## SSS Subsidies - Negative

### Note for campers: To avoid too much duplication with other files, we chose to include only (or mostly only) evidence specific to this version of the aff. The warming, stimulus, Title XI, and oil files, among others also contain a number of very useful answers.

# On Case

## AT: Air Pollution – SQ Solving

### Obama XO already committed to halving pollution from trucks –

USA Today, 10 [USA Today, 5/21/10, http://content.usatoday.com/communities/theoval/post/2010/05/obamas-goal-halve-car-and-truck-pollution-in-20-years/1]

"I believe it's possible in 20 years for our vehicles to use one-half the fuel and produce one-half the pollution that they do today," said the president, although he admits the nation will have to do a lot more to meet that goal One year after ordering new fuel efficiency standards for automobiles, Obama today signed an executive order to improve gas mileage for trucks. It's the first time the nation's biggest gas guzzlers will have their appetite for fuel curbed and environmentalists say it's a big deal. "It commits the government to an effective program of reducing oil usage," said John Podesta, president of the Center for American Progress and a former chief of staff in President Clinton's White House.

### Air pollution decreasing now

Mach, 4/25/12. Contributor to The Christian Science Monitor, <http://www.csmonitor.com/Environment/2012/0425/US-air-pollution-hits-10-year-low-report-finds>

“We’re making real and steady progress in cutting dangerous pollution from the air we breathe,” said Charles Connor, American Lung Association president and CEO, in the organization's State of the Air press release. “We owe this to the ongoing protection of the[Clean Air Act](http://www.csmonitor.com/tags/topic/Clean%2BAir%2BAct%22%20%5Ct%20%22_self),” which has sought cleanup of major air pollution sources, such as coal-fired power plants and the fleet of older, dirtier SUVs, pick-up trucks, vans, and diesel engines. Major improvements in air quality were seen in cities most polluted by ozone as well as particle pollution – a noxious mix of ash, vehicle exhaust, and aerosols. As of 2010, ozone levels across the country had dropped 13 percent since 2000, while particle pollution was 24 percent lower, according to the ALA, which began to monitor air quality in 2000. [Los Angeles](http://www.csmonitor.com/tags/topic/Los%2BAngeles%22%20%5Ct%20%22_self) remained the city with the worst ozone-pollution problem. But it – along with [Pittsburgh](http://www.csmonitor.com/tags/topic/Pittsburgh%22%20%5Ct%20%22_self),[Cincinnati](http://www.csmonitor.com/tags/topic/Cincinnati%22%20%5Ct%20%22_self), and more than half of the country’s most smog-polluted cities – reported their lowest air-pollution levels in 13 years, based partly on data collected by the US [Environmental Protection Agency (EPA)](http://www.csmonitor.com/tags/topic/U.S.%2BEnvironmental%2BProtection%2BAgency%22%20%5Ct%20%22_self). The trend toward cleaner air continued even as the economy began rebounding in 2008 following the recession, giving rise to higher energy use and more miles driven, the report says. The EPA estimated in 2010 improvements brought on by the Clean Air Act since 1990 have saved the lives of 160,000 people. [The New England Journal of Medicine](http://www.csmonitor.com/tags/topic/The%2BNew%2BEngland%2BJournal%2Bof%2BMedicine%22%20%5Ct%20%22_self)reported in January 2009 that cleaner air has added nearly five months to the average US life expectancy.

## AT: Air Pollution – Link Turn

### Shipping is a huge source of air pollution

Trade in Services, 8 [China Trade in Services, from OECD, Environmentally Harmful Subsidies in the Transport Sector (2), 6/23/08, http://tradeinservices.mofcom.gov.cn/en/f/2008-06-23/48822.shtml]

Air pollution 249. Ships can be a significant contributor to urban air pollution in the vicinity of ports and major shipping lanes. While emissions on the high seas have only small impacts on global air pollution, emissions in port areas cause major problems for certain port cities. In some cities in western North America, shipping emissions are beginning to catch up to road emissions as the primary contributor to urban air quality problems. 250. The fuels burned in international shipping are generally of much lower quality than road or aviation fuels. Thus, although fuel burned per tonne-km is much lower in the shipping industry, burning a litre of marine fuel generally produces more harmful emissions than a litre of road or aviation fuel. 251. While many countries have implemented strict vehicle emission programs, the same has not occurred in the shipping industry, at least not nearly to the same scale. Shipping emissions are being reduced somewhat, but not nearly as fast as in other sectors, on a per tonne-km basis. If this trend continues, shipping will eventually be the primary cause of air quality problems in many OECD country ports.

### No solvency – SSS pollutes way more than trucks – their evidence does not consider that SSS uses the dirtiest oil in the world and there are other air pollutants other than carbon dioxide

Kaltenstein 10 (John, Friends of the Earth, federation of grassroots groups in 76 countries to fight to create a more healthy, just world, Expanding Short Sea Shipping in California, 2010, <http://libcloud.s3.amazonaws.com/93/b9/8/260/1/Short_Sea_Shipping.pdf>) SL

The transport of goods by vessel, including short sea shipping, is generally more fuel efficient on a per ton-mile basis than trucks (see e.g., Kruse et al. 2009) and comparable to rail (see Green et al. 2008). Nevertheless, fuel efficiency per ton-mile of cargo does not guarantee that the emissions from shipping will be less harmful than landside transport. In fact, ships use one of the dirtiest fuels on the planet – heavy fuel oil, or bunker fuel – which can, by international accord, include fuel with a sulfur content of up to 45,000 parts per million (ppm) (see IMO website). That level of sulfur content is thousands of times higher than that which is allowed for U.S. truck transport (15 ppm) (see EPA 2006). Moreover, ship engine standards are not as robust as landside transportation standards.11 Thus, while relative carbon dioxide production from short sea shipping as compared to trucking and even rail may be less because of economies of scale, air emissions of particulate matter and sulfur and nitrogen oxides may be greater, depending on key inputs like fuel type, route, speed of the vessel, the amount of drayage trucking involved post shipping, and ancillary emissions (e.g., cargo handling equipment).

### Ships produce more pollution than any other transportation source

Vidal ’09 [John Vidal, Environmental Editor of the Guardian, “Health Risks of Shipping Pollution have been ‘Underestimated’”, 4/9/09, <http://www.guardian.co.uk/environment/2009/apr/09/shipping-pollution>, ao]

Britain and other European governments have been accused of underestimating the health risks from shipping pollution following research which shows that one giant container ship can emit almost the same amount of cancer and asthma-causing chemicals as 50m cars.¶ Confidential data from maritime industry insiders based on engine size and the quality of fuel typically used by ships and cars shows that just 15 of the world's biggest ships may now emit as much pollution as all the world's 760m cars. Low-grade ship bunker fuel (or fuel oil) has up to 2,000 times the sulphur content of diesel fuel used in US and European automobiles.

## AT: Oil Dependence – SQ Solving – Truck Spec.

### SQ solves the aff internal link – Obama XO halved truck oil use

USA Today, 10 [USA Today, 5/21/10, http://content.usatoday.com/communities/theoval/post/2010/05/obamas-goal-halve-car-and-truck-pollution-in-20-years/1]

"I believe it's possible in 20 years for our vehicles to use one-half the fuel and produce one-half the pollution that they do today," said the president, although he admits the nation will have to do a lot more to meet that goal One year after ordering new fuel efficiency standards for automobiles, Obama today signed an executive order to improve gas mileage for trucks. It's the first time the nation's biggest gas guzzlers will have their appetite for fuel curbed and environmentalists say it's a big deal. "It commits the government to an effective program of reducing oil usage," said John Podesta, president of the Center for American Progress and a former chief of staff in President Clinton's White House.

## AT: Oil Dependence – Dependence Declining

### US will be energy independent by 2035 –

Nasdaq, 6/27/12, http://community.nasdaq.com/News/2012-06/americas-dependence-on-middle-east-oil-could-disappear-by-2035.aspx?storyid=151646#ixzz20dA7vmZq

Energy independence has been a goal of the United States ever since the Nixon Administration and if recent projections are to be believed, that goal may be on the horizon. The Wall Street Journal reports that the U.S. could completely wean itself off fuel from the Middle East by 2035. In addition, reliance on Middle Eastern oil could be cut in half by as soon as 2020. The primary reason behind this decline is increased production of oil and gas in the Western Hemisphere, which has been made possible by the technological advances, such as hydraulic fracturing, better known as fracking. Fracking involves millions of gallons of water laced with sand and chemicals pumped into shale rock thousands of feet below ground. This mixture literally cracks the the rock, releasing shale gas, which is then captured. This process has allowed the U.S. to become the world's leading producer of natural gas , even though Russia has reserves of the hydrocarbon six times the size of America's. In addition to technological advances, declining demand of oil is expected to lessen America's dependence on Middle Eastern oil. This will reportedly be accomplished through more efficient car engines and increased use of renewable energies, such as solar and wind power, reports the Journal. "Whereas at one point there were real and serious concerns about the ability to maintain sustainable access of supplies to the United States if there were disruptions in the Middle East, that has changed," Carlos Pascual, the leading energy official with the State Department, told the news provider.

### U.S. is on its way towards oil independence.

MPR News, 7/10 (Minnesota Public Radio, is the flagship National Public Radio member network for the state of Minnesota, Will the U.S. be independent from foreign oil in 20 years? July 10, 2012, <http://minnesota.publicradio.org/display/web/2012/07/10/daily-circuit-us-oil-independence/>)

Analysts believe that the United States may be inching toward independence from foreign oil in as little as 20 years. The energy boom in places like North Dakota and Alaska are certainly contributing to this growth - but can we ever truly be energy independent? And how would a shift in our dependence on [oil change](http://minnesota.publicradio.org/display/web/2012/07/10/daily-circuit-us-oil-independence/) our foreign policy and interactions? Ed Morse, Citigroup managing director and global head of commodities research, will join The Daily Circuit Tuesday to talk about how we could be independent from foreign oil. "It is now possible to meet the goal of energy independence for the U.S.," he [wrote in a Wall Street Journal piece](http://online.wsj.com/article/SB10001424052702304459804577285972222946812.html?mod=googlenews_wsj). "One consequence is a significantly lower vulnerability of North America--and the world market--to oil price spikes. But also significant are the geopolitical consequences of a weakened OPEC and of the potentially reduced importance to the U.S. of changes in oil- and natural gas-producing countries world-wide." Michael A. Levi, the David M. Rubenstein senior fellow for energy and the environment and director of the program on energy security and climate change at the Council on Foreign Relations, will also join the discussion.

### US independence increasing now

NPR, 1/24/12, http://www.npr.org/2012/01/24/145719179/foreign-oil-imports-drop-as-u-s-drilling-ramps-up

Since President Obama took office, the U.S. has made considerable progress in overcoming a problem that has bedeviled presidents since Richard Nixon — dependence on foreign oil. When U.S. oil dependence peaked at 60 percent in 2005, then-President George W. Bush said the country had a serious problem and was "addicted to oil." Oil imports were down to 49 percent in 2010, and the Energy Information Agency predicted Tuesday that imports would drop to 36 percent by 2035. "Reliance on imported petroleum we expect to decline dramatically over the next 20 years," says Howard Gruenspecht, acting administrator of the Energy Information Agency. This reflects in part the fact that after decades of decline, U.S. oil production started posting gains in recent years. The Energy Information Agency predicted the increase will continue, and by 2020, the oil production rate would be up 11 percent to 6.7 million barrels per day. "That's really reversing a long slide," says Gruenspecht.

