

REFERRAL OF H.R. 103 TO
COMMITTEE ON THE BUDGET

Mr. CLINGER. Mr. Speaker, I ask unanimous consent that the bill, H.R. 103, which was improperly referred to the Committee on Government Reform and Oversight, be rereferred to the Committee on the Budget as the primary committee.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Pennsylvania.

There was no objection.

DISCHARGING COMMITTEE ON
GOVERNMENT REFORM AND
OVERSIGHT AND REREFERRAL
OF H.R. 564 TO CERTAIN STAND-
ING COMMITTEES

Mr. CLINGER. Mr. Speaker, I ask unanimous consent that the Committee on Government Reform and Oversight be discharged from the consideration of the bill, H.R. 564, which was misreferred, and that H.R. 564 be rereferred to the Committee on the Budget as the primary committee and, in addition, to the Committee on Transportation and Infrastructure.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

DISCHARGING COMMITTEE ON
GOVERNMENT REFORM AND
OVERSIGHT AND REREFERRAL
OF H.R. 842 TO CERTAIN STAND-
ING COMMITTEES

Mr. CLINGER. Mr. Speaker, I ask unanimous consent that the Committee on Government Reform and Oversight be discharged from consideration of the bill, H.R. 842, which was improperly referred, and that H.R. 842 be rereferred to the Committee on Transportation and Infrastructure as the primary committee and, in addition, to the Committee on the Budget.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

MARITIME SECURITY ACT OF 1995

Mr. QUILLEN. Mr. Speaker, by direction of the Committee on Rules, I call up House Resolution 287 and ask for its immediate consideration.

The Clerk read the resolution, as follows:

H. RES. 287

Resolved, That at any time after the adoption of this resolution the Speaker may, pursuant to clause 1(b) of rule XXIII, declare the House resolved into the Committee of the Whole House on the state of the Union for consideration of the bill (H.R. 1350) to amend the Merchant Marine Act, 1936 to revitalize the United States-flag merchant marine, and for other purposes. The first reading of the bill shall be dispensed with. General debate shall be confined to the bill and shall not exceed one hour equally divided and controlled by the chairman and ranking minority mem-

ber of the Committee on National Security. After general debate the bill shall be considered for amendment under the five-minute rule. It shall be in order to consider as an original bill for the purpose of amendment under the five-minute rule the amendment in the nature of a substitute recommended by the Committee on National Security now printed in the bill. Each section shall be considered as read. Before consideration of any other amendment, it shall be in order without intervention of any point of order to consider the amendment printed in the report of the Committee on Rules accompanying this resolution. That amendment may be offered only by the chairman of the Committee on National Security or his designee, shall be considered as read, may amend portions of the bill not yet read for amendment, shall be debatable for ten minutes equally divided and controlled by the proponent and an opponent, shall not be subject to amendment, and shall not be subject to a demand for division of the question in the House or in the Committee of the Whole. During further consideration of the bill for amendment, the chairman of the Committee of the Whole may accord priority in recognition on the basis of whether the Member offering an amendment has caused it to be printed in the portion of the Congressional Record designated for that purpose in clause 6 of rule XXIII. Amendments so printed shall be considered as read. At the conclusion of consideration of the bill for amendment the Committee shall rise and report the bill to the House with such amendments as may have been adopted. Any Member may demand a separate vote in the House on any amendment adopted in the Committee of the Whole to the bill or to the committee amendment in the nature of a substitute. The previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit with or without instructions.

The SPEAKER pro tempore. The gentleman from Tennessee [Mr. QUILLEN] is recognized for 1 hour.

Mr. QUILLEN. Mr. Speaker, for the purpose of debate only, I yield the customary 30 minutes to the distinguished ranking member of the Committee on Rules, my good friend, the gentleman from Massachusetts [Mr. MOAKLEY], pending which I yield myself such time as I may consume. During consideration of this resolution, all time yielded is for the purpose of debate only.

(Mr. QUILLEN asked and was given permission to revise and extend his remarks and include therein extraneous material.)

AMENDMENT OFFERED BY MR. QUILLEN

Mr. Speaker, I ask unanimous consent that House Resolution 287 be amended at page 2, line 19, by striking "10 minutes" and inserting "20 minutes." The Committee on Rules approved 20 minutes of debate on the manager's amendment, but the resolution erroneously only provides for 10 minutes of debate.

I understand that the minority has been consulted on this matter and that there is no objection to the unanimous consent request.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Tennessee?

There was no objection.

The text of the amendment is as follows:

Amendment offered by Mr. QUILLEN:

Page 2, line 19: Strike out "ten minutes" and insert "20 minutes".

Mr. QUILLEN. Mr. Speaker, House Resolution 287 is an open rule providing for the consideration of H.R. 1350, the Maritime Security Act of 1995. The rule provides 1 hour of general debate divided equally between the chairman and ranking minority member of the Committee on National Security, and makes in order as an original bill for the purpose of amendment the committee amendment in the nature of a substitute, with each section considered as read.

Under the rule, it shall first be in order to consider an amendment offered by the chairman of the National Security Committee or his designee. Consistent with the unanimous-consent request, such amendment shall be debatable for 20 minutes equally divided between a proponent and an opponent, and shall not be subject to amendment or demand for division of the question.

Members who have preprinted their amendments in the CONGRESSIONAL RECORD prior to consideration may be given priority in recognition, and the rule provides one motion to recommit with or without instructions.

Mr. Speaker, I proudly served during World War II aboard the aircraft carrier *Antietam*. Back then the United States had the largest commercial, privately owned merchant shipping fleet in the world. Now we only rank 16th. Complying with Federal laws and Coast Guard requirements have resulted in higher operating costs for U.S.-flag carriers, and as a result there are less than 150 U.S. flagged vessels. It is outrageous that we've let our merchant marine fleet diminish to this point.

The Maritime Security Act will ensure the availability of a U.S. merchant marine fleet crewed by U.S. merchant seaman to provide sealift capacity for wartime or national emergencies.

Without passage of this bill, the United States will have to rely on foreign-flag shipping to conduct foreign commerce and for any future military operations. We cannot stand by and allow this to happen. The Maritime Security Act will preserve a viable U.S.-flag merchant marine and domestic shipbuilding industry by creating new commercial opportunities for American shipbuilders and streamlining the regulatory process.

Mr. Speaker, I commend the National Security Committee for bringing forth this bipartisan bill. It's taken almost 10 years for the Congress to enact a comprehensive bill to revitalize our Sinking Maritime Program.

The future of our merchant marine fleet is at stake. We owe it to our country to see that all of our defense components—including our sealift capabilities—are second to none.

I urge my colleagues to vote "yes" on this open rule and to support this bill.

Mr. Speaker, I include for the RECORD the following material from the Committee on Rules:

THE AMENDMENT PROCESS UNDER SPECIAL RULES REPORTED BY THE RULES COMMITTEE,¹ 103D CONGRESS V. 104TH CONGRESS

[As of December 1, 1995]

Rule type	103d Congress		104th Congress	
	Number of rules	Percent of total	Number of rules	Percent of total
Open/Modified-open ²	46	44	56	66
Modified Closed ³	49	47	20	24
Closed ⁴	9	9	9	10
Total	104	100	85	100

¹ This table applies only to rules which provide for the original consideration of bills, joint resolutions or budget resolutions and which provide for an amendment process. It does not apply to special rules which only waive points of order against appropriations bills which are already privileged and are considered under an open amendment process under House rules.

² An open rule is one under which any Member may offer a germane amendment under the five-minute rule. A modified open rule is one under which any Member may offer a germane amendment under the five-minute rule subject only to an overall time limit on the amendment process and/or a requirement that the amendment be preprinted in the Congressional Record.

³ A modified closed rule is one under which the Rules Committee limits the amendments that may be offered only to those amendments designated in the special rule or the Rules Committee report to accompany it, or which preclude amendments to a particular portion of a bill, even though the rest of the bill may be completely open to amendment.

⁴ A closed rule is one under which no amendments may be offered (other than amendments recommended by the committee in reporting the bill).

SPECIAL RULES REPORTED BY THE RULES COMMITTEE, 104TH CONGRESS

[As of December 1, 1995]

