

**Testimony
of
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On Behalf of the American Maritime Partnership
Regarding “The U.S. Maritime Supply Chain During the COVID-19 Pandemic”**

**Before the Subcommittee on Coast Guard and Maritime Transportation of the
House Transportation & Infrastructure Committee
U.S. House of Representatives
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I. Introduction

Mr. Chairman, Mr. Ranking Member, Members of the Subcommittee. Thank you for the opportunity to be with you today. I am Michael Roberts, senior vice president of Crowley Maritime, a major American domestic shipping company. We are a diversified marine transportation and logistics company based in Jacksonville, Florida. We employ about 3,000 American mariners, and have invested nearly \$3 billion in vessels built by American workers in U.S. shipyards. Vessels in our fleet serve customers in Alaska, the U.S. West, East and Gulf coasts, the Caribbean and Central America. Thank you for the opportunity to talk to you today about “the U.S. maritime supply chain during the COVID-19 pandemic.”

I am here today in my capacity as president of the American Maritime Partnership (AMP). AMP is the largest maritime legislative coalition ever assembled. Our organization includes all elements of the American domestic maritime industry—shipping companies, ship construction and repair yards, mariners, and pro-defense organizations. Our focus is America’s domestic shipping law, the Jones Act, which requires that cargo moved by water between two points in the United States be transported on American vessels by American mariners.

Before addressing the impacts of the pandemic on the U.S. maritime supply chain, I would be remiss if I failed to point out that today’s hearing comes in the midst of a series of important milestones for our industry that highlight its vital strategic and commercial role in our country’s history. Last Friday was National Maritime Day, a day that recognizes U.S. mariners and the importance of our strong maritime heritage throughout our nation. Last Monday was Memorial Day, a day particularly important to us because of the deep connection between American maritime and national security. And finally, one week from today is the 100th anniversary of the Jones Act. We are happy to mark the centennial of the Jones Act with such overwhelming bipartisan support from the Congress.

Nowhere is that support more clear than on the Coast Guard and Maritime Transportation Subcommittee. As you know, the American domestic maritime industry supports 650,000 jobs and provides an economic impact of more than \$150 billion annually. It provides important national, economic and homeland security benefits throughout our country. The national security and homeland security benefits have been well-documented through writings and statements by countless Members of Congress, the White House, U.S. Defense Department, U.S. Transportation Command, U.S. Department of Transportation, U.S. Maritime Administration, U.S. Coast Guard, and Customs and Border Protection officials, as well as independent experts.

You may also know that the American domestic maritime industry today is modern, innovative and leads the world in safety and environmental stewardship. The world's first containerships powered by clean natural gas now serve the domestic market between Florida and Puerto Rico. America's tanker fleet is among the safest and most environmentally responsible, combining data-driven safety management systems with a relatively new fleet profile. These and other innovations throughout the industry are deployed on ships operated by well-trained American mariners who care about the safety and health of America's maritime environment, and the citizens they serve.

In these challenging times in the face of a historic pandemic, our nation's security can only benefit from an all-American industry like ours.

II. Summary of Key Points

Today I would like to leave you with three main points:

First, despite the men and women of the domestic maritime industry working tirelessly to deliver America's goods, there continues to be opportunistic calls for Jones Act waivers during this time. No waivers are required; there is ample capacity in the domestic fleet. Any waiver would only outsource American jobs to foreign workers at a time of record domestic unemployment while doing nothing to improve the already efficient marine trade lanes we serve. Our *primary request* today is that you continue to do what you have done consistently over time and particularly throughout the pandemic—resist the efforts of opportunists to use COVID-19 as an excuse to change the Jones Act. We are deeply grateful for the broad, bipartisan support for the Jones Act through this Congress.

Second, this subcommittee can be assured that the American domestic maritime industry will continue to show up to work and deliver the goods that make this nation strong and secure despite one of the most challenging environments in a generation. We take our responsibility as essential workers very seriously and understand our obligation to ensure that America's critical supply chains remain moving.

