
Protecting Access to American Products Act

In 1920, Congress passed the Merchant Marine Act (more widely known as the Jones Act), which requires all goods transported by water between U.S. ports to be carried on a vessel constructed in the U.S., registered in the U.S., owned by U.S. citizens, and crewed primarily by U.S. citizens.

In the aftermath of World War I, the original purpose of the Jones Act was “to do whatever necessary” to develop and encourage the maintenance of a merchant marine that would serve as a naval or military auxiliary in time of war or national emergency.¹ It has been 100 years since the Jones Act’s passage and its rigid requirements have imposed significant costs on American consumers and businesses, especially those in Hawaii, Alaska, and Puerto Rico, which rely on import commodities from the continental U.S.²

The Jones Act’s requirements have also created unintended consequences to our nation’s energy supply. One of the most unfortunate effects is that Massachusetts³ and Puerto Rico⁴ have had to import liquified natural gas (LNG) from Russia, because of the world’s 478 LNG carriers, none comply with the Jones Act. It is illegal to use an LNG carrier to send LNG to our own states and territories.⁵

Even the Biden administration has recognized the shortage of qualified vessels available. In 2021, the Department of Transportation initiated the process for a short-term waiver from the Jones Act to help ship fuel from the Gulf Coast to the Eastern Seaboard,⁶ in light of the Colonial Pipeline cyberattack. While this is a step in the right direction, the underlying issue remains unchanged – the U.S. doesn’t have the vessels to ship cargo and merchandise domestically. The ongoing pipeline hack situation is only highlighting the drastic need for more Jones Act flexibility.

Bill Specifics

- Would allow a person to receive a waiver from the Jones Act’s requirements if it is determined by the federal agency reviewing the application:
 - That there is no product carrier⁷ available with respect to a particular good, and
 - The person made a good faith effort to locate a Jones Act compliant vessel.
- Would require agencies to approve or deny an application for a waiver within 60 days or the waiver request would be deemed granted for 30 days.
- Approved waivers could be granted for a minimum of 30 days with the option of extending the waiver for not less than 15 days.

¹ The Merchant Marine Act of 1920, P.L. 66-261.

² For example, a 2012 report by two University of Puerto Rico economists, cited by the New York Times, found that the Jones Act caused a \$17 billion loss to the island’s economy from 1990 through 2010. “Economic Impact of Jones Act on Puerto Rico’s Economy,” by Jeffry Valentin-Mari and Jose I. Alaeda-Lozada, presented to U.S.G.A.O., April 26th, 2012. <http://docplayer.net/494027-Economic-impact-of-jones-act-on-puerto-rico-s-economy.html>. Also, “The Jones Act: The Law Strangling Puerto Rico,” NYT, September 25th, 2017.

³ <https://www.instituteforenergyresearch.org/fossil-fuels/gas-and-oil/massachusetts-limits-gas-pipelines-imports-lng-russia-instead/>

⁴ <https://www.cato.org/multimedia/media-highlights-tv/colin-grabow-asks-question-event-inter-american-dialogue-puerto-ricos>

⁵ <https://www.eia.gov/todayinenergy/detail.php?id=35392>

⁶ <https://www.transportation.gov/briefing-room/usdot-details-ongoing-efforts-help-mitigate-potential-impacts-colonial-pipeline>

⁷ The term ‘product carrier’ means, with respect to a good, a vessel constructed or adapted primarily to carry such good in bulk in the cargo spaces.