

January 29, 2010

The Honorable Harry Reid  
Majority Leader  
United States Senate  
Washington, DC 20510

Dear Majority Leader Reid:

As representatives of American maritime labor, U.S. ship owners and operators, and U.S. shipyards, we are writing to ask that you include the American Shipping Reinvestment Act ("ASRA"), S. 1610, in the jobs package currently under consideration. The legislation was introduced by Sen. Maria Cantwell in August 2009, and has bipartisan support by Sens. Patty Murray, Daniel K. Inouye, John Rockefeller IV, Mary Landrieu, David Vitter, Thad Cochran, and George LeMieux.

ASRA would encourage shipping companies to reinvest foreign income generated between the years 1975 and 1986 into the U.S. shipping industry. As a result, ASRA would spur U.S. job growth by creating a broad and diverse range of well-paying employment opportunities for American workers – in shipyards building and repairing U.S.-flag vessels, in licensed and unlicensed positions aboard the vessels, and in the shoreside offices supporting vessel operations. The bill also includes a job protection provision. In order to preserve the tax benefits enacted by ASRA, companies must, at a minimum, maintain their current employment levels.

Under a 1970s tax provision, U.S. shipping companies must maintain investments made between 1975 and 1986 in qualified foreign shipping assets. Because any net decrease in these investments results in an immediate tax penalty, this provision has stranded significant capital of U.S. shipping companies in foreign assets. ASRA would repeal this outdated provision, allowing U.S. shipping companies a one-time opportunity to reinvest those prior year foreign source earnings at a reduced tax rate.

Recent studies have demonstrated the tremendous economic impacts of stimulating investments in the U.S. maritime sector. For example, a 2002 study found that 3.7 jobs were created elsewhere in the economy for every job created in a shipyard building U.S.-flag vessels. Another study found the construction of tankers in a U.S. shipyard would increase average annual employment in the region where the shipyard was located by 1,217 jobs and nationally by 2,902 jobs during the period of construction.

Enactment of ASRA will lead to more U.S.-flag ships and more American jobs, at little or no cost to the U.S. government. We respectfully urge you to enact this important measure.

Sincerely,

Mike Sacco  
President  
Seafarers International Union

Thomas Bethel  
President  
American Maritime Officers

Don Keefe  
President  
Marine Engineers Beneficial Association

Matt Dwyer  
Executive Director  
American Maritime Congress

James Henry  
President & CEO  
Transportation Institute

Brenda Otterson  
Legislative Consultant  
American Maritime Officers Service

Matt Paxton  
President  
Shipbuilders Council of America

Morten Arntzen  
President & CEO  
Overseas Shipholding Group, Inc.

cc: The Honorable Mitch McConnell  
The Honorable Max Baucus  
The Honorable Chuck Grassley  
The Honorable Maria Cantwell