

# Domestic Shipping

*“Vital to the Nation’s  
Economy, Security and  
Transportation”*

Domestic waterborne shipping in the United States moves 14% of the national cargo tonnage for less than 2% of the freight bill, provides an estimated 124,000 direct jobs, generates \$10 billion in annual freight revenue, and provides \$300 million and \$55 million in federal and state tax revenue respectively.

## **Benefits of Water Transportation**

Domestic waterborne transportation is safe, reliable, efficient and an established mainstay of America’s national transport system.

- The total volume of domestic water trade is immense. In 1996, the volume of cargo moved between U.S. Ports by the domestic fleet exceeded *one billion tons*.
- The total direct economic activity associated with the domestic trade is approximately \$10 billion per year, which includes more than \$4 billion in direct wages paid to vessel crews and shore side managers.

To encourage a strong U.S. merchant marine for both national defense and economic security, the nation's domestic waterborne commerce is reserved for vessels built in the United States, owned and crewed by American citizens, and registered under the American flag. U.S. laws governing the domestic transportation of passengers and cargo by water are generally known as the Jones Act, named after Senator Wesley Jones (R-WA) the sponsor of the Merchant Marine Act of 1920. The Jones Act continues to be the foundation for America's domestic shipping policy.

This pamphlet describes America's domestic shipping trades and the essential services they provide for a healthy, growing economy.

**Great Lakes**

The Great Lakes domestic trade includes shipments between U.S. Great Lakes ports and connecting waterways. The major commodities moved on the lakes are iron ore, coal, and limestone, which are used in the production of steel. Additionally, coal is also a vital fuel for inland electrical utilities.

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***During the 1996 shipping season, which was one of the industry's best, commodities shipped through Great Lakes ports totaled 115 million short tons of cargo.***  
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The U.S.-flag lakes fleet is an exceptionally efficient transport mechanism for these critical materials. Currently, There are approximately 65 large self-propelled vessels (including tug/barge units) in the dry bulk trade with another 20 smaller tug/barge units engaged in moving liquid bulk products. However, what the Great Lakes fleet lacks in size, it more than makes up in capacity and productivity. During a typical shipping season, the fleet can move over 111 million tons of cargo, almost 1,000 pounds for every American. Recent gains in productivity are also impressive. Virtually every U.S.-flag laker is a "self-unloader". This term is exactly as it is implied; the ship is so equipped that its crew can unload the vessel without any need of shore-side personnel or equipment. And, these vessels can do the job in short order - the 1,000 foot long super carriers (13 in number) routinely discharge 70,000 tons of iron ore or coal in less than 10 hours.

## **Domestic Ocean**

There are three sectors of domestic ocean trade:

- Noncontiguous trade between the United States mainland and; Puerto Rico, Alaska, Hawaii, and other U.S. Pacific Islands.
- Coastwise trade along the Atlantic, Gulf, and Pacific coasts, as well as trade between coasts and the St. Lawrence Seaway.
- Intercoastal trade between the Atlantic or Gulf and Pacific coasts by way of the Panama Canal.

The major products moving in domestic ocean trade are crude petroleum, refined petroleum products, residual fuel, and coal. Containerized cargoes such as textiles, manufactured goods, household goods, and groceries move between the contiguous 48 states and Alaska, Hawaii, and Puerto Rico.

In 1997, the U.S.-flag , coastwise-qualified fleet was made up of approximately 163 self-propelled vessels (over 1,000 gross registered tons), 122 of which were tankers, 32 were intermodal vessels (comprised of 19 containerships and 13 roll-on / roll-off vessels), and the remaining 9 were miscellaneous-use vessels. These numbers do not reflect the true size of the ocean-going domestic fleet however, as there are a large number of tugs, barges, and tug/barge combined units, and smaller vessels that are also active in this trade. In 1996, the Army Corps of Engineers estimated that there were over 7,033 vessels engaged in or available for, coastwise operation, excluding fishing and excursion vessels, general ferries and dredges. While 75% of the coastwise trade is in petroleum products, large numbers of containers are shipped in these markets as well. For example, in the Puerto Rican trade alone over 370,000 FEU's of containerized cargo is moved annually.

