

STATEMENT

OF

GARRETT E. BROWN, JR.
ACTING DEPUTY MARITIME
ADMINISTRATOR

ON

BEHALF OF

THE

MARITIME ADMINISTRATION
DEPARTMENT OF TRANSPORTATION

BEFORE THE

SUBCOMMITTEE ON MERCHANT MARINE
OF THE
SENATE COMMITTEE ON COMMERCE, SCIENCE AND TRANSPORTATION

ON

S. 1461, A BILL "TO DIRECT THE SECRETARY OF THE DEPARTMENT IN WHICH
THE UNITED STATES COAST GUARD IS OPERATING TO CAUSE CERTAIN VESSELS
TO BE DOCUMENTED AS VESSELS OF THE UNITED STATES SO AS TO BE ENTITLED
TO ENGAGE IN THE COASTWISE TRADE, AND FOR OTHER PURPOSES"

SEPTEMBER 12, 1985

STATEMENT OF GARRETT E. BROWN, JR., ACTING DEPUTY MARITIME ADMINISTRATOR, DEPARTMENT OF TRANSPORTATION, BEFORE THE SUBCOMMITTEE ON MERCHANT MARINE OF THE SENATE COMMITTEE ON COMMERCE, SCIENCE AND TRANSPORTATION, ON S. 1461, A BILL "TO DIRECT THE SECRETARY OF THE DEPARTMENT IN WHICH THE UNITED STATES COAST GUARD IS OPERATING TO CAUSE CERTAIN VESSELS TO BE DOCUMENTED AS VESSELS OF THE UNITED STATES SO AS TO BE ENTITLED TO ENGAGE IN THE COASTWISE TRADE, AND FOR OTHER PURPOSES."

SEPTEMBER 12, 1985

MR. CHAIRMAN AND MEMBERS OF THE SUBCOMMITTEE ON MERCHANT MARINE. MY NAME IS GARRETT E. BROWN, JR., AND I AM THE ACTING DEPUTY MARITIME ADMINISTRATOR OF THE MARITIME ADMINISTRATION. I AM PLEASED TO APPEAR THIS MORNING TO PRESENT THE VIEWS OF THE DEPARTMENT OF TRANSPORTATION WITH RESPECT TO S. 1461.

THE FIRST SECTION OF THE BILL WOULD REQUIRE THE SECRETARY OF TRANSPORTATION, FOR A PERIOD OF TWO YEARS AND SUBJECT TO THE CONDITIONS SET FORTH IN THE SECTION, TO DOCUMENT AS A VESSEL OF THE UNITED STATES ENTITLED TO ENGAGE IN THE COASTWISE TRADE, ANY U.S. CONSTRUCTED PASSENGER VESSEL OF NOT LESS THAN 10,000 GROSS TONS AND WITH ACCOMMODATIONS FOR NOT LESS THAN 100 PASSENGERS, AND WHICH WAS PREVIOUSLY SOLD AND TRANSFERRED TO FOREIGN OWNERSHIP, REGISTRY AND FLAG WITH THE APPROVAL OF THE FEDERAL GOVERNMENT.

THE U.S. CONSTRUCTED PASSENGER VESSELS ELIGIBLE FOR REDOCUMENTATION UNDER THE FIRST SECTION OF S. 1461 WERE TRANSFERRED FOREIGN EITHER PURSUANT TO SPECIFIC LEGISLATION OR THE GENERAL AUTHORITY OF THIS DEPARTMENT TO APPROVE SUCH TRANSFERS UNDER SECTIONS 9 AND 57 OF THE SHIPPING ACT, 1916, AS AMENDED (46 APP. U.S.C. 808 & 835).

