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COAST GUARD AND MARITIME TRANSPORTATION SUBCOMMITTEE HEARING ON
“AMERICAN BUILDS: MARITIME INFRASTRUCTURE”
FEBRUARY 5, 2025

Thank you to the Coast Guard subcommittee, especially Chairman Ezell – welcome aboard – and Ranking Member Carbajal, for holding this hearing today. I’m pleased that the maritime industry, so often forgotten when we talk about transportation infrastructure, is being recognized as part of this America Builds series, and I’m pleased to be able to join my colleagues here to testify before you on this subject today.

My name is Brian Schoeneman, and I am the Political and Legislative Director for the Seafarers International Union (AFL-CIO). In addition to that role, I was elected by my peers to serve as Chairman of USA Maritime, the coalition representing the U.S.-Flag international sailing fleet, made up of ship operators, trade associations and labor organizations owning, operating, crewing and advocating on behalf of the United States Merchant Marine in international commerce. I’m here today wearing both caps, as a representative of maritime labor as well as on behalf of USA Maritime.

Fortunately, I can do this because the interests of everyone in the American international maritime industry align. Since the founding of our republic, and for hundreds of years before America was an independent country, the people who live here have been dependent on foreign commerce. Today is no different. What is different, however, is how little of our international

commerce American ships and mariners actually carry. The vessels and crews bringing cargo into the United States, and the vessels' crews carrying cargo leaving the United States are rarely American. Hundreds of thousands of mariners each year visit ports around the United States, and the vast majority of them hail from East Asia and Eastern Europe.

As the new Administration begins its work, one of the things we've seen is a renewed focus on the concept of "America First." This is a welcome change for the U.S.-Flag international fleet, because, in this industry, America has not been first in quite a long time. While statistics vary, and you can rank the size of our fleet in a variety of ways from vessel types to deadweight tonnage, every ranking usually finds the United States near the bottom in terms of world shipping.

China, on the other hand, is always near the top. A recent study by the United States Trade Representative puts into perspective the relative differences between the United States and China when it comes to maritime. For instance, according to USTR, China's global shipbuilding capacity represents more than 50% of the world's shipbuilding capacity today. In 2023, China built more than 1,000 oceangoing ships – we built fewer than ten. They are now the world's largest shipowner, with 19.1% of the global commercial fleet under their control – less than zero point four percent of the world's ships fly the U.S.-Flag today. Chinese based companies, many of whom have direct ties to the Chinese government, own stakes in 95 overseas ports, including the Panama Canal, and they dominate several other critical maritime infrastructure sectors.

How bad is it? According to the USTR, China produces 86% of the world's trailer chassis, 80% of the world's maritime cranes, and 95% of the world's shipping container supply. China has spent the last thirty years dumping hundreds of billions of dollars into its maritime industry. In that same period, the United States has spent a pittance, and the industry scrambles each year to convince Congress to spend the money needed to adequately fund the Maritime Security Program, Tanker Security Program and various other maritime programs at their fully authorized levels. The industry is in the middle of this effort right now, and we ask the members of his Committee to join us in urging the Appropriations Committee to ensure full funding for MSP, TSP and the other maritime programs that are critical to the continued existence of the United States Merchant Marine.

The goal of this hearing is to discuss the current state of our maritime infrastructure. If I were pressed to give a grade to our maritime infrastructure, I would rate us a solid "C."

We aren't failing, but we are on the brink of failure. In many ways, America's maritime infrastructure is crumbling. Why? Because we, as a nation, have not made maritime a priority. Our strategic opponents have, and the proof is all around us.

Now, to be clear, this is not an insurmountable problem. To paraphrase former President Bill Clinton, there is nothing so wrong with America's maritime industry that it cannot be solved by what is right with our industry. We have some of the smartest, most dedicated people in the world in this industry. We have some of the greatest thinkers, the loudest and most eloquent

voices, and tens of thousands of the best merchant mariners on the planet. Working together, we can fix these problems and turn this ship around.

My colleagues who represent ports and shipbuilders can paint a better portrait of their respective areas than I can, so I will defer to their expertise and focus on the areas USA Maritime represents – our maritime workforce and our ship owners and operators.

