



CHAMBER OF SHIPPING OF AMERICA

MONTHLY REPORT FOR BIMCO

May 2018

- Give CSA a follow on  : [@CSAKnowships](https://twitter.com/CSAKnowships)

NOTE TO THE READER: Reference to the Federal Register may be found at <http://www.gpo.gov/fdsys/browse/collection.action?collectionCode=FR>. Please note new address and format for Federal Register retrieval due to upgrade in US government website.

References to legislation may be found at <http://thomas.loc.gov/> by entering the bill number (HR 802, S 2841) in the "search bill text" block found at the center of the page.

GP 3.0 – WHERE IS IT?

CSA continues to interface with US EPA regarding the expected publication of the 3rd VGP. As we may recall, the current VGP expires mid-December 2018 and it was hoped that the new VGP would be issued in proposed form with an opportunity for comments early this year. As of this writing, nothing has been published. Based on discussions with colleagues, one possible outcome may be that the EPA will extend the current VGP for a period of time to allow for sufficient implementation time between issuance of the new final permit and its entry into force date. We suspect additional delays in publication are due to the current posture of the Trump Administration relative to regulatory reform and its impact on promulgation of new requirements impacting the industry. CSA will advise soonest on new developments.

ENERGY EXPORT LEGISLATION

This set of parallel bills (S 2916, HR 5893) were introduced in May 2018 by Senator Wicker and Congressman Garamendi respectively. Noteworthy is the fact that Senator Wicker is a member of the Republican Party while Congressman Garamendi is a member of the Democratic Party, signaling the potential for strong bi-partisan support for this initiative.

These bills focus on the need to stimulate the American shipbuilding industry by mandating the carriage of crude oil and LNG exports by US built and US flagged vessels. As drafted, these provisions would preclude the reflagging of vessels from non-US flag registries to the US flag as is currently the case for vessels that would be engaged in international trade (vs. Jones Act vessels which must be US built and US flagged). The common focus of these provisions is the need to stimulate American shipbuilding capacity and the US flag industry for national



CHAMBER OF SHIPPING OF AMERICA

security purposes. Subject to certain exemptions and waivers, these bills would require US build/US flag vessels be used to carry crude and LNG exports as follows:

| | LNG | Crude |
|------|-----|-------|
| 2023 | | 1% |
| 2024 | 2% | |
| 2026 | 3% | 4% |
| 2028 | 5% | |
| 2029 | | 8% |
| 2030 | 7% | |
| 2032 | 8% | 10% |
| 2034 | 10% | |
| 2036 | 11% | |
| 2038 | 13% | |
| 2040 | 15% | |

When assessing the possibility of these bills moving through their respective houses, it is important to note that both have been referred to non-traditional committees for further action. In the case of S 2916 and taking note that the Senate rules mandate single committee referrals, this bill has been referred to the Senate Banking, Housing and Urban Affairs Committee (vs. the Senate Commerce Committee to which most maritime transportation bills are referred). In the case of HR 5893 and taking note that the House rules permit multiple committee referrals, this bill has been jointly referred to the House Energy and Commerce Committee and the House Foreign Affairs Committee (but not the House Transportation and Infrastructure Committee to which most maritime transportation bills are referred).

Further action on these bills should be expected in the form of hearings by the committees to which they have been referred with panels likely consisting of a government panel (Executive Branch agencies) and an industry panel (US flag proponents, US maritime labor). CSA is making appropriate inquiries with committee staff to assess the timing of future actions e.g. hearings and will report back as new information is learned. Looking forward, if these two bills were to pass the US Congress, given President Trump's current position on promotion of US jobs and US industries in the international marketplace, it can be expected that he would sign these bills into law taking into account (but not necessarily accepting) the advice of the US Trade Representative.

Conflicting with the above initiatives by Senator Wicker and Congressman Garamendi, Democratic Senator Markey has introduced S 2886 which would ban all crude and LNG exports subject to certain Presidential exemptions including one which is based on promotion of the US national interest. While CSA will continue a watch on this bill, currently we see little or no political will to move this legislation to enactment.



