



September 7, 2011

The Honorable John Mica
Chairman
Transportation and Infrastructure
Committee
U.S. House of Representatives
2165 Rayburn House Office Building
Washington, DC 20515

The Honorable Nick Rahall
Ranking Member
Transportation and Infrastructure
Committee
U.S. House of Representatives
2163 Rayburn House Office Building
Washington, DC 20515

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The Honorable Frank LoBiondo
Chairman
Coast Guard and Maritime
Transportation Subcommittee
U.S. House of Representatives
507 Ford House Office Building
Washington, DC 20515

The Honorable Rick Larsen
Ranking Member
Coast Guard and Maritime
Transportation Subcommittee
U.S. House of Representatives
507 Ford House Office Building
Washington, DC 20515

Dear Chairmen Mica and LoBiondo and Ranking Members Rahall and Larsen:

The American Maritime Partnership (“AMP”) is writing to express its opposition to H.R. 2460, the CRUISE Act, which would amend the Passenger Vessel Services Act (“PVSA”) to permit foreign cruise lines to operate entirely on domestic voyages. The legislation does more than amend the PVSA, *it repeals the statute for virtually every foreign-flag overnight cruise ship operating in the United States.* The bill would lead to the loss of thousands of American maritime jobs on U.S.-flag ships operating domestically, and hurt the American economy at a time when we can least afford it. AMP strongly opposes this legislation.

The real beneficiaries of this legislation are not the occasional U.S. ports that might be added to these foreign cruise line itineraries, but rather the foreign cruise lines themselves. This legislation would allow those foreign cruise lines to operate entirely within our waters, yet outside our laws – free from the tax, immigration, labor, environmental and other laws with which all others who do business in the U.S. must comply.

AMP is a broad-based coalition representing the U.S. domestic maritime industry. Comprised of more than 400 American companies, associations, shipyards, labor organizations, defense groups, and other interested in maintaining America’s strong domestic maritime industry, AMP is a leading advocate for the U.S. maritime cabotage laws, including the PVSA.

The nation's maritime cabotage laws restrict the use of foreign-built, foreign-flag, foreign-owned, or foreign-crewed vessels from operating in the domestic coastwise trades of the U.S. The PVSA is one of those cabotage laws and applies to the transportation of passengers between U.S. ports. The cabotage laws are important to ensuring, among other things, a level competitive playing field for American companies operating in the U.S. domestic trades and future investment by American companies in coastwise-qualified vessels for those trades. These laws are also vital to protecting U.S. national and homeland security interests by supporting a fleet of U.S.-flag vessels, U.S. shipbuilding, maintenance and repair capabilities, and a cadre of qualified American seafarers for times of war or national emergency.

H.R. 2460 undercuts every core element of the PVSA and our cabotage laws. The bill effectively repeals the U.S. ownership, registration, and construction requirements for virtually all foreign-flag cruise ships of more than 100 gross tons and carrying more than 12 passengers operating from U.S. ports on overnight high seas voyages. Were this legislation to be enacted, little would be left of the PVSA. A handful of tiny passenger carrying boats, publicly owned or operated ships and ferries would be the only vessels subject to its requirements. This legislation would permit potentially hundreds of foreign vessels with literally thousands of foreign crewmembers to do business entirely in the U.S. yet without complying with the same immigration, tax, labor, environmental, and other laws with which everyone else who does business in the U.S. must comply. The cabotage laws reflect the fundamental premise that businesses that operate entirely within the U.S. (i.e., vessels calling only at U.S. ports) should be subject to our laws.

Foreign cruise lines already enjoy these exemptions to the extent they operate in "foreign trade", which for passenger vessels means only one stop for a few hours in a foreign port on a round-trip cruise that otherwise consists entirely of U.S. port calls. Make no mistake about who the real beneficiaries of this legislation are. It is not ports in Texas who may have a foreign cruise ship call that otherwise would have stopped in a Mexican port for a few hours. It is not American businesses, nor is it American workers. The real beneficiaries are the foreign cruise lines who would be able to operate entirely in the U.S. without being subject to our laws. No resort, hotel, or U.S. cruise ship can staff their businesses with non-immigrant aliens with no work permits. But foreign-flag cruise ships can and do. No American business gets a pass on paying federal income tax, but foreign-flag cruise lines can and do. No American business is free to pay their employees less than minimum wage, but foreign-flag cruise ships can and do. We should not be amending our laws to provide unfair advantages to foreign cruise lines at the expense of American jobs and American businesses.

Over the years, public, media, and Congressional interest has focused on the exemption from U.S. laws for foreign cruise vessels and the difficulty of enforcing even the laws that do apply. Major newspapers and each major television network have produced news stories regarding the ability of foreign cruise vessels to homeport in the U.S., advertise in the U.S., and draw passengers from the U.S., yet avoid virtually all U.S. laws by registering overseas.

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In effect, these foreign vessels operate largely inside our waters, but outside our laws. We would not allow a foreign owned factory to operate in the U.S. wholly exempt from U.S. immigration, labor, and employment laws, and we should treat cruise ships no differently.

Foreign cruise lines are successful today in no small part due to the competitive advantage they enjoy over U.S. companies that are required to comply fully with all U.S. laws all the time. That significant competitive advantage has also virtually eliminated the opportunity to grow a U.S.-flag fleet for the domestic trades. H.R. 2460 would for the first time institutionalize this competitive advantage in U.S. domestic commerce. It is no wonder, therefore, that this bill's principal sponsor was quoted in the press recently as saying the "cruise ship industry quietly supports [the legislation]." Clearly, foreign cruise lines derive significant economic benefits from the bill without the legal obligations associated with doing business in the U.S.

U.S. cabotage laws help sustain nearly half a million jobs and more than \$100 billion in annual economic output nationwide, which includes the U.S.-flag passenger cruise sector. AMP appreciates the desire to increase employment levels and stimulate economic activity around the country. Americans are hungry for jobs. But AMP believes that legislation benefiting foreign cruise lines and foreign workers that operate inside our waters and outside our laws is the wrong approach to creating much needed economic activity in the U.S. for Americans, and therefore, strongly opposes H.R. 2460.

Sincerely,

The Board of Directors of the
American Maritime Partnership