### U.S. oil production is increasing thus decreasing the dependence on foreign oil.

Perinotti, 6/18 (Mike Perinotti, PremierEquityReports.com: U.S. Oil Production Explodes as AGR Tools Inc. Stands to Benefit Big June 18th 2012, <http://www.marketwatch.com/story/premierequityreportscom-us-oil-production-explodes-as-agr-tools-inc-stands-to-benefit-big-2012-06-18>

In Q1 of 2012, U.S. oil production surged to levels not seen since 1998. Currently, the United States ranks 3rd in global oil production behind Russia and Saudi Arabia, according to www.indexmundi.com . However, the U.S. is not far behind producing about 9,056,000 barrels a day compared to Saudi Arabia's 9,764,000 (bbl/day) and Russia's 10,120,000 (bbl/day). Then, Iran ranks a distant fourth producing just 4,172,000 (bbl/day). These numbers are proof that the United States has clearly established itself as a major power in the global production and supply of oil. With growing unrest in the Middle East and seemingly never ending uncertainty in the Euro zone, U.S. markets have been on edge for the last month as investors scrounge through daily headlines in search of anything resembling a spec of confidence. Well, while others make moves based on rumors and speculation, Mike Perinotti is making moves based on facts and statistics; numbers don't lie and the U.S. is expected to increase production by 20% in 2020, 11% higher than the previous forecast by the Energy Information Agency (EIA). The EIA also reported that U.S. imports of oil are expected to drop to 36% of total consumption by 2035, down from 49% in 2010. As a result, it's time to start looking into [American](http://www.marketwatch.com/story/premierequityreportscom-us-oil-production-explodes-as-agr-tools-inc-stands-to-benefit-big-2012-06-18) oil companies and few stand more poised to benefit from the renaissance of U.S. oil production than AGR Tools Inc. (otcqb:AGRT). AGR Tools' (otcqb:AGRT) mission is to explore, develop, and acquire sources of oil and natural gas. Their goal is to expand their reserve base and increase cash flow through [investment](http://www.marketwatch.com/story/premierequityreportscom-us-oil-production-explodes-as-agr-tools-inc-stands-to-benefit-big-2012-06-18) in the management of exploration and acquisition of both new and existing oil and gas assets. AGR Tools (otcqb:AGRT) has recently signed an agreement to acquire three Texas oil and gas leases ( http://www.agrenergycorp.com/News/news\_article.php?nid=7 ). The agreement consists of 70% working interest in 3 leases totaling approximately 547 acres with an already recorded 100 million barrels. Vern Wilson, CEO of AGR Tools (otcqb:AGRT), commented, "Management is pleased to have a second and highly prospective acquisition underway with this new agreement. With potential for ten wells, management believes a significant increase in reserves may be realized thus increasing value for Shareholders." This Texas acquisition is momentous as several energy analysts and experts have found the recent boom in U.S. oil production to be a direct result of increased output from Texas. Tom Kloza, chief oil analyst at Oil Price Information Service, said that high oil prices have created incentives for expanded oil plays like the Eagle Ford Shale in Texas. Richard Newell, former head of the EIA from 2009-2011 and now professor of energy economics at Duke University, agrees. Kevin Brook, another energy analyst, said, "It surprised everybody that we have this resource and that we have so much of it... And the potential is tremendous. Because one thing we know about shale is that it's basically everywhere." Even oil titan, Apache Corp. (APA) trading at $87.00 a share on the NYSE with a $34billion market cap, has positioned deep-water blocks in West Texas's Permian Basin. By 2016, Apache (APA) plans to make the United States its largest source of oil or 41% of their total production on the back of their Texas location. Steve Farris, CEO of Apache (APA), said, "U.S. liquids is going to lead growth... It's really the beginning of a new life cycle." If a $34billion market cap oil company is positioning itself in Texas, I am confident that AGR Tools (otcqb:AGRT) can benefit greatly from their new Texas acquisition. Amy Myers Jaffe, energy expert at Rice University said, "It really is going to be transformative," when asked about the recent and further expected increase in U.S. oil production. AGR Tools (otcqb:AGRT) is taking all the necessary steps to ensure that they take advantage of the American oil explosion. On May 31, 2012, AGR Tools (otcqb:AGRT) announced that they secured $20 million in non-dilutive financing ( http://www.agrenergycorp.com/News/news\_article.php?nid=1 ). This financing will be utilized to acquire what management believes are attractive oil and gas properties throughout the United States. In addition to the three Texas leases, AGR Tools (otcqb:AGRT) is actively seeking the Paul Lease in Overton County, Tennessee, as well as others not yet named. CONCLUSION: 2011 was a year filled with disruptive events from the earthquake and tsunami in Japan to civil war in Libya. It was the United States' record oil production that helped meet the world's oil demand when other oil nations dealt with unrest and revolution. U.S. oil production led all non-OPEC output for the third year in a row. Our country's efforts have already helped push oil prices down as the USO (stock quote for United States Oil) is down 31% from its 2011 peak. AGR Tools (otcqb:AGRT) stands ready to push operations forward as increasing U.S. oil production continues to reduce our dependence on foreign oil.

## AT: Oil Dependence – No Solvency/Alt Cause

### Plan is insufficient – Alt fuels and vehicle efficiency also needed

The Hill 5/17/12, http://thehill.com/blogs/e2-wire/e2-wire/228091-former-us-ambassadors-cut-foreign-oil-dependence-to-help-reign-in-trade-deficit

The ambassadors noted that there is “no simple, single solution to address U.S. oil dependence,” but outlined a number of policy recommendations focused on increasing domestic oil production while also cutting domestic oil consumption. The report notes that increased domestic oil production won’t shield the country form price swings, but “would offset U.S. imports and therefore have a positive impact on the U.S. trade balance in petroleum products.” DCES calls for an overhaul of the transportation sector, which is largely dependent on oil-based fuels. “The transportation sector remains the primary focal point of demand-reduction efforts,” the report says. “Fundamentally, policies to combat oil dependence in this sector come in three categories; vehicle efficiency, alternative fuels, and infrastructure.”

### Cars account for 70% of our dependence

Brooks, 12 [Kevin Brooks, 1/20/12, Think Green, Global Advisors, Inc., http://iicleantech.com/blog/2012/01/20/met-enemy-sun-tzu/]

As we discuss in our blog” titled the Transportation Fleet Conversions”, the economic crux of America’s oil dependency stems largely from the transportation sector which accounts for 70% of oil consumption because cars and trucks are 95% reliant on oil based fuel or energy. With no substitutes immediately available in anything approaching sufficient quantities, the United States military has been driven to accept the burden of securing the world’s vulnerable oil supply.

## AT: Warming – No Solvency

### Aff can’t solve warming – too incremental

Popular Science 09 (“WWF: We have until 2014 to stop global warming”, http://www.popsci.com/science/article/2009-10/wwf-report-we-have-until-2014-stop-global-warming)

Now, having said all that, it’s important to note that this isn’t the first doomsday climate change scenario to emerge, especially recently. Just today, two British Cabinet ministers showed off their own doomsday map, detailing rising sea levels and submerged cities that would result from a 4 degree Celsius (7.2 degree Fahrenheit) rise in global temps. President Obama has pledged a greenhouse gas reduction of 80 percent by 2050 (an easy promise to make with a two term limit), while the EU has stated that it will match those efforts if a deal is sealed at December’s UN climate change conference in Copenhagen. But the WWF report, if taken seriously, places a new urgency on the issue. For one, most climate strategies rely upon an incremental ratcheting down of emissions while slowly transitioning to low-carbon sources of energy all the way up to 2050. According to WWF, this schedule simply won’t hack it. Further, WWF points out that only three of the 20 green technologies they’ve reviewed are moving forward fast enough to hit the 2014 deadline: wind, solar, and biodiesel. Other technological initiatives like low-carbon agriculture, sustainable forestry, and other forms of green energy generation are sorely lacking. The outlook, it seems, is dim. What happens if we miss the deadline? According to the WWF report, from there things become increasingly difficult. Post-2014, low-carbon industries will need to grow at a minimum of 29% per year, and that’s just to have a better than 50% chance of staving off that nearly 4-degree Fahrenheit spike in global temperatures. But the news isn’t all bad: while the transition will be tough, long term investment in green energies should pay off, with renewable energy savings alone in the period between 2013 and 2050 expected to hit $47 trillion if we cut by 80 percent, a positive number among many grim figures.

## AT: Warming - Turn

### Shipping increases warming

Trade in Services, 8 [China Trade in Services, from OECD, Environmentally Harmful Subsidies in the Transport Sector (2), 6/23/08, http://tradeinservices.mofcom.gov.cn/en/f/2008-06-23/48822.shtml]

Climate Change Impacts 246. Like most other forms of transportation, ships burn fossil fuels, and thus creates GHG emissions. The quantity of fuel burned, per tonne-km of goods shipped, is significantly lower in the shipping industry than it is in road or aviation transport. However, the sheer volume of international marine traffic results insignificant GHG emissions from the shipping industry, in absolute terms. 247. Most shipping conducted around the world does not make use of the most environmentally friendly technologies or practices for emission reductions. This is in large part due to difficulties in regulating the practices of ships on the high seas. Individual countries are able to set regulations governing ships that enter their national waters, but ships in international waters operate under far fewer restrictions than those in domestic waters. 248. The fuel efficiency of transport ships has improved in recent decades. In general though, fuel efficiency has not improved as much as in many other transport sectors. International laws governing fuel use on the high seas are considerably less stringent than comparable fuel and emissions laws that exist in many countries.

### Shipping increases warming—emits black carbon

**Kaltenstein 10** (John, Friends of the Earth, federation of grassroots groups in 76 countries to fight to create a more healthy, just world, Expanding Short Sea Shipping in California, 2010, <http://libcloud.s3.amazonaws.com/93/b9/8/260/1/Short_Sea_Shipping.pdf>) SL

Black carbon is a component of particulate matter and is produced by ships through the incomplete combustion of diesel fuel. The substance is espe- cially pernicious because it is responsible for severe public health (Schwartz 2007) and climate change impacts (Shindell and Faluvegi 2009). Black carbon contributes to global warming by absorbing solar energy not only when suspended in the atmosphere but also when deposited on snow and ice, which leads to accelerated melting. It is estimated that over 80 percent of the warming caused by black carbon deposited on snow comes from black carbon emitted by the burning of fossil fuels (Flanner 2007). A recent study found that medium speed marine engines, such as those used in tugboats, produce black carbon at more than twice the rate of slow speed engines (apart from container ships) and high speed engines (Lack 2009). Controlling and reducing emissions of black carbon will therefore result in significant health and climate benefits.

## AT: Econ – Trucking Key

### Trucking industry is irreplaceable-Any shift away from the industry will bring down critical infrastructure

Holcomb ‘04 [Richard D. Holcomb, Commissioner of the Virginia Department of Motor Vehicles, “When Trucks Stop, America Stops”, America Trucking Association, 7/14/06, http://www.trucking.org/Newsroom/Trucks%20Are/When %20Trucks%20Stop%20America%20Stops.pdf, pg. 1, ao]

Commercial truck traffic is vital to our nation’s economic prosperity and plays a significant ¶ role in mitigating adverse economic effects during a national or regional emergency. Our ¶ economy depends on trucks to deliver ten billion tons of virtually every commodity ¶ consumed—or nearly 70 percent of all freight transported annually in the U.S. In the U.S. ¶ alone, this accounts for $671 billion worth of goods transported by truck. Add $295 billion in ¶ truck trade with Canada and $195.6 billion in truck trade with Mexico and it becomes ¶ apparent that any disruption in truck traffic will lead to rapid economic instability. ¶ The unimpeded flow of trucks is critical to the safety and well-being of all Americans. ¶ However, it is entirely possible that well-intended public officials may instinctively halt or ¶ severely restrict truck traffic in response to an incident of national or regional significance. ¶ Recent history has shown us the consequences that result from a major disruption in truck ¶ travel. Immediately following the 9/11 terrorist attacks, significant truck delays at the ¶ Canadian border crossings shut down several auto manufacturing plants in Michigan because ¶ just-in-time parts were not delivered. The economic cost to these companies was enormous. ¶ Following Hurricane Katrina, trucks loaded with emergency goods were rerouted, creating ¶ lengthy delays in delivering urgently needed supplies to the stricken areas.

