. (January 2021).

⁹ *Id.*

¹⁰ *Id.*

¹¹ Maritime Admin. Mark H. Buzby Testimony before the House Committee on Armed Services (March 8, 2018).

¹² U.S. Department of Transportation, Maritime Administration, available at <https://maritime.dot.gov/national-security/strategic-sealift/maritime-security-program-msp>.

¹³ National Defense Authorization Act for FY 2020 (P.L. 116–92).

U.S. Ports and Marine Terminals

Public ports in the United States play an indispensable role in local and regional economies throughout the nation.¹⁴ Ports generate business development and provide employment to more than 13 million Americans, which includes those that work at the ports themselves and those employed in global trade and import/export support services.¹⁵ According to the American Society of Civil Engineers (ASCE), there are 926 ports in the United States, each essential to the Nation's competitiveness by serving as gateways through which 99 percent of U.S. overseas trade by volume passes.¹⁶ Ports are responsible for \$4.6 trillion in economic activity—roughly 26 percent of the U.S. economy.¹⁷ The American Association of Port Authorities (AAPA) reports that, seaport activities alone accounted for \$378.1 billion in federal, state, and local tax revenues in 2018.¹⁸

America's port authorities play a key role in the business of waterborne commerce. Their authority may also incorporate other global trade hubs such as airports, industrial parks, inland ports, and Foreign Trade Zones. Many of these accommodate ocean-going cargo, as well as barges, ferries, and recreational watercraft. More than 150 deep draft seaports are located along the Atlantic and Pacific Oceans as well as the Great Lakes, the Gulf of Mexico, Alaska, Hawaii, Puerto Rico, Guam, and the U.S. Virgin Islands.¹⁹ Many of the country's most prominent ports work closely with private industry in the development and financing of maritime-related facilities. Within the Nation's ports are more than 3,500 publicly or privately held marine terminal operators (MTOs).²⁰ MTOs provide wharfage, dock, warehouse, or other marine terminal facilities to ocean common carriers moving cargo in the ocean-borne, foreign commerce of the United States.²¹

Port Infrastructure Development Program

The ability of U.S. ports to increase capacity and move freight efficiently—both domestically and globally—is critical to U.S. competitiveness. Freight volumes are projected to increase by 31 percent and U.S. foreign trade is projected to double between 2015 and 2045.²² Without major improvements to multimodal transportation infrastructure and technologies, congestion resulting from greater volumes of freight could lead to growing delays and failures in the supply chain.

As required by Section 50302 of 46 United States Code, MARAD established a Port Infrastructure Development Program to better support the development of port facilities. The FY 2021 Consolidated Appropriations Act, P.L. 116–260, provided \$230 million for the Port Infrastructure Development Program, with \$205 million reserved for grants to coastal seaports and Great Lakes ports; a \$5 million increase from FY 2020. Grants are provided for infrastructure improvement projects that are directly related to port operations, or intermodal connections to ports that improve the safety, efficiency, or reliability of the movement of goods into, out of, or around coastal seaports.

U.S. Shipbuilding Industry

The U.S. shipbuilding and ship repair industry is a major component of the Nation's maritime supply chain; essential for sustaining one of the world's largest navies, a Coast Guard that protects thousands of miles of U.S. coastline, and the domestic commercial fleet. Construction and repair shipyards also provide a critical backstop to American seapower, ensuring that the United States retains the capability to expand or recapitalize its Navy or Coast Guard without relying on other nations.

¹⁴ Global Trade Magazine, *2020 U.S. Ports Summary* (last accessed May 26, 2020) available at <https://www.globaltrademag.com/us-ports/>.

¹⁵ *Id.*

¹⁶ ASCE, *2019 Infrastructure Report Card, Ports* (Jan. 2017) available at <https://www.infrastructurereportcard.org/wp-content/uploads/2017/01/Ports-Final.pdf>.

¹⁷ *Id.*

¹⁸ AAPA, *The Economic Impact of U.S. Seaports* (2019) available at http://aapa.files.cms-plus.com/2019_PortsFundingMap.pdf.

¹⁹ Global Trade Magazine, <https://www.globaltrademag.com/us-ports/>

²⁰ MARAD, *Maritime Transportation System Summary* (2021) available at <https://www.maritime.dot.gov/outreach/maritime-transportation-system-mts/maritime-transportation-system-mts>.

²¹ Fed. Maritime Com. *Marine Terminal Operators* (2021) available at <https://www.fmc.gov/resources-services/marine-terminal-operators/>.

²² DOT Bureau of Transp. Statistics, *Freight Facts and Figures 2017*, Table 2–1.

Today, the U.S. shipbuilding industry includes approximately 125 active shipyards across the country.²³ In addition, there are more than 200 shipyards engaged in ship repairs or capable of building ships, but not actively engaged in shipbuilding.²⁴ According to the U.S. Maritime Administration, the U.S. shipyard industry supports more than 100,000 direct shipyard jobs across the United States, produces \$7.9 billion in direct labor income and contributes \$9.8 billion in direct GDP to the national economy.²⁵

Other than ships required to be U.S.-built for the domestic cabotage trade, popularly known as Jones Act²⁶ trade, U.S. commercial shipbuilding faces steep challenges from shipbuilders in China, South Korea, and Japan. These heavily subsidized foreign competitors accounted for over 90 percent of the global shipping tonnage delivered in 2018.²⁷

COVID-19 BACKGROUND AND IMPACTS

The COVID-19 pandemic has upended the world economies and substantially impacted societies across the globe. According to the Centers for Disease Control and Prevention (CDC), the coronavirus (COVID-19) is a virus strain that can cause mild to fatal respiratory illness to those persons it infects.²⁸ First identified at the end of 2019 in Wuhan, China, the virus is spread from person to person, usually via respiratory droplets or through physical contact with surfaces with the virus on it. As of late January 2021, COVID-19 had spread worldwide with almost 99 million confirmed cases and more than 2 million deaths.²⁹ In the United States, data released by the Johns Hopkins Coronavirus Research Center on February 4, 2021, totaled 26,561,428 reported cases and 450,887 deaths attributed to COVID-19.³⁰

According to CDC data and statistics, COVID-19 is the worst pandemic in over 100 years since the 1918 influenza (H1N1) pandemic broke out and took over 50 million lives across the globe.³¹ In the initial months of the pandemic, many cities, states, and entire countries remained on lockdown or operated under stay-at-home orders. In the more recent months, countries started to gradually re-open commerce and modify operations and activities, although many countries have had to enforce additional lockdown orders or travel restrictions as COVID-19 cases surged.³²

Global Supply Chain Challenges

According to the Organization for Economic Cooperation and Development (OECD), the global maritime industry has been severely impacted by COVID-19, leaving virtually no market segment spared.³³ As countries entered lockdown, ocean carriers across key trades, especially the trans-Pacific trades, enacted capacity cuts, either by increasing the number of blank sailings or by laying up vessels.³⁴ U.S. ports experienced a 7.3 percent drop in container volumes in the first five months of 2020 caused by general shutdowns across many key markets in nations affected by the COVID-19 pandemic.³⁵ But as consumer trends shifted from in-person consumption and entertainment to at home and online retail purchases, the global sup-

²³ Center for Strategic and Budgetary Assessments, *Strengthening the U.S. Defense Maritime Industrial Base, A Plan to Improve Maritime Industry's Contribution to National Security* (2020).

²⁴ *Id.*

²⁵ MARAD, available at <https://www.maritime.dot.gov/sites/marad.dot.gov/files/docs/resources/3641/maradeconstudyfinalreport2015.pdf>.

²⁶ *Merchant Marine Act of 1920*, portions of which are now codified in Subtitle V of title 46, United States Code.

²⁷ United Nations Conference on Trade and Development, available at <https://unctadstat.unctad.org/wds/TableViewer/tableView.aspx?ReportId=89493>; Wall Street Journal, Costas Paris, *Asia State Players Wield Subsidies to Dominate Shipping* (Dec. 2, 2018).

²⁸ Centers for Disease Control and Prevention. (last accessed February 3, 2021) available at <https://www.cdc.gov/coronavirus/2019-ncov/symptoms-testing/symptoms.html>.

²⁹ World Health Org., *Coronavirus Disease Dashboard* (last accessed January 25, 2021) available at <https://covid19.who.int/>.

³⁰ Johns Hopkins Univ., *COVID-19 Dashboard* (last accessed February 4, 2021) available at <https://coronavirus.jhu.edu/map.html>.

³¹ Fauci, A. IDWeek's 24 hours of COVID-19 "Chasing the Sun" 2020 virtual meeting. (Oct. 21, 2020) available at <https://www.eventscribe.net/2020/IDWeek/SearchByBucket.asp?pf=ChasingTheSun&f=CustomPresField66&bm=Chasing%20the%20Sun>.

³² U.S. Chamber of Commerce, *Global Dashboard on COVID-19 Government Policies*, (last accessed February 3, 2021) available at <https://www.uschamber.com/international-affairs-division/covid-dashboard>.

³³ OECD, *COVID-19 and International Trade: Issues and Actions* (2020).

³⁴ DHL, *Global Freight Forwarding, Ocean Freight Market Update* (May 2020) available at www.dhl.com/content/dam/dhl/global/dhl-global-forwarding/documents/pdf/glo-dgf-ocean-market-update.pdf.

³⁵ Shipping Water, *Container volumes almost fully recovered despite large drop in the spring of 2020* (January 8, 2021).

ply chain failed to keep up; upending long-standing trade patterns and causing bottlenecks at ports.³⁶ Containers are in high demand and short supply and U.S. ports are struggling to keep up with volume which is further complicated by a shortage of dock workers due to COVID-19 outbreaks across the United States. The cost of shipping a container of goods has risen by 80 percent since early November and has nearly tripled over the past year due to a ripple effect as cargo volume soars, containers pile up at U.S. ports, and ships sit anchored offshore, waiting to unload their cargo.³⁷ More than one-third of the containers transiting the world's 20 largest ports last month failed to ship when scheduled.³⁸ All the while American producers in the Midwest are having difficulties finding available containers to export their goods as carriers push to return containers to China as quickly as possible.³⁹ Industry fears the troubles effecting the global supply chain are just starting as they see record high pricing, and are bracing for increased delays and disruptions despite capacity increases of more than 30 percent in some routes such as the trans-Pacific.⁴⁰

In March 2020, the Federal Maritime Commission initiated Fact Finding No. 29, International Ocean Transportation Supply Chain Engagement, in order to identify operational solutions to cargo delivery system challenges related to COVID-19. This fact finding was expanded in November 2020 to investigate potential violations of Section 41102(c) of Title 46 United States Code, Practices in Handling Property, by improper regulations and practices.⁴¹

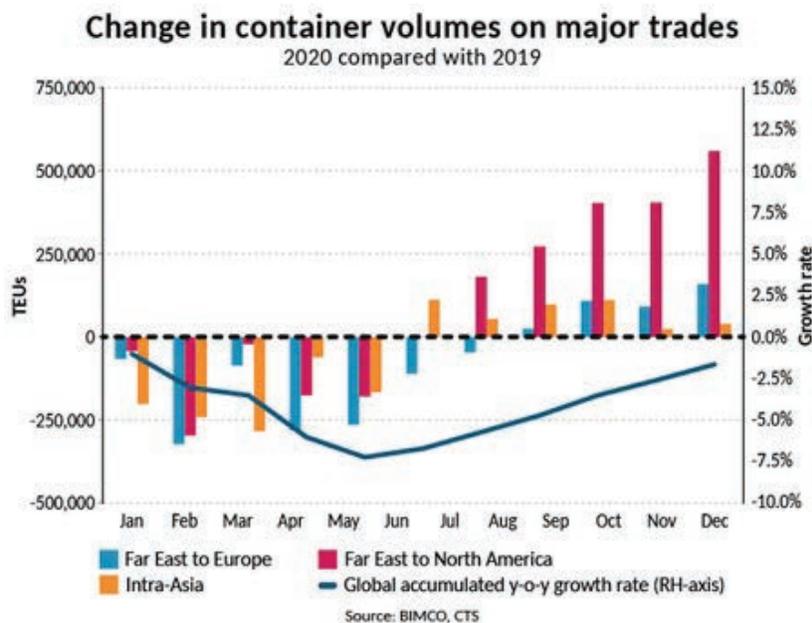


Figure 1—Shippingwatch, Change in container volumes on major trades (January 8, 2021) available at <https://shippingwatch.com/carriers/Container/article12674801.ece>

³⁶The Washington Post, *Pandemic aftershocks overwhelm global supply lines* (January 24, 2021) available at <https://www.washingtonpost.com/business/2021/01/24/pandemic-shipping-economy/>.

³⁷Freightos Baltic Index (January 25, 2021) available at <https://fbx.freightos.com/>.

³⁸The Washington Post, *Pandemic aftershocks overwhelm global supply lines* (January 24, 2021) available at <https://www.washingtonpost.com/business/2021/01/24/pandemic-shipping-economy/>.

³⁹*Id.*

⁴⁰*Id.*

⁴¹Federal Maritime Commission, (November 1, 2020) available at [https://www2.fmc.gov/readingroom/docs/FFno29/FF29_41102\(c\)_%20Supplemental_Order.pdf](https://www2.fmc.gov/readingroom/docs/FFno29/FF29_41102(c)_%20Supplemental_Order.pdf).

Workforce Challenges

Global shipping depends on nearly two million seafarers worldwide, who make it possible for the world to receive the goods and products needed for everyday life.⁴² This is not including the seafarers or longshoremen involved in other trades, such as transportation of passengers, fishing, or response, who are also vitally important to the maritime industry. To much of the industry, maintaining operations during the pandemic requires their frontline employees to potentially be exposed to COVID-19 as they continue working while other segments of the industry stopped operations and furloughed employees as business faltered. Mariners working onboard vessels engaged in the international trade face lockdowns, mandatory quarantines, and travel and port restrictions imposed by governments around the world. These circumstances have created significant issues restricting crew changes and repatriation of seafarers, raising humanitarian concerns regarding the mental and physical safety of mariners stuck onboard vessels. The abandonment of seafarers internationally is among the many concerns that have arisen during the pandemic.⁴³

Operators are also faced with social distancing requirements and increased cost of acquiring Personal Protective Equipment (PPE) for crew as public health measures became stricter in an attempt to prevent and manage outbreaks of COVID-19 on board vessels. Stricter public health measures also affect ports and shipyards as employers and employees work to prevent potential COVID-19 outbreaks.

U.S. Industry Requests for Assistance

The ability to obtain PPE is dependent upon a well-functioning global supply chain of critical medical supplies. Ports, MTOs, and stevedores are continuing to find creative ways to keep workers safe in order to keep the supply chain functioning well. Those U.S. ports, MTOs, and stevedores, like many other hard hit parts of the U.S. economy, are also seeking federal help to shoulder additional costs tied to COVID-19 and to weather losses in maritime transportation, including from the cruise industry which is completely shut down in the U.S. through March of 2021.

To date, little federal assistance has gone to the U.S. maritime industry. Under the Coronavirus Economic Relief for Transportation Services Act, included in the FY 2021 Consolidated Appropriations Act, P.L. 116-260, passenger vessels carrying less than 2,400 passengers, ferries, and other passenger transportation groups such as buses companies, were provided access to \$2 billion in funding. The passenger vessel industry has been severely impacted by the COVID-19 pandemic. The Passenger Vessel Association, which represents much of the U.S. flagged passenger vessel industry, estimates lost revenue for the U.S. industry in 2020 at \$5 to \$10 billion with about 80 percent of the workforce either furloughed or laid off, and business for many has dropped 80 to 90 percent.⁴⁴

In the 116th Congress, the Maritime Transportation System Emergency Relief Program was included in the William A. Thornberry National Defense Authorization Act of 2020, P.L. 116-283. This legislation provides comprehensive maritime emergency relief authority to enable the Maritime Administration to provide financial assistance to stabilize and ensure the reliable functioning of the U.S. Maritime Transportation System in the event of a national emergency or disaster, including, the current COVID-19 public health emergency. This relief authority has not yet been funded and no other sector of maritime industry has received designated COVID-19 federal assistance other than the passenger vessel industry stated above. AAPA as well as 36 other industry groups such as the National Association of Waterfront Employers have asked Congress to consider funding the Maritime Transportation System Emergency Relief Program, which would help allow them to keep workers and customers safe and ensure supply chains continue moving.

⁴² Doumbia-Henry, C. *Shipping and COVID-19: protecting seafarers as frontline workers*. (September 24, 2020). <https://link.springer.com/article/10.1007/s13437-020-00217-9>.

⁴³ *Id.*

⁴⁴ Workboat, *Covid-19 has bludgeoned the U.S. passenger vessel industry* (December 1, 2020) <https://www.workboat.com/passenger-vessels/covid-19-has-bludgeoned-the-u-s-passenger-vessel-industry>.

WITNESS LIST

- Ms. Lauren Brand, President, National Association of Waterfront Employers
- Mr. Ben Bordelon, Chairman, Shipbuilders Council of America
- Mr. Mario Cordero, Chairman, The American Association of Port Authorities
- Mr. Jim Patti, Chairman, USA Maritime
- Mr. Michael Roberts, President, American Maritime Partnership
- Mr. Del Wilkins, President, Illinois Marine Towing, Inc., on behalf of American Waterways Operators

STATE OF THE U.S. MARITIME INDUSTRY: IMPACTS OF THE COVID-19 PANDEMIC

TUESDAY, FEBRUARY 9, 2021

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON COAST GUARD AND MARITIME
TRANSPORTATION,
COMMITTEE ON TRANSPORTATION AND INFRASTRUCTURE,
Washington, DC.

The subcommittee met, pursuant to call, at 11:03 a.m., in room 2167 Rayburn House Office Building and via Cisco Webex, Hon. Salud O. Carbajal (Chair of the subcommittee) presiding.

Present in person: Mr. Carbajal, Mr. DeFazio, Mr. Larsen, and Ms. Malliotakis.

Present remotely: Mr. Auchincloss, Mr. Lowenthal, Mr. Brown, Mr. Pappas, Mr. Gibbs, Mr. Weber, Mr. Gallagher, Mr. Van Drew, Mr. Rodney Davis, Mr. Graves of Louisiana, and Mr. Mast.

Mr. CARBAJAL. The subcommittee will come to order. I ask unanimous consent that the chair be authorized to declare a recess at any time during today's hearing. Without objection, so ordered.

I also ask unanimous consent that Members not on the subcommittee be permitted to sit with the subcommittee at today's hearing and ask questions. Without objection, so ordered.

For Members participating remotely, I want to remind you of key regulations from the House Committee on Rules. Members must be visible on video to be considered in attendance and to participate, unless experiencing connectivity issues. Members must also continue to use the video function for the remainder of the time they are attending this meeting, and hearing, unless experiencing connectivity issues or other technical problems.

If a Member is experiencing any connectivity issues or other technical problems, please inform committee staff as soon as possible so you can receive assistance. A chat function is available for Members on the Cisco Webex platform for this purpose. Members can also call the committee's main phone line at (202) 225-4472 for technical assistance by phone.

Members may not participate in more than one committee proceeding simultaneously. However, for security reasons, Members may maintain a connection to the software platform while not in attendance. It is the responsibility of each Member seeking recognition to unmute their microphone prior to speaking, and to keep their microphone muted when not speaking, to avoid inadvertent background noise.

As the chair of today's meeting and hearing, I will make a good-faith effort to provide every Member experiencing connectivity issues an opportunity to participate fully in the proceedings.

And finally, to insert a document into the record, please have your staff email it to DocumentsT&I@mail.house.gov.

With that, I will proceed to my opening statement.

Good morning and welcome to the first Coast Guard and Maritime Transportation Subcommittee hearing in the 117th Congress. Today, we will examine the state of the United States maritime industry amid the ongoing COVID-19 pandemic. It is an honor to chair this vital subcommittee, and I look forward to working alongside my colleagues on both sides of the aisle to support our maritime community and the United States Coast Guard.

The maritime transportation system is vast and complex. It touches virtually every aspect of American life, from movement of passengers, the clothes we wear, to the cars we drive and the fuel in those vehicles. When it is working well, it is easy to forget the importance of our maritime system, as well as the Coast Guard. And, as chair, I will strive to uplift this important sector.

The Subcommittee on Coast Guard and Maritime Transportation has a long history of bipartisan cooperation, and I look forward to working with Ranking Member Gibbs to conduct oversight and pass important legislation to support our maritime industry and the Coast Guard.

I am sorry we cannot physically meet in person today for this important first subcommittee hearing. I am sure, though, that we will rise to the challenge to conduct the important business, nonetheless.

I also want to thank the former subcommittee chair, Sean Patrick Maloney, for the great work he did last Congress. He worked tirelessly to improve our Coast Guard and to strengthen the U.S. maritime industry, and we will work to build upon those efforts. He leaves big shoes to fill.

The United States maritime industry includes four major components: the internationally trading U.S.-flag fleet, the domestic—or Jones Act—trades, also shipbuilders, and U.S. ports. Commercial shipping carries more than 95 percent by volume of U.S. overseas trade, and yet, the presence of U.S.-flag fleet operating in international trade is diminishing.

In the past 35 years, we have seen the U.S.-flag fleet drop from over 850 vessels to merely 85. Let me say that again: from over 850 vessels to merely 85.

The United States merchant marine, which provides a living wage to its American mariners, pays taxes in America, and complies with American regulations, simply cannot compete with foreign fleets that pay little to no taxes, comply with the bare minimum regulations, and pay substandard wages.

The Merchant Marine Act of 1920, or Jones Act, safeguards our country and economy and provides guaranteed work to American merchant mariners, ensuring Government and civilian goods, people and equipment are carried by U.S.-flagged ships and U.S. citizens.

The domestic Jones Act trade includes more than 41,000 vessels, not including fishing vessels. In my district, which encompasses

Santa Barbara and San Luis Obispo Counties, and a portion of Ventura County, maritime and seafaring is an essential way of life, with the Ports of Los Angeles and Long Beach just to the south, and the Pacific Ocean to the west. Our community is rich in maritime history, or heritage.

My district is home to a vibrant passenger vessel industry, but in the wake of this pandemic, much of the industry has had to shut down its business and furlough employees. Many passenger vessels operating in the Jones Act trade have lost the entirety of their 2020 operating season.

Of the companies operating, most have experienced reductions in revenue by as much as 90 percent and have laid off or furloughed as much as 80 percent of their employees. And while passenger vessels and ferries are one of the few sectors of the maritime industry to receive Federal assistance, they were left to compete for this assistance with other modes of passenger transportation.

The remainder of the maritime industry has been left to fend for itself. Operators have had to shoulder the burden of increased costs of new safety measures, acquiring protective gear, and complying with public health measures, while other industries have received Federal assistance. Requests for assistance have gone unanswered, while demand on our ports and cargo-carrying U.S. fleet only increases as American commerce increases.

I applaud President Biden for affirming support for the Jones Act. The industry needs strong Federal support in order to weather this storm.

One way to provide immediate assistance is by funding the Maritime Transportation System Emergency Relief Program that was passed into law last Congress, under the leadership of Chairman DeFazio. For the first time, it created a program within the Maritime Administration to provide financial assistance to the maritime industry in times of national emergency. We need to utilize this program and provide funding to protect American maritime jobs and assist operators struggling to stay afloat.

As we gather here today to hear from our witnesses on the current state of the U.S. maritime industry, I want to take a moment to stop and say thank you to our maritime workforce. These crucial frontline workers show up, day in and day out, to ensure our shelves are stocked and that Americans get their essentials, while also facing their share of danger and loss from COVID-19. Without your dedication, we would not be able to weather this storm, so thank you.

My hope is that this hearing will help inform the committee of the ongoing difficulties facing the maritime industry and identify areas of support that will allow the industry to emerge stronger than when the pandemic began. We must ensure the Marine Transportation System continues to operate seamlessly, and we must protect these essential frontline workers. I look forward to hearing from our witnesses.

[Mr. Carbajal's prepared statement follows:]

Prepared Statement of Hon. Salud O. Carbajal, a Representative in Congress from the State of California, and Chair, Subcommittee on Coast Guard and Maritime Transportation

Good morning, and welcome to the first Coast Guard and Maritime Transportation Subcommittee hearing in the 117th Congress. Today we will examine the state of the United States maritime industry amid the ongoing COVID-19 pandemic.

It is an honor to chair this vital subcommittee, and I look forward to working alongside my colleagues on both sides of the aisle to support our maritime community and United States Coast Guard. The maritime transportation system is vast and complex. It touches virtually every aspect of American life—from the movement of passengers, the clothes we wear, to the cars we drive and the fuel in those cars. When it is working well, it is easy to forget the importance of our maritime system, as well as the Coast Guard, and as Chair I will strive to uplift this important sector.

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The U.S. maritime industry includes four major components: the internationally trading U.S. flagged fleet, the domestic (or Jones Act) trades, shipbuilders, and U.S. ports. Commercial shipping carries more than 95 percent by volume of U.S. overseas trade. And yet, the presence of the U.S. flag fleet operating in international trade is diminishing. In the past 35 years we've seen the U.S. flag fleet drop from over 850 vessels to merely 85. The U.S. merchant marine, which provides a living wage to its American mariners, pays taxes in America, and complies with American regulations simply cannot compete with foreign fleets that pay little to no taxes, comply with the bare minimum regulations, and pay substandard wages.

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My hope is that this hearing will help inform the Committee of the ongoing difficulties facing the maritime industry and identify areas of support that will allow the industry to emerge stronger than when the pandemic began. We must ensure the marine transportation system continues to operate seamlessly and we must protect these essential, frontline workers. I look forward to hearing from our witnesses.

Mr. CARBAJAL. I now call on the ranking member of the subcommittee, Mr. Gibbs, for an opening statement.

Mr. GIBBS. Thank you, Chair Carbajal, and congratulations on your first hearing as the chair of the Subcommittee on Coast Guard and Maritime Transportation. I look forward to working with you in this 117th Congress.

I would also like to welcome to the subcommittee two new subcommittee members on our side of the aisle: Jeff Van Drew, who represents the U.S. Coast Guard Training Center Cape May, through which all enlisted members of the Coast Guard enter the Service, and the district formerly held by the long-serving chairman of this subcommittee, Frank LoBiondo; and Nicole Malliotakis, who represents the U.S. Coast Guard Sector New York and Station New York, which are both located on Staten Island. I also thank the witnesses for attending from wherever they are located today.

I would like to know more about the reports that the U.S. agriculture exporters are having trouble finding sufficient containers to meet the needs of U.S. exporters. I am interested in hearing from witnesses whether the pressure to swiftly return empty boxes to China has impacted that availability of containers for U.S. ag exports. I am particularly interested to learn if the ag exports have been delayed, or have if there has been a switch back to the use of bulk shipping of ag commodities.

At the very end of the last Congress, the Maritime Transportation System Emergency Relief Program was authorized as part of the National Defense Authorization Act for fiscal year 2021. I supported the adoption of that program as part of the T&I Committee amendment, which also included assistance for port development and mariner education and training. No funds have been provided for this program.

Thirty-eight maritime organizations, including two represented here today, have sent a letter to Congress seeking emergency relief under the new program. The letter emphasizes an overall annual decrease in maritime commerce in 2020. However, the letter does not address the unprecedented surge in traffic at U.S. ports which has occurred since August and is expected to last through this spring.

I am interested in hearing from the witnesses what the industry's emergency relief needs are in light of the ongoing historic increase in container traffic at U.S. ports. And we are especially seeing bottlenecks at our L.A. and Long Beach Ports, and I know that today, the Wall Street Journal even had an article about that.

Finally, I understand that the myriad of new, conflicting, and ad hoc travel restrictions around the world has led to delays in

planned crew changes. This has left many mariners trapped on their ships, unable to disembark or travel through the countries from which they were scheduled to depart for home. I have read that as many as 300,000 mariners have been caught on ships well past the point of which they were due to rotate off. I am interested in whether any U.S. mariners have faced these difficulties, and, if so, what actions have been taken to allow reasonable crew changes to proceed.

Again, I look forward to learning of the impacts of the COVID-19 pandemic on the U.S. maritime transportation system, ranging from U.S. shipbuilders and operators to our ports and marine terminal operators.

[Mr. Gibbs' prepared statement follows:]

Prepared Statement of Hon. Bob Gibbs, a Representative in Congress from the State of Ohio, and Ranking Member, Subcommittee on Coast Guard and Maritime Transportation

Thank you, Chair Carbajal, and congratulations on your first hearing as the Chair of the Subcommittee on Coast Guard and Maritime Transportation. I look forward to working with you in the 117th Congress.

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Again, I look forward to learning of the impacts of the COVID-19 pandemic on the U.S. Maritime Transportation System, ranging from U.S. shipbuilders and operators to our ports and marine terminal operators.

Mr. GIBBS. Thank you, Chairman, and I yield back. And thank you to all the workers out there that are doing their best, as you said, fighting, trying to do all this under these challenging times of COVID-19. I yield back.

Mr. CARBAJAL. Thank you, Mr. Gibbs.

I now would like to recognize our chairman of the T&I Committee, Mr. DeFazio.

Mr. DEFazio. Thanks, Chairman Carbajal, and congratulations on your new position. I know you represent a good section of coast there in California and I know you have a deep interest in maritime issues.

We are about to do another COVID relief package. We have done several. Unfortunately, the maritime industry has not been included in any of these. As the chairman said, I did write, and we did pass the Maritime Transportation System Emergency Relief Act last Congress. It was in the National Defense Authorization Act, and became law January 1st.

We are giving the Maritime Administration specific emergency authority to distribute financial relief and assistance to any dramatically impacted links in the supply chain during times of emergency, whether it is a pandemic or something else. And we are here today, hopefully, to begin to make the case to our fellow colleagues on the Appropriations Committee that this is something that should be funded this next year.

Beyond that, the chairman touched on the issue of the Jones Act, and the fact that the U.S. fleet has shrunk to a minuscule size in international trade. We cannot, and should not, have to compete with foreign-flag vessels that are flagged in countries that really don't exist, like Liberia. It used to be the Coast Guard, a couple of retired Coasties were running Liberia out of an office in Virginia. I don't know if they still are. And as I have said to those particularly in the cruise industry, if you need help, call the Liberian Navy. Oh, they don't have one.

We simply have to rebuild our domestic fleet, and the Jones Act is absolutely key to that. This President has already mentioned his strong support for the Jones Act, unlike the last one, who didn't even know what it was, and his feckless so-called economic adviser, Larry Kudlow, who wanted to grant waivers or do away with the Jones Act.

So, I think we are beginning a building phase for America here, or rebuilding phase. We used to be a great maritime nation. We can be one again. But we can't compete with virtual slave labor, poorly maintained ships, et cetera. So it is time to strike out, level the playing field, and rebuild. As our President says, build back better, and we are going to build back better.

[Mr. DeFazio's prepared statement follows:]

Prepared Statement of Hon. Peter A. DeFazio, a Representative in Congress from the State of Oregon, and Chair, Committee on Transportation and Infrastructure

Thank you, Chairman Carbajal and Ranking Member Gibbs for convening this hearing. After hearing excellent testimony from witnesses who represent workers across all modes of transportation last week, this hearing allows the committee to more closely examine the impacts of the COVID-19 pandemic on the U.S. maritime supply chain and the maritime workforce as well as strategies to improve our vital maritime transportation industry.

In the year since the virus was first detected in the United States, the maritime industry has endured significant hardships and has experienced substantial impacts to business.

It is vitally important that this committee understand how the pandemic has affected the reliability and efficiency of our maritime industry and its workers, the gaps that still exist in protecting the workforce from the virus, the lessons that have been learned from the Federal Government's response to the pandemic so far, and potential next steps to better protect the maritime industry and workforce from COVID-19 and any future public health crisis we may confront.

With so much of U.S. trade and our national economy dependent on a seamlessly efficient global maritime supply chain, it is critical that we understand the impacts and implications moving forward as we shape recovery actions and future responses to national emergencies.

The situation is complicated by the fact that certain portions of the industry were not faring well before the pandemic. The internationally trading fleet for instance, has shrunk to a paltry 85 vessels and carries less than 1.5 percent of the goods entering and exiting our ports. Without a robust U.S. flag maritime industry, we would not have the mariners needed to go to war or supply our internationally deployed members of the military.

Make no mistake about it; our Nation will recover from this pandemic. The question is, what will be left of our maritime industry?

Unless we begin now to take constructive actions to shore up and support all sectors in our maritime supply chain—from Coos Bay to PortMiami—we will only frustrate our efforts to revitalize our economy. The economy cannot recover without a working maritime supply chain.

The critical workers employed throughout our maritime transportation system have kept vital goods moving to medical professionals and first responders, have ensured that our Nation's shelves remain stocked, and have enabled commerce to continue flowing during these dangerous and uncertain times.

I realize that the Congress has already committed trillions in Federal aid to address the fall-out from the pandemic; however, no dedicated funding has been provided to assist the maritime transportation system.

That is why I developed the Maritime Transportation System Emergency Relief Act (MTSERA) last Congress which was included in the FY21 NDAA and subsequently became law on January 1, 2021. MTSERA finally provides the Maritime Administration with specific emergency authority to distribute financial relief and assistance to each link in the maritime supply chain.

That is why this morning's hearing is important. We need to understand the needs in order to best tailor assistance. But in doing so, we must first think holistically.

It will do little good to address the financial issues affecting our marine terminal operators, and do nothing to ensure that our longshore workers and Coast Guard service members have the protective gear they need to stay safe and healthy on the job.

Moreover, we can help our U.S. flagged fleet in the short term with financial assistance, but if we do not address the system of unfair international competition created by the flag-of-convenience system, the fleet will not grow. This is our opportunity to "Build Back Better."

Too much of our economic recovery and future prosperity rides on what we do over the next couple of months to ensure that we have a maritime industry, workforce, and supply chain able to move the Nation's commerce reliably and efficiently. I urge members to join me in that effort.

