

**Remarks**

**by**

**The Honorable Helen Delich Bentley**

**at**

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Good Afternoon Friends of the American Maritime Industry and Kibitzers,

I'm certain some of you are muttering under your breath – what in the hell is that old lady doing here? What does she know?

And for those of you who do not know me those questions are justified.....

BUT BUT I would reply that I have worked on behalf of a national maritime policy for more years than the age of most of you in this room. I'm historic and I'm going to relate history to you today.

I am honored to share this rostrum today with someone a bit younger who has had experience in the battle grounds of the world and personally knows and recognizes the importance of American maritime security... my good friend Duncan Hunter. His father and I worked together on many of these issues in the Hallowed Halls and still keep in touch. Before anyone else talked about Buy American, Duncan Sr. and I were pushing that effort and still do.

Let me interject here a point that in all of my 63 years of covering the Washington maritime scene in one way or another, what I would call the only real National Maritime Policy was enacted in the Nixon Administration in 1970. But it was short-lived.

Now we have a potential with the current Obama Administration and an enthusiastic administrator in Chip Jaenichen and Secretary of Transportation Foxx, both new to Washington politics, the time is ripe for action.

Devoting three days to the subject at this time is wise; with such refreshing new leadership, let's sail!

Actually it is do or die now... there is no more time left. The U.S. industry not only has shriveled up, but even most of what is owned by foreigners.

The timing is now.

My first venture into the concept of a national maritime policy occurred in 1950 at a hearing before the then House Merchant Marine Committee at which Joe Curran, the national president of the National Maritime Union, appealed to the Congress to establish a national maritime policy while the United States was still riding high with the vast numbers of ships remaining in our fleet from World War II... Those ships would be a constant reminder of the major role the Merchant Marine played in the Victory of the Allies in Europe and the Pacific.

And in 1950 the so-called Mariner program of building larger and faster cargo ships resulted because the Department of Defense said they were needed – needed much more than the leftover Liberties and Victories from World War II. A total of 35 Mariners were constructed, giving new life to the shipyards and hope for the maritime industry. No policy but there were jealousies and infighting over which lines would receive the ships with the result of the program being reduced to 35 ships from 50. However, the Mariners did what they were built to do – proudly fly the Stars and Stripes and provide jobs for Americans.

Admiral Edward L. Cochrane who held the position of Maritime Administrator was extremely proud of the Mariners.

In 1954 when the United States was being Santa Claus to most of the world by providing millions of tons of grains and other food items, Senator John Marshall Bulter (from Maryland) and Congressman Thor C. Tollefson, from Washington State, introduced what became known as

the Cargo Preference Act. It required that 50 percent of all such cargoes should be carried on American flag ships. MAJOR VICTORY!

So we had new ships and cargoes primarily because of a supportive Congress and also a President who had benefitted from the services of an American Merchant Marine as General Dwight D. Eisenhower led his troops into battle in Europe.

But the industry did little or nothing to establish a public relations program to let America know what the merchant navy had done, was doing, why its continuance was needed, and how it could thrive and help in peacetime. All pleas to work together on that end failed. Even government agencies began to fray and buck the cargo preference law. No real effort had been made to educate those in charge in the agencies. There was no selling effort of this country's maritime power.

There was considerable activity underway to help the industry because Nixon had come out so strongly for seapower in his campaign. In office he showed every sign of fulfilling that promise. He wanted a national maritime policy.

On February 4, 1969, Ed Hood and I called a meeting of all the major segments involved at a dinner in New York. Among the star studded cast were Jesse Calhoon, Joe Curran, Paul Hall, General Franklin, president of US Lines, Joe Lykes, Frank Nemec and Solon Turman from Lykes, Larry Buser of American Export, Jack Gilbride of Todd Shipyards and many other presidents... Star studded...62 strong leaders in the maritime industry from all three coasts. The Shipbuilders Council picked up the check.

Despite the vows that were pledged that night – all agreed to team together to push American flag shipping – these vows were made by the elitist of the industry – within 72 hours

each one began scrambling for himself or his company or his union. Their selfish interests prevailed over the best national interest.

President Nixon himself was determined and he had appointed Andy Gibson as Maritime Administrator and myself as Chairman of the Federal Maritime Commission. We pushed hard. The Nixon program which focused primarily on tankers and restored ship construction in the United States for a short term. In Baltimore Bethlehem Steel did build and use a 1200 foot graving dock for such super ships. We still have the drydock but it now is being used to build tunnel sections for another throughway at the mouth of Chesapeake Bay.

Also the country fortunately did gain some tankers – average and super sized – out of that combo.

Not only did the industry have Senator Magnuson then, but we also had Senator Russell Long and Senator Dan Inouye...and on the House side, Jim Oberstar always was ready to boost up Eddie Garmatz. All were strong leaders. All cared about American flag ships, the jobs they bring to their constituents, and other benefits such as security for the country.

During President Ford's term, an attempt was made by Capitol Hill to require that 30% of all oil imports be transported on American flag ships. The legislation passed both the Senate and House. However, when it reached the White House, Henry Kissinger is said to have urged President Ford to veto the bill and he did so in a pocket veto.

Under President Carter, another attempt once again was made to bring oil imports under a cargo preference mantle with the percentage at 9 ½, but the bill failed in the House of Representatives...

Those failures to include imported oil in the cargo preference program also helped diminish any continued success of the Nixon 1970 policy which had been focused primarily on building new tankers in our shipyards.

