



Maritime Labor Supports Crude Exports, H.R. 702

With new and growing national security threats around the world – from Russia to Iran – it's crucial that Congress continues to support policies that promote the use and trade of U.S. goods and services. This is vital not only to reduce our nation's own foreign dependence, but also to ensure that our global allies and military have access to safe, reliable resources. Legislation (H.R. 702) being considered this week by the U.S. House of Representatives helps achieve these national security goals by both lifting the outdated crude oil export ban and enhancing the Maritime Security Program (MSP).

The MSP is the most successful sealift program available to the Department of the Defense (DOD). It gives the DOD access to a fleet of 60 privately-owned U.S. flag commercial vessels and U.S. crews and global intermodal systems that bring supplies and resources to U.S. troops and allies overseas. H.R. 702, legislation to remove restrictions on U.S. crude oil exports, includes language to protect the future vitality of this program by authorizing increased funding. Like crude oil exports, the MSP provides important national security and economic benefits and can significantly impact foreign policy.

National security experts from both political parties have pointed out the geopolitical benefits of lifting the U.S. crude oil export ban. The newly-discovered abundance of American oil and natural gas resources gives the U.S. the opportunity to enhance our national security and positively impact global energy markets. Exporting U.S. crude oil would provide stability, reduce price volatility and, perhaps most importantly, reduce the influence of hostile nations.

For example, U.S. oil exports could be an essential foreign policy tool in helping to limit Russia's influence over Europe. As former Defense Secretary Leon Panetta and former National Security Advisor Stephen Hadley wrote in the Wall Street Journal: *"The moment has come for the U.S. to deploy its oil and gas in support of its security interests around the world...Most ominous is Russia's energy stranglehold on Europe. Fourteen NATO countries buy 15% or more of their oil from Russia, with several countries in Eastern and Central Europe exceeding 50%...This situation leaves Europe vulnerable to Kremlin coercion."*

The same argument can be made in the Middle East, where Iran is steps away from being able to once again export its oil. We can all agree that the world would be a much safer place if the U.S. supplied global oil needs instead of Iran.

Likewise, keeping the MSP funded is also necessary to protect our national security interests. The program helps guarantee that our country will have the commercial sealift capability to support and supply U.S. troops and allies overseas. Since 2009, privately-owned U.S.-flag commercial vessels and their U.S. citizen crews have transported more than 90 percent of the sustainment cargo need to support U.S. military operations in Iraq and Afghanistan. Vessels enrolled in MSP carried 99 percent of these cargos.

Congress must continue to ensure that the national security interests of the U.S. and our allies are supported by U.S.-flag and U.S. crewed vessels rather than foreign vessels and foreign crews. This point was emphasized by Rear Admiral Thomas Shannon, Commander, Military Sealift Command: “It is our U.S.-flagged merchant fleet and our mariners that ensure that our Soldiers, Sailors, Airmen and Marines are supplied. From Inchon to Iraq, our mariners and our maritime industry delivered . . . Let us not, as a nation, sign away our remaining sealift capacity to non-U.S.-flagged fleets sailed by non-U.S. mariners.”

Furthermore, both policies provide tremendous economic benefits. Studies have shown that allowing unrestricted U.S. crude oil exports will increase U.S. energy production, create jobs, grow the economy and help lower domestic gasoline prices.

Increased funding for the MSP is also smart economic policy and provides the most economical solution to meet our country’s sealift needs.

A 2006 report by the National Defense Transportation Association – Military Sealift Committee found that it would cost \$13 billion for the government to replicate the vessel capacity provided by MSP. The U.S. Transportation Command estimated it would cost an additional \$52 billion to replicate the global intermodal systems made available to the DOD by MSP contractors.

In contrast, the provisions in H.R. 702 will provide these U.S. flag, U.S. crewed vessels and systems at an annual cost of just \$300 million – providing significant savings to U.S. taxpayers.

By allowing U.S. crude oil exports and authorizing increased funding for the MSP, H.R. 702 will keep our nation secure and help our global allies and trading partners across the world. That’s why USA Maritime and its affiliated shipping companies, American maritime labor organizations and maritime associations have joined together to strongly support this legislation. We encourage Congress to pass and the President to sign this bill and allow the country to experience the economic and national security benefits that come from utilizing U.S. energy and shipping resources.

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