H. Res. No. (Date rept.)	Rule type	Bill No.	Subject	Disposition of rule
H. Res. 38 (1/18/95)	O	H.R. 5	Unfunded Mandate Reform	A: 350-71 (1/19/95)
H. Res. 44 (1/24/95)	MC	H. Con. Res. 17	Social Security	A: 255-172 (1/25/95)
		H.J. Res. 1	Balanced Budget Amdt	
H. Res. 51 (1/31/95)	O	H.R. 101	Land Transfer, Taos Pueblo Indians	A: voice vote (2/1/95)
H. Res. 52 (1/31/95)	O	H.R. 400	Land Exchange, Arctic Nat'l. Park and Preserve	A: voice vote (2/1/95)
H. Res. 53 (1/31/95)	O	H.R. 440	Land Conveyance, Butte County, Calif	A: voice vote (2/1/95)
H. Res. 55 (2/1/95)	O	H.R. 2	Line Item Veto	A: voice vote (2/2/95)
H. Res. 60 (2/6/95)	O	H.R. 665	Victim Restitution	A: voice vote (2/7/95)
H. Res. 61 (2/6/95)	O	H.R. 666	Exclusionary Rule Reform	A: voice vote (2/7/95)
H. Res. 63 (2/8/95)	MO	H.R. 667	Violent Criminal Incarceration	A: voice vote (2/9/95)
H. Res. 69 (2/9/95)	O	H.R. 668	Criminal Alien Deportation	A: voice vote (2/10/95)
H. Res. 79 (2/10/95)	MO	H.R. 728	Law Enforcement Block Grants	A: voice vote (2/13/95)
H. Res. 83 (2/13/95)	MO	H.R. 7	National Security Revitalization	PQ: 229-100; A: 227-127 (2/15/95)
H. Res. 88 (2/16/95)	MC	H.R. 831	Health Insurance Deductibility	PQ: 230-191; A: 229-188 (2/21/95)
H. Res. 91 (2/21/95)	O	H.R. 830	Paperwork Reduction Act	A: voice vote (2/22/95)
H. Res. 92 (2/21/95)	MC	H.R. 889	Defense Supplemental	A: 282-144 (2/22/95)
H. Res. 93 (2/22/95)	MO	H.R. 450	Regulatory Transition Act	A: 252-175 (2/23/95)
H. Res. 96 (2/24/95)	MO	H.R. 1022	Risk Assessment	A: 253-165 (2/27/95)
H. Res. 100 (2/27/95)	O	H.R. 926	Regulatory Reform and Relief Act	A: voice vote (2/28/95)
H. Res. 101 (2/28/95)	MO	H.R. 925	Private Property Protection Act	A: 271-151 (3/2/95)
H. Res. 103 (3/3/95)	MO	H.R. 1058	Securities Litigation Reform	
H. Res. 104 (3/3/95)	MO	H.R. 988	Attorney Accountability Act	
H. Res. 105 (3/6/95)	MO			A: voice vote (3/6/95)
H. Res. 108 (3/7/95)	Debate	H.R. 956	Product Liability Reform	A: 257-155 (3/7/95)
H. Res. 109 (3/8/95)	MC			A: voice vote (3/8/95)
H. Res. 115 (3/14/95)	MO	H.R. 1159	Making Emergency Supp. Approps	PQ: 234-191 A: 247-181 (3/9/95)
H. Res. 116 (3/15/95)	MC	H.J. Res. 73	Term Limits Const. Amdt	A: 242-190 (3/15/95)
H. Res. 117 (3/16/95)	Debate	H.R. 4	Personal Responsibility Act of 1995	A: voice vote (3/28/95)
H. Res. 119 (3/21/95)	MC			A: voice vote (3/21/95)
H. Res. 125 (4/3/95)	O	H.R. 1271	Family Privacy Protection Act	A: 217-211 (3/22/95)
H. Res. 126 (4/3/95)	O	H.R. 660	Older Persons Housing Act	A: 423-1 (4/4/95)
H. Res. 128 (4/4/95)	MC	H.R. 1215	Contract With America Tax Relief Act of 1995	A: voice vote (4/6/95)
H. Res. 130 (4/5/95)	MC	H.R. 483	Medicare Select Expansion	A: 228-204 (4/5/95)
H. Res. 136 (5/1/95)	O	H.R. 655	Hydrogen Future Act of 1995	A: 253-172 (4/6/95)
H. Res. 139 (5/3/95)	O	H.R. 1361	Coast Guard Auth. FY 1996	A: voice vote (5/2/95)
H. Res. 140 (5/9/95)	O	H.R. 961	Clean Water Amendments	A: voice vote (5/9/95)
H. Res. 144 (5/11/95)	O	H.R. 535	Fish Hatchery—Arkansas	A: 414-4 (5/10/95)
H. Res. 145 (5/11/95)	O	H.R. 584	Fish Hatchery—Iowa	A: voice vote (5/15/95)
H. Res. 146 (5/11/95)	O	H.R. 614	Fish Hatchery—Minnesota	A: voice vote (5/15/95)
H. Res. 149 (5/16/95)	MC	H. Con. Res. 67	Budget Resolution FY 1996	PQ: 252-170 A: 255-168 (5/17/95)
H. Res. 155 (5/22/95)	MO	H.R. 1561	American Overseas Interests Act	A: 233-176 (5/23/95)
H. Res. 164 (6/8/95)	MC	H.R. 1530	Nat. Defense Auth. FY 1996	PQ: 225-191 A: 233-183 (6/13/95)
H. Res. 167 (6/15/95)	O	H.R. 1817	MilCon Appropriations FY 1996	PQ: 223-180 A: 245-155 (6/16/95)
H. Res. 169 (6/19/95)	MC	H.R. 1854	Leg. Branch Approps. FY 1996	PQ: 232-196 A: 236-191 (6/20/95)
H. Res. 170 (6/20/95)	O	H.R. 1868	For. Ops. Approps. FY 1996	PQ: 221-178 A: 217-175 (6/22/95)
H. Res. 171 (6/22/95)	O	H.R. 1905	Energy & Water Approps. FY 1996	A: voice vote (7/12/95)
H. Res. 173 (6/27/95)	C	H.J. Res. 79	Flag Constitutional Amendment	PQ: 258-170 A: 271-152 (6/28/95)
H. Res. 176 (6/28/95)	MC	H.R. 1944	Emer. Supp. Approps	PQ: 236-194 A: 234-192 (6/29/95)
H. Res. 185 (7/11/95)	O	H.R. 1977	Interior Approps. FY 1996	PQ: 235-193 D: 192-238 (7/12/95)
H. Res. 187 (7/12/95)	O	H.R. 1977	Interior Approps. FY 1996 #2	PQ: 230-194 A: 229-195 (7/13/95)
H. Res. 188 (7/12/95)	O	H.R. 1976	Agriculture Approps. FY 1996	PQ: 242-185 A: voice vote (7/18/95)
H. Res. 190 (7/17/95)	O	H.R. 2020	Treasury/Postal Approps. FY 1996	PQ: 232-192 A: voice vote (7/18/95)
H. Res. 193 (7/19/95)	C	H.J. Res. 96	Disapproval of MFN to China	A: voice vote (7/20/95)
H. Res. 194 (7/19/95)	O	H.R. 2002	Transportation Approps. FY 1996	PQ: 217-202 (7/21/95)
H. Res. 197 (7/21/95)	O	H.R. 70	Exports of Alaskan Crude Oil	A: voice vote (7/24/95)
H. Res. 198 (7/21/95)	O	H.R. 2076	Commerce, State Approps. FY 1996	A: voice vote (7/25/95)
H. Res. 201 (7/25/95)	O	H.R. 2099	VA/HUD Approps. FY 1996	A: 230-189 (7/25/95)
H. Res. 204 (7/28/95)	MC	S. 21	Terminating U.S. Arms Embargo on Bosnia	A: voice vote (8/1/95)
H. Res. 205 (7/28/95)	O	H.R. 2126	Defense Approps. FY 1996	A: 409-1 (7/31/95)
H. Res. 207 (8/1/95)	MC	H.R. 1555	Communications Act of 1995	A: 255-156 (8/2/95)
H. Res. 208 (8/1/95)	O	H.R. 2127	Labor, HHS Approps. FY 1996	A: 323-104 (8/2/95)
H. Res. 215 (9/7/95)	O	H.R. 1594	Economically Targeted Investments	A: voice vote (9/12/95)
H. Res. 216 (9/7/95)	MO	H.R. 1655	Intelligence Authorization FY 1996	A: voice vote (9/12/95)
H. Res. 218 (9/12/95)	O	H.R. 1162	Deficit Reduction Lockbox	A: voice vote (9/13/95)
H. Res. 219 (9/12/95)	O	H.R. 1670	Federal Acquisition Reform Act	A: 414-0 (9/13/95)
H. Res. 222 (9/18/95)	O	H.R. 1617	CAREERS Act	A: 388-2 (9/19/95)
H. Res. 224 (9/19/95)	O	H.R. 2274	Natl. Highway System	PQ: 241-173 A: 375-39-1 (9/20/95)
H. Res. 225 (9/19/95)	MC	H.R. 927	Cuban Liberty & Dem. Solidarity	A: 304-118 (9/20/95)
H. Res. 226 (9/21/95)	O	H.R. 743	Team Act	A: 344-66-1 (9/27/95)
H. Res. 227 (9/21/95)	O	H.R. 1170	3-Judge Court	A: voice vote (9/28/95)
H. Res. 228 (9/21/95)	O	H.R. 1601	Internatl. Space Station	A: voice vote (9/27/95)
H. Res. 230 (9/27/95)	C	H.J. Res. 108	Continuing Resolution FY 1996	A: voice vote (9/28/95)
H. Res. 234 (9/29/95)	O	H.R. 2405	Omnibus Science Auth	A: voice vote (10/11/95)
H. Res. 237 (10/17/95)	MC	H.R. 2259	Disapprove Sentencing Guidelines	A: voice vote (10/18/95)
H. Res. 238 (10/18/95)	MC	H.R. 2425	Medicare Preservation Act	PQ: 231-194 A: 227-192 (10/19/95)
H. Res. 239 (10/19/95)	C	H.R. 2492	Leg. Branch Approps	PQ: 235-184 A: voice vote (10/31/95)
H. Res. 245 (10/25/95)	MC	H. Con. Res. 109	Social Security Earnings Reform	PQ: 228-191 A: 235-185 (10/26/95)
		H.R. 2491	Seven-Year Balanced Budget	
H. Res. 251 (10/31/95)	C	H.R. 1833	Partial Birth Abortion Ban	A: 237-190 (11/1/95)
H. Res. 252 (10/31/95)	MO	H.R. 2546	D.C. Approps.	A: 241-181 (11/1/95)
H. Res. 257 (11/7/95)	C	H.J. Res. 115	Cont. Res. FY 1996	A: 216-210 (11/8/95)
H. Res. 258 (11/8/95)	MC	H.R. 2586	Debt Limit	A: 220-200 (11/10/95)

SPECIAL RULES REPORTED BY THE RULES COMMITTEE, 104TH CONGRESS—Continued

[As of December 1, 1995]

H. Res. No. (Date rept.)	Rule type	Bill No.	Subject	Disposition of rule
H. Res. 259 (11/9/95)	O	H.R. 2539	ICC Termination Act	A: voice vote (11/14/95).
H. Res. 261 (11/9/95)	C	H.J. Res. 115	Cont. Resolution	A: 223-182 (11/10/95).
H. Res. 262 (11/9/95)	C	H.R. 2586	Increase Debt Limit	A: 220-185 (11/10/95).
H. Res. 269 (11/15/95)	O	H.R. 2564	Lobbying Reform	A: voice vote (11/16/95).
H. Res. 270 (11/15/95)	C	H.J. Res. 122	Further Cont. Resolution	A: 229-176 (11/15/95).
H. Res. 273 (11/16/95)	MC	H.R. 2606	Prohibition on Funds for Bosnia	A: 239-181 (11/17/95).
H. Res. 284 (11/29/95)	O	H.R. 1788	Amtrak Reform	A: voice vote (11/30/95).
H. Res. 287 (11/30/95)	O	H.R. 1350	Maritime Security Act	

Codes: O-open rule; MO-modified open rule; MC-modified closed rule; C-closed rule; A-adoption vote; D-defeated; PQ-previous question vote. Source: Notices of Action Taken, Committee on Rules, 104th Congress.

Mr. QUILLEN. Mr. Speaker, I reserve the balance of my time.

Mr. MOAKLEY. Mr. Speaker, I yield myself such time as I may consume, and I thank the gentleman from Tennessee [Mr. QUILLEN], my colleague and dear friend, for yielding me the customary 30 minutes.

Mr. Speaker, once again I am happy to see my Republican colleagues bringing an open rule to the floor.

This open rule makes in order a bipartisan manager's amendment which will be offered by Mr. SPENCE and which I urge my colleagues to support.

This amendment makes important changes in re-employment rights for merchant seamen, shipbuilding loan guarantees, and cargo preference requirements.

And this bill does more than promote maritime commerce. It will ensure that during wartime we will not have to rely on ships flying flags other than the American flag to carry American troops and supplies.

Mr. Speaker, a lot of people probably don't realize how badly we needed U.S.-flagged ships during the gulf war. We transported 79 percent of the cargo and troops for that war on U.S.-flagged ships. If, heaven forbid, we ever find ourselves in that position again, we need to be sure that our ships can carry our troops and supplies.

But, Mr. Speaker, our merchant marine fleet is shrinking. In World War II, the United States had the largest commercial shipping fleet in the entire world. Today we are the world's largest trading nation but 15 countries have bigger fleets than we do.

For a country with a maritime heritage as proud as ours, a heritage dating back to the earliest days of the Republic, this is unacceptable.

The bill we are considering today will help preserve that heritage, strengthen our merchant marine fleet, and protect our troops.

In 1948 there were 716 vessels flying the U.S. flag. Today less than 150 vessels fly the U.S. flag in international trade. American ships are becoming an endangered species. Let's not let them become extinct.

Without this maritime security program, maritime operators will have no incentive to fly the U.S. flag or hire U.S. merchant mariners.

I urge my colleagues to support our merchant marines, support this rule, and support this bill.

Mr. Speaker, I reserve the balance of my time.

Mr. QUILLEN. Mr. Speaker, I yield such time as he may consume to the

distinguished gentleman from New York [Mr. SOLOMON], chairman of the Committee on Rules.

Mr. SOLOMON. Mr. Speaker, I thank the gentleman from Tennessee [Mr. QUILLEN], chairman emeritus of the Committee on Rules, my mentor, for yielding.

Mr. Speaker, if there ever was a bill that was overdue in this House, it is this one.

Mr. Speaker, this rule which passed in committee by voice vote should be passed overwhelmingly, as it provides for full and open consideration of some absolutely critical legislation.

Mr. Speaker, the Maritime Security Act of 1955 is a vital first step toward revitalizing our merchant marine. Make no mistake about it, this bill does not provide all of the answers to fully restoring the strength of our merchant marine. But it is a huge first step in that direction.

Mr. Speaker, our merchant marine industry is in desperate condition. Forty years ago, this Nation had a merchant fleet of over 4,000 vessels. Today, that number is under 400. We are now in the sorry state where 96 percent of U.S. exports leave this country on foreign ships.

Mr. Speaker, since 1981, we have lost one-third of our shipyards, 50,000 shipyard jobs, and 100,000 jobs in shipyard supply companies.

This situation must be reversed, and now. It must be reversed to preserve jobs, good jobs in the maritime industry. It must be reversed to maintain our trade competitiveness.

And last and most important, it must be reversed to preserve a critical component of our national security apparatus.

Remember Desert Shield, and Desert Storm? Remember the incredible sea-lift operations that were required? Unfortunately, a lot of that cargo had to go on foreign ships. Some of those ships didn't want to sail into dangerous waters and others were not sure they supported our position of defending Kuwait.

Now, we have another major military operation beginning in Bosnia. Make no mistake about it, this is a mistaken mission, but one that will require a major amount of sealift as well.

Mr. Speaker, every time our soldiers on the ground have to rely on a foreign ship for their supplies, they are in peril.

We must act now to deal with this dangerous and unacceptable situation. If something is not done today to

strengthen our Merchant Marine fleet the size of the fleet could drop to less than 100 ships. We cannot allow that to happen and that is where H.R. 1350 comes in.

The National Security committee has done an outstanding job in drafting legislation which begins the process of restoring our merchant marine yet stays within the guidelines of the 7-year balanced budget.

Unlike the current policy, H.R. 1350 employs a more market-based approach to helping the merchant marine.

The legislation does away with the policy of paying foreign wage differentials and establishes a flat per ship rate.

The Maritime Security Act eliminates outmoded regulations, which hamper our fleet's ability to operate. Regulations, such as the requirement to undergo Federal hearings in order to change a trade route or to replace older vessels with new ones.

These changes will give our fleet more incentive to hold down costs, and more flexibility to operate and compete with foreign vessels.