Besides our shipbuilding capacity and our ports, the United States maritime infrastructure includes all the other aspects of the industry required to make it successful, including the critical role mariners play. How we recruit them, how we train them, how they're paid and their benefits, and how we keep them safe. Another aspect are the ships – not how we build them, but how we operate them, how we keep them sailing, and how we keep them under the American flag. Finally, the cargo that our ships carry – how much, what types, and where it's going. These are the fundamentals of our maritime infrastructure, and we face significant challenges in every aspect of it.

The industry, alongside our colleagues from MARAD and DOD, has been sounding the alarm on our mariner shortage for nearly a decade now. Even before the COVID-19 pandemic exacerbated the problem, we were already facing significant recruitment challenges, with an ageing workforce that was hitting retirement and not enough new blood to replace our losses. As far back as 2017, MARAD has been coming to Congress, citing a shortage of nearly 2,000 trained unlimited tonnage credentialed mariners. COVID made the problem far worse, as

retirements spiked and our training programs were shut down. Thanks to some law changes, such as the reduction in the time it takes to create an able seafarer – law changes that were enacted as pilot programs but which we hope will be made permanent – we’ve begun to claw back the worst of the shortages, but there still remains considerable work to do.

This mariner shortage is not solely an American problem. A 2021 International Chamber of Shipping study indicated the need for an additional 90,000 qualified maritime officers by 2026 to operate the existing world-wide fleet.

How we recruit and retain mariners must change as well, as the world has changed, and the expectations of workers have changed. In the past, the merchant marine sold itself. “See the world, visit exotic locales and ports, and get paid to do it” were the messages, and they were appealing. Today, your average recruit doesn’t care nearly as much about how much they’ll get paid or where they’re going. They’re more likely to ask, “is there WiFi?” or “how’s the food?” Quality of life issues are key, and those are not easily solvable, and it will take a fundamental change in how we recruit mariners and where we put our efforts into retaining them. Providing good paying jobs and good benefits is simply not enough anymore. We also know that many Americans just don’t realize that going to sea is a viable option for them. Since the end of the Second World War there hasn’t been a major recruiting drive for the merchant marine. While we were telling young Americans to “Be All You Can Be,” “Aim High,” and become one of the “Few, the Proud,” we weren’t telling them anything about the merchant marine. Thanks to language in last year’s NDAA, the Navy is tasked with coming up with a recruiting campaign on

behalf of the Merchant Marine, and we're looking forward to working with them on implementing it.

How we train mariners also needs work. The United States Merchant Marine Academy needs significant investment, to repair crumbling infrastructure, buildings in disrepair, and to bring its standards up to those of its sister service academies. While our private sector training schools, especially those run by our maritime unions, are world-class and doing well, King's Point and the various state maritime academies have long suffered from too little attention, a lack of funding and dropping enrollments. Cal Maritime, for instance, will be shuttering its current campus and moving to Cal Poly's campus in Solano over the next two years as they merge the two schools together. Our state maritime academies are still paying for the fuel to run their training ships and passing those costs on to their students. And while there are student incentive programs designed to help reduce the cost of these programs for students who want to go to sea, the programs are too small and need to be greatly expanded to help more students. Further, expanding MARAD's "Centers of Excellence" program for training schools and fully funding it will help expand our ability to train the next generation of merchant mariners.

Shifting away from the mariner question, we move over to ships, how we operate them and how we keep them sailing.

The preface of the Merchant Marine Act of 1936, which remains the current policy of the United States today, states that "[i]t is necessary for the national defense and development of its foreign

and domestic commerce that the United States shall have a merchant marine ... sufficient to carry its domestic water-borne commerce and a substantial portion of the water-borne export and import foreign commerce of the United States and to provide shipping service essential for maintaining the flow of such domestic and foreign waterborne commerce at all times...”

We do not do this. We have not done this for decades, if not longer. Our merchant marine carries less than 2% of the waterborne foreign commerce of the United States. We saw the damage our overreliance on foreign shipping had during the supply chain crisis after the pandemic. Ensuring more U.S.-Flag market share for commercial shipping can help to strengthen the resilience of our national supply chain. While our domestic industry remains strong, and the Jones Act is doing its job of protecting our domestic trades from foreign interference, our international sailing fleet has no similar protections and must compete against the rest of the world, where their competition doesn't have to pay American taxes or comply with the same laws American corporations based here must comply with. The result has been that American ships have become dependent on government impelled cargo – foreign aid, defense cargo, and other government sponsored cargo – to keep our ships sailing.