And with that, I want to extend my thanks to our witnesses for making themselves available. I look forward to your participation in this important hearing.

Mr. DEFAZIO. With that, I yield back the balance of my time.

Mr. CARBAJAL. Thank you, Mr. Chairman.

With that, let me move on to our T&I Committee ranking member, Mr. Graves. But before you go, Mr. Graves, I wanted to take a minute to also recognize the other Graves on the committee, Garret Graves, for sending us all those wonderful king cakes. Thank you very much.

I was going to thank Sam Graves, and I realized it was Garret Graves who sent us those cakes, so thank you very much.

With that, Mr. Graves. Actually, I am just informed that Mr. Graves is not here, so we will move on.

I now would like to welcome the witnesses on our panel. First, we have Ms. Lauren Brand, president of the National Association

of Waterfront Employers; Mr. Ben Bordelon, chairman of the Shipbuilders Council of America; Mr. Mario Cordero, executive director, Port of Long Beach, on behalf of the American Association of Port Authorities; Mr. Jim Patti, president, Maritime Institute for Research and Industrial Development, on behalf of USA Maritime; Mr. Michael Roberts, senior vice president, Crowley Maritime, on behalf of the American Maritime Partnership; and Mr. Del Wilkins, president, Illinois Marine Towing, on behalf of the American Waterways Operators. Thank you for being here today, and I look forward to your testimony.

Before we begin, I would like to recognize Representative Garret Graves to say a few words about Mr. Bordelon.

Mr. GRAVES OF LOUISIANA. Thank you, Mr. Chairman, and I am glad you enjoyed the Mardi Gras king cake.

I want to introduce Mr. Ben Bordelon, who is chairman of the Shipbuilders Council of America. Of course, that is the national trade association that represents all of the domestic shipbuilders, the shipyards that often repair our Navy and Coast Guard vessels and build that fleet, as well as commercial vessels in every class, in accordance with the Jones Act. And that is really what represents our industrial base in the shipbuilding industry.

Ben grew up in south Louisiana. We represent a large number of the employees of Bollinger Shipyards. He was a graduate of LSU, where he was an All-SEC football player. And I see my friend Mr. Lowenthal. Alan, he went on to play professional ball for the Chargers over in California. But Ben is one of those guys that worked his way up from project manager to vice president for repair, and, ultimately, to CEO of Bollinger Shipyards.

Most importantly, Mr. Chairman, I look forward to hearing about how this important economic engine in south Louisiana, Bollinger Shipyards, and, of course, wearing the hat as the chairman of the Shipbuilders Council of America, how these shipyards all across the country are faring during COVID, and to hear how we could best provide support to the shipbuilding industry around the United States, in terms of trying to help them sustain through this COVID pandemic, including possibly through the markup we are going to be doing tomorrow.

So I welcome Mr. Bordelon and all the witnesses, and look forward to your testimony.

Thank you, Mr. Chairman.

Mr. CARBAJAL. Thank you, Mr. Graves.

I now would like to recognize Representative Davis to say a few words about Mr. Wilkins.

Mr. DAVIS. Thank you, Mr. Chairman, and congratulations to you on your new assignment as chair of this subcommittee. As a guest of the subcommittee, I doubt I am able to come and sit at many of your hearings, but I wish you and also Ranking Member Gibbs the best.

And I will say, too, you know, especially succeeding my good friend Mr. Maloney, the bar was pretty low for success for you after Sean Patrick. So you are going to be able to do extremely well, and we got a lot of high hopes for you, Mr. Carbajal.

I do want to also say thanks to Garret Graves, too, for the king cakes. And I certainly hope that none of you got the same note I

did that actually told me he wished I would choke on the plastic baby found inside. But I took that as a joke, not an insult from my fellow colleague on our side of the aisle and my good friend from Louisiana.

But I am here to actually introduce a very good friend of mine, and that is Del Wilkins. Del is a champion for waterways and workers in the industries that use the waterways, not just in my home State of Illinois, in his home State of Illinois, but throughout our Nation.

He currently serves as the president of Illinois Marine Towing and the vice president of northern operations and business development at Canal Barge. And additionally, he serves as the waterways chairman on the Illinois Chamber of Commerce Infrastructure Council, and as a board member of the American Waterways Operators.

As someone who has spent most of his career in the waterways industry, there is no doubt Mr. Wilkins will provide a wealth of knowledge at today's hearing on the state of the U.S. maritime industry.

I looked at the rest of the witnesses, too. I am honored to be able to sit here in this subcommittee with you all today. And I do want to thank my friend, Del, for testifying.

I yield back the balance of my time.

Mr. CARBAJAL. Thank you, Mr. Davis.

Without objection, our witnesses' full statements will be included in the record. Since your written testimony has been made a part of the record, the subcommittee requests that you limit your oral testimony to 5 minutes.

Ms. Brand, you may proceed.

TESTIMONY OF LAUREN K. BRAND, PRESIDENT, NATIONAL ASSOCIATION OF WATERFRONT EMPLOYERS; BEN BORDELON, CHAIRMAN, SHIPBUILDERS COUNCIL OF AMERICA; MARIO CORDERO, EXECUTIVE DIRECTOR, PORT OF LONG BEACH, ON BEHALF OF THE AMERICAN ASSOCIATION OF PORT AUTHORITIES; C. JAMES PATTI, PRESIDENT, MARITIME INSTITUTE FOR RESEARCH AND INDUSTRIAL DEVELOPMENT, ON BEHALF OF USA MARITIME; MICHAEL G. ROBERTS, SENIOR VICE PRESIDENT, CROWLEY MARITIME, ON BEHALF OF THE AMERICAN MARITIME PARTNERSHIP; AND DEL WILKINS, PRESIDENT, ILLINOIS MARINE TOWING, ON BEHALF OF AMERICAN WATERWAYS OPERATORS

Ms. BRAND. Thank you very much. Good morning, Chairman Carbajal, Ranking Member Gibbs, and members of the subcommittee. My name is Lauren Brand, and I am the president of the National Association of Waterfront Employers.

The members of NAWA and I thank you for this opportunity to relay what we are experiencing during these unprecedented times. NAWA is the voice for U.S. marine terminal operators, stevedores, and operating port authorities.

Our members are U.S. entities who are responsible for safely and securely transporting freight and passengers between vessels, trucks, and rail at ports in 34 States and Puerto Rico.

Our terminals are located on the Atlantic, Pacific and gulf coasts, the Great Lakes, and the inland waterway system. Members also include the associations responsible for labor relations and contract negotiations with the ILA and ILWU in all coastal States. NAWE's members hire labor, fund the purchase of cargo-moving equipment, construct intermodal infrastructure and design systems that track each shipment.

I will present three issues today: prioritize vaccinations in authorized ports at CDC-approved inoculation sites; address funding of the Maritime Transportation System Emergency Relief Program [MTSERA]; and promote innovative port and intermodal infrastructure assistance programs for a network of transportation corridors versus modal silos.

The health and safety of frontline portworkers remains our number one priority. We have redesignated operating areas and implemented protocols that meet or exceed CDC's guidelines. Now we need vaccines for women and men who work on the waterfront. To quote the leaders of the ILA, ILWU, PMA and USMX, "in recent weeks, COVID infections among frontline portworkers have reached crisis levels in many locations. . . . [A]t the Ports of Los Angeles and Long Beach, . . . almost as many longshore workers tested positive in the first 3 weeks of 2021 as in the first 10 months of the pandemic Other port regions report similar, troubling increases."

At times, we are facing a shortage of workers. We respectfully request that the CDC work with States to designate gateway port authorities and terminals as sites where all essential waterfront and transportation workers can be inoculated.

NAWE's members thank Chairman DeFazio and members of this committee for their leadership and steadfast support for America's maritime industry. Our members handle containers filled with consumer goods and manufacturing parts, bulk products needed to build roads, U.S. grown agriculture and U.S. manufactured cars and heavy equipment exported to other nations, petroleum products needed to propel trucks, trains, planes and automobiles, and, yes, they handle millions of units of PPE and equipment needed to fight COVID. They are also responsible for the safe, secure transfer of passengers, luggage, and provisions onto and off of large and small vessels, a sector of the industry that has been devastated.

MTSERA is the only program that has been made available to this sector to defray costs incurred since March 2020, fighting to safely work. Yesterday, the reconciliation amendment was issued with no funding for the industries covered in MTSERA. We respectfully encourage this committee to consider funding MTSERA.

Additionally, yesterday, amendments to the Longshore Act which are highly detrimental to maritime employers, have been proposed without consideration or action by this committee. I welcome the opportunity to discuss this important issue further during this hearing's Q&A session.

The U.S. transportation system was designed in response to the market. The market controls all cargo orders, builds distribution centers to accommodate shipments, and orders the trucks, chassis and railcars needed to move it all.

A consumer shift from buying services to buying goods has led to the saturation of the maritime lane in the Pacific Southwest and pushed this part of the import supply chain to its limits. The volumes flowing through this trade lane change faster than the system can reinvent itself.

The good news is that union dockworkers have been reliable partners and eastbound rail transits have sustained scheduled services. And while these challenges are most pronounced in one region of our Nation, they demonstrate the risk to the system posed by the current pandemic.

We encourage the development of port and intermodal infrastructure assistance programs and policies that address our system as a network of transportation corridors versus modal silos.

For the record, I must let you know that the U.S. Coast Guard has applied common sense and been very thorough while conducting their mission and interactions with marine terminal operators and stevedores during this pandemic, and for that, we thank them.

In summary, NAWE's members remain committed to ensuring the intermodal transportation needs of the U.S. are met, and we look forward to your leadership in the 117th Congress, and your continued support for the maritime industry.

[Ms. Brand's prepared statement follows:]

Prepared Statement of Lauren K. Brand, President, National Association of Waterfront Employers

Good morning, Chairman Carbajal, Ranking Member Gibbs, and members of the Subcommittee. Please accept our congratulations; we in the maritime industry look forward to your leadership in the 117th Congress. My name is Lauren Brand, and I am the President of the National Association of Waterfront Employers (NAWE). The members of NAWE and I thank you for this opportunity to relay what we are experiencing during these unprecedented times.

NAWE is the voice for U.S. marine terminal operators, stevedores, and operating port authorities. Our members are the U.S. entities who are responsible for safely and securely transporting freight and passengers between vessels, trucks and rail at U.S. ports in 34 States and Puerto Rico. Our terminals are located on the Atlantic, Pacific and Gulf Coasts, the Great Lakes and a portion of the inland waterway system. Members also include the associations responsible for labor relations and contract negotiations with the ILA and the ILWU in all coastal states. I would like to request my formal written remarks be entered into the record at this time.

We would like to share three items with you today:

1. Prioritization of vaccinations for the women and men who work on the waterfront so that we can keep freight moving. NAWE has written to the Governors of thirty-four States and Puerto Rico seeking vaccination priorities. We respectfully request you instruct the Center for Disease Control (CDC) to recognize ports as viable inoculation sites for transportation workers.
2. Funding the Marine Transportation System Emergency Relief Program (MTSERA). We thank Chairman DeFazio for his leadership in drafting this and applaud you for your support in passing this important piece of legislation last Congress. \$3.5B will help the maritime industry begin to recover.
3. Promotion of innovative port and intermodal infrastructure assistance programs and policies that address our system as a network of transportation corridors vs. modal silos.

Prioritize vaccinations for the women and men who work on the waterfront so that we can keep freight moving.

NAWE's members hire labor, fund the purchase of cargo moving equipment, construct intermodal infrastructure and design systems that track each shipment. At

the hearing held on May 29, 2020, I reported on significant COVID-19 related challenges. Today, the health and safety of waterfront workers remains our number one priority. We have redesigned operating areas and implemented protocols that meet or exceed CDC guidelines. Now we need vaccines for the women and men who work on the waterfront.

To quote from a letter issued by the leaders of the ILA, ILWU, PMA and USMX¹: “Since the start of the pandemic last year, America’s maritime workforce has answered the call of duty to keep our ports open for business and warehouses and store shelves fully stocked ... In recent weeks, however, COVID infections among frontline port workers have reached crisis levels in many locations ... For example, at the Ports of Los Angeles and Long Beach, America’s largest port complex, almost as many longshore workers tested positive in the first three weeks of 2021 as in the first 10 months of the pandemic, from March through December of 2020. Other port regions report similar, troubling increases.”

At times we are facing a shortage of workers. Imagine the number of employees needed to be ready for a 24-hour security detail ... and then they are quarantined due to exposure to COVID-19. How quickly can a critical team be replaced? We respectfully request that CDC work with States to designate gateway port authorities and terminals as sites where all essential waterfront and transportation workers can be inoculated. Vaccination sites designated at ports for essential workers represent a practical way to protect the waterfront and ensure the integrity of the supply chain. This will be an expedient way to serve thousands who work in or around a single location. Ports have the space to make this happen. We are willing to work with the CDC and States on this initiative.

Funding the Marine Transportation System Emergency Relief Program (MTSERA).

The MTSERA program is vital to this industry. It is historic in that rather than passing a one-and-done stimulus program, MTSERA is a true disaster relief program that includes this pandemic situation. Declared March 13, 2020, the pandemic has been raging for eleven months now, and is projected to continue its impact well into 2022. Funding MTSERA at \$3.5B or more, will begin to enable this industry to recover. Each of our members is a key leader in the movement of freight. They handle containers filled with consumer goods and manufacturing parts, bulk products needed to build roads, agriculture shipped overseas to feed other nations, export cars and heavy equipment that is made in the U.S., petroleum products needed to propel trucks, trains, planes and automobiles, and, yes, they handle thousands and thousands of boxes of PPE and equipment needed to fight COVID. The expenses incurred meeting CDC guidelines for sanitation, separation and protection of workers is steadily increasing. Some have been able to continue infrastructure projects, while others have had to put them on hold. A full twenty-four percent are also responsible for the safe, secure transfer of passengers, luggage and provisions onto and off of large and small vessels. These are U.S. taxpayers who will have not been able to work for over 18 months or more before this pandemic is over. We are losing uniquely skilled workers during this down time. The resulting financial hit is a hard, stressful blow to employers and workers alike. MTSERA is the only program that has been made available to this sector.

Promotion of innovative port and intermodal infrastructure assistance programs and policies that address our system as a network of transportation corridors vs. modal silos.

Which leads me to the question: how quickly can freight move in a system that is stretched beyond its capacity? You may be aware that the maritime trade lane into the Pacific Southwest is saturated. This is primarily due to a consumer shift from buying services to buying goods.

¹International Longshoremen’s Association (ILA) is the largest union of maritime workers in North America, representing upwards of 65,000 longshoremen on the Atlantic and Gulf Coasts, Great Lakes, major U.S. rivers, Puerto Rico and Eastern Canada. The International Longshore and Warehousemen’s Union (ILWU) represents approximately 40,000 longshoremen in the States of Alaska, Washington, Oregon, Hawaii and California. The Pacific Maritime Association (PMA) negotiates and administers the maritime labor agreements with the ILWU for the 29 U.S. West Coast ports. The United States Maritime Alliance, Ltd. (USMX) is an alliance of container carriers, direct employers, and port associations serving the East and Gulf Coasts of the U.S.

Our intermodal transportation system was designed in response to the market. The market demanded where roads and rail would be built and selected their ports of entry. The market defined expected cargo flows, built distribution centers to accommodate their projected shipments, and ordered the number of trucks and chassis needed to move it all. COVID-19 has changed the volumes flowing through this trade lane faster than the system can reinvent itself.

Today's demand for retail products, agricultural exports, PPE and equipment to fight COVID-19, finished components to support domestic manufacturing, raw material to support heavy industry, and continual personal protective equipment has pushed the system to its limits. Ninety-eight percent of the international fleet of container ships are currently being utilized and are at sea. Using our nation's number one gateway of Los Angeles and Long Beach as an example, this import supply chain has been challenged with record-breaking volumes of cargo orders. As a result, a series of related challenges have clogged the import supply chain:

- the inland distribution centers are operating at, or above, designed capacity,
- because inland warehouses are full, import cargo is being stored "on wheels",
- and containers are being parked in auxiliary yards between the port and the warehouse which has essentially exhausted the supply of chassis.

What is the impact to terminals? Loaded containers are dwelling on marine terminals for eight days; marine terminals have been designed to securely store containers for half that amount of time. Today cargo volumes at terminals are "dense"; containers that are normally stacked 3-high are now being stored 5-high.

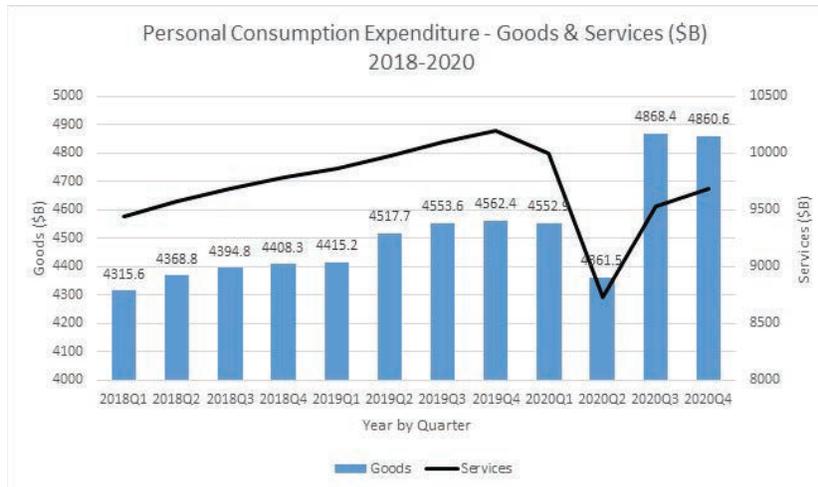


Chart source: U.S. Bureau of Economic Analysis

Here is one example of what is happening: a trucker is dispatched to pick up your container, which is now probably at the bottom of that stack, requiring the stevedore to move four other containers to retrieve your load. These added container moves degrade terminal efficiency while vastly increasing operating costs . . . and the truck driver has been kept waiting. The good news is that union dockworkers have been reliable partners and are working five-plus days a week and Eastbound rail transits have sustained scheduled services.

As of last week, there were 37 container ships at anchor outside the two ports of Los Angeles and Long Beach, awaiting a berth in port. We estimate that equates 185,000 loaded containers at anchor awaiting off-load. This is the scope and scale of our challenge. Every shipper is anxiously awaiting their cargo. Every load is critical. Everyone wants their goods yesterday. We recognize this pressure, as these goods are necessary to bolster our Nation's economic engine.

While these challenges are most pronounced in one region of our nation, they demonstrate the risk to the system posed by the current pandemic and the immediate need to prioritize maritime workers for vaccines and invest in the industry's ability to withstand the financial pressures and recover. To date, operations in other regions have been able to handle issues as they arise, but even where terminals are not experiencing significant operational delays, they still requiring additional sanitizing—especially between shifts—to allow safe work in the pandemic.

We encourage the development of port and intermodal infrastructure assistance programs and policies that address our system as a network of transportation corridors vs. modal silos. And we stand ready to work collaboratively with others in the maritime industry, State and Federal entities to innovate and implement such programs.

In summary, Marine terminal operators, stevedoring firms and operating port authorities remain committed to ensuring the intermodal transportation needs of the United States are met. For the record, I must let you know that the U.S. Coast Guard has been thorough and applied common sense while approaching their mission and in interactions with marine terminal operators and stevedores during the pandemic. For that we thank them.

We appreciate the dedication of this Subcommittee and your continued support for the maritime industry.

Mr. CARBAJAL. Thank you, Ms. Brand.

Mr. Bordelon, you can proceed.

Mr. BORDELON. Thank you. And on behalf of the Shipbuilders Council of America, I would like to thank Chairman Carbajal, Ranking Member Gibbs, and members of the committee for the opportunity to provide testimony on the impact of the COVID-19 pandemic to the U.S. shipyard industry. I ask that my entire testimony be submitted for the record.

I am here today as chairman of SCA, which represents both shipyards and suppliers that comprise the critical domestic shipyard industrial base. I am a proud third-generation shipbuilder, and I serve as president and CEO of Bollinger Shipyards in south Louisiana. Founded as a machine shop by my grandfather, Donald Bollinger, in 1946, here we are, 75 years later, and still today remain the largest privately owned and operated shipbuilder in the United States.

The U.S. shipyard industrial base is a diverse and critical manufacturing sector of our Nation's economy. Shipyards are engaged in designing, building, maintaining and repairing vessels of all sizes for Government customers, local and State governments, and the 40,000 commercial vessels that operate in domestic commerce.

While our industry has faced enormous challenges throughout the pandemic, I am proud to report that, as a designated essential industry, your American shipyards never shut down. Our workers continue cutting steel and coming to work despite some very challenging circumstances.

In response to the pandemic, the SCA established an emergency COVID-19 task force that met weekly, starting March 2020. The task force gathered information and shared industry best practices amongst our membership, our Federal partners, and with Congress.

Shipyards responded immediately and took action by establishing their own crisis response teams and implementing new policies, like limiting company travel and modifying work and shift schedules. In addition, managing supply chain disruptions became essential to mitigate production delays.

Because of the pandemic, the biggest drivers of schedule and cost impacts have been increased rates of absenteeism, sometimes as high as 30 percent at some of our member yards, unexpected loss of supervision, and delayed equipment deliveries due to supply chain challenges.

While these and other COVID-related costs have impacted every area of our business from our workforce and finance teams to our

IT and technical infrastructure, they have been and remain necessary to keep our people safe and our programs on schedule. SCA and its members are appreciative of Congress passing the CARES Act in 2020, but the scale of the pandemic's impact have grown since then.

The lack of appropriate funds for pandemic-related expenses has placed a significant burden on the shipyard industrial base due to the uncertainty of if, when, and how reimbursements may come. As the Congress considers recovery efforts, SCA would support incentivizing investment in vocational training and development of critical skill workers.

The Congress' continued support of and the administration's enforcement of existing laws will also be key to our industry's recovery in the wake of the pandemic. SCA was pleased that in the first week in office, President Biden issued an Executive order reaffirming his support for the Jones Act, and identified it as a critical tool to support the development of American jobs.

In addition to supporting the Jones Act, SCA encourages the Congress to provide stable and predictable budgets for the U.S. Navy and Coast Guard that are necessary to grow and sustain those fleets for national security purposes. We are very proud that our shipyards and suppliers have met the challenge of the pandemic, and we look forward to working with you all to continue those efforts.

Thank you, again, Chairman Carbajal and Ranking Member Gibbs, for allowing me today the opportunity to testify along such distinguished witnesses. I look forward to your questions. Happy Mardi Gras.

[Mr. Bordelon's prepared statement follows:]

Prepared Statement of Ben Bordelon, Chairman, Shipbuilders Council of America

On behalf of the Shipbuilders Council of America (SCA) I would like to thank Chairman Carbajal, Ranking Member Gibbs and members of the Committee for the opportunity to provide testimony on the state of the U.S. shipyard industry, specifically the impact that COVID-19 has had on our industrial base and the opportunities we see on the horizon. I ask that my entire testimony be submitted for the record.

I am testifying today as Chairman of the Shipbuilders Council of America, the national trade association for the U.S. shipyard industry. SCA is comprised of 83 member shipyard facilities and 104 industry partner member companies, many that are small and represent the vital supply and logistics chain that comprise the U.S. shipyard industrial base.

I am a proud third-generation shipbuilder and serve as president and CEO of Bollinger Shipyards. Founded as a machine shop by my grandfather, Donald Bollinger, in 1946, today we are the largest privately owned and operated shipbuilder in the United States and a leading designer and builder of high performance military patrol boats, ocean-going double hull barges, offshore oil field support vessels, tug boats, rigs, liftboats, inland waterways push boats, barges, and other steel and aluminum products. While we have both commercial and government customers, we are especially proud of our work for the United States government where we have designed, built, and delivered more than [182] and counting U.S. Navy and Coast Guard vessels since 1984—over 165 of those high-speed Coast Guard cutters.

The U.S. shipyard industrial base is a diverse and critical manufacturing sector of our nation's economy. Shipyards are engaged in building, maintaining and repairing vessels of all sizes for the U.S. Navy, U.S. Coast Guard, U.S. Army, NOAA, Maritime Administration, local and state government customers and the 40,000 commercial vessels that operate in domestic commerce.

The ships built for these customers are some of the most technologically advanced in the world and are only possible because of the significant contributions of U.S. shipyard workers and the associated supply chain that support jobs in all 50 states.

COVID IMPACTS TO THE INDUSTRY

Though the COVID-19 pandemic greatly impacted the shipyard industry, I am proud to report that with the workforce designated essential workers, your American shipyards never shut down and have been cutting steel and coming to work throughout the past year. The COVID-19 pandemic impacted the U.S. shipyard industry by introducing additional costs and delays related to production, workforce and our critical supply chains and there is uncertainty as to how those delays and costs will ultimately be addressed by the government and commercial customers.

In response to the pandemic, the SCA established an emergency COVID-19 task force that met weekly beginning mid-March 2020. The task force conducted industry surveys, shared industry best practices and resources and provided this information to our government partners, including the Navy Industrial Base Task Force, the Maritime Administration and the DHS Maritime Security Committee. Additionally, we know the dedication our members have to their teams and while they were sharing essential information with us, we were also providing them with real-time information from Washington so they could plan and make the best decisions for their companies and workforces. Regular communication with those groups helped facilitate questions related to testing, personal protective equipment (PPE) and additional assistance from the Federal Emergency Management Agency (FEMA).

The shipyard industry has a long culture of safety and we are dedicated to the health and safety of our employees. When the pandemic crisis began, our industry was prepared to meet unique demands and adjusted to protect our workers by shifting our operations, providing additional PPE and issuing safety guidance as we learned more about the virus.

Shipyards took immediate action to keep employees safe with many facilities establishing their own crisis response teams, limiting company travel and spreading out the work force as much as possible in our facilities. Additionally, managing supply chain disruptions became a critical component to mitigate production delays as well as reassigning our workforce to complete other tasks while those delays were absorbed. There have been associated costs to these changes in every area of our business from our workforce and finance teams to IT and our technical infrastructure to absorb the changes necessary to continue working while keeping people safe.

The biggest drivers of schedule and cost impacts have been increased rates of absenteeism, sometimes as high as 30% at some of our member yards, unexpected loss of supervision, late equipment deliveries due to other production delays in the supply chain and inability of our suppliers to travel to oversee complex discussions with our engineers.

Almost a year into the pandemic, facilities are continuing to adjust to this new normal and implementing innovative policies to limit workplace spread of COVID-19. Like any industry on the frontlines, we continue to focus on the health and wellness of our employees and adjust our work environments to make sure our teams come to work and leave safely. However, challenges persist and many of our members' shipyard facilities are expected to face production delays and cost impacts.

Congress and the Administration need to be aware of the impact our yards are having in their communities and the essential work they are completing for the good of our nation. Shipyards were essential economic drivers in their communities pre-pandemic and will be essential to the long-term economic recovery of those communities. During this time when so many in our country are out of work, the jobs associated with shipbuilding and ship repair have been incredibly resilient, allowing working people to continue bringing home paychecks to their families.

CARES ACT AND ADDITIONAL CONGRESSIONAL RESPONSE TO PANDEMIC

SCA and its members are appreciative of Congress passing the CARES Act in 2020. Section 3610 of the CARES Act authorized government contractors to be reimbursed for employees who could not work as a result of COVID-related closures. The U.S. shipyard industry was deemed essential from the beginning of the pandemic and shipyards have since remained in operation. For these companies, Section 3610 has largely not been applicable.

The scale of the pandemic's impact was not known when the Congress passed the CARES Act legislation. Then-Under Secretary of Defense (Acquisition and Sustainment) Ellen Lord testified before the House Armed Services Committee that without additional funds, the Department of Defense would have to use modernization and readiness funds to plug gaps caused by the pandemic. The lack of appro-

riated funds for those expenses has placed a significant burden on the shipyard industrial base due to the uncertainty of if, when, and how reimbursements will be distributed.

Absorbing these COVID-related costs without the necessary appropriated reimbursements could seriously jeopardize the shipyard industrial base which would have a degrading effect on our national security.

PLANNING FOR A POST-PANDEMIC SHIPYARD INDUSTRIAL BASE

Our experience with the ongoing pandemic has also reinforced the industry's need to shore up our domestic manufacturing capabilities, supply chains, facilities and workforce. In a 2015 report, the Maritime Administration determined the Economic Benefits of the U.S. shipyard industry supports nearly 110,000 skilled craftsmen in the Nation's private shipyards building and repairing America's military and commercial fleets.¹ The report found the U.S. shipbuilding industry supports nearly 400,000 jobs across the country and generates \$25.1 billion in income and \$37.3 billion worth of goods and services each year. In fact, the MARAD report found that the shipyard industry creates direct and induced employment in every State and Congressional District and each job in the private shipbuilding and repairing industry supports another 2.6 jobs nationally. This data confirms the significant economic impact of this manufacturing sector, but also that the highly-skilled workforce and industrial base needs stability and predictability to train the next generation of the U.S. shipyard workforce. We expect MARAD to update this report in the first quarter of 2021 which will provide us an updated snapshot of where the industry stands through this pandemic and the concurrent economic downturn.

U.S. shipyards and shipyard suppliers pride themselves on implementing state of the art training and apprenticeship programs to develop skilled craftspeople that can cut, weld, bend and build truly first of kind vessels and technologically advanced ships. However, the shipbuilding industry, like so many other manufacturing sectors, faces an aging workforce.

Our industry has continued to look at best practices for attracting the next generation workforce by highlighting the opportunities to learn high-skilled labor and the corresponding wages that can be earned without a four-year degree. Our shipyards work with regional partners to establish the curriculum needed for apprenticeship and vocational education at community colleges and local technical schools.

We encourage the Congress to look at opportunities to incentivize investment in vocational training and development of these critical skilled workers. This not only supports the requirements needed for our military customers but supports additional needs and opportunities in new commercial markets such as offshore renewable energy.

PROVIDING MARKET STABILITY

To grow and develop the next generation of shipyard workers, U.S. shipyards require market stability across sectors so that companies can make the required investment in their people and facilities to meet demand.

The domestic commercial market is sustained by the Jones Act, which provides market certainty and stability. This law helps to ensure the existence of a domestic shipbuilding and ship repair industrial base. We were pleased that in his first week in office, President Joe Biden issued an Executive Order reaffirming his support for the Jones Act and identifying it as a critical tool to support the development of U.S. jobs. The Jones Act sustains a domestic market for which carriers, operators and shipyards vigorously compete. When the Jones Act is not enforced or undermined by shortsighted policy, there can be detrimental influences on the larger domestic maritime industry and U.S. job creation.

A 2017 decision by the Customs and Border Protection (CBP) has allowed [certain] foreign-built, foreign-crewed and foreign-owned offshore supply vessels to operate in violation of the Jones Act. This has resulted in the cancellation of numerous construction contracts to build new "Made in the U.S.A." vessels because of the uncertainty introduced by executive-fiat and in contravention of Congressional intent. Not only does the cancellation of contracts have an immediate dampening impact to the domestic industry, but it initiates a vicious cycle wherein future opportunities could also be reconsidered or rescinded. The cancellation of contracts also dampens the domestic industry's ability to invest in their workforce and modernize their facilities to make them more safe and efficient.

¹"Economic Importance of the U.S. Shipbuilding and Repairing Industry". Maritime Administration (MARAD), November 2015

I raise this issue as an example of how a decision by an agency to not enforce the Jones Act can have an adverse impact on commercial shipbuilding that reverberates throughout the entire shipyard industrial base, further raising costs and destabilizing its ability to support national defense requirements. We encourage the Congress to consider identifying and closing loopholes to the Jones Act that currently exist by providing clarity on matters related to visa issues and heavy lift operations that are integral to success and viability this critical commercial market.

Instead of seeking to undermine the Jones Act and undermine the critical shipbuilding manufacturing sector, the United States government, both the Administration and the Congress, should be promoting policies that actively encourage the expansion of the shipyard industrial base.

Efforts by this Committee in its support of the most recent U.S. Coast Guard Authorization Act provided clarity about the Congressional intent of the application of the Outer Continental Shelf Lands Act (OCSLA) to all aspects of development of offshore energy, not just production. That language, which was adopted into the full FY21 National Defense Authorization Act (NDAA), resulted in several shipyards confirming orders to construct new vessels to serve the burgeoning offshore wind market. Again, these policies result in jobs for American workers—so critical at this time of economic upheaval in our country.

Other efforts by members of this Committee have also seen the potential benefits of ensuring access to our own domestic energy production. As the United States has become the world's leader in energy production, we should encourage that our domestically produced natural resources, including LNG, be transported on U.S. vessels under such policies as proposed by Congressman Garamendi's Energizing American Shipbuilding Act. Not only would that help us regain a foothold on the international shipping market where we've ceded ground to heavily subsidized and government-backed shipyards, but there is a direct relationship from the construction of LNG tanker vessels to the recapitalization of our strategic sealift fleets because of the stabilization it would bring to the shipyard supplier base and shipyards generally.

In addition to preserving opportunities for commercial shipyard interests, SCA encourages the Congress to support stable and predictable budgets for the U.S. Navy and Coast Guard. The recently released Battle Force 2045 concept would see the fleet grow far beyond today's 296 ships. Simultaneously, the United States Coast Guard is undertaking efforts to recapitalize essential assets and programs. To be clear, SCA advocates for policies and budgets that support our members' combined interests and refrains from promoting specific platforms or mixes of ships.

To meet the demands that these plans would require, the U.S. shipyard industry would need a substantial and sustained investment of both money and time, in both shipbuilding and readiness.

The increase in shipbuilding and ship repair to meet the Navy's plan would require U.S. shipyards to expand their work forces and improve their infrastructure to meet the increased demand for vessels—a requirement our Nation's shipyards are eager to provide. But to build these ships in a timely and affordable manner, stable and robust funding is necessary to sustain those industrial capabilities which support Navy and Coast Guard shipbuilding. It is important to note that today many of our shipyards and suppliers that compete to build these national security assets are sustained by commercial shipbuilding and repair so they are viable when the time comes to build and repair the national security fleets.

