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Bryan Moving Ahead With Open Ship Registry in USVI in Face of Powerful Opposition

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A 200m (600') long container ship navigates the North Atlantic under dramatic skies. By. GETTY IMAGES

Governor Albert Bryan on Friday disclosed that his administration has not assigned any staff to negotiate with or on behalf of the Northeast Maritime Institute which is seeking to implement a maritime initiative that will make the U.S. Virgin Islands the first international open ship registry in the United States. However, Mr. Bryan is moving forward with the plan, which he believes will greatly benefit the territory.

“The stuff we are doing with Northeast Maritime, they are doing their own lobbying. We are not using our team to do that, that was one of the conditions...I will show up where I need to talk,” he

said in response to a member of the Public Finance Authority board seeking clarity about the vessel registry.

The governor between late Jan. and early Feb. visited Washington and among the outcomes was the signing of a memorandum of understanding with the Northeast Maritime Institute to make the U.S. Virgin Islands the [first international open ship registry](#) in the United States.

A news release from Government House issued immediately following the signing titled the agreement the “Revitalization Plan for U.S. Maritime Trade, Commerce and Strategic Competition”. Proponents say the MOU is designed to provide economic stability and environmental protection, as well as to revitalize the position of the United States as a major competitor in international maritime trade and commerce while enhancing national security, both domestically and internationally, according to the Northeast Maritime Institute, a private, coeducational maritime college that offers degrees in maritime science.

“Because the territory is fully exempt from the Jones Act, which requires that the majority of crew members on ships passing between U.S. ports be American and sets forth other regulations, it is uniquely positioned to be an international open registry port,” said the release from Gov’t House which was issued on Feb. 2.

On Friday, Mr. Bryan told the PFA board that Puerto Rico does not want the Virgin Islands to seek Congressional amendments to the Jones Act for the implementation of the open registry. “While we think it’s a blanket, the Jones Act only applies for certain things... it does not apply on food and other certain things. Very quietly they (Puerto Rico) have been getting the exemption for years and have not said anything, so it’s a little tricky because it depends on the commodity,” Mr. Bryan said.

The Merchant Marine Act of 1920, known as the Jones Act, is a federal statute establishing support for the development and maintenance of a merchant marine in order to support commercial activity and serve as a naval auxiliary in times of war or national emergency, according to the Legal Information Institute, a research, engineering, and editorial group housed at the Cornell Law School in Ithaca, NY. The statute, among other things, requires shipping between U.S. ports to be conducted by U.S.-flag ships.

A comprehensive analysis produced in Feb. 2019 by John Dunham and Associates (via the Cato Institute), found that the Jones Act raises the price of shipping cargo to Puerto Rico by \$568.9 million and that prices are \$1.1 billion higher than would be the case without the Jones Act. This, in turn, is estimated to mean 13,250 fewer jobs. Were they to exist, such jobs would mean \$337.3 million more in wages and over \$1.5 billion in increased economic activity. Tax revenue would be \$106.4 million higher without the Jones Act, according to the Cato Institute's reading of the analysis.

“So, when you hear them say that they want exemption from the Jones Act they already have exemption...Fuel is one of the things they are not exempt on and they are trying to get it to expand their natural gas activities over there,” said the governor. He explained that only 0.4 percent of ships in the world are registered in the U.S., which he contends is a serious cause for concern. “Issues of national security is how big this is but we intend to outweigh that, we're moving along and having discussions,” he added.

Mr. Bryan said he is of the opinion that the lift on this matter should be easy, though he spoke of the strong opposition from a number of powerful unions that are also lobbying Congress in an effort to block the deal.

Following the signing on Feb. 1, eight labor organizations representing workers in the U.S. criticized the MOU. "We oppose in the strongest possible terms the creation of an open registry in the Virgin Islands, a territory of the United States," said a news release from International Organization of Masters, Mates & Pilots.

The group contends that open registries "exist so that shipowners can increase their profits by avoiding the same rules, regulations, tax obligations, and manning requirements that attach to a national flag fleet. This latest effort is nothing more than an exercise in labor arbitrage designed to generate registry fees and to enrich foreign shipowners at the expense of American workers and America's national interests."

In the joint news release, which was issued on the same day the MOU was signed, the eight organizations which represent a broad coalition of the labor movement, said, "The proposed U.S. Virgin Islands flag of convenience open registry will not benefit the United States nor America's maritime industry, any more than any other second or open registry benefits a national flag country."

The coalition said that at its core, the proposal — which would allow for the operation of vessels with foreign mariners under a United States open registry — is an affront to the American mariners who have always put themselves in harm's way whenever they're called upon to serve.

Open registries refer to flagship registry systems in some countries that allow vessel owners to register their vessel under the flag of that country, despite there being no 'genuine link' between the flag state and the vessel, according to law firm Mills Oakley. The effect of this is that when the vessel is on the high seas, the vessel will fly the flag of that country, and the laws of that country will generally apply to the vessel and its crew.

"We call upon the Department of Defense, the Maritime Administration, the Biden Administration, and the Congress to reject any suggestion that the United States Virgin Islands-flag vessels be treated as if they are U.S.-flag and U.S.-crewed vessels for any purpose or for any program."

Among unions in opposition of the MOU is the American Federation of Labor and Congress of Industrial Organizations, or AFL-CIO, the largest federation of unions in the United States wielding a lot of power and influence in the political arena. AFL-CIO makes an average of \$9 million-worth of political contributions during election years, according to Ballotpedia, a nonprofit and nonpartisan online political encyclopedia that covers federal, state, and local politics, elections, and public policy in the United States.

Other organizations that signed on to the release were David Connolly, president of Sailors Union of the Pacific; Paul Doell, president of American Maritime Officers; Daniel Duncan, secretary-treasurer of Maritime Trades Department, Don Marcus, president of International Organization of Masters, Mates & Pilots; Anthony Poplawski, president of Marine Firemen's Union; Greg Regan, president of Transportation Trades Department, AFL-CIO; Michael Sacco, president of Seafarers International Union, and Adam Vokac, president of Marine Engineers' Beneficial Association.