

STATEMENT

OF

ADMIRAL HAROLD E. SHEAR
MARITIME ADMINISTRATOR

OF THE

DEPARTMENT OF TRANSPORTATION

BEFORE THE
SUBCOMMITTEE ON MERCHANT MARINE

MERCHANT MARINE AND FISHERIES COMMITTEE

ON

H.R. 3782

A BILL

"TO REVITALIZE THE PLEASURE CRUISE INDUSTRY BY CLARIFYING AND WAIVING CERTAIN RESTRICTIONS IN THE MERCHANT MARINE ACT, 1936, AND THE MERCHANT MARINE ACT, 1920, TO PERMIT THE ENTRY OF THE STEAMSHIP VESSEL OCEANIC CONSTITUTION INTO THE TRADE."

NOVEMBER 18, 1981

Mr. Chairman and Members of the Committee.

My name is Harold E. Shear, and I am the Maritime Administrator of the Department of Transportation. I am very pleased to appear before the Committee this morning with respect to H.R. 3782, a bill "To revitalize the pleasure cruise industry by clarifying and waiving certain restrictions in the Merchant Marine Act, 1936, and the Merchant Marine Act, 1920, to permit the entry of the steamship vessel Oceanic Constitution into the trade."

Subject to the conditions set forth in the bill, H.R. 3782 would authorize the foreign-flag passenger vessel OCEANIC CONSTITUTION to be operated in the coastwise trade under the U.S.-flag in a manner similar to the current operation of her sistership, the OCEANIC INDEPENDENCE.

Both vessels were constructed in the early 1950's, and operated under the U.S.-flag as the passenger vessels SS CONSTITUTION and SS INDEPENDENCE. They operated from New York in regular Mediterranean service, and also operated on cruises from 1961 to 1968.

As this Committee is well aware, the introduction of jet aircraft on international air routes about 1960 had a profound effect on the U.S.-flag passenger ship fleet. For example, in 1960, American passenger vessels had 63 eastbound crossings. In 1968, they had only 28 eastbound crossings. After 1968, U.S.-flag transatlantic passenger service terminated.

In response to this situation, this Committee was instrumental in the enactment of the remedial legislation that authorized most of the laid-up U.S.-flag passenger vessels to be sold foreign. Pursuant to the authority set forth in Public Law 92-296, approved May 16, 1972, the SS CONSTITUTION was sold to Atlantic Far East Lines, Inc., and on July 18, 1978, transferred to Panamanian registry as the OCEANIC CONSTITUTION. Pursuant to authority provided by Public Law 93-330, approved June 30, 1974, the SS INDEPENDENCE was also sold to Atlantic Far East Lines, Inc., and on July 18, 1974 transferred to Panamanian registry as the OCEANIC INDEPENDENCE.

Thereafter, this Committee was also instrumental in the legislation enacted as Public Law 96-111, approved November 15, 1979, pursuant to which the OCEANIC INDEPENDENCE was authorized to be again registered under the U.S.-flag with the right to engage in the coastwise trade. The OCEANIC INDEPENDENCE was sold by Atlantic Far East Lines, Inc. to American Global Lines, Inc. for operation by American Hawaii Cruises, both American corporations. The vessel currently operates as a very successful U.S.-flag cruise ship in the Hawaiian Islands.

The bill before us this morning, H.R. 3782, would provide similar authority so that the OCEANIC CONSTITUTION could be operated under the U.S.-flag in the coastwise trade. In this regard, Mr. Chairman, we note that H.R. 3782 is identical to Public Law 96-111, as it pertains to the OCEANIC INDEPENDENCE.

Mr. Chairman. The Department of Transportation strongly supports the enactment of H.R. 3782, which would provide for the operation of the OCEANIC CONSTITUTION in our coastwise trade. We support such operations, because without cost to the Federal government, it would provide a number of substantial benefits to the American economy.

The operation of the OCEANIC CONSTITUTION under the U.S.-flag would provide employment for about 600 U.S. merchant seamen, with all the collateral benefits associated with such employment. It would also provide for the usual purchases associated with the operation of such a vessel, such as fuel oil, stores, and vessel repairs. All these benefits would be realized without any government assistance for the operation of the OCEANIC CONSTITUTION.

Finally, the Department of Transportation is not aware of any U.S.-flag operator who would be disadvantaged by the operation of the OCEANIC CONSTITUTION in our coastwise trade.

In closing, Mr. Chairman, I might mention that the bill would appear to be unnecessarily broad for the purpose of authorizing the OCEANIC CONSTITUTION to be operated in the coastwise trade, and consideration might be given to specifically limiting it to this purpose.

That concludes my prepared statement. I will be pleased to answer any questions that you or the other Members of the Committee may have. Thank you.