**RESOLUTION SUPPORTING NON-CONTIGUOUS TRADES JONES ACT REFORM**

Whereas, the Hawai‘i Republican Party (HRP) supports free market principles and opposes undue restrictions on international trade of legal merchandise into the United States; and

Whereas, Section 27 of the Merchant Marine Act of 1920 (P.L. 66-261) (46 U.S.C. § 55102), known as the Jones Act, is a Federal cabotage law which restricts the transportation of cargo by water between two points in the United States to only U.S.-built, U.S.-flagged, U.S.-owned, U.S.-crewed, and U.S.-operated vessels; and

Whereas, the Jones Act limits competition in the domestic shipping industry and causes higher consumer prices, especially impacting the non-contiguous jurisdictions of Alaska, Guam, Hawai‘i and Puerto Rico; and

Whereas, the non-contiguous jurisdictions are dependent on ocean shipping for interstate surface transportation and their geography precludes access to alternatives such as interstate railroad, road truck and pipeline transportation which are readily available on the contiguous United States and mitigate the impact of the Jones Act on the 48 U.S. mainland states; and

Whereas, the Jones Act by severely restricting competition has produced an oligopolistic structure in the domestic shipping industry that provides interstate ocean transportation and has led to significant inefficiencies which greatly increase transportation costs by inhibiting free enterprise; and

Whereas, the cost of constructing oceangoing deep draft ships in the major U.S. shipbuilding yards is four to five times more expensive than for comparable ships in Japan and South Korea and U.S. shipyards have built fewer than three deep draft merchant ships annually since the late 1980’s while Japanese shipyards deliver an average of 200 ships for export each year; and

Whereas, the U.S.-build requirement of the Jones Act is no longer an acceptable imposition on the non-contiguous jurisdictions, as it is an absolute merchandise-import restriction, creates an artificial scarcity of major capital ships, erects substantial barriers to entry, restricts market contestability, and has led to an aging and inefficient deep-sea common carrier fleet in the domestic non-contiguous trades; and

Whereas, the residents of the non-contiguous jurisdictions bear the cost of substantially higher freight rates to subsidize an inefficient and commercially uncompetitive U.S. major ship building industry through higher freight rates and charges levied by the domestic ocean carriers in the non-contiguous domestic trades; and

Whereas, other modes of domestic transportation are permitted to use foreign manufactured equipment for commercial operation without restriction including aircraft, railroad cars and locomotives, trucks, automobiles (for taxis) and mass transit vehicles; now, therefore, be it

*Resolved*, that the Hawaii Republican Party in convention at Honolulu, Hawaii, May 17, 2014, in advocacy of free trade supports an exemption from the U.S.-build requirement of the Jones Act for large self-propelled ships engaged in the domestic non-contiguous trades; and

*Resolved*, that the Hawaii Republican Party urges Republican members of Congress to act in the best interests of the residents, families, and small businesses of Alaska, Guam, Hawaii and Puerto Rico by supporting non-contiguous trades Jones Act reform; and, therefore, be it finally

*Resolved*, that copies of this resolution be posted on the Hawai‘i Republican Party website, distributed to Republican members of Congress, the Chairman of the Republican National Committee, the Chairs of the State Republican parties of Alaska, Guam, Puerto Rico, Hawai‘i elected officials, and media for public dissemination.