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Lifting offshore moratorium stirs Jones Act debate

President Obama's announcement Wednesday to lift the 20-year moratorium on offshore oil exploration and drilling along the Atlantic Coast was praised by U.S.-flag vessel operators in the Gulf, but stirred ongoing concerns with Customs and Border Protection's enforcement of the Jones Act.

"We strongly support efforts to expand our offshore energy resources, whether through opening new areas for oil and gas leasing or alternative sources like wind power and wave generation," said the Offshore Marine Services Association (OMSA), in a statement.

"But we need to call attention to the fact that an alarming and growing number of foreign vessels are working offshore, taking jobs away from American mariners and work from American companies," warned the association, which represents owners and operators of U.S.-flag supply vessels that support the offshore energy sector.

CBP, a component of the Homeland Security Department, is engaged in a rulemaking process to review its interpretations of the Jones Act, a cabotage law requiring cargo transported between U.S. points be carried only on vessels owned and crewed by Americans and built in domestic shipyards.

According to OMSA, an early CBP analysis indicated some of those interpretations wrongly allowed foreign vessels and mariners to do work in the U.S. offshore oil and gas fields. "DHS needs to reverse this dangerous trend as soon as possible because the stakes are very high," OMSA said. "Foreign vessels are not built in U.S. shipyards, generally don't hire Americans to work aboard, and are not subject to the same rigorous security requirements as the U.S. vessels. Moreover, recent Internal Revenue Service announcement reveal that many foreign vessels working in our offshore energy sector don't pay taxes on profits earned while in America."

(For more details about these Jones Act concerns, read "[Jones Act patrol](#)," February 2009 *American Shipper*, pages 41-43, and "[Jones Act question](#)," April 2010 *American Shipper*, page 18.)

Lifting of the moratorium will allow oil and gas companies to explore for sources from as far north as Delaware down to central Florida. The administration also approved a new section of the Gulf of Mexico and the Cook Inlet, Alaska, for this activity.

According to the administration, oil and gas resources would be developed about 50 miles off the coast of Virginia and more than 125 miles from Florida's coast in the eastern Gulf of Mexico. The administration would also allow oil exploration in the Arctic Ocean, but rejected drilling at Bristol Bay in Alaska due to environmental concerns.

Analysts say it will likely take more than a decade before any national energy benefits are realized from expanded offshore oil and gas extraction. Offshore lease sales won't start before 2012. — [Chris Gillis](#)