And it is most important to point out. The bill saves money. The program set up will have a spending limit of \$100 million per year, as compared to the current level of roughly \$210 million per year.

And so importantly, Mr. Speaker, in exchange for the benefits they receive under the program, vessels which participate will be required to provide their services to the Secretary of Defense during a national emergency.

Mr. Speaker, this is really the crux of the matter in my view. When our troops go into harm's way they need the assurance that their supplies will be there for them. We owe them nothing less.

The U.S. merchant marine is a vital aspect of that supply source, and that is why we must pass this legislation today.

□ 1345

Mr. MOAKLEY. Mr. Speaker, I yield 3 minutes to the gentlewoman from California [Ms. HARMAN].

(Ms. HARMAN asked and was given permission to revise and extend her remarks.)

Ms. HARMAN. Mr. Speaker, I thank the gentleman for yielding time to me.

I rise in support of this open rule and of H.R. 1350. As a member of the maritime panel of the Committee on National Security, I want to commend

the gentleman from Virginia [Mr. BATEMAN], the ranking member, the gentleman from Mississippi [Mr. TAYLOR], for their leadership in bringing this bipartisan measure to the floor today.

While I support the Maritime Security Act, I must note that efforts to improve the U.S. merchant marine industry thus far have been comprised of Band-Aids, when major reconstructive surgery is needed. Even this much needed bill before us is, regrettably, a Band-Aid dictated by fiscal restraints.

I have established in my district, home to the Port of Los Angeles, a maritime advisory committee whose members share with me local perspectives on maritime issues. It is clear that a robust national maritime program is required to protect U.S. national security interests, many of which we just heard about from the gentleman from New York.

I believe we must approach maritime defense issues in much the same way as we should approach nonmaritime defense issues. For both it is critical that we have an industrial base that can meet both commercial and military requirements as well as retain and build high-skilled, high-wage jobs on which that base relies. We can no longer afford to maintain two distinct industrial bases.

Mr. Speaker, the future of our merchant marine is at stake. I urge my colleagues to carefully weigh the consequences of not having a merchant marine, consequences that affect our military readiness as well as our Nation's competitive and rightful place on the world's oceans. I urge support of the rule and for H.R. 1350 as amended by the bipartisan manager's amendment.

Mr. QUILLEN. Mr. Speaker, I yield 3 minutes to the gentleman from Virginia [Mr. BATEMAN], distinguished chairman of the Committee on National Security Subcommittee on Military Readiness.

Mr. BATEMAN. Mr. Speaker, I thank the distinguished chairman emeritus as well as the chairman of the Committee on Rules and the distinguished ranking member and the gentleman from Massachusetts [Mr. MOAKLEY], for the statements that they have made in support of H.R. 1350.

I am extremely proud that this bill is finally coming to the floor of the House. I want to assure all of my colleagues that this bill comes here as a bipartisan measure. Beyond that, it even comes here as a bicameral measure, because there have been close consultations with our counterparts in the other body to the end that this year at last we will have a Maritime Security Act.

Those who have preceded me, I think, have made it abundantly clear that the national security of the United States is the bedrock upon which this bill, this legislation is founded. No one who really thinks about our national security could possibly make an argument

that our country is secure if we do not have an American-flag merchant marine. It is a sad fact of life that without this provision, we virtually assure the disappearance of the American flag from the oceans of the world. That has not just economic consequences for some ship operators, not just economic consequences for some American merchant mariners who would lose their jobs; it has enormous consequences for the very security of these United States.

This Nation is a maritime power, and, as long as it remains a power, it must be a maritime power. Geography dictates that as much today as it did in 1781, when the French fleet, under the Count de Grasse, defeated the British fleet in the Battle of the Capes and sealed the doom of Cornwallis' army at Yorktown. From that date through all of our history, the United States's security has depended upon its maritime capability.

As I said, we face the complete eradication from the seas of the world of an American-flag merchant marine unless we take this modest step.

I would like to tell my colleagues that this was an enormous boost for the American-flag merchant marine and that it would entirely revitalize that merchant marine. That, unfortunately, I cannot tell you. But I cannot emphasize too strongly that there will be no America-flag merchant marine without the Maritime Security Act. We are in the dismal situation where we speak to survival, not just revitalization.

I thank the gentleman for yielding time to me.

Mr. MOAKLEY. Mr. Speaker, I yield 2 minutes to the gentleman from Texas [Mr. GENE GREEN].

(Mr. GENE GREEN of Texas asked and was given permission to revise and extend his remarks.)

Mr. GENE GREEN of Texas. Mr. Speaker, I thank my colleague from Massachusetts for yielding time to me and for allowing me to rise in support of not only the rule but the bill.

The question before our House today is a very basic one. Will we act in an affirmative manner and support the continued existence of the U.S.-flag merchant marine by passing H.R. 1350, the Maritime Security Act of 1995. I for one strongly urge this needed measure because I believe that the continued existence of our U.S.-flag merchant fleet is of utmost importance to our Nation, both in our economic terms and our defense terms.

The Port of Houston is in my congressional district and is the largest port for foreign tonnage. Throughout this last century, the Nation's Chief Executives and Congress have recognized the American merchant marine as a national asset. When the prosperity of the American shipping industry was at a low ebb, there was a general recognition by the President and Congress that it should not be allowed to be a wasted asset. Today our U.S.-flag

merchant fleet is indeed at its lowest point.

One can say that it is a fading asset. However, the enactment of H.R. 1350 will prevent it from becoming a wasted asset, one which we as a nation cannot afford to lose.

As the health of our U.S. merchant marine steadily became less robust, this body in a bipartisan effort overwhelmingly enacted maritime revitalization legislation in the last several sessions. Unfortunately, the technical considerations in the Senate precluded passage in that body. It is therefore imperative now that we enact H.R. 1350 to provide the wherewithal to reverse the downward spiral in the American-flag fleet itself. This bill and rule deserves our overwhelming support.

Positive and pragmatic action is need to nourish and sustain the growth of our maritime assets. We cannot afford to have any more U.S.-flag vessels exit the American flag. If this legislation is not enacted by this body, be assured that many vessels will leave the American-flag. Is that what we want? I hope not. I believe not.

I, for one, wholeheartedly support the rule and H.R. 1350 and urge all my colleagues to also support it.

Mr. QUILLEN. Mr. Speaker, I yield 3 minutes to the distinguished gentleman from Wisconsin [Mr. ROTH].

Mr. ROTH. Mr. Speaker, I thank my friend from Tennessee for yielding time to me.

I am a strong proponent and supporter of this legislation. I congratulate the Members who worked so diligently on this legislation. They have done a remarkable job when one reads it. One provision that is vitally important to the Great Lakes ports, of course, I am very much in favor of. The current cargo preference law unfairly penalizes our ports. In effect, it shuts them out completely of shipping the Federal food aid.

Now, since 1985, we have been working on this particular problem that is this preference which was expanded to the 75-percent level. Our local companies and the people in our area, especially on the Great Lakes, have suffered because of this. We used to be able to ship Wisconsin grown products from our own harbors. Of course, that was changed and we now have to truck these products, taken by rail, flown to other ports, mainly along the gulf coast.

Obviously, this is very costly, very inefficient. It is estimated that this preference costs the taxpayers over half a billion dollars. So naturally when we correct these inequities, I am very much in favor of that. Furthermore, so are the taxpayers.

Furthermore, Federal agencies in charge of the Public Law 480 program place meeting the cargo requirements ahead of fairness and equity in our ports.

Now, on our Great Lakes, we are competitive. We are cost-effective. We are willing and able to do the work.

For example, one Green Bay firm, the Leicht Co., dropped from 150 employees down to 20 employees since 1985 as a direct result of this preference inequity.

Therefore, that is why I say this is a good piece of legislation because it correct that.

Mr. Speaker, the Great Lakes cargo equity provision is about jobs and it is about fairness. We must return fairness to the maritime practices that affect the working people and the ports of the Great Lakes. The unfair cargo preference policy discriminates against local companies and working people, especially on the Great Lakes.

Mr. Speaker, these unjust practices have cost thousands of jobs. So with this legislation we are now saying that we are standing up for the working people in America by passing some equity legislation again to create more jobs. This is a good provision for businesses. It is a good provision for the Great Lakes communities. But it is best of all for the American people, the American working people and the taxpayers of the United States who are going to save through these provisions over a half a billion dollars.

I again congratulate the people who have worked so diligently and so hard on this legislation. This is the type of legislation we need to bring America into the 21st century and allow us to compete with any country in the world.

□ 1400

Mr. MOAKLEY. Mr. Speaker, I yield 3 minutes to the gentleman from Hawaii [Mr. ABERCROMBIE].

(Mr. ABERCROMBIE asked and was given permission to revise and extend his remarks.)

Mr. ABERCROMBIE. Mr. Speaker, before I begin, I would like to pay tribute, and I am sure that the gentleman from Virginia [Mr. BATEMAN] and the gentleman from Mississippi [Mr. TAYLOR] and the staff now of the merchant marine panel of the Committee on National Security, wants to recognize the work of the gentleman from Massachusetts [Mr. STUDDS] who helped to pioneer this work with the Merchant Marine Committee. Unfortunately this legislation, as has been noted at least indirectly in previous discussion, was killed in the other body, and so we find ourselves playing catch up today.

Why is it so important then that we emphasize this bipartisan approach in the work that has been done by the gentleman from Massachusetts [Mr. STUDDS] and others over the years?

Three things. It revitalizes, helps to revitalize, the U.S. shipping industry. It keeps U.S. ships and American merchant mariners afloat and helps guarantee the availability of supplies of troops overseas.

In June of 1992, Mr. Speaker, General Colin Powell said, and I quote:

Since I became Chairman of the Joint of Chiefs of Staff, I have come to appreciate firsthand why our merchant marine has long been called the fourth arm of defense.... The

war in the Persian Gulf is over, but the merchant marine's contribution to our nation continues. In war, merchant seamen have long served with valor and distinction by carrying critical supplies and equipment to our troops in far away lands. In peacetime, the merchant marine has another vital role—contributing to our economic security by linking us to our trading partners around the world and providing the foundation for our ocean commerce.

As has been noted, the U.S. merchant maritime industry, once the world's leader is on the verge of being lost to foreign competition. That is why I regard this bill, Mr. Speaker, as only a first step, an interim step, and I am sure we are going to have bipartisan support to see that we extend this next year. We must move now to resuscitate, and that is the correct word, resuscitate, this vital national resource. In the time of crisis we cannot depend upon foreign-flag ships and crews for defense sealift and sustainment requirements.

Mr. Speaker, this bill costs the taxpayers a fraction of what the Department of Defense would pay to build or charter the same amount of sealift. If we allow this industry to sink, and I mean that literally, we will lose more than just U.S.-flag ships. Our ability to effectively influence worldwide shipping standards which effect domestic and international trade will be diminished and, in fact, lost. A vital U.S. commercial fleet also means jobs for Americans. U.S. commercial fleet also means jobs for Americans. U.S.-flag ships abide by U.S. tax, environmental, safety, and labor laws and standards. American-crewed, American-made ships support U.S. interests.

Mr. Speaker, I come here today to join with my colleagues on both sides of the aisle to say that we are just making the first step in seeing to it that we have a revitalized American merchant marine. I want to see American-built ships and American shipyards, American shippers with American crews, setting the standard for the rest of the world.

Mr. QUILLEN. Mr. Speaker, I yield 3 minutes to the distinguished gentleman from California [Mr. CUNNINGHAM].

Mr. CUNNINGHAM. Mr. Speaker, I would say to my colleagues this is probably one of the most enjoyable times that we have. It is that, as my colleagues know, we did away with, I think the Republicans, with a pretty good committee in the Merchant Marine and Fisheries Committee both under Mr. FORD and Chairman STUDDS. It was one of the most bipartisan committees except with the tuna bill, Mr. Speaker, and we worked pretty well together, and that is what we are doing here. It is not about the 1996 elections, it is not about partisan politics. It is about American jobs, it is about American security, it is about national security, and it is about the betterment of this country.

I take a look at what we can do, and I agree with the gentlewoman from

California, Ms. HARMAN's analysis. It is that both under Democrat and Republican rule we have not done very much for our merchant marine fleet, and I think this is a small challenge to do that.

I would like to thank specifically the gentleman from Virginia [Mr. BATEMAN] who serves not only in the maritime panel, the national security panel, but on the old Merchant Marine and Fisheries Committee. He has done the lion's share of fighting with our leadership to make sure that we can bring this up, and I sincerely mean that.