Congress has the tools to provide for the use of acquisition strategies that enhance cost reduction rather than requiring the entire procurement cost of a ship to be funded in one fiscal year. Alternative funding approaches such as advanced procurement, incremental funding and block buy contracting could increase stability in U.S. government shipbuilding plans and increase the number of ships that could be built for the same amount of procurement funding.

Through the use of advanced procurement, Congress can define the full cost of a ship in an initial appropriations act but incrementally defer some appropriated funds to future years. For the shipbuilding industry and the supplier base, this creates an early financial commitment which enhances job security and encourages capital investment. Additionally, advance procurement can reduce the total construction cost of a ship through improved sequencing or year-to-year balancing of shipyard construction work and the purchase of batch items that can be manufactured in an efficient and economic manner.

Incremental funding, where cost is divided into two or more annual measures, allow for expensive items, such as large Navy ships, to be procured in a given year while avoiding or mitigating budget "spikes" and major fluctuations in year-to-year budget totals. Incremental funding would also allow construction to start on a larger number of ships in a given year so as to achieve better production economies. An

added benefit often not considered is a reduction in the amount of unobligated balances associated with DOD procurement programs.

Beyond that, Congress can consider block buys of ships. Block buy contracting permits a department to use a single contract for more than one year's worth of procurement of a given kind of ship without having to exercise contract options for each year after the first year. Purchasing ships through block buy contracting would enable shipyards to leverage "hot" production lines—those assembling current ships—and streamline the acquisition process for these vessels. Additionally, taking advantage of "hot" production lines as opposed to starting new classes of ships and reducing build "centers" can save the government significant money and get to the target fleet size more rapidly.

In addition to funding the construction of Navy and Coast Guard vessels, there must be similar commitments to fund the "tail"—the maintenance of the current and new ships entering the fleet. It is not possible to get to the target fleet size if the services do not maintain the ships that they currently have, for their expected service lives, while building new ships. Congressional initiatives such as the recently extended OPN Pilot and relaxing upward obligation requirements are moving in the right direction. Reversing the Navy's momentum of cancelling planned modernizations and decommissioning Aegis Cruisers would help the industrial base as well as keep more ships in the fleet to meet our ever-increasing commitments around the world.

Another area of significant concern for government fleets is the recapitalization of the nation's strategic sealift fleet, which ensures that unitized military cargo can be delivered to the war front. Currently the average age of the ships in this fleet is nearly 40 years old, and the number of ships that will reach the end of their programmed service lives over the next decade will reduce sealift capacity by more than 25 percent. The Navy, in partnership with TRANSCOM and MARAD, is working through a plan to recapitalize that fleet through a combination of service life extensions, acquiring used commercial ships, and investing in new-build construction at U.S. shipyards.

In order to build and maintain these ships in as timely and affordable manner, stable and robust funding as well as stable construction rates and long-term procurement vehicles are necessary to sustain those industrial capabilities which support Navy, Coast Guard and other government shipbuilding and ship maintenance and modernization programs. These programmatic attributes provide the horizon and incentives required by industry to make risk-balanced investments in support of our national defense needs. To meet the demand for increased vessel construction while maintaining the vessels we currently have will require U.S. shipyards to expand their work forces and invest in their physical infrastructure in varying degrees depending on ship type and ship mix. Therefore, undermining the Jones Act through lack of proper enforcement directly impacts the ability of the nation to meet our own national security objectives.

IMPACT OF FOREIGN COMPETITION IN SHIPBUILDING

Over the last twenty years, with significant government policy and financial assistance, the global shipbuilding capacity grew dramatically, primarily in Asia. At its peak Asian shipbuilders had captured 92% of the world commercial shipbuilding market. Despite the recent severe and sustained downturn in the world commercial shipbuilding markets, Asian governments have doubled down on the support of their shipbuilding industries. Policies like direct government subsidies and government-supported shipbuilding credit pools being used in Asian countries will continue to distort the global shipbuilding market.

A recent UN report notes that "in several Asian countries, Governments have taken various initiatives to support the shipbuilding industry. The use of public funds to finance shipbuilding prompted a complaint at WTO against the Republic of Korea in November 2018, on grounds that it may grant subsidies that may have a substantial impact on the price of ships, ship engines and maritime equipment, affecting trade flows in these products. At the same time, the shipbuilding industry in several European countries has called for increased Government support to help achieve the target of zero-emission shipping by 2050 (JOC.com, 2018a, 2018b)"²

These countries are investing and financing their shipyard industries because they consider it to be an issue of national sovereignty. The Congress and Administration need to recognize this distortion of the shipbuilding markets as they consider the actions needed to protect and support the U.S. shipyard industrial base. This begins with ensuring that the Jones Act is fully enforced.

² https://unctad.org/system/files/official-document/rmt2019_en.pdf

CONCLUSION

The nation's shipyard industrial base has met the challenge of COVID-19 and continued to show its value to the nation. The shipyard worker stayed on the front lines and worked through the pandemic in difficult conditions. Looking towards the future, continued investment from Congress is essential to support the U.S. Navy and U.S. Coast Guard in their recapitalization of critical shipbuilding programs for their fleets. Simultaneously, the commercial market will continue to respond to industry demands for domestic shipbuilding, so long as there is stability and predictability in the market.

On behalf of our members at the Shipbuilders Council of America and personally as a President and CEO of Bollinger Shipyards, I want to reiterate my sincerest gratitude for all this Committee has done for the U.S. maritime industry and ask for continued Congressional and Administrative support on these initiatives and enforcement of the Jones Act because it is essential to maintaining the critical U.S. shipyard industrial base that supports our national security fleets.

Thank you again Chairman Carbajal and Ranking Member Gibbs for allowing me to testify alongside such distinguished witnesses today. I look forward to your questions.

Mr. CARBAJAL. Thank you, Mr. Bordelon.

Mr. Mario Cordero, you may proceed.

Mr. CORDERO. Good morning, Chairman Carbajal, Ranking Member Gibbs, and members of the subcommittee. My name is Mario Cordero. I am the executive director of the Port of Long Beach. Today, I am testifying to you as chairman of the board of the American Association of Port Authorities, the unified voice of the seaport industry in the Americas.

First, I would like to congratulate a fellow Californian on being named chairman of this distinguished subcommittee in the 117th Congress. Chairman Carbajal, thank you for your service to the State's ports and harbors. I would also like to thank the subcommittee and the full committee chairman, Chairman DeFazio, and former Chairman Maloney, for your recognition of the important role played by the ports and your work to establish the Maritime Transportation System Emergency Relief Program, and unlock the Harbor Maintenance Trust Fund.

Finally, I would like to recognize and honor the frontline workers who have died from COVID-19. We have lost many good people. Our Nation's seaports deliver vital goods for consumers, facilitate the export of American-made goods, create jobs, and support local and national economic growth. Ports also play a crucial role in our national defense, a point acknowledged through the designation of 17 of our Nation's ports, including the Port of Long Beach, as strategic seaports by the Department of Defense.

According to Martin Associates, an internationally recognized economic and transportation consulting firm, prior to the outbreak of the COVID-19 pandemic, the total economic value generated in terms of revenue to businesses, personal income, and economic output at U.S. coastal ports accounts for \$5.4 trillion, roughly 26 percent of GDP. This research also showed over 31 million Americans are employed in jobs generated as a result of port activity.

Since the beginning of the COVID-19 pandemic, AAPA has remained in regular contact with members to monitor the impact of the pandemic and to communicate regarding the need for Federal relief and recovery. I would like to highlight how impressive the collaboration within the industry has been.

As the former Chair of the Federal Maritime Commission, I am truly pleased on how the ports across the country, and, in fact, the world, have worked together to ensure safety of workers and minimize supply chain disruptions.

However, portworkers are greatly impacted. In California, cases of COVID-19 among International Longshore and Warehouse Union members are captured by a dockworker self-service portal, established by the Pacific Maritime Association, where members of the ILWU can report they have been tested positive and qualify for emergency paid sick relief. Since March of last year, across California, cases reported in the portal total 1,497.

To protect our workforce, minimize disruptions to our maritime transportation system, and power our economic recovery, I raise the following issues to this subcommittee:

Number one, we need assistance to prioritize vaccinations and provide more testing for portworkers and other transportation system personnel.

Two, we need Congress to fund the Maritime Transportation System Emergency Relief Program to help ports mitigate COVID-19 impacts and protect workers. The COVID-19 pandemic caused 2020 to be one of the most erratic and volatile years, in terms of container volumes. By the end of the year, total waterborne trade volume was down 4.8 percent compared to the prior year, and the value of trade dropped 11.3 percent, totaling nearly \$200 billion. The cruise industry was closed for nearly the entire year of 2020, without a date at this point to resume. By funding this new maritime relief program, Congress can sustain critical supply chains and ensure that maritime operations continue at a high level that Americans have come to depend on.

Number three, investments in our Nation's trade infrastructure will help power economic recovery.

President Biden recently spoke of the need to take a two-step approach to respond to this pandemic, rescue and recovery. The first two issues I mentioned, we focus on rescue, but it is important to also address recovery. Ports build during crisis and we invest. We serve as an engine for economic prosperity in our communities and provide access to markets across the globe for communities nationwide.

AAPA has identified \$20 billion in multimodal and rail access needs at these ports. As populations shift and cargo volumes grow, we continue to embrace e-commerce. These investments will be critical to ensuring that the United States has a 21st-century multimodal freight network to compete globally and deliver locally.

I noted earlier in my recent remarks at the Port of Long Beach that in crisis, we build. As we recover from the impacts of this pandemic, we have an opportunity to transform our infrastructure.

And finally, we ask that harmful trade practices that have hurt American consumers and businesses be reevaluated. I believe we have an opportunity to reassess the country's trade and tariff policies, and to assist our businesses in conducting international business. This is vital to our economy.

Chairman Carbajal, Ranking Member Gibbs, and members of the subcommittee, our Nation's ports are committed to sustaining critical responsibility in supply chains nationwide. Congress can help

accomplish these goals. Again, I appreciate the opportunity to testify today and look forward to your questions. Thank you.

[Mr. Cordero's prepared statement follows:]

Prepared Statement of Mario Cordero, Executive Director, Port of Long Beach, on behalf of the American Association of Port Authorities

Good morning Chairman Carbajal, Ranking Member Gibbs, and members of the Subcommittee.

My name is Mario Cordero, and I am the Executive Director of the Port of Long Beach. However, today I am testifying before you as the Chairman of the Board of the American Association of Port Authorities (AAPA). I would like to thank the Coast Guard and Maritime Transportation Subcommittee and the Transportation and Infrastructure Committee for working to ensure that our nation's maritime transportation system remains functional during the ongoing pandemic. Your recognition of the important role played by our ports and by our partners throughout the maritime supply chain has been critical, as has your work to establish the new Maritime Transportation System Emergency Relief Program. I appreciate the opportunity to be here today to discuss the impact of the ongoing COVID-19 pandemic on our nation's port authorities.

Before I continue, I would also like to congratulate a fellow Californian on being named Chairman of this distinguished subcommittee in the 117th Congress. Chairman Carbajal, thank you for your service to the state's network of ports and harbors. I would also like to commend and congratulate the Committee on passage of the Water Resources Development Act of 2020, which included a provision to unlock the Harbor Maintenance fund. This historic, landmark legislation has been at the forefront of AAPA's advocacy efforts to improve America's economy, infrastructure and competitiveness, and we are thankful for the Committee's tireless work to see this legislation enacted.

AAPA is the unified voice of the seaport industry in the Americas, and my testimony is given on behalf of state and local public agencies located along the Atlantic, Pacific, and Gulf coasts, the Great Lakes, and in Alaska, Hawaii, Puerto Rico, Guam, and the U.S. Virgin Islands. For more than a century, AAPA membership has empowered port authorities to serve global customers and create economic and social value for their communities. Today, AAPA represents ports in our nation's Capital on urgent and pressing issues facing our industry, promotes the common interests of the port community, and provides critical industry leadership on security, trade, transportation, infrastructure, environmental and other issues related to port development and operations.

AAPA's members remain committed to the continued flow of freight and goods to markets across the nation and across the globe. I am here today to discuss the economic and operational impacts the COVID-19 pandemic has had on our ports, and to discuss what opportunities the future holds for our industry. It is critical that we take steps to continue to combat this virus to ensure that disruptions to our maritime transportation system are minimized.

But more importantly, as we continue to weather the impacts of the pandemic we risk losing valuable members of our community. I would like to recognize and honor the frontline workers, both in the maritime industry and otherwise, who have died from COVID-19. We've lost many good people.

SEAPORTS ARE VITAL TO THE UNITED STATES ECONOMY

Port authorities are governmental entities that own facilities at one or more ports. While the role of port authorities in port operations vary, most ports can be categorized as Operating Ports or Landlord Ports. Operating Ports own and construct port facilities, own cargo handling equipment, and hire labor to move cargo through port premises. At these operating ports, stevedores hire dockworkers to move cargo between ships and the dock. Landlord Ports, on the other hand, own the land and wharves of a port and lease these premises to our partners in the Marine Terminal Operator industry.

Our nation's seaports deliver vital goods to consumers, facilitate the export of American made goods, create jobs, and support local and national economic growth. Ports also play a crucial role in our national defense—a point acknowledged through the designation of 17 of our nation's ports as "strategic seaports" by the Department of Defense.

According to Martin Associates¹, an internationally recognized economic and transportation consulting firm, prior to the outbreak of the COVID-19 pandemic the total economic value generated in terms of revenue to businesses, personal income and economic output at U.S. coastal ports accounts for \$5.4 trillion, roughly 26 percent of GDP. This research also showed over 30.8 million Americans are employed in jobs generated as a result of port activity. Ports also generate significant tax revenue, with \$47.1 billion of direct, induced and indirect federal, state and local tax revenue created through the economic activity taking place at ports across the nation.

HOW HAS THE COVID-19 PANDEMIC IMPACTED PORTS?

Since the beginning of the COVID-19 pandemic, AAPA has remained in regular contact with members to monitor the impact of the pandemic, to communicate regarding the need for federal relief and recovery, and to give our members the opportunity to share best practices with one another as they manage this ever changing and ongoing crisis. On this latter point I would like to highlight how impressive the collaboration within the industry has been; typically the fiercest of competitors—ports have set aside market share aims in favor of keeping port workers safe and healthy, and getting goods to the frontline of the COVID-19 pandemic, as well as to consumers like you and me. As the former chair of the Federal Maritime Commission, I have been truly impressed with how ports across the country and the world have worked together to ensure safety of workers and minimize supply chain disruptions.

However, like nearly all aspects of life, our ports have endured significant impacts over the past year.

The COVID-19 pandemic caused 2020 to be one of the most erratic and volatile years in terms of container volumes. Early in the year, China's efforts to stem the pandemic led to the shuttering of factories which led to cancelled sailings. Coupled with a drop in consumer spending here in the United States as shutdowns were implemented to stop the spread of the COVID-19 virus, we experienced significant drops in volumes across the industry throughout the first half of 2020. By November commercial cargo volumes had declined across the industry—with total waterborne trade volume down 5.5% compared to the prior year, while the value of trade dropped by 12.7% totaling \$200 billion.²

In the spring, the U.S. economy seemed headed for an historic collapse. Millions of people lost their jobs. At the Port of Long Beach, following a slowdown in spring 2020 our container volumes began to rebound in May with record volumes by July. The year concluded with a December that turned out to be our busiest month ever. The year 2020 was like a crescendo in nature. We started soft, in a sea of uncertainty and we finished strong, topping 8.1 million TEUs.³ It was our best year ever.

These surges in cargo have led to challenges—from container shortages for the United States export market, to issues of chassis availability. But despite these challenges and others, goods and cargo have continued to move through our ports.

For the Port of Long Beach—in crisis, we build. We were determined to build toward recovery and continue our stated mission—to be an international gateway for the reliable, efficient and sustainable movement of goods for the benefit of our local and global economies.

To be clear, each port has been impacted differently. For every port like the Port of Long Beach that experienced surges in cargo over the course of the year there is a port that saw cargo declines with little recovery. One thing is clear—no port been spared the impact of the COVID-19 pandemic. While there were encouraging signs at the end of the year for some of those ailing, the outlook for the coming year remains uncertain.

Cargo and goods have continued to flow during this unprecedented moment in history in large part thanks to the work of frontline port employees and dockworkers. This has been a testament to the dedication of our maritime workforce. Like frontline workers nationwide though, port workers have not been spared from impacts of the pandemic.

Ports, working with marine terminal operators and others operating within port footprints, have put in place protocols to maintain the health, safety, and well-being

¹2018 National Economic Impact of the U.S. Coastal Port System. (2019, March). http://aapa.files.cms-plus.com/Martin%20study_executive%20summary%202018%20US%20coastal%20port%20impacts%20final.docx

²U.S. Census Bureau, FT920—U.S. Merchandise Trade: Selected Highlights (2020, January).

³Polb.com. Retrieved January, 2021, from <https://polb.com/business/port-statistics/#latest-statistics>

of our employees and all involved in the movement of goods and cargo throughout our facilities. AAPA has worked with our members to establish recommended COVID-19 protocols and best practices for the port industry.

These recommendations include protocols for when a port employee or third-party worker at a port receives a positive COVID-19 test, including following all CDC and local health department guidance regarding contact tracing, notifying local health agencies, isolating and disinfecting equipment, vehicles, or workspaces typically used by the COVID-19 positive employee, notifying workers who may have been in contact with the positive employee, and isolating and disinfecting workspaces, equipment, and vehicles where an employee may have passed. Critically, confidentiality also must be respected.

AAPA has also recommended options and best practices for cleaning and sanitizing port property. These recommendations begin by advising adherence to CDC guidelines on “Cleaning and Disinfection for Community Facilities.” We also recommend that workstations be disinfected following shifts, that high touch surfaces be disinfected, that bathrooms be disinfected with aerosol spray following each use, that ample hand sanitizer be provided to port workers, and that nightly deep cleaning of staff buildings and facilities be undertaken.

Finally, AAPA has shared recommendations to limit port employee exposure to COVID-19. These recommendations stress the importance of social distancing, the supply and use of personal protective equipment, modifying schedules and shifts to limit contact, and the use of virtual meeting platforms where possible.

Despite these precautions, port workers are still being impacted. In California, cases of COVID-19 among International Longshore and Warehouse Union (ILWU) members are captured by a dockworker self-service portal established by the Pacific Maritime Association (PMA) where members of ILWU can report that they have tested positive and qualify for emergency paid sick leave. While we do not have direct access to this portal or the information provided to the portal, since March of last year across California, cases self-reported into the portal is 1,497 cases. Of that, according to the portal data, 939 cases tested positive for COVID-19. It is important to note that, to the extent members may choose not to get tested or choose not to report a positive test, the positivity rate does not reflect the positivity rate of the total population of longshore workers.⁴

Even with current protocols in place for cleaning and social distancing, infection rates appear to be increasing at a time when Ports are experiencing high-levels of cargo volumes, including imports of essential goods and personal protective equipment. With positivity rates exceeding that in the general population and with an escalating number of workers testing positive, if additional action is not taken to ensure more testing and vaccination of port workers, we risk jeopardizing the fluidity of the movement of cargo.

While acting as hubs of commerce, ports are also a beacon of tourism in many communities. According to the Cruise Lines International Association, the cruise industry generates more than \$53 billion USD in economic activity in the United States and supports 421,000 American jobs.⁵ However, since the onset of the pandemic passenger movements have virtually ceased and remain nearly nonexistent. Operations are not expected to resume for months. Ports across the country have continually worked alongside cruise line partners to safely and responsibly accommodate vessels that were impacted by the virus while navigating severe economic impacts to their communities.

AAPA appreciates the Center for Disease Control’s (CDC) leadership as it has worked to protect the American public from the spread of COVID-19, and we were grateful for the opportunity to provide comments to Docket No. CDC-2020-0087 regarding cruise ship planning, infrastructure, and resumption of passenger operations. This issue is of vital importance to our cruise port members as the CDC considers future public health guidance and preventative measures relating to travel on cruise ships.

AAPA has endorsed recent legislation introduced by Senators Rick Scott (R-FL) and Marco Rubio (R-FL), the Set Sail Safely Act, to establish a federal Maritime Task Force and private sector advisory committee aimed at facilitating the safe resumption of cruise. AAPA’s member seaports stand ready to work in partnership and collaboration with vessel operators to safely resume cruising in the United

⁴Information shared by the Pacific Maritime Association and International Longshore and Warehouse Union

⁵Contribution of the International Cruise Industry to the U.S. Economy in 2018. (2019, November). <https://cruising.org/-/media/research-updates/research/contribution-of-the-international-cruise-industry-to-the-us-economy-2018.pdf>

States, and look forward to continuing dialogue with the CDC, this Subcommittee, and others in Congress on how best to accomplish this goal.

KEY RECOMMENDATIONS

Fund the Maritime Transportation System Emergency Relief Program to Help Ports Mitigate COVID-19 Impacts and Protect Workers

As the Committee considers additional actions to respond to the ongoing pandemic, AAPA believes it is critical that the Maritime Transportation System Emergency Relief Program be funded. Originally introduced and supported by Chairman Peter DeFazio and former Coast Guard and Maritime Transportation Subcommittee Chairman Sean Patrick Maloney, this new program was created in the National Defense Authorization Act of 2020 (P.L. 116-283). It authorizes the Maritime Administration to solicit applications for aid from those across the maritime industry, both inland and coastal, entities both public and private, and provide grants to those most in need due to emergencies or disasters. This includes aid to help mitigate the impacts of the ongoing COVID-19 pandemic, ensure the health and safety of port workers, and provide the relief necessary to those in the maritime industry ailing as a result of the pandemic.

It is essential that the U.S. maritime industry maintain a state of readiness and sustain our critical responsibility in the supply chains that provide food, medical equipment, and other essential goods for the citizens of this country. By funding this new program and giving the Maritime Administration the resources necessary to provide grants to manage expenses incurred due to the ongoing pandemic, Congress will help ensure that maritime operations continue at the high level that Americans have come to depend on.

Prioritize Vaccination and Provide More Testing for Port Workers and other Transportation System Workers

It is also critical that COVID-19 vaccines flow predictably, be made available to port workers, and that these workers be categorized for Phase 1 allocations. In late December 2020, the CDC's Advisory Committee on Immunization Practices (ACIP) made its recommendation on allocation of vaccinations to essential workers, categorizing them in Phase 1. However, some confusion has resulted from a distinction made in the CDC's vaccine allocation guidance between what are termed "frontline essential workers," categorized under "Phase 1b," and "other essential workers," categorized under "Phase 1c." This distinction is not made by the Department of Homeland Security's (DHS) Cybersecurity and Infrastructure Security Agency (CISA) in its Guidance on the Essential Critical Infrastructure Workforce, and clarification is necessary.

The surges we have seen in recent months in COVID-19 cases have escalated the exposure to the virus of essential workers—including those at ports. The safe, efficient movement of cargo underpins a strong and resilient economy, and the administration of vaccines to port workers and other essential transportation infrastructure workers adds an effective measure towards mitigating the spread of the virus throughout port facilities, and provides an effective measure in ensuring that we have the capability and capacity to continue to move cargo through our facilities. While education, facial coverings, other protective equipment, social distancing where practicable, and extensive cleaning and hygiene regimes are effective, vaccines provide a critical tool in continuing to ensure our workforce remains capable.

Many ports have sought to apply to have their unused space to provide their individual states a point of distribution to be used by the state for a vaccine site. As the Congress considers additional funding for vaccine distribution, ensuring that ports and other hubs of transportation activity are prioritized as vaccination sites would be a helpful tactic to get port workers and other transportation workers vaccinated more quickly and can help supply each state with a facilities with the capacity to adequately administer the vaccine at scale. To date, no port has been successful in becoming a point of distribution, though as vaccination efforts continue and as federal aid for these facilities expand our members will continue to look at ways to ensure the health and safety of port workers.

While vaccination is critical to ensuring the safety of our workforce, COVID-19 testing is a critical tool in this effort. Rapid, frequent testing is the best way to know who among port workers have active COVID-19 infections. Additional federal resources to allow for frequent testing of port workers will give ports and our partners in labor the insights necessary to protect our critical frontline workers.

Invest in our Nation's Trade Infrastructure to Power the Economic Recovery

President Biden recently spoke of the need to take a two-step approach to respond to the pandemic—an approach of rescue and recovery. The first two recommendations here focused on rescue—ensuring our ports have the resources necessary to address this crisis and remain able to fulfill their critical role in our national supply chains and ensuring that our critical workforce is vaccinated and able to keep our economy moving—but it is important to address the next phase of recovery.

Ports exist to facilitate an integrated, end-to-end supply chain. We optimize goods movement. We build and invest. We serve as an engine for economic prosperity in our communities and provide access to markets across the globe for communities nationwide.

Ports serve as the beginning point for our nation's multimodal freight system. For the decade spanning 2018–2028, AAPA identified \$20 billion in multimodal and rail access needs at ports.⁶ Federal investment in these multimodal projects can leverage billions of dollars in additional port investment. As populations shift, as cargo volumes grow, and as we continue to embrace e-commerce and direct to consumer shopping, these investments will be critical to ensuring the United States has a 21st century multimodal freight network to compete globally and deliver locally.

I noted earlier in my remarks at the Port of Long Beach—in crisis, we build. I hope this Subcommittee and the full Transportation and Infrastructure Committee will take steps necessary to invest in our ports and in our nation's trade infrastructure. As we recover from the impacts of this pandemic, we have an opportunity to transform our infrastructure.

President Biden put it best: we can create “millions of good-paying jobs that put Americans to work rebuilding our roads, our bridges, our ports to make them more climate resilient, to make them faster, cheaper, cleaner, to transport American-made goods across our country and around the world. That's how we compete.”

Reevaluate Harmful Trade Practices

I will also note, that prior to the outbreak of the COVID–19 pandemic, trade and tariff policies put in place under the previous Administration were in the process of being implemented. These tariffs were beginning to negatively affect trans-Pacific trade. Fortunately, as the first impacts of the COVID–19 pandemic were beginning to be felt, the Trump Administration provided a measure of relief to American consumers from these tariffs.

I hope that the Biden Administration will take the opportunity to reassess this country's trade and tariff policies. By doing so, we can assist our businesses in conducting the international business that is so vital to our economy.

CONCLUSION

Over the past year, since the beginning of the COVID–19 pandemic, ports and port workers have tirelessly worked to continue to move cargo, to ensure that food, medical equipment, and other essential goods are available for the citizens of this country. While we have faced challenges, we are proud of the fact that ports have remained open.

Once again, I appreciate the opportunity to share with the Subcommittee the impacts of the ongoing pandemic on the port industry, and I hope you will consider the steps outlined here that Congress could take to help ports and the maritime industry maintain a state of readiness and sustain our critical responsibility in the supply chains nationwide.

Mr. CARBAJAL. Thank you, Mr. Cordero. Next, we have Mr. Jim Patti. You may proceed.

Mr. PATTI. Thank you, Mr. Chairman, Ranking Member Gibbs, members of the subcommittee. My name is James Patti. I am chairman of USA Maritime, a coalition that includes shipping companies operating U.S.-flag vessels in our Nation's foreign trades, maritime labor unions representing the men and women who crew these vessels, and their related maritime associations.

Our companies own and operate the 60 militarily useful U.S.-flag commercial vessels enrolled in the Maritime Security Program, and

⁶The State of Freight III—Rail Access + Port Multimodal Funding Needs Report. (2018, May 16). <https://aapa.files.cms-plus.com/PDFs/State%20of%20Freight%20III.pdf>

carry defense and nondefense Government cargoes, pursuant to the U.S.-flag cargo preference shipping laws.

At the outset, we thank you for your support for the Maritime Security Program, and for your leadership in enacting legislation to determine whether our Nation's cargo preference laws are being fully enforced.

We also appreciate your efforts that led to the enactment of the Maritime Transportation System Emergency Relief Act, which will, once funded, allow those in need in the maritime industry to apply for assistance and respond to COVID-19 or other emergency.

Since the onset of the pandemic, the companies and unions in USA Maritime have worked tirelessly to protect the lives of American mariners, address the professional and personal hardships they endure because of COVID-19, and to ensure that the essential economic and defense services provided by our industry remain available. Nevertheless, and despite the essential protocols and practices put in place, more needs to be done.

Most importantly, we are asking that American mariners and cadets working aboard our U.S.-flag vessels, be considered for expedited access to the COVID-19 vaccine. Such access will help to ensure that mariners remain available to crew the vessels necessary to support American troops deployed overseas, and protect America's economic and military security.

As General Stephen Lyons, commander, United States Transportation Command, has said, quote: "When our Nation goes to war, so does the maritime industry. Today, as in the past, the Defense Department relies on U.S.-flag vessels, global trade routes, and expert mariners . . . in times of crisis," end quote.

Expedited access is also important, because many of these mariners, already designated as critical transportation infrastructure workers, help deliver the medicine, personal protective equipment, food and other supplies desperately needed by those suffering from COVID in our country and around the world.

Due to the time spent at sea, the fact that mariners live and work closely together in multigenerational settings for months at a time, and the exposure to individuals aboard their vessels in foreign ports who do not follow necessary safety procedures and protocols, mariners face a significant and elevated risk from COVID-19. These risks are exacerbated by the lack of medical care aboard ship when a crewmember becomes infected while underway, because they are all too often denied access to medical care in foreign ports.

In addition, crew rotation, pre- and post-employment quarantine, the repatriation of sick or injured seafarers, travel restrictions, and the need for uniform testing protocols, remain major concerns for the U.S.-flag shipping companies and maritime unions engaged in the U.S. international trades.

Finally, Mr. Chairman, the COVID-19 pandemic has made it all too clear how vulnerable our commercial sealift readiness capability is, due to the current maritime manpower shortage, estimated by the Department of Defense to be as much as 1,800 mariners in the event of a protracted conflict.

The reality is that less than 2 percent of America's foreign trade is carried on U.S.-flag vessels. Until this is changed, the current manpower shortage will not be erased. While it may sound overly

simplicistic, without cargoes, vessels don't sail, and mariners don't have jobs.

This not only means funding and support for the programs and policies currently in place, including the cargo preference laws, the Maritime Security Program, and the newly authorized tanker security fleet, but also requires strong and innovative action on the part of our industry, Congress, and the administration.

We are convinced that by working together, we can develop and implement programs and policies that will increase the amount of America's foreign trade carried aboard U.S.-flag ships, increase the number of vessels operating under the U.S. flag, and increase the number of jobs for American mariners.

We are encouraged by the maritime policy objectives put forward by President Biden, including his recent Buy America Executive order, which includes maritime services within its scope, as well as by the confirmation of Mayor Pete Buttigieg as Secretary of Transportation and the appointment of Ms. Lucinda Lessley as Deputy Maritime Administrator.

In conclusion, on behalf of the USA Maritime coalition, I would like to again thank you and the members of this subcommittee and committee for your support. I look forward to answering your questions.

[Mr. Patti's prepared statement follows:]

Prepared Statement of C. James Patti, President, Maritime Institute for Research and Industrial Development, on behalf of USA Maritime

Good morning Chairman Carbajal, Ranking Member Gibbs and Members of the Subcommittee:

My name is C. James Patti. I am President of the Maritime Institute for Research and Industrial Development and Chairman of USA Maritime. USA Maritime is a Coalition whose membership includes shipping companies operating U.S.-flag vessels in our nation's foreign trades, including all the U.S.-flag shipping companies having vessels enrolled in the 60-ship Maritime Security Program; the maritime labor unions representing the licensed and unlicensed men and women who crew these vessels; and their related maritime associations. I appreciate the opportunity to appear on behalf of USA Maritime to discuss the current state of the U.S.-flag international merchant fleet.

The development and implementation of programs and policies that support this fleet, enhance its economic viability and enable it to compete for a larger share of America's foreign trade are extremely important to our ability to support the economic and military security of our country. Consequently, we are extremely pleased that this hearing is being held and that we have been given the opportunity to present our views.

As this Committee knows, throughout our history the United States has depended on a strong, active, and militarily-useful privately-owned U.S.-flag merchant marine to protect, strengthen and enhance our nation's economic, homeland and military security. U.S.-flag shipping companies and the loyal, reliable American mariners who crew their vessels are extremely proud of the role they play as our nation's Fourth Arm of Defense, and they are always ready to respond to our nation's call in times of war or other international emergency, providing the commercial sealift readiness capability, intermodal and logistical networks and civilian maritime manpower necessary to support America's interests and to supply American forces deployed overseas.

It is important to understand that the number one priority of the Department of Defense United States Transportation Command (USTRANSCOM) is "warfighting readiness" and its mission is "to project and sustain combat credible forces needed to deter war, protect the security of our nation, and win decisively should deterrence fail." The U.S.-flag maritime industry is a key resource relied upon by USTRANSCOM to fulfill this mission.

As stated by General Stephen Lyons, Commander, USTRANSCOM in December 2020, “When our nation goes to war, so does the maritime industry. Today, as in the past, the Defense Department relies on U.S.-flag vessels, global trade routes and expert mariners to comprise a naval auxiliary in times of crisis.”

Of course, the current state of affairs of the U.S.-flag international fleet and its ability to provide the capability our country needs are impacted by COVID-19. As with other segments of the maritime industry, the U.S.-flag shipping companies and maritime labor organizations belonging to USA Maritime have been affected by COVID-19 and in some extremely important areas continue to be.

We are seeing demand for container shipping remaining at a high level while companies operating Roll-on Roll-off ships and Multi-purpose heavy lift ships are experiencing an improving market. For those operating tankers, however, the market is still somewhat depressed. Of course, with the full impact of the new variants of COVID-19 yet to be determined, it is impossible to predict with any accuracy what the market and demand for shipping services will be in the months ahead.