## AT: Solvency – Too many obstacles

### Aff can’t solve – too many obstacles [gender paraphrased]

Perakis and Denisis, ‘8 [ANASTASSIOS N. PERAKIS\* and ATHANASIOS DENISIS, Department of Naval Architecture & Marine Engineering, University of Michigan, A survey of short sea shipping and its prospects in the USA, MARIT. POL. MGMT., DECEMBER 2008, VOL. 35, NO. 6, 591–614]

Obstacles hindering the implementation of SSS in the US

Despite the wide acceptance of SSS among transportation stakeholders as an environmentally friendly alternative, there are various administrative, legal, operational and financial obstacles that delay the expansion of short sea services. These obstacles are: 1. Additional handling costs. SSS adds extra nodes or transhipment points in the transportation chain. Instead of trucks carrying the cargo directly from origin to destination, short sea vessels take over the longer haulage, and trucks make only the local pick-up and final delivery. At the transfer points or intermodal terminals, there are additional handling costs for the loading and unloading of the cargo. 2. Image problem. Traditionally, SSS has the image of a slow, unreliable and obsolete mode of transportation. Therefore, shippers are currently reluctant of using this new mode. Several surveys revealed that on-time reliability is the most important priority for shippers. Therefore, SSS should provide a high level of service in terms of on-time reliability, in order me is to alter that image by effectively promoting the advantages of SSS to the shippers and facilitating the c-operation among transportation modes. 3. Harbour Maintenance Tax (HMT). The HMT is assessed as a 0.015% ‘ad valorem’ fee on the value of the commercial cargo, which is transported on vessels using the US ports. Therefore, it is applied on both domestic and international containers that are been transported by vessels, but not on the cargo that is transported by trucks or rail. This is a major impediment to SSS, since it is applied on every transhipment point. Many transportation industry stakeholders are calling on the waiver of HMT for the domestic SSS transportation. The recent repeal of the HMT in the Great Lakes is a major support for SSS. 4. Jones Act. In the US, as elsewhere, one of the major impediments to the development of coastal shipping is the restrictions of ‘cabotage’ laws. Certain provisions of the Merchant Marine Act of 1920, also known as Jones Act, which requires that any vessel operating between two US ports must be US-built, US-owned, and ~~manned~~ [staffed]by US citizens, significantly increases the capital and the operating costs for any short sea operation. Thus, it makes SSS more expensive and less competitive. A study in 1993 suggested that the net cost of the Jones Act to the US economy is $4.4 billion US per year [47]. As the idea of SSS is gaining ground, the debate over the Jones Act has been reignited. Defenders of the Jones Act claim that it is way to revitalize the domestic shipbuilding industry, by providing financial incentives for shipowners to build in the US. Shipyard owners claim that they can be competitive for smaller standardized vessel designs with a shipbuilding program for a series of ships to be constructed over the next 15–20 years. On the other hand, shipowners argue that they can purchase SSS vessels from the international ship market for a fraction of what they cost in the US.

### Too many impediments to solve

MARAD ‘11 [U.S. Department of Transportation Maritime Administration], America’s Marine Highway Report to Congress, Prepared in Consultation with the Environmental Protection Agency, April 2011, p. 69]

Despite significant progress in short sea container transportation in Europe and recent successful service startups here in the United States, America's Marine Highway must still overcome barriers before it can reach its potential. Disincentives to increased use of the Marine Highway include the unfamiliarity of shippers with this domestic transportation alternative, the lack of an established network of frequent service for container and trailer cargoes, the need for coordinated investment in port infrastructure and vessels, tax issues, and the fact that public benefits attributable to the use of Marine Highway services do not factor into many private sector transportation decisions.

## AT: Solvency – Too Costly

### No solvency – port equipment cost too high – no one will invest

MARAD ‘11 [U.S. Department of Transportation Maritime Administration], America’s Marine Highway Report to Congress, Prepared in Consultation with the Environmental Protection Agency, April 2011, p. 53-4]

While Marine Highway services are relatively easy to initiate at the majority of the nation’s port facilities, highly efficient services require specialized equipment in many instances. For example, at smaller ports, specialized gantry cranes may need to be installed to efficiently load and unload marine container barges. Many moderate-sized port facilities possess adequate space to accommodate start-up Marine Highway services but may have to make certain modifications (such as wharf rehabilitation, berth improvements, paving, fencing, and staging area development) and acquire additional shoreside equipment (such as specialized cranes, forklifts, hostlers, tractors, and top pick forklifts) for these operations. The European experience shows that the major investment costs, particularly at inland barge container terminals, consist of infrastructure (wharf construction and grounds) and equipment (cranes and internal transport vehicles).130 The initial acquisition cost of port facility and cargo handling equipment can be a significant barrier to market entry for Marine Highway services. Initially, such services often involve relatively small volumes of cargo that must bear the full costs of paying for the new port infrastructure. This high fixed cost, which must be passed on to shippers, places Marine Highway services at a competitive disadvantage relative to established land-based modes. Particularly for startup Marine Highway operations, Federal, State and local financial support, through grants or loans, may be necessary to make the investments possible (see section below on Potential Legislative Actions to Support America’s Marine Highway). In Europe, many terminals have been set up with government subsidies, which lower the initial investment costs.131

### Transfer costs too high

MARAD ‘11 [U.S. Department of Transportation Maritime Administration], America’s Marine Highway Report to Congress, Prepared in Consultation with the Environmental Protection Agency, April 2011, p. 56]

Currently, with existing port infrastructure, the combined cargo transfer cost for a single Marine Highway shipment can exceed $250 per container or trailer, even before marine transportation and drayage costs. When compared to competing truck shipment costs of approximately $1,000 per trailer for door-to-door service along a coast route, these transfer costs and associated time delays stand out as impediments to robust growth of demand for Marine Highway services. As discussed above, the use of standardized and coordinated vessel and port terminal designs could mitigate Marine Highway operating costs. Similarly, appropriate vessel types, correctly-sized equipment, and targeted assistance could also facilitate the growth of Marine Highway services. All of these potential methods to mitigate cargo handling costs offer promise for expanding the use of America’s Marine Highway.

## AT: Solvency – Delays Prevent Shift

### Perception of delays prevents interest in using water for shipping

MARAD ‘11 [U.S. Department of Transportation Maritime Administration], America’s Marine Highway Report to Congress, Prepared in Consultation with the Environmental Protection Agency, April 2011, p. 57-8]

There has been a general reluctance of shippers and freight forwarders to make use of water transportation for domestic container and trailer freight movements. Traditional perceptions of slow domestic maritime services that do not operate on fixed schedules have contributed to this reluctance. Current and future Marine Highway operators must demonstrate that they can provide frequent and reliable service to a wide range of destinations. Demonstrating high quality service is an important goal of the pilot projects that MARAD has been supporting as well as other recently-designated Marine Highway Projects (see sections on Other Progress – Marine Highway Services and Initial Progress: Description of Activities Conducted under the America’s Marine Highway Program, above). An emphasis on schedule and service reliability of Marine Highway service is of particular importance. One survey of shippers conducted for the Coalition of Alabama Waterway Associations found that 48 percent of the respondents assigned the greatest importance to reliability, 38 percent reported cost as their highest priority, and 15 percent reported transit time as their highest priority.144 Although transit time is often stressed as an advantage of land-based modes, reliability is often more important, particularly in “just-in-time” inventory systems. Shipments that arrive too early incur handling and storage costs, just as late shipments cost shippers through the inability to get products to market as intended. Moreover, supply chain managers using modern cargo tracking technologies can make effective use of the Marine Highway to accommodate “inventory in transit,” taking advantage of the fact that carrying inventory in transit often costs less than carrying the same inventory in a warehouse.145 In the increasingly sophisticated supply chain system, Marine Highway offers strong potential to improve, at comparatively low cost, the overall efficiency of domestic freight transportation through regularly scheduled vessel calls and efficient port operations.

## AT Solvency – Subsidies Fail

### Subsidies unnecessary for SSS development

Lombardo, 10 [GARY A. LOMBARDO, Ph.D., Founding Director, Center for Maritime Studies, Assistant Academic Dean, Professor of Maritime Business, United States Merchant Marine Academy, http://www.wwship.com/WWS%20Articles/Short%20Sea%20Shipping.asp]

The data presented above demonstrate SSS can provide private ship owners significant profits. There seems to be an implicit belief that SSS cannot compete effectively with interstate truckers or railroads. It is also felt that since SSS seeks to address critical problems outside the maritime industry, highway traffic congestion and pollution, government subsidies are justified and will render SSS profitable, at least initially. In fact, SSS can be implemented without subsidies, and subsidizing SSS cannot serve the public welfare. If private owners cannot earn profits engaging in an activity, consumers do not sufficiently value that activity to justify its performance. It may also be argued that the government subsidizes competing overland transportation, and that SSS cannot compete with subsidized transportation unless it receives an equal and comparable subsidy. This only makes a case for removing the subsidy on the other forms of transportation. There remain legitimate spheres where the government can play a financial role. The government can utilize SSS as a customer, taking advantage of cost savings and lowered environmental impact. The government can utilize SSS to move the mail, defense equipment and troops, critical war materiel, etc., bypassing potential bottlenecks in overland transportation networks. The government can rebate fuel and vehicle use taxes to SSS customers, to reward them for cutting down on pollution and relieving congestion. The government can create a tax environment favorable to SSS operators and their customers, including but not limited to, permitting accelerated depreciation, tax rebates, and tax cuts. Because overland shippers, the potential customers of SSS, pay significant taxes and user fees, mostly to state governments, part of these taxes can be rebated. Every mile a truck is carried over the SSS network translates into one less mile traveled over the interstate highway system. Rebating highway and fuel taxes rewards truckers for the role they would be playing in lessening the congestion experienced by other truckers and personal autos using the interstates, and for mitigating environmental impact.

# Offense

## Invasive Species

### Inland shipping brings invasive species in our ecosystems

Alexander 1/21 [Jeff Alexander, an award-winning environmental journalist, “Groups call on EPA to End Harmful Shipping Services”, Wildlife Promise, 1/21/12, http://blog.nwf.org/2012/02/groups-call-on-epa-to-end-harmful-shipping-practices/, ao]

The plague of ship-borne invasive species wreaking havoc on the Great Lakes and spreading across the continent has not elicited a bold response from the federal government.¶ It’s been 24 years since zebra mussels were discovered in the Great Lakes. But the federal government has yet to require ocean freighters to treat ballast water before dumping it in the lakes. This despite the fact that ballast water from oceangoing ships is the main source of aquatic invasive species in the lakes.¶ Following a federal court order, the U.S. Environmental Protection Agency recently proposed ballast water treatment standards for ships operating on all U.S. waters. Unfortunately, the regulations won’t close the door on ocean freighters importing new invasive species to the Great Lakes.¶ The National Wildlife Federation was one of several conservation groups that said the EPA’s proposed standards aren’t tough enough and wouldn’t be implemented quickly enough.¶ Under the EPA’s timeline, the ballast water standards wouldn’t apply to all ships until 2021. That’s simply unacceptable.