Third, we very much appreciate the leadership and flexibility shown thus far to ensure that the maritime industry can continue to do our work, and hope that this subcommittee will encourage the adoption of flexible guidelines for U.S. crew quarantine and other issues with the relevant agencies.

III. COVID-19 Impacts on the Domestic Maritime Industry

The COVID-19 pandemic has challenged us as individuals, companies, industries and as a nation. The entire domestic maritime industry has been deemed “essential” by the Department of Homeland Security (DHS), meaning that we continue operating throughout the pandemic. This has produced extraordinary safety challenges as well as complex financial implications. On the one hand, we have maintained a keen focus on keeping as safe as possible the essential maritime workforce — our mariners, dockworkers, drivers, warehouse workers, repairmen, and others who could not do their work remotely, but have had to show up for work for the past three months the same as they always have. We are extremely grateful for the dedication of these men and women. On the other hand are the customers — businesses, governments and consumers — who have relied on the maritime industry to keep supplies moving, and in some cases to survive. Simply shutting down operations to protect our workforce has not been an option.

No playbook is available to direct how to operate safely in this environment. Companies have had to improvise to develop special operating protocols to protect employees based on the best information available. These efforts to protect our workforce have been frustrated by the scarcity of personal protective equipment (PPE) and other materials. Our industry is also not immune from supply chain disruptions. There are supply chain impacts in certain segments of the industry, including difficulties with longer repair and maintenance schedules and the potential for impacts to spare parts sourcing if the pandemic continues.

It should be noted that regulatory authorities have faced unprecedented challenges in providing guidance to the industry on how best to operate safely. The challenges include limited pre-existing guidance, shifting scientific advice, multiple stakeholders, scarce resources, and the need to make real-time decisions affecting many lives. U.S. government maritime authorities — the U.S. Coast Guard, Maritime Administration, U.S. Transportation Command and others — are to be commended for their leadership, and for reaching out to all aspects of the maritime industry in working through these issues. The foundation of collaboration between government and industry that has been built on national security, safety, and other issues has enabled real progress to be made in these extraordinary times.

The severity of the financial impacts of the COVID-19 pandemic on the domestic maritime industry has yet to be determined. Two factors contribute to the uncertainty. First is the skyrocketing cost of operations resulting from implementing the protocols necessary to keep our workforce safe. The magnitude of these incremental costs and the availability of funds to help defray them has not been determined. Second is the impact of COVID-19 and the economic shutdown on demand for maritime services. While these impacts differ for different segments of the industry, demand is almost universally much lower than in normal times. The industry has made enormous investments in vessels, terminals, equipment, and other assets to provide services to their customers. Financing for these investments was based on economic models that did not account for the black swan event we are now experiencing. These services must nevertheless continue operating through this crisis even though the revenues generated will not cover the costs of providing them.

There is great uncertainty as to when the most serious economic impacts will hit, how severe they will be and how long they will last. The American maritime industry must prepare for the

worst-case scenario while working for better outcomes. This includes deferring capital and other expenses wherever possible and taking other necessary measures. Government programs designed to provide a financial backstop to mid-sized companies facing severe economic damage should be available to provide temporary support to the American maritime industry.

a. Scope of domestic maritime industry

Our American domestic maritime industry is engaged in transporting goods through all sectors of the economy. U.S.-flag vessels carry agricultural, coal, chemical, aggregate, petroleum, and other products on the inland waterways of the United States. American vessels carry essential goods in the non-contiguous trades of Alaska, Hawaii, and Puerto Rico. U.S. tankers and tank vessels transport critical crude oil and refined petroleum products along the West, Gulf, and East Coasts of the nation. The American bulk fleet carries iron ore, and other products, on the Great Lakes, including for America's major steel manufacturers. American dredging companies ensure that U.S. harbors, ports, and rivers are dredged and maintained.

