C. James Patti
Chairman

MINUTES OF THE USA MARITIME BOARD MEETING

June 9, 2021

The meeting was called to order by the Chairman at 1:30 pm. A quorum was present, with 18 of the 20 USA Maritime members represented.

- Secretary-Treasurer Chris Johnsen presented the financial report. He noted that Meredith Malarkey sent the May 2021 financial statement to each member prior to today's meeting. This will continue to be done prior to each monthly meeting.

- In addition, as stipulated in our by-laws, dues are due by the first day of each quarter and in order to comply with this provision, Chris will have Meredith send the quarterly invoice to each member organization no less than two weeks prior to the first day of the quarter. It was noted that there is still one member who is in arrears for both the first and second quarters of 2021. Reminder emails have been sent to this member with no response. Augie Telez has volunteered to reach out to the member try to resolve the issue so that the Coalition does not have to take any further action. According to our bylaws, organizations that have not paid their quarterly dues by the last day of the first month of the quarter will not be able to vote on Coalition issues until payment is made.

- Finally, Meredith further reported that an additional five members have not yet paid second quarter dues. She has received positive responses to her reminder emails and payment is expected from all five.

- Jim Patti presented the Legislative Committee report in Brian Schoeneman's absence. The Legislative Committee met on June 7th and discussed the FY'22

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budget sent to Congress by President Biden. The Committee noted that the budget includes a request for the full authorized amount of $318 million for the Maritime Security Program and the full authorized amount of $60 million for the Tanker Security Program. The Committee pointed out that the amount requested for MSP includes a proposal to use $42 million of previously appropriated unobligated funds in the MSP account to meet the $318 million request. The proposal to use carry-over MSP funds to meet current obligations has been opposed by USA Maritime in the past and our continued opposition will be conveyed to the House and Senate Appropriations Committees.

- Chris Johnsen reported on the status of a proposed amendment sponsored by Senators Joe Manchin and Kevin Cramer that included a provision to exempt foreign sourced components to be shipped as a result of Export Import Bank financing from the U.S.-flag shipping requirements. Chris further reported that the amendment did not pass and that Senator Manchin's staff indicated that the inclusion of the anti-U.S.-flag provision was inadvertently included.

- Fair Kim reported that he received the outline of a proposal prepared by a Houston, Texas firm, RBC Logistics, that was submitted to the Senate Commerce Committee. Among other things, the shipbuilding focused proposal would create two additional MSP slots to be filled by U.S. built vessels. A number of members of the Coalition expressed strong opposition to the proposal and such opposition will be conveyed to Commerce Committee staff.

- Charlie Papavizas, Chair, Strategic Planning Committee, reported that the Tax Subgroup continues to meet to discuss and develop a proposal to increase the amount of commercial cargo carried by U.S.-flag vessels in order to increase the number of vessels operating under the U.S.-flag. The Tax Subgroup, comprised of individuals designated by the carriers who have expertise in

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vessel operations, includes Chris Barber (ARC), Ed Hanley (Maersk), Henry Nuzum (Waterman), Adam Peterson (APL), Josh Shapiro (Liberty), and Will Terrill (U.S. Ocean), as well as Charlie Papavizas, Chris Johnsen and Jim Patti. Charlie reported that the Subgroup is close to agreeing on a tax proposal that will be presented to the Coalition for review and discussion.

- Sara Fuentes, Chair, Regulatory Committee, reported that the Regulatory Committee has scheduled its next meeting with staff at the Maritime Administration for 2:00 pm on June 23rd. The Committee will meet prior to that date to discuss items to be raised with Marad staff.

- Sara once again asked all carriers to provide her with information regarding their clean energy/climate related activities that can be included in the Committee's "green energy" report.

- Bryant Gardner reported that the efforts to reverse the ongoing policy by AID to exclude U.S.-flag vessel participation in the carriage of food aid to Yemen have to date been unsuccessful. Bryant noted that Yemen accounts for approximately 40 percent of the food aid budget and that no U.S.-flag bid has been accepted over the past three years. In addition, we have, to date, been unable to obtain from AID a copy of the documents setting forth and justifying the policy to exclude U.S.-flag vessels from this trade. The Coalition agreed that we should inform others within the Administration, including the President's newly appointed "Buy America Czar", that AID, for undisclosed reasons, is violating a ship American policy supported by the President. Bryant is preparing a briefing paper on this issue that will be shared with the Administration.

- Under new business, Jim Caponiti reported that he has been contacted by the General Accounting Office (GAO) to talk about cargo preference enforcement and implementation. Jim indicated that he has told GAO it is important for

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them to speak with the carriers in order to hear directly from the companies participating in the carriage of preference cargoes. The Coalition agreed it is important for GAO to direct its efforts on the Federal agencies responsible for programs covered by the cargo preference requirements to determine the degree to which the law is being followed.

- Also under new business, the Chairman was asked if and when the Coalition would begin to hold in-person/hybrid meetings. It was agreed that this question would be discussed in more detail at the July 14 USA Maritime meeting (which will be virtual) at which time we can better determine the degree to which individuals would like to have an in-person meeting in September, with the proper social distancing and other necessary safeguards.

- Finally, members of the Coalition were encouraged to attend the upcoming maritime-only events with Congresswoman Brenda Lawrence, Congressman Joe Courtney, and Congresswoman Pramila Jayapal. Invitations for these events are attached.

- The next virtual Coalition meeting is scheduled for Wednesday, July 14 at 1:30 pm.

APPROVED

R. Christian Johnsen
Secretary-Treasurer