We appreciate the work done by Committee Chairman Peter DeFazio, former Subcommittee Chairman Sean Patrick Maloney and other members of this Committee and Subcommittee to enact the Maritime Transportation System Emergency Relief Act (MTSERA). This program, once funded, will allow those maritime industry companies and entities and maritime training facilities who need the assistance now or in the future to seek grants from the Maritime Administration in response to COVID-19 or other emergency.

Since the onset of the pandemic, maritime labor and their U.S.-flag shipping companies have been working with each other as well as with a number of Federal agencies and departments, including the Maritime Administration, the United States Coast Guard, the United States Transportation Command, the Department of State, the Federal Maritime Commission and others to put in place the measures that help protect the lives of American mariners and ensure that the essential economic and defense services provided by our industry remain available. The support given to our industry by these and other Federal agencies is greatly appreciated.

While over the past eleven months safety practices and protocols have been developed and put in place within our industry there are still COVID-19 related issues that need to be resolved. Most importantly, while we clearly understand and appreciate that there are many segments of the American workforce who need expedited access to the COVID-19 vaccine, it is extremely important that American mariners and cadets working aboard Maritime Security Program vessels and other U.S.-flag vessels in the foreign trades receive such access. Otherwise, with the differences in vaccine administration procedures among the states, it may be months at the earliest before mariners receive a vaccine.

Due to the time spent at sea and the number of countries visited by merchant mariners in the course of their employment, there is a significant and elevated risk of COVID-19. American mariners are continually exposed to individuals in foreign ports who board their vessels who do not follow necessary safety procedures and protocols. If a crewmember tests positive for COVID-19 the vessel, depending on the jurisdiction, may be taken out of service and it, along with the entire crew, may be placed into quarantine for an undetermined period of time. The quarantine and cleaning of the vessel is not only time consuming and extremely expensive for the shipping company, but the delay means that the vessel's cargo will not arrive at its destination when expected and when needed. In the case of commercial cargo, including the delivery of essential medical and other supplies, this may have a detrimental impact on consumers and businesses and, most importantly, on the first responders and other essential workers relying on the delivery of medical supplies and equipment. In the case of military cargo, such disruptions raise the distinct possibility that the lives of American troops overseas may be affected and the ability of the Department of Defense to protect the interests of the United States threatened.

Seafarers live and work closely together in multi-generational settings aboard ship for months at a time. The close contact and risk of exposure is exacerbated by the lack of medical care aboard ship when mariners become infected while underway or when denied shoreside access to medical care in foreign ports, a situation which occurs all too often. One infected crew member may quickly infect the entire ship's crew, most often with no medivac available and frequently with no port of refuge that will allow mariners to disembark and seek medical care. Although mariners are trained to stabilize a sick or injured crewmember, they have always been able to obtain medical care in foreign countries and ports. Since COVID-19 however, mariners are as a general rule not allowed ashore to receive medical attention unless it entails a “life threatening” situation.

As stated by Vice Admiral Dee Mewbourne, Deputy Commander, United States Transportation Command, “The merchant mariners who support the ... U.S.-flag

international shipping industry are vital to our national security and provide the necessary capacity to move forces, supplies, and equipment when needed.” Admiral Mewbourne went on to say that “we are well aware of the challenges in mission accomplishment when a merchant mariner has to undergo restrictions on movement, quarantine, or medical treatment due to the COVID pandemic.”

Admiral Mewbourne’s comments once again highlight the fact that American mariners are a key component of the commercial sealift readiness capability relied upon by the Department of Defense and we appreciate USTRANSCOM’s efforts to address the vaccine distribution effort as it pertains to American mariners. We urge Congress and the Administration to similarly consider American mariners in the development and implementation of a strategy and overall plan for the distribution of the COVID–19 vaccine.

In addition, crew rotation, pre- and post-employment quarantine, the repatriation of sick or injured seafarers and travel restrictions are major concerns for the U.S.-flag shipping companies and maritime unions engaged in the U.S. international trades. As stated previously, there is a serious problem obtaining adequate medical care in foreign ports where the local authorities will not allow the mariner to leave his vessel. This is compounded by the difficulty relieving sick or injured mariners and sending them home from locations where there is no established process in place and the government or local authority in question is unwilling or unable to act.

Severe restrictions persist regarding entering or departing from foreign airports and territories for crew changes aboard military and commercial shuttle ships overseas, impeding the ability of mariners to get to their vessels or to return home, compounding the personal and professional hardships they endure. In addition, mariners like all other travelers are now required, upon entry into the United States, to present a negative COVID–19 test, taken within three calendar days of departure. Overall, while crew rotation delays have been generally reduced, many isolated but nonetheless serious cases still occur.

We appreciate the assistance we have received from Members of Congress, the Maritime Administration, Department of Defense and the State Department to address crew rotation and related issues, especially those involving sick or injured mariners. It is important, not only to the overall efficient operation of our fleet but to the health and morale of American mariners that the crew have access to reliable and professional health care in ports across the globe whether it involves COVID–19 or for other injuries and illnesses that arise during a long voyage. We need to take care of the people keeping the supply chain flowing.

Looking forward, we believe that one of the most important lessons learned to date from the ongoing COVID–19 pandemic and its continuing impact on the U.S.-flag international fleet and the men and women who crew these vessels is that we must continue to address the shortfall in the number of qualified and available U.S. citizen mariners to crew the government and privately-owned vessels used by the Department of Defense in time of war or international emergency. As stated by USTRANSCOM Commander General Lyons in November 2020, “With 85 percent of our forces based in the continental United States, nearly 90 percent of our military equipment is expected to deploy via sealift in a major conflict. In order to deploy those forces, we require safe, reliable and ready U.S.-flagged vessels [and], mariners to crew those ships. . . .”

Without the capability provided by the U.S.-flag international fleet and its civilian American mariner workforce, the Department of Defense would be forced to either dedicate its resources to replicate, at significant cost to the American taxpayer, the commercial sealift readiness capability provided by our industry or to entrust the security of our Nation and the safety and supply of American troops to foreign flag of convenience vessels crewed by foreign nationals who may not support U.S. defense operations. To do so would be to jeopardize the lives of American service-women and men who will no longer be guaranteed the supplies and equipment they need to do their job in support of our country.

We can address this shortfall in the American maritime manpower pool by ensuring that greater amounts of government-generated and commercial cargoes move on U.S.-flag ships, thereby increasing the size of the U.S.-flag fleet and the number of American merchant mariners to crew the vessels needed to meet Department of Defense requirements. As history shows, American mariners have never failed to sail into harm’s way when needed by the United States. There is no guarantee—no reason to believe—foreign flag of convenience vessels and their foreign crews will do the same. As we go forward, even as we continue to confront the COVID–19 pandemic, it is essential we focus on ways to not only maintain but to increase the number of vessels operating under the U.S.-flag so that we can increase the number of American maritime jobs.

For example:

CARGO PREFERENCE: Without cargo, vessels do not operate and mariners do not have employment. Working in conjunction with the Maritime Security Program, our nation's cargo preference laws ensure that the U.S.-flag international fleet has the base of cargo needed to support U.S.-flag vessel operations. U.S.-flag cargo preference shipping requirements mandate that a percentage of U.S. taxpayer financed exports and imports be transported on privately-owned U.S.-flag commercial vessels, to the degree such vessels are available at fair and reasonable rates. It is important to understand that every U.S.-flag vessel—whether it has been selected to participate in the Maritime Security Program or not—has important military utility by providing the employment base necessary to maintain the cadre of American merchant mariners needed by the Department of Defense. The full implementation of the cargo preference requirements to transport U.S. government cargoes helps guarantee that American maritime jobs will not be outsourced to the benefit of foreign maritime workers and that the dangerous decline in the number of available American merchant mariners will not worsen.

To this end, we are encouraged by the recent “Buy America” Executive Order issued by President Biden which includes maritime services within its scope. This affirmation of support from the highest office in the land sends a clear message that U.S.-flag vessels and the jobs they provide and support are key elements of the Administration's economic policy. In addition, legislation initiated by this Committee to require an audit of cargo preference implementation and enforcement was incorporated into the final FY21 defense authorizations legislation (PL 116-283) and demonstrates continued Congressional support for existing U.S.-flag cargo preference shipping requirements.

We appreciate this support for U.S.-flag cargo preference shipping requirements and ask your help to ensure that all Federal agencies which ship ocean cargoes fully comply with the spirit and the letter of the Congressionally mandated audit. We also look forward to working with this Subcommittee to consider changes to the cargo preference laws that will further enhance and expand U.S.-flag vessel operations and American maritime jobs.

MARITIME SECURITY PROGRAM: The Maritime Security Program (MSP) and its fleet of 60 privately-owned militarily-useful U.S.-flag commercial vessels and their U.S. citizen crews form the backbone of America's commercial sealift readiness capability. Since the inception of military operations in Iraq and Afghanistan in 2002, 98 percent of the cargoes have been transported to the region on either U.S.-flag commercial vessels or U.S. Government owned and/or controlled vessels—all of which are crewed by U.S. citizen civilian merchant mariners. In fact, since 2009, privately-owned U.S.-flag commercial vessels and their civilian U.S. citizen crews transported more than 90 percent of the sustainment cargo needed to support U.S. military operations and rebuilding programs in Iraq and Afghanistan. Vessels enrolled in MSP—all of which are also enrolled in the Voluntary Intermodal Shipping Agreement program, a related sealift readiness program, and all of which are crewed by United States citizen civilian mariners—carried 99 percent of these cargoes.

Today, the Maritime Security Program provides an employment base for approximately 2,400 U.S. merchant mariners, all of whom are qualified to sail on ocean-going vessels and can be relied upon to crew the privately-owned and government vessels needed by the Department of Defense. In addition, the Maritime Security Program provides the Department of Defense with access to the essential multibillion-dollar global network of intermodal facilities and transport systems maintained by companies participating in the Maritime Security Program.

A 2006 report prepared for the National Defense Transportation Association and Military Sealift Command concluded that at that time “the likely cost to the government to replicate just the vessel capacity provided by MSP dry cargo vessels would be \$13 billion.” In addition, the United States Transportation Command estimated that it would cost the Government an additional \$52 billion to replicate the global intermodal systems made available to DOD by MSP contractors who are continuously developing, maintaining, and upgrading their logistics systems. Instead of the minimum estimated \$65 billion it would cost the taxpayer if there were no MSP, a fully funded MSP will continue to provide DOD with the militarily-useful U.S.-flag vessels, U.S. civilian maritime manpower, and the global intermodal systems it needs at a cost to the taxpayer of \$318 million in FY22.

For these reasons, we ask Congress to fund the Maritime Security Program at its Congressionally authorized level of \$318 million in Fiscal Year 2022 so that these vessels will continue to operate under the United States-flag with American mariners and provide the commercial sealift readiness capability needed by the Department of Defense.

TANKER SECURITY FLEET: In a letter to Congress in 2019, General John Broadmeadow, then-Deputy Commander, U.S. Transportation Command, warned that today's fleet of U.S.-flag tankers "is insufficient to meet certain war plan requirements." He further went on to say that "As our mobility analysis continues to refine requirements, a 10-tanker program will be a welcome start to begin to address the gap in U.S.-flagged bulk fuel delivery."

Similarly, a report released in February 2020 by the Center for Strategic and Budgetary Assessment noted that the Department of Defense "faces a gap of approximately 76 fuel tankers to meet surge sealift requirements. A Tanker Security Program would be a rapid and cost-effective means to help address this gap . . ." The report further noted that under a tanker security fleet program, "militarily useful tankers would participate in the Voluntary Tanker Agreement, be equipped with capabilities for delivering fuel at sea via consolidated logistics tanking and would carry crews trained to support military operations during contingencies."

In response, and with the support of Members of this Committee, the FY21 defense authorizations legislation (PL 116-283) authorizes the establishment of such a tanker security fleet. This fleet will be comprised of 10 U.S.-flag U.S.-crewed product tankers to help reduce our military's reliance on foreign flag vessels by increasing the amount of fuel supplied and transported by American mariners on U.S. flag commercial vessels, consistent with the priorities of our national defense.

We ask all Members of Congress to support funding for this program as authorized by Congress (\$60 million in FY22). We also look forward to working with Congress to ensure that this program not only enhances commercial sealift readiness and supports the Department of Defense supply chain but that it attracts additional vessels to the United States-flag and increases the number of jobs available to American mariners.

In conclusion, we cannot discuss the state of affairs of the U.S.-flag international fleet without addressing the reality that less than 2 percent of America's foreign trade is carried on U.S.-flag vessels. This has resulted in a precipitous and dangerous decline in the number of U.S.-flag ships engaged in the international trades with a corresponding decline in the U.S. citizen civilian mariner manpower pool.

We believe it is imperative that the downward trend in the number of vessels operating under the U.S.-flag not only be stopped but reversed, and that the outsourcing of American maritime jobs to the benefit of foreign workers be ended. This not only means funding and support for the programs and policies currently in place, including the cargo preference laws, the Maritime Security Program and the Tanker Security Fleet, but requires strong, positive and innovative action on the part of our industry, the Congress and the Administration working together to develop and implement meaningful and effective programs and policies that will increase the number of commercially viable U.S.-flag vessels, increase the number of American maritime jobs, and increase the amount of America's foreign trade carried aboard U.S.-flag ships.

We look forward to working with you and your colleagues not only on the issues addressed above but on other initiatives, including those for example that result in Federal tax policy and laws that incentivize shippers to utilize U.S.-flag vessels and encourage, rather than discourage, investment in the U.S.-flag shipping industry; that promote bilateral shipping and cargo sharing agreements with our trading partners; and that include a greater reliance on U.S.-flag vessels as a means to achieve energy efficiency and a cleaner environment. In this way, our ability to serve as a military auxiliary in time of war will be enhanced, further guaranteeing that the United States will have the U.S.-flag ships with American crews it needs to provide the assured logistics the Department of Defense requires.

On behalf of the organizations belonging to the USA Maritime Coalition I want to again thank you Mr. Chairman, Ranking Member Gibbs and the Members of this Subcommittee for your support and stand ready to provide whatever additional information you may require.

Mr. CARBAJAL. Thank you, Mr. Patti.

Next, we will proceed with Mr. Michael Roberts. You may proceed.

Mr. ROBERTS. Thank you, Mr. Chairman. Chairman Carbajal, Ranking Member Gibbs, members of the subcommittee, I am honored to appear before you on behalf of the American Maritime Partnership, or AMP. AMP is the largest coalition of American maritime interests ever assembled, representing almost all segments of

the domestic maritime industry, producing 650,000 jobs nationwide.

As in my written testimony, I would like to speak briefly today about three issues, COVID, offshore wind, and China, but I have two preliminary comments before I get to those.

First, for those who may be new to American maritime, you should know that labor and management stand together on virtually every policy issue. I believe this is because of the unique role we play in promoting our national security, and it is important to recognize, especially in a highly polarized environment.

Secondly, let me touch on the Jones Act, which is the legislative foundation for the American domestic maritime industry. The central requirement of the Jones Act is that those who carry cargo between two American points must use American ships with American workers, and must obey American laws, a pretty simple proposition.

Ships flying the flag of China or Liberia or some other flag of convenience can carry cargo in our import-export trades between America and a foreign country, but not within our domestic markets. Almost all countries that have a coastline have similar laws.

The Jones Act has overwhelming bipartisan support in Congress and has been supported by every American President in modern times, including President Biden, who explicitly endorsed the Jones Act in his Executive order on Buy America, and we appreciate that very much.

The American maritime industry, which the Jones Act supports, has performed remarkably well through this pandemic. The character and culture of American maritime continues to drive leaders at every level to find solutions, to keep people safe, and keep supply chains moving.

Government agencies have also helped, providing regulatory flexibility and in other ways. We also appreciate the very important maritime legislation passed in the last Congress, including MTSEERA, which has been discussed and which enables the Maritime Administration to do more.

Not enough has been done yet, however—and this builds on Jim Patti's comments—for those essential frontline workers to keep them healthy. We are telling them to continue working, and the companies are doing what we can and they can to keep them safe. But for mariners, working means living onboard the ship. It is a congregate living setting, in CDC's terms, like a nursing home or a fire station, except that mariners live in that bubble for weeks at a time. They should have priority access to testing before entering that bubble, and they should have priority access to vaccines in phase 1b, right after senior citizens and frontline healthcare workers.

The next issue, the development of offshore wind power, represents what may be a generational opportunity for American maritime, producing dozens of vessels and tens of thousands of jobs. We are very grateful for the work of many current and former members of this committee in having legislation enacted by the last Congress that confirms this work is, in fact, in our domestic economy, and subject to the Jones Act. Investment is already moving

forward and jobs are being created, based, in part, on that legislation.

This is one example of American maritime’s commitment to improving sustainability, which includes cutting-edge investments to fuel cargo ships with liquefied natural gas, prototype development of electric-powered vessels, and research in many other areas of maritime sustainability.

Finally, many believe that after COVID, the most significant national security challenge we face is geopolitical competition with China. The maritime industry has clearly been targeted. According to CSIS, the Chinese Government has spent almost \$15 billion annually for more than a decade to support its shipping and shipbuilding industry.

The result is that China built 1,291 large commercial ships in 2019, compared to 8 built in the United States. More than 6,000 Chinese-flag commercial ships sail the ocean versus less than 200 flying the U.S. flag.

We believe this demands a strong policy response. Thankfully, because of the Jones Act, we still have commercial shipbuilding in the United States, and we have a modern fleet of U.S.-flag vessels, crewed by American mariners, to meet the needs of American domestic commerce, but a great deal more is obviously needed if we are going to respond effectively to China’s maritime ambitions.

With that, I want to thank you again, Chairman Carbajal and Ranking Member Gibbs, and will welcome your questions.

[Mr. Robert’s prepared statement follows:]

Prepared Statement of Michael G. Roberts, Senior Vice President, Crowley Maritime, on behalf of the American Maritime Partnership

I. INTRODUCTION

Mr. Chairman, Mr. Ranking Member, Members of the Subcommittee. Thank you for the opportunity to be with you today. I am Michael Roberts, senior vice president of Crowley Maritime, a major American domestic shipping company. We are a diversified marine transportation and logistics company based in Jacksonville, Florida. We employ about 3,000 American mariners, and have invested nearly \$3 billion in vessels built by American workers in U.S. shipyards. Vessels in our fleet serve customers in Alaska, the U.S. West, East and Gulf coasts, the Caribbean and Central America. Thank you for the opportunity to talk to you today about “the state of the American maritime industry during the COVID–19 pandemic.”

I am here today in my capacity as president of the American Maritime Partnership (AMP). AMP is the largest maritime legislative coalition ever assembled. Our organization includes all elements of the American domestic maritime industry—shipping companies, ship construction and repair yards, mariners, and pro-defense organizations. Our focus is America’s domestic shipping law, the Jones Act, which requires that cargo moved by water between two points in the United States be transported on American vessels by American mariners.

As I will discuss in more detail below, it is in times like these—when our domestic transportation industry and our nation faces a historic pandemic—that we are well served by American mariners on American vessels in American waters.

II. WHAT IS THE JONES ACT?

The Jones Act is the fundamental law of the domestic maritime industry. As mentioned, the Jones Act requires that cargo moved between two points in the United States by water is transported on vessels that are U.S.-flagged, U.S.-owned, U.S.-crewed and U.S.-built. The Jones Act and related coastwise laws are the underpinning for the American domestic maritime industry, which is comprised of more than 40,000 vessels and supports 650,000 jobs with an economic impact of more than

\$150 billion annually, according to a study for the Transportation Institute by PricewaterhouseCoopers.

The reason we have a Jones Act can be encompassed in one word—security. The coastwise laws of the U.S. are essential to the continued economic security of the U.S. transportation system and to the maintenance of a U.S.-flag fleet to support that system. The Jones Act ensures that American mariners are constantly on the watch on our inland waterways, promoting homeland security. And finally, the Jones Act is critical to ensuring that our country has both the mariners and the seafight capacity to go to war, which is essential to our national security.

The value of the Jones Act is even clearer during this pandemic. As can be seen by the breakdown of the supply chain for basic medical goods at the beginning of the COVID-19 pandemic, America cannot be wholly dependent on foreign countries for our basic needs. The Jones Act ensures that America will have the ability to transport our own goods by water and a defense industrial base that is not hamstrung by unfair foreign competition. Today's domestic U.S.-flag fleet has proven its capabilities to meet the demands of the pandemic, and our mariners have risen to the call of their essential worker status.

III. SUMMARY OF KEY POINTS

Today I would like to leave you with three main points:

First, despite the massive challenges associated with COVID-19, this subcommittee can be assured that the American domestic maritime industry will continue to deliver the goods that are essential to our nation despite one of the most difficult work environments in a generation. We take our responsibility as frontline workers very seriously and understand our obligation to ensure that America's critical supply chains are not interrupted. In these difficult times, our nation's economic, homeland, and national security can only benefit from an all-American industry like ours. I'm proud to tell you today that our industry has risen to the occasion to keep America moving during this historic pandemic. But there is more the government can do to support America's maritime frontline workers to help keep them safe and able to keep domestic supply chains intact.

Second, one very positive development for the American maritime industry during this difficult period is the emergence of the offshore wind industry. This is one of the most important emerging markets for our industry, and we are proud to be full partners in the development of offshore wind as a renewable energy source. This partnership is expected to produce tens of thousands of jobs, tens of billions of dollars in economic output, and play a significant role in decarbonizing electricity production in the United States. American Maritime is excited to be playing a key role in realizing those expectations, as we are a dynamic and competitive industry that strives for best-in-class safety, efficiency and environmental stewardship.

Third, China's shipping and shipbuilding industries have experienced dramatic growth in recent years, fueled by its export economy and extraordinary support from the Chinese government. The result is a Chinese commercial maritime industry that puts U.S. national security interests at risk both in peacetime and in the event of conflict. Americans have learned during the pandemic that depending on China for face masks and other critical supplies is not in our country's best interest. America must develop a thoughtful and effective policy response to China's maritime ambitions. A growing number of experts and scholars have begun to do this, and have found, among other things, that the starting place for such a policy is to reinforce and expand support for the American domestic maritime industry and the Jones Act. We share that view, as we will discuss in more detail below.

I will now take these three main points—our industry's response to COVID-19, the growing offshore wind industry, and concerns about China—in turn:

IV. COVID-19 IMPACTS ON THE DOMESTIC MARITIME INDUSTRY

I last testified before this subcommittee in May 2020, only two months into the pandemic. Then, as now, the maritime industry was recognized as essential by the Department of Homeland Security, meaning that we continue operating throughout the pandemic. Our ability to keep operating and deliver the goods for America is due to the men and women of our maritime workforce—those who work on the docks; those on board the containerships, tankers, bulkers, dredges and other vessels; those who pilot these vessels safely into port; and thousands of others who contribute to the safe and efficient operation of our domestic maritime supply chain. We are grateful for the dedication of these men and women. Because of their commitment and adherence to appropriate protocols we have been largely successful at ensuring the safety of these essential workers while continuing service to our customers. We also appreciate the continued efforts of U.S. government maritime au-

thorities—the U.S. Coast Guard, Maritime Administration, U.S. Transportation Command and others—for their leadership on these issues. The foundation of collaboration between government and industry that has been built on national security, safety, and other issues has enabled real progress to be made in these extraordinary times.

But there is still work to be done. Most importantly, we need to better ensure that the maritime workforce remains as free of COVID-19 as possible both for safety reasons and so that the domestic supply chain remains intact. Companies have had to improvise during the pandemic, developing special operating protocols to protect employees based on the best information available and developing testing and other safety protocols to ensure, to the best of our ability, that mariners entering the “bubble” of a ship are not infected with COVID-19. While testing, quarantine and other measures have been mostly successful, we are operating on borrowed time as the possibility of a COVID-19 outbreak severely impacting our domestic supply chain is an everyday reality.

We have seen glimpses of the potential impacts that such an outbreak could produce. Ports are backed up due to a surge of imports, but also a lack of workers due to COVID-19 infections. An overreaching government response to a suspected COVID-19 case onboard a cargo ship—where the ship is ordered to anchor instead of to a secure, controlled-access dock—could have enormous supply chain impacts. This is especially true for a non-contiguous area like Hawaii, Alaska or Puerto Rico, where the potential quarantine of an entire vessel, instead of the vessel’s crew, is of great concern. A single vessel may account for a large portion of the weekly commerce of the communities in the noncontiguous U.S. trades, such that any delay, no matter how slight, may have a serious impact on those states and territories being served.

The most important solution to these threats is to prioritize mariners for the COVID-19 vaccination and, in the interim, ensure that mariners have access to rapid testing. We were grateful that the Cybersecurity and Infrastructure Security Agency recognized the importance of the maritime industry and ensured that maritime workers were broadly covered as part of the critical infrastructure guidance released in March. That recognition allowed the industry to continue operating but did nothing to help reduce the risk of coronavirus exposure while continuing the work. We also appreciate very much that Federal Maritime Commissioners Maffei and Bentzel recently urged the Biden Administration to prioritize mariners for vaccination and rapid testing, emphasizing the mariner’s critical role in moving medical supplies, personal protective equipment, and handling an unprecedented amount of consumer goods flowing into our nation’s ports. But that is not enough. It is past time that the federal and state government agencies having direct input and actual authority over mariner safety do likewise.

As vaccines start to be rolled out across the country, it is crucial that our domestic mariners receive priority access as they work to move essential cargoes, ensuring that our grocery stores are stocked, our fuel is delivered, and the vital commerce that sustains this nation remains flowing.

V. AMERICAN MARITIME ENVIRONMENTAL LEADERSHIP

At the same time that the pandemic has challenged our industry, we are also looking towards the future. Offshore wind is a critical new market for American Maritime and we are excited about the opportunity to support the production of renewable energy while ensuring that these jobs are filled by American workers. We also appreciate President Biden’s strong support for the Jones Act in his recent Buy American Executive order, which confirmed that the Jones Act is “an opportunity to invest in America’s workers as we build offshore renewable energy, in line with the President’s goals to build our clean energy future here in America.”

The potential scope of this market is enormous, with 19 offshore wind projects off the East Coast already planned. These offshore wind farms will consist of more than 2,100 wind turbines that will produce some thirty gigawatts of electrical power when fully installed and operational by 2030. The American Wind Energy Association (now part of American Clean Power) has projected that the development and operation of these wind farms will produce \$57 billion in investment and 45,000 to 83,000 jobs by 2030. Further offshore wind farm projects are likely to be proposed on the Atlantic, Gulf and Pacific coasts of the United States as these projects are successfully developed.

Other countries that are ahead of the United States in installing offshore wind power have benefited greatly from various government support programs. The EU has at this time some 3,072 offshore wind turbines installed vs. 7 in the U.S., producing 23 gigawatts of electricity. Further, the cost of offshore wind power genera-

tion in the EU has declined steadily with technological advances in the newer turbines. Like the Europeans, America will need prudent government policies to jumpstart offshore wind development in this country. Regulatory measures needing attention include a more predictable permitting process; a possible regional approach to local content requirements; prompt Coast Guard regulatory actions related to the vessels required to install and service offshore wind turbines; and support and planning for the necessary port infrastructure. However, offshore wind energy in the United States will benefit from the lessons learned in the EU, including, for example, the ability to install turbines with power generation capacities that are 3 to 4 times more powerful than first generation installations in the EU.

American Maritime is eager to invest in offshore wind opportunities. At the same time, we exist in a highly capital-intensive business and our investments in vessels and other infrastructure are long-term. We make those investments in reliance on U.S. law as it stands today and as it has generally stood for over 100 years. The recent confirmation in the FY2021 National Defense Authorization Act that all American laws, including the Jones Act, apply to offshore wind development on the Outer Continental Shelf provides us the certainty needed to invest in long-term offshore wind assets.

With this confirmation and the promise of a large new market for American assets, operators are already beginning their investments in ships to meet emerging needs. AMP member Great Lakes Dredge and Dock is moving forward with the design of the first Jones Act compliant inclined fallpipe vessel for subsea rock installation, a critical vessel for the building of offshore wind assets. Dominion Energy recently announced the beginning of construction for the first Jones Act compliant offshore wind turbine installation vessel, which is expected to be available to support wind turbine installations by the end of 2023. Other American companies are building service operation vessels to support the development of offshore wind off the East Coast. Our members stand ready to support the development of America's offshore wind network and we look forward to supporting this important renewable energy source.

Beyond offshore wind, American carriers are investing in new, environmentally friendly assets to support a more sustainable maritime industry. Shipping is the most energy-efficient mode of mass cargo transportation, and domestic carriers are taking important steps to improve their environmental footprint. For example, in the non-contiguous container trades, American carriers have recently upgraded their vessels to be some of the cleanest in the world. AMP members TOTE and Crowley recently built new state-of-the-art ships powered by liquefied natural gas (LNG) for the Puerto Rico trades. AMP member Matson also took delivery of their newest vessel last December, one of two combination container/roll-on, roll-off ships that were built to run on a dual use LNG system. At the same time, AMP member Pasha Hawaii is building two LNG-fueled containerships in Brownsville, Texas that will eventually serve the Mainland-Hawaii trade lane.

Fueling these ships with LNG reduces emissions significantly, including a 100-percent reduction in sulfur oxide (SOx) and particulate matter (PM); a 92-percent reduction in nitrogen oxide (NOx); and a reduction of carbon dioxide (CO2) of more than 35 percent per container, compared with fossil fuels generally used in the international maritime industry. American Maritime expects that the development of alternatives such as hydrogen fuel cells and/or renewable energy and storage technology may eventually lead to zero carbon propulsion solutions for marine vessels. Such technology is in its infancy, however, and any commercially scalable alternative is likely decades away. Given the very substantial benefits LNG provides in reducing overall emissions as compared to conventional marine fuels, U.S. policies should support the use of LNG as we transition toward a carbon-free future.

Investments in environmental innovation are occurring across the domestic U.S.-flag industry. American naval architects and engineers design these innovations and thousands of workers in American shipyards and related businesses build these vessels, helping to sustain our marine research and development capabilities and our shipbuilding industrial base and providing jobs for a new generation of American seafarers needed to meet military sealift requirements.

VI. NATIONAL SECURITY AND THE CHALLENGE OF CHINA'S MARITIME AMBITIONS

As noted at the beginning of my testimony, support for the Jones Act and the American maritime industry is rooted in part on the recognition that military conflicts have historically depended on sealift to supply American troops in overseas engagements. American-crewed ships are much more likely than foreign flag ships to answer the call when American troops need resupply in different parts of the world. This is particularly true when the maritime domain is contested by our enemies.

America also needs shipbuilding expertise and capacity so that it can build different types of militarily useful vessels if needed during a conflict. Our maritime policies, including the Jones Act, are therefore designed to assure that we retain a critical mass of Americans who know how to build and operate large ships and a core set of vessels and facilities, all so that we have something to scale up in the event of a military contingency. We could not create these capabilities and assets on a timely basis out of nothing. Without that critical base provided by American Maritime, we would be extremely vulnerable in a military conflict.

In addition to helping assure American control over our maritime supply chains in connection with an overseas conflict, the Jones Act also helps assure that Americans control our domestic supply chains, including those serving Hawaii, Alaska, and Puerto Rico and within the continental United States. The performance of these supply chains during the pandemic has certainly demonstrated the value of American Maritime control over them. Allowing foreign control over those supply chains would create serious vulnerabilities. For example, allowing state-owned Chinese shipping companies to control the route between Hawaii and the mainland would be obviously unacceptable, as the Chinese carriers could use their economic leverage over Hawaii's maritime logistics supply chain for purposes that would be contrary to our interests. In this scenario, economic pressure could be used against us even in the absence of a military conflict.

This Subcommittee has taken a serious look into the subject of China's maritime ambitions. In its October 2019 Hearing, "China's Maritime Silk Road Initiative: Implications for the Global Maritime Supply Chain" this Subcommittee heard from experts at the Department of Defense and other organizations concerning the maritime component of China's Belt and Road Initiative (BRI). It is well worth reviewing that testimony, which focused primarily on Chinese strategic investments in ports around the world. The geopolitical significance of those investments was made clear, with the Department of Defense witnesses noting, "Beijing has now explicitly linked China's global development framework with its overseas military ambitions." Further, "[g]iven China's demonstrated history of using economic leverage to exact political retribution against other countries, we are concerned these projects will increase partner nations' concessions from or exposure to Chinese influence or pressure."

Other testimony made clear that the Chinese government's strategic commitment to its maritime industry extends well beyond investments in ports:

"The Chinese economy is not a free market. It is a state-managed economy with an industrial policy. The Chinese government is transparent in its plans and goals. When it identifies strategic sectors, it uses a whole-of-government approach to build them up. . . . The Chinese shipping and shipbuilding industries are the beneficiaries of this policy, to the detriment of the U.S. industries."

This is according to Carolyn Bartholomew, who is the Chairman of the U.S.-China Economic and Security Review Commission. Her testimony briefly summarizes the growth of the Chinese state-owned shipping and shipbuilding sectors, and notes that, "[s]ubsidies for Chinese shipbuilding SOEs have harmed the U.S. shipbuilding industry's ability to compete in the global market, and have led to shipyard closings and a reduced U.S. vendor base over the past several decades."

A substantial body of information has been developed since that hearing. In the past year at least three studies and reports on this subject have been issued:

- "Strengthening the U.S. Defense Maritime Industrial Base," Center for Strategic and Budgetary Assessments (CSBA), Bryan Clark, Tim Walton and Adam Lemon (March 2020). Among other things, this study found that a robust maritime industry, including a strong shipbuilding base and a ready pool of mariners, are important in this era of great power competition. However, the domestic maritime industry is facing pressure from subsidized foreign competition, especially in China, that undermines their ability to operate. The report explains that the threat of China in the maritime domain is significant, saying "the Chinese government has also slowly but systematically gained port access around the world for commerce, logistics and naval operations" as part of its goal of "boost[ing] trade and global influence by economic, political and military means." The report highlights that the Jones Act is important to preventing further erosion of the domestic fleet due to pressures from China, noting the "[Jones Act] guards against the ability of China—the world's largest merchant marine and global port management system—to take over shipping to U.S. territories and gain local influence during peacetime, only to threaten or deny shipping to CONUS during a crisis or conflict."