Virtually every sector of the maritime industry has been negatively impacted by the pandemic. AMP member companies have seen reduced cargo volumes in the non-contiguous trades, as business closures and stay-at-home orders reduce demand. Great Lakes carriers have experienced declines in the carriage of commodities. The destruction of the airline and auto sectors has led to declines in the need for vessels to transport gasoline, diesel, and jet fuel. Overall demand for waterborne transportation of agricultural and other commodities has declined, amidst a nearly 5 percent decrease in freight transported on U.S. navigational channels. Port activity around the top 10 U.S. ports has seen declines of over 40 percent. Domestic shipyards have worked hard to mitigate the impact of the pandemic with enhanced sanitation practices and liberal leave policies.

The domestic maritime industry carries many of the building blocks of our economy. From top to bottom, we have seen the total interconnectivity of our economy, and no port is safe from the storm. Stay-at-home orders and a nearly 20 percent drop in traffic on U.S. roads has meant fewer American vessels transporting oil; a 42 percent dip in auto sales has slowed the need for the ships that move American steel; an 85 percent drop in weekly U.S. travel spending has shattered tourism and hospitality for island economies like Hawaii; and a Defense Department order pausing domestic transportation of military goods has upended a system that moves 400,000 personal property shipments a year.

How long the impacts will last remains unknown. America's maritime businesses are facing significant economic uncertainties as a result of COVID-19. And while American businesses are starting to open up again, it is very difficult to forecast demand for the remainder of this quarter and for Q3 and Q4 of 2020.

As many as 25 million jobs worldwide could be wiped out by a worldwide recession brought on by the pandemic, and the Bureau of Labor Statistics industry estimates for water transportation workers in April 2020 are already showing an 11 percent decrease in employment.

However, despite the situation, America's maritime industry has been getting the job done, keeping the U.S. supply chain running. Why? Because we are Americans who support Americans, especially during times of national emergencies.

b. Coordination with the U.S. Government for an Essential Workforce

As you have seen, the domestic maritime industry is diverse and COVID-19 has tangible, but distinct, impacts on each of these segments. A common uniting factor among all these diverse segments, however, is the recognition that all of the men and women working in this industry, no matter what segment of the industry they work for, are classified as essential workers. These men and women have been on the front lines of this pandemic since the very beginning, working every day to ensure that our grocery stores are stocked, our fuel is delivered, and the vital commerce that sustains this nation remains flowing.

Beyond that, the essential workers of the domestic maritime industry have gone above and beyond during this time. For example, the men and women of the domestic dredging industry went beyond the call of duty when the USNS Comfort needed to dock in New York Harbor. The berth at New York Harbor needed to be dredged an extra 40 feet to enable the USNS Comfort to dock. The dredging was expected to take two weeks. An American dredging company, using a crew of 60 and pulling double 12-hour shifts a day, dredged the berth in eight days, allowing the USNS Comfort to start treating patients earlier than expected.

While maritime workers are not as visible to the public as the other vital transportation workers that keep our nation moving, such as transit workers or truck drivers, they are an equally important part of our supply chain. We were grateful that the Cybersecurity and Infrastructure Security (CISA) recognized the importance of the maritime industry and ensured that maritime workers were broadly covered as part of the critical infrastructure guidance released in March.

Of course, we in the industry and the members of this Committee who have supported our efforts throughout the years, have always understood the essential value of the domestic maritime industry. We are continually seeking ways to improve our connectivity, particularly in times of emergency, to government entities with whom we do not regularly interact. Our core partners, such as the Coast Guard, the Department of Transportation, and the Maritime Administration understand the operations of the industry, but as a whole we needed to improve our communications. To that end, last summer AMP, our industry and the federal government worked together to create the Maritime Sector Coordinating Council (MSCC) to enhance our efforts on emergency preparedness from a company and regional level to a federal level.

