

Statement of the  
Marine Engineersø Beneficial Association  
And  
The International Organization of Masters, Mates, & Pilots

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Before the  
Maritime Administration  
U.S. Department of Transportation

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Public Meeting on Existing Cargo Preference Regulations  
Docket Number MARAD 2001-0121

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October 3, 2011

The Marine EngineersøBeneficial Association (MEBA) and the International Organization of Masters, Mates & Pilots (MM&P) are maritime labor organizations that represent shipsøMasters, Deck, and Engineering Officers working aboard United States-flag commercial vessels operating in our nationø foreign commerce and domestic trades. The enforcement and implementation of regulations and policies that govern these fleets are very important. These regulations and policies have a substantial impact on the national and economic security of the United States. The men and women we represent, officers in the U.S. Merchant Marine, rely on the nationø maritime policies to provide a decent way of life for their families. We are pleased that this meeting is being held and are appreciative that we have been given the opportunity to present our views with respect to cargo preference law, regulations and policy.

MEBA and MM&P support strict oversight of the nationø cargo preference laws. MEBA and MM&P urge the Maritime Administration (MARAD) to undertake rigorous enforcement of the cargo preference laws to ensure that the requirements are followed to the letter of the law, and other agencies that have cargo preference responsibilities follow the letter and spirit of the requirements.

Cargo Preference is necessary in order to maintain national security priorities. The Cargo Preference program works to maintain a strong pool of skilled seafarers. These hard working middle-class mariners are the same people who, when needed, are called on to deliver the goods critical to the U.S. military in foreign operations. In 2004, the Deputy Undersecretary of Defense for Logistics and Material Readiness stated that "The Department of Defense supports a strong and viable United States merchant marine which provides DOD with needed U.S.-flag vessels

and mariners during war. Any change in cargo preference that would adversely impact the U.S. merchant marine will have a similar negative impact on DOD's mobilization capabilities."

There should be no question that, in order to grow and maintain the U.S. merchant marine, U.S.-flagged vessels should be used to the greatest extent possible when shipping government-impelled cargoes. In the shipment of military, Export-Import Bank, agricultural, and civilian agency cargoes, the expansion of the U.S. merchant marine should be a goal, and not merely a byproduct. When American taxpayers are footing the bill, American mariners should be earning a portion of the benefit. As then-Senator Barack Obama stated in 2008, "Whether it is carrying needed goods to those overseas in distress or moving government-generated cargo, American mariners aboard American ships make sure the job is done. People around the world look to the U.S.-flag as a symbol of hope and ships flying Old Glory with American crews are important icons of our resolve."

Rigorous enforcement and oversight of cargo preference laws enables MARAD to fulfill its mission of promoting the U.S. merchant marine. Privately owned U.S.-flag vessels trading in the international market depend on cargo preference. Without oversight and enforcement from MARAD the presence of the U.S.-flag fleet in the foreign trades would cease to exist, leaving a glaring hole in our national defense capabilities and negatively impacting our economy. The potential for economic activity generated by such enforcement of these laws cannot be overlooked. A 2010 study prepared by Promar International stated that "the combination of handling, processing and transporting commodities from the farm to U.S. ports, and from U.S.

ports to foreign ports, generated more than \$1.9 billion in output from U.S. industries and \$523 million in U.S. household earnings.ö

The creation of U.S. jobs through MARAD's promotion of the U.S.-flagged shipping industry is not limited to those mariners sailing in international commerce. Working in conjunction with the international fleet, the domestic maritime fleet directly employs over 500,000 Americans. Further, cargo preference requirements also support both the shipbuilding and long shore industries in the U.S. The 11,500 American jobs that are directly involved in the shipment of Food-for-Peace cargoes alone support more than 97,000 American jobs in other parts of the US economy. Without strict oversight of cargo preference laws by MARAD, these jobs will be negatively impacted.

The United States' cargo preference laws provide the security and stability that America's merchant fleet needs to in order to remain resilient. The viability of this industry is crucial to our national defense sealift capability but also to the economic well-being of the country. President Ronald Reagan once said that "The maritime industry has been a key contributor to our economic strength and security since our Nation was founded. Its continued growth and prosperity is necessary for the economic renewal we all seek." His words ring just as true today during these trying economic times. The strict enforcement of our cargo preference laws by the MARAD is in the interest of all Americans and must be maintained.

The MEBA and MM&P appreciate this opportunity to provide comments.