### Invasive Species lead to extinction

NSF 10 [National Science Foundation Press Release 10 -244, What Triggers Mass Extinctions? Study Shows How Invasive Species Stop New Life, 12/29/10, http://www.nsf.gov/news/news\_summ.jsp?cntn\_id=118292]

An influx of invasive species can stop the dominant natural process of new species formation and trigger mass extinction events, according to research results published today in the journal PLoS ONE. The study of the collapse of Earth's marine life 378 to 375 million years ago suggests that the planet's current ecosystems, which are struggling with biodiversity loss, could meet a similar fate. Although Earth has experienced five major mass extinction events, the environmental crash during the Late Devonian was unlike any other in the planet's history. The actual number of extinctions wasn't higher than the natural rate of species loss, but very few new species arose. "We refer to the Late Devonian as a mass extinction, but it was actually a biodiversity crisis," said Alycia Stigall, a scientist at Ohio University and author of the PLoS ONE paper. "This research significantly contributes to our understanding of species invasions from a deep-time perspective," said Lisa Boush, program director in the National Science Foundation (NSF)'s Division of Earth Sciences, which funded the research. "The knowledge is critical to determining the cause and extent of mass extinctions through time, especially the five biggest biodiversity crises in the history of life on Earth. It provides an important perspective on our current biodiversity crises."

## Ecosystem Collapse

### 2 Links -

### 1. SSS will increase the killing of marine mammals including some endangered mammals

Kaltenstein 10(John Kaltenstein, Expanding Short Sea Shipping in California ,Environmental Impacts and Recommended Best Practices, © Friends of the Earth, 2010, [http://libcloud.s3.amazonaws.com/93/b9/8/260/1/Short\_Sea\_Shipping.pdf,](http://libcloud.s3.amazonaws.com/93/b9/8/260/1/Short_Sea_Shipping.pdf%2C%20page) p.8/arouse)

Operations using fast-moving coastal vessels, especially along near shore California routes, pose a collision threat to cetaceans, many of which are considered endangered or threatened under the Endangered Species Act.17 Vessel speeds are an important contributing factor to the severity of marine mammal ship strike incidents (Laist et al. 2001; Pace and Silber 2005; Vanderlaan and Taggart 2007). One study found that the chance of serious injury or death to a whale by ship strike was reduced to 50 percent at speeds of 11.8 knots (Vanderlaan and Taggart 2007). Further, a recent study revealed that ship propeller rotation exerts a strong pull on adjacent submerged whales, increasing the chances of propeller strike (Silber 2010). Thus, increased regional short sea shipping, especially coastal vessel transit at speeds of 27 to 35 knots (Zou et al. 2008) or even at 18 knots (Perry et al. 2008),18 warrants further environmental review, particularly in light of the Obama administration’s directive establishing a national ocean policy linked to marine and coastal spatial planning (see Exec. Order 13547). Deaths of cetaceans caused by ship strikes along the California coast occur relatively frequently. In 2007, four blue whales were struck and killed off the coast of California (NMFS 2009). From July through November 2010, five whales were killed in California waters due to ship strikes (Drake 2010). The actual number of whales killed and severely injured is undoubtedly higher, as the majority of ship strike incidents go undetected or unreported, or necropsies are inconclusive. In addition to endangered blue whales, the National Marine Fisheries Service (NMFS) has identified ship strikes as a threat to humpback, fin, and right whales (Abramson et al. 2009). Nevertheless, measures to limit strikes have been effective, especially on the East Coast of the United States to protect North Atlantic right whales. The United States Coast Guard (USCG) and NMFS have adopted measures there such as seasonal Areas to be Avoided, modified traffic separation schemes, and fixed and dynamic speed limit areas to help conserve North Atlantic right whales (see NMFS 2008b; Coast Guard 2007).

### 2. Marine spills wreck water ecosystems

Trade in Services, 8 [China Trade in Services, from OECD, Environmentally Harmful Subsidies in the Transport Sector (2), 6/23/08, http://tradeinservices.mofcom.gov.cn/en/f/2008-06-23/48822.shtml]

Wildlife Impacts 252. Due to marine spills, marine dumping and habitat disruption, shipping has a serious impact on marine wildlife. The most serious problems involve oil spills, or toxic chemical spills, but these are relatively rare. Accidental or deliberate discharges of waste products from ships are much more common, and can have serious effects for marine life.

### Leads to extinction

ScienceDaily ’02 [Award Winning Science Website, “Marine Biodiversity Essential to Preserving Species”, 8/22/02, http://www.sciencedaily.com/releases/2002/08/020822065304.htm, ao]

With experimental manipulations on coral reefs in the clear waters of the Bahamas, OSU scientists were able to isolate some reefs from others and selectively remove certain fish, their competitors or predators to observe the effect.¶ "We found that the removal of any one species can have ramifications for the whole ecosystem," Hixon said. "Without predation, a fish species can increase its population to an unsupportable size. Lacking food, fish become vulnerable to disease, changes in water conditions and ultimate collapse of that species or the whole fishery. Everything is connected to everything else."

## Environmental Destruction Link Ext.

### Plan risks environmental destruction – spread invasive diseases, hurts aquatic habitats and pollutes water

MARAD ‘11 [U.S. Department of Transportation Maritime Administration], America’s Marine Highway Report to Congress, Prepared in Consultation with the Environmental Protection Agency, April 2011, p. 27]

As discussed above, developing America’s Marine Highway would produce environmental benefits in energy conservation and reduction of GHG emissions. At the same time, expanding the use of our nation’s waters as “marine highways” for freight and passengers can also be expected to increase potential water-related environmental risks and consequences from marine transportation activities, operations, and accidents. Potential environmental issues associated with water transportation, if not managed carefully, include contributing to the spread of aquatic invasive species, increased erosion along waterways, impairment of aquatic habitats, and water pollution from fuel spills and other sources. Similarly, the construction and maintenance of waterways, in particular navigational dredging, can have adverse environmental effects, including impacts in downstream waters, wetlands, and estuaries. Increased water transportation could also affect the public’s use of waters for recreation. As new Marine Highway projects develop, it will be important for private industry to reduce potential effects associated with discharges incidental to the normal operations of vessels, and ports should provide adequate waste handling facilities and management. It also will require continuing Federal leadership and broad-based coordination across the many departments and agencies with responsibilities in the U.S. Marine Transportation System. Efforts to achieve this coordination will benefit the efficient and safe development of America’s Marine Highway.

### New port infrastructure will devastate water ecosystems

MARAD ‘11 [U.S. Department of Transportation Maritime Administration], America’s Marine Highway Report to Congress, Prepared in Consultation with the Environmental Protection Agency, April 2011, p. 54]

Developing and expanding infrastructure at ports and terminals can have substantial environmental impacts, including to water/marine resources and habitats. These activities, which include construction, operations, and maintenance activities (e.g., dredging), need to be conducted in conformance with environmentally-protective regulatory and programmatic frameworks to address environmental protection and sustainability.

### SSS hurts the environment

MARAD ‘11 [U.S. Department of Transportation Maritime Administration], America’s Marine Highway Report to Congress, Prepared in Consultation with the Environmental Protection Agency, April 2011, p. 27]

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# Off Case

## Politics Link

### The plan is a political lightning rod – tanks capital

Meyers, 12 – staff writer for Politico [Jessica Meyers, “Federal marine highways project hard to launch”, Politico, 5/22/12, <http://www.politico.com/news/stories/0512/76633.html> ]

Mention America’s highways and notice the nods. Talk about its marine highways and watch the blank stares. A Department of Transportation initiative intended to promote the country’s water routes has failed to make substantial inroads despite a 2007 federal law, escalating highway congestion and a push for greener transport. These river and coastal corridors, known as marine highways or short-sea shipping, thrive in Europe and exist in a handful of U.S. regions. They’re billed as the future — a cheaper and more fuel-efficient option for an overburdened transportation system. But marine highways remain more a political talking point than an industry reality. Trucks and railroads maintain the upper hand on speed. Waterways have less experience carrying container goods than bulk cargo. And companies remain leery of an uncertain market filled with tax hurdles and ship shortages. Without greater demand, the water road concept won’t float. “It’s a chicken-and-egg type of thing,” said Sean Connaughton, a former DOT maritime administrator who created the department’s America’s Marine Highway Program. “Shippers won’t commit until there’s reliable service, but you can’t have that until shippers commit.” To do that, the industry needs an almost mythical nexus of federal incentives, public recognition and state support. Connaughton, now Virginia’s secretary of transportation, told POLITICO that the federal DOT’s marine highway push languished partly because it coincided with the economic downturn. Transportation funding disappeared for paved roads, much less a quiet transportation mode still trying to prove its worth. “The bottom line,” he said, “is freight doesn’t vote.” Transportation Secretary Ray LaHood has designated 18 marine highway corridors in recent years and directed more than $110 million toward marine highway projects. The agency backs the Marine Highways Cooperative, a public-private partnership dedicated to developing the country’s 25,000 miles of water routes. “The Obama administration is committed to investing in innovative marine transportation services along America’s coast and waterways, in order to relieve congestion on our roadways, make our transportation system greener and develop the vast unused capacity on our waterways,” said DOT spokesman Justin Nisly. Not all Democratic lawmakers agree. “I personally don’t think it has happened as well as it should,” Rep. Rick Larsen (D-Wash.), ranking member of the House Coast Guard and Maritime Transportation Subcommittee, told POLITICO. “This administration has yet to request any funding goals for a marine transportation system. We still have a ways to go.” Maritime groups point to the elimination of a so-called double tax as the place to start. All cargo that comes into the country is subject to a harbor maintenance tax. But shippers have to pay an additional tax if goods are off-loaded in one location and shipped to a second port. When freight moves by land, it doesn’t face this second tax. “Putting this forward would be an indication of how serious the government is to help the industry into existence,” said C. James Patti, the president of the Maritime Institute for Research and Industrial Development. “It’s a lightning rod.” Several lawmakers have keyed on the issue. “This system encourages people not to use the water,” Rep. Patrick Tiberi, (R-Ohio), a Ways and Means Committee member, told POLITICO. He has sponsored a bipartisan bill to gut the tax. “It levels the playing field and achieves some balance in the movement of goods,” he said. Like similar bills in previous sessions, it hasn’t gotten far. The tax issue also delves into transport equality. Trucks already pay higher user fees and railroads are mostly self-financed. Even if the bill were to pass, the industry would need enough ships to carry the goods. A longtime law known as the Jones Act allows only American built and manned ships to operate between U.S. ports. The problem: American companies don’t want to build container vessels for an invisible buyer. “When financing a vessel, it’s great to have an established market to point to,” said Paul Bea, a maritime adviser who specializes in marine highways. Back to the Catch-22. American Feeder Lines just ended its nine-month container ship service along the Northeast largely because of a shortage of suitable vessels. “The markets aren’t there,” said Chris Coakley, the vice president of governmental affairs for Saltchuk Resources, a company that started with marine transport and now manages a variety of trade operations. “There’s not a retail connection to the maritime industry.” Waterways are a bit of a public relations nightmare. UPS stops at the front door. Rail toots by towns. Container ships

## Politics Links - Unpopular

### Subsidies unpopular – unions

ILWU, 10 [(Intl Longshore and Warehouse Union), Coast Longshore Division Newsletter, Winter 2010, Republished in Longshore and Shipping News, http://www.longshoreshippingnews.com/2011/02/the-case-against-short-sea-shipping/]

Subsidy and promotion of SSS by the governments of the United States, Canada and Mexico, is an effort, one of several fronts, to deregulate maritime transportation and drive organized labor consequentially from the Industry. SSS is not a panacea for additional union jobs. It is just the opposite. Scarce government tax dollars should be used for land-based infrastructure designed to efficiently move containers to and from established ports. We need dedicated freight corridors, bridges, rail enhancements and dredging that bring stability to the industry — not the funding, promotion, and blind acceptance of a concept that even with subsidy will fail, and drag organized labor down with it.

