

**TESTIMONY OF MATT WOODRUFF,
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IN HIS CAPACITY AS CHAIRMAN, AMERICAN MARITIME PARTNERSHIP
Before the Coast Guard and Maritime Transportation Subcommittee
Of the House Transportation and Infrastructure Committee
At a hearing titled, “The State of the Maritime Industry”
January 17, 2018 10 a.m.**

This is my first chance to testify before Congress in my new role as chairman of the Board of Directors of the American Maritime Partnership (AMP). AMP is the largest maritime trade association in America, representing vessel owners and operators, shipbuilders and repair yards, dredging and marine construction contractors, trade associations, pro-defense groups, and more. As you know, the Jones Act is the fundamental law of the American maritime industry, and AMP’s primary purpose is to educate federal decision-makers about the national, economic, and homeland security benefits of the Jones Act.

The State of the Industry

The state of our industry today is good. There are many bright spots, yet also significant causes for concern. Massive recapitalization of our industry has taken place over the past few years, including significant recapitalization in the tank vessel and offshore oilfield service fleets. That construction continues today as new dredges, deep sea containerships, and other vessels come onto the market or begin construction in the yards. At the same time, tugboats and towboats are being built across America. American shipyards continually make state-of-the-art advancements when they build vessels for domestic service. The world’s first containerships capable of running on liquefied natural gas or LNG are U.S.-flag vessels now serving the Puerto Rico trade. Many of the new tankers built for the domestic market are also capable of LNG propulsion, as are new ships under construction to serve Hawaii and other markets. We have

LNG-powered vessels in our modern fleet that serves the offshore exploration and production industry. Development of these LNG-powered vessels is just one example in a long tradition of innovation in the worldwide maritime industry that began in the American domestic fleet, including the world's first containership. By definition, the domestic fleet serves the nation's domestic market; the fleet today represents the sizes, types, and number of vessels our customers need to move America's waterborne freight and perform our other maritime work safely, efficiently, and in an environmentally responsible manner.

However, the marine business tends to run in cycles. Many segments of the domestic industry are in a down cycle today and have been for some time. So as I talk about the positive aspects of our industry, we should not forget that many of our companies are having a really hard time right now. Too many of our vessels, including some of those new, state-of-the-art vessels I just talked about, are looking for work or are not generating an adequate return on the investments made to bring them to the marketplace and keep them there. Despite our challenges, and some particular challenges faced in the past year, the American domestic maritime industry continues to serve its customers well, continues to push for improved safety and efficiency, and continues to retain its place as one of the great domestic maritime industries in the world.

The Hurricanes

I mentioned particular challenges of the past year and none were more significant than the hurricanes we faced. Literally from the tip of South Texas to the rocky shores of Maine, our mariners had to ensure the safety of themselves, their vessels, and their cargoes as potentially devastating weather came their way. They rose to the challenge. They implemented their hurricane plans and prepared well, rode out the storms with remarkably little damage, and, when the rain stopped falling and the winds stopped blowing, they got back to what they do best—

moving cargo for America, dredging ports and channels impacted by the storms, and serving the offshore oil and gas industry. In many cases, the men and women of our industry put aside the need to address damage to their own homes in order to help their fellow Americans because they knew the cargo they carried represented a lifeline to impacted areas.

Florida was a case in point. Florida depends on tank vessels to deliver petroleum products and other fuels to their fuel distribution hubs. Storm preparations and evacuations greatly increase demand and deplete supplies on hand at gas stations and distribution terminals. In the case of this hurricane season in particular, this presented an enormous challenge to the state. The ports were closed during the hurricane, but when they opened – as one publication wrote – “a Jones Act armada” was waiting to resupply the state with petroleum. A Jones Act armada! Literally dozens of Jones Act vessels were waiting outside the ports to help their fellow Americans when those ports reopened.

Puerto Rico was another example. As you all know, the original narrative was that the Jones Act was impairing the recovery effort, a narrative that was proven to be patently false. Thanks to your hearing last October, public statements, and other factors, the story quickly changed and the truth came out. In reality, the Jones Act fleet was steadily delivering containers to the island, which, unfortunately, were stacking up on the terminals due to road closures and other inland infrastructure issues that resulted from the hurricane. Today, we can say without equivocation that the Jones Act fleet was and continues to be a major part of the recovery effort, which FEMA is calling “the largest sea-bridge operation of federal disaster aid in FEMA history.” I want to personally thank you, other members of this Subcommittee, and your excellent staff for helping to address the misinformation and bring America the truth. Your

understanding of our industry and your willingness to set the record straight was tremendously important.

