
Open America's Waters 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 Nearly 100 years later, the law is no longer necessary as the United States has long had an adequate Navy.

Instead, the Jones Act imposes 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 For example, NPR has noted that some Hawaii cattlemen have even shipped their cattle through Canada, or even flown them by air.³ And airlines operating in Puerto Rico typically import jet fuel from foreign countries such as Venezuela rather than the Gulf Coast refineries.

The Cato Institute estimates that after accounting for the inflated costs of transportation and infrastructure, the forgone wages and output, the lost domestic and foreign business revenue, and the monetized environmental toll the annual cost of the Jones Act is in the tens of billions of dollars.

The Jones Act also makes it more difficult to provide relief supplies in the aftermath of natural disasters. This, in part, is one reason why it has become routine for presidents to waive the Jones Act in the wake of natural disasters. In fact, Presidents Bush, Obama, and Trump temporarily waived the Jones Act for ships providing supplies to various places impacted by Hurricanes Katrina,⁴ Sandy,⁵ Harvey, and Maria.⁶

In response, Senator Lee has introduced the Open America's Waters Act to repeal these antiquated policies.

Bill Specifics

- Would repeal the Jones Act's cabotage requirements and allow all vessels that qualify under the laws of the United States to engage in domestic trade between U.S. ports.

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 Jeffrey 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 National Public Radio, Planet Money, #524: Mr. Jones' Act.

<https://www.npr.org/templates/transcript/transcript.php?storyId=554046425>; See also “The Jones Act: A Burden American Can No Longer Bear,” The Cato Institute, <https://www.cato.org/publications/policy-analysis/jones-act-burden-america-can-no-longer-bear>

⁴ <http://keithhennessy.com/wp-content/uploads/2015/05/Waiver-of-Compliance-with-Navigation-and-Inspection-Laws-9-1-05.pdf>

⁵ <https://www.winston.com/images/content/1/4/v2/146/12-5073-DHS-Jones-Act-Waiver-S1-Signed110212.pdf>

⁶ <https://www.dhs.gov/publication/september-2017-jones-act-waivers>