You may not have heard of Sector Coordinating Councils (SCC). All 16 critical infrastructure sectors recognized by the federal government have a SCC. They serve as a single point of entry for the government to communicate with an entire industry. SCC's work in concert with Government Coordinating Councils (GCC's) to discuss emergency preparedness and planning efforts for critical infrastructure. The SCC's were established immediately after 9/11-because the government realized that there was no streamlined way to communicate with industries responsible for critical infrastructure in case of an emergency.

While we set up the MSCC before there was any hint of a pandemic like COVID-19 on the way, the MSCC has proven to be very helpful in coordinating emergency response efforts over the past few months. As I will explain later, there continues to be issues (such as availability of test kits or PPE) but the MSCC provides a way for the industry to express those concerns directly to agencies like CISA or FEMA. There are also direct benefits from the MSCC engagement. For

example, FEMA is actively procuring and distributing cloth protective coverings to core transportation sectors, including maritime. Through the MSCC's network, we were able to coalesce hundreds of company, labor, and ports requests for these face masks over a 72-hour period, working with our partners at MARAD. While the ultimate task of distributing those masks remains with the government, the MSCC's ability to quickly collate an industry request and submit it for ultimate consideration speaks well to our industry's ability to quickly coordinate for an emergency request.

c. Operational Resilience

Many organizations have undertaken to establish written protocols to keep vessel crews safe as they continue providing essential services to the American economy. These include trade associations (e.g., American Waterways Operators), class societies (e.g., ABS), and collaborative efforts between industry and government authorities (e.g., the Ship Operators Cooperative Program). These efforts have helped provide guidance on a wide range of technical issues and have made possible significant progress as the industry works through challenging operational issues. The limitations of these protocols, of course, is that they reflect the information available to certain people at a point in time. As that information changes, the protocols need to be updated, which can materially change what is believed best practices for safe operations. Certain issues have raised particular concerns that merit specific and continued attention.

1. Testing at crew changes

The U.S. maritime industry has worked to develop protocols to minimize the risk of crew member infection on board American vessels. Vessel crews usually number no more than 20-25 people, although American vessels in the offshore fishing fleet may have up to 150 or more workers on board. We note that the Jones Act fleet includes the offshore fishing fleet which has its own set of challenges that might present a unique set of problems. In general, vessel crews typically sign on to a ship for several weeks at a time. The main risk of infection comes during crew changes, when parts of the crew end their assignments and are replaced by new mariners coming on board. Among other tools to prevent an infected crew member from joining a vessel, testing the arriving crew members for active infection is likely the most effective way of screening. However, access to such testing was denied for the first several weeks of the pandemic and has been inconsistent since then. The primary reason is the shortage of test kits, which has led to prioritizing access to tests.

In many cases mariners at crew rotations have been denied access to testing based upon the assertion that such testing would be inconsistent with CDC guidance. This does not appear to be an accurate interpretation of CDC guidance (since at least mid-April), which allows priority access for "workers in congregate living settings" with or without symptoms when "prioritized by health departments or clinicians." The phrase "congregate living setting" certainly describes the shipboard environment where crew members eat, sleep, work and live, often for weeks at a time.

Consistent with this interpretation, state and local health departments and clinicians including world-class health care organizations have begun providing rapid testing for active infection for mariners at crew changes. Test availability is extremely limited, however, and still

not available in most locations, in part based on continued misinterpretation of CDC guidance. This Committee should encourage the Coast Guard, CDC and other government agencies to clarify that mariners at crew changes should have priority access to testing for active infection.

2. Management of Suspected Shipboard Cases

Fortunately, the number of suspected COVID-19 cases involving American mariners has been relatively low. When such cases do arise, however, the question becomes how to effectively manage those cases given the vital role of maritime transportation in America. We believe there is a general understanding on this subject, but an urgent need to clarify and reinforce the message.

