



Maritime Administration POLICY PAPER



America's Advocate for the Maritime Industry



Cabotage laws date back to the earliest days of our history. In 1789, Congress imposed added duties on goods transported by foreign vessels. The Navigation Acts of 1817 barred foreign vessels from domestic commerce. In 1886, Congress extended cabotage laws to passenger vessels, and in 1905 Congress retained U.S. build requirements for domestic shipping. The Merchant Marine Act of 1920 was enacted with the aim of maintaining a merchant marine of the best equipped and most suitable types of vessels owned and crewed by U.S. citizens, sufficient to carry the greater portion of U.S. commerce and serve as a naval or military auxiliary at time of war.

Section 27 of that Act is known as The Jones Act Together with the Passenger Vessel Services Act of 1886, it reserves marine transportation of freight and passengers to U.S.-built, maintained, documented, owned and crewed vessels. Similar laws cover dredging in U.S. waters and towing and salvage operations.

Benefits

The business opportunities provided by these laws have encouraged enormous investments in vessels and other marine transportation assets. Over the last 5 years, U.S. domestic carriers have significantly upgraded their fleets with 13 ocean-going vessels, 183 tugs, 3,942 barges, 64 offshore supply vessels and 69 ferries. The investments in new vessels have contributed to a 35 percent increase in the value of the industry's assets, the highest five-year growth in 25 years (*Table 1*).

Table 1. Water Transportation Investment, Fixed Assets and Labor, 2001-2005

	2001	2002	2003	2004	2005	% Ch 2001-05
Investment (\$Bil)	3.6	4.9	4.8	7.4	8.1	126
Fixed Assets (\$Bil.)	35.6	37.6	39.7	43.7	48.0	34.8
Labor (000 Jobs)	148.5	147.8	148.3	147.9	154.5	4.0
Transportation	54.0	52.6	54.5	56.4	60.6	12.2
Port Services	94.5	95.2	93.8	91.5	93.9	-0.6

Sources: Bureau of Economic Analysis for fixed assets; Bureau of Labor Statistics

In 2005, the U.S.-flag domestic trade fleet of 38,544 vessels transported about 933 million metric tons of cargo between U.S. ports. (Table 2)

The domestic trades include cargoes moved on the oceans (including trade between the 48 contiguous states and Alaska, Hawaii, Puerto Rico and Guam), along the coasts, on the inland waterways and the Great Lakes.

In addition to serving as an essential link in our national transportation infrastructure, the domestic trade fleet is a critical component of America's military readiness. Eighty-five percent of the oceangoing vessels in the fleet are militarily useful.

Furthermore, of the more than 60,000 water transportation workers in the United States, 35,800 are mariners and nearly 8,000 these are qualified to crew deep-sea vessels and Ready Reserve Force and DOD sealift ships (Figure 1).

The provisions of these laws must be maintained as an essential element of U.S. maritime policy that provides important economic and national security benefits to the nation such as support of U.S. shipbuilding and repair industries and maintenance of a labor force of skilled American mariners.

(Thousand Metric Tons)						
	2001	2002	2003	2004	2005	% Ch. 2001-05
Fleets (vessels)	39,315	38,698	37,665	37,806	38,544	-1.9
Ocean	132	120	112	105	106	-19.7
Lakers	52	51	50	49	48	-7.7
Offshore Supply	392	403	421	443	454	15.8
Tugs/barges	38,160	37,529	36,475	36,580	37,317	-2.1
Ferries	579	595	607	629	619	6.9
Trades (000 MT)	945.7	926.3	921.9	949.9	933.4	-1.3
Ocean/Coastal	202.8	196.3	202.8	200.1	193.8	-4.4
Inland	562.3	551.6	553.0	568.1	566.1	0.7
Lakes	90.7	92.1	81.5	93.9	87.3	-3.7
Other*	89.9	86.3	84.6	87.8	86.2	-4.1

*Intraport and intraterritory trades.
Source: Clarkson's Research, Vessel Registers for ocean fleet; U.S. Army Corps of Engineers, Transportation Lines of the United States for fleets; and Waterborne Commerce of the United States for trades.

Figure 1. Occupations in U.S. Water Transportation, 2006
(Thousand Employees)

