

**Remarks of Congressman Herbert H. Bateman
U.S. Maritime Administration Conference on
Marketing Issues facing the Shipbuilding Industry
April 5, 2000**

Thank you for inviting me to speak to you today at the Maritime Administration's Conference on Marketing Issues and Challenges facing the American Shipbuilding Industry. I am pleased to be among friends to comment upon a topic of mutual interest.

As a member of the House Armed Services Committee and Chairman of the Merchant Marine Panel, I have spent a great deal of time since I came to Congress, over 17 years ago, being an advocate for the shipbuilding industry. As I have said many times before, the United States is a world power because it is a maritime power, and we in the Congress have a responsibility to ensure the vitality of the maritime industry today and in the future.

But Congress alone cannot meet this responsibility. The health of this industry is dependent upon the strong advocacy of the executive branch and an informed citizenry that truly understands the important role the maritime community plays in our economic and national security.

The need for the American public to understand the needs of the shipbuilding industry is in fact the ultimate marketing challenge facing the maritime community today. Only with their support, can we maintain our status as a maritime and world power. As leaders of the Maritime industry, you have the credibility with the American people to articulate the needs of your industry, and you must rely upon the Maritime Administration to be your partner in promoting your best interests.

To that point, I would like to direct my comments to the Maritime Administration. The charter of the Maritime Administration is to promote a strong maritime industry in the United States. This includes a strong and vibrant fleet of U.S.-built, U.S.-owned, and U.S.-crewed ships. These three components, American shipbuilders, shipowners and merchant seaman, form the pillars of a strong Merchant Marine in the United States and protecting them is clearly in our national interest.

MARAD's charter gives it great responsibility and a task that, unfortunately, is not always met with uniform support and enthusiasm in the Administration and by some of my colleagues in the Congress. You must not be deterred from fulfilling that responsibility despite a lack of support from other segments of our government, and you should be assured that your efforts are appreciated and very much needed if we are to continue to look after the best interests of our nation.

As I applaud your work, I do want to share some of my concerns regarding what I would call a lack of focus by the Maritime Administration in its dedication to rebuild America's Merchant Marine. The Title XI Ship Loan Guarantee Program is absolutely crucial for many current and prospective ship owners to secure commercial financing for the construction of ships in the United States. The 10 double hulled oil tankers built by Newport News Shipbuilding and Avondale Industries in the mid to late 1990's would never have been built if not for Title XI loan guarantees. The same can be said for the two cruise ships under construction today at Ingalls Shipbuilding.

There are other major shipbuilding projects in the pipeline that will require Title XI funding if they are to be built. Yet, the Maritime Administration has requested only \$2 million in fiscal year 2001 for loan guarantees. This level of funding would only guarantee \$40 million in ship construction. Forty million dollars is obviously inadequate to build a cruise ship or double hulled oil tanker or a fast cargo ship - projects which investors are currently working to bring to fruition.

The Title XI Loan Guarantee program provides a firm foundation for shipbuilders, shipowners, and our merchant seaman. Without additional funding for Title XI, we will not realize this common goal of an American merchant marine unsurpassed in the world. In my last year in the Congress, I and my colleagues on the Armed Services Committee will again attempt to rectify this situation. In future years, it is imperative that the Maritime Administration lead an aggressive effort to secure adequate funding for Title XI year in and year out.

I would also hope that MARAD would be vigilant in its advocacy and enforcement of the Merchant Marine Act of 1920 and 1936, as amended, and cargo preference laws. These laws recognize that the cornerstone of an American merchant marine depends on the strength of all three pillars of our maritime industry. It concerns me when the Administration recommends waiving these laws for the apparent benefit of one company to the detriment of the industry as a whole.

The Jones Act, the Passenger Vessel Services Act, and America's cargo preference laws are keeping our merchant marine afloat. Ships would not be under construction in the U.S. today if it were not for these laws. And ships would not be flying the United States flag or employing American citizen mariners if it were not for these laws. We must all vigorously enforce the letter and spirit of these statutes while bringing new ideas to the table to expand the U.S. fleet by stimulating growth in each pillar of our merchant marine.

I would like to take this opportunity to congratulate Totem Ocean Trailer Express (TOTE) for its commitment to the Jones Act as demonstrated in its contract with National Steel and Shipbuilding Company (NASSCO) to build two roll-on/roll-off ships for the Alaskan trade. Other Jones Act ship operators should follow the

lead of TOTE and begin to replace their aging ships with new ships built in the United States.

And finally, it is self-evident that the men and women employed by our maritime industry contribute mightily to our strong economy. Their dedicated service and skilled seamanship set the standard for mariners throughout the world and they, more than anyone else, contribute to a greater understanding by the American people of the maritime industry. The Alumni of the United States Merchant Marine Academy, just as the graduates of the other service academies, serve as ambassadors for their trade and truly promote the American merchant marine industry.

If an unbiased person pays a visit to the United States Military, Naval, or Air Force Academies, there is no doubt of the importance these institutions play in shaping the future security of our nation. Can the same be said of the Merchant Marine Academy? The mission is just as important, but we have failed miserably in maintaining that facility over the years. The infrastructure at Kings Point is in a state of disrepair and neglect, and the funding provided recently has not been sufficient to say the least.

Again this year, the budget submission from the Maritime Administration is wholly inadequate to address this critical situation. I beseech MARAD to include the necessary funding in future budgets to restore the infrastructure of the Merchant Marine Academy and provide adequate resources for one of America's service academies. We cannot maintain our status as the world's only super power without a premier maritime academy, and well trained maritime officers,

Only a united shipbuilding industry and a Maritime Administration committed to rebuilding all three pillars of the industry will succeed in rebuilding an American merchant marine that will faithfully serve our nation well into the 21st century.