

MAR 13 2013

SENATE CONCURRENT RESOLUTION

REQUESTING THE PRESIDENT AND CONGRESS TO EXEMPT HAWAII, ALASKA,
GUAM, AND PUERTO RICO FROM THE "JONES ACT" FOR THE HEALTH,
SAFETY, AND SECURITY OF THEIR RESIDENTS.

1 WHEREAS, the closure of the Tesoro refinery in Hawaii
2 leaves one company to handle our state's fuel needs, sharpening
3 our state's vulnerability with respect to energy; and
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5 WHEREAS, the need for a "Jones Act" exemption was shown in
6 November 2012, when United States Secretary of Homeland Security
7 Janet Napolitano was compelled to issue a waiver to allow
8 foreign-flag tankers to carry petroleum products to remedy the
9 problem of severe fuel shortages in north eastern states; and
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11 WHEREAS, while Governor Neil Abercrombie requested the
12 Legislature to promote the use of liquefied natural gas and
13 purchases of American fuel, Governor Sean Parnell is overseeing
14 Alaska's development of this for export to Asia and Hawaii; and
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16 WHEREAS, ocean shipment of liquefied natural gas requires
17 specialist tanker ships which have not been built in the United
18 States in over forty years, both denying Hawaii and Puerto Rico
19 access, and denying Alaska the ability to be a supplier; and
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21 WHEREAS, Hawaii's beef and pork industries are severely
22 restricted because there are no American-registered livestock
23 carriers, while the roughly one-hundred and sixty such carriers
24 in the world fleet are foreign-registered and unavailable to
25 Hawaii livestock farmers due to the "Jones Act"; and
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27 WHEREAS, those same beef and pork industries are also at an
28 economic disadvantage because the "Jones Act" results in
29 artificially higher costs of livestock feed; and
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31 WHEREAS, a June 17, 2010 article in Smart Business Hawaii
32 reported that shipping experts estimate "Jones Act" restrictions



1 raise shipping five-and-a-half times higher, or almost \$4,000
2 more, for a container to go from Los Angeles to Honolulu, than
3 the much longer distance from Los Angeles to Hong Kong; and
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5 WHEREAS, the article reported Hawaii carriers increased
6 their rates in response to reductions in oil prices and demand,
7 while international shippers dropped their rates; and
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9 WHEREAS, Jim O'Keefe, a bakery owner and the plaintiff in a
10 federal lawsuit filed in Hawaii in 2009, stated that his
11 research showed that Hawaii shipping rates were three times the
12 Hong Kong shipping rates for an equivalent distance, which he
13 contended doubled prices of goods bought from the mainland; and
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15 WHEREAS, the United States has protected its shipping
16 industry through cabotage laws, such as the Merchant Marine Act
17 of 1920, P.L. 66-261, commonly known as the "Jones Act"; and
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19 WHEREAS, then-Congressman Ed Case noted that ninety-seven
20 to ninety-eight per cent of our goods from the mainland come by
21 shipping, and lent his support in Congress for an exemption from
22 the "Jones Act" for Hawaii to reduce this vulnerability to even
23 minor disruptions in transportation; and
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25 WHEREAS, international maritime insurance data demonstrates
26 that ships over twenty years of age have an increased risk for
27 accidents, which means that imports to Hawaii, Alaska, Guam, and
28 Puerto Rico are at risk because these are served by "Jones Act"
29 ships with an average age of twenty-eight years, while
30 international fleets have an average age of twelve years; and
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32 WHEREAS, a January 4, 2013 Smart Business Hawaii article on
33 the United States Government Accountability Office's study on
34 the impact of the "Jones Act", noted that the flag, ownership,
35 and crew restrictions added about twenty per cent to ship
36 operating costs and the build requirement added three hundred to
37 five hundred per cent to deep draft ship construction costs; and
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39 WHEREAS, the "Jones Act" restricts the domestic carriage of
40 cargo to vessels that are built in the United States, fly a
41 United States flag, are owned by individuals or legal entities
42 in the United States, and employ United States citizens; and
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1 WHEREAS, unlike the unfair protectionism of the "Jones
2 Act", all other modes of domestic transportation, including
3 aircraft, railroad cars and locomotives, trucks, automobiles and
4 mass transit vehicles, are permitted without restriction to use
5 foreign manufactured equipment for commercial operation; and
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7 WHEREAS, the geography of the non-contiguous jurisdictions
8 precludes access to alternatives that are readily available
9 within the mainland United States, and makes them completely
10 dependent on ocean shipping for surface trade; and
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12 WHEREAS, these restrictions cause an immense, unfair burden
13 of higher costs and an elevated cost of living for Guam, Hawaii,
14 Alaska, and Puerto Rico, and severely threatens the health and
15 security of residents and visitors in the event of a disruption
16 in the delivery of fuel, food, or other vital goods; and
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18 WHEREAS, the late Senator Daniel K Inouye, noting the
19 failure of his "Project America" shipbuilding program and that
20 domestic shipyards could not successfully construct large cruise
21 ships, sponsored a "Jones Act" exemption in the 2003 Omnibus
22 Appropriations Act, granting three foreign-built cruise ships a
23 coastwise endorsement to operate in Hawaii (P.L. 108-7), known
24 as the Hawaii Cruise Trade Exemption; and
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26 WHEREAS, an exemption from the "Jones Act" would provide an
27 economic benefit to and protect the health and security of the
28 people of Hawaii, Alaska, Guam, and Puerto Rico; now, therefore
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30 BE IT RESOLVED by the Senate of the Twenty-seventh
31 Legislature of the State of Hawaii, Regular Session of 2013, the
32 House of Representatives concurring, that the President of the
33 United States and the United States Congress are respectfully
34 requested to exempt Hawaii, Alaska, Guam, and Puerto Rico, from
35 the Jones Act; and
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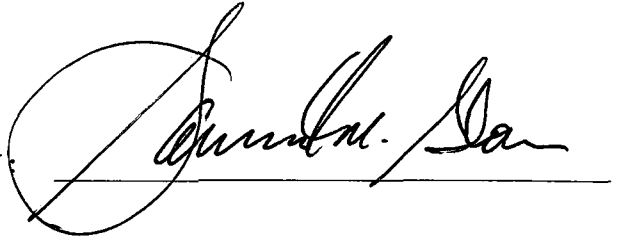
37 BE IT FURTHER RESOLVED that certified copies of this
38 Concurrent Resolution be transmitted to the President of the
39 United States, the Majority Leader of the United States Senate,
40 the Speaker of the United States House of Representatives, the
41 Secretary of the United States Department of Transportation, and
42 Alaska, Hawaii, Puerto Rico, and Guam's governors and
43 congressional delegations.
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S.C.R. NO. 117

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OFFERED BY:

A handwritten signature in black ink, appearing to read "J. M. San", is written over a horizontal line. The signature is highly stylized and cursive.