This cargo is barely enough to maintain the handful of ships currently under the U.S.-Flag. There is definitely not enough to expand the fleet significantly, or even to meet the growing needs the Department of Defense will likely have over the coming decades, especially if we find ourselves in a conflict with a great power. In addition, we have seen significant impacts on these forms of government impelled cargo. Defense cargo is down, as we are supporting fewer

warfighters across the globe. Foreign aid cargo has been suspended, and it is likely that many of the ships currently sailing as we speak will be returning to port to be laid up until the futures of USAID, the Food for Peace, and Food for Progress programs are clarified.

Let me be clear – there is no more “America First” set of foreign aid programs out there than the Title II PL 480 Food for Peace program and the Food for Progress program. These are programs, which have been around for more than 70 years, where American food is purchased and shipped on American ships to help feed hungry people and expand demand for American commodities. These programs are some of our best diplomatic tools, and they work. The Philippines were long one of America’s main recipients of Food for Peace shipments, and today they are our third largest market for American wheat. When these programs work, they are not simply giveaways to foreign countries – they are programs that support American farmers and merchant mariners, and they should be continued, regardless of what happens to USAID.

It’s not enough to just hold on to what we currently have, since what we currently have is not enough. If we are to raise the grade on our maritime infrastructure, we must have new sources of cargo – commercial, not government cargo – that we can carry. The best way to bring this about is the creative use of the tax code, providing tax incentives and discriminating tariffs that benefit shippers when they choose to ship American. Like “Buy American” and “Make American” laws, creating “Ship American” tax incentives and discriminating tariffs could incentivize voluntary participation by businesses, large and small, to contract with U.S. carriers so that more commercial cargo moves on American ships, thus supporting American jobs. For too long, the

U.S. Merchant Marine has been focused largely on government cargoes, and we cannot continue this trend indefinitely. For American shipping to be commercially viable, we need to be able to compete directly against foreign operators and win. Amending the tax code, for instance, to allow American importers and exporters to deduct up to twice the amount of their transportation costs if they use American ships could help drive demand and increase the cargo available for our ships.

Solving these problems and raising the grade on our maritime infrastructure is not going to be quick or easy. It is going to take a fundamental altering of our national priorities, making maritime one of them. It's going to require the federal government doing something it rarely does well – work together. MARAD, the Coast Guard, the Defense Department, Customs and Border Protection, USDA, the State Department, among others will all need to pull on the same line at the same time if we are to move the needle to improve and make maritime infrastructure more robust

Fortunately, we have many champions in Congress who understand what needs to be done and are willing to put in the work to get it done. The SHIPS for America Act, a bipartisan piece of legislation soon to be reintroduced, represents one of the largest, most comprehensive pieces of maritime legislation in the last century. Not since the Merchant Marine Act of 1970, or going back even farther to the Act of 1936, has there been a more fundamental rethinking of how we do maritime in American. USA Maritime is proud to endorse the legislation, and we are committed to working with Congress to see its provisions enacted into law.

As you all are aware, the problems we face now are not new. We have faced similar problems before in America and we have overcome similar problems before in America. But each time we've faced them and overcome them, it has been part of a nationwide, concerted effort. There were days, in the United States, where shipping and maritime issues were kitchen table issues. People lived by the water, worked on the water, bought and sold goods via the water, and traveled on the water. If we, as a nation, choose to go the route that China has taken – one where maritime becomes a national priority - we can return the American merchant marine to its primacy of place. We can position US maritime well for the future – as the safest, best managed, best maintained, best choice for maritime transportation in the world.

It has taken China thirty years of intentional effort to dominate world shipping for them to be in the position they are today. It has taken them billions, if not trillions, of dollars to build their shipbuilding capacity and their merchant fleet into the powerhouses they are today. We don't have the luxury of time or their seemingly unlimited resources, so we have to work smarter.

For us to compete against China, to compete on the world stage in the way we used to, it is going to take the combined efforts of the United States government and the private sector, working together in partnership, to arrest this decline and rebuild our maritime infrastructure.

It needs to start today. We cannot afford to wait any longer. Each day we wait, the price tag increases. Each day we wait, the potential downside to doing nothing increases. Each day we

wait, our strategic opponents grow stronger. The time for half measures, for incremental progress, is over. We need bold, decisive action and it must be now.

We must work together, *now*, not tomorrow, not the next day, to solve these problems and restore the United States Flag to its rightful place on the waves.

Thank you, as always, for the opportunity to testify.