MR. CHAIRMAN, SPECIFIC LEGISLATIVE AUTHORITY WAS ENACTED TO AUTHORIZE THE FOREIGN TRANSFER OF SIX VESSELS: THE SS BRASIL, SS ARGENTINA, SS CONSTITUTION, SS INDEPENDENCE, SS SANTA PAULA, AND SS SANTA ROSA. ALL BUT THE SS SANTA ROSA WERE TRANSFERRED FOREIGN PURSUANT TO THIS AUTHORITY. THE SS SANTA ROSA REMAINS IN LAY-UP AT BALTIMORE, MARYLAND. THEREAFTER, LEGISLATION WAS ENACTED SPECIFICALLY TO AUTHORIZE THE REFLAGGING AND U.S. COASTWISE OPERATION OF THE SS INDEPENDENCE, AND THE SS CONSTITUTION.

AS YOU KNOW, THE SS INDEPENDENCE AND SS CONSTITUTION ARE CURRENTLY OPERATING IN THE INTRA-HAWAII CRUISE TRADE. THE SS SANTA PAULA IS CURRENTLY THE KUWAIT MARRIOTT HOTEL AND, AS WE UNDERSTAND, IS NOT OPERABLE AS A PASSENGER VESSEL. THEREFORE, WE BELIEVE THAT THE ONLY VESSELS TRANSFERRED FOREIGN PURSUANT TO SPECIFIC LEGISLATION THAT WOULD BE ELIGIBLE FOR REDOCUMENTATION UNDER SECTION 1 OF THE BILL WOULD BE THE SS BRASIL AND THE SS ARGENTINA. BOTH VESSELS ARE NOW 27 YEARS OLD. CURRENTLY NAMED THE LIBERTE, THE SS BRASIL IS OWNED BY AMERICAN GLOBAL LINES (AMERICAN HAWAII CRUISES), IS UNDER PANAMANIAN REGISTRY, AND IS UNDERSTOOD TO BE UNDERGOING RENOVATIONS IN JAPAN. CURRENTLY NAMED THE BERMUDA STAR, THE SS ARGENTINA IS OPERATING UNDER PANAMANIAN REGISTRY FOR A SUBSIDIARY OF BAHAMAS CRUISE LINES.

WITH RESPECT TO VESSELS ELIGIBLE FOR REDOCUMENTATION UNDER THE FIRST SECTION OF THE BILL THAT HAD BEEN TRANSFERRED FOREIGN UNDER THE GENERAL AUTHORITY OF THIS DEPARTMENT PURSUANT TO SECTIONS 9 AND 37 OF THE SHIPPING ACT, 1916, THE FOLLOWING VESSELS WOULD APPEAR TO BE ELIGIBLE:

A. THE SS MARIPOSA WAS CONSTRUCTED IN 1953, CONVERTED IN 1956 TO A PASSENGER/CARGO VESSEL AND OPERATED UNTIL 1978. THE VESSEL WAS TRANSFERRED FOREIGN IN 1983. CURRENTLY NAMED THE JIN JIANG, THE MARIPOSA IS OWNED BY SHANGHAI JIN JIANG SHIPPING COMPANY, AND OPERATES UNDER REGISTRY OF THE PEOPLE'S REPUBLIC OF CHINA.

B. THE SS PRESIDENT ROOSEVELT WAS CONSTRUCTED IN 1944 AND OPERATED UNTIL 1970 WHEN TRANSFERRED FOREIGN. CURRENTLY NAMED THE EMERALD SEAS, THE PRESIDENT ROOSEVELT IS OPERATED UNDER PANAMANIAN REGISTRY BY EASTERN CRUISE LINES, INC. OF MIAMI, FLORIDA.

C. THE SS AMERICA WAS CONSTRUCTED IN 1940 AND OPERATED UNTIL 1964 WHEN IT WAS SOLD AND TRANSFERRED FOREIGN. THIS VESSEL IS CURRENTLY OWNED BY SILVERMOON FERRIES, LTD. OF PIRAEUS, GREECE, AND REPORTED TO BE IN LAY-UP. SHE IS TO BE RENAMED THE ALFERDUSS.

D. THE SS ATLANTIC WAS CONSTRUCTED IN 1953, RECONSTRUCTED AS A PASSENGER VESSEL, AND OPERATED UNTIL TRANSFERRED FOREIGN IN 1971. CURRENTLY NAMED THE UNIVERSE, THIS VESSEL IS OPERATING UNDER LIBERIAN REGISTRY FOR WORLD EXPLORER CRUISES BY ISLAND NAVIGATION CORPORATION.

