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U.S. Maritime Sector Among the Jones Act's Biggest Victims

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Monday of this week marked the [Day of the Seafarer](#), an occasion meant to recognize the critical role played by mariners in the global economy. American seafarers, however, increasingly find little to celebrate. A large source of their travails is the Jones Act. Signed into law 98 years ago this month, the law mandates that cargo transported between two domestic ports be carried on ships that are U.S.-built, U.S.-owned, U.S.-flagged, and U.S.-crewed.

The harm caused by this law is well documented. By reducing competition from foreign shipping options and mandating the use of domestically built ships that are vastly more expensive than those constructed elsewhere, the Jones Act has raised transportation costs and served as a de facto tax on the economy.

Too often overlooked is that the Jones Act has also presided over the decimation of the U.S. maritime sector, the very industry whose fortunes it was meant to promote (an age-old story in the annals of protectionism). The numbers speak for themselves. Since 2000 the number of oceangoing vessels of at least 1,000 tons which meet the Jones Act's requirements has shrunk from [193](#) to [99](#). A mere [three U.S. shipyards](#) are capable of producing oceangoing vessels for commercial shipping, and one of them, the Philly Shipyard, is [facing a possible shut-](#)

[down](https://www.cato.org/blog/us-maritime-sector-among-jones-acts-biggest-...). Europe, in contrast, has roughly [60 major shipyards](https://www.cato.org/blog/us-maritime-sector-among-jones-acts-biggest-...) capable of building vessels of at least 150 meters in length, while the United States has a total of [seven such shipyards](https://www.cato.org/blog/us-maritime-sector-among-jones-acts-biggest-...) when those producing military vessels are included.

Both the declining number of Jones Act ships and the struggles of the shipyards that build them are in large part explained by the vastly inflated cost of ships constructed in the United States. [According to the Congressional Research Service](https://www.cato.org/blog/us-maritime-sector-among-jones-acts-biggest-...), American-built coastal and feeder ships—the types of ships commonly used in domestic sea transport—cost between \$190 and \$250 million, whereas similar vessels constructed in a foreign shipyard cost about \$30 million.

One unsurprising consequence of such stratospheric costs is a reluctance on the part of domestic shipping firms to invest in new ships, with U.S. seafarers forced to work aboard vessels that are significantly older than those found in other countries. Excluding tankers (these vessels were subject to a requirement in the wake of the Exxon Valdez oil spill that they be [double-hulled by 2015](https://www.cato.org/blog/us-maritime-sector-among-jones-acts-biggest-...), thus encouraging the purchase of new ships and decreasing their average age), the Jones Act fleet averages 30 years of age—fully 11 years older than the average age of a ship in the merchant fleet of other developed countries. For context, the maximum economic life of a ship in the world market is [typically 20 years](https://www.cato.org/blog/us-maritime-sector-among-jones-acts-biggest-...).

International comparisons of specific ship types are even more eye-opening. Jones Act containerships, for example, average [more than 30 years old](https://www.cato.org/blog/us-maritime-sector-among-jones-acts-biggest-...). The [international average is 11.5](https://www.cato.org/blog/us-maritime-sector-among-jones-acts-biggest-...). The only two bulk ships in the Jones Act fleet average 38 years old, while the international average is 8.8. General cargo ships average 34 years of age compared to an international average of 25.2.

Struggling shipyards, a dwindling fleet of old ships, and fewer jobs are now the order of the day in the maritime sector. As Mark H. Buzby, head of the U.S. Maritime Administration, [testified before Congress](https://www.cato.org/blog/us-maritime-sector-among-jones-acts-biggest-...) earlier this year, “over the last few decades, the U.S. maritime industry has suffered losses as companies, ships, and jobs moved overseas.” Also addressing members of Congress, one senior union official [admitted that](https://www.cato.org/blog/us-maritime-sector-among-jones-acts-biggest-...) “the pool of licensed and unlicensed mariners has shrunk to a critical level.”

This is not a new story. During Operations Desert Shield and Desert Storm, the [United States](https://www.cato.org/blog/us-maritime-sector-among-jones-acts-biggest-...) was so desperate for civilian mariners to crew transport [vessels](https://www.cato.org/blog/us-maritime-sector-among-jones-acts-biggest-...) [2018-07-17](https://www.cato.org/blog/us-maritime-sector-among-jones-acts-biggest-...)

that it enlisted the services of [two octogenarians](https://www.cato.org/blog/us-maritime-sector-among-jones-acts-biggest-...) and one 92-year-old. Its search for ships was equally frantic, resulting in two requests to borrow a ship from the Soviet Union—and two rejections. Notably, during this conflict a much larger share of U.S. military equipment and supplies was carried by foreign-flagged vessels (26.6 percent) than U.S.-flagged commercial vessels (12.7 percent).

Supporters of the Jones Act often claim the law is vital to assure a strong merchant marine capable of answering the country's call in times of war or national emergency. Should the Jones Act be repealed, they warn that the maritime industry will enter a dangerous downward spiral. But the record clearly shows that their nightmare scenario, in fact, describes the status quo. It's time for this law to go, or be significantly reformed.

Toward that end the Cato Institute has unveiled its [Project on Jones Act Reform](#), which will feature a series of policy papers exposing the fallacies and realities of this archaic law. This first of these policy analyses, *The Jones Act: A Burden America Can No Longer Bear*, [is now available](#) and provides an overview of the law, its history, and myriad shortcomings. More such policy analyses will follow both this year and next, along with other commentary pieces about this failed law, so be sure to check back for the latest updates.

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