As my colleagues know, during Desert Storm we had to go back, and we used a lot of our ships that had the old boilers. We had to find merchant marine and sailors that even knew how to use those, and they were not very effective. As my colleagues know, we lost millions of dollars in strapping materials, tiedown materials that just hold down the equipment to foreign ships during Desert Storm. We had to unload and offload several ships many, many times costing millions of dollars and the dollars saved. So I do not know if it is on my colleagues' checklist on when they support a bill or not, but it is bipartisan, it is taxpayer friendly, it is jobs, American jobs, both private and union jobs, and it gives national security strength.

I would look at the items that also saved dollars. During Desert Storm it cost about a \$174 per ton of cargo under non-U.S. flags. With U.S. flags it was \$122. That is a 30-percent savings in those areas, and, when we are getting ready, against my personal will, to go into Bosnia, the C-17 and enhancing our merchant marine so that we can carry cargo and we can put American products on American ships with American seamen, I do not see how my colleagues could not support this, and I thank my colleagues on the other side of the aisle, and I thank the gentleman that was instrumental in doing this.

Mr. MOAKLEY. Mr. Speaker, I yield 5 minutes to the gentleman from Illinois [Mr. LIPINSKI].

(Mr. LIPINSKI asked and was given permission to revise and extend his remarks.)

Mr. LIPINSKI. Mr. Speaker, as the former chairman of the now defunct Merchant Marine Subcommittee, I am keenly aware of the deteriorating health of the U.S. maritime industry. The number of U.S.-flag vessels has declined substantially, from 716 in 1948 to less than 150 today, as have the number of American officers and seamen trained to operate these vessels. Although the United States continues to be the world's largest trading Nation, the U.S. commercial shipping fleet now ranks 16th in size in the world.

Why is this? Why are we allowing foreign flag vessels to take over our Nation's commercial shipping fleet? U.S.-flag vessels must comply with Federal tax, environment, safety, and labor laws. Foreign flag vessels do not. Foreign flag vessels hire foreign citizen

crews. They do not have to pay their crew minimum wage or provide them with health, pension, or vacation benefits. They do not have to pay U.S. taxes. In addition, foreign flag vessels have absolutely no obligation to comply with the health and safety standards established by our government. In contrast, U.S. shipowners hire U.S. citizens and must comply with Federal laws protecting the welfare of the crew members. With these higher labor and other requirement costs, U.S. shipowners are at a serious disadvantage. No American company can successfully compete under these circumstances.

We must take action to save the U.S. maritime industry. In addition to commercial shipping activities, privately owned vessels play a significant role in U.S. military readiness. The Defense Department relies on the domestic merchant marine for military sealift operations. In the recent Persian Gulf war, 95 percent of all equipment and supplies needed by American soldiers in the field was moved by sealift—one-third was shipped on privately owned U.S.-flag vessels. In time of crisis, we cannot depend on foreign ships and foreign crews for sealift and sustainment requirements. Why should we rely on Third World crews who have no allegiance to the U.S. to deliver equipment, medical supplies, and materials that American service men and women need as they fight to protect America's interests abroad? We should not and we cannot.

The Maritime Security Act of 1995 ensures a maritime security fleet comprised of privately owned U.S.-flag, U.S. crewed vessels that we can readily rely on to carry our exports throughout the world and to carry our military supplies during a national emergency. I urge you to please vote in favor of H.R. 1350. We need American-crewed, American-made ships to support our national interests.

Mr. QUILLEN. Mr. Speaker, I yield 4 minutes to the distinguished gentleman from Louisiana [Mr. LIVINGSTON], the chairman of the House Committee on Appropriations.

(Mr. LIVINGSTON asked and was given permission to revise and extend his remarks.)

Mr. LIVINGSTON. Mr. Speaker, I thank the gentleman from Tennessee [Mr. QUILLEN] for yielding me this time, and I want to congratulate him, the gentleman from New York [Mr. SOLOMON], and the gentleman from Massachusetts [Mr. MOAKLEY] on what I think is an outstanding rule which I heartily support. I also want to thank and congratulate the chairman, the gentleman from Virginia [Mr. BATEMAN] and the ranking member, the gentleman from Mississippi [Mr. TAYLOR] on the Merchant Marine Subcommittee of the Committee on National Security for bringing forward this very important piece of legislation.

I indeed rise to echo the comments of the gentleman from Illinois [Mr. LIPINSKI] who preceded me and rise in sup-

port of H.R. 1350, the Maritime Security Act of 1995. I understand that some Members and some organizations may have a problem spending tax dollars to support U.S.-flag, U.S.-manned merchant marine vessels. But we cannot allow the United States, the world's preeminent economic and military power, to lose our presence in the world's trading lanes. We cannot lose our ability to supply and protect our troops during overseas deployments, one of which may well be beginning in the next few weeks.

Mr. Speaker, sealift during Desert Storm-Desert Shield accounted for over 90 percent of the lift of supplies and logistics in those operations. Seventy-eight percent of all of the cargo for those operations was actually shipped on U.S. flags. What this bill does is try to maintain what we have left in terms of a U.S. merchant marine fleet. That is an issue which obviously from the debate that has transpired here already today has strong bipartisan support. Twenty-one freshman Republicans already expressed their support for this bill in a "Dear Colleague" letter. The U.S. Navy League and other defense groups support the bill. The bill is also important to the defense of our country, so much so that the appropriation committees of the House and Senate have agreed to fund this program out of the defense 050 account subject to passage of this authorization bill.

I might add that bill will be before the House tomorrow. I would urge its passage, and any Members interested in this particular provision should also be inclined to vote for that Commerce-State-Justice appropriations bill.

We included this provision in that bill, and I think that the sponsors of this particular bill were eager to get it passed into law because our own military commanders, our uniformed soldiers and sailors, continually tell us how very, very critical the U.S. merchant marine is to our Nation's security.

Mr. Speaker, General Rutherford, the commander of our military's transportation command, testified before the Senate last July that his command supports the proposal for a maritime security program which assures access to the type and quantity of sealift capacity and mariners necessary to meet Department of Defense contingency operations. With the \$46 million that is appropriated by the Subcommittee on Commerce, Justice, State, and Judiciary subject to this authorization, I would expect that the Department of Defense and the Department of Transportation will work together to expeditiously implement a program that will support the nucleus of an American merchant marine ship estimated to be about 52 ships of LASH, roll-on/roll-off container vessels and other militarily useful U.S.-flag vessels.

Mr. Speaker, H.R. 1350 provides what our military commanders say they need, and most important this revised

and reformed program will spend 50- to 60-percent less than programs that have existed before. So to preserve American jobs and to provide an effective American merchant marine I strongly urge an aye vote on the final passage of H.R. 1350. I urge an aye vote on this rule, and I urge an aye vote tomorrow on the rule and the bill involving the appropriations for Commerce-State-Justice which will be before us again within 24 hours.

□ 1415

Mr. MOAKLEY. Mr. Speaker, I yield 3 minutes to the gentleman from New York [Mr. ENGEL].

Mr. ENGEL. Mr. Speaker, I thank my friend from Massachusetts for yielding me this time.

Mr. Speaker, I rise in strong support of H.R. 1350, the Maritime Security Act, and also the rule pertaining to the act. This has been a very emotional Congress, and it is nice to see bipartisanship. Everyone is agreeing with this bill. It is a good bill. The legislation is critical to the future and continued existence of our Nation's commercial maritime fleet.

As you are aware, last year the House overwhelmingly passed legislation to promote our maritime industry. Unfortunately, the 103d Congress adjourned before the Senate had the opportunity to cast its vote. During the intervening period, several U.S.-flag carriers have chosen a course of action which inevitably led to the reflagging of a number of U.S.-flag liner vessels. The decision to reflag was based on their perceived inability to compete successfully with their foreign counterparts who receive tremendous support and a great deal of incentives from their respective governments, while the U.S. Government promotional programs for this industry have been systematically reduced, eliminated, or attacked.

While foreign nations recognize the importance of maintaining and supporting a strong national flag commercial maritime presence, the U.S.-flag merchant marine has been targeted by its adversaries because it has received government support.

For each direct or indirect expression of support accorded to the U.S. fleet, the American merchant marine has contributed substantially to the economic and national security interests of our Nation. U.S.-flag carriers manned by patriotic and dependable American crews responded each and every time our country called for their assistance in times of war and national emergency, in Haiti, Somalia, Desert Storm, and now in Bosnia. As we celebrate the 50th anniversary of the end of World War II, let us remember the thousands of U.S.-flag cargo ships that were lost during that war and the thousands of merchant mariners who lost their lives in the service of their country.

Without the efforts of the U.S.-flag merchant marine and heroic actions of the men and women who manned those

vessels, perhaps the welfare of this Nation would not be as sound as it is today.

Mr. Speaker, H.R. 1350 is critical to the future and continued existence of America's future maritime fleet. At the same time, the fleet is crucial to our national security. We therefore cannot justify turning our backs on this industry and its loyal work force and must enact the Maritime Security Act swiftly because it represents the best chance for Congress to preserve such an essential resource. It will maintain and create jobs, American products, American ships, American seamen, and workers.

Mr. Speaker, I urge my colleagues to support the bill.

Mr. MOAKLEY. Mr. Speaker, I yield 2 minutes to the gentleman from Virginia [Mr. PICKETT].

(Mr. PICKETT asked and was given permission to revise and extend his remarks.)

Mr. PICKETT. Mr. Speaker, I thank the gentleman for yielding me this time.

Mr. Speaker, the deteriorating condition of the maritime industries of the United States, including the ship repair industry, is a serious and growing danger to U.S. economic and military security. Both our strategic sealift capability and our shipyard mobilization base are at risk and will be increasingly at risk without decisive action by this Congress and this President to enact appropriate remedial legislation.

H.R. 1350 provides a practical, balanced, and cost-effective plan to put in place an integrated and plausible maritime policy. This legislation will begin the process to help our Nation restore and enhance its maritime industrial base.

Members serving on the merchant marine panel have taken a hands-on approach in dealing with the sharply divergent interests that exist within the maritime industries. Chairman BATEMAN is to be commended for his leadership in getting to the floor a bill that is supported by the National Security Committee and the Department of Defense. H.R. 1350 represents a major breakthrough in defining a plan to deal fairly and responsibly with the problem. It is the product of compromise and substantial agreement among the members of the National Security Committee.

H.R. 1350 does carry a cost. The rapidly deteriorating situation cannot be remedied without expending a modest amount of national resources. Any course of action will have costs to our Nation. The challenge is to develop and implement policies that meet our requirements in the most cost-effective manner possible. H.R. 1350 meets this test.

Mr. Speaker, H.R. 1350 will enable our Nation to maintain and sustain a viable maritime industry. The U.S.- and foreign-flag ships trading in and out of U.S. ports will all benefit. Economic and security requirements dic-

tate that our Nation have a strong merchant marine industry.

What we have before us is the very minimum that must be done to begin the job of revitalizing our merchant fleet and ensuring the future of our shipbuilding and ship repair yards. I urge my colleagues to pass this legislation.

Mr. QUILLEN. Mr. Speaker, I yield 3 minutes to the gentleman from California [Mr. HUNTER] to close the debate.

Mr. HUNTER. Mr. Speaker, I thank the gentleman for yielding me time, and thank him for the generous allocation of time.

Mr. Speaker, I think everything that could be said about this bill has been said, but let me add my thanks to the gentleman from Virginia, Mr. HERB BATEMAN, and the gentleman from Mississippi, Mr. GENE TAYLOR, for their leadership in the merchant marine panel on the Committee on National Security, in being the driving forces to put this bill together and get it to the floor.

This is a national security bill. A little earlier this year, General Robert Rutherford, commander of the U.S. Transportation Command, told Congress that we had to have our own and maintain our own sealift capability. His words were "We can't plan on the availability of foreign-flag ships and mariners to go into a theater of war."

In the Persian Gulf operation, about 80 percent of the equipment that we brought to that theater was brought with sealift. About 20 percent was with airlift. It is a little known fact that actually a lot of the sealift that we brought were what I call rent-a-ships. They were ships that, if the foreign policy of this country had been scrutinized a little more severely by our allies, possibly would not have been available; or if the dangers to those ships as they entered the gulf area had been more severe, possibly those ships would not have been available to move American supplies and logistics capability into the gulf.

This is a national security bill. One nice thing about it is the carriers that sign up for this program do not just supply ships, they supply the entire integrated service of transportation. They supply the terminal facilities, they supply the rail systems, they supply the services of the freight forwarders. So you can take equipment from a specific place in the United States and you can guarantee that it is going to be moved all the way through the system into the theater of war or operations that we are maintaining anywhere around the world.