E. THE SS MONTREY WAS CONSTRUCTED IN 1932 AND OPERATED UNTIL 1970 WHEN IT WAS TRANSFERRED FOREIGN. CURRENTLY NAMED THE BRITANIS, THE VESSEL IS OPERATED UNDER PANAMANIAN REGISTRY BY CHANDRIS CRUISES.

F. THE SS LUKLINE WAS CONSTRUCTED IN 1932 AND OPERATED UNTIL 1963 WHEN IT WAS TRANSFERRED FOREIGN. CURRENTLY NAMED THE ELLINIS, THE VESSEL IS OWNED BY AUSTRALIA LINE, S.A., UNDER GREEK REGISTRY, AND IS IN LAY-UP.

G. THE SS PANAMA WAS CONSTRUCTED IN 1939 FOR THE PANAMA CANAL COMPANY, AND OPERATED UNTIL TRANSFERRED FOREIGN IN 1964. CURRENTLY NAMED THE REGINA PRIMA, THE VESSEL IS OWNED BY ARMADORES ROMANZA, S.A., REGISTERED IN PANAMA, AND SINCE 1979 HAS BEEN LAID-UP IN PIRAEUS, GREECE.

SECTION 2 OF S. 1461 PROVIDES A 2-YEAR BAN AGAINST THE SS BRASIL OPERATING OUTSIDE THE INTRA-HAWAIIAN ISLANDS; SIMILARLY, THE COASTWISE PRIVILEGES PROVIDED BY THE BILL FOR ANY OTHER REFLAGGED VESSEL WOULD BE LOST IF THE REFLAGGED VESSEL OPERATES IN THE INTRA-HAWAIIAN ISLAND TRADES DURING THE FIRST TWO YEARS OF OPERATION.

MR. CHAIRMAN. THE DEPARTMENT OF TRANSPORTATION STRONGLY SUPPORTS A U.S.-FLAG CRUISE INDUSTRY AND STRONGLY SUPPORTS THE JONES ACT. ECONOMIC AND NATIONAL SECURITY BENEFITS NATURALLY FLOW FROM THE OPERATION OF MODERN, EFFICIENT, PASSENGER VESSELS UNDER THE U.S.-FLAG. THE DEPARTMENT SUPPORTS EFFORTS TO OBTAIN THOSE BENEFITS.

THE CHALLENGE HAS BEEN TO OBTAIN MODERN, EFFICIENT PASSENGER SHIPS FOR OPERATION UNDER THE U.S.-FLAG TO SUPPLEMENT THE EXISTING MINIMAL U.S.-FLAG CRUISE OPERATIONS. AS YOU KNOW, THE MARITIME ADMINISTRATION HAS VIGOROUSLY ADVOCATED A REVITALIZATION OF THE U.S. CRUISE TRADE. HOWEVER, ALTHOUGH IT IS HOPED SOME PROJECTS ARE NEAR COMPLETION, NEW CRUISE OPERATIONS REMAIN PROSPECTIVE ONLY.

THE APPROACH TAKEN BY S. 1461 MAY BE USEFUL IN SUPPLEMENTING THE U.S. PASSENGER FLEET -- AT LEAST ON AN INTERIM BASIS. HOWEVER, THE BILL AS PRESENTLY DRAFTED IS NOT AS DISCRIMINATING AS WE WOULD WISH. FOR EXAMPLE, IT WOULD GRANT COASTWISE TRADING PRIVILEGES TO ALL ELIGIBLE VESSELS WITHOUT REGARD TO THEIR AGE OR CONDITION.