### SSS Unpopular- not perceived as the best option

Meyers 12 (Jessica Meyers, Transportation Reporter for Politico, Also Covers Transportation and Infrastructure Issues in Dallas, Texas, June 22, 2012, “Federal Marine Highways Project Launch” <http://www.politico.com/news/stories/0512/76633.html> CDG)

Mention America’s highways and notice the nods. Talk about its marine highways and watch the blank stares. **A Department of Transportation initiative intended to promote the country’s water routes has failed to make substantial inroads despite a 2007 federal law**, escalating highway congestion and a push for greener transport. These river and coastal corridors, known as marine highways or short-sea shipping, thrive in Europe and exist in a handful of U.S. regions. They’re billed as the future — a cheaper and more fuel-efficient option for an overburdened transportation system. But marine highways remain more a political talking point than an industry reality. **Trucks and railroads maintain the upper hand** on speed. **Waterways have less experience carrying container goods than bulk cargo**. And companies remain leery of an uncertain market filled with tax hurdles and ship shortages. Without greater demand, the water road concept won’t float. “It’s a chicken-and-egg type of thing,” said Sean Connaughton, a former DOT maritime administrator who created the department’s America’s Marine Highway Program. “**Shippers won’t commit until there’s reliable service, but you can’t have that until shippers commit.” To do that, the industry needs an almost mythical nexus of federal incentives, public recognition and state support.** Connaughton, now Virginia’s secretary of transportation, told POLITICO that the federal DOT’s marine highway push languished partly because it coincided with the economic downturn. Transportation funding disappeared for paved roads, much less a quiet transportation mode still trying to prove its worth. “**The bottom line**,” he said, “is freight doesn’t vote.” Transportation Secretary Ray LaHood has designated 18 marine highway corridors in recent years and directed more than $110 million toward marine highway projects. The agency backs the Marine Highways Cooperative, a public-private partnership dedicated to developing the country’s 25,000 miles of water routes. “**The Obama administration is committed to investing in** innovative **marine transportation** services along America’s coast and waterways, in order to relieve congestion on our roadways, make our transportation system greener and develop the vast unused capacity on our waterways,” said DOT spokesman Justin Nisly. **Not all Democratic lawmakers agree. “I personally don’t think it has happened as well as it should,**” Rep. Rick Larsen (D-Wash.), **ranking member of the House Coast Guard and Maritime Transportation Subcommittee**, told POLITICO. “This administration has yet to request any funding goals for a marine transportation system. We still have a ways to go.” Maritime groups point to the elimination of a so-called double tax as the place to start. All cargo that comes into the country is subject to a harbor maintenance tax. But shippers have to pay an additional tax if goods are off-loaded in one location and shipped to a second port. When freight moves by land, it doesn’t face this second tax. “Putting this forward would be an indication of how serious the government is to help the industry into existence,” said C. James Patti, the president of the Maritime Institute for Research and Industrial Development. “It’s a lightning rod.”

### SSS Subsidies unpopular

Darcy et al 09 (Joseph Darcy Engineering Duty Officer at US Navy, Mark Welsh Professor of the Practice of Naval Construction and Engineering and Henry Marcus Professor of Marine Systems, “Short Sea Shipping: Barriers, Incentives and Feasibility of Truck Ferry”, MIT, June 2009]

In the not too distant past, **ship owners and companies desiring to enter the short sea shipping trade were able to raise capital privately and be aided by the Federal Government with a mortgage guarantee** known as Title XI mortgage insurance. Title XI is a part of the Merchant Marine Act of 1936 that established the Federal Ship Financing Guarantee Program to assist private companies in obtaining financing for the construction of ships and the modernization of U.S. shipyards]. Where these guarantees are available, interest rates encountered are invariably lower for the shipowners. **In the current political climate, however, the mortgage guarantees appear as none too subtle subsidies to the shipping industry**. This is evidenced by the Maritime Administration’s reluctance to issue Title XI guarantees. Between 1985 and 1987, 129 Title XI defaults cost the government nearly $2B. The Federal Credit Reform Act of 1990 imposed stricter requirements on the issuance of these guarantees, improving their performance until between 1998 and 2002, nine Title XI loans defaulted. These defaults combined with the “credit 43 crunch” and sub-prime loan failures, will most likely make lending requirements even more strict. Shipping incentives in the United States have had a semi-sordid past. Most recently (and most importantly since it is fresh in the mind of the government and lawmakers) the failure of American Classic Voyages was a black eye for MARAD which was required to complete a $367M obligation when a Title XI loan guarantee had to be settled in 2001.

## States

### Federal government fails - states solve inland waterways better, while avoiding the link to politics

Edwards 11 (Chris Edwards, director of tax policy studies at the Cato Institute and the editor of [www.downsizinggovernment.org](http://www.downsizinggovernment.org), “A jobs plan we shouldn't bank on,” 10/23/2011, LexisNexis) SL

Increased infrastructure spending has significant support in Washington these days. President Obama wants a new federal infrastructure bank , and some members of both parties want to pass big highway and air-traffic-control funding bills. The politicians think these bills will create desperately needed jobs, but the cost of that perceived benefit is too high: Federal infrastructure spending has a long and painful history of pork-barrel politics and bureaucratic bungling, with money often going to wasteful and environmentally damaging projects. For plenty of examples of the downside of federal infrastructure, look at the two oldest infrastructure agencies - the Army Corps of Engineers and the Bureau of Reclamation. Their histories show that the federal government shouldn't be in the infrastructure business. Rather, state governments and the private sector are best equipped to provide it. The Corps of Engineers has been building levees, canals and other civilian water infrastructure for more than 200 years - and it has made missteps the entire time. In the post-Civil War era, for example, there were widespread complaints about the Corps' wastefulness and mismanagement. A 1971 book by Arthur Morgan, a distinguished engineer and former chairman of the Tennessee Valley Authority, concluded: "There have been over the past 100 years consistent and disastrous failures by the Corps in public works areas . . . resulting in enormous and unnecessary costs to ecology [and] the taxpayer." Some of the highest-profile failures include the Great Mississippi Flood of 1927. That disaster dramatically proved the shortcomings of the Corps' approach to flood control, which it had stubbornly defended despite outside criticism. Hurricane Katrina in 2005 was like a dreadful repeat. The flooding was in large part a man-made disaster stemming from poor engineering by the Corps and misdirected funding by Congress. Meanwhile, the Bureau of Reclamation has been building economically dubious and environmentally harmful dams since 1902. Right from the start, "every Senator . . . wanted a project in his state; every Congressman wanted one in his district; they didn't care whether they made economic sense or not," concluded Marc Reisner in his classic history of the agency, "Cadillac Desert." The dam-building pork barrel went on for decades, until the agency ran out of rivers into which it could pour concrete. Looking at the Corps and Reclamation, the first lesson about federal infrastructure projects is that you can't trust the cost-benefit analyses. Both agencies have a history of fudging their studies to make proposed projects look better, understating the costs and overstating the benefits. And we've known it, too. In the 1950s, Sen. Paul Douglas (D-Ill.), lambasted the distorted analyses of the Corps and Reclamation. According to Reisner, Reclamation's chief analyst admitted that in the 1960s he had to "jerk around" the numbers to make one major project look sound and that others were "pure trash" from an economics perspective. In the 1970s, Jimmy Carter ripped into the "computational manipulation" of the Corps. And in 2006, the Government Accountability Office found that the Corps' analyses were "fraught with errors, mistakes, and miscalculations, and used invalid assumptions and outdated data." Even if federal agencies calculate the numbers properly, members of Congress often push ahead with "trash" projects anyway. Then-senator Christopher Bond of Missouri vowed to make sure that the Corps' projects in his state were funded, no matter what the economic studies concluded, according to extensive Washington Post reporting on the Corps in 2000. And the onetime head of the Senate committee overseeing the Corps, George Voinovich of Ohio, blurted out at a hearing: "We don't care what the Corps cost-benefit is. We're going to build it anyhow because Congress says it's going to be built." As Morgan noted in his 1971 book, these big projects have often damaged both taxpayers and ecology. The Corps, Reisner argues, has "ruined more wetlands than anyone in history" with its infrastructure. Meanwhile, Reclamation killed wetlands and salmon fisheries as it built dams to provide irrigation water to farmers in the West - so they could grow crops that often compete with more efficiently grown crops in the East. Taxpayers are double losers from all this infrastructure. They paid to build it, and now they are paying to clean up the environmental damage. In Florida, for example, the Corps' projects, infrastructure, along with federal sugar subsidies-, have has harmed the Everglades-. So That, in turn, has prompted the government is helping to help fund a multibillion-dollar- restoration plan. In the West, federal irrigation has increased boosted salinity levels in rivers-, necessitating desalination efforts such as a the roughly $245 million- Yuma plant in Yuma, Ariz-. Arizona . And in a large area of California's San Joaquin Valley-, federal irrigation has created such toxic runoff- that the government is considering spending up to $2 billion to fix the damage,- according to some estimates. When the federal government "thinks big," it often makes big mistakes. And when Washington follows bad policies, such as destroying wetlands or overbuilding dams, it replicates the mistakes nationwide. Today, for instance, Reclamation's huge underpricing of irrigation water is contributing to a water crisis across much of the West. Similar distortions occur in other areas of infrastructure, such as transportation. The federal government subsidizes the construction of urban light-rail systems, for example, which has caused these systems to spring up across the country. But urban rail systems are generally less efficient and flexible than bus systems, and they saddle cities with higher operating and maintenance costs down the road. Similar misallocation of investment occurs with Amtrak; lawmakers make demands for their districts, and funding is sprinkled across the country, even to rural areas where passenger rail makes no economic sense because of low population densities. When the federal government is paying for infrastructure, state officials and members of Congress fight for their shares of the funding, without worrying too much about efficiency, environmental issues or other longer-term factors. The solution is to move as much infrastructure funding as we can to the state, local and private levels. That would limit the misallocation of projects by Congress, while encouraging states to experiment with lower-cost solutions. It's true that the states make infrastructure mistakes as well, as California appears to be doing by subsidizing high-speed rail. But at least state-level mistakes aren't automatically repeated across the country. The states should be the laboratories for infrastructure. We should further encourage their experiments by bringing in private-sector financing. If we need more highway investment, we should take notes from Virginia, which raised a significant amount of private money to widen the Beltway. If we need to upgrade our air-traffic-control system, we should copy the Canadian approach and privatize it so that upgrades are paid for by fees on aviation users. If Amtrak were privatized, it would focus its investment where it is most needed - the densely populated Northeast. As for Reclamation and the Corps, many of their infrastructure projects would be better managed if they were handed over to the states. Reclamation's massive Central Valley irrigation project, for example, should be transferred to the state of California, which is better positioned to make cost and environmental trade-offs regarding contentious state water issues. Other activities of these two agencies could be privatized, such as hydropower generation and the dredging of seaports. The recent infrastructure debate has focused on job creation, and whether projects are "shovel ready." The more important question is who is holding the shovel. When it's the federal government, we've found that it digs in the wrong places and leaves taxpayers with big holes in their pockets. So let's give the shovels to state governments and private companies. They will create just as many jobs while providing more innovative and less costly infrastructure to the public. They're ready.