For those people who are free traders and say we should not be subsidizing anything, I would remind them that even Adam Smith, who was the father of free trade, said the one area where you have to guarantee by government expenditures that you have strength and have continuing capability is in the area of maritime security.

If we do not expend these funds, and we are making a fairly dramatic cut

from the program that existed before, we are not going to have that guarantee that when the men and women of this country in uniform go to project power around the world, that the equipment that they need will be there for them. We are making that guarantee with this bill.

Once again, my commendations to the gentleman from Mississippi, Mr. GENE TAYLOR, and to the gentleman from Virginia, Mr. HERB BATEMAN, the great chairman of the panel, for all their hard work.

Mr. MOAKLEY. Mr. Speaker, I yield back the balance of my time.

Mr. QUILLEN. Mr. Speaker, I urge adoption of the rule and the passage of the bill.

Mr. Speaker, I have no further requests for time, I yield back the balance of my time, and I move the previous question on the resolution.

The previous question was ordered.

The resolution, as amended, was agreed to.

A motion to reconsider was laid on the table.

The SPEAKER pro tempore (Mr. LAHOOD). Pursuant to House Resolution 287 and rule XXIII, the Chair declares the House in the Committee of the Whole House on the State of the Union for the consideration of the bill, H.R. 1350.

□ 1424

IN THE COMMITTEE OF THE WHOLE

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of the bill, H.R. 1350, to amend the Merchant Marine Act, 1936 to revitalize the United States-flag merchant marine, and for other purposes, with Mr. DICKEY in the chair.

The Clerk read the title of the bill.

The CHAIRMAN. Pursuant to the rule, the bill is considered as having been read the first time.

Under the rule, the gentleman from South Carolina [Mr. SPENCE] will be recognized for 30 minutes, and the gentleman from Mississippi [Mr. TAYLOR] will be recognized for 30 minutes.

The Chair recognizes the gentleman from South Carolina [Mr. SPENCE].

Mr. SPENCE. Mr. Chairman, I yield myself such time as I may consume.

(Mr. SPENCE asked and was given permission to revise and extend his remarks.)

Mr. SPENCE. Mr. Chairman, before I begin, I want to commend the chairman of this committee's Readiness Subcommittee and the committee's special oversight panel on the Merchant Marine, the gentleman from Virginia [Mr. BATEMAN] for his leadership and hard work on this important legislation. Likewise, the panel's ranking Democrat member, the gentleman from Mississippi [Mr. TAYLOR], should be commended for his leadership on this bill.

H.R. 1350 establishes a Maritime Security Program to ensure that this country retains privately owned, U.S.-

flag and U.S.-crewed vessels to provide a sustainment sealift capability in time of war, national emergency, or when our national security interests require.

Over the years our effort to revitalize this capability has been a bipartisan one. I am proud to say that our committee, which recently received jurisdiction over this issue, has continued this bipartisan tradition. Maintaining our U.S.-flag fleet capable of supplying U.S. troops abroad is too important to get bogged down in partisanship.

Over 80 percent of U.S. sustainment cargo in Desert Storm moved by sea and on vessels which are covered under this bill. Without this legislation, our sealift in the future will likely move on foreign-owned and foreign-flag vessels crewed by citizens from Third World countries. That scenario is not acceptable to me as we all have a responsibility for assuring that our military is supplied in as timely and efficient a manner as possible. This bill helps to assure this goal.

I urge my colleagues' support for this bill and for the manager's amendment which will be offered at the conclusion of general debate.

Before reserving the balance of my time, I would like to announce that Chairman BATEMAN will serve as manager of the bill on this side of the aisle.

Mr. Chairman, I reserve the balance of my time.

Mr. TAYLOR of Mississippi. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, let me begin by thanking the ranking Democrat, the gentleman from California [Mr. DELUMS], for the opportunity to manage this bill. The gentleman in his time as chairman of the Committee on National Security did a magnificent job of looking after the interests of our Nation's shipbuilders and all of our maritime interests, and I think to a very large extent the bipartisan cooperation we are seeing today is an extension of what has been going on for the past 2 years when he was the chairman.

Mr. Chairman, on the day that I was born, the United States was the world's undisputed maritime power. Today, we still have the world's largest and most capable Navy. However, our Nation's merchant fleet is one of the smallest and our ships are some of the oldest in the world. And to be honest, there is not enough commercial shipbuilding on order to maintain the American merchant fleet for another decade.

On Saturday, the U.S. Navy will commission our Nation's newest Nimitz class nuclear aircraft carrier CVN-74, the JOHN C. STENNIS. This carrier is named in honor of a great Mississippian and American who served as the chairman of the Senate Armed Services Committee and the Senate Appropriations Committee.

All Mississippians take great pride in having this magnificent ship named in honor of one of our State's most distinguished citizens.

Unfortunately, the *John C. Stennis* is one of only a handful of ships that were built in our Nation this year. And everyone of those ships were built for the Department of Defense. Not one large oceangoing ship was built in this country last year.

By contrast, the Japanese built 28 percent of all the merchant ship tonnage this year. The South Koreans built 35 percent of the merchant ship tonnage. The six largest shipbuilders in the United States did not even make the list—together they did not deliver a single merchant ship.

I wish that I could tell you that things are better with regard to the U.S. flag merchant fleet. Unfortunately, I cannot. Our Nation's privately owned U.S. flagged merchant fleet is old, small, and shrinking.

In 1985, the U.S. flag merchant fleet consisted of 477 tankers and dry cargo vessels. By 1995 that number had dropped 363. It is estimated that in the year 2000—5 years from now—there will be only 130 merchant ships in the U.S. fleet.

Economically, that means that we are losing jobs for our merchant mariners, shipbuilders, steelworkers, and the tens of thousands of Americans who work in related industries.

Militarily, it means that the world's finest soldiers, sailors, marines, and airmen have to depend on foreign ships and crews for their supplies. Over 90 percent of everything that was shipped to support our troops during desert shield and desert storm was delivered by sea.

Yet, in a nearly flawless war, when not a single American supply ship was damaged or sunk by our enemy—our great Nation had to charter over 80 foreign flag ships to supply our troops. Not because we wanted to, but because there simply were not enough American ships to supply and arm our Nation's Armed Forces.

And, without the assistance of these foreign ships, the world's greatest fighting force would have been helpless for the lack of fuel, food, weapons, and ammunition.

I'd like to be able to tell you that the measure before us today solves all of these problems. Unfortunately, it doesn't fix any of them. It does, however, buy us some time. It helps to keep what is left of the U.S. flag merchant fleet in service for another year. It continues the Title 11 Shipbuilding Loan Program for another year. It gives our Nation's merchant mariners who are recalled to man our Nation's ships in times of national emergencies the same re-employment rights as our national guardsmen and Armed Forces reservists.

□ 1430

Mr. Chairman, on a personal note, I hope that next year the chairman of our panel, the gentleman from Virginia [Mr. BATEMAN], and I can stand before this body with a much more ambitious bill. I think it is very safe to say that

Mr. BATEMAN had to learn the job of being in the majority and we Democrats had to learn the job of being in the minority. But I hope that having had a year of experience in these positions, and having had a number of very prominent Members of this body speak on behalf of the American Merchant Marine, I hope that Mr. Johnson was taking names, and I hope Mr. Braver and Mr. Peranich were taking names, because I think we would be very smart in the next few weeks to hunt these people down and get them to cosponsor the very ambitious shipbuilding and ship operating bill for the United States of America for next year.

Mr. Chairman, I rise in support of the bill and I reserve the balance of my time.

Mr. BATEMAN. Mr. Chairman, I yield myself such time as I may consume.

(Mr. BATEMAN asked and was given permission to revise and extend his remarks.)

Mr. BATEMAN. Mr. Chairman, these remarks will be much more brief than what is in the prepared statement. So much has been said already in the course of the discussion on the rule about this bill and its merits, I do not want to unduly trespass upon the time of my colleagues to further extol it.

There are very few simple bottom-line things that I hope all Members will focus upon as they come to the floor for the vote on this bill. First of all, we have reformed an existing Merchant Marine subsidization program. It is less than one-half the cost of the pre-existing program. We are providing a sealift surge capability for our national security at a cost of no more than \$100 million a year, when the Department of Defense has estimated that to provide that same amount of backup national security sealift capability would, by any other methodology, cost the taxpayers of America \$800 million a year.

Mr. Chairman, we are not bringing to the floor an entitlement program, we are bringing to the floor a program which will be sustained on the basis of an annual appropriation, not an entitlement. As I have previously indicated, a program that is less than one-half the cost of the existing program.

Mr. Chairman, when we have heard so repeatedly from people who are so very, very knowledgeable that we are here today dealing in this bill not with the creation of a robust American Merchant Marine but the very survival of the American Merchant Marine, I would hope that when Members come to the floor of the House, unless they believe it is a matter of indifference whether or not an American flagged Merchant Marine survives, that they will be here in support of H.R. 1350.

Mr. Chairman, let me begin by thanking the gentleman from Mississippi [Mr. TAYLOR] for his very able assistance in producing a bill which enjoys strong bipartisan support. I would also like to express my appreciation to the National Security Committee's very able chairman, Chairman FLOYD SPENCE and to the

very able ranking member, the Honorable RON DELLUMS. Without each of these members support and assistance we would not be before the House today.

H.R. 1350 is a very simple and very modest proposal. Support for H.R. 1350 will be a statement by this body and by its Members that you wish to see the American flag continue to fly from vessels carrying this Nation's commerce. But Mr. Chairman even more important, a vote to support H.R. 1350 will assure that our fighting men and women will have the supplies and food and ammunition to sustain their efforts when they are operating in some distant land. The lessons of Desert Storm should not be forgotten so quickly.

I recognize that there are those who have in the past questioned the need for a U.S. merchant fleet to support our troops in time of war, national emergency or where the national security dictates our involvement. Those same individuals had their eyes opened during Desert Storm when the entire free world was mobilized to fight one common enemy. Over 80 percent of our sustainment cargo moved by sea. During that conflict we were forced to use foreign vessels to supplement the available U.S. flag tonnage. Our country was indeed fortunate that we were engaging an enemy that was so vilified by the entire civilized world. The next time circumstances could be different. We may not have a unified world effort.

Let me take just a moment to comment on some key elements of this program and how it differs from the current program. As many of you know the current program is designed as an entitlement program. That program was very expensive. This bill prohibits the granting of any future contracts under this entitlement program. That program will essentially expire next year. H.R. 1350 replaces the old program which had steadily rising payments to the vessel operators with specific set payments each year—\$2.3 million the first year, declining the next year to \$2.1 million. It is estimated that this program is more than 50 percent cheaper than the current entitlement program. Just as important as the reduction in payments to the vessel operators, is the fact that the funding of this program is subject to annual appropriations. I wish to emphasize that point. If this program is not working or if we are not retaining the assets we need, then Congress can in any year of this 10 year program vote to end it at that point in time.

I would like to make one more point before I yield to the gentleman from Mississippi. The Congressional Budget Office has scored the annual cost of this program at \$100 million, with the first year cost at \$46 million. This is as I have said, roughly one-half the cost of the current program. For the Defense Department to build or buy this same sealift capacity, it has been estimated that it would cost over \$5 billion. Just to maintain that type of fleet and to man it with skilled mariners would easily exceed the annual cost of this Maritime Security Program. In short I believe we have designed a program that reflects the budget restraints we are operating under but at the same time serves to fill a critical shortfall in the sealift capability that is essential to our national security.

Mr. STUMP. Mr. Chairman, will the gentleman yield?

Mr. BATEMAN. Mr. Chairman, I am pleased at this time to yield to the gentleman from Arizona [Mr. STUMP], the

chairman of the Committee on Veterans' Affairs, for purposes of a colloquy.

Mr. STUMP. Mr. Chairman, I thank the gentleman for yielding, and for the purposes of clarifying the bill's reemployment rights provision, I would like to enter into a colloquy with the gentleman.

My understanding is that the administration, investigation and enforcement provided for in H.R. 1350 for reemployment rights for Merchant Mariners will be done by the Department of Transportation, not the Department of Labor; is that correct?

Mr. BATEMAN. Yes, that is correct. Administration, investigation and enforcement will all be performed by the Department of Transportation, and to the extent necessary, by the Department of Justice. Nothing will be done by the Department of Labor, and these provisions will not impact upon that Department.

Mr. STUMP. Mr. Chairman, could the gentleman also confirm my understanding that this bill in no way gives veterans status to merchant mariners?

Mr. BATEMAN. That is also correct, it would not.