Here are some of the facts about the Puerto Rico recovery effort. Since Hurricane Maria hit the island, domestic liner carriers including Crowley, TOTE, and Trailer Bridge have delivered over 75,000 containers to the island. These containers include relief cargoes like food, clothing, water, and medicine as well as rebuilding supplies. In addition to containers, roll-on-roll-off, tank, and bulk shipments have delivered fuel, electric poles, utility trucks, tanker trucks, heavy equipment, and other cargoes. Alongside the vessels regularly serving Puerto Rico in the liner trade, domestic carriers have added nine extra vessels to the scheduled liner service in order to ensure the island is getting the increased quantities of supplies it needs in a timely manner. In addition to the regularly scheduled liner service to Puerto Rico, numerous other vessels have made special trips to the island since the storm to deliver goods needed by the people and businesses there. Finally, the Puerto Rico carriers are doing more than just delivering cargo—they are supporting the island, including using their own truck distribution networks to deliver goods; coordinating with federal and local government entities and relief organizations to improve final mile delivery; and organizing community events and donations on the island.

Because our domestic carriers have served Puerto Rico for decades, they have deep ties with the communities there and consider it their duty to help the island rebuild stronger than ever. They will be there for the long term to serve the needs of Puerto Rico. One thing we should not overlook is that some 50% of the Gross Domestic Product of Puerto Rico comes from manufacturing done on the island. The quick, efficient, and price-competitive northbound service provided by the Jones Act carriers will continue to be an advantage to Puerto Rico as it recovers.

In short, the American maritime industry's response to the hurricanes has been historic and impactful.

The Jones Act Makes America More Secure

The long-term policy foundation of the domestic maritime industry is the idea that America's domestic cargoes should be moved, and domestic maritime services provided, by American-built, American-owned, American-controlled, and American-crewed vessels. This policy is embodied today in the Merchant Marine Act of 1920, the Jones Act. Today, America's domestic maritime industry includes 40,000 vessels, helps employ nearly 500,000 Americans, and has an annual economic impact approaching \$100 billion. Within the last year, officials from the Defense Department, U.S. Transportation Command, Coast Guard, Custom and Border Protection, U.S. Trade Representative, Maritime Administration, and Department of Transportation – not to mention many members of this Congress – have spoken about the benefits of the Jones Act. For example, Maritime Administrator RADM Buzby spoke in December about the Jones Act, noting that its detractors “have little to no understanding of the national security implications to the mariner pool, the shipbuilding supply chain, and the layer of internal security that would be lost if the Jones Act were to be abolished.”

The common theme of these statements is that the Jones Act makes America more secure. Or, looking at their statements in reverse, the loss of the Jones Act would make our nation more vulnerable.

- If your concern is national security, the Jones Act contributes to it, whether by helping maintain the shipyard industrial base that is vital to national security, providing a pool of mariners who have demonstrated through the ages that they will go into harm's way to

support America's interests and defense, or through using commercial vessels for military cargoes.

- If you worry about homeland security, you can sleep better knowing that the vessels plying our inland waters, often carrying dangerous cargoes, are manned by security-screened Americans, who care about keeping your home safe and secure, because they are your neighbors.
- If you care about economic security, you are glad to know that the vessels that keep vital goods moving between American cities and energy flowing will not disappear overnight because of a decision by a foreign power. You know the industry provides well-paying, family wage jobs that allow Americans to climb the ladder of economic security. You know that we cannot have energy independence or dominance if we have to depend on foreign interests to get our domestic energy out of the ground and to its markets in America.

Military to Maritime

Because your first panel discussed military to maritime issues, I would be remiss if I did not share with you a few words about the American maritime industry's commitment to hiring veterans. In short, we love hiring veterans. In many ways, the commercial maritime industry is much like the military services, so the transition from military to maritime is often quite seamless. The American maritime industry shares the same commitment to mission, teamwork, and service. And veterans likewise resonate with the national and homeland security tenants of our industry.

AMP has run a series of programs over the years to encourage the hiring of veterans in our industry. That includes job fairs, including one in San Diego, Mr. Chairman. We will soon

be unveiling a number of programs to go even further in our quest to hire veterans. When we have jobs to offer, we would love them to be filled with veterans. Most importantly, AMP has a new Military to Maritime website, which is a central location where applicants can go to receive information on jobs in the maritime industry. The website hosts a job platform that showcases a variety of maritime-related careers. The website also includes career resources and information about licensing requirements for various jobs in the industry. The Maritime Administration and other government agencies are eager to both use this website as a platform for educating applicants and to partner with AMP members to spread the word about jobs in the maritime industry.

Conclusion

Thank you for the opportunity to testify today. More than anything, we are grateful that the members of this Subcommittee have taken the time and energy to really learn how our industry works and to understand its contributions to America's security and economic prosperity. Never was that understanding so important than during the recent hurricanes when the airwaves were filled with so much misinformation. You helped correct the record, and we are grateful for that.

The American Maritime Partnership stands ready to be a resource to this committee as it addresses issues related to the domestic maritime industry. I would be happy to answer any questions any of you might have, now or in the future.