A cargo ship with 20-25 mariners or a fishing vessel with 150 mariners is very different than a cruise ship with thousands of passengers and crew. Both a cargo ship and a cruise ship may report a suspected COVID-19 case prior to entering a port. Sending the cruise ship to anchor may make sense to allow complex logistical arrangements involving thousands of people to be worked out. However, the cargo ship should be allowed to proceed to berth at a controlled-access secure terminal rather than being sent to anchor. The crew member suspected of having infection can be safely removed from the ship and tested, with results immediately available. If they test positive for COVID-19, the company would then implement plans for removing and testing / quarantining the rest of the crew and disinfecting the ship so that it can be safely and promptly returned to service with a new crew. This is the safest and most efficient way of proceeding, ensuring that a crew member with suspected COVID-19 quickly receives needed care, fellow crew members are properly isolated and quarantined, and the ships providing essential services to American consumers and businesses are allowed safely and promptly to resume service.

This unfortunately has not been how some of the few instances of suspected infection have been handled. One vessel with a suspected case was sent to anchor, where a health care worker delivered by pilot boat climbed on board and administered a COVID-19 test. The specimen was rushed to the lab and was fortunately negative. Only then was the ship allowed to proceed to berth. In the same vein, an order issued by a county judge in Texas would have required any vessel with a suspected case be sent to anchorage and kept there for a 14-day quarantine period. One can only imagine the impacts on supply chains if that order was enforced.

As a single vessel may account for a large portion of the weekly commerce of the communities in the noncontiguous U.S. trades, any delay, no matter how slight, may have a serious impact on those states and territories being served. We would like to ask for your support in urging the CDC and the USCG to review in advance industry response plans to incidents of positive tests on inbound crew members.

IV. American Domestic Maritime Industry Post-COVID-19

The COVID-19 pandemic has reinforced recent policy trends that emphasize the importance of American self-reliance and resilience. For example, we cannot rely on foreign suppliers of pharmaceuticals and medical supplies to keep American citizens safe, even if those suppliers are cheaper. Indeed, we need to rebuild critical industries in America that have been sent overseas, preserve those that have remained, and fight back against efforts to outsource key American manufacturing and service industries. These same lessons apply fully to the domestic maritime industry.

a. *Secure supply chains*

If the COVID-19 response showed us nothing else, it showed how dangerous it was for the United States to rely on globalization for critically important resources and services. The U.S. defense maritime industrial base, as the Center for Strategic and Budgetary Assessments (“CSBA”) has labeled it, which includes our American domestic maritime sector, as one of those critical industries.

During times of war or national emergency, it is important to have the domestic capacity to transport goods within the United States. As CSBA noted:

In an era of great power competition, a robust maritime industry, and the policies that support it, are increasingly important to U.S. national security. Private shipyards build and repair U.S. warships, sometimes alongside civilian vessels. U.S. shipping companies and their civilian mariners transport military personnel, equipment, and supplies overseas. And private dredging, salvage, towing, intermodal transport, and harbor services companies ensure the operation of America’s military and commercial ports and waterways.

Furthermore, Section 50101 of title 46, United States Code, sets for America’s maritime policy and represents the critical need for a robust American domestic maritime industry. It states:

(a) Objectives.—It is necessary for the national defense and the development of the domestic and foreign commerce of the United States that the United States have a merchant marine—

(1) sufficient to carry the waterborne domestic commerce and a substantial part of the waterborne export and import foreign commerce of the United States and to provide shipping service essential for maintaining the flow of the waterborne domestic and foreign commerce at all times;

(2) capable of serving as a naval and military auxiliary in time of war or national emergency;

(3) owned and operated as vessels of the United States by citizens of the United States;

(4) composed of the best-equipped, safest, and most suitable types of vessels constructed in the United States and manned with a trained and efficient citizen personnel; and

(5) supplemented by efficient facilities for building and repairing vessels.