Mr. STUMP. Mr. Chairman, I thank the gentleman for yielding and I urge my colleagues to support this bill.

Mr. BATEMAN. Mr. Chairman, I thank the gentleman and I reserve the balance of my time.

Mr. TAYLOR of Mississippi. Mr. Chairman, I yield 4 minutes to the gentleman from Oregon [Ms. FURSE], an active member of the former Committee on Merchant Marine and Fisheries.

Ms. FURSE. Mr. Chairman, I thank my colleague for yielding me this time.

Mr. Chairman, I rise today in very strong support of H.R. 1350, the Maritime Security Act. As someone who served on both the Committee on Merchant Marine and Fisheries, and the Committee on National Security, and who worked very hard to gain passage of legislation to restore our Nation's maritime industry, I know just how important this legislation is to preserving but also to enhancing our sealift force and maintaining an international commercial transportation capability.

H.R. 1350 is important legislation because it is designed to close two gaping holes in the security of America, one in our defensive structure and the other in our economic base. As a Congresswoman from Oregon, the maritime industry is absolutely vital to my community. The coastal areas and the Columbia River are key players in our local economy as well as bearers of our Nation's heritage.

The people who make their living in the maritime industry have a proud history, but, unfortunately, today there are thousands of people who have lost their jobs or who are struggling to make ends meet as a result of the massive decline in the maritime industry. That decline has come about since 1981.

The legislation before us today, Mr. Chairman, is a first step in saving two

of America's most precious resources, domestic shipyards and the U.S.-flagged Merchant Marine. This bill will preserve and also create jobs for American seafarers and shipbuilding workers. And we have the best in this country, the best seafarers and the best shipbuilding workers. These industries will receive genuine improvements that will make a real difference.

These are the industries we need to compete in a global market. Continued American leadership in international trade and a sound national defense both rely heavily on our ability to transport goods and other supplies overseas, including our precious men and women in uniform. Today, unfortunately, we are losing that ability.

Mr. Chairman, H.R. 1350 makes a number of other important reforms in merchant seaman reemployment rights and in cargo preference requirements that will increase efficiencies and, ultimately, will reduce costs. These reforms are long overdue.

As I said earlier, I have served on both of these important committees. I know how important this bill is to our national economic and defensive securities, but it is also important to the people we serve, the people who work in the maritime industry. Their families, their communities, their lives are also at stake, as is our security, both national and economic.

I find it rather disheartening, Mr. Chairman, to be here repeating something I said on this same floor in 1993, but I am glad to be able to be here to speak again in support of this great bill. If we do not put together and implement a sensible maritime policy as soon as possible, there will not be a maritime industry left to salvage. We must get H.R. 1350 passed as soon as possible.

I really want to congratulate the sponsors of this bill and I urge all my colleagues to support H.R. 1350.

Mr. TAYLOR of Mississippi. Mr. Chairman, I yield 4 minutes to the distinguished gentleman from New Jersey [Mr. TORRICELLI].

Mr. TORRICELLI. Mr. Chairman, I thank the gentleman for yielding me this time.

Mr. Chairman, Napoleon once said that an army marches on its stomach. A great deal has changed in history and the security of nations, but Napoleon's observation is as true today as it was so many years ago. In the Persian Gulf war, the United States found that it had the fighting men, it had the world's finest equipment, we had the fighting will, but we lacked the ability to get our forces to the area of combat safely, quickly and efficiently.

For more than 40 years, Mr. Chairman, we have witnessed the rapid but the certain deterioration in the merchant marine capabilities of the United States from the world's largest fleet. In 1945 there were 2,000 flagged vessels of our country, there are today less than 350. To some, it is a loss of pride; to others, an indication of an unfavorable

economic trend. But in the final analysis, there is a more important measure of this deterioration in our presence in the world seas. It is our inability in times of national crisis to ensure that our national interests are protected.

Today, Mr. Chairman, the committee deserves to be complimented because H.R. 1350, the Maritime Security Act, can at least assure the situation will not deteriorate further. Indeed, while saving money for the Federal Government, we can at the same time assure that our security interests are protected in maintaining some minimal presence of American crewed and flagged vessels on the high seas.

There is not a developing nation in the world that does not recognize the importance of what we are doing here today. Every nation has recognized that, as it has had to save money and to assure its public treasury, it had an equal interest for security and economic reasons in the viability of a national fleet. Some will argue this should be done simply in the marketplace, with no Government presence whatsoever, the problem being that those are not the rules by which the world plays.

Mr. Chairman, other nations have decided to involve themselves and their merchant fleets. If we do not, the outcome is simple. There will be no fleet at all.

Finally, to those who would argue that we should simply allow the market to run its course, I would remind them that while other nations might, the United States is not simply another nation. We have the world's greatest security commitments and requirements. We have invested in a vast national security infrastructure, and this is its most vulnerable individual component.

I rise therefore, Mr. Chairman, to congratulate the committee, the Members of the House who have spent so much effort bringing this legislation to the floor today, and I urge my colleagues, by an overwhelming vote, to give their affirmative votes, and I thank the gentleman for yielding.

Mr. TAYLOR of Mississippi. Mr. Chairman, I yield 2 minutes to the gentleman from Massachusetts [Mr. STUDDS], the chairman of the former Committee on Merchant Marine and Fisheries.

Mr. STUDDS. Mr. Chairman, I rise in strong support of the bill somewhat wistfully, precisely as the former chairman of the former committee of jurisdiction over these matters. I note with some pleasure that the tradition of that committee, in terms of bipartisan tranquillity, has extended to this Congress, of all places, and to this floor at this time on this subject with many of these Members who are very familiar with this problem.

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I would also like, for the umpteenth time, to express my appreciation to the members of the Committee on National

Security, whatever its title is this year, on both sides, with whom we worked in such a collegial and productive fashion in the last Congress, in an equally bipartisan fashion, to craft legislation which I modestly observe was perhaps a bit stronger and more extensive even than the bill before us now.

That bill died where so many bills die, in the other body, for reasons someone referred to them as technical. I do not think they were technical; I think they were basically political and regional, but they died. It went to its final resting place in that burial of so much good legislation, that plot across the building there.

Mr. Chairman, this is good legislation, but we should not kid ourselves that this is going to solve the problem. We are drawing a minimal line below which we will not let this fleet sink. No Member should think that we have resolved the question of the United States as a maritime power going into the next century by adopting this legislation, even in the unlikely event that the other body can move itself to agree with us. But it is important, it is essential, and I am delighted to join with the members of the Committee on National Security on behalf of this.

Mr. Chairman, I would wistfully observe that had this subject been as important in the minds of the Members on the other side as they say that it is, that their first action might not have been the abolition of the aforementioned, much-lamented and grieved-for Committee on the Merchant Marine and Fisheries. But, nonetheless, that has been done, and I am delighted to be a part of what I hope is a lasting legacy in this and future legislation.

Mr. Chairman, I support the proposed legislation in part because it is absolutely necessary that Congress act now to save our merchant fleet. Twice in the last 2 years, the House has passed legislation that in all modesty would have done more in that regard than this bill, only to have our efforts come to naught in the Senate. But time not only is no longer on our side—it has run out. Today, we are being asked to set a floor below which our commercial fleet cannot be allowed to fall. We should not fool ourselves into believing we are doing anything else. In the future, Congress must again take up the task of formulating the kind of policies necessary to attract new, modern vessels to the United States fleet, with their owners assured of a long-term, binding commitment of the U.S. Government to foster and maintain such a fleet.

Mr. TAYLOR of Mississippi. Mr. Chairman, I reserve the balance of my time.

Mr. BATEMAN. Mr. Chairman, I yield 2 minutes to the gentleman from Mississippi [Mr. WICKER].

(Mr. WICKER asked and was given permission to revise and extend his remarks.)

Mr. WICKER. Mr. Chairman, I certainly rise today in support of H.R. 1350, the Maritime Security Act of 1995, and strongly encourage my colleagues to support this bipartisan effort. I would like to commend the gentleman

from South Carolina [Mr. SPENCE] and the gentleman from Virginia [Mr. BATEMAN] as well as my colleague, the gentleman from Mississippi [Mr. TAYLOR], for their leadership, and also the committee for unanimously reporting this legislation.

Mr. Chairman, it is the most sweeping maritime reform in 6 decades, and it will provide for a modern, cost-competitive American maritime fleet while reducing Federal spending by one-half. The legislation will also reduce or eliminate regulations that prevent American ship-operating companies from competing on an equal basis with foreign-flag operators.

Today, Federal regulations determine where our U.S. flagship can operate. These regulations mandate equipment and rules that penalize vessels which fly our flag. They discourage investment in modern, efficient vessels. H.R. 1350 will eliminate regulations that make no sense, that cost American jobs, and that tie the hands of American companies.

Most importantly, H.R. 1350 will give America a commercial private-sector sealift fleet to serve our economic and military objectives and promote a strong national defense that is unquestioned by friend and foe alike.

Supporters of the fleet have included former President Reagan and Gen. Colin Powell, who referred to the program as the "workhorse" of our operations in missions such as Desert Shield and Desert Storm.

The U.S. Constitution lays out only one specific responsibility for the Federal Government, and that is to provide for a national defense of our country. We must work to provide the best and most cost-effective defense America can afford.

H.R. 1350 will cut redtape, strengthen our Nation's maritime force, and solidify our Nation's defense at a bargain to the taxpayers. I strongly urge my colleagues to vote for the Maritime Security Act of 1995.

Mr. BATEMAN. Mr. Chairman, I would like to inquire if the gentleman from Mississippi [Mr. TAYLOR] has further speakers.

Mr. TAYLOR of Mississippi. Mr. Chairman, to the best of my knowledge, we have no more requests for time.

Mr. BATEMAN. Mr. Chairman, we have no further requests for time on this side of the aisle.

Mr. TAYLOR of Mississippi. Mr. Chairman, may I say good things about the gentleman from Virginia [Mr. BATEMAN] before he closes?

Mr. BATEMAN. Mr. Chairman, I am always happy to yield for that purpose.

Mr. TAYLOR of Mississippi. Mr. Chairman, I want to encourage all of my colleagues, Democratic and Republican, to support this measure. It is, as the gentleman from Virginia [Mr. BATEMAN] said before the Committee on Rules last week, a modest measure, doing the best we can with what we have to maintain the U.S. merchant fleet.

I have every confidence that the new chairman of the maritime panel can come up with a much more ambitious program for next year and, as his ranking minority member, I intend to work with him to the fullest on that.

Mr. Chairman, I want to take the comments to heart of what the gentleman from Louisiana [Mr. LIVINGSTON], the chairman of the Committee on Appropriations, said about the need for the American merchant fleet. I think we ought to be on the gentleman's doorstep asking for his help to do the things that we know need to be done.

Mr. Chairman, with that, I yield back the balance of my time, and encourage the passage of the bill.

Mr. BATEMAN. Mr. Chairman, I will take but a moment further, but I feel it is necessary for me to do that in order for me to express my gratitude and, I should hope, the appreciation of all the Members of the House for the cooperation and leadership that I have received as chairman of the merchant marine panel from the gentleman from Mississippi [Mr. TAYLOR], and to also commend the gentleman from Massachusetts [Mr. STUDDS], and the gentleman from Illinois [Mr. LIPINSKI], who have always played a critical role in trying to support the American merchant marine community. They have done yeoman's work in this field. It is a part of a truly bipartisan effort.

So, Mr. Chairman, thanks to all of them, and thanks to all those who came to the floor to express their support for this vitally needed legislation.

Mr. DIAZ-BALART. Mr. Chairman, I rise today to offer my support for H.R. 1350, the Maritime Security Act of 1995.

Mr. Chairman, history has only begun to tell the story of the need for our country to have a viable merchant marine fleet. During the Vietnam war, the demand was not always met by the merchant marine fleet because some of the vessels that were flagged in other countries had crews that refused to crew the fleet during this conflict. More recently, during Desert Shield/Desert Storm, trained mariners were ready to go to sea, but because they had no rehire rights they could not take a chance on losing their civilian jobs. Because of this lack of reemployment, the United States had to rely on pensioners who were in their 60's, 70's and even 80's to service these cargo and supply vessels.

H.R. 1350 reverses a trend and ensures the existence of a fleet of militarily useful U.S.-flag commercial vessels and their American citizen crews, necessary for the military security requirements of our Nation. Fortunately there is consensus in Congress that H.R. 1350 needs to be enacted into law as soon as possible. The Maritime Security Act is supported by all segments of the U.S.-flag maritime industry—the American seafarers and the American shipbuilders.

