

107TH CONGRESS
1ST SESSION

S. RES. 11

Expressing the sense of the Senate reaffirming the cargo preference policy of the United States.

IN THE SENATE OF THE UNITED STATES

JANUARY 22, 2001

Mr. INOUE submitted the following resolution; which was referred to the Committee on Commerce, Science, and Transportation

RESOLUTION

Expressing the sense of the Senate reaffirming the cargo preference policy of the United States.

Whereas the maritime policy of the United States expressly provides that the United States shall have a merchant marine sufficient to carry a substantial portion of the international waterborne commerce of the United States;

Whereas the maritime policy of the United States expressly provides that the United States shall have a merchant marine sufficient to serve as a fourth arm of defense in time of war and national emergency;

Whereas the Federal Government has expressly recognized the vital role of the United States merchant marine during Operation Desert Shield and Operation Desert Storm;

Whereas cargo reservation programs of Federal agencies are intended to support the privately owned and operated United States-flag merchant marine by requiring a certain percentage of government-impelled cargo to be carried on United States-flag vessels;

Whereas when Congress enacted the cargo reservation laws, Congress contemplated that Federal agencies would incur higher program costs to use the United States-flag vessels required under those laws;

Whereas section 2631 of title 10, United States Code, requires that all United States military cargo be carried on United States-flag vessels;

Whereas Federal law requires that cargo purchased with loan funds and guarantees from the Export-Import Bank of the United States established under section 2 of the Export-Import Bank Act of 1945 (12 U.S.C. 635), be carried on United States-flag vessels;

Whereas section 901(b) of the Merchant Marine Act, 1936 (46 U.S.C. App. 1241(b)), requires that at least 50 percent of the gross tonnage of ocean-borne cargo generated directly or indirectly by the Federal Government be carried on United States-flag vessels, and section 901b of that Act (46 U.S.C. App. 1241f) requires that, in the case of such cargoes of certain agricultural commodities that are the subject of an export activity of the Commodity Credit Corporation or the Secretary of Agriculture, an additional 25 percent of the gross tonnage be carried on United States-flag vessels;

Whereas cargo reservation programs are very important for the shipowners of the United States, which require compensation for maintaining a United States-flag fleet;

Whereas the United States-flag vessels that carry reserved cargo provide high-quality jobs for seafarers of the United States;

Whereas, according to the most recent statistics from the Maritime Administration, in 1997, cargo reservation programs generated \$900,000,000 in revenue to the United States-flag fleet and accounted for one-third of all revenue from United States-flag foreign trade cargo;

Whereas the Maritime Administration has indicated that the total volume of cargoes moving under the programs subject to the cargo reservation laws is declining and will continue to decline;

Whereas, in 1970, Congress found that the degree of compliance by Federal agencies with the requirements of the cargo reservation laws was chaotic and uneven, and that it varied from agency to agency;

Whereas, to ensure maximum compliance by all agencies with Federal cargo reservation laws, Congress enacted the Merchant Marine Act of 1970 (84 Stat. 1018), amending the Merchant Marine Act, 1936, to centralize monitoring and compliance authority for all cargo reservation programs in the Maritime Administration;

Whereas, notwithstanding section 901(b) of the Merchant Marine Act, 1936 (46 U.S.C. App. 1241(b)), and the purpose and policy of the cargo reservation programs, compliance by Federal agencies with Federal cargo reservation laws continues to be inadequate;

Whereas the Maritime Administrator cited the limited enforcement powers of the Maritime Administration with respect to Federal agencies that fail to comply with section 901(b) of the Merchant Marine Act, 1936 (46

U.S.C. App. 1241(b)) and other Federal cargo reservation laws; and

Whereas the Maritime Administrator recommended that Congress grant the Maritime Administration the authority to settle any cargo reservation disputes that may arise between a ship operator and a Federal agency: Now, therefore, be it

1 *Resolved*, That it is the sense of the Senate that—

2 (1) each Federal agency should administer pro-
3 grams of the Federal agency that are subject to the
4 cargo reservation laws (including regulations of the
5 Maritime Administration) to ensure that the pro-
6 grams are in compliance with the intent and purpose
7 of the cargo reservation laws; and

8 (2) the Maritime Administrator should—

9 (A) closely and strictly monitor any cargo
10 that is subject to the cargo reservation laws;
11 and

12 (B) provide such directions and decisions
13 to Federal agencies as will ensure maximum
14 compliance with the cargo preference laws.

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