This pandemic has only further solidified the need for such a policy and for a U.S. defense maritime industrial base. We have maintained supply lines as essential businesses and essential workers. America’s Jones Act fleet and shipbuilding and repair yards have stood by our nation to ensure that goods and supplies are delivered, including to those in need. Our industry over the past 100 years operating under the Jones Act, and in fact since

the nation's founding, have been an important element of the nation's supply chain capabilities.

At a time when China is investing in maritime businesses around the globe — ships, ports, terminals, and other infrastructure — to support its One Belt, One Road initiative, it is as important now as it ever was for America to maintain one of the most fundamental laws that ensures the nation can meet its maritime policy objective as stated above – and that law is the Jones Act.

b. Legislative and Administrative Jones Act Waivers

AMP member companies, like Crowley, make significant investments to build, grow, and sustain a domestic fleet. Those are investments in U.S. shipyards; investments in American mariners; investments in shoreside infrastructure and people; and investments in logistics capabilities to meet the transportation needs of this country. We make those investments in reliance on U.S. law.

Attacks on the law from opponents, seeking legislative or administrative waivers of the Jones Act, erodes the confidence of investors in the domestic maritime sector. We applaud the members of this subcommittee for their support for the law. It is that support that enables AMP member companies to invest with confidence.

But we do not take anything for granted. We have seen too many times over the years where a small change in the law or an administrative determination can have significant consequences on the domestic industry. We saw that most recently when Customs and Border Protection (CBP) issued a modification and revocation of certain Jones Act private letter rulings. While some of the changes made by CBP were good and long overdue, others, such as the determination that foreign flag vessels can engage in certain transportation activities, undermined the law.

Thankfully, this subcommittee has led the charge in correcting that situation, passing legislation through the House as part of the Coast Guard Authorization Act of 2019. The provision relating to installation vessels is important to protecting small lift boat operators and to preserving opportunities for larger Jones Act heavy lift operators in those trades. We urge Congress to adopt this measure.

We also urge Congress to continue to reject proposals that would fundamentally alter the landscape for our Jones Act fleet, and to adopt measures that ensure the Jones Act remains strong.

Finally, it is worth noting that because of the strong support of Congress, America's domestic maritime industry continues to invest in the Jones Act fleet — dredges; containerships; offshore wind vessels; Great Lakes bulkers; tugboats, towboats and barges; and passenger vessels. We appreciate your support, and to demonstrate our support, our industry continues to invest, innovate, and modernize.

V. Recognizing American Maritime Workers/Conclusion

I would like to conclude my testimony with a word about American maritime workers. This year, in honor of the Jones Act's centennial, AMP and many others have honored what we have called "American Maritime Heroes." And while some of the heroes are very high visibility

individuals—like Malcolm McLean, the Jones Act innovator who invented containerization and changed the world—most of our heroes are everyday heroes. These are the men and women who deliver the goods across our nations—in the inland waterways, on the Great Lakes, along the coasts, in the Gulf and to the non-contiguous areas. These are the crews of the dredges, containerships, tugs, barges, bulkers and other vessels that serve as the grease for the American economy. These individuals, and the national maritime infrastructure that supports them, truly are heroes, delivering needed merchandise and the building blocks of the American economy without complaint as essential front line workers.

When we think of American mariners, we can't help but think about the World War II merchant mariners, the group of individuals to whom Congress has recently awarded the Congressional Gold Medal. They delivered cargo under the most desperate conditions in World War II and their success in ensuring a supply chain of goods and supplies to the war zone is legendary. They paid the price with the highest casualties of any service in World War II, often sailing defenseless against German U-Boats. Their courage and valor was summed up in a description from a coming major motion picture: "The only thing more dangerous than the front lines was the fight to get there."

That was then and now is now. Today, our war is the pandemic and we are proud to be doing everything in our power to keep America moving. I will be pleased to answer any questions you might have.