### **Inland Waterways**

The inland waterways trade includes shipments on the navigable internal waterways of the Atlantic, Gulf, and Pacific Coasts, and the Mississippi River System. The main arteries of the inland waterways network for the mid-continent are the Mississippi and the Ohio Rivers. The Columbia/Snake River System similarly serves the Pacific Northwest. The primary commodities moved in the inland waterways trade include farm products, chemicals, petroleum products and coal.

According to U.S. Army Corps of Engineers (COE) statistics, 622 million tons of freight moved on the nations inland waterways in 1996. This represents an increase over 1995 tonnage, and stands very close to the previous record high of 622.6 million tons transported in 1990. Of this cargo, the largest commodities carried were coal (176 million tons), oil and oil products (152 million tons), and food and farm products (89 million tons).

One example of the importance of the barge and towing industry is the contribution that the industry makes to our agricultural sector. American towboats and barges carry over 60 million tons of grain annually, which generates \$25 billion in export earnings. Also, the 17 states that have access to inland waterway transportation represent (1) 84% of the U.S. grain production, (2) 60% of the agricultural jobs, (3) 80% of the farms, and (4) 62% of US grain-export earnings.

### **Domestic Shipping - Statistics and Facts**

- In 1996, over 1 billion short tons (2,000 lbs) of cargo moved by domestic shipping --

	Short Tons
Great Lakes.....	115,000,000
Inland Waterways.....	622,000,000
Domestic Ocean.....	267,000,000

- 80 Million Americans per year typically utilize U.S. flag passenger vessels. Most of this service is in the form of passenger ferry transport.
- Over 90 percent of the U.S. population is served by domestic shipping. Domestic shipping moves 24 percent of the nations freight (by ton-mile) for less than 2 percent of the freight bill.
- American private investment in domestic shipping is estimated at \$18 billion.
- Vessels in domestic trade pay user fees to operate on our nations waterways. These fees include; a fuel tax, harbor maintenance tax, and inspection and licensing fees.
- Domestic shipping accounts for 39 percent of domestic petroleum movements -- 433 million tons of crude and refined petroleum per year.
- The U.S. domestic inland waterway system extends 25,777 miles, some 11,000 miles of which are generally considered to be significant for domestic commerce.
- A typical tow of 15 barges carries as much as

900 trucks or 225 rail cars.

- Domestic trade vessels are constructed in the United States and owned and crewed by U.S. citizens.
- As of 1996, America's inland and coastal barge fleet was composed of 5,127 towboats and tugs, 27,342 dry cargo barges, and 3,985 liquid cargo barges.
- Each inland barge carries as much cargo as 60 tractor trailer trucks or 15 rail hopper cars. A typical tow of 15 barges has the capacity of 900 trucks or 225 rail cars.
- Domestic trade vessels are constructed in the United States and owned and crewed by U.S. citizens.
- More than 124,000 men and women are employed directly in the domestic water transportation industry.
- Unlike many nations, the United States does not pay ship construction or operating subsidies to sustain domestic shipping operations.
- All domestic trade vessels are subject to requisition in times of a declared national emergency.

### **A National Asset**

Vessel operators work 365 days a year delivering; raw materials to manufacturing plants, petroleum to refineries, and fuel to utilities. They

move grain to export terminals and the essentials of every day life to millions of Americans in Alaska, Hawaii, and Puerto Rico.

Transportation is the vital link that binds our Nation together, and the United States must have an efficient and reliable transportation system to move the billions of tons of goods to the places where they are needed.

The domestic waterborne merchant marine continues to do its part in support of; economic growth, jobs, international competitiveness, and national security.

## **For Further Information**

The Maritime Administration, seeking to improve and expand communications among American shippers, carriers, and the general public, will be pleased to answer your inquiries and to hear your comments on the domestic shipping industry. Your inquiries will receive prompt attention from our Division of Domestic Shipping.

The Maritime Administration point of contact is:

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