

# US Merchant Marine - enjoying a renaissance, or a drenching by a storm?

By [Barry Parker](#) from New York

How is the US Merchant Marine doing? It really depends on who you ask in the highly fragmented business of shipping. A recent hearing of the Subcommittee on Coast Guard and Maritime Transportation, part of the House of Representatives' Committee on Transport and Infrastructure, illustrated just how diverse the maritime business in the US really is.



At a broad level the business is a winner. Sub-committee chairman Duncan Hunter, a Republican Congressman from San Diego, California, in his opening remarks, noted that: "Each year, the US maritime industry accounts for over \$100bn in economic output". Some \$29bn of which consisted of wages going to some 260,000 workers.

So far so good, but here is the rub the industry's successes, as defined, are largely inward facing, with Congressman Hunter pointing to "...40,000 commercial vessels currently flying the American flag. The vast majority of these vessels are engaged in domestic commerce, moving over 100m passengers and \$400bn worth of goods between ports in the US on an annual basis."

It is the outward facing part of the industry that garnered most of the attention at the hearing, with Congressman Hunter, a decorated veteran from the Iraq and Afghanistan conflicts, emphasising the national security aspects of US merchant fleet and bemoaning its shrinking from 850 US flagged vessels trading internationally circa 1980, to less than 90 presently. He offered a charge to MARAD's new Administrator "Chip" Jaenichen, Jr. to present a national maritime strategy, later in the year, and "...offer recommendations to strengthen the US merchant marine."

The testimony of one speaker, Niels Johnsen, who heads up stalwarts Central Gulf Lines and Waterman Steamship, addressed these issues, with Johnsen representing the "USA Maritime" coalition urging MARAD and Congress to bolster the outlook for the US merchant fleet now facing what he called a "perfect storm". The bad weather comes on three fronts- government-impelled cargo such as national defense and EXIM cargo, food aid, which was cut back last year, and the Maritime Security Program where vessels are subsidised when flying the US flag.

Johnsen's views were amplified by a representative from seagoing labour in the US flag fleet Don Marcus, president of Masters, Mates & Pilots (MMP), an important labor union, who emphasised national defense.

Though chairing a company rooted in the mid 20<sup>th</sup> century Johnsen did take time to note a very current concern - the potential for yet another build-up in the Middle East that might require US vessels. MMP's Marcus also touched on a very current issue that of LNG exports from the US, suggesting the foreign built vessels, brought in to the US flag, and employing US crews might be required for at least a portion of LNG exports. This is the subject of legislation in early stages of discussion, HR 5270, the "GAS" bill, Growing American Shipping Act, introduced by Rep. Hunter and another California congressman (and sub-committee member), Rep. John Garamendi.

Testimony from two other speakers was decidedly upbeat. Saltchuk's chairman, Mark Tabbutt, representing the American Maritime Partnership, a group of owners in the Jones Act trades, along with shipyards and labor interests, said: "I am happy to report that this industry is experiencing an extraordinary renaissance.

"It is a very good time to be part of the American domestic maritime industry," he added crediting ongoing changes in energy trade flows for much of the good fortune. Matthew Paxton, representing the Shipbuilders Council of America opined, "I am pleased to inform the committee that the state of America's commercial shipyard industry is the strongest it has been in decades."

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