THE POTENTIAL BENEFICIARIES OF S. 1461 ARE NUMEROUS, AS I HAVE SHOWN. MANY OF THESE VESSELS MENTIONED ABOVE ARE EXTREMELY DATED WITH LITTLE PROSPECT FOR HELPING TO ESTABLISH THE MODERN, EFFICIENT CRUISE SHIP OPERATIONS SO DESIRED BY ALL. OUR CONCERN WITH THE BILL AS PRESENTLY DRAFTED IS THAT IF ALL ELIGIBLE SHIPS ARE ALLOWED TO ENTER THE COASTWISE TRADE, REGARDLESS OF THE CONDITION OR USEFULNESS, THEIR ENTRY COULD PRECLUDE THE DEVELOPMENT OF PRESENT OR FUTURE PROJECTS UNDER U.S. REGISTRY. THE WHOLESALÉ ENTRY OF THESE SHIPS COULD DISADVANTAGE EXISTING OR NEW JONES ACT ACQUISITIONS -- A RESULT THAT NO ONE WANTS.

WE BELIEVE THAT REFLAGGING U.S.-BUILT PASSENGER VESSELS THAT HAVE LOST THEIR COASTWISE TRADING PRIVILEGES COULD BE CONSISTENT WITH THE TWIN GOALS OF REVITALIZING THE FLEET AND PRESERVING THE JONES ACT IF SUCH A PROPOSAL WERE COUCHED IN MORE LIMITED TERMS THAN THOSE PROPOSED IN S. 1461. IF THE PROPOSAL NOT ONLY REQUIRED THAT ANY SHIPYARD WORK ON ELIGIBLE VESSELS BE DONE IN THE UNITED STATES, BUT ALSO THAT EXISTING U.S.-FLAG SHIPS AND THOSE WHO RELIED ON THE JONES ACT ARE NOT DISADVANTAGED, THAT ELIGIBLE VESSELS ARE BOTH COMMERCIALY AND MILITARILY USEFUL ACQUISITIONS TO THE FLEET, AND THAT SUCH VESSELS ARE MODERN AND EFFICIENT, THE DEPARTMENT WOULD SUPPORT REFLAGGING FOR CRUISE OPERATIONS.

WITH REGARD TO A REQUIREMENT THAT A VESSEL BE MODERN AND EFFICIENT, SOME VESSELS BUILT IN THE U.S. IN THE 1950' MAY HAVE BEEN OR COULD IN THE FUTURE BE RECONSTRUCTED INTO MODERN CRUISE SHIPS WITH

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EXTENDED ECONOMIC LIVES. THESE RECONSTRUCTED VESSELS COULD ASSIST AMERICA IN ESTABLISHING A BROADER CRUISE TRADE. THE MARITIME ADMINISTRATION DOES NOT HAVE SPECIFIC INFORMATION ON THE CONDITION OF THESE VESSELS THAT HAVE BEEN TRANSFERRED FOREIGN. WE BELIEVE IT IS REASONABLE TO REQUIRE UPGRADING OF THESE VESSELS TO MEET NOT ONLY U.S. COAST GUARD STANDARDS FOR SAFETY AND NAVIGATION BUT ALSO ASSURANCE OF STRUCTURAL INTEGRITY AND EFFICIENT OPERATION UNDER THE U.S. FLAG. OF COURSE, CONSISTENT WITH THE JONES ACT, ANY WORK NECESSARY FOR THESE VESSELS TO MEET THE STANDARDS SHOULD BE DONE IN U.S. SHIPYARDS.

MR. CHAIRMAN, THE DEPARTMENT OF TRANSPORTATION WOULD SUPPORT S. 1461 WITH AMENDMENTS TO ACCOMPLISH THE ABOVE OBJECTIVES. WE WOULD BE PLEASED TO WORK WITH THE SUBCOMMITTEE ON THE TECHNICAL DETAILS OF THE AMENDMENTS, WHICH WE FEEL WILL STRIKE AN ACCEPTABLE BALANCE BETWEEN ESTABLISHING A MODERN U.S. CRUISE TRADE AND PRESERVING THE JONES ACT FOR THOSE WHO HAVE RELIED AND CONTINUE TO RELY ON IT.

MR. CHAIRMAN, THAT CONCLUDES MY PREPARED STATEMENT. I WILL BE PLEASED TO ANSWER ANY QUESTIONS THAT YOU OR THE MEMBERS OF THE SUBCOMMITTEE MAY HAVE.