### Uniformity fails

Perakis and Denisis, ‘8 [ANASTASSIOS N. PERAKIS\* and ATHANASIOS DENISIS, Department of Naval Architecture & Marine Engineering, University of Michigan, A survey of short sea shipping and its prospects in the USA, MARIT. POL. MGMT., DECEMBER 2008, VOL. 35, NO. 6, 591–614]

As part of the US marine transportation system, SSS requires additional research in areas ranging from marine engineering and ship design to modern logistics and transportation science. The science of operational research can provide the quantitative tools for optimizing short sea operations and integrating them into the intermodal transportation chain. Transportation network techniques, such as freight bundling networks, adapted for marine applications, can be applied to model the distribution of international containers from the hub ports to feeder ports. The problem of SSS integration can be viewed as a strategic transportation planning problem [54]. The objective could be the design of an intermodal transportation network with its nodes, links, and vessels. SSS needs customized solutions for every emerging transportation market in congested trade corridors. A ‘one-size-fits-all’ approach is unlikely to be effective.

## Private CP

### Empirically solve - Private innovation has spurred Marine highways forward

MARAD ‘11 [U.S. Department of Transportation Maritime Administration], America’s Marine Highway Report to Congress, Prepared in Consultation with the Environmental Protection Agency, April 2011, p. 9]

The future success of Marine Highway services cannot be tied to any single factor, such as rising fuel prices or landside congestion. Rather, it is contingent on a broad range of qualities, none more important than the ability to serve the needs of shippers for reliable, innovative, and cost- effective transportation. MARAD is confident that the private U.S. maritime sector, with the backing of Federal, State, and local governments, will deliver the required quality and reliability of service needed to attract greater cargo volumes. The private U.S. maritime sector has expressed great interest in the Marine Highway initiative, including by its initiation of new Marine Highway services (discussed later in this document) and by providing extensive information to MARAD about the opportunities and impediments to such services. MARAD notes that innovation by the private U.S. maritime sector has directly or indirectly led to major advancements in international and domestic shipping over the last 70 years, including the revolution in intermodal shipping via containerships, double-stack rail service (in cooperation with the U.S. railroad industry), improved logistics, new and larger ship types, and modern shipbuilding techniques.16

### Private sector key to marine highway vibrancy

MARAD ‘11 [U.S. Department of Transportation Maritime Administration], America’s Marine Highway Report to Congress, Prepared in Consultation with the Environmental Protection Agency, April 2011, p. 69]

The private sector will ultimately be the key to the success of America’s Marine Highway through innovation, outreach, and investment. Private operators must demonstrate to shippers and the public that they can provide highly reliable and cost-effective transportation services by sound management and implementation of the most appropriate technologies for the safe and efficient delivery of cargoes and passengers. They must make efforts to provide greater schedule frequencies and lower the overall cost of service. They must reach out to potential customers, addressing their specific needs and concerns.

## Repeal Jones CP

### Jones act prevents competitive pricing for sea vessels

MARAD ‘11 [U.S. Department of Transportation Maritime Administration], America’s Marine Highway Report to Congress, Prepared in Consultation with the Environmental Protection Agency, April 2011, p. 57]

Some have suggested that the costs associated with domestic-build requirements for Jones Act impede the ability of Marine Highway services to compete with land-based transportation modes, which are able to purchase vehicles from foreign builders. This impediment is claimed because some vessel types can cost significantly more to purchase from U.S. shipyards than if purchased from abroad, particularly vessels that are not produced in large numbers by U.S. shipyards. While vessel capital costs are clearly a factor in establishing Marine Highway operations, each transportation mode has its own sets of regulations, tolls, fees, common carrier obligations, etc., that impact its ability to economically compete with other modes, and cross- modal comparisons should consider the full range and impact of these factors. With regard to the effect of the Jones Act domestic-build requirement on the competitiveness of Marine Highway services, GAO found mixed impacts. Short sea operators in the U.S. northeast reported to GAO that the domestic-build requirement was not a significant concern because they use tug-and-barge vessels in which the U.S. and foreign-built versions are more similarly priced than U.S. and foreign-built self-propelled vessels.141 On the other hand, GAO reports that Gulf Coast operators said that the high capital costs of purchasing new U.S.-flag vessels affected their ability to expand operations and keep shipping prices competitive with trucking.142 Generally, Jones Act-related costs for vessel acquisition will be largest for operators requiring self-propelled coastal vessels which the U.S. shipyards manufacture in small volumes. Such shipyards cannot take advantage of the efficiencies of scale production afforded by large series and common design orders, and thus are often challenged in maintaining a trained, experienced workforce. Industry sources also disagree on the potential for reduced costs using foreign-built vessels in such operations.143

## Repeal Jones CP – Solves Econ

### Jones act hurts econ and hurts competition

Schubert, 6/14/12 - <http://en.wikipedia.org/wiki/Merchant_Marine_Act_of_1920#Support>

Critics note that the legislation results in costs for moving cargo between U.S. ports that are far higher than if such restrictions did not apply. In essence, they argue, the act is protectionism.[[5]](http://en.wikipedia.org/wiki/Merchant_Marine_Act_of_1920#cite_note-EdCase-4) Critics also contend the Jones Act has caused the U.S.[shipbuilding](http://en.wikipedia.org/wiki/Shipbuilding) industry to build vessels in the U.S. which are more expensive than those built elsewhere. **Consequently, U.S. shipbuilders are priced out of the international market for merchant ships. A 2001 U.S. Department of Commerce study indicates that U.S. shipyards build only one percent of the world's large commercial ships. Few ships are ordered from U.S. shipyards except for cabotage. U.S. operators of ships in cabotage have an economic incentive to continue operating old vessels rather than replace them with relatively high cost vessels built in the U.S.** The report concluded that the lack of United States competitiveness stemmed from foreign subsidies, unfair trade practices, and lack of U.S. productivity.[[6]](http://en.wikipedia.org/wiki/Merchant_Marine_Act_of_1920#cite_note-Maine-5) Moreover, critics point to the lack of a U.S.-flagged international shipping fleet. They claim that it is economically impossible for U.S.-flagged, -built, and -crewed ships to compete internationally with vessels built and registered in other nations with crews willing to work for wages that are a fraction of what their U.S. counterparts earn. On June 25, 2010, Senators [John McCain](http://en.wikipedia.org/wiki/John_McCain) and [Jim Risch](http://en.wikipedia.org/wiki/Jim_Risch) introduced the Open America's Waters Act, a bill to repeal the Jones Act. Sen. McCain said the Jones Act restricts shipping and raises costs to consumers in [Hawaii](http://en.wikipedia.org/wiki/Hawaii), [Alaska](http://en.wikipedia.org/wiki/Alaska), [Puerto Rico](http://en.wikipedia.org/wiki/Puerto_Rico) and [Guam](http://en.wikipedia.org/wiki/Guam).[[7]](http://en.wikipedia.org/wiki/Merchant_Marine_Act_of_1920#cite_note-autogenerated1-6)[[8]](http://en.wikipedia.org/wiki/Merchant_Marine_Act_of_1920#cite_note-7)[[9]](http://en.wikipedia.org/wiki/Merchant_Marine_Act_of_1920#cite_note-Dhs.gov-8)[[10]](http://en.wikipedia.org/wiki/Merchant_Marine_Act_of_1920#cite_note-npga.org-9) "The legislation that would fully repeal the Jones Act, a 1920s law that hinders free trade and favors labor unions over consumers. Specifically, the Jones Act requires that all goods shipped between waterborne ports of the United States be carried by vessels built in the United States and owned and operated by Americans. This restriction only serves to raise shipping costs, thereby making U.S. farmers less competitive and increasing costs for American consumers". "This was highlighted by a 1999 U.S. [International Trade Commission](http://en.wikipedia.org/wiki/International_Trade_Commission) economic study, which suggested that a repeal of the Jones Act would lower shipping costs by approximately 22 percent. Also, a 2002 economic study from the same Commission found that repealing the Jones Act would have an annual positive welfare effect of $656 million on the overall U.S. economy. Since these studies are the most recent statistics available, imagine the impact a repeal of the Jones Act would have today: far more than a $656 million annual positive welfare impact – maybe closer to $1 billion. These statistics demonstrate that a repeal of the Jones Act could prove to be a true stimulus to our economy in the midst of such difficult economic times. "The Jones Act also adds a real, direct cost to consumers – particularly consumers in [Hawaii](http://en.wikipedia.org/wiki/Hawaii) and [Alaska](http://en.wikipedia.org/wiki/Alaska). A 1988 GAO report found that the Jones Act was costing Alaskan families between $1,921 and $4,821 annually for increased prices paid on goods shipped from the mainland. In 1997, a Hawaii government official named Gene Ward asserted that Hawaii residents pay an additional $1 billion per year in higher prices because of the Jones Act. This amounts to approximately $3,000 for every household in Hawaii.’”

### Jones Act decreases trade and overall economic prosperity

Boyd ’06 [Labor economist, PhD in economics, M.A. from the University of Pennsylvania, language arts lecturer, “The Jones Act, How Does it Cost Hawai’I”, center for labor research university of Hawai’i, <http://homepages.uhwo.hawaii.edu/clear/jonesact.html> //VP]

 Does the Jones Act cost every Hawai'i household three thousand dollars? This is the number typically cited by the news media and those who oppose the Jones Act. The Jones Act refers to a series of laws enacted in the 1920s which among other things require that American owned ships transport goods between American ports. These laws, called cabotage laws, have been enacted by forty-five countries. Opponents of the law in the United States range from conservative free marketers to groups representing foreign shipping interests. The theoretical reasoning behind the opposition to the Jones Act is that it is a restraint of free trade between nations. Free trade makes possible the development of a truly international division of labor which in turn allows countries to specialize in doing what they do best. Countries can have a "comparative advantage" in the production of certain goods and services. By specializing in the production of those goods which can be produced best in a given country and trading for those goods it is not so good at producing individual country's economies can generate far higher incomes and living standards than if those countries did not trade. Because the Jones Act restricts trade between points within the United States opponents argue that it is a restriction of free trade and is equivalent to a tariff on goods and services Hawai'i brings in from the mainland. (A tariff is a tax levied on imported goods). Those who defend the Jones Act argue that it is the only way that United State's environmental, labor and other laws can be enforced within American waters. These laws range from restrictions on trash dumping to ship designs which limit oil spills to minimum wage laws. Second that there are national security reasons for maintaining a domestic merchant marine capable of transporting military cargo during national emergencies. They also argue that the costs of the Jones Act compared to the benefits are not high.

## Repeal HMT CP

### Repeal removes disincentive for shift to sea transport

Nagle, 12 [Kurt J. Nagle, President and CEO AMERICAN ASSOCIATION OF PORT AUTHORITIES, Hearing on Harbor Maintenance Funding and Maritime Tax IssuesFebruary 1, 2012, http://aapa.files.cms-plus.com/Testimony%20for%20Ways%20and%20Means%20on%20HMT%201FEB2012.pdf]

AAPA strongly supports repealing the Harbor Maintenance Tax for certain domestic port-to-port movements of cargo to encourage more short sea shipping within the United States. This would eliminate the current tax disincentive to move containers and certain other cargo by water and off our overly congested roads, which are expensive to maintain. Europe has an extensive short sea shipping industry. By eliminating current federal tax disincentives, the Congress can help spur this fledgling industry in the United States.

