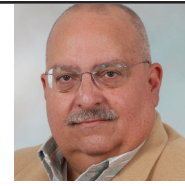


columns



The Maritime Business: It Doesn't Stop At The Waterline



Dorman L. Strahan is President of Marine Systems, Inc., a subsidiary of Kirby Corporation. He is on the Board of Directors for the Offshore Marine Service Association.

Most discussions of the maritime industry focus only on vessel operations and shipyards. This view of the industry overlooks the shoreside businesses that figuratively (and sometimes literally) keep the boats afloat. It is important to remember the shoreside businesses when weighing the impact of the maritime industry on the economy and the impact of the economy on the maritime industry.

The Offshore Marine Service Association (OMSA), where I serve as a member of the Board of Directors, has over 150 associate members who do not own vessels, but are still involved in every aspect of the maritime business, from vessel construction and the provision of parts and equipment to insurance and legal services. It is important for these support companies to belong to groups like OMSA and other maritime-related trade associations. Through these associations, they learn about the regulatory issues affecting the maritime industry and therefore can structure their services to better meet the needs of the boat owners. All of our different companies are interconnected, and all are a part of the larger maritime industry.

In its own way, the OMSA membership serves as a good representative slice of the maritime sector, showing how much of the business and economic impact takes place away from the water's edge. It is vital to understand the full economic impact of both on-water and on-shore businesses.

Take, for example, employment figures. The number of people employed on boats is impressive. When we combine the offshore workboat sector and the inland towing sector, there are approximately 35,000 to 40,000 mariners. However, for every mariner who serves on a vessel, there is a large complement of other people who make it possible for that vessel to work. Adding those numbers results in a significant total industry impact.

In 2006, OMSA surveyed its vessel operating members and discovered that each vessel in the workboat fleet spends an average of \$325,000 annually on repairs, maintenance and supplies. That is only one indication of the widespread economic impact the maritime industry has on port cities. Here is another: In 2006, the Port of Fourchon in Louisiana conducted an economic study and found that port-related spending in the local community was worth about \$1.4 billion in local sales.

The results of the OMSA survey and the 2006 economic study make it easy to see that America needs a thriving maritime industry. Statistics like these support our advocacy of policies that would open up new areas of the country for offshore oil exploration. Producing skilled jobs with above-average pay scales is an appealing prospect for port communities that are suddenly finding themselves faced with rising unemployment problems. Increased offshore oil and gas activity would bring welcome business to vessel operators, and the additional activity for workers in seismic surveying, exploratory drilling and ongoing production would provide a further economic boost to the communities.

We all realize that the maritime industry is feeling the effects of the economic recession. In the offshore workboat market, the recession has been intensified by the declining price of oil and subsequent drop in drilling activity. We need to remember now more than ever that we are all part of one industry. Boat owners and their shoreside support businesses deal with the same roller-coaster business cycle. To paraphrase an old saying, when the boat owners catch cold, their vendors start sneezing.

There is no doubt that the business cycle will improve and vessel utilization will increase. Offshore energy will, once again, be in demand, and the prospect of expanding exploration into other areas of the country is good. In the meantime, it is important to remember that together we make a very good team, one that has developed through years of hard work.

When we realize how much we depend on each other, we can demonstrate how much the nation depends on our industry.