I am proud to be supporting H.R. 1350 with enthusiasm.

Mr. UNDERWOOD. Mr. Chairman, as an island community 3500 miles west of Hawaii, we on Guam appreciate the immense importance of our national maritime policy. As an American community once occupied by enemy

forces, we also greatly appreciate sound national security policies.

The Maritime Security Act of 1995 serves to ensure an American merchant fleet crewed by Americans. These vessels would ensure the availability of critical assets in the event of a major conflict. I support these very important national security goals.

I would point out that the purpose of this act is to help the American merchant marine fleet compete with foreign shipping interests. I must take issue when the competition is so skewed that there is no competition at all. In Guam's case, the Jones Act requires that goods shipped to Guam from other U.S. ports, such as from the west coast, must be carried on American vessels. Guam would rather have the open competition. Yes, subsidize the American carriers, if necessary, to even the playing field, but by all means, do not subsidize and then close the markets. In Guam's case, we have the worst of all worlds.

Because the Guam shipping rates are so high compared to rates to Japan, we are actually in a position to lose business in our port from the United States military to these foreign ports. It is actually cheaper for the United States military to move its supplies to a foreign port and to re-supply United States naval ships from these foreign ports, than it is to ship those same supplies to Guam. In an era of strict budgetary constraints, the Navy's Military Sealift Command is contemplating this very scenario. What happened to national security concerns? What happened to loyalty to American workers in the American port of Guam? Very simply, what happened is that the shippers who receive these subsidies, and who have the captive Guam market because of the Jones Act, have made it impossible for the Navy to operate out of Guam due to their exorbitant shipping rates.

And we Americans who live on Guam are finding it increasingly untenable to be the ones whose shipping rates provide the windfall profits to shipping companies because of Jones Act restrictions.

Mr. Chairman, I can support the shipping subsidies if it helps the fair and open competition. But I would urge Congress to open Guam's market to fair and open competition.

Mr. POMEROY. Mr. Chairman, I rise in support of H.R. 1350, the Maritime Security Act of 1995.

Both our national security and commercial interests are well-served by preserving a viable U.S.-flagged maritime industry. A domestic fleet of ocean-going vessels provides vital sealift capability to our military and ensures that foreign shipping interests do not gain total control over America's foreign trade. For these reasons, all Americans should support the maintenance of a healthy domestic shipping industry.

While the legislation before us today protects the future of our domestic shipping capability, it does so while dramatically reducing costs to the Federal Government. H.R. 1350 reduces operating assistance payments for militarily useful U.S.-flag ships by more than 50 percent, from \$225 million annually to \$100 million. What's more the bill eliminates outdated and unnecessary rules and regulations which impede the ability of U.S.-flag commercial vessels to compete and to expand and modernize their fleets.

Finally, Mr. Chairman, I am pleased that the committee successfully revised the application

of cargo preference requirements for shipments of agriculture commodities under the Public Law 480 Food for Peace Program. The revision will ensure that Great Lakes ports, which are not served by large U.S.-flag vessels, are not precluded from participating in such shipments.

This provision is especially important to North Dakota and the entire upper Midwest because we export a significant amount of agriculture products through Great Lakes ports. As I have said before on this floor, I do not view the interest of domestic shipping agricultural trade as incompatible. H.R. 1350 strikes an important balance that serves the interests of both industries.

I congratulate the chairman of the Armed Services Committee, Mr. SPENCE, and the ranking minority member, Mr. DELLUMS, for bringing this bipartisan legislation to the floor today. The bill was unanimously supported by the Committee on National Security and deserves the support of all Members.

Mr. FLANAGAN. Mr. Chairman, I rise in strong support of H.R. 1350, the Maritime Security Act of 1995, sponsored by the gentleman from South Carolina [Mr. SPENCE] and the gentleman from Virginia [Mr. BATEMAN], and urge my colleagues to support it also.

Mr. Chairman, this year marks the 50th anniversary of the end of World War II. On May 18 and September 2 of this year, all segments of America's Armed Forces were praised and their exploits recounted for the commemoration of the 50th anniversaries of V-E Day and V-J Day, respectfully. One segment that I believe was not given the full credit it deserves was the U.S. merchant marine.

The United States led the free world to victory, in part, because its skilled men and women worked around the clock in America's machine shops and shipyards to produce the vessels needed to carry the critical supplies and ordinance to our fighting men and women overseas. Those ships were all crewed with brave, young American merchant mariners who sailed through thousands of miles of treacherous waters, often unprotected from submarine attacks.

It was America's industrial strength that helped to overwhelm our German and Japanese enemies, though only because American shipyards also supplied the transportation to move it. Between 1941 and 1945, more than 51,000,000 tons of merchant shipping was built by U.S. shipyards, representing some 10,000 Liberty and Victory freighters and T-2 tankers, all U.S. manned and produced by a revolutionary process called prefabrication in which a vessel could be built from start to finish in just 4 days. At the height of the Liberty-building program, shipyards in Baltimore and San Francisco and other port cities were launching three ships a day. Germany's U-boats could not sink such an output at the rate losses were replaced.

We will retain a small part of this industry component if the House votes in favor of H.R. 1350 today. With the enactment of this important legislation, America will have the nucleus of a merchant fleet flying the Stars and Stripes proudly on the fantails of our ships, ready to provide the kind of protection and competition to American shippers who would otherwise be at the mercy of foreign-flag fleets.

With this bill, our Nation will also have a civilian fleet which we can count on during times of both war and peace. Further, it will have a

maritime manpower base and intermodal cargo carrying capability essential to strong sealift under our own control.

Mr. Chairman, I strongly urge my colleagues to support the national security of our country by voting for this bill and manager's amendment to it.

Mr. REED. Mr. Chairman, I rise in strong support of H.R. 1350, the Maritime Security Act of 1995.

As a member of the Merchant Marine and Fisheries Committee and the Subcommittee on Merchant Marine in the 102d and 103d Congresses, I was actively involved in several maritime reform efforts. While that committee no longer exists, I am glad that we are making another attempt to ensure our status as a maritime power.

H.R. 1350 would support a fleet of militarily useful U.S.-flagged commercial vessels and American merchant marines for future needs. It would prevent foreign shipping interests from controlling all U.S. maritime trade. It would reduce the costs of the operating assistance program and eliminate burdensome administrative requirements. H.R. 1350 would also help our Nation's shipyards by encouraging the construction of new vessels here in America.

Throughout my tenure in the House of Representatives, I have been proud to come to the floor and vote in favor of several bills to ensure a vibrant American merchant marine and maritime industry. Such legislation is good for our economy and our national security.

Unfortunately, maritime reform and revitalization efforts failed to get the support of the other Chamber. I would urge my colleagues in the other body to get on board and support our Nation's maritime industry.

Mr. TRAFICANT. Mr. Chairman, I rise in strong support of H.R. 1350, the Maritime Security Act of 1995. I commend Chairman SPENCE and the ranking minority member of the National Security Committee, Mr. DELUMS, for bringing this important bill forward.

The bill makes some much needed and long overdue reforms in Federal maritime programs. Most importantly, the bill replaces the Operational Differential Subsidy [ODS] Program with a new Maritime Security Fleet [MSF] Program within the Transportation Department. The new MSF Program would provide annual payments to U.S.-flag shipping companies who agree to make their vessels available to the Federal Government when needed for national security purposes.

The new MSF Program will allow the United States to maintain a modern merchant fleet, provide sealift for national emergencies, and ensure that America remains a player in ocean transportation and commerce. The MSF Program will provide for a viable United States maritime industry able to provide America with the maritime services necessary to respond to a national security crisis—such as a war in the Persian Gulf or the Korean Peninsula.

Members should note that the MSF Program will provide this service at a program cost significantly less than the current Operating Differential Subsidy Program.

The chairman's amendment includes a provision which reauthorizes and reforms the title XI program to provide Federal loan guarantees to buyers who build vessels in American shipyards. The funds authorized in the bill will provide seed money for as much as \$500 million in loan guarantee authority for the con-

struction of commercial vessels in U.S. shipyards.

For every American shipyard job that is created, 10 jobs are created in related industries throughout the country. The title XI loan guarantee program is a successful and necessary initiative.

To fully appreciate the urgent necessity of this program one must fully understand the real world of commercial shipbuilding. The international shipbuilding industry is highly competitive and dominated by nations that heavily subsidize their shipbuilding industries.

The title XI program, time and time again, allows shipbuilding projects in this country to go forward—projects that normally never would have happened without title XI.

At a time when some \$20 billion of United States taxpayer money is being used to bail out Mexico, it would be a travesty and a tragedy not to continue a modest program like title XI that creates American jobs and secures our national security.

At the present time there is great pressure on the Congress to cut Federal spending. I agree that Congress should closely review each and every program of the Federal Government. There are certain responsibilities, however, that the Federal Government cannot shirk or shortchange. National security is one of them.

The new Maritime Security Fleet Program authorized in this bill will foster a continuing and effective partnership between the Federal Government and the private sector by utilizing existing industries to provide cost effective sealift, as well as a modern and efficient marine transportation system.

The maintenance of a viable and efficient maritime industry is an essential component of ensuring national security. To cut or eliminate these programs would seriously compromise our national security by compromising the U.S. military's ability to move troops and material to any point on the globe where our interests might be threatened.

Napoleon once said that an army lives on its stomach. That maxim is as true in the high-technology battlefield of 1995 as it was in the 19th century. Modern-day armies need to eat, they need to be transported and they need logistic support to function and to fight. I, for one, do not want to rely on foreign maritime fleets and crews to feed, clothe, and equip American troops during a crisis. That is why we need to pass H.R. 1350.

I urge my colleagues to support H.R. 1350.

Ms. PELOSI. Mr. Chairman, I rise today in strong support of H.R. 1350, the Maritime Security Act of 1995. This legislation preserves a strong U.S. merchant marine and it is vital to our national defense and economy.

In the years immediately following World War II, almost half of the world's commercial fleet sailed under the American flag. Today, while the United States remains the largest trading nation in the world, our merchant marine fleet now ranks 16th in size when compared to other maritime nations. This legislation would begin to reverse this dramatic decline.

H.R. 1350, which was reported unanimously by the Committee on National Security, serves several important purposes. The bill creates a Maritime Security Program which will ensure that the United States has a U.S.-flagged and crewed fleet of militarily useful commercial vessels ready at all times. This fleet will serve our country in peace and in war.

In addition, the Maritime Security Program would significantly reduce the cost of the Federal maritime operating assistance program from a \$225 million annual program to a \$100 million annual program. Each ship that participates in the program would receive \$2.3 million per year for the first year and \$2.1 million per year for the remaining 9 years of the program. When fully operational, the program would result in the retention of approximately 50 U.S.-flag vessels which would otherwise shift their operations to foreign flags of convenience with foreign crews.

This is the most sweeping maritime reform program in six decades. It will reduce Federal spending while providing for a modern cost-competitive American maritime fleet which will serve our Nation's economic and military objectives. Furthermore, it will ensure that our American commercial fleet will be crewed by American sailors, the finest crews in the world.

I urge my colleagues to support this important legislation and vote "yes" on H.R. 1350.

Mr. BATEMAN. Mr. Chairman, I have no further requests for time, and I yield back the balance of my time.

The CHAIRMAN. All time for general debate has expired.

The amendment in the nature of a substitute printed in the bill shall be considered by sections as an original bill for the purpose of amendment, and pursuant to the rule each section is considered read.

Before consideration of any other amendment, it shall be in order to consider the amendment printed in House Report 104-375, if offered by the gentleman from South Carolina [Mr. SPENCE], or his designee. That amendment shall be considered read, may amend portions of the bill not yet read for amendment, is not subject to amendment, and is not subject to a demand for division of the question. Debate on the amendment is limited to 20 minutes, equally divided and controlled by the proponent and an opponent of the amendment.

During consideration of the bill for amendment, the Chairman of the Committee of the Whole may accord priority in recognition to a Member offering an amendment that has been printed in the designated place in the CONGRESSIONAL RECORD. Those amendments will be considered read.

The Clerk will designate section 1.

The text of section 1 is as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the "Maritime Security Act of 1995".

The CHAIRMAN. Are there any amendments to section 1?

Mr. BATEMAN. Mr. Chairman, I ask unanimous consent that the remainder of the committee amendment in the nature of a substitute be printed in the RECORD and open to amendment at any point.

The CHAIRMAN. Is there objection to the request of the gentleman from Virginia?

There was no objection.

The text of the remainder of the committee amendment in the nature of a substitute is as follows:

SEC. 2. MARITIME SECURITY PROGRAM.

