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Swirling waters have erupted at the confluence of the protectionist Jones Act, the offshore drilling sector, and the mainstream financial media.

Add a dash of industry participants trying to divine the

intentions and mindset of

President Trump, to these

already treacherous waters, and the ingredients exist for a full-blown maelstrom.

The latest Jones Act hubbub concerns vessels serving offshore drilling including specialised subsea construction vessels, work barges, and subsea work vessels. Essentially, an Obama rule, enacted two days before he left office, sought to now require Jones Act vessels to be used for complex construction tasks that had previously been open to international vessels.

To be clear, existing Jones Act vessels such as those owned by Harvey Gulf International Marine (see picture of newly delivered Multipurpose Offshore Supply Vessel), do participate in these activities. The Wall Street Journal (WSJ), opining on the desire of the Customs and Border Protection (CBP) to roll back Obama's suggested changes, offering that: "The motives of Obama and career CBP staff are obvious: to reduce oil-and-gas investment."



Now, with Trump seeking to stimulate US energy production, which could include relaxation of prohibitions on certain offshore leasing, the battles lines are blurred as CBP discusses rolling back all manner of Obama pronouncements. This squabble is not about a broad pushback against the Jones Act- the proposed CBP revocation (which would allow non Jones Act equipment back in) only affects a very small number of specialized vessels serving offshore drilling.

The WSJ, a staunch supporter of reduced regulations, supports CBP's efforts to undo actions of the previous Administration, and it swirled the muddy waters with its mid April piece titled "Offshore Drilling Blowout Preventer". Its authors suggested that Obama's gambit just prior to Trump coming in, which clearly benefits US shipbuilders, would be setting up for a "a misallocation of resources to satisfy an arbitrary regulation."

Proponents of the Jones Act - including Louisiana's Republican Congressman Steve Scalise, normally a supporter of all things Trump, called out in the WSJ article - want the Obama restrictions to remain. His constituents include employees of shipyards building OSVs and other workboats that have been serving the offshore business in the US Gulf. The American Maritime Partnership, the Shipbuilders Council, among others, came out in favour of the Obama proposed restrictions.

In a montage of letters to the WSJ, dubbed "Time to Scrap the Jones Act or To Enforce It?", communications crafted by the American Maritime Officers supported the new restrictions, citing Mr. Trump's "Buy American and Hire American credo." Another letter, from the Offshore Marine Service Association asserted emphatically that the proposed rules would not shut down US offshore energy production, saying "US vessel companies have sufficient Jones Act compliant ships to transport subsea construction merchandise at issue."

This issue is linked, albeit implicitly, with the opening up of additional areas for offshore leasing with President Trump favouring a rollback of Obama's restrictions on leasing. Additional activity in new leasing areas means more work overall for Jones Act vessels in the more mundane aspects of offshore exploration activity, OSV's PSV's and the like. And with new discoveries and production, there will be fresh work for vessels in the fleets of Harvey Gulf, and others.

Read the Comments page here

<https://www.cbp.gov/trade/extension-comment-period-jones-act-proposed-revocations-and-modifications>

Posted 08 May 2017



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