- “Hidden Harbors—China’s State-Backed Shipping Industry,” Center for Strategic and International Studies (CSIS), Jude Blanchette, Jonathon E. Hillman, Maesea McCalpin and Mingda Qui (July 2020). This report sought to quantify the extent of Chinese government support for its state-owned shipping and shipbuilding sectors. After reviewing the different methods of Chinese whole-of-government support, it offered a conservative estimate that such support totaled “roughly \$132 billion between 2010 and 2018 . . .” Most of the *quantifiable* support came in the form of loans from state-owned banks, along with direct subsidies and equity infusions. More opaque forms of support include indirect subsidies, certain regulatory policies and forced tech transfer and IP theft.
- “China’s Use of Maritime for Global Power Demands a Strong Commitment to American Maritime”, Navy League of the United States (November 2020). This report highlighted the importance of maintaining a strong domestic maritime industry in the face of heightened threats from China. Specifically, the Navy League noted that “China understands it is critical as a national security issue to maintain a heavy industry in shipbuilding, in particular because it drives a range of other industries that are necessary to maintain a high level as a producing nation. Furthermore, the capabilities to build commercial ships are the ones that the Chinese are using to be able to mass produce their Navy ships.” In response to this targeted investment in shipbuilding, the Navy League recommended a number of policies to strengthen the domestic maritime industry, while noting that “it is clear that the Jones Act plays an important role in keeping American shipyards operational when competing against heavily subsidized foreign yards.”

These studies show vividly that if China has targeted the shipping and shipbuilding industries as strategic to their larger objective of competing with the United States as a global superpower, they have assumed a commanding lead. The Navy League study mentioned above shows that of the 2,873 large commercial vessels under construction in 2019, 1,291 were built in China as compared to 8 in the United States. Similarly, large commercial vessels under the Chinese flag totaled about 6,000 as compared to less than 200 large commercial vessels flying the U.S. flag.

The vulnerability that this massive disparity creates for American security interests should be clear. In the event of a conflict, China is developing an overwhelming maritime logistics advantage to keep its supply chains functioning, while America would be increasingly challenged to do so. And even in the absence of a military conflict, China is gaining market power over international commercial supply chains that it can leverage to its advantage and to America’s disadvantage in ways not yet foreseen.

America should have a policy response to this problem. As a starting point, it should reaffirm the essential nature of the Jones Act and the American maritime industry it helps foster. It should also provide a roadmap to effectively deny China success in its geopolitical maritime ambitions.

VII. AMERICA’S MARITIME WORKERS

Please allow me to conclude with some remarks about American mariners and other workers. These are the men and women who are responsible for ensuring that our nation’s supply lines have not been interrupted by the pandemic. It is not an exaggeration to say they are true American heroes. In these situations, it is overwhelmingly to our benefit that these mariners and maritime workers are Americans who are committed to the safety and security of our nation. The Jones Act ensures that these essential workers remain on the job, and we are grateful for this Subcommittee’s longstanding support for this crucial law.

Again, thank you for allowing us to be with you today for one of the first Coast Guard and Maritime Transportation Subcommittee hearings of this Congress. We are grateful for the chance to tell our story and to emphasize to you the exciting growth of our industry. I will be pleased to answer any questions you might have.

Mr. CARBAJAL. Thank you very much, Mr. Roberts. Next, we will proceed with Mr. Del Wilkins.

Mr. WILKINS. Thank you. Good morning, and, again, thank you for the opportunity to testify with you and before you today. I thank you, my good friend, Congressman Davis, for the introduction.

Chairman Carbajal, congratulations on being selected to chair this subcommittee. We look forward to working with you to achieve our mutual goal of ensuring the safe, efficient, and environmentally responsible movement of freight on our maritime transportation systems.

I also extend our thanks to the bipartisan leadership of the full committee and subcommittee for your great work in the 116th Congress, in particular, the Coast Guard authorization bill, MTSERA, and the Water Resources Development Act are all greatly appreciated. And, as always, we are grateful for the committee's stalwart support of the Jones Act, the statutory foundation that undergirds every dollar that companies like mine invest in American-built vessels, and every job we provide to American women and men. And continuation of these good efforts will position our industry to continue to meet the country's transportation needs and support a national economic recovery.

And that leads me to my main message for you today, which is, that the domestic maritime industry remains resilient, but needs your support to navigate the challenges of keeping mariners healthy and vessels in service.

From the beginning of the pandemic, our industry's overriding priority has been protecting mariners from COVID while keeping vessels in service to protect the continuity of the national supply chain. Industry best practices, based on CDC and U.S. Coast Guard guidelines, were quickly put in place and have served as a foundation of our resilience.

We are working hard to avoid disruption to regular vessel operations. However, given the higher prevalence of COVID in the general population, towing companies are seeing increased incidence of exposure to infection off the job, which keeps mariners and other frontline workers from reporting to work.

We have no question that the task is more challenging than it has ever been during and throughout this whole pandemic. At the same time, many companies are struggling with the unforeseen cost associated with this pandemic, and in the backdrop, is the ever-present need to maintain our Nation's waterways infrastructure, so that vessels can move safely and reliably. Taken together, these conditions pose real challenges to the critical infrastructure sector at a time when a robust supply chain is most needed.

The bottom line is that a healthy, fully, operational domestic maritime industry is indispensable to our Nation's ability to weather and recover from the twin public health and economic crises.

With that in mind, I would like to highlight three priorities that will help the hard-working men and women keep tugboats, towboats, and barges operating on our waterways:

First, implement a national strategy for mariner vaccination, at a minimum, and clear Federal guidance to States to effectively immunize these essential workers against COVID, and ensure safety and continuity. To be clear, we are not asking to cut the line. We are asking to work with you and the administration to ensure the timely immunization of a relatively small segment of the country's frontline essential workforce that has an outsize impact on our economy and security.

Second, we ask that you please support full funding of the MTSERA program. COVID-19 was an unforeseen crisis that required sufficient resources and significant resources to adapt to a radically altered operating condition. At the same time, many companies saw steep declines in cargo volumes directly as a result of the economic contraction. MTSERA will provide companies with additional options to bolster financial resources in preparation for a full economic recovery.

Finally, we are encouraged by President Biden's early support for the large-scale infrastructure package, but we urge that any such initiative contain three critical elements: One, increased funding for locks, dams, ports and waterways; two, accelerated construction of the Coast Guard buoy tenders, and in the interim, support for the efficient use of existing buoy tenders and other resources to promote safe and reliable navigation; and third, improvements to the Army Corps of Engineers contracting processes for dredges that keep our rivers operating at congressionally authorized levels.

Such a package will both increase shipper confidence in waterborne commerce, and as we recover from the pandemic, in the long term, help secure a transformed waterway system that supports robust domestic and international trade.

Furthermore, waterway transport is the most economical and environmentally friendly mode of transport in the country, which makes investing in maritime infrastructure a critical component of environmental sustainability.

Chairman Carbajal and Ranking Member Gibbs, working together, we can go forward to better our Nation. This committee has a proven record of enacting policies beneficial to the domestic maritime industry.

And let me assure you that we are suited up and ready to be a full partner in the critical year ahead. We are ready to work together, and eager to help as we know you are ready to get to work. I thank you, and I am prepared to answer any questions that you may have.

[Mr. Wilkins' prepared statement follows:]

Prepared Statement of Del Wilkins, President, Illinois Marine Towing, on behalf of American Waterways Operators

Good morning, Chairman Carbajal, Ranking Member Gibbs, and Members of the Subcommittee. My name is Del Wilkins, and I am president of Illinois Marine Towing, Inc., based in Joliet, Illinois, which is a subsidiary of Canal Barge Company in New Orleans, Louisiana. IMT provides towing, fleet and shipyard services along the Illinois Waterway. For over 20 years, our highly experienced transportation professionals have provided safe and reliable marine services to the major barge transportation companies of our country. We are part of a unique industry where a captain or pilot can earn a six-figure salary with just a high school diploma, something that's just not possible in most sectors of our economy today. Our robust employee base of over 900 employees is spread throughout the country, with the largest concentrations in Louisiana (293), Illinois (169), Alabama (125), Missouri (91), Arkansas (61), and Texas (54). In addition, we have employees as far north as Minnesota, east to New Jersey, west to Nevada, and south to Florida.

I currently serve as Vice Chairman of the Board of the American Waterways Operators, the national trade association for the inland and coastal tugboat, towboat and barge industry. On behalf of AWO's over 300 member companies, thank you for the opportunity to testify at this important hearing on the impact of the COVID-19 pandemic on the U.S. maritime industry. Chairman Carbajal, please accept

AWO's congratulations on being selected by your colleagues to lead the Coast Guard and Maritime Transportation Subcommittee. Just as we worked in the 116th Congress with the Subcommittee to advance policies that increase safety and efficiency in our industry, we look forward to rolling up our sleeves to help you achieve our mutual goal of ensuring the safe, efficient and environmentally responsible movement of freight via our marine transportation system.

My message for you today is that the domestic maritime industry remains resilient, but needs your support to continue to navigate the challenges of keeping mariners healthy and vessels in service. The Transportation and Infrastructure Committee's bipartisan efforts to assist the industry in the 116th Congress—in particular, the Coast Guard authorization bill, the Maritime Transportation System Emergency Relief Act (MTSERA) and the Water Resources Development Act—are greatly appreciated, and we would extend our thanks to Chairman DeFazio, Ranking Member Graves, former Chairman Maloney, and Ranking Member Gibbs. And, as always, we are grateful for the Committee's stalwart support for the Jones Act, the statutory foundation that undergirds every dollar that companies like IMT invest in American-built vessels and every job we provide to American men and women. A continuation of these good efforts in the 117th Congress will better position our industry to continue to meet the country's critical transportation needs and support a national economic recovery.

RESILIENCE AND CHALLENGES AHEAD

From the beginning of the pandemic, the overriding priority of our industry was taking the necessary steps to protect mariners from COVID-19 while keeping vessels in service to protect the continuity of the national supply chain that these mariners support. Industry best practices, based on guidelines issued by the Centers for Disease Control and Prevention (CDC) and the U.S. Coast Guard, were quickly put in place and served as the foundation of our resilience. However, as a result of the heightened prevalence of COVID in the general population, towing companies are seeing increased incidences of exposure and infection off the job, which keeps mariners and other front-line maritime transportation workers from reporting to work. We are working hard to avoid disruption to regular vessel operations that affect the marine transportation system and the Americans that rely on it, but there's no question that the task is more challenging than it has been at any point since the pandemic began.

At the same time, many companies are still struggling with the fallout from the unforeseen costs associated with the pandemic. And in the backdrop is the ever-present need to maintain our nation's waterways infrastructure so that vessel traffic can move safely and reliably. Taken together, these conditions pose real challenges to a critical infrastructure sector at a time when supply chain resilience will be most needed.

MARITIME INDUSTRY RESILIENCE: THREE POLICY PROPOSALS

The bottom line is that a healthy, fully operational domestic maritime industry is indispensable to our nation's ability to weather and recover from the current dual public health and economic crisis. With that in mind, I would like to highlight three priorities for the industry that are well within the Subcommittee's jurisdiction. Addressing these issues will help the hard-working men and women who keep tugboats, towboats and barges operating on America's waterways. Working together with the Members of the Subcommittee and the full Committee—which has an exemplary record of bipartisan achievement—we can prepare to go forward to better.

Prioritized Vaccination for Mariners

America's commercial mariners are an essential workforce with a key role in national security and the national supply chain, and they are in a unique position: many of them live aboard the vessels on which they work, in very close quarters where COVID-19 can spread quickly. Many mariners do not live in the states where they report to work, and are away from home for weeks or months at a time, complicating their ability to secure COVID-19 vaccinations in their states of residence.

Although the Department of Homeland Security's Cybersecurity and Infrastructure Security Agency and the Coast Guard have recognized the criticality of the maritime transportation workforce in their guidance on the identification of essential workers, mariners are not categorized as "frontline" essential workers in the Centers for Disease Control and Prevention's guidance on allocating COVID-19 vaccines and in many states' vaccine distribution plans. This is despite the fact that the men and women who work onboard vessels and onshore at ports and terminals play vital roles in the transportation of critical commodities that enable other front-

line essential workers to do their jobs, including the food products and consumer goods that stock store shelves, the pharmaceuticals and medical supplies that hospitals and clinics rely on, the energy cargoes that power our country, and the manufacturing inputs that keep our factories up and running.

This suggests that a national strategy for mariner vaccination, or at a minimum, clear federal guidance for states, is urgently needed to efficiently immunize these essential workers against COVID-19 and ensure the safety and continuity of waterborne transportation. On this issue, AWO has partnered and is aligned with stakeholders from every segment of the maritime industry, from labor to ports and terminals to vessel owners and operators. We are also supported in this effort by Federal Maritime Commissioners Carl Bentzel and Daniel Maffei, who have sent letters to the Administration regarding “the urgent issue of vaccinating the Nation’s maritime workforce as soon as possible” and urging the Administration “to emphasize the need to keep the supply chain transportation workforce in mind as each state deploys rapid COVID-19 testing and implements the vaccination process.”

To be clear, we’re not asking to cut the line; we’re asking to work with you and the Administration to ensure the timely and efficient immunization of a relatively small segment of the country’s frontline essential workforce that has an outsize impact on our economy and security. Our industry is eager to be part of the solution and work with the federal and state governments to resolve any logistical challenges to the vaccination process for America’s mariners.

Full Funding for MTSERA

Thanks to Chairman DeFazio’s leadership, and the pivotal roles played by Ranking Member Graves, then-Chairman Maloney, and Ranking Member Gibbs, the Maritime Transportation System Emergency Relief Act was enacted as part of the National Defense Authorization Act (NDAA) earlier this year. This much-needed assistance program, which will be administered by the Maritime Administration, will help vessel owners and other maritime stakeholders offset unforeseen costs arising from the COVID-19 crisis, including the costs of purchasing of personal protective equipment, sanitizing vessels, and testing mariners to prevent the onboard transmission of the virus.

While our industry has long experience with contingency planning and emergency preparedness, COVID-19 was an unforeseen crisis for us, as it was for most American businesses. It required a significant commitment of resources in order to successfully adapt to radically altered operating conditions. At the same time, many companies across our industry saw a decline in both dry and liquid cargo volumes as a result of economic contraction. The resulting revenue decreases posed real challenges for many companies at the same time as they faced increased operating expenses. MTSERA provides companies with an additional option to bolster financial resources in preparation for a full economic recovery.

With MTSERA now authorized, our request to Congress is simple: please follow through with a bipartisan effort to fully fund MTSERA in the FY 22 appropriations process.

Maritime Infrastructure is Essential

WRDA 2020 makes enormous strides to accelerate the pace of waterways infrastructure projects, thanks to the leadership of this Committee. We applaud Chairman DeFazio for his consistent support of comprehensive infrastructure legislation. In addition, we are encouraged by President Biden’s early support for moving forward with a large-scale infrastructure package. We urge that any such effort contain three critical elements: (1) increased funding for lock and dam projects and port facilities; (2) accelerated construction of Coast Guard waterways commerce cutters (buoy tenders) and, in the interim, support for the efficient use of existing buoy tenders and other resources to promote safe and reliable navigation; and (3) improvements to the Army Corps of Engineers’ contracting process for commercial dredges to keep our inland rivers operating at Congressionally-authorized levels.

Congress has a unique opportunity to build on its recent efforts by thinking and acting big. An infrastructure package with a robust maritime component will both increase shipper confidence in waterborne commerce over the period of recovery from the pandemic, and, over the long term, help secure a transformed waterway system that supports robust domestic and international trade. Furthermore, waterborne transport is the most environmentally friendly mode of freight transportation, which makes investing in the improvement of maritime infrastructure a critical component of environmental sustainability. Failure to make these investments will ultimately force cargo to move by less efficient and less environmentally sustainable modes.

A comprehensive infrastructure package also provides an opportunity to explore other ways in which Congress can bolster critical maritime industry infrastructure, including facilitating short sea shipping and other innovative efforts to enhance the efficiency and sustainability of maritime transportation, as well as providing support for maritime industry initiatives to increase cybersecurity readiness and resiliency. In addition, as you begin your work to develop the framework for the next Coast Guard authorization bill, we look forward to sharing our ideas about ways in which you can ease unnecessary burdens on towing companies, such as suspending the collection of inspection user fees that charge vessel owners twice for services performed by Coast Guard-approved third parties.

CONCLUSION

Chairman Carbajal and Ranking Member Gibbs, let me conclude by saying: Together, we can do this. Both the Subcommittee and the full Committee have a proven record in enacting policies beneficial to the domestic maritime industry. And let me assure you that we're suited up and ready to be a full partner in the crucial year ahead. America's maritime industry is the critical link to supply chain continuity and economic recovery, and we're as eager to help as you are to get to work.

Mr. CARBAJAL. Thank you, Mr. Wilkins.

We will now move on to Member questions. Each Member will be recognized for 5 minutes.

Usually I would start and then go on to Ranking Member Gibbs, but we will acquiesce today to Chair DeFazio, as he has another commitment he has to get to. Mr. DeFazio.

Mr. DEFAZIO. I thank the gentleman for yielding the time.

I think it was Mr. Patti who said that you still can't access testing. Is that correct? That ships are being dispatched, and you can't get people tested before they go?

Mr. PATTI. No, it is not that we can't access testing. It is just that it is still a very disorganized and not quite as coordinated as it should be processed in order to provide the uniform testing for each vessel and for all the mariners.

But testing is available. It has taken a while to get to this point. In the very early stages of the pandemic, it was incredibly, incredibly difficult to secure the testing that we needed. But testing is available. It is just not being handled in as uniform and as organized a fashion as we would like.

Mr. DEFAZIO. OK. And then are we still seeing, Ms. Brand or anyone else, a lack of PPE in our ports, for workers in the ports loading/unloading cargo and that? Personal protective equipment?

Ms. BRAND. Chairman DeFazio, thank you so much for the question. No, I am not hearing of a shortage of PPE. I hear that it is flowing. I understand there are some counterfeit PPE that we are watching for and making sure our members don't get that.

Mr. DEFAZIO. OK, that is good.

Mr. BORDELON, when I was visiting your shipyard, you told me something about the acquisition of the counter you are working on. You started out with an order for so many, so, therefore, you couldn't do forward purchasing for, I think it was the engines, in particular, were an issue.

Do you have any comments on the Coast Guard's contracting process, without being too upsetting to them?

Mr. BORDELON. Sure. Yeah, that is just exercising of the claims in the contracts. So we had some things on the Bollinger side. We had some things come up on the Bollinger side that we worked

through Coast Guard with as far as getting the boats appropriated and funded so we could continue the program.

And really, Chairman, that is a great point of some of the things that the shipbuilding industry needs right now is predictability, and some vision going forward on budgets and awarding contracts that have longer lives, and short-term opportunities for us to evaluate definitely help in a time, like a COVID crisis, to have some stability and sustainability in our workforce.

And that is really what our workers are looking for from a central business standpoint, that we need some predictability in front of us. And budgets and appropriations definitely help fix that for shipbuilders and all of our suppliers.

Mr. DEFAZIO. OK. Thank you.

Just one other question. I think someone said we built eight ships last year, eight large vessels, commercial vessels. Did someone say that?

Mr. ROBERTS. I did say that. Mike Roberts here. Yes. According to our Navy league—

Mr. DEFAZIO. How many did the Chinese build?

Mr. ROBERTS. 1,291, on the basis of \$15 billion in support from the Chinese Government.

Mr. DEFAZIO. Well, wait a minute. You know, wouldn't that be unfair competition? The Chinese Government subsidizes the building of the ships. They have cheap labor.

Mr. ROBERTS. There are a lot of advantages in Chinese shipyards in addition to the financial support that they receive from the Chinese Government, and the results are telling.

Mr. DEFAZIO. OK. Yeah, I just remember Mr. Kudlow, a former economic adviser to the former President, saying he really believed in free markets, because he wanted to do away with the Jones Act. And I said, well, how is it free when we have to compete with the Communist government of China? That is not a free market. Anyway, that is an extraordinary number, 8 versus 1,000. That is very worrisome. Thank you.

Mr. CARBAJAL. Thank you, Chairman DeFazio. We will now move on with the alternating approach, so I will recognize Ranking Member Gibbs.

Mr. GIBBS. Thank you, Chairman.

To Mr. Cordero and Mr. Wilkins, as we have seen in testimony and see the backup, especially in the California ports, and we see back-hauling of empty containers back to China to fill quicker turnaround. Mr. Cordero, have you seen containers not be available to ag exports? And then for Mr. Wilkins, are you seeing an increased trade on the river system, on the inland waterway system, a switch from container to bulk shipping? I want to get an idea of what is going on with ag exports.

Mr. CORDERO. Ranking Member Gibbs, excellent question. I think that, number one, your commentary regarding the importance of American exports is key for us going forward. So, with regard to what is happening here in southern California, and if I may say, many of our container gateways in the United States regarding the volume of imports that we are seeing, number one, that has caused a shortage of empties. Now, I will say that issue has been mitigated since the end of last year with regard to extra loaders,

that is vessels that are being sent specifically with regard to the empty issue.

But how does that affect the American exporter? I think what we need to get to is, as we referenced, the common ground here that you see many of us testifying this morning, Congressman, is the need to upgrade our infrastructure here in the port community in the United States, and, more importantly, to upgrade the connectivity. For example, inland ports, so that the American exporter, particularly the American farmer, has a competitive opportunity to the largest market in the world, which is Asia.

So, I think in that regard, here in southern California the—along with the Ports of Los Angeles and Long Beach, is the largest container gateway in the United States. So to put this into context, in 2020, together with the Ports of L.A. and Long Beach, we moved in excess of 17 million TEUs. That is a tremendous amount of volume.

Nevertheless, I think that, again, we are moving forward as ports throughout the Nation. And as AAPA chairman of the board, I can represent to you that is the single most important issue that we are trying to address here in the port community.

Mr. GIBBS. Mr. Wilkins, what are you seeing on the maritime, on the waterways? Mr. Wilkins is there?

Mr. WILKINS. Yes, I am here. I had it on mute. Sorry, Mr. Gibbs.

Mr. GIBBS. Oh, OK.

Mr. WILKINS. Yes. On the inland waterway system, we see containers that really move in the gulf region of the country. There is not a lot of container traffic that moves on the inland waterways as we know it per se. The Snake River is probably the best example of great movements. And the underscoring, we looked forward to moving containers in a more robust way on the inland waterways, and there has been a downturn in overall tonnage, per se. But the reliability of the system is what is really key.

We saw the Coast Guard and the Corps of Engineers work together with maintenance programs to be able to not have a 5-year maintenance program, but of 90 to 120 days. We watched them work together to take it to 2 years over 5 years, which really enhances reliability by those two agencies working together in partnership with industry to ensure that we have the ability to move commerce, and say to shippers, bring containers to the waterways and any other cargo, because the system is reliable.

Mr. GIBBS. Let me interrupt you. Are you seeing an increase in bulk trade?

Mr. WILKINS. Bulk trades? Bulk trades, I mean, it depends on the commodity. We see grain that moves up and down, versus cyclical.

Mr. GIBBS. Yeah, I know. I have just seen an increase because I can't move my container out of L.A. and Long Beach. Have you seen any increase or not?

Mr. WILKINS. Not for the inland waterways, no, sir.

Mr. GIBBS. OK. I just—so I have one more question quick, because I could run out of time, to Mr. Wilkins. It is an issue that is outside today's topic, but many towing vessels have signed up as response vessels for Oil Pollution Act-required response plans. Now that such vessels are subject to inspection under subchapter M, the

geographic restrictions included in the towing vessel's certificate of inspection will not allow these vessels to continue signing up as response vessels. Congress recently enacted a short-term waiver to allow towing vessels to continue this work for a short period. Do you expect any towing vessels to make the needed upgrades to be able to expand the geographic restrictions on their certificate of inspections to continue to work as response vessels, Mr. Wilkins?

Mr. WILKINS. Well, unfortunately, you broke up, Mr. Gibbs. I think you are asking about the inspections and the inspection fees. I believe that is what you are asking?

Mr. GIBBS. Yeah. Subchapter M, geographic restrictions with certificates of inspections, yeah, the vessels that were granted a short-term waiver, I guess. But do you see them continuing to work as response vessels?

Mr. WILKINS. Yes. On the moratorium, we thank the committee for its leadership in drafting legislation that was able to have a moratorium on these fees, because bottom line is, for time, we see the fees that we are paying to the Coast Guard plus TPOs, third-party operators, as being duplicative and redundant. We pay between [inaudible] upwards of \$33,000 a year just for TPO, third-party inspections, and then the Coast Guard.

So the bottom line for us is that we don't see—where the Coast Guard is doing 20 percent of the work versus the TPOs doing 100 percent of the work, the fees are relatively the same, so we think that is duplicative and redundant. So there is an opportunity to improve there.

Mr. GIBBS. Thank you. I am out of time. I yield back, Mr. Chairman.

Mr. WILKINS. Thank you, Mr. Gibbs.

Mr. CARBAJAL. Thank you, Mr. Gibbs.

I will proceed to recognize myself. Mr. Patti, like other agencies within the Department of Transportation, the Maritime Administration is not tasked with regulating the commercial maritime industry. Instead, and by statute, their job is to promote the industry. In a couple months, the Maritime Administration will testify before the committee on their proposed budget. If you had a message for MARAD, what would it be?

Mr. PATTI. Thank you, Mr. Chairman. Let me preface my answer by just thanking the incredibly hard-working, dedicated people at the Maritime Administration, especially over these past 4 years. They have worked tirelessly, in light of the pandemic and before that, in support of our industry.

If I had a message for the Maritime Administration, really it would be twofold: First, I would encourage the Maritime Administration to be aggressive in its role as the promotional agency for our industry. We now have a President who has lent his name to a number of maritime policy objectives and has reasonably issued an Executive order, including not only the Jones Act, but maritime services within its scope.

I would encourage the Maritime Administration to use that to make sure all Federal shipper agencies understand not only what the law of the land is, but what the policy of the administration is so that "ship American" is as strongly enforced as "buy American."

And, secondly, I would encourage the Maritime Administration in its role as the promotional agency, be innovative, to work with the Congress with their colleagues in the Department of Transportation and the administration and with the industry. Look at new ways or rehash the old ways to increase the amount of cargo on U.S.-flag ships.

They should start now looking at the tanker, the newly enacted tanker security program. Figure out ways to ensure that the vessels that we hope will come in under the United States flag pursuant to this program will, in fact, have the cargo they need to operate.

Look at the tax laws. Consider whether it is time to extend the foreign-source income exclusion to American mariners the way most other maritime nations do; to consider, as we approach another tax bill, should there be incentives? Can there be incentives that would encourage shippers to use U.S.-flag vessels to a much greater extent than they are right now?

Look at trade policy, encourage the promotion and the negotiation of bilateral cargo sharing agreements with our trading partners, again, with an eye toward increasing the amount of cargo carried on U.S.-flag vessels to increase the number of ships under our flag and to increase maritime jobs.

In short, I would encourage MARAD to be aggressive and to be innovative, and hopefully by working together, we can build up our maritime industry.

Mr. CARBAJAL. Thank you, Mr. Patti.

Given the pandemic, have you had problems with recruitment and retention, and what are the implications in the very near future, 5 to 10 years?

Mr. PATTI. Again, as we have said, there is absolutely no question the pandemic has adversely affected American mariners as it has affected all Americans, regardless of the industry in which they work.

For the American mariner, the hardships that they have endured, being stuck overseas months upon months after they were supposed to return home to take care of their families, being quarantined on vessels, not being able to have the immediate access to vaccines they need for all of the reasons I had mentioned previously, despite all of that, morale in the maritime industry among the American mariners is still good.

We have not experienced a situation where people are leaving the industry. We have not had a problem recruiting members to the maritime industry through the maritime academies, through Kings Point, through the unlicensed schools. Individuals are still willing and ready and able to work onboard U.S.-flag vessels.

Needless to say, we have to continue to address the pandemic. We have to resolve these issues. And, most importantly, if we are talking really recruitment and retention for the maritime industry, we have to make sure we have the ships under the U.S. flag that will provide these individuals with jobs.

Mr. CARBAJAL. OK. Mr. Patti, finally, when a crewmember aboard a ship is infected, and the vessel is in a foreign port, what are the remedies or protocols currently in place to provide medical

care for the crewmembers and avoid community spread on the vessel?

Mr. PATTI. Mr. Chairman, that varies. It varies quite a bit from where the vessel is located. In some jurisdictions, the entire vessel and the entire crew will be placed into quarantine. The vessel will have to be cleaned. There will be a specified amount of time based on what the local authorities say before the vessel can sail, before the crewmembers are removed from the vessel, and either taken to a hospital or brought home. Again, it is not a very, very consistent system. Really, it begins and ends really where the vessel is located.

Mr. CARBAJAL. Thank you very much. My time is up, so we will proceed to Representative Van Drew. You have to unmute yours, Mr. Van Drew.

Mr. VAN DREW. Hello. How are you? It is good to be with all of you today, and I think this is an important hearing, and I would like to congratulate everybody on their posts, obviously.

I would first like to say how important—and I think everybody knows—that the Coast Guard is, in my community. We are actually a Coast Guard community in Cape May itself, and we also have the training center for the United States of America. So this is all extremely important, and I am glad that we are focusing on it.

You know, South Jersey, where I live, people think of New Jersey, but South Jersey is a highly coastal district. And it depends on maritime industries, including fishing, shipbuilding, and maritime shipping. We need to keep the United States extremely economically competitive, and maritime commerce is essential to that mission.

And we must always, always support the Jones Act, which ensures that all vessels transiting cargo between domestic ports, as we all know here, are made in the United States. This policy is important for economic and military security and has broad bipartisan support, which is a good thing, and I hope we have a lot of bipartisan support in this committee as we move forward.

I have a question for President Del Wilkins. I would ask him, as the president of a towboat and barge company in a major market, you are in a unique position to help educate us as to why investments in maritime infrastructure are urgently needed. What actions should Congress take on maritime infrastructure to improve the United States commercial maritime competitiveness? Thank you, Mr. Del Wilkins.

Mr. WILKINS. Thank you, Representative Van Drew, for the question. I appreciate it. And I think I have a very unique life experience on my resume. I was blessed to serve 15 years in South America—Venezuela, Brazil, and Argentina. I have done exploratories in China on the Yangtze, and Africa on various rivers, also in Europe.

And I would say to you that infrastructure is key. There is no country on the planet that can move commerce like we do here in the United States, especially with this network of barge, rail, and truck, especially maritime. So therefore, it is incumbent upon us, in my opinion to—I think it was Lee Iacocca or General Patton who once said, “Lead, follow, or get out of the way.”

So we are leading, and I can assure you that those other countries are trying to replicate what we have. So I think that is how critical it is to maintain the infrastructure that we have in place and enhance it, that others are trying to do what we already have.

Mr. VAN DREW. OK. Well, thank you for the answer. I look forward to working with you, and I yield back my time.

Mr. CARBAJAL. Thank you, Mr. Van Drew. I will now recognize Mr. Larsen.

Mr. LARSEN. Thank you, Mr. Chair. I am going to do this very slowly, because a lot of my questions have been asked, and so, I wanted to yield to Mr. Lowenthal my 5 minutes, if he is prepared. So I would yield to Representative Alan Lowenthal.

Mr. CARBAJAL. Mr. Lowenthal?

Mr. LOWENTHAL. I am prepared. Thank you. And, first, I want to thank you, Mr. Chair, and congratulate you on your becoming the chair. I think we are going to enjoy working with you, and I think you are going to bring a certain amount of humor to this subcommittee.

And I also want to thank the panel for their testimony, and it has illustrated how important the maritime industry has become through this pandemic crisis. Workers on the front line, they are putting themselves at risk so that we can move vital goods across our country. You have done your part, and now Congress must do its part.

I also want to ask unanimous consent to introduce a letter from the American Association of Port Authorities highlighting the impact of the COVID pandemic on maritime operations. I ask unanimous consent, Mr. Chair.

Mr. CARBAJAL. Without objection.

[The information follows:]

Letter of February 2, 2021, from the American Association of Port Authorities et al., Submitted for the Record by Hon. Alan S. Lowenthal

FEBRUARY 2, 2021.

Hon. CHARLES E. SCHUMER,
Senate Majority Leader,
322 Hart Senate Office Building, Washington, DC.

Hon. NANCY PELOSI,
Speaker of the House,
H-232, The Capitol, Washington DC.

Hon. MITCH MCCONNELL,
Senate Republican Leader,
317 Russell Senate Office Building, Washington, DC.

Hon. KEVIN MCCARTHY,
House Republican Leader,
H-204, The Capitol, Washington, DC.

DEAR SPEAKER PELOSI, MAJORITY LEADER SCHUMER, SENATE REPUBLICAN LEADER MCCONNELL, AND HOUSE REPUBLICAN LEADER MCCARTHY,

As Congress continues the process of developing the next COVID-19 relief package, it is critical that this package include emergency relief for our Nation's maritime transportation system. In the year since the virus was first detected in the United States the maritime industry has endured significant hardships and has experienced substantial impacts to business. Congress must take immediate steps to ensure that the whole of the maritime transportation system has the resources necessary to address the unique and unexpected challenges posed by the COVID-19 pandemic.