CHAMBER OF SHIPPING OF AMERICA

REGULATORY REFORM – REQUEST FOR COMMENTS

The Office of Management and Budget (OMB) is seeking public comment on how existing agency requirements affecting the maritime sector can be modified or repealed to increase efficiency, reduce or eliminate unnecessary or unjustified regulatory burdens, or simplify regulatory compliance while continuing to meet statutory missions. This request is another step regarding the President's Executive Order 13771, "Reducing Regulation and Controlling Regulatory Costs" issued in January 2017.

CSA will submit comments to the Federal Docket, please provide any information or comments you would like included by July 1 and contact us with any questions you may have. While CSA is pleased to include any comments from our colleague international and national trade associations, all are urged to submit comments of their own on association/company letterhead to further strengthen advocacy efforts on this initiative. CSA will circulate draft comments the first week of July to our colleague international trade associations which may be used as a template for creating separate comment submissions.

Full text of the Federal Register Notice: [FR Vol 83 No 96 - May 17, 2018](#)
Those seeking to submit comments should note the extensive list of 15 questions and guidance for submission of supporting information/data to support responses to these questions.

Based on our initial thoughts on this request for comments, the basis for our comments will include the following general concepts (listing of specific of statutes/regulations to be developed):

- Need for global consistency of regulations impacting the maritime industry
- IMO/ILO should be recognized as the preeminent authority on regulating the global maritime industry given their global scope in application and technical expertise.
- US should ratify all major IMO and ILO Conventions and Annexes e.g. Hong Kong Convention, Ballast Water Convention, MARPOL Annexes to which the US is not yet a party.
- Where the US is unable to ratify international instruments due conflicts between current US requirements and a particular international instrument, an assessment and recommendation should be made for modification of US statutes to enable US ratification where possible.
- If unable to fully align US law/regulations with the provisions of international instruments, the US should establish implementing regulatory programs as nearly as possible in alignment with international requirements.
- US statutes and implementing regulations should be the supreme law of the land and must preempt state action to avoid the current patchwork quilt of



CHAMBER OF SHIPPING OF AMERICA

requirements to which vessels are currently subject in US waters. Where necessary, existing statutes should be amended to make the federal supremacy clear and unambiguous.

- International and US regulations should establish a flag neutral level playing field taking into account the IMO concept of no more favorable treatment.
- The US should remove its reservation on the agreed IMO Greenhouse Gas Emissions Strategy and actively participate in future IMOM work on further development of the strategy including the impending discussions on short, medium and long term measures.
- The US should enact the Vessel Incidental Discharge Act (VIDA) to eliminate the duplicative yet sometimes conflicting requirements imposed on vessel discharges by the USCG and the US Environmental Protection Agency.
- The current Alternative Compliance Program (ACP) as applicable to US flag vessels should be continued and promoted with suitable oversight by the USCG.
- The USCG should be fully engaged in the implementation of the National Ocean Policy particularly in the area of marine spatial planning and resolution of user conflicts to ensure continued freedom of navigation and navigational safety in US waters.
- The US should ratify the UN Convention on the Law of the Sea.
- The US should be fully engaged in the UN initiative to amend UNCLOS addressing biodiversity on the high seas to ensure freedom of navigation on the high seas while taking into account protection of marine resources and the promotion of biodiversity.

OMB has provided the following questions to guide input:

1. Are there regulations that have become unnecessary, ineffective, or are no longer justified, and if so what are they (e.g., vessel equipment, manning, or reporting requirements)?
2. Are there rules or reporting requirements that have become outdated and, if so, how can they be modernized to better accomplish their objective?
3. Are there requirements (e.g. flagging, certification, or training rules) that could be streamlined, reduced, or provided in an easier-to-access manner, such as online training and certification?
4. Are there rules from different agencies that involve similar, overlapping activities such as training, drills, or inspections that might be consolidated or coordinated to reduce the regulatory burden on the industry?
5. Are there reporting or other information collection requirements imposed by multiple regulatory agencies that involve similar, overlapping reporting that might be consolidated or coordinated to reduce the regulatory burden on the industry?
6. Are there rules or reporting requirements imposed by the United States and other countries-especially Canada and Mexico-that are inconsistent with one another to the point of creating barriers to commerce? Are there reporting requirements between Canada and the United States,



CHAMBER OF SHIPPING OF AMERICA

particularly on the Great Lakes, that are similar to the point that the two countries may be able to share information, to the extent permissible by law, to reduce the burden on industry?