### HMT prevents implementation of the federal short sea shipping program

Bonner, 11 [Patrick J. Bonner, Letter to The Honorable David Camp, Chairman Committee on Ways and Means, and The Honorable Sander M. Levin, Ranking Member Committee on Ways and Means, THE MARITIME LAW ASSOCIATION OF THE UNITED STATES, October 14, 2011, http://www.mlaus.org/mboard/discussion.cfm?t=11]

In 2007 Congress enacted a Short Sea Transportation program to encourage the development of America's Marine Highway on our coastal and inland waters as an "extension of the surface transportation system." With the program still in its early stages, removing a major tax disincentive for marine highway users is essential, as recognized by the Department of Transportation's April 2010 Report to Congress, "America's Marine Highway." We ask that you pass legislation to exempt certain non-bulk cargo from the Harbor Maintenance Tax ("HMT") in order to further develop America's Marine Highway. The MLA supported this goal with a formal Resolution in November 2008 (copy enclosed). Specifically, Congress should repeal the HMT as it applies to the domestic movement of non-bulk cargo and also in commerce between the U.S. and Canada via the Great Lakes because the HMT is an impediment to fully developing America's Marine Highway: the HMT's tax and administrative burdens discourage shippers from fully utilizing domestic and Great Lakes marine transportation.

### Removal of HMT spurs expansion of sea shipping – HMT not effectively applied to fix ports now

Frittelli, 11 [John Frittelli, Specialist in Transportation Policy, Can Marine Highways Deliver?, Congressional Research Service, 1/14/11, http://www.fas.org/sgp/crs/misc/R41590.pdf]

Another means of promoting short-sea shipping would be to repeal the existing harbor maintenance tax as it pertains to containerized domestic shipments, although the tax remains largely unenforced with respect to domestic shippers. The harbor maintenance tax, enacted in 1986, is essentially a federal port use charge intended to recover some of the costs incurred by the U.S. Army Corps of Engineers to operate and maintain waterside infrastructure in coastal and Great Lakes ports. These costs consist mostly of dredging navigation channels, but also maintaining breakwaters and jetties and operating several locks. (The harbor maintenance tax does not recover the Corps of Engineers’ costs associated with the infrastructure of the inland waterway system, which is funded from a separate barge fuel tax. 25 ) The harbor maintenance tax is assessed at 0.125% of shipment value ($1.25 per $1,000 of shipment value) on imported waterborne and domestic cargo. It is not assessed on waterborne exports, as a 1998 Supreme Court decision found this tax on exports to be unconstitutional. In addition to the amount of the tax, some have claimed that the administrative burden of payment on the part of the shipper discourages would-be waterborne shippers. While highway users also pay federal user charges (taxes on diesel fuel, new truck equipment, and truck weight charges), shippers do not pay these taxes directly; motor carriers do. Waterborne importers pay the harbor maintenance tax as part of the Customs clearance process upon arrival of the shipment, while domestic shippers pay the tax on a quarterly basis. Domestic shippers are charged only once for each shipment, not at both ports. However, if imported goods are offloaded from a vessel at one port and then shipped to another U.S. port on a different vessel, such as a feeder ship or barge, the tax would be assessed at both ports. The tax thus discourages domestic water shipment of import and export containers. The tax could also be particularly cumbersome for domestic vessel operators carrying containers of mixed cargo assembled by consolidators, because these typically hold shipments from multiple customers. Before using a marine highway, the vessel operator would need to assure that each shipper was advised that it would be subject to the tax. In the 111 th Congress, bills were introduced that would have exempted containerized domestic shipments from paying the harbor maintenance tax. 26 However, according to preliminary estimates by the Corps of Engineers, only about 10% of what is potentially owed is being collected from domestic shippers. 27 The Corps also estimates that waterborne shippers pay about 10% of the federal cost of providing navigation infrastructure, either through the harbor maintenance tax or the barge fuel tax. 28 This compares with highway user fees (including truckspecific taxes and fees) that cover most of the federal cost of highway infrastructure and railroads, which by and large privately finance their infrastructure. Thus, legislation that further reduces the financial burden on waterway users raises equity and economic efficiency issues with respect to competing modes.

### Repeal of HMT solves

Kennedy, 8 [Sean D. Kennedy, J.D. 2008, Tulane University School of Law, Short Sea Shipping in the United States - The New Marine Highways, 33 Tul. Mar. L. J. 203, Winter, 2008]

One of the main impediments to the implementation of a strong SSS program in the United States is the economic disincentive imposed by the Harbor Maintenance Tax (HMT). n85 "When asked how Federal policy might be adjusted to foster coastwise shipping stakeholders say the first priority is to exempt certain domestic cargo from the Harbor Maintenance Tax." n86 All commercial cargo that is loaded or unloaded from a commercial vessel is subject to a fee of 0.125% of its value if the loading or unloading occurs at any channel or harbor in the "customs territory of the United States which is not an inland waterway and is open [\*215] to public navigation and at which Federal funds have been used since 1977 for construction, maintenance or operation." n87 The HMT was enacted by Congress in 1986 "to recover a portion of the cost of maintaining, not improving, the nation's deep-draft navigation channels." n88 The tax is a cost-sharing mechanism for deepening and widening harbors and channels funded in part by the federal government, which pays a portion from the general treasury, and the remainder is paid by local port sponsors. n89 The HMT is problematic when a container is transshipped to another SSS vessel bound for a different domestic port where the goods are taxed a second time. n90 Removing this tax for SSS operations will increase the competitiveness of SSS with other transportation modes.

Originally, the HMT applied to imports and exports transported via the nation's ports, but in March 1998, a unanimous Supreme Court in U.S. Shoe Corp. v. United States found that the HMT, as applied to goods intended for export, violated the Export Clause of the United States Constitution. n91 The Export Clause states: "No Tax or Duty shall be laid on Articles exported from any State." n92 However, domestic transship-ments of international cargo from one state to another are subject to the HMT at both the loading and discharge ports. n93 This double taxation of goods in transit between U.S. ports is criticized by proponents of SSS as a strong deterrent to the use of waterborne cargo transportation options. "Specifically burdensome and illogical is "double' HMT as applied to domestic transshipment of international imports." n94 A carrier pays the tax when a ship unloads an international container at a U.S. port. When that container is transshipped by barge to another port, it is subject to the HMT again. But if that same container is transported by truck or rail to another destination, there is no additional tax on cargo. n95 SSS proponents argue that since shippers can avoid the tax by utilizing other modes, such as trucking or railroads, few would choose to use SSS services. n96

 [\*216] The National Port and Waterways Institute study of the public benefits of SSS points to the HMT as a "major impediment" to the implementation of SSS and urges that the "tax should not be applied to domestic traffic," especially since "Short Sea vessels do not require deep channels." n97 In its October 2005 study of the HMT, the National Port and Waterways Institute contends that, if the HMT were withdrawn, "short-sea services may generate $ 27.5 million in financial savings and $ 61 million in combined financial and external savings" - savings that are four times greater than lost HMT. n98 The argument is that introduction of SSS services would create new activity, so elimination of the HMT with respect to such new services would not reduce the existing collections. n99 In a statement before the House Subcommittee on Coast Guard and Maritime Transportation, Congressman Elijah Cummings supported an HMT exemption for SSS voyages, stating, "It is critical that our nation takes every possible step to make water a mode competitive with roads and rails by supporting the development of short sea shipping. To that end, I strongly believe we should exempt these voyages from the Harbor Maintenance Tax... ." n100 So far, Congress has yet to allow an exemption from the HMT for SSS operators.

### HMT disincentivizes shipping

Skalberg, 7 [Randall K. Skalberg, Prof in Accounting Dept at U of MN- Duluth, The U.S. Harbor maintenance tax: a bad idea whose time has passed?, Transportation Journal, Summer 2007, http://findarticles.com/p/articles/mi\_hb6647/is\_3\_46/ai\_n29366709/?tag=content;col1]

HMT has Prevented Some Types of Waterborne Transport from Flourishing in the Great Lakes

Both Roll-On/Roll-Off (RORO) and various truck ferry services have been very difficult to establish on the Great Lakes due in large part to the existence of the HMT. It effectively transfers goods and products that could be shipped on the Great Lakes to both truck- and rail-based transportation systems. The HMT creates a disincentive for maritime shipping of both ferry cargo and containerized cargo. As an ad valorem tax, the HMT imposes a requirement that containerized cargo be valued for the purpose of assessing HMT. The burden of the HMT is twofold: First, the HMT represents an added cost of 0.125 percent for the product shipped. But also, compliance with the HMT requires valuation of items within any container or vehicle transported onboard a ship, requiring a substantial volume of paperwork (Stewart 2005). There is currently one operating truck-only ferry on the Great Lakes, the Detroit/Windsor Truck Ferry, ferry service to various islands such as the Erie Islands and the Apostle Islands, and a RO-Pax (Roll-On/ Roll-Off with Passenger Service), the Michigan Car Ferry Service on Lake Michigan (Price and Vickerman 2004). The opportunities for additional truck ferry and RO/RO service on the Great Lakes are substantially limited by the imposition of the HMT. Previous research has indicated that the HMT (applied to both imports and exports at the time) was an important factor and perhaps even the primary factor in the termination of RO/RO service between Duluth, Minnesota and Thunder Bay, Canada (Stewart, Lavoie, and Shutes 2003).

### HMT impedes development of marine transportation infrastructure

Bonner, 12 [Patrick J. Bonner, The Maritime Law Assoc of the US, Letter to The Honorable David Dreier, Chairman Committee on Rules U.S. House of Representatives and The Honorable Louise M. Slaughter, Ranking Minority Member Committee on Ways and Means U.S. House of Representatives, 2/15/12, http://www.mlaus.org/mboard/discussion.cfm?t=11]

We ask that Congress pass legislation to exempt certain non-bulk cargo from the Harbor Maintenance Tax ("HMT") in order to further develop America's Marine Highway. The MLA supported this goal with a formal Resolution in November 2008 (copy enclosed). Specifically, Congress should repeal the HMT as it applies to the domestic movement of non-bulk cargo and also in commerce between the U.S. and Canada via the Great Lakes because the HMT is an impediment to fully developing America's Marine Highway: the HMT's tax and administrative burdens discourage shippers from fully utilizing domestic and Great Lakes marine transportation.

## Repeal HMT CP – Solves Oil Dependence

### Removing the HMT reduces US foreign oil dependence

Skalberg, 7 [Randall K. Skalberg, Prof in Accounting Dept at U of MN- Duluth, The U.S. Harbor maintenance tax: a bad idea whose time has passed?, Transportation Journal, Summer 2007, http://findarticles.com/p/articles/mi\_hb6647/is\_3\_46/ai\_n29366709/?tag=content;col1]

HMT Discourages the Most Fuel-Efficient Means of Transportation Water transportation is the most fuel-efficient method of transportation currently available in the United States. Ships can transport a ton of cargo 514 miles using one gallon of diesel fuel, whereas trucks can transport that same ton of cargo only 59 miles on the same gallon of fuel. As an ad valorem tax, the HMT serves to encourage the use of truck transport for higher-value, lower-weight cargo, leaving waterborne transport as a viable option only for lower-value, high-weight cargo. In an era when the U.S. is increasingly dependent on foreign oil, we simply cannot afford to have a tax policy that discourages fuel efficiency in transportation. A recent example of U.S. efforts to make tax policy consistent with fuel efficiency can be found in the modification of {{section}}179. This provision reduced the small business write-off for sport utility vehicles (SUVs) from $100,000 to a maximum of $24,000 ("I.R.C. 179 Expense" 2006). Eliminating the HMT would allow companies to use waterborne transit for items that are currently transported using less fuel-efficient means. This not only reduces America's dependence on foreign oil, but could reduce highway traffic and reduce the number of accidents on our highways (Stewart 2005).