Our maritime transportation system and the critical workers employed throughout this system have kept vital goods moving to medical professionals and first responders, have ensured that our Nation's shelves remain stocked, and have enabled commerce to continue flowing during these uncertain times. Ports that are located in rural areas have propped up local economies, dispensing critical public services while providing assistance to small businesses, oftentimes at the ports' own expense. Prior to the COVID-19 outbreak, over 650,000 Americans were directly employed in jobs generated through the movement of marine cargo and through vessel activity while 30.8 million total jobs were supported by cargo moving through America's deep-draft ports.

Unfortunately, the COVID-19 crisis has had a significantly negative impact on the maritime industry. Despite container surges at several large ports, commercial cargo volumes have plummeted across the industry—total waterborne trade volume is down 5.5% compared to last year, while the value of this trade has crashed by 12.7% totaling \$200 billion. Passenger movements remain virtually nonexistent with operations not expected to resume for months. Expenses have greatly increased due to COVID-19 protocols and precautions that have been put in place to ensure the health and safety of staff, and these extra costs borne by the industry to keep supply lines open are above and beyond the normal costs of operations.

With an uncertain outlook, these trends are likely to continue and intensify as the COVID-19 pandemic peaks over the coming months. To date, no dedicated funding has been provided in any of the COVID-19 legislative packages to assist the maritime transportation system despite emergency relief being provided to other modes of transportation.

We urge you to include emergency relief for the maritime industry in the next COVID-19 package through the Maritime Transportation System Emergency Relief Program, which was created by the National Defense Authorization Act of 2020 (P.L. 116-283). This new program, the only one of its kind, authorizes the Maritime Administration to solicit applications for aid from those across the maritime industry, both inland and coastal, and provide grants to those most in need due to emergencies or disasters. This includes aid to help mitigate the impacts of the ongoing COVID-19 pandemic.

It is essential that the U.S. maritime industry maintain a state of readiness and sustain our critical responsibility in the supply chains that provide food, medical equipment, and other essential goods for the citizens of this country. By providing this emergency relief Congress will help ensure that maritime operations continue at the high level that Americans have come to depend on. We hope that you can provide this critical emergency relief to the maritime industry as additional COVID-19 response measures are considered.

Sincerely,

AMERICAN ASSOCIATION OF PORT AUTHORITIES.	INTERNATIONAL PROPELLER CLUB OF THE UNITED STATES.
AMERICAN GREAT LAKES PORTS ASSOCIATION.	JACKSONVILLE MARINE TRANSPORTATION EXCHANGE.
ASSOCIATION OF SHIP BROKERS AND AGENTS.	MARINE EXCHANGE OF THE PUGET SOUND.
ATLANTIC INTRACOASTAL WATERWAY ASSOCIATION.	MARITIME ASSOCIATION OF THE PORT OF NEW YORK/NEW JERSEY.
BIG RIVER COALITION.	MARITIME EXCHANGE FOR THE DELAWARE RIVER AND BAY.
CALIFORNIA ASSOCIATION OF PORT AUTHORITIES.	NATIONAL ASSOCIATION OF MARITIME ORGANIZATIONS.
COLUMBIA RIVER STEAMSHIP OPERATORS ASSOCIATION.	NATIONAL ASSOCIATION OF WATERFRONT EMPLOYERS.
CONNECTICUT MARITIME ASSOCIATION.	NATIONAL MARITIME SAFETY ASSOCIATION.
DREDGING CONTRACTORS OF AMERICA.	NATIONAL WATERWAYS CONFERENCE.
FLORIDA PORTS COUNCIL.	NORTH ATLANTIC PORTS ASSOCIATION.
GULF PORTS ASSOCIATION.	LOUISIANA MARITIME ASSOCIATION.
INLAND RIVERS, PORTS AND TERMINALS, INC.	OREGON PUBLIC PORTS ASSOCIATION.
INTERNATIONAL FREIGHT FORWARDERS & CUSTOMS BROKERS ASSOCIATION OF NEW ORLEANS.	PACIFIC NORTHWEST WATERWAYS ASSOCIATION.
INTERNATIONAL LONGSHOREMEN'S ASSOCIATION, AFL-CIO, CLC.	PASSENGER VESSEL ASSOCIATION.
INTERNATIONAL LONGSHORE AND WAREHOUSE UNION.	PORTS ASSOCIATION OF LOUISIANA.
	THE PROPELLER CLUB OF NEW ORLEANS.
	TRANSPORTATION TRADES DEPARTMENT, AFL-CIO.

VIRGINIA MARITIME ASSOCIATION.
WASHINGTON PUBLIC PORTS
ASSOCIATION.
WATERWAYS COUNCIL, INC.

WEST GULF MARITIME ASSOCIATION.
WORLD TRADE CENTER OF NEW
ORLEANS.

Mr. LOWENTHAL. I will take that as giving me unanimous consent to introduce the letter. Thank you, Mr. Chair.

Mr. Cordero, you know, I have known you for over two decades, probably a lot longer, and I really want to say that you have really become a leader, maybe the leader in the U.S. maritime industry. I watched you first as a member of the Long Beach Board of Harbor Commissioners where you championed the fact that the Port of Long Beach could be both an economic engine, could continue to grow, as you mention now in your talk today, but also could grow greener.

Then you became a member appointed by President Obama to the Federal Maritime Commission, where you demonstrated your leadership, and actually were selected by the President to become the Chair of the Federal Maritime Commission. And then you came back to become the executive director of the Long Beach Port and also now as the chair of the executive committee of the American Association of Port Authorities. Quite a career.

But I want to say, you have talked about how Federal funds for the Maritime Transportation System Emergency Relief Program could be used to help portworkers. Can you give us some idea how could those Federal funds help such things right now? What would you use those funds for?

And maybe, also, talk about, what are we going to do about the backlog of goods? I look out my window sometimes here in Long Beach, and I see all those ships waiting to unload their cargo, and yet, they are sitting out in the port. What are we going to do about the backlog, and how can the Federal Maritime Transportation System Emergency Relief Program help on something like that?

Mr. CORDERO. Well, thank you, Congressman, for your question. And let me answer the twofold question as follows: With regard to the funds, I think, first of all, many of you who I see here I met in my role as Chairman of the FMC. You know, Congressman Weber, Congressman Graves, yourself, Congressman Lowenthal, and a couple other familiar faces. So the historic quest of the maritime industry is to be seen as an important, vital sector of transportation as we see other modes that are being funded.

And, you know, Chairman DeFazio said this morning, and I will say, that the port industry here has yet to receive any relief in funding with regard to this COVID crisis. So if I could leave one thing here with this committee and the subcommittee, again, we just want to have a percentile of relief here that is so important for the vital reasons that, again, you have heard the testimony this morning.

Now, with regard to the funding, I think I would direct myself to the National Defense Authorization Act here that was recently passed, and, more specifically, section 3505, which established the Maritime Transportation System Emergency Relief Program. And with that, if you look to section J, I think that answers the question, everything with regard to operations in how we have been im-

pacted, PPEs, workforce retention, infrastructure repair, and so forth and so forth. The list is long.

So, I think, all I would reference to the answer is, if we apply section 3505(j) by definition of what is an emergency here, a health pandemic here, COVID-19, and how this has impacted the port authorities. And I think, finally, again, what we are asking for is a vital part of the transportation sector here has yet to receive any funding with regard to this emergency crisis that we have experienced.

So as to the part two, and the congestion, as I indicated, I think it is fair to say that we are seeing that in many gateways, but more particularly in southern California. I think for the Port of Long Beach you have seen that investment of over \$4 billion over 10 years, and going forward, an additional \$1.7 billion. Our colleague, our neighbor Port of L.A., has similar investments. So southern California is the gateway to the most important trade route in the United States, the trans-Pacific trade route.

And I will say, let's not just see this as an import dynamic; we have to see this as an export dynamic going forward. And that is the reason why, again, we are applying all aspects to move efficiency here with containers. And in a way—that's my last comment—in terms of funding, a large part of what we need to do is to move to digital transformation, and I think that is going to create the kind of efficiencies that we need to have here at our port and gateways throughout the country.

Mr. LOWENTHAL. Thank you, Chairman Cordero. I yield back, and I thank Representative Larsen for giving me his time.

Mr. LARSEN. I yield back.

Mr. CARBAJAL. Thank you, Mr. Lowenthal and Mr. Larsen.

I will now proceed to Representative Malliotakis. Did I say that correctly?

Ms. MALLIOTAKIS. Good. For some reason, everyone is having trouble with my first name. I have been called Nickel and Nicolas, but everybody is getting Malliotakis right, which is very nice. And I appreciate, Chairman and Ranking Member Gibbs, this is my first time participating in a hearing as a Member, and I am very excited to be here.

I really found the testimony to be very enlightening. And, in particular, Mike Roberts touched on an issue that I also have concerns with, the influence of China. And in addition to investment China is making in maritime vessels and supplies, it is also making significant investment in infrastructure, such as in ports with our neighboring countries, in Latin America and South America.

And I was wondering if Mike Roberts, or anyone else who testified, would like to expand and maybe talk about the impact that this is having on trade with those particular nations in Latin and South America and the maritime industry as a whole.

Mr. ROBERTS. Thank you, Representative Malliotakis. I appreciate the question. I would say a couple of things. First, this subcommittee, 1½ years ago, held a hearing on this subject, and it was certainly one of the first times that the impact of China's ambitions was brought to light with respect to the maritime industry.

And we have done a lot of work since then to explore that further. We think it is serious. I think that the question is, what do

we do about it? We don't really have a response. We have a seriously risky situation and a great vulnerability, and we don't have a strong policy response. I think we need to recognize that because of our trade and economic policies we are a Nation of consumers, and that it may be fine in a world where there is no threats, but that is not the world we live in today, so we have to recognize that.

We have to also understand that there is an economic component to this, that overwhelming military superiority, if we can sustain it, doesn't prevent China from using economic leverage against our interests.

So, I think to respond effectively, we need to really deny China's success in terms of its maritime ambitions, we need an industrial policy that balances the benefits of trade alongside the need to preserve a strong and diversified American economy. And key sectors like shipbuilding and strategic service sectors like shipping need to be recognized and supported much more than they are today.

Ms. MALLIOTAKIS. I appreciate that. And I think in addition to the Jones Act, and our supply chain in terms of the maritime and shipping industries, I think we could also look at the supply chain of PPE. And I was wondering if anyone, perhaps, could comment on some of the challenges that we as a Nation have had obtaining PPE from overseas, from Asia during the pandemic, and how it highlights the need to bring that supply chain home as well.

Mr. ROBERTS. I will offer my 2 cents on it. My sense of it is that early in the pandemic, the Chinese made a rational decision to make sure they had enough PPE for their own population. And as that became less of a threat, they were willing at that point to go ahead with contracts that enabled shipments to this country.

It is, I think, widely recognized the importance of near-sourcing, in-sourcing critical supplies like PPE and many, many other things that we are now dependent on China for manufacturing, and then for the logistics to bring it here.

Ms. MALLIOTAKIS. Thank you.

Mr. CORDERO. Congresswoman, if I may add to that question—

Ms. MALLIOTAKIS. Yes.

Mr. CORDERO [continuing]. And that is a great question, Congresswoman. Let me add this: You know, part of the question in terms of this issue of congestion at our ports, let's keep in mind there is a confluence of factors as to what has led to the volume. One commodity, aspect that has been very, very key here and important is the number of PPEs and medical supplies that are coming in as imports. That is one of the reasons we have had this surge in volume.

So, I think the question for us as a Nation that these important medical supplies and PPEs have to be here, come back to be manufactured in the United States.

Ms. MALLIOTAKIS. Absolutely.

Mr. CORDERO. We have seen that in this crisis, if it teaches us anything, that we need to have a quick pivot to make sure we protect frontline workers. And, again, if we go back a year, and for the first several months thereafter, that was really problematic. And going forward, I don't see any reduction in the use of PPEs in terms of what this pandemic has now changed in terms of what Americans have to be accustomed to for a few years.

Ms. MALLIOTAKIS. Thank you, Mr. Cordero. I absolutely agree with you. And I would actually like to speak with you offline on another issue related to high tolls at my port, because while everyone else is crowded, we are not as crowded because of this type of impact on my local terminal. So let's connect offline. Thank you.

Mr. CORDERO. Absolutely. Would love to do that.

Mr. WILKINS. Would there be time to weigh in on her first question, Mr. Chairman?

Mr. CARBAJAL. Time is up. We are going to have a second round in a few, so—

Mr. WILKINS. OK.

Mr. CARBAJAL [continuing]. Hold that answer.

Next, we will proceed to Representative Lowenthal, a second bite at the apple.

Mr. LOWENTHAL. Thank you, and it tastes very good, Mr. Chair, that apple.

I want to follow up on some things that Mr. Patti has said. You know, Mr. Patti, you have really demonstrated that this pandemic has exacerbated the current state of the U.S.-flag international merchant fleet, which is already at risk, and now, you have indicated how much more at risk it has become.

So I want to talk about what we can do. Can you—you know, this past Congress, we passed and put into the National Defense Authorization Act the 10-tanker security fleet that you mentioned, to begin to fund that, but it hasn't been appropriated. How important is it for us to fight to appropriate that, the tanker security program?

Mr. PATTI. Thank you, Mr. Congressman. I think it is incredibly important that you fight to appropriate funds. The \$60 million is authorized for the new tanker security fleet program. Not only will this help alleviate some of the manpower shortage; if you are talking about 10 vessels coming into the United States flag for the first time, you are talking about an employment base for approximately 500 mariners, which is a nice step in the right direction.

It doesn't obviously solve the entire shortage that is estimated, as I said, for approximately 1,800 mariners, but it is a step in the right direction.

But I would also suggest that not only do we have to fight to secure the appropriation for that program but we also need to begin now to look very, very carefully at the program, make sure that when those vessels do come into the United States flag that there is cargo for them to carry, that they are able to operate as opposed to just bringing in more vessels to the U.S. flag that are going to be laid up.

It is an incredibly important program. It was initiated based on its statements that it made by the Department of Defense warning of our almost total reliance on foreign vessels that supply the military. And, again, the simple answer to your question is, yes, absolutely, we should fight to get that appropriation.

Mr. LOWENTHAL. Thank you.

I want to ask the following question to return to Mr. Cordero, Chairman Cordero. I believe that this committee, and certainly Chairman DeFazio, has indicated we will be supportive of the need for vaccinations and testing for the maritime industry. You are es-

sential workers. You are not receiving those. And it is critically important for the health of your workers, who are essential workers and defending our Nation.

But I want to ask you about something. We have seen throughout this country, we have seen the CDC, we have seen Dr. Fauci, we have talked about public health recommendations, and yet, we still see superspreader events, people not following them. I guess the question that I am asking is, the AAPA has made wonderful recommendations about public health, how we should have best practices, social distancing, PPE.

The question to you is, as the chair of the AAPA, have you found that these are really being followed in the ports? When we just recommend, is that enough? And what practices in the future, if we have other pandemics, are we going to need to make sure that we do not have superspreader events anymore, and apparently that we are beginning to see those in the ports?

Mr. CORDERO. Thank you for your question, Congressman Lowenthal. Let me just say this, as chairman of the board of AAPA, I could represent to this committee that our major container gateways are doing everything possible to put in place these protocols, whether it is the Port of Virginia, and my colleague at the Port of Houston, and, of course, here at Long Beach in Los Angeles.

And I say here, locally in southern California, I have to commend the ILWU and the Pacific Maritime Association, who came together to address this issue. So the bottom line is, I think both management and labor are implementing these protocols because it is very key for the frontline workers.

And going forward, let me just say this: 9/11 changed the whole dynamic in terms of how this country viewed our security. I would suggest that COVID-19 now is changing the whole dynamic in terms of how this country is now moving forward with how we address health pandemics. Because, again, going forward, I think that nothing is going to change in the future in terms of how we need to be extremely cognizant of health and safety of the frontline workers.

And last, I will say this: I think, clearly, as you look forward in terms of what our practices are going forward, I think it is going to be paramount for us to have, as the congressman mentioned, adequate PPEs and medical supplies related to health pandemics, because, again, one thing I will say for port authorities, aside from the fact that we have not been the beneficiaries of port relief, is this operation has never closed down, not 1 day. There is no one port across the United States that its essential operation closed down.

Mr. CARBAJAL. Could you sum up, please.

Mr. CORDERO. So with that, again, I appreciate the time and the question, Congressman. And I appreciate the subcommittee, again, listening to what you have seen here from our testimony here regarding the vital need of the maritime industry.

Mr. CARBAJAL. Thank you.

Mr. LOWENTHAL. Thank you, and I yield back.

Mr. CARBAJAL. Thank you, Mr. Lowenthal.

Next, we will proceed to Representative Gallagher, who I see is sporting a jersey in his background of a team that almost made it into the Super Bowl.

Mr. GALLAGHER. That was a low blow, Salud. That was a very low blow. And this jersey is officially cursed. Well, thank you.

This is a question for Mr. Wilkins probably, at the risk of repeating an area of questioning that Mr. Gibbs had raised earlier, I believe. Mr. Wilkins, you mentioned inspection user fees towards the end of your testimony. Last year, the House passed a Coast Guard bill that included language placing a moratorium on those fees for vessels that utilize safety management systems which was removed when the bill was attached to NDAA. Can you confirm that congressional action on a moratorium is still needed? How are these fees affecting your bottom line, and that of other companies in the industry?

Mr. WILKINS. Well, thank you, Mr. Gallagher, for the question. Yes, I would like to thank the committee and the leadership for drafting that legislation, and certainly it was a big help to us. Respectfully, when we look at these fees, I think I mentioned that the structure of the fees could be duplicative and inequitable in the sense that companies like myself, we use TPOs, third-party operators, to come in and do the inspections.

The Coast Guard also has a fee structure for these inspections for the vessels to be in compliance, and I have mentioned the fact that when we pay the TPOs, our companies will have annual costs of around \$30,000-odd a year, just in the TPO over and above paying the Coast Guard fees as well.

So certainly it helps to—I think the effort is to be able to ensure that the annual fee structure is fair and to ensure that if we are going to have the inspection protocols, which we should under subchapter M, we have to ensure that the Coast Guard does not have a fee, we are not doing the work, and whereas we have the TPOs doing the work makes it, if you will, best for us in the sense of fees.

You have to finish the job to ensure that the moratorium on the fees for the Towing Safety Management System, TSMS, for the vessels until the Coast Guard establishes a new user fee structure that differentiates the two inspection options that we have.

Mr. GALLAGHER. I appreciate that, Mr. Wilkins. Maybe as a followup, in last week's hearing we heard that mariners living in one State are not given reciprocity in another State for their position in line for the vaccine. I have heard from mariners in my district who are making port calls elsewhere in the Great Lakes that this is a problem.

So I don't know who this would go to, but is the fix as simple as Congress mandating that States honor the position in line granted by another State, or would this cause impossible logistical problems in States that honor such a reciprocity? Do you think this is an important issue? I just throw that out to the panel with the time I have remaining.

Mr. WILKINS. Well, if I could field that, I would say that there are very few mariners right now who are getting and qualify for vaccinations unless they meet the age requirements. And we have some fourth-quarter players who are meeting those age requirements. And currently, we are classified by DHS under group 1c.

So if we were to move to 1b as a central workforce as established, again, by DHS, we will handle the logistics because in our organization, we have mariners who are living in more than 25 States across the country traveling all the time, so it might not be really advisable for them to be able to go and get the vaccines they need in the States given their time on board and time away from home, so there are logistics challenges.

But I think we can manage that if, in fact, we can move the statutes up and give guidance to have us moving, again, to 1b, because we are critical, essential workers, and would certainly prioritize our being able to keep vessels running, keep operations moving, and meet the needs of having our mariners vaccinated, because they live—I think it was mentioned by one of the panelists, we live in tight quarters. And we bear a lot of cost trying to ensure the viability of operations and maintaining production by keeping our mariners safe, and added expense of cleaning, disinfecting, I mean, go on and on, but it certainly would be advantageous to have guidance.

Mr. GALLAGHER. All right. Well, thank you, Mr. Wilkins, and I like the term “fourth-quarter players.” As the Representative from Green Bay, that metaphor takes on added significance, so I appreciate that. And I yield back my remainder of my time.

Mr. CARBAJAL. Thank you, Mr. Gallagher.

We will proceed with Representative Pappas.

Mr. PAPPAS. Well, thank you, Mr. Chairman. I know everyone on this committee is a first-quarter player right now, so I am glad we are fresh and ready for the new term.

But I really appreciate the panel here today. I think you gave a good overview of the challenges that we face in the maritime industry, how Congress can play a role moving forward. And I think what is critically important for us to all understand is the central nature that the maritime industry plays in the health and well-being of this country, in its economic future, and, certainly, as it pertains to our national security as well.

I am glad a number of you have asked questions and our panelists have commented on the vaccination issue. I think this is clearly a place where the Federal Government needs to play an increasing role, as Mr. Wilkins just said, with increased guidance. I would recommend as well on support of Federal testing sites to make sure that we are dealing with our frontline essential workers who are putting themselves on the line each and every day.

I think Ms. Brand in her comments said pretty clearly that infections are at crisis levels at some of our ports. And what we can't afford to have happen is any disruption in our supply chains, and in the supplies that we are all relying on to get through this pandemic.

A lot of it has been said as well about the Jones Act, and I think, most of this committee understands the essential nature of the Jones Act and protecting our national security and ensuring that the industry is strong moving forward. I am wondering if anyone here can speak directly to how having American workers trained to serve on American ships as the Jones Act requires has helped us, especially as it pertains to this pandemic to keep goods moving.

Mr. ROBERTS. Well, I will take a crack at that, Congressman. Mike Roberts with the American Maritime Partnership. There was a recent study, I guess, maybe a year ago, that showed that out of the maritime workforce needed to crew ships in response to an incident, a military contingency. The minimum number needed—we would be 30-plus percent short of meeting that minimum needed if we didn't have the mariners from the domestic maritime industry. The Jones Act would supply those mariners, and they do supply those mariners in activations and war-game-type scenarios, turbo activations.

So it is critical that we have American mariners available from the domestic maritime industry for our national security purposes generally. And certainly, I think how they performed in the context of this pandemic and bringing supplies in places where they are not—as Jim Patti said, whether or not their conditions of employment have gone downhill dramatically over the past year as a result of the pandemic, but they persevere, they've come through, they show up as merchant mariners do throughout history.

So it is—I am proud to be associated with this community, and I think they really are a critical asset to our national security.

Mr. PATTI. If I can, Congressman, just to pick up a little bit on what Mr. Roberts said, I would echo essentially everything he said as it pertains to the mariners working aboard our U.S.-flag vessels in the foreign trades. From the very early stages of the pandemic, when nobody really knew the degree to which it was going to affect maritime transportation, whether it was going to get worse much quicker and much more severe than it did, but the mariners did show up. The mariners continued to perform. They continued to go to work. They complied with the guidelines that were put in place ranging from having to wear masks and social distancing when they are in the union hall trying to get their next job to ship out, to the shipping companies themselves, putting out the expense, absorbing the expense of flying mariners home when their rotation was done because there was no other way to do it.

But as I said earlier, despite all of this and throughout all of that, the mariners have taken their responsibilities very, very seriously. When our mariners go to sea, they do so knowing that their first and most important objective is to support our country, to support the military, to support American troops, and it is to do whatever they can to make sure the sea lanes remain open for our trade.

So, again, as Mike said, it is very, very humbling to be associated with this industry and especially to have the privilege, as I do, to represent maritime labor.

Mr. PAPPAS. Well, terrific. I appreciate those comments.

I would like to get one more quick question in if I can. And switching gears a little bit, as some of you have alluded to workforce challenges, and I think the COVID epidemic has highlighted a lot of the problems that have always been present in this country around diversity and inclusion.

And so, my question, for anyone on the panel that would like to take it up is, is the maritime industry doing a good job of promoting diversity and inclusion? Are there any impediments or challenges in the way of making the industry more inclusive? Because

I am trying to figure out what we can do potentially in Congress to help support a growing, diverse workforce, make sure the incentives are in the right place, and help build the right culture for the industry as we move forward.

Mr. CARBAJAL. Mr. Pappas, I am going to ask that those answers be provided for the record to be consistent with our previous colleague, who didn't get one of their questions answered when they ran out of time.

Mr. PAPPAS. Terrific. Thanks, Mr. Chair.

Mr. CARBAJAL. Thank you. So with that, we will now go to Representative Weber.

Mr. WEBER. OK. There I am. Thank you, Mr. Chairman. Congratulations on your new post. Can you hear me?

Mr. CARBAJAL. Yes. Thank you.

Mr. WEBER. OK. Good. Lots of questions. Let me start with—Ranking Member Gibbs said that he understood there were 300,000 mariners stranded. And I didn't really ever hear, was there an answer to that, stranded around the country, around the globe? How do we get that answer?

Mr. PATTI. Congressman, if I can, Jim Patti, most of those mariners, almost all of those mariners now are foreign nationals working aboard foreign vessels, many of which we would define as flag of convenience ships where there is virtually no legal relationship to the flag of the vessel and the vessel's owner.

And most of these mariners have literally been abandoned by their shipowner, by the charterer, by their flag nation and are desperately trying to just, in some way, shape, or form, get home. They are on these ships with virtually no food. They are on these ships, they have not been paid. Some of them have been on these ships for well over a year. So it is a very, very serious humanitarian issue. You know, good news is, it is not affecting the American mariner, but as, you know, mariners and brotherhood of the sea it is an incredibly terrible humanitarian issue.

Mr. WEBER. Right. Thank you for that.

And I want to jump on over to Mr. Bordelon now, if I may. Glad to hear that his grandfather started a business building ships, but so much of our manufacturing has gone overseas, especially heavy manufacturing, whether it is Japan, South Korea, wherever. And we have talked about China building, what was it, 1,800 vessels, whatever it was.

Mr. Bordelon, how do we compete? From the business standpoint, how do we get manufacturing of those vessels back here?

Mr. BORDELON. Thank you, sir, for the question and opportunity. A lot was said over the last 1½ hours that we have been talking about it, and China's name comes up and foreign competitors come up, but we continue as a Nation to further develop ourselves and be competitive. I think we have responded really well in leading technology on different fronts and different facilities and different manufacturing, not just in shipbuilding, but, specifically, in shipbuilding, and we need to continue to do that.

Some of the shipbuilding grants that have been done through MARAD have helped the shipbuilders do that. That is one opportunity. But really, the biggest thing for us to remain competitive and be a leader, because that is, I think, often overlooked is that,

you know, you talk about free trade or fair trade, and we care about fair trade. We care about national defense and security. All of those things are important for us. We pay taxes. We keep our people safe. We follow OSHA. We don't pollute the world like other places do.

So giving us the opportunity to continue to be a leading edge, some of the biggest things we need, I am going to say it again, we need some visibility and consistency in budgets that can keep our manufacturing in a position where we would have a great, competitive workforce that you are offering careers to people that you can effectively train.

And then the obvious reinvestment comes with that. My grandfather was a machinist by trade, uneducated, and he bought an old lathe and a drill press, and that is how he got started. And his philosophy was he was going to keep improving and keep investing in his business.

And with some kind of sustainability and vision with U.S. shipbuilding as far as the U.S. Navy goes, the Army has projects, obviously the Coast Guard, and the commerciality, all of those things help keep us competitive and reinvesting.

So I think those are the key things, Congressman, that could help us continue to push forward and be more competitive in the world that we are living in today in shipbuilding.

Mr. WEBER. All right. Thank you, for that.

I am going to move on to Mr. Cordero now. Mr. Cordero, you cited, I think it was 1,497 COVID cases, and you may or may not have this percentage. What percentage of the workforce, of the mariner workforce would you say that is?

Mr. CORDERO. Well, it varies, Congressman, from port to port, region to region. But let me just—let me answer the question generally. It is a high percentage, and let me just give you some data. We talked about testing, which is a very important component to this. So, for the Port of Long Beach, we put in place the only COVID testing site in the port complex.

Our commission supported us in authorizing \$1 million to set up that test site back in August of 2020. And in December, November, our commission authorized another \$3 million so that we can have that test site open through July of 2021. So that right there is a \$4 million investment by the Port of Long Beach.

What has that resulted in? From August to the present date, I can represent to this subcommittee we have tested over 20,000 people at that site. So obviously, we have to be proactive with testing, but the other aspect in terms of, going back to the funding question, is rapid testing. That is what we need.

And, last, I will say this: What I have here is a KN95 mask [holding up a mask]. To the question of PPEs, let me just say that in this industry, when this pandemic hit, many of our frontline workers were wearing basically cloth masks. I mean, it was really unfortunate that we were in that situation. But what we need in this country is for every frontline worker to have an N95 mask made in the United States. That is what is needed. It is not a question of just ordinary PPE; it is the quality of PPE.

Mr. CARBAJAL. If you could summarize, please.

Mr. CORDERO. I hope that answers your question, Congressman, and thank you so much for your question.

Mr. WEBER. Well, thank you for that. Mr. Chairman, I yield back.

Mr. CARBAJAL. Thank you very much, Mr. Weber.

Next, we will go to Representative Auchincloss.

Mr. AUCHINCLOSS. Thank you, Mr. Chair, and to the panel. I wanted to pivot to something that was mentioned in your written testimony, Mr. Roberts, about offshore wind as an important emerging market for the maritime industry. Offshore wind has the potential to produce tens of thousands of jobs nationwide, including many in southeastern Massachusetts, in my district, and could play a significant role in decarbonizing electricity production in the United States.

In your written testimony, Mr. Roberts, you specifically called out, as ways to encourage offshore wind, “regulatory measures needing attention include a more predictable permitting process, a possible regional approach to local content requirements, prompt Coast Guard regulatory actions related to the vessels required to install and service offshore wind turbines, and support and planning for the necessary port infrastructure.” I want to invite you to take 2 minutes and talk about which of those might be the highest impact and how the Federal Government might assist?

Mr. ROBERTS. Great. Thank you for your question. As you may have gathered, we are very excited about the prospect of offshore wind development and being part of that, and the economic benefits and job benefits that it will provide.

We are, frankly, very early in this industry’s development. When I talk about the permitting process, I think the change in administrations will see—I am fairly confident we will see a more predictable and responsive permitting system put in place that will help a lot with respect to Coast Guard and other regulatory areas. And I think that really is the starting place, having the licenses in place and having all of that kind of going is great, but having the authority to go ahead with the development is really critical.

Obviously, it needs to be done safely with full accommodation for all of the stakeholders, fishing and other stakeholders that could be affected by it. But I think that getting that done quickly and getting it right is very important.

Coast Guard regulation of vessels—some of them are very new vessels that are not in the fleet today, and so making sure that we have clarity and a good collaborative ability to work through regulatory issues is critically important also. So those are two I would just mention.

Mr. AUCHINCLOSS. One way that has been—and, Mr. Roberts, this is still, I think, in your wheelhouse—one way that has been promoted by some advocates in my district has been offshore wind opportunity zones that could receive accelerated permitting and priority consideration for Federal infrastructure investments. Would you support that designation, and if so, are there components of it that you would advocate for?

Mr. ROBERTS. Well, I am not familiar with that specific program. I would say that certainly another area of attention is with respect to the ports themselves and the need to develop logistics capabili-

ties at the ports, and that sounds like it probably is something that would fit well within the opportunity zones that you are talking about there.

Mr. AUCHINCLOSS. Thank you.

And a final question, and this is for anybody on the panel, although, Mr. Roberts, perhaps you can have first pass: Bristol Community College serves my constituents, building a state-of-the-art national offshore wind institute to ensure a workforce that is ready for this new industry. Can you describe the nature of the jobs and the sort of—directionally the volume of the jobs that can be created for this industry?

Mr. ROBERTS. I will mention that from a maritime perspective, there are so many different elements to doing offshore development, and some of this is certainly learning from the offshore oil and gas development industry. But you need to be able to install the facility, put foundations in, and you need vessels and you need mariners who know how to operate those ships and do that very heavy engineering work.

You will need to be able to link those installations back to shore using cables instead of pipelines. We will need service vessels to maintain them over many, many years, and mariners and technicians to be able to operate those vessels. Just sort of from a maritime perspective, that is a snapshot.

Ms. BRAND. Sir, this is Lauren Brand. May I also respond to this quickly?

Mr. AUCHINCLOSS. Please.

Ms. BRAND. So this will also create terminal opportunities and opportunities for logisticians. The offshore wind is high, wide, and heavy cargo. I know of one case where we should have seen some products go from the gulf area to the Northeast area by marine highway, by vessel, and instead, it went by truck and it took over 6 months to move that way. And they actually went through intersections where they had to take down the signal lights, because the equipment was too high to fit under the over-road obstacles. So it is a great logistics thing, great terminal thing. If there is any way I can help, let me know.

Mr. AUCHINCLOSS. I appreciate that. And I will yield back my time, Mr. Chair.

Mr. CARBAJAL. Thank you.

Next, we will proceed to Representative Brown.

Mr. BROWN. Thank you, Mr. Chairman. Let me start by saying it is a pleasure to be able to serve with you under your leadership on this subcommittee. You and I served together on both the House Armed Services Committee and Transportation and Infrastructure Committee. The only frustrating part about that is that I am sitting behind you in seniority on both of those committees.

But in all seriousness, it is a pleasure, it is an honor to be able to serve with you, and I think really appropriate because I think the work that we do on the Transportation and Infrastructure Committee, the policy, the authorities, the investments in infrastructure perhaps are just as important to national security as the work that we do together on the House Armed Services Committee.

As we have been hearing throughout the testimony today, obviously public ports in the United States play an indispensable role

in local and regional economies throughout the Nation, and the COVID-19 pandemic has had a tremendous impact on the industry in 2020.

I have a particular interest in the Port of Baltimore, which is arguably the most diverse port on the east coast. It has a portfolio of containers, automobiles, farm equipment, roll-on/roll-off cargo, and forest products, and it is ranked first among all U.S. ports in the volume of vehicle cargo for 9 consecutive years.