Construction and operational subsidies disappeared under President Reagan because two of his staffers, Dr. Martin Anderson and his wife, Annelice I believe, did not believe in the American merchant marine and were great free traders.

Fortunately they did not slash all Title XI assistance to building in American yards.

The break bulk shipowners really did not want to share construction subsidies with the tanker market so there was no joint effort to rescue any legislation.

Several attempts to reform the 1970 Act were made but nothing succeeded and after the gutting of the maritime industry by the Reagan Administration, the only plusses left have been cargo preference with food aid... the blended credit programs, which the Department of Agriculture claimed did not belong under the Cargo Preference program. The Administration lost that round in court...

When I left the Congress in 1994, I had outlined the foundation for the Maritime Security Program. The Defense Department had been brought around to allow some of its funds to be assigned to support a handful of ships should another war such as Vietnam or another Gulf experience develop, we would have the needed bottoms. Many of the 60 ships under the MSP program today are owned by foreign interests but fly the American flag and the crews are American citizens.

The Jones Act not only has survived but whenever the subject is brought up in chatting with current members of Congress, there is no waffling. They understand its importance and never hesitate to say no.

That strength has grown because all segments involved in the Jones Act united under an established caucus and have worked as one for the same result.

Ships thrive when they have cargoes. I mentioned earlier about the Cargo Preference Program and how important it has been in its 60<sup>th</sup> year this year. Enforcement is under the jurisdiction of the Maritime Administration. Mr. Administrator that office over recent years has been weakened substantially, I am told, with too many waivers granted and cargoes slipping between the pallets. The remnant needs to be tightened.

To the industry generally, I say “shame on you” for allowing this Administration and some of its friends on Capitol Hill to slip through the food aid exemption when you were not awake. Even though the food aid issue had been talked about for weeks once the White House had said the aid should be given directly to the recipient nations to spend as their leaders see fit no benefits to American farmers or ships – no one was alert when the opposition slipped the giveaway in an Agriculture bill in the dark of the night.

The maritime world has revolutionized itself in the past two decades as the world of the container has enveloped all global commerce. Three principal headquarters in the western world today are located in Copenhagen with Maersk Line, in Geneva Switzerland with Mediterranean Shipping and in France with CMA. Hapag Lloyd also is a player. Scandinavian Wallenius Wilhelmsen has made itself into the world’s largest roll on roll off carrier.

Maersk and WW both have American entities under the MSP program.

In the Pacific, the principals are the Chinese COSCO on Mainland China, Hong Kong with OOCL, Taiwan with Evergreen, and Singapore with NOL and which also has absorbed APL. Japanese ships primarily serve Japan.

What is left in the United States? Thank God we have the Jones Act. I will repeat why the 1920 Act has been able to survive... because the industry remnants finally united, remained solid. Opponents have not been able to build a case against it.

In conclusion, I have some recommendations to be included in any National Maritime Policy:

1. Stop talking about the coastwise marine highway and put it into effect. More than bits and pieces.
2. Tax policy regarding ships, at least in the international trade, should be revamped...perhaps along the line of the Norwegians...depreciation in full in three years.
3. Expansion of the Title XI program and keep political meddling outside.
4. Restore the House Merchant Marine and Fisheries Committee. That committee was eliminated by the Republicans as a spiteful move against the chairmanship of Gerry Studds. All they had to do was eliminate the environment segments and save the maritime part. That elimination was a critical blow to the industry although many members who have served as the chairmen of the subcommittee have been stalwarts even to the divided industry.

5. Expansion of the nation's harbor schools to attract and train seamen and maritime workers. These youngsters then would be prepared to attend a full time maritime institution.
6. The recently formed Merchant Marine Policy Coalition also calls for a review and modernization of the Federal Preferred Ship Mortgage Act, a key private-financing tool. The MMPC says the nature and kind of financing documents that are allowed to be recorded needs to be revamped to reflect modern American banking practice.

I have questioned several persons– why can't we entice American companies or individuals to invest funds in US flag ships in international trade...why only in Jones Act ships (which incidentally now is one of the few bright lights out on the blue waters)... and their response makes me even sadder when I think of the plight of this country which truly should be the strong maritime nation it used to be – namely that it is the outgrowth of America's new attitude on the economy... the fast buck and rapid turnover of funds .... American investors are not interested in infrastructure such as ships...whose payouts basically are over a long period of time, not instant returns.

Americans' perspective is for short term returns... they are not like the Greeks and Norwegians who take shipping much more seriously as an investment for the long term.

We know that the Norwegians have a three year tax depreciation write off. Such efforts to make these changes in the United States have failed...

Let me conclude that when the industry worked together it scored successfully on issues. Many times there were failures because there were too many greedy hands reaching out. Today

there is not much left to be greedy about but there are 60 ocean going ships, a number in the decaying ready reserve fleet, and the Jones Act bottoms and building facilities.

America, and I point to you in this room, wake up if you care at all about how we trade on the high seas...what happens in our ports...with that I will digress once more...all the ports have united on the issue of spending the taxes collected under the 1986 Cargo Harbor maintenance law in our seaports rather than solving budget issues. That issue now is hitting one and two base hits now. A home run could emerge any day because of the united pressure.

Can we rescue the remnants of our once proud merchant marine?

You do have a number of Members of the current Congress who recognize the value and need. Those numbers must be expanded and can be if there is a united/joint effort by the industry behind it.

If you don't sell America's Maritime industry, who will?

Make maritime a large part of every conversation with the powers that be!

Thank you.