7. Are there rules that have not achieved their intended purpose or otherwise not operating as well as expected such that a modified, or different approach at lower cost should be considered?
8. Are there rules that are preventing or creating barriers to the adoption of new, innovative technologies in the maritime industry?
9. Are there rules preventing, curtailing, or causing the decision to outsource maritime related activities that would otherwise add value to the domestic economy? What types of economically beneficial maritime activities might be animated if these rules were abolished?
10. Do agencies currently collect information that they do not need or use effectively?
11. Are there regulations, reporting requirements, or regulatory processes that are unnecessarily complicated that could be made more efficient?
12. Are there rules or reporting requirements that have been overtaken by technological developments? Can new technologies be leveraged to modify, streamline, or do away with existing regulatory or reporting requirements?
13. How can agencies that regulate the maritime sector best reduce regulatory costs while achieving the agencies' statutory objectives, and how can they best identify those rules that might be modified, streamlined, or repealed?
14. What factors should agencies consider in selecting and prioritizing rules and reporting requirements for reform?
15. How can agencies obtain and analyze accurate, objective information and data about the costs and benefits of existing regulations? Are there existing sources of data to use to evaluate the current effects of regulations?

OMB requests that comments include:

- Supporting data or other information such as cost information;
- Specific suggestions regarding repeal, replacement, or modification, including, if possible, citations to the relevant sections of the Code of Federal Regulations;
- Insight into the experiences of the regulated public regarding regulatory redundancy, compliance inefficiencies, outdated requirements, etc.;
- Information regarding difficulties for small- and medium-sized enterprises that may not have been initially taken into consideration when the regulatory program was promulgated; or
- Information regarding the possibility of increased regulatory cooperation between the United States and foreign partners, especially Canada and Mexico, to relieve burden on the industry.



CHAMBER OF SHIPPING OF AMERICA

GPS Interference in the Eastern Mediterranean Sea

Further to the April 6th GPS interference near Port Said, a multitude of additional GPS interference situations causing lost signals, altered signals and/or GPS timing errors continue have been reported by ships and aircraft in the eastern Mediterranean Sea. A U.S. Maritime Advisory was issued to highlight and raise awareness to this issue. GPS disruptions or anomalies should be immediately reported to the NAVCEN at <https://go.usa.gov/xQBaw> or by phone at 703-313-5900, 24/7. Ships should continue to navigate with extreme caution in this area.

Full U.S. Maritime Advisory here: [U.S. MARITIME ADVISORY 2018-007 - GPS Interference](#)

US-CERT and US Maritime Advisory on Russia Sponsored Network Infrastructure Attacks

US-CERT issued an alert that Russian state-sponsored cyber actors are targeting network infrastructure devices worldwide as identified by multiple sources from public and private sectors. Detailed information can be found in the US-CERT Alert below. A U.S. Maritime Advisory was also issued on this subject.

US-CERT Advisory here: [US-CERT Alert TA18-106A - Russian Cyber Actors Targeting Network Infrastructure](#)

U.S. Maritime Advisory here: [U.S. MARITIME ADVISORY 2018-006 - Russian Cyber Exploitation](#)

Measles Outbreak

The Center for Disease Control (CDC) issued a Travel Health Alert Notice concerning a Measles outbreak across the world including Africa, Asia, Europe and the Pacific. More information and recommendations can be found on the Measles home page on the CDC website at <https://www.cdc.gov/measles/travelers.html>

A U.S. Maritime Advisory has also been issued: [US Maritime Advisory 2018-008 - Measles](#)