

April 13, 2012

The Honorable Patty Murray
Chair, Subcommittee on
Transportation, Housing and Urban
Development, and Related Agencies
Committee on Appropriations
United States Senate

The Honorable Susan Collins
Ranking Member, Subcommittee on
Transportation, Housing and Urban
Development, and Related Agencies
Committee on Appropriations
United States Senate

Dear Chairwoman Murray and Ranking Member Collins:

As the subcommittee on Transportation, Housing and Urban Development, and Related Agencies develops appropriations legislation for FY 2013, we ask that it provide funding for the Maritime Administration's loan guarantee program, known as the "Title XI Program."

This program warrants continued support even as Congress understandably reviews all accounts carefully. This is not a large, top down government program but a small program based on private sector initiative and applications. The program guarantees commercial loans for privately financed commercial ship construction and shipyard modernization – all in the United States. Demand for program guarantees has consistently exceeded available resources.

Funding and implementation of the Title XI program will help grow the U.S. economy and create and maintain American jobs in the domestic shipbuilding and related service and supply industries, as well as aboard United States-flag commercial vessels. It will help maintain the nation's defense shipbuilding industrial base and an active U.S.-flag merchant marine, which is essential to U.S. defense sealift requirements. The program has created and maintained tens of thousands of well-paying seagoing and shoreside jobs, and helped to ensure that an adequate pool of vessels and mariners and a shipyard industrial base, including associated supply industries, is available to meet U.S. economic, homeland and national sealift needs. Maintaining commercial vessel construction in U.S. shipyards can also help reduce overhead charges assessed to DOD on military shipbuilding contracts, as some overhead could be assessed to commercial work.

The program also provides a strong return for the government, as each Title XI dollar leverages 15-20 dollars of private investment. Moreover, the resulting overall economic activity has been estimated to be several times the shipyard output.

For vessel operators and shipyards seeking to utilize the program, it is critically important that the program be funded on a regular basis. Sporadic funding for Title XI makes it difficult to develop even short term plans, much less multi-year strategies, and inhibits critical economic activity in the maritime sector. On the other hand, a consistently funded program will help grow the maritime industry and the economy as ship owners and shipyards invest in their enterprises.

Moreover, the risk premiums collected in the course of administration of the program help ensure that the program is paid for.

For all these reasons, we urge you to include funding for new commitments for the Title XI program in appropriations legislation for Fiscal Year 2013.

Sincerely,

American Maritime Congress
American Maritime Officers
American Maritime Officers Service
Central Gulf Lines, Inc.
Crowley Maritime Corporation
General Dynamics NASSCO
Horizon Lines, Inc.
International Organization of Masters, Mates & Pilots
Marine Engineers Beneficial Association
Maritime Institute for Research and Industrial Development
Matson Navigation Company
Marine Fireman's Union
Overseas Shipholding Group
Sailors Union of the Pacific
Seafarers International Union
Shipbuilders Council of America
Transportation Institute
Waterman Steamship Corp.

Cc: Chairman Inouye
Ranking Member Cochran