

STATEMENT OF
ADMIRAL HAROLD E. SHEAR
MARITIME ADMINISTRATOR
DEPARTMENT OF TRANSPORTATION
BEFORE THE
SUBCOMMITTEE ON MERCHANT MARINE
OF THE
COMMITTEE ON SCIENCE, COMMERCE AND TRANSPORTATION
UNITED STATES SENATE
REGARDING
S. 47 A BILL "TO IMPROVE THE
INTERNATIONAL OCEAN COMMERCE TRANSPORTATION
SYSTEM OF THE UNITED STATES"

FEBRUARY 2, 1983

Mr. Chairman and Members of the Subcommittee on Merchant Marine, it is a pleasure to appear before you on behalf of the Administration. I am accompanied today by Mr. Stuart Breidbart, the Chief Counsel of the Maritime Administration.

Mr. Chairman, you and your colleagues are to be commended for the prompt reintroduction of legislation which addresses the need for regulatory reform. It is abundantly clear that the United States faces difficult problems in the maritime area. Liner vessels are the core of the U.S.-flag merchant marine, and it is necessary to overcome some of the regulatory handicaps currently confronting our liner operators.

As you are all well aware, during the 97th Congress, we in the Administration worked closely with the Members of this Committee in the development of regulatory legislation. I am pleased to inform you that the major objectives of the Administration in this area remain the same.

Our objectives continue to be:

First, to minimize government intervention in business.

Second, to maintain a strong U.S. merchant marine; and

Third, to put U.S. carriers on an equal footing with foreign carriers.

The President has pledged to reestablish the economic health of our merchant marine in order to support our commercial interests abroad and to meet the need for logistical support for national defense in time of emergency. Maritime regulatory reform is the cornerstone of the Administration's maritime policy. Restructuring the regulatory framework within which the ocean liner industry operates would be beneficial to the industry, to shippers, and to the country as a whole. It is an important step towards the implementation of the President's commitment.

A reading of section 2, "Declaration of Policy," of S. 47 confirms that the Congress and Administration are in agreement on the need for regulatory reform. We share the objectives of efficiency, reliability, competitive rates, harmonization of U.S. shipping practices with the rest of the world, permitting cooperation among carriers, rationalization of services, and facilitation of efficient and timely regulation by a single agency.

The precise way those objectives are carried out through legislation has been the subject of intensive debate and action during the last Congress. Throughout that endeavor, Secretary Lewis led the Administration's efforts to understand the legitimate

concerns of all, to accommodate them, and to support enactment of maritime regulatory reform legislation. I am sure Secretary Dole, as the new Maritime spokesperson, intends to do the same. I am confident that we can build on these efforts to enact legislation.

There have been extensive and lengthy hearings, discussions and negotiations among representatives of ocean carriers, shippers (who are the consumers of ocean transportation services), Congressional committees, and the Administration on these legislative efforts. A general consensus emerged in the 97th Congress with regard to the nature of the regulatory reforms that are necessary to make U.S. maritime policy consistent with international shipping practices and to clarify the procedures which have made U.S. regulation of the liner industry unwieldy and unpredictable. That consensus was reflected in the broadbased support which we witnessed last year.

We need maritime reform legislation that will correct procedures presently followed in order to reinstate certainty and predictability in the regulation of liner shipping in our foreign commerce, while adequately protecting all parties -- shippers, carriers and ultimately the American consumer. The legislation must recognize the need for international comity in liner shipping. It must define with greater precision the scope of antitrust immunity which has been in force since passage of the Shipping Act of 1916. A more precise definition would provide greater clarity

and certainty for operators and users of shipping services. At the same time, such legislation will eliminate many of the problems that have arisen in connection with extraterritorial application of our laws to ocean liner services, which has produced friction with our trading partners.

Please be assured of the Administration's continuing cooperation in working toward the early enactment of such regulatory reform legislation.

That concludes my prepared statement, Mr. Chairman. I will be pleased to answer any questions that you or the other members of the Subcommittee may have.

Thank you.