



JONES ACT

Senator Akaka believes that Hawaii and the country need a strong maritime industry and that the Jones Act is essential to the survival of this industry. He, along with a strong bipartisan coalition in Congress, has long defended the Jones Act from those who would like to see its repeal.

The Jones Act requires that domestic ocean shipping (including cargo between Hawaii and the U.S. mainland) be carried on U.S. registered, U.S. built and U.S. crewed vessels. Criticism of the Jones Act is based on the belief that the Act has had enormous impact on Hawaii's cost of living. However, studies have found that shipping costs account for only a small portion of the cost of goods in Hawaii. Objective analysis shows the Jones Act to be a minor factor in the Hawaii-mainland cost of living differential.

However, repealing the Jones Act would give foreign carriers, many who are subsidized by their own government, a distinct and unfair advantage over U.S. carriers. Moreover, opening domestic shipping lanes could threaten the reliability and security of Hawaii-U.S. mainland shipping routes, if it fell under the control of a hostile nation.

The economic impact domestically would be severe as well. Domestic shippers and ship builders protected under the Jones Act generate \$1.1 billion in federal taxes and \$272 million in Hawaii state taxes every year. They account for more than 100,000 American jobs and \$15 billion of the U.S. economy. All that would quickly disappear if the Jones Act was repealed.

National defense capabilities would also be seriously compromised. The Jones Act is responsible for the continued existence of an American merchant marine and shipbuilding industry. More importantly, national control of maritime assets is absolutely essential in time of war or emergency. The Navy League of the United States calls the Jones Act "critical to U.S. national security." Most nations in today's world recognize this fundamental fact and provide heavy subsidies to their merchant fleets.