## Repeal HMT CP – Solves Econ

### HMT results in loss of jobs and GDP to Canada

Skalberg, 7 [Randall K. Skalberg, Prof in Accounting Dept at U of MN- Duluth, The U.S. Harbor maintenance tax: a bad idea whose time has passed?, Transportation Journal, Summer 2007, http://findarticles.com/p/articles/mi\_hb6647/is\_3\_46/ai\_n29366709/?tag=content;col1]

HMT Results in a Shift in Container-Borne Cargo to Canadian Ports Port-related jobs currently employ about five million U.S. workers. These workers earn roughly $44 billion in annual personal income. With respect to containerized cargo, the Port of Seattle estimates that each container of goods that arrives in port adds about $1,000 to the local economy ("America's Ports Today" 2006). Containerized cargo (and bulk cargo as well) entering the U.S. through U.S. ports is subject to the HMT. If the cargo is containerized and enters a Canadian port where the container is moved to a truck or train, it avoids the HMT altogether. The HMT puts ports near the Canadian border at a competitive disadvantage. This disadvantage results in job losses at U.S. ports, some of the highest-paid union jobs in the U.S. ("Repeal the Harbor Maintenance Tax Now!" 2006).

### HMT hurts trade

Skalberg, 7 [Randall K. Skalberg, Prof in Accounting Dept at U of MN- Duluth, The U.S. Harbor maintenance tax: a bad idea whose time has passed?, Transportation Journal, Summer 2007, http://findarticles.com/p/articles/mi\_hb6647/is\_3\_46/ai\_n29366709/?tag=content;col1]

HMT Is a Barrier to International Trade Our trading partners in Europe, particularly those who are members of the European Community, have routinely expressed strong opposition to the HMT. Its imposition on imports (many of which come from Europe) but not on exports is perceived as a tariff on imported goods. While this was clearly not the intention of the Supreme Court's U.S. Shoe decision (United States v. United States Shoe Corporation), the decision's effect is unavoidable. Eliminating the HMT would eliminate this inadvertent "tariff."

## Repeal HMT CP – Solves US-EU Relts

### CP improves US- EU relations

Skalberg, 7 [Randall K. Skalberg, Prof in Accounting Dept at U of MN- Duluth, The U.S. Harbor maintenance tax: a bad idea whose time has passed?, Transportation Journal, Summer 2007, http://findarticles.com/p/articles/mi\_hb6647/is\_3\_46/ai\_n29366709/?tag=content;col1]

HMT Violates GATT After the decision in U.S. Shoe, the HMT applies to imports but not to exports. On February 6, 1998, the European Communities brought a Request for Consultations (RC) against the United States in the World Trade Organization's Dispute Settlement Body. Canada, Japan, and Norway ("Request for Consultations ... Canada, Japan, Norway" 1998) also joined in the RC. The RC alleged that the HMT violated Articles I, II, II, VIII, and X of GATT, as well as the Understanding on the Interpretation of Article II: I(B) of GATT ("Dispute Settlement: United States-Harbor Maintenance Tax" 2006). The European Community's RC was introduced a few weeks before the Supreme Court's decision in U.S. Shoe, but the U.S. Shoe decision at least arguably makes the EC's claim against the HMT even stronger. By dropping the HMT on exports, but maintaining it on imports, the U.S. has unintentionally violated the national treatment obligation under GATT ("Request for Consultations by the European Communities" 1998). This in effect allows tax-free port use to products originating in the U.S. but imposes a tax on imported products, a direct violation of the national treatment clause of GATT Article III (Lundell, S., Princess Cruises, Inc. v. United States). One important exception to this rule applies to user fees, which are imposed for services actually rendered. However, as the Supreme Court noted in U.S. Shoe, the HMT is not a valid user fee because it has little or no direct relationship to services provided to importers (United States v. United States Shoe Corporation). The WTO has not acted on the European Community's RC. No panel has been established to act on the Request for Consultations ("Dispute Settlement: United States-Harbor Maintenance Tax" 2006). Abolishing the HMT would clearly be viewed favorably by our European and other trading partners.

## Repeal HMT CP – AT: No Shift from Trucking

### Repeal of HMT makes water cost competitive

Frittelli, 11 [John Frittelli, Specialist in Transportation Policy, Can Marine Highways Deliver?, Congressional Research Service, 1/14/11, http://www.fas.org/sgp/crs/misc/R41590.pdf]

A review of the successes and failures of the few marine highway services currently operating in the contiguous United States, as well as those that have failed in the past, indicates that the potential market is limited. In many instances, marine highways have succeeded in capturing only a negligible share of container shipments along a given route. One can question, therefore, whether marine highways will divert enough trucks to provide public benefits commensurate with their costs. Congress may also consider repealing a port use charge, the harbor maintenance tax, for containerized domestic shipments as a means of spurring marine highway development. Repealing the tax raises equity issues because waterway users already benefit from reduced federal user charges compared to trucks, and their other competitor, the railroads, are largely selffinanced. The Jones Act is arguably another potential statutory hindrance to marine highway development, particularly coastal highways. This act requires that all domestic shipping be carried in U.S. built ships. Critics claim the act raises the cost of domestic shipping to such a degree that it cannot compete with truck and rail.

## Repeal HMT CP – AT: HMT Key to Ports

### HMT insolvent – the money isn’t used for maintenance

Nagle, 12 [Kurt J. Nagle, President and CEO AMERICAN ASSOCIATION OF PORT AUTHORITIES, Hearing on Harbor Maintenance Funding and Maritime Tax IssuesFebruary 1, 2012, http://aapa.files.cms-plus.com/Testimony%20for%20Ways%20and%20Means%20on%20HMT%201FEB2012.pdf]

In 1986, Congress instituted the Harbor Maintenance Tax (HMT) in order for the users of these federal channels to pay for the maintenance dredging required to keep channels at their authorized depths and widths. Prior to that time, maintenance of federal channels was totally a federal expense. The new system imposed the HMT to pay for the federal share of maintenance, with local sponsors also at times paying a cost-share based on the depth of the channel. Unfortunately, when devising this new “user pay” system, Congress did not tie the receipts to spending. The subsequent low Appropriations levels have resulted in chronic underinvestment in channel maintenance. H.R. 104 aims to resolve this inequity. This legislation requires appropriations for harbor maintenance dredging to be equal to the prior year’s receipts plus interest. The bill provides a point of order against future appropriations bills that do not ensure this level of funding. Currently, the bill has 166 co-sponsors, which is evidence of the strong support for this bill. Today, America’s federal navigation channels have available their authorized dimensions (depths and widths) less than 35 percent of the time, which means channels may be restricted to one lane of travel, and the ships that are moving may not be able to carry full loads of cargo because of depth restrictions. At the same time, the current surplus in the trust fund stands at $6.4 billion with annual revenue of about $1.4 billion and growing. The annual need for maintenance dredging, which is in the range of $1.3 to $1.6 billion, according to the Army Corps of Engineers, is comparable to the funds collected. However, over the past five years, annual expenditures for channel maintenance have averaged less than $800 million, creating the surplus and leaving users with inadequately maintained channels. The net result is increased costs for waterborne transportation users, higher prices to consumers, and reduced competitiveness of U.S. exports in the global marketplace. Jobs, tax bases and income produced are adversely impacted as well.

### HMTF is operating at a huge surplus – plan doesn’t hurt ports

Skalberg, 7 [Randall K. Skalberg, Prof in Accounting Dept at U of MN- Duluth, The U.S. Harbor maintenance tax: a bad idea whose time has passed?, Transportation Journal, Summer 2007, http://findarticles.com/p/articles/mi\_hb6647/is\_3\_46/ai\_n29366709/?tag=content;col1]

HMT Generates Substantially More Revenue than the U.S. Currently Needs for Harbor Maintenance The HMT has been a very effective (perhaps too effective) vehicle for generating revenue for the Army Corps of Engineers dredging and harbor maintenance activities. There is currently a $3.1 billion surplus in the Harbor Maintenance Trust Fund, an amount sufficient to support the Army Corps of Engineer's dredging and harbor maintenance at the current rate for 3 1/2 years. The HMT could be abolished currently, and a replacement revenue stream could be deferred or phased in over a period as long as three years without risking any of the Corps' ability to complete important dredging and harbor repairs.

### HMTF money distributed ineffectively now – maintenance of the tax is a form of injustice

Frittelli, 11 [John Frittelli, Specialist in Transportation Policy, Harbor Maintenance Trust Fund Expenditures, Congressional Research Service, 1/10/11, http://www.fas.org/sgp/crs/misc/R41042.pdf]

Despite a large surplus in the trust fund, the busiest U.S. harbors are presently under-maintained. The U.S. Army Corps of Engineers (Corps) estimates that full channel dimensions at the nation’s busiest 59 ports are available less than 35% of the time. This situation can increase the cost of shipping as vessels carry less cargo in order to reduce their draft or wait for high tide before transiting a harbor. It could also increase the risk of a ship grounding or collision, possibly resulting in an oil spill. To rectify this situation, some are calling for increasing disbursements from the trust fund. However, Corps data indicate that a significant portion of annual HMTF disbursements are directed towards harbors which handle little or no cargo. The Oregon Inlet in North Carolina, Grays Harbor in Washington, Humboldt Harbor in California, and the Lake Washington Ship Canal in Seattle are some of the harbors or waterways that fit this description. Commercial fishermen and recreational boat (or yacht) owners account for most, if not all, of the vessel traffic in these harbors. Fishermen and recreational boaters do not pay the HMT. Some might argue that to target one group of harbor users for assessing a fee and then to distribute revenues mostly, or entirely, in some cases, for the benefit of other users, undermines the “trust fund” and “user fee” concept. The Administration requested and Congress provided funding for a pilot program that began in FY2010 to investigate the feasibility of having non-cargo harbor users finance the dredging requirements of harbors with little or no commerce

## Repeal HMT CP - AT: Repeal HMT Hurts Econ

### Link only goes one way - Loss of HMT revenue is too small to effect the economy

Skalberg, 7 [Randall K. Skalberg, Prof in Accounting Dept at U of MN- Duluth, The U.S. Harbor maintenance tax: a bad idea whose time has passed?, Transportation Journal, Summer 2007, http://findarticles.com/p/articles/mi\_hb6647/is\_3\_46/ai\_n29366709/?tag=content;col1]

HMT Revenue Is a Small Portion of Total Transportation Tax Revenue and a Small Portion of Transportation Spending The HMT represents only 3 percent of the U.S. government's revenue from transportation sources. While government spending on water transport is 6 percent of the total transportation budget, this apparent "imbalance" is more than justified by the importance of water transport as both a strategic military tool and the fuel efficiency of waterborne transport as identified previously. The significance of these funding levels is that while the HMT stands as a meaningful barrier to specific types of water transport, it actually provides a very small percentage of the federal government's transportation budget.

## Repeal HMT - Popular

### Industry wants repeal -

Cullather, 11 [MR. JOHN M. CULLATHER former Staff Director, Coast Guard and Maritime Transportation Subcommittee

“Congressional Support of the Marine Transportation System Helping the MTS expand and adapt to its growing needs.” In In The Coast Guard Proceedings of the Marine Safety and Security Council, “The Marine Transportation System,” Summer 2011, www.uscg.mil/proceedings, p. 21-2]

The U.S. Maritime Administration has begun to imple- ment this program by designating short sea trans- portation routes and providing grants to help start-up ventures. However, supporters of the marine highway system have testified before Congress, saying that ap- plying the harbor maintenance tax to short sea trans- portation cargoes has created a barrier to entry into this market. The tax was established to provide funding for dredging projects executed by the U.S. Army Corps of Engineers, and is assessed at a rate of 0.125 percent of shipment value.