Key cargo commodities at the Port of Baltimore's public terminals were down for the year compared to 2019, but the port's strong recovery in the second half of the year helped dramatically narrow those declines. The port's strong finish in 2020, I think, reflects highly on Maryland's economy and the dedication of our port workforce.

However, if we are going to continue to ensure that our Nation's ports are functioning, meaning that we are supporting frontline portworkers who are really key to what we are doing, we have to prioritize testing and vaccination. And at the end of last year, or during last year, Congress passed the CARES Act, the NDAA. Both of them included important provisions to help mitigate the virus and the effects it has had on this industry.

Both Mr. Cordero and Mr. Patti, and perhaps some of the other panelists, I apologize, but I know that you specifically addressed in your testimony the Maritime Transportation System Emergency Relief Program. And while it was passed in the NDAA, it was the brainchild of this committee.

So if Mr. Cordero and Mr. Patti, I mean, look—we authorized it; now we have got to fund it. And could you talk about the need to fund it in 2022, and what happens if we underfund it? What happens if we don't step up and do what we need to do as a Congress to support the Maritime Transportation System Emergency Relief Program? Mr. Cordero? Mr. Patti?

Mr. CORDERO. Well, thank you, Congressman. And I think a very good question, because you have already heard this morning the impact that COVID-19 has had already to our ports throughout the Nation.

And I will say that my good friend, Bill Doyle, over there at the Port of Baltimore is doing a great job, and, again, former Commissioner of the FMC. But I think as AAPA chairperson, I will say this: That we have a great opportunity, Congressman and subcommittee, to not only fund this program, but earlier there was a question posed as to whether we see the merits going forward in terms of what an important aspect that needs to be addressed.

MARAD has a great opportunity right now to advocate on this issue, because they have been identified as the lead Federal agency to move forward and identify emergency relief and issue grants to the port authorities across the Nation. So that is going to be very key, for MARAD to move forward with 3505(j) of the program or of the act, which, again, is going to be very important with all the issues that we have addressed this morning. And failure to do that is going to create a real problematic question in the supply chain, a vital transportation sector.

And, again, we talk about imports, exports. Ninety-five percent of international trade moves by water. Trade begins at the ports.

Mr. BROWN. Mr. Patti.

Mr. PATTI. Yes, sir. Thank you, Congressman. I would just pick up a little bit on what was said and, again, strongly encourage Congress to fund this program.

There are a number of entities in the maritime industry, ranging from training institutions that the unions and the shipping companies run and operate in order to continue to provide the best trained mariners that we possibly can that have effectively been shut down for most of this past year, because ships were not sailing. They were not able to travel to and from the schools. And they desperately need help in order to remain open.

There are small passenger vessel operations, there are other shipping companies, all of whom have taken significant hits throughout this pandemic. And I think just to emphasize, this legislation does not dictate that money go to anybody. They still have to apply. They still have to apply for the grant. They have to prove that it is worthwhile and necessary, but none of that happens until the money is made available.

So on behalf of all of those types of entities, most of whom don't belong to our organization, but, nevertheless, I would encourage Congress to provide funding for that program.

Mr. BROWN. Thank you, Mr. Patti. Thank you, panelists.

Mr. Chairman, thank you very much. I yield back.

Mr. CARBAJAL. Thank you, Mr. Brown.

That concludes the first round of questions. I am going to proceed with the second round for anybody interested in asking a second question. And with that, I will recognize myself for 5 minutes and then proceed to other Members who may have additional questions.

Ms. Brand, in your statement, you said that there are currently 37 container ships sitting outside of the Port of Los Angeles and Long Beach. What would happen if congestion were to continue to rise? What does that mean for ports and the U.S. economy?

Ms. BRAND. So thank you very much for that question.

Because of the vessels that are offshore—right now there are containers that are holding parts for manufacturing and assembly sites in the United States, and we are going to start to see some of those start to falter in their schedules, the longer this goes on.

I believe yesterday, I checked the number and the number now is down to 32 ships that were offshore. We estimate that that is about 380,000 TEU, or 190,000 truckloads of goods. I actually went shopping at one of my favorite local retail stores. It is called Chico's. And I asked them if they had certain spring colors. And they said, no, those are stuck in the port.

So we are seeing a decline in the fashion market. We will see some commodities not come in. Maybe some Valentine's Day things are stuck. We will see Easter things being stuck. And we will see things that are actually arriving too late to go to market. So there will be an economic impact for a number of different things, from consumer goods all the way to manufacturing.

Mr. CARBAJAL. Thank you, Ms. Brand.

Mr. Wilkins, in your written testimony, you stated that waterborne transportation is the most environmentally friendly mode of transportation. What can Congress do to encourage more shipping

by water? What policies would spur development of coastwide shipping?

Mr. WILKINS. Thank you, Mr. Chairman, for the question. I don't know if I am prepared to answer the question directly, especially on the coastal side.

What I would say is that I think I answered in the sense that having the programs of ensuring reliable locks, dams, and ports that is maintained and allowing the Corps to do what it does in operating and maintenance of those systems promotes reliability, and reliability promotes confidence, and confidence promotes investment from the shipping world and cargo holders to realize they have a viable means of transport, and reliable means of transport. I would answer that question that way, sir.

Mr. CARBAJAL. Thank you.

Mr. Patti.

Mr. PATI. Thank you, Mr. Chairman.

One of the things I would suggest that Congress look at—and it is something that this committee had been advocating for quite a while in the past—is to look at the application of the harbor maintenance tax on coastwide shipping.

The way things work now under the harbor maintenance tax, there is a very unfair, we consider discriminatory, double taxation on ships operating in the coastal trade. If you have a large container ship coming in from overseas and your container is the value of that cargo, it is subject to the HMT. When it is reloaded onto these smaller vessels that travel up and down the coast, when it reaches its second destination, it is taxed again.

At a minimum, this serves as a tremendous disincentive to use U.S.-flag vessel operations. So it is just another thing to look at as we go forward in this Congress. And I think part of the objective would be to try to eliminate as many of these disincentives as possible that impede the operation of American ships.

Mr. CARBAJAL. Thank you.

Ranking Member Gibbs, do you have any additional questions?

Mr. GIBBS. Yes, just a couple. Thank you, Chair.

First of all, Mr. Wilkins, in 2020, the Corps of Engineers moved forward with a large-scale rehabilitation project on the Illinois River, which necessitated periods of closure on the river.

In your opinion, did the Coast Guard and the Army Corps of Engineers manage the process? Were there any lessons learned that we should know about, Mr. Wilkins?

Mr. WILKINS. Thank you, Mr. Gibbs.

No, I would say that I think that the Coast Guard and the U.S. Army Corps of Engineers worked in harmony and worked perfectly together as a partner. I applaud that they listened to industry to reduce having disruptions over a 5-year plan, to mitigate that and bring it down to a 2-year plan.

So I think the lesson learned is a shining example that industry and the Coast Guard and the Corps of Engineers can work together to accomplish maintaining our infrastructure. So we were very pleased in the way that they came together at a solution.

Mr. GIBBS. Good. I am glad to hear that.

Ms. Brand, in your testimony you talked a lot about the vaccines. And since you represent the National Association of Waterfront

Employers, are you seeing differences between States where you operate, the vaccine accessibility, or is it just they are not getting it because they haven't been declared essential workers, or what are you seeing within the different areas geographically around the country?

Ms. BRAND. Thank you very much. We wrote to 35 different States, including Puerto Rico, and we received responses from less than half of those. Basically, sir, what is happening is that the waterfront workers are not getting any priority whatsoever. It is age priority right now.

Each State has its own regulations and rules. For example, in Florida, if you are 65 and over, you can be eligible for a vaccine. In Virginia, if you are 75 and older, you can be eligible for a vaccine. So even the age priority has a difference between States. It is very difficult to track.

Mr. GIBBS. Thank you.

Mr. Chairman, I believe Representative Malliotakis asked a question and didn't have a chance for the panelist to answer, and I don't know which panelist that was. I will yield my time if that person wants to answer Representative Malliotakis' question.

Mr. WILKINS. Thank you, sir. That was myself. And I was only going to point out to the Representative that—her question was around the competitive advantage of lack of moving commerce, given other nations around the world.

And I was going to point out in our last project that Canal Barge did in Colombia, to move a container from Bogota to Cartagena, 660 miles, costs four times the amount of money to take that same container 9,000 miles from Cartagena all the way to China.

So, as they were developing their Magdalena River and other countries look to develop river systems, we measure productivity on a cost per ton-mile basis. So that is our competitive advantage. And underscoring infrastructure was the final point I wanted to make to her.

Mr. GIBBS. Thank you.

Mr. Chairman, I yield back.

Mr. CARBAJAL. Thank you, Representative Gibbs. Are there any other questions?

Seeing none, I would like to thank each of the witnesses for your testimony today. Your comments have been very informative and helpful. I ask unanimous consent that the record of today's hearing remain open until such time as our witnesses have provided answers to any questions that may be submitted to them in writing.

I also ask unanimous consent that the record remain open for 15 days for any additional comments and information submitted by Members or witnesses to be included in the record of today's hearing. Without objection, so ordered.

The subcommittee stands adjourned. Thank you very much.

[Whereupon, at 1:12 p.m., the subcommittee was adjourned.]

SUBMISSIONS FOR THE RECORD

Prepared Statement of Hon. Sam Graves, a Representative in Congress from the State of Missouri, and Ranking Member, Committee on Transportation and Infrastructure

Thank you, Chair Carbajal, and congratulations on your first hearing as Chair of the Subcommittee on Coast Guard and Maritime Transportation. Also, thank you to our witnesses for being here today.

As you know, the Full Committee conducted a broad-ranging hearing last Thursday on the COVID-19 pandemic's impacts on transportation workers and businesses. I commend the Chair for holding this hearing on the pandemic's specific impacts on the Maritime Transportation System.

I represent an agricultural district, and I'm also a farmer. So I am concerned about persistent press reports about the shortage of containers to carry U.S. agriculture exports to our customers around the world.

I look forward to hearing the witnesses' experiences with any recent changes in the carriage of U.S. ag exports, and whether such changes are having an impact on the competitiveness of those exports.

I also look forward to hearing about the COVID-19 related impacts on the U.S. Maritime Transportation System. I understand the import driven part of the System is currently operating at record levels. However, I would like to know the impacts of the pandemic on U.S. shipbuilders, vessel owners and operators, mariners, and other maritime workers, and whether Federal action is needed to relieve any of these impacts.

Thank you, Chair Carbajal. I yield back.

Letter of February 2, 2021, from the American Association of Port Authorities et al., Submitted for the Record by Lauren K. Brand, President, National Association of Waterfront Employers

[This letter was also submitted for the record by Hon. Alan S. Lowenthal on page 51. To avoid redundancy, this letter is not reprinted here.]

Letter of February 2, 2021, from David F. Adam, Chairman and CEO, United States Maritime Alliance, Ltd. et al., Submitted for the Record by Lauren K. Brand, President, National Association of Waterfront Employers

FEBRUARY 2, 2021.

Hon. PETER A. DEFAZIO,
Chairman,

House Committee on Transportation and Infrastructure, U.S. House of Representatives, Washington, DC 20510.

DEAR MR. CHAIRMAN:

We write as the leading representatives of America's frontline longshore workers and maritime employers to seek your assistance on a matter of urgent national importance: protecting our nation's economy and supply chain by prioritizing COVID-19 vaccinations for port workers. While our organizations represent a diversity of maritime interests in varying regions of the nation, we have come together to speak with one voice on this pressing and immediate priority.

America's ports are the primary gateways for the goods and supplies Americans depend on, including food, medical supplies, personal protective equipment (PPE), sanitizer, and other items sustaining the country during this historic pandemic. Millions of jobs and a significant portion of America's GDP are directly tied to the

health of our ports, which are vital to national industries including retail, manufacturing, agriculture, and more. But the reliable operation of port terminals could soon be in jeopardy due to the alarming increase in COVID-19 among frontline longshore workers nationwide. Prioritizing frontline port workers' eligibility for vaccination and ensuring adequate vaccine supply is the only sure way to safeguard the supply chain that drives our economy and connects America to the rest of the world.

Since the start of the pandemic last year, America's maritime workforce has answered the call of duty to keep our ports open for business, and our warehouses and store shelves fully stocked. From Maine to California, their dedication and resilience has been nothing short of heroic. In recent weeks, however, COVID infections among frontline port workers have reached crisis levels in many locations.

From March 2020 through January 25, 2021, the International Longshore and Warehouse Union (ILWU) and Pacific Maritime Association (PMA) reported 1,034 coronavirus infections among frontline port workers along the West Coast. Over the same period, the International Longshoremen's Association (ILA) reported 784 positive tests along the East Coast and Gulf Coast. And infection rates are rising rapidly. For example, at the Ports of Los Angeles and Long Beach, America's largest port complex, almost as many longshore workers tested positive in the first three weeks of 2021 as in the first 10 months of the pandemic, from March through December of 2020. Other port regions report similar, troubling increases.

This wave of virus infections comes as ports nationwide contend with record-breaking tide of imports from Asia that shows no sign of relenting. Our ports require as many workers as possible to accommodate this unprecedented surge. Exacerbating the challenge, the virus poses the greatest threat to older workers, who often possess the specialized skills and experience that are most needed to keep port terminals operating smoothly.

We recognize that state and local governments play a key role in administering the COVID-19 vaccination process. However, given the clear national interest in keeping our ports functioning smoothly—protecting our economy, healthcare infrastructure, and national security—we respectfully ask your assistance in taking all possible steps to help speed the vaccination process for the men and women of our maritime workforce.

Sincerely,

DAVID F. ADAM,
Chairman and CEO, United States Maritime Alliance, Ltd.

WILLIAM E. ADAMS,
International President, International Longshore and Warehouse Union.

HAROLD J. DAGGETT,
President, International Longshoremen's Association.

JAMES C. MCKENNA,
President and CEO, Pacific Maritime Association.

APPENDIX

QUESTIONS FROM HON. RICK LARSEN TO LAUREN K. BRAND, PRESIDENT, NATIONAL ASSOCIATION OF WATERFRONT EMPLOYERS

Question 1. The COVID–19 pandemic has devastated Washington state’s maritime economy, particularly the cruise industry. Last week, Canada extended suspension of cruise sailings in its waters through February 2022. According to Port of Seattle data, the cancellation of the 2020 cruise season cost an estimated 5,000 local jobs and more than \$900M in economic activity.

a. With the ongoing cruise sailing suspensions, how can the federal government help impacted ports, waterfront operators and employees?

ANSWER. We agree that the COVID–19 pandemic has devastated Washington state’s maritime economy, particularly the cruise industry. When Canada extended suspension of cruise sailings in its waters through February 2022 a huge blow was struck to cruises as the Jones Act prohibits those firms who did provide cruise vacations from the U.S. Pacific Northwest from sailing to Alaska. The impact from the way the cruise industry is not being allowed to return to work has become a national issue. The decline in Alaska’s economy has been even greater than that of Seattle¹. Moreover, the Miami Herald published an article that mentions the impact of the cruise operations at Port Miami on the ILA. The drop in cruise related work is now endangering their members’ health care coverage. Health coverage will drop early next year if they cannot reach 700 hours—the minimum number of hours required to be worked to have coverage. From the maritime terminal operator and stevedore perspective, we respectfully suggest establishing a working dialogue between the industry and the CDC. To date, there has been little to no interaction between the groups to solidify working procedures for the industry to get back up on its feet in a manner that is safe and agreeable.

The federal government’s clearest form of help would come from lifting the conditional sailing order given advancements in science and public health since it was issued six months ago in a pre-vaccine environment. There is plenty of data from the Cruise Line International Association (CLIA) as to the success of the cruise industry operating in markets outside of the U.S., even without vaccines². Waterfront operators, organized labor, and all who depend on the cruise industry have felt the hardship of the pandemic; indeed, the opportunity to return to work in the same manner as all other travel and hospitality sectors have been allowed to do is a minimal “ask”. The vast majority of companies supporting cruise lines in the PNW and Alaska will have generated zero revenue since the pandemic occurred.

The Maritime Transportation System Emergency Relief Program (MTSERP) has been signed into law and is waiting for appropriations. This law allows relief for maritime firms who support the cruise industry and have been struck by the inability to work due to the suspension of cruising to/from U.S. ports. We urge appropriations for MTSERP be passed as soon as possible.

b. What should the cruise industry do to ensure the safety of homeport workforce and its passengers?

ANSWER. The marine terminal and stevedoring industries are ready to go back to work and have implemented many protocols to address concerns. Almost immediately upon COVID–19’s declaration as a pandemic, the industry had already committed to advanced health and safety measures including but not limited to testing of all crew and passengers as a condition to board a vessel and during sailing. This remains so today, with terminal operators going above and beyond in this past year.

¹ Fact Finding report by the Federal Maritime Commission on the impact of COVID–19 to the States of Alaska, Oregon and Washington. https://www2.fmc.gov/readingroom/docs/FFno30/20-20_AK_WA_OR_FF30_Final_Interim_Report.pdf

²(see <https://cruising.org/en/news-and-research/press-room/2021/march/cruise-lines-ready-to-sail-again-in-the-united-states>)

For example, measures have been implemented to stagger arrival times and reduce occupancy in all areas to minimize crowding; hospital-grade HVAC systems and/or filters are being installed; and pre-arranged sites shoreside are being designated with transportation to these sites for workers.

We believe the cruise industry is taking the most thorough approach in the interest of public safety than any other travel or vacation segment, and we want to work with them. Many homeports have been at the front of the line in terms of asking for vaccine prioritization of their workforce as essential workers, with some taking a step further and using the terminal site as a vaccination clinic for the community. Royal Caribbean Group has already planned resumption of sailings that will not include ports in the U.S., followed by NCL announcing their non-U.S. sailings this week. It is frustrating to see the lines ready to set sail and we not have the option to provide services to them in the United States. It is also frustrating to see significant sized crowds gather at sporting events to watch people play while we are waiting for the Federal government to permit us to get back to work.

Question 2. As you know firsthand, the loss of port revenue during the pandemic has consequences on local economies and communities. For instance, last year the Port of Everett in my district experienced a total revenue loss of \$6.65M, stemming from aerospace shipping declines, lost tourism/hospitality and delayed construction. How would full funding for the Maritime Transportation System Emergency Relief Program help local ports and employees during these difficult times?

ANSWER. Note that the Maritime Transportation System Emergency Relief Program (MTSERP) is the first and, to date, only, relief program available to the maritime industry. MTSERP is significant for at least three reasons:

1. It permits emergency relief to both public and private eligible entities.
2. It covers all declared disasters that may occur, including tornados, earthquakes, fire, tsunamis, hurricanes, volcanic eruptions and the global pandemic COVID-19; and
3. It thoughtfully names over 40 different types of eligible public and privately owned entities. These categories include over 10,000 individual eligible applicants in the NAICS codes that are listed in the law.

The maritime industry has come together to present a conservative request for \$3.5B—which we expect to be oversubscribed. Applicants for funding will include more than the expected public port authorities and privately owned marine terminal operators and stevedores. Based upon numerous conversations held in the past six months, harbor pilots; US flag vessel owner/operators, including tugboat, towboat and barge operators, small passenger vessels, and others; firms providing reefer equipment; utility companies serving port needs such as cold ironing; and more will be submitting applications for emergency relief. Attached to this document is a letter jointly signed by 31 maritime entities, representing thousands of public and private firms who are eligible for MTSERP grants.

QUESTIONS FROM HON. RICK LARSEN TO BEN BORDELON, CHAIRMAN, SHIPBUILDERS
COUNCIL OF AMERICA

Question 1. Shipyards, like Dakota Creek Industries and Nichols Brothers Boat Builders in my district, are the backbone of the Pacific Northwest's maritime economy. Of the 117 shipyards in the U.S., 26 are in Washington State. The Jones Act, which celebrated its centennial last year, helps sustains a strong domestic shipbuilding industry. Can you please discuss the importance of Jones Act protections to the U.S. shipbuilding industry during the pandemic?

ANSWER. The Jones Act, which is provided at no cost to the U.S. government, helps to maintain a merchant marine that is sufficient to carry our domestic waterborne commerce and also ensures that there is sufficient U.S. capacity to serve as a naval and military auxiliary in time of war or national emergency. The Jones Act also ensures that the U.S. maintains critical shipyard infrastructure and an associated skilled workforce that can build, repair, modernize and maintain the more than 40,000 vessels of the domestic Jones Act fleet. This industrial base also ensures there is a sufficient workforce to support the construction and repair of our critical national security fleets.

The 40,000 Jones Act vessels operating in the domestic trades support nearly 650,000 American jobs and \$150 billion in annual economic impact. In addition, an impressive five indirect jobs are created for every one direct maritime job, which results in more than \$41 billion in labor compensation. Supporting the Jones Act is critical to ensuring that those 650,000 U.S. citizens keep their jobs during the pandemic.

Question 2. Your written testimony discusses some of the “loopholes” in the Jones Act and concerning federal agency action in recent years that undermine the U.S. maritime industry. Can you please elaborate on the impact of those issues during the ongoing pandemic? How can Congress address them to support U.S.-flagged vessels?

ANSWER. The Jones Act combined with the OCSLA makes the subsoil and seabed of the OCS, as well as installations permanently or temporarily attached to the seabed, coastwise points under the Jones Act. As such, foreign vessels are legally prohibited from picking up cargo at U.S. ports and transporting that cargo to topside or underwater points on the OCS.

U.S. Customs and Border Protection (CBP) confused and degraded that clear standard via their issuing of letter rulings that are directly contrary to the Jones Act’s text, structure, and purpose. Specifically, between 1976 and 2009, CBP issued 160 letter rulings which allowed foreign flag vessels to transport offshore energy cargos (called “merchandise” under the Jones Act) from U.S. ports to locations on the OCS. These letter rulings have green lit proposals by foreign vessel operators to transport merchandise to and from U.S. points on the OCS, using foreign labor on foreign ships in clear contradiction of the Jones Act. Congress can preserve and strengthen the Jones Act by encouraging the revocation of these letter rulings.

QUESTIONS FROM HON. GARRET GRAVES OF LOUISIANA TO BEN BORDELON,
CHAIRMAN, SHIPBUILDERS COUNCIL OF AMERICA

Question 1. The domestic shipyard industry was declared essential from the start of the COVID–19 pandemic. How has the industry adapted to the new climate under a pandemic to ensure workers stay safe and healthy, and shipyards stay open and operational?

ANSWER. The domestic shipyard industry has a long culture of promoting employee safety and health in the workplace. When the pandemic crisis began, our industry was prepared to meet unique demands and adjusted to protect our workers by shifting our operations, providing additional PPE, and issuing safety guidance as we learned more about the virus. Almost a year into the pandemic, facilities are continuing to adjust to this new normal and implementing innovative policies to limit workplace spread of COVID–19. Like any industry on the frontlines, we continue to focus on the health and wellness of our employees and adjust our work environments to make sure our teams come to work and leave safely.

Question 2. President Biden has made a commitment to renewable and clean energy. Do you see the pandemic having any impact on the domestic shipbuilding industry’s ability to support the budding offshore wind market? What other threats exist outside the pandemic?

ANSWER. The domestic shipyard industry has adapted well to conditions under the pandemic and is ready and able to build for, and support the emerging offshore wind market. Currently, the biggest threat to the shipyard industry’s ability to support the offshore wind market is lack of Jones Act enforcement on the Outer Continental Shelf (OCS).

In the FY21 National Defense Authorization Act (NDAA), Congress took the important step of inserting language to clarify that the Jones Act applies to all offshore energy development on the OCS. Prior to this clarification, there was a high degree of market uncertainty for the industry due to the potential for foreign vessels to exploit Jones Act loopholes and perform the work. As a result of the language in the NDAA several U.S. shipyards have already confirmed orders to construct new vessels to serve the burgeoning offshore wind market. SCA asks that Congress continue to strictly enforce the Jones Act on the OCS.

Question 3. Do you anticipate any long-term negative impacts from the pandemic on the domestic shipyard industrial base?

ANSWER. Workforce development and retention is an important part of maintaining a robust domestic shipyard industry. Throughout the pandemic, absenteeism has been a common occurrence. This has led workforce shortages throughout the industry which has the potential to slow down the production process. As we eventually move past the pandemic and get back to normal, there is concern that a skills gap could form and that returning shipyard employees will need to be re-certified and re-trained for their jobs.

Question 4. What can Congress do in terms of support for the domestic shipyard industrial base?

ANSWER. SCA is appreciative of Congress extending Section 3610 of the CARES Act through March 31, 2021, which authorized government contractors to be reimbursed for employees who could not work because of COVID-related closures. How-

ever, as the industry continues to work in the “new normal” of the pandemic, we see more clearly that additional relief is needed to support the domestic shipyard industry. There are a number of things Congress can do to support the industry during this time such as, extend the application of Section 3610 through September 30, 2021, authorize federal agencies to reimburse contractors for COVID-related costs, provide supplemental FY21 appropriations to reimburse COVID-related costs, and provide additional support for small businesses in the shipyard industrial base.

Additionally, government shutdowns and Continuing Resolutions (CR) are detrimental to the shipyard industrial base’s ability to support the nation’s Navy, Coast Guard, and other agencies. Without stable and predictable funding, we fear the Nation is putting at risk the industrial base that services the critical national security vessels on which our sailors depend. We hope that Congress will continue to support the industry by consistently passing appropriations bill and keeping the government open.

QUESTIONS FROM HON. BOB GIBBS TO MARIO CORDERO, EXECUTIVE DIRECTOR, PORT OF LONG BEACH, ON BEHALF OF THE AMERICAN ASSOCIATION OF PORT AUTHORITIES

Question 1. What measures are in place to match workforce capacity with port workload? Is there an integrated, comprehensive, resource management system?

ANSWER. The Port of Long Beach (the Port) and other ports and Marine Terminal Operators (MTOs) across the country are constantly rebalancing workforce capacity to appropriately meet port workload demands. We seek to support our operations with labor that is trained and qualified while working to ensure that this workforce does not go underutilized. This effort takes a strategic, integrated, and comprehensive resource management approach. Of course, the ongoing COVID-19 pandemic has presented challenges, particularly at ports like ours that have seen surges in cargo recently after significant slowing of supply chains in quarters one and two of 2020. This has required a tactical response to registration and training.

Question 2. Have you conducted any level of what-if analysis to understand how COVID may impact port capacity and the resultant impact on addressing the port workload?

ANSWER. The Port has not officially estimated the impact on our volume. Volumes will not change unless ships get diverted. As throughput capacity is impacted, i.e., 2 gangs per ship per shift instead of 5, the result is that it takes longer to work the ship, but we still see the same volume—unless it goes on long enough for carriers to begin diverting ships. In a regular year, container turnaround times are 3 to 5 days. During this unprecedented time, average turnarounds are 7 to 10 days. We haven’t seen much of diversion; however, if we continue to experience delays, diversions of as little as 1% is the equivalent of about \$1.7 billion worth of cargo.

The workforce has been challenged with a theoretical reduction, but there are no alternatives, so our throughput hasn’t changed. Delays are causing problems for exports. Due to lack of storage space, some containers are being used as temporary storage, holding up the return of empty containers for exporters. With warehouse and distribution center capacity fully subscribed, containers sit on chassis, impacting fluidity of the system-wide chassis supply. It is more economical for shippers to ship back empty containers than wait to send empties inland, further away, to be filled with less expensive commodities.

Question 3. How does your organization track and manage certifications and competencies so if/when there is a COVID impact, you can effectively react to and formulate updated workforce plans?

ANSWER. For the Port’s business continuity plan includes contingencies for the loss of key personnel. Each position in the Port has a position description that includes core competencies which can be cross-referenced with those of key function personnel so that replacements can be made and essential functions continued after a disruption event such as COVID-19. As a landlord port, we do not have a direct impact on terminal manpower options.

Operating ports put in place similar plans to manage their workforce. At the Port of Virginia, for example, a COVID Planning and Response Task Force was established to address all issues related to COVID and how it impacted the organization. This Task Force focused on the entire workforce, not just tracking and managing certifications and competencies, and a colleague tracking system was developed for all of the Port of Virginia and International Longshoreman’s Association members to determine colleague exposure and positive cases, to determine quarantine time frames per Centers for Disease Control Guidelines (CDC), and to determine if case spikes or outbreak clusters appeared in one area. If an outbreak impacted the effectiveness of a particular team, Port of Virginia made adjustments to ensure adequate

staffing and reported all clusters per CDC and local department of health guidelines.

QUESTIONS FROM HON. RICK LARSEN TO MARIO CORDERO, EXECUTIVE DIRECTOR, PORT OF LONG BEACH, ON BEHALF OF THE AMERICAN ASSOCIATION OF PORT AUTHORITIES

Question 1. The COVID-19 pandemic has devastated Washington state's maritime economy, particularly the cruise industry. Last week, Canada extended suspension of cruise sailings in its waters through February 2022. According to Port of Seattle data, the cancellation of the 2020 cruise season cost an estimated 5,000 local jobs and more than \$900M in economic activity. With the ongoing cruise sailing suspensions, how can the federal government help impacted ports, waterfront operators and employees? What should the cruise industry do to ensure the safety of homeport workforce and its passengers?

ANSWER. Cruising makes significant economic contributions to communities that include both home ports and ports of call. The federal government can help communities that have been economically impacted by the halt in cruising by creating a safe, clear path for resumption. Right now, cruise ports and the cruise industry are awaiting promised technical guidance from the Centers for Disease Control (CDC) regarding health and safety protocols. Other industries and other sectors within transportation have clear criteria to abide by, but this guidance for cruising has yet to be released. The American Association of Port Authorities and its members look forward to working with the CDC on implementing health and safety protocols to ensure that cruises can resume in a safe manner.

Question 2. In Northwest Washington, ports like the Port of Everett in my district, specialize in oversized and breakbulk cargo which are crucial to regional manufacturers. Due to the pandemic, the Port of Everett's seaport operations are down 20% this year and they expect the same through 2021. Can you comment on the impact of the pandemic on the global cargo supply chain? How do you anticipate this will impact the United States' future economy recovery?

ANSWER. Revenue decreases associated with drops in business, like those seen at the Port of Everett, put a strain on every manner of port operations. From the difficult decision made by some ports to furlough or lay off employees, to making decisions on delaying maintenance of infrastructure, to even delaying investing in new infrastructure improvements, significant and sustained reductions in revenue may impact the ability of ports to build and maintain capacity for a continued economic recovery. Particularly at smaller or medium sized ports, even a slight decline in revenue can impact financing for planned port improvements.

While the impacts of these decisions may not be felt immediately, these infrastructure investments pay dividends for years and without investment now that return can be jeopardized. And staff capacity, once lost, is difficult to replace.

The Federal Government can play a role here. By investing in our nation's port infrastructure, through maintenance of existing infrastructure and construction of new infrastructure through the Maritime Transportation System Emergency Relief Program and the Port Infrastructure Development Program, respectively, some of the impacts that ports and our supply chains may face as a result of sustained declines in business can be ameliorated.

Question 3. A recent Mercator report found that the Port of Vancouver and Port of Prince Rupert in Canada have route cost advantages of up to \$500 per container over U.S. West Coast ports on Asian imports. It also found that once infrastructure projects are completed by 2022, these Canadian ports could divert nearly 15% of intermodal import volumes now moving through the West Coast. Can you comment on the impact of cargo diversion on U.S. ports' ability to recover from the COVID-19 pandemic?

ANSWER. I conferred with other AAPA member ports, and the Northwest Seaport Alliance (NWSA), a partnership between the ports of Seattle and Tacoma that jointly manages the two ports' marine cargo facilities, is one of the ports that is most susceptible to cargo diversion to Canada because of its proximity to major ports in British Columbia (BC). The NWSA has lost 19% of its market share to the BC ports since Prince Rupert opened its container terminal in 2007. The Canadian government continues to invest in infrastructure and capacity improvements at Canadian West Coast ports.

In 2020, BC ports experienced flat container volumes while the NWSA experienced a 12% decline in volumes compared to the prior year. Importantly, a significant portion of cargo handled at West Coast ports is discretionary, meaning it could be shipped through any number of ports.

When our ports lose cargo to other nations, we lose jobs associated with movement of this cargo. As ports lose cargo to other nations and the revenue generated by these flows it makes it more difficult to make the investments necessary to remain competitive. If the growth in cargo volumes at Canadian ports comes at the expense of cargo traveling through American ports, it will likely be more difficult for those who saw cargo declines throughout 2020 to recover.

Question 4. As you know firsthand, the loss of port revenue during the pandemic has consequences on local economies and communities. For instance, last year the Port of Everett in my district experienced a total revenue loss of \$6.65M, stemming from aerospace shipping declines, lost tourism/hospitality and delayed construction. How would full funding for the Maritime Transportation System Emergency Relief Program help local ports and employees during these difficult times?

ANSWER. This new program, the Maritime Transportation System Emergency Relief Program (MTSERP), is designed to provide ports relief to be able to withstand emergencies and disasters that may arise. While the MTSERP is not designed to replace lost revenue, these grants, which are to be made available for emergency response; cleaning; sanitization; janitorial services; staffing; workforce retention; paid leave; procurement and use of protective health equipment, testing, and training for employees and contractors; debt service payments; infrastructure repair projects; fuel; and other maritime transportation system operations as determined by the Secretary of Transportation, give the Maritime Administration and the Department of Transportation the flexibility to provide grants to ailing ports and other impacted maritime entities to ensure that the impacts of the COVID-19 pandemic did not hamper their ability to continue essential business operations once the pandemic, or whatever future disaster may result in this Program being used, were to subside.

While many ports have been able to apply for and receive reimbursement for eligible emergency protective measures from the Federal Emergency Management Agency, no other relief has been provided by Congress to help weather the effects of the ongoing pandemic. This program would help fill existing aid gaps and put ports on a level playing field with other industries and modes of transportation. This program could be used to reimburse ports for sick time taken due to the pandemic, to retain staff and critical institutional knowledge that may otherwise be furloughed or laid off, to perform infrastructure repair projects otherwise financially unfeasible to undertake, and even make debt service payments for impacted ports. By providing these grants, the MTSERP would give ports the ability to ensure that they are able to implement health and safety protocols to keep port workers safe, while giving ports the flexibility and relief necessary to weather the financial effects of the pandemic and emerge strong and capable of helping facilitate continued economic recovery.

Question 5. As the administration and state/local governments work to improve COVID-19 vaccine distribution, I am curious about the role U.S. ports can play. Particularly whether port cold storage facilities can be used as potential vaccine refrigeration and/or storage spaces. Would this be feasible? If not, why?

ANSWER. Ports play a key role, and, as I noted in my written testimony, many ports have sought to have unused port space provided to state governments as a point of distribution vaccination site. To date though, no port has been successful in partnering with state or local governments in this effort.

A useful example of how ports may be effective in vaccine distribution can be found at the Port of Long Beach. In partnership with our local Health Department and the Pacific Maritime Association, we opened a COVID-19 testing site with walk up availability for port workers and appointments available for the general public. To date, this site has conducted 22,413 tests, serving both port workers and our community. A vaccination site could operate in a similar fashion.

Many ports also offer access to cold storage facilities, whether cold storage buildings or refrigerated containers, known as “reefers.” The capacity for vaccine storage at ports are likely to vary, depending on what capabilities are available, what partnerships are able to be forged with cold storage facility owners, and what storage requirements exist for the vaccine set to be distributed at a port location.

As vaccination efforts continue and as federal aid for these facilities expand AAPA members will continue to look at ways to ensure the health and safety of port workers, including exploration of using port facilities as vaccine distribution points.

QUESTIONS FROM HON. RICK LARSEN TO C. JAMES PATTI, PRESIDENT, MARITIME INSTITUTE FOR RESEARCH AND INDUSTRIAL DEVELOPMENT, ON BEHALF OF USA MARITIME

Question 1. In Northwest Washington, ports like the Port of Everett in my district, specialize in oversized and breakbulk cargo which are crucial to regional manufacturers. Due to the pandemic, the Port of Everett's seaport operations are down 20% this year and they expect the same through 2021. Can you comment on the impact of the pandemic on the global cargo supply chain? How do you anticipate this will impact the United States' future economy recovery?

ANSWER. During the early stages of the worldwide coronavirus pandemic, ocean shipping was significantly affected as manufacturing and other businesses throughout the world ceased production and ports in numerous countries were shut to traffic, causing ocean carriers to take vessels out of service and to otherwise curtail their operations. This adverse impact on the global supply chain was due to the broader economic issues affected by the pandemic and not caused by problems with or shortages in maritime capacity. Today, one year later, the situation in the maritime trades has improved although not to the same degree in all sectors and in all ports. As for our economic recovery looking forward, we would anticipate that as imports and exports continue to increase; as entities such as the Export-Import Bank further resume their activities to finance the export of oversized equipment and products, and as more mariners and longshoremen receive the vaccine, activities in all ports should continue move upwards to their pre-pandemic levels.

QUESTIONS FROM HON. MIKE GALLAGHER TO MICHAEL G. ROBERTS, SENIOR VICE PRESIDENT, CROWLEY MARITIME, ON BEHALF OF THE AMERICAN MARITIME PARTNERSHIP

Question 1. How has the lack of sufficient icebreaking on the Great Lakes impacted the use of U.S.-flag vessels in Great Lakes commerce?

ANSWER. Two of American Maritime Partnership's members, American Waterways Operators and Lake Carriers' Association (LCA) operate Jones Act-qualified vessels on the Great Lakes. Commodities moved include iron ore, limestone, grain, road salt, petroleum products, cement, and other bulk cargoes. For years they have suffered from inadequate Great Lakes icebreaking services and the 2020–2021 pandemic has further complicated the situation. COVID–19 impacts on the Great Lakes were somewhat delayed because stockpiles of critical raw manufacturing materials were resupplied at the beginning of the 2020 post-Soo Lock closure sailing season from March to April. As manufacturing slowed, so did Great Lakes shipping. The reopening of the economy toward the end of 2020 sparked increased Great Lakes commerce and shipping rebounded significantly as demand rose, just as ice was beginning to appear.

The pandemic made it very clear that Great Lakes icebreaking has no resiliency. U.S. and Canadian Coast Guard icebreakers were sidelined by COVID–19 outbreaks and engineering casualties which, in addition to an existing lack of icebreaker capacity, strained the navigation system. Fortunately, COVID–19 outbreaks have not occurred aboard LCA-enrolled vessels. If any commercial cargo vessels cannot sail this year because of COVID–19, the need for greater icebreaking capability and resiliency would become even more critical.

Billions of dollars and over 10,000 jobs have been lost during the past eight years as a result of insufficient Great Lakes icebreaking. During three of those years, the U.S. Coast Guard (USCG) has been unable to keep Great Lakes waterways consistently open to commercial navigation when ice challenges commercial vessel traffic. The ice season typically runs from December through April when 15 percent of domestic Great Lakes waterborne tonnage is moved, including replenishing stockpiles of important materials for the U.S. economy. From January 15th to March 25th each year, the Soo Locks, which connect Lake Superior to the other Great Lakes, and most U.S. vessels enter a winter maintenance period. LCA needs to ensure that its customers' raw material stockpiles can last through the Soo Lock closure period and replenish them when the Soo Locks reopens. The above figures are based on economic analyses developed by Martin Associates, which calculated that during the winters of 2013–2014 and 2014–2015 the U.S. economy suffered losses of over \$1 billion and 5,800 jobs because of this lack of effective Great Lakes icebreaking. According to the same source, during the winter of 2018–2019, an additional \$1 billion and 5,000 jobs were lost due to inadequate icebreaking on the Great Lakes.

Lives have been unnecessarily risked due to inadequate Great Lakes icebreaking. Commercial vessels have been forced aground when icebreaking was lacking. Other vessels, due to inadequate icebreaking, have been sliced open when squeezed between ice fields. One example occurred in the winter of 2013–2014: In the Straits

of Mackinac, a USCG-designated “tier 1 waterway,” there was no icebreaker assistance available. The commercial vessel CASON J. CALLAWAY attempted to pass close to the vessel AMERICAN REPUBLIC, which was beset in the ice. Due to a lack of icebreaker assistance, it is not unusual for one laker to try and free another in this manner, even if it is operated by another company. As the experienced master aboard the CALLAWAY attempted to alter course, an ice shear forced the two vessels to collide. In the attachment, on slide 2, is a picture of the CALLAWAY being repaired in the drydock. The attachment also notes that Jones Act vessels on the Great Lakes experienced \$6 million damages as a result of inadequate icebreaking that winter. Slide 3 of the attachment shows an established ice track in the Straits of Mackinac and its location.

Flood control is another purpose of USCG icebreaking on the Great Lakes. Most recently, an ice jam on the St. Clair River north of Detroit caused significant damage to area residences. Several USCG icebreakers, including the sole heavy Great Lakes icebreaker (USCGC MACKINAW), were not available to assist. The smaller USCG icebreakers did the best they could, but the conditions exceeded their capability and the flooding continued for weeks. This ice-induced flooding not only occurs along the Great Lakes connecting rivers, but also where other rivers meet the Great Lakes. The impacts of inadequate icebreaking were clearly felt by the home and business owners whose lives were disrupted and property was damaged. In the attachment, slide 4 shows a geographical reference for the Detroit and St. Clair Rivers and vessels operating there in the ice.

The USCG simply does not have enough icebreaking resources on the Great Lakes to be able to maintain the 1,600 miles of open lake commercial vessel routes, connecting waterways, and rivers, in addition to the sixty federally-maintained commercial ports. In 1979, the USCG operated fourteen icebreakers on the Great Lakes, including two heavy icebreakers. Now, that fleet has dwindled to nine total, including only one heavy icebreaker. Both the quantity and capability of the USCG’s Great Lakes icebreaking fleet has diminished over that period, as several larger, more capable ships were replaced with smaller, less capable.

Question 2. Would an additional icebreaker capacity on the Great Lakes benefit Great Lakes commerce? How so? What is needed?

ANSWER. At a minimum, the Great Lakes region needs one more icebreaker that is at least as capable as USCGC MACKINAW. It is crucial to the region’s economy that the USCG is sufficiently resourced to perform the icebreaking mission on the Great Lakes. The USCG needs additional icebreaking assets, including a heavy Great Lakes icebreaker, to ensure Great Lakes waterways remain open to meet the reasonable demands of commerce. This is a system resiliency issue. USCGC MACKINAW can’t be in two places at once and it needs both scheduled maintenance and casualty repair time during the winter icebreaking months.

The reliability of the other USCG Great Lakes icebreakers also needs to be improved. The USCG recently completed a service life extension program (SLEP) on its fleet of 140-foot icebreaking tugs. However, a last-minute budget cut inexplicably eliminated the repowering of the vessels from the SLEP. These icebreakers continue to operate with 30–40-year-old power plants. Since the vessels are diesel-electric, the main engines, propulsion generators and main motor, which constitute the power plant, should have been replaced to extend the life of the vessels. Although the post-SLEP vessels are more habitable, they are often immobilized at the dock by power plant problems. It is not too late to repower that fleet. It would complete the life extension program and is a better use of taxpayer funds than vessel replacements. The two Great Lakes 225-foot buoy tenders, which were not designed to break heavy ice, have been less than reliable as icebreakers and less capable at that mission than their predecessors. In the winter of 2017–2018, the USCG lost 246 cutter days from the Great Lakes ice-capable fleet due to engineering casualties. This is the equivalent of all nine ice-capable cutters each losing almost one month of operations during the ice season.

Additional Great Lakes icebreaking capability is even more important now as our nation’s economy starts to recover from the pandemic. There is currently significant ice cover from Buffalo, New York to Duluth, Minnesota and multiple areas of the Great Lakes region will require a heavy icebreaker to assist commerce. In March of 2020, the first vessel into Lake Superior became beset in the ice overnight because USCGC MACKINAW, the only icebreaker assigned to Whitefish Bay, couldn’t escort the vessel to the ice edge. It was needed elsewhere. With only one heavy icebreaker in the USCG’s Great Lakes inventory, it would be devastating if critical raw materials could not be delivered this spring or become delayed because a single heavy icebreaker is unable to cover the vast expanse of the Great Lakes trade

routes. The Great Lakes domestic commercial fleet and its customers desperately call out for adequate icebreaking.

Question 3. Does Congress need to update the Coast Guard's mission on the Great Lakes in regards to icebreaking in order to promote more efficient use of U.S.-flag vessel on the Great Lakes? What type of performance standard should the Coast Guard be using?

ANSWER. Yes, Congress needs to update the USCG's icebreaking mission on the Great Lakes. The authority for the USCG's domestic icebreaking mission comes from a 1936 executive order issued by President Franklin D. Roosevelt, but the USCG interprets it as giving themselves too much flexibility to inadequately perform that mission. Congressional direction and clarification are badly needed. Currently, the USCG measures its Great Lakes icebreaking mission performance based on less than what its limited resources can do and not on the "reasonable demands of commerce" as is called for in the executive order. With 25 USCG icebreakers and ice capable cutters between North Carolina and Maine (a distance equal to about half of the Lake Michigan shoreline), the USCG takes a different approach on the East Coast, where they consider maintaining winter access to almost all commercial ports as vital. On the Great Lakes, the USCG has manipulated its icebreaking performance metrics to show success regardless of whether commercial traffic moves in the winter months or not. The USCG Great Lakes icebreaking performance standard is considered not met only after two commercial vessels are simultaneously stuck in the ice, the second as a direct result of the first, in one of four small connecting "tier 1 waterways" for greater than 24-hours. That is what the USCG requires for a tier 1 waterway to be considered as restricted or closed. That means a commercial vessel loaded with vital winter road salt for one of America's metropolitan areas (around Chicago), can be stuck in southern Lake Michigan (as recently occurred) without affecting the USCG's icebreaking performance. The USCG has not designated any tier 1 waterways on Lake Michigan. The Straits of Mackinac, connecting Lake Michigan to Lake Huron, is the only tier 1 waterway adjacent to either of those two lakes. In the attachment, slide 5 shows the track of a laker trying to deliver salt to Gary, IN and where it spent the night beset in ice on February 18 and 19, 2021.

A headline from The Maritime Executive dated Wednesday, April 8, 2015 notes "18 Ships Stuck in Lake Superior Ice." The article points out that they had been beset since Monday and likely would remain so until Thursday. Since there are no tier 1 waterways on Lake Superior, the above incident had no impact on the USCG's performance metrics. In the attachment, slides 6 and 7 show different versions of automatic identification system screen shots with the commercial fleet beset in Whitefish Bay. Slide 8 shows its location, pictures of vessels operating in the ice and a satellite photo of ice in Whitefish Bay.

When the laker ARTHUR M. ANDERSON was beset in the ice off Conneaut, OH for five days in February of 2015, it did not affect the USCG's icebreaking mission performance. The only tier 1 water way in Lake Erie is in Canadian waters in the west near where the Detroit River enters Lake Erie. In this instance the USCG 140-foot icebreaker BRISTOL BAY also became beset in the ice. It eventually ran out of food and the USCG had to airdrop supplies to the icebreaker. It took two other icebreakers to free both vessels from the icy grip of Lake Erie. The ARTHUR M. ANDERSON abandoned its attempt to deliver a cargo from Conneaut, OH to the Chicago area. Instead, it went to an early winter maintenance berth. If a second icebreaker as capable as USCG MACKINAW had been available in the lower lakes, it would have resulted in a better outcome. In the attachment, on slide 9 shows a laker being loaded in the winter and a satellite picture of icy Lake Erie.

In the absence of Congressional direction, the USCG established performance metrics for Great Lakes icebreaking that set the bar so low that success is guaranteed, despite costing the economy billions of dollars, tens of thousands of jobs and unnecessarily risking the lives of mariners. It is time to tie mission performance to the economy's needs. This requires the Congress to define the "reasonable demands of commerce" and the USCG to resource its Great Lakes icebreaking mission to meet those demands. The Great Lakes Winter Commerce Act defines the "reasonable demands of commerce" as "the safe movement of commercial vessels transiting ice covered waterways in the Great Lakes at a speed consistent with the design capability of Coast Guard icebreakers operating in the Great Lakes."

The Great Lakes Winter Commerce Act is a critical step in the right direction to ensure the USCG assists commercial mariners, who have braved the ongoing pandemic, don't have to also battle ice and the damage that it inflicts on their vessels without USCG assistance. Great Lakes raw material transportation protects our national and economic security. We need adequate Great Lakes icebreaking metrics

and icebreaking assets to provide for navigation system resiliency. The Great Lakes Winter Commerce Act would for the first time authorize the Coast Guard's domestic icebreaking mission by statute. It also would increase the amount of appropriations currently authorized for acquiring a new Great Lakes icebreaker at least as capable as USCGC MACKINAW. Both are critical to ensuring that the pilot light of North American manufacturing, the Great Lakes Navigation System, continues to burn brightly.

QUESTION FROM HON. RICK LARSEN TO MICHAEL G. ROBERTS, SENIOR VICE PRESIDENT, CROWLEY MARITIME, ON BEHALF OF THE AMERICAN MARITIME PARTNERSHIP

Question 1. Shipyards, like Dakota Creek Industries and Nichols Brothers Boat Builders in my district, are the backbone of the Pacific Northwest's maritime economy. Of the 117 shipyards in the U.S., 26 are in Washington State. The Jones Act, which celebrated its centennial last year, helps sustain a strong domestic shipbuilding industry. Can you please discuss the importance of Jones Act protections to the U.S. shipbuilding industry during the pandemic?

ANSWER. The United States simply would not have a commercial shipbuilding industry without the Jones Act and related laws. The top shipbuilding countries are China, South Korea and Japan, which combined account for about 90% of total global shipbuilding according to various sources. Shipbuilders in those countries have enormous advantages over U.S. shipbuilders due primarily to policy choices made by those governments to support their shipping and shipbuilding industries. For example, the Center for Strategic and International Studies has estimated that the government of People's Republic of China has provided an average of almost \$15 billion annually to support the Chinese commercial shipping and shipbuilding industries. *Hidden Harbors: China's State-Backed Shipping Industry* (June 2020).

In comparison, U.S. Government financial support for the American commercial shipping and shipbuilding industries is virtually non-existent. Direct shipbuilding subsidies were ended forty years ago, and small grants and financial guarantees for U.S. shipyards that are sometimes available amount to a tiny fraction of the support provided by China to its shipyards. Instead of competing on subsidies, the U.S. policy approach has been to reserve the very sizable American domestic maritime market for American ships. This approach has succeeded in achieving the objective of preserving a critical mass of facilities and skilled workers capable of building a variety of ship types, including many with very advanced designs. This includes the 117 U.S. shipyards (including 26 in Washington) noted in your question. By meeting the needs of U.S. domestic maritime commerce, America has the resources that may be needed to scale up its shipbuilding capabilities if required in a military contingency.

The pandemic dramatically illustrates the importance of the Jones Act to American shipbuilding specifically and the U.S. defense maritime industrial base more generally. America's dependence on the Chinese to produce nearly 100% of the shipping containers, personal protective equipment and other materials Americans have needed in abundance was not as well-known before the pandemic. Alarming allegations have been made that certain global shipping companies (including Chinese shipping companies) have refused to allow U.S. exporters to fill empty containers for the backhaul to China—so that the containers can be turned around as fast as possible and reloaded with Chinese exports to the U.S. Whether or not these allegations are accurate, ceding control over both the production of essential goods and the maritime logistics services needed to deliver them suggest a type and degree of American economic vulnerability that was not previously understood and is very much of concern.

QUESTION FROM HON. GARRET GRAVES OF LOUISIANA TO MICHAEL G. ROBERTS, SENIOR VICE PRESIDENT, CROWLEY MARITIME, ON BEHALF OF THE AMERICAN MARITIME PARTNERSHIP

Question 1. Congress passed a clarification of the Outer Continental Shelf Lands Act to clarify the application of U.S. laws to the offshore wind and other non-oil and gas energy sources. Recently, CBP issued its first letter ruling following enactment of that law. We were pleased to see CBP determined that the Jones Act applies to these offshore activities. What is AMP's view of the recent CBP ruling?

ANSWER. AMP is very supportive of the recent CBP letter ruling. As you noted, that ruling expressly confirms that the plain language of the Outer Continental Shelf Lands Act extends all U.S. law, including the Jones Act, to offshore wind activities on the Outer Continental Shelf. Offshore wind is an extremely important emerging market for the American maritime industry. Our industry is a highly capital-intensive business and our investments in vessels and other infrastructure are long-term. This ruling provides us the certainty needed to invest in long-term off-

shore wind assets. This investment has already begun and we expect it to only grow in the future.



Great Lakes Icebreaking

March 2, 2021

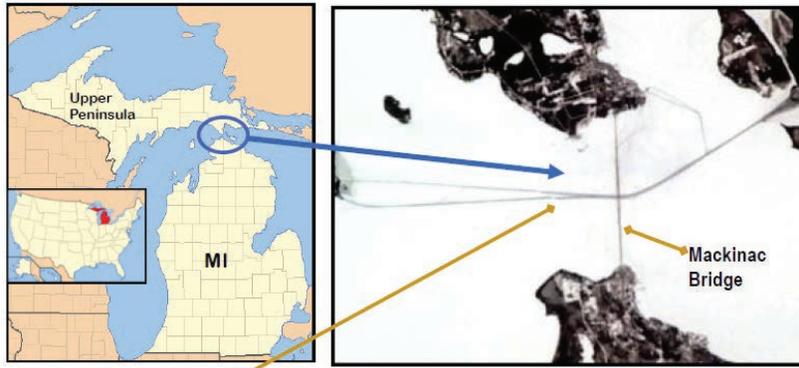


**LACK OF ADEQUATE ICEBREAKING CAUSED
\$6 MILLION in damages in 2013/2014**



STRAITS OF MACKINAC

CONNECTING LAKE HURON & LAKE MICHIGAN



The icebreaker paths run right-to-left, connecting the open water of Lake Michigan with the open water of Lake Huron between Mackinac Island and Round Island.

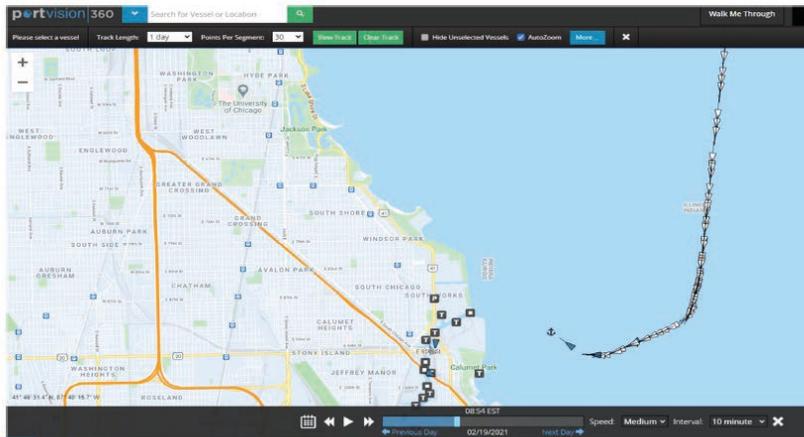
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DETROIT / ST. CLAIR RIVER



4

Laker Loaded With Salt Baset off Chicago February 18 and 19, 2021



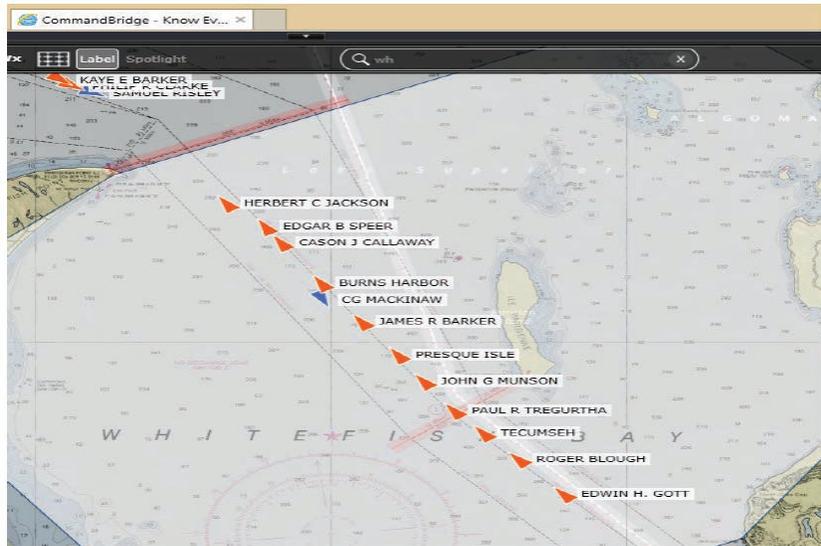
5

Lakers beset in Whitefish Bay, Lake Superior for 4 days did not impact USCG performance metrics.

April 5-9, 2015



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7

WHITEFISH BAY



LAKE ERIE



Winter does not stop Lake Erie trade.

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.....
 (Original Signature of Member)

117TH CONGRESS
 1ST SESSION

H. R. _____

To amend title 14, United States Code, to require the Coast Guard to conduct icebreaking operations in the Great Lakes to minimize commercial disruption in the winter months, and for other purposes.

 IN THE HOUSE OF REPRESENTATIVES

Mr. GALLAGHER introduced the following bill; which was referred to the Committee on _____

A BILL

To amend title 14, United States Code, to require the Coast Guard to conduct icebreaking operations in the Great Lakes to minimize commercial disruption in the winter months, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
 2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the "Great Lakes Winter
 5 Commerce Act of 2021".

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1 **SEC. 2. GREAT LAKES ICEBREAKING OPERATIONS.**

2 (a) IN GENERAL.—Subchapter IV of chapter 5 of
3 title 14, United States Code, is amended by adding at the
4 end the following:

5 **“§ 564. Great Lakes icebreaking operations**

6 “(a) ICEBREAKING OPERATIONS.—The Commandant
7 shall conduct icebreaking operations in the Great Lakes
8 in accordance with the standard for icebreaking operations
9 under subsection (b).

10 “(b) STANDARD FOR ICEBREAKING OPERATIONS.—
11 In carrying out subsection (a)—

12 “(1) except as provided in paragraph (2), the
13 Commandant shall keep channels and harbors in the
14 Great Lakes open to navigation not less than 90
15 percent of the hours that commercial vessels and fer-
16 ries attempt to transit ice-covered waterways; and

17 “(2) in a year in which the Great Lakes are not
18 open to navigation because of ice of a thickness that
19 occurs on average only once every 10 years, the
20 Coast Guard shall keep channels and harbors in the
21 Great Lakes open to navigation at least 70 percent
22 of the hours that commercial vessels and ferries at-
23 tempt to transit ice-covered waterways.

24 “(c) REPORT TO CONGRESS.—

25 “(1) DEADLINE.—Not later than July 1 of each
26 year, the Commandant shall submit to Congress a

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1 report on the icebreaking operations conducted by
2 the Coast Guard in the Great Lakes for the fiscal
3 year.

4 “(2) CONTENT.—The report required under
5 paragraph (1) shall include the total number of
6 hours that United States icebreakers conducted
7 icebreaking operations in each of the types of Great
8 Lakes waters described in paragraph (3) and the
9 total number of hours that Canadian icebreakers
10 conducted icebreaking operations in the type of
11 Great Lakes waters described in subparagraphs
12 (3)(A) and (3)(C).

13 “(3) TYPES OF GREAT LAKES WATERS.—The
14 types of waters described in this paragraph are—

15 “(A) United States waters, excluding
16 waters described in subparagraph (C);

17 “(B) Canadian waters, excluding waters
18 described in subparagraph (C); and

19 “(C) frequent border crossing waters.

20 “(d) COORDINATION WITH INDUSTRY.—The Com-
21 mandant shall coordinate Great Lakes icebreaking oper-
22 ations with operators of commercial vessels.

23 “(e) DEFINITIONS.—In this section:

24 “(1) COMMERCIAL VESSEL.—The term ‘com-
25 mercial vessel’ means any privately owned cargo ves-

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1 sel of at least 500 tons, as measured under section
2 14502 of title 46 or an alternate tonnage measured
3 under section 14302 of such title as prescribed by
4 the Secretary under section 14104 of such title, op-
5 erating in the Great Lakes during the winter season.

6 “(2) GREAT LAKES.—The term ‘Great Lakes’
7 has the meaning given such term in section 118 of
8 the Federal Water Pollution Control Act (33 U.S.C.
9 1268).

10 “(3) ICE-COVERED WATERWAY.—The term ‘ice-
11 covered waterway’ means any portion of the Great
12 Lakes in which commercial vessels operate that is 70
13 percent or greater covered by ice, but does not in-
14 clude any waters adjacent to piers or docks for
15 which commercial icebreaking services are available.

16 “(4) OPEN TO NAVIGATION.—The term ‘open to
17 navigation’ means navigable to the extent necessary
18 to meet the reasonable demands of commerce, mini-
19 mize delays to passenger ferries, extricate vessels
20 and persons from danger, prevent damage due to
21 flooding, and conduct other Coast Guard missions as
22 required.

23 “(5) REASONABLE DEMANDS OF COMMERCE.—
24 The term ‘reasonable demands of commerce’ means
25 the safe movement of commercial vessels transiting

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1 ice-covered waterways in the Great Lakes, regardless
2 of type of cargo, at a speed consistent with the de-
3 sign capability of Coast Guard icebreakers operating
4 in the Great Lakes.

5 “(6) FREQUENT BORDER CROSSING WATERS.—
6 The term ‘frequent border crossing waters’ means
7 the United States waters and Canadian waters of—

8 “(A) Whitefish Bay in Lake Superior;

9 “(B) the St. Mary’s River;

10 “(C) the Detroit and St. Clair rivers sys-
11 tem; and

12 “(D) Western Lake Erie from the Detroit
13 River to Pelee Passage.”.

14 (b) CLERICAL AMENDMENT.—The table of analysis
15 for chapter 5 of title 14, United States Code, is amended
16 by adding at the end the following:

“564. Great Lakes icebreaking operations.”.

17 (c) REPORT.—Not later than the first July 1 after
18 the first winter in which the Commandant of the Coast
19 Guard is subject to the requirements of section 564 of title
20 14, United States Code, the Commandant shall submit to
21 the Committee on Transportation and Infrastructure of
22 the House of Representatives and the Committee on Com-
23 merce, Science, and Transportation of the Senate a report
24 on the cost to the Coast Guard of meeting the require-
25 ments of such section.

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1 SEC. 3. GREAT LAKES ICEBREAKER ACQUISITION.

2 (a) AUTHORIZATION.—Section 8107(a) of the Wil-
 3 liam M. (Mac) Thornberry National Defense Authoriza-
 4 tion Act for Fiscal Year 2021 (Public law 116–283) is
 5 amended by striking “\$160,000,000” and inserting
 6 “\$350,000,000”.

7 (b) EXEMPTION.—Notwithstanding sections
 8 1105(a)(2), 1131, and 1132 of title 14, United States
 9 Code, and the requirements in the Competition in Con-
 10 tracting Act (10 U.S.C. 2304), and subject to the avail-
 11 ability of appropriations, the Commandant shall acquire
 12 the icebreaker described in section 8107(a) of the William
 13 M. (Mac) Thornberry National Defense Authorization Act
 14 for Fiscal Year 2021 (Public law 116–283) through other
 15 than full and open competition in an accelerated time-
 16 frame and award the contract on the basis of contractor
 17 qualification and price.

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 January 19, 2021 (5:41 p.m.)

QUESTIONS FROM HON. RICK LARSEN TO DEL WILKINS, PRESIDENT, ILLINOIS MARINE
 TOWING, ON BEHALF OF AMERICAN WATERWAYS OPERATORS

Question 1. The COVID–19 pandemic has devastated Washington state’s maritime economy, particularly the cruise industry. Last week, Canada extended suspension of cruise sailings in its waters through February 2022. According to Port of Seattle data, the cancellation of the 2020 cruise season cost an estimated 5,000 local jobs and more than \$900M in economic activity. With the ongoing cruise sailing suspensions, how can the federal government help impacted ports, waterfront operators and employees? What should the cruise industry do to ensure the safety of homeport workforce and its passengers?

ANSWER. It is difficult to overstate the economic impacts to the Pacific Northwest and Alaskan maritime economy from the cancellation of the cruise season in 2020. To the extent that the cruise industry can resume sailings, AWO did not oppose the grant of limited and conditional waiver of the Passenger Vessel Services Act to en-

sure that Washington ports can resume serving the cruise industry as soon as it is safe to do so. The federal government can further help impacted ports in Washington by helping to ensure a diverse business portfolio for marine businesses. Washington supports marine freight transportation, commercial fishing, non-cruise passenger service, shipbuilding and vessel maintenance, recreational boating, and a vast array of maritime support industries. This economic ecosystem must be sustained with strong policy and deliberate investment. Offshore energy generation, innovative vessel construction, short-sea shipping, and aquaculture opportunities all offer promising new maritime revenue streams that could help to offset the economic downturn imposed by the pandemic.

Question 2. As you know firsthand, the loss of port revenue during the pandemic has consequences on local economies and communities. For instance, last year the Port of Everett in my district experienced a total revenue loss of \$6.65M, stemming from aerospace shipping declines, lost tourism/hospitality and delayed construction. How would full funding for the Maritime Transportation System Emergency Relief Program help local ports and employees during these difficult times?

ANSWER. While it's unlikely that any federal relief program could have fully mitigated the impacts experienced by the Port of Everett over the last year, the Maritime Transportation System Emergency Relief Program is a sound investment in American resilience. Congressional investment in this program is like any investment in necessary infrastructure, it proves invaluable when the need arises and deferred maintenance can be catastrophic. In the PNW, which is both heavily reliant on domestic and international maritime trade and where the threat from natural disasters is very real, this investment could be the difference between recovery and failure. This program would build additional resilience and redundancy for the state marine transportation system. Small ports like Everett serve critical needs in Washington State and could in the future gain market share from larger ports like Tacoma and Seattle. Going forward, this program is likely to become more important for Everett and will help mitigate against disasters, downturns, and unforeseeable events.

QUESTIONS FROM HON. GARRET GRAVES OF LOUISIANA TO DEL WILKINS, PRESIDENT, ILLINOIS MARINE TOWING, ON BEHALF OF AMERICAN WATERWAYS OPERATORS

Question 1. Would you consider the Coast Guard's Waterways Commerce Cutter program a high priority for the industry? Are you satisfied with the agency's Q2 2025 target for placing the first new cutters into service?

ANSWER. The current fleet of Coast Guard waterways commerce cutters is comprised of superannuated vessels that are frequently out of service because they require a disproportionate amount of maintenance. Furthermore, there are only two WCCs that can accommodate co-ed personnel. We are aware—and fully appreciative—of the funding Congress has thus far provided to help the Coast Guard meet the projected goal of placing the first WCCs in service in Q2 of 2025. However, in the context of upcoming infrastructure legislation and other possible vehicles, we would encourage Committee Members to look for opportunities to accelerate the program so that the new fleet is ready to serve the Western Rivers.

Secondly, we believe several Coast Guard policies and procedures severely decrease WCC mission-capable hours of service. To address this, we would encourage the Committee to consider the following policy changes:

- Improve drydocking procedures to commercial vessel standards;
- Do not tie crew positions to one vessel. Captains and engineers should be able to function on several vessels, and should also be certified for all cutters;
- Captains should be licensed mariners for safety purposes;
- Retain two pilots and engineers on board to allow vessels to run at night; and
- Initiate repair standards that reflect the needs of Western Rivers, rather than ocean-going vessels.