Title VI of the Merchant Marine Act, 1936 (46 App. U.S.C. 1171 et seq.) is amended—

(1) by striking the title heading and inserting the following:

“TITLE VI—VESSEL OPERATING ASSISTANCE PROGRAMS
“Subtitle A—Operating-Differential Subsidy Program”;

and

(2) by adding at the end the following new subtitle:

“Subtitle B—Maritime Security Fleet Program
“ESTABLISHMENT OF FLEET

“SEC. 651. (a) IN GENERAL.—The Secretary of Transportation shall establish a fleet of active, militarily useful, privately-owned vessels to meet national defense and other security requirements and maintain a United States presence in international commercial shipping. The Fleet shall consist of privately owned, United States-flag vessels for which there are in effect operating agreements under this subtitle, and shall be known as the Maritime Security Fleet.

“(b) VESSEL ELIGIBILITY.—A vessel is eligible to be included in the Fleet if the vessel is self-propelled and—

“(1)(A) is operated by a person as an ocean common carrier (as that term is used in the Shipping Act of 1984 (46 App. U.S.C. 1701 et seq.);)

“(B) whether in commercial service, on charter to the Department of Defense, or in other employment, is either—

“(i) a roll-on/roll-off vessel with a carrying capacity of at least 80,000 square feet or 500 twenty-foot equivalent units; or

“(ii) a lighter aboard ship vessel with a barge capacity of at least 75 barges; or

“(C) any other type of vessel that is determined by the Secretary to be suitable for use by the United States for national defense or military purposes in time of war or national emergency;

“(2)(A)(i) is a United States-documented vessel; and

“(ii) on the date an operating agreement covering the vessel is entered into under this subtitle, is—

“(I) a LASH vessel that is 25 years of age or less; or

“(II) any other type of vessel that is 15 years of age or less;

except that the Secretary of Transportation may waive the application of clause (ii) if the Secretary, in consultation with the Secretary of Defense, determines that the waiver is in the national interest; or

“(B) it is not a United States-documented vessel, but the owner of the vessel has demonstrated an intent to have the vessel documented under chapter 121 of title 46, United States Code, if it is included in the Fleet, and the vessel will be less than 10 years of age on the date of that documentation;

“(3) the Secretary of Transportation determines that the vessel is necessary to maintain a United States presence in international commercial shipping or, after consultation with the Secretary of Defense, determines that the vessel is militarily useful for meeting the sealift needs of the United States with respect to national emergencies; and

“(4) at the time an operating agreement for the vessel is entered into under this subtitle, the vessel will be eligible for documentation under chapter 121 of title 46, United States Code.

“OPERATING AGREEMENTS

“SEC. 652. (a) IN GENERAL.—The Secretary of Transportation shall require, as a condition of including any vessel in the Fleet, that the owner or operator of the vessel enter into an operating agreement with the Secretary under this section. Notwithstanding subsection (g), the Secretary may enter into an operating agreement for, among other vessels that are eligible to be in-

cluded in the Fleet, any vessel which continues to operate under an operating-differential subsidy contract under subtitle A or which is under charter to the Department of Defense.

“(b) REQUIREMENTS FOR OPERATION.—An operating agreement under this section shall require that, during the period a vessel is operating under the agreement—

“(1) the vessel—

“(A) shall be operated exclusively in the foreign trade or in mixed foreign and domestic trade allowed under a registry endorsement issued under section 12105 of title 46, United States Code, and

“(B) shall not otherwise be operated in the coastwise trade; and

“(2) the vessel shall be documented under chapter 121 of title 46, United States Code.

“(c) CERTAIN REQUIREMENTS NOT TO APPLY.—A contractor of a vessel included in an operating agreement under this subtitle may operate the vessel in the foreign commerce of the United States without restriction, and shall not be subject to any requirement under section 801, 808, 809, or 810.

“(d) EFFECTIVENESS AND ANNUAL PAYMENT REQUIREMENTS OF OPERATING AGREEMENTS.—

“(1) EFFECTIVENESS.—The Secretary of Transportation may enter into an operating agreement under this subtitle for fiscal year 1996. The agreement shall be effective only for 1 fiscal year, but shall be renewable, subject to the availability of appropriations, for each subsequent fiscal year through the end of fiscal year 2005.

“(2) ANNUAL PAYMENT.—An operating agreement under this subtitle shall require, subject to the availability of appropriations and the other provisions of this section, that the Secretary of Transportation pay each fiscal year to the contractor, for each vessel that is covered by the operating agreement, an amount equal to \$2,300,000 for fiscal year 1996 and \$2,100,000 for each fiscal year thereafter in which the agreement is in effect. The amount shall be paid in equal monthly installments at the end of each month. The amount shall not be reduced except as provided by this section.

“(e) CERTIFICATION REQUIRED FOR PAYMENT.—As a condition of receiving payment under this section for a fiscal year for a vessel, the owner or operator of the vessel shall certify, in accordance with regulations issued by the Secretary of Transportation, that the vessel has been and will be operated in accordance with subsection (b)(1) for at least 320 days in the fiscal year. Days during which the vessel is drydocked, surveyed, inspected, or repaired shall be considered days of operation for purposes of this subsection.

“(f) OPERATING AGREEMENT IS OBLIGATION OF UNITED STATES GOVERNMENT.—An operating agreement under this subtitle constitutes a contractual obligation of the United States Government to pay the amounts provided for in the agreement to the extent of actual appropriations.

“(g) LIMITATIONS.—The Secretary of Transportation shall not make any payment under this subtitle for a vessel with respect to any days for which the vessel is—

“(1) subject to an operating-differential subsidy contract under subtitle A or under a charter to the United States Government, other than a charter pursuant to section 653;

“(2) not operated or maintained in accordance with an operating agreement under this subtitle; or

“(3) more than 25 years of age, except that the Secretary may make such payments for a LASH vessel for any day for which the vessel is more than 25 years of age if that vessel—

“(A) is modernized after January 1, 1994,

“(B) is modernized before it is 25 years of age, and

“(C) is not more than 30 years of age.

“(h) PAYMENTS.—With respect to payments under this subtitle for a vessel covered by an op-

erating agreement, the Secretary of Transportation—

“(1) except as provided in paragraph (2), shall not reduce any payment for the operation of a vessel to carry military or other preference cargoes under section 2631 of title 10, United States Code, the Act of March 26, 1934 (46 App. U.S.C. 1241-1), section 901(a), 901(b), or 901b of this Act, or any other cargo preference law of the United States;

“(2) shall not make any payment for any day that a vessel is engaged in transporting more than 7,500 tons of civilian bulk preference cargoes pursuant to section 901(a), 901(b), or 901b that is bulk cargo (as that term is defined in section 3 of the Shipping Act of 1984 (46 App. U.S.C. 1702)); and

“(3) shall make a pro rata reduction in payment for each day less than 320 in a fiscal year that a vessel covered by an operating agreement is not operated in accordance with subsection (b)(1), with days during which the vessel is drydocked or undergoing survey, inspection, or repair considered to be days on which the vessel is operated.

“(i) PRIORITY FOR AWARDED AGREEMENTS.—Subject to the availability of appropriations, the Secretary shall enter into operating agreements according to the following priority:

“(1) VESSELS OWNED BY CITIZENS.—

“(A) PRIORITY.—First, for any vessel that is—

“(i) owned and operated by persons who are citizens of the United States under section 2 of the Shipping Act, 1916; or

“(ii) less than 10 years of age and owned and operated by a corporation that is—

“(I) eligible to document a vessel under chapter 121 of title 46, United States Code; and

“(II) affiliated with a corporation operating or managing for the Secretary of Defense other vessels documented under that chapter, or chartering other vessels to the Secretary of Defense.

“(B) LIMITATION ON NUMBER OF OPERATING AGREEMENTS.—The total number of operating agreements that may be entered into by a person under the priority in subparagraph (A)—

“(i) for vessels described in subparagraph (A)(i), may not exceed the sum of—

“(I) the number of United States-documented vessels the person operated in the foreign commerce of the United States (except mixed coastwise and foreign commerce) on May 17, 1995; and

“(II) the number of United States-documented vessels the person chartered to the Secretary of Defense on that date; and

“(ii) for vessels described in subparagraph (A)(ii), may not exceed 5 vessels.

“(C) TREATMENT OF RELATED PARTIES.—For purposes of subparagraph (B), a related party with respect to a person shall be treated as the person.

“(2) OTHER VESSELS OWNED BY CITIZENS AND GOVERNMENT CONTRACTORS.—To the extent that amounts are available after applying paragraph (1), any vessel that is owned and operated by a person who is—

“(A) a citizen of the United States under section 2 of the Shipping Act, 1916, that has not been awarded an operating agreement under the priority established under paragraph (1); or

“(B)(i) eligible to document a vessel under chapter 121 of title 46, United States Code; and

“(ii) affiliated with a corporation operating or managing other United States-documented vessels for the Secretary of Defense or chartering other vessels to the Secretary of Defense.

“(3) OTHER VESSELS.—To the extent that amounts are available after applying paragraphs (1) and (2), any other eligible vessel.

“(j) TRANSFER OF OPERATING AGREEMENTS.—A contractor under an operating agreement may transfer the agreement (including all rights and obligations under the agreement) to any person eligible to enter into that operating agreement under this subtitle after notification of the Secretary in accordance with regulations prescribed by the Secretary, unless the transfer is disapproved by the Secretary within 90 days after

the date of that notification. A person to whom an operating agreement is transferred may receive payments from the Secretary under the agreement only if each vessel to be covered by the agreement after the transfer is an eligible vessel under section 651(b).

“(k) REVERSION OF UNUSED AUTHORITY.—The obligation of the Secretary to make payments under an operating agreement under this subtitle shall terminate with respect to a vessel if the contractor fails to engage in operation of the vessel for which such payment is required—

“(1) within one year after the effective date of the operating agreement, in the case of a vessel in existence on the effective date of the agreement, or

“(2) within 30 months after the effective date of the operating agreement, in the case of a vessel to be constructed after that effective date.

“(l) PROCEDURE FOR CONSIDERING APPLICATION; EFFECTIVE DATE FOR CERTAIN VESSELS.—

“(1) PROCEDURES.—Within 90 days after receipt of an application for enrollment of a vessel in the Fleet, the Secretary shall enter into an operating agreement with the applicant or provide in writing the reason for denial of that application.

“(2) EFFECTIVE DATE.—Unless an earlier date is requested by the applicant, the effective date for an operating agreement with respect to a vessel which is, on the date of entry into an operating agreement, either subject to a contract under subtitle A or on charter to the United States Government, other than a charter under section 653, shall be the expiration or termination date of the contract under subtitle A or of the Government charter covering the vessel, respectively, or any earlier date the vessel is withdrawn from that contract or charter.

“(m) EARLY TERMINATION.—An operating agreement under this subtitle shall terminate on a date specified by the contractor if the contractor notifies the Secretary, by not later than 60 days before the effective date of the termination, that the contractor intends to terminate the agreement. Vessels covered by an operating agreement terminated under this subsection shall remain documented under chapter 121 of title 46, United States Code, until the date the operating agreement would have terminated according to its terms. A contractor who terminates an operating agreement pursuant to this subsection shall continue to be bound by the provisions of section 653 until the date the operating agreement would have terminated according to its terms. All terms and conditions of an Emergency Preparedness Agreement entered into under to section 653 shall remain in effect until the date the operating agreement would have terminated according to its terms, except that the terms of such Emergency Preparedness Agreement may be modified by the mutual consent of the contractor and the Secretary of Transportation.

“(n) TERMINATION FOR LACK OF FUNDS.—If funds are not appropriated under the authority provided by section 655 for any fiscal year, then each vessel covered by an operating agreement under this subtitle is thereby released from any further obligation under the operating agreement, the operating agreement shall terminate, and the vessel owner or operator may transfer and register such vessel under an effective United States-controlled foreign flag, notwithstanding any other provision of law. If section 902 is applicable to such vessel after registry under an effective United States-controlled foreign flag, the vessel is available to be requisitioned by the Secretary of Transportation pursuant to section 902.

“(o) AWARD OF OPERATING AGREEMENTS.—

“(1) IN GENERAL.—The Secretary of Transportation, subject to paragraph (4), shall award operating agreements within each priority under subsection (i)(1), (2), and (3) under regulations prescribed by the Secretary.

“(2) NUMBER OF AGREEMENTS AWARDED.—Regulations under paragraph (1) shall provide that

if appropriated amounts are not sufficient for operating agreements for all vessels within a priority under subsection (i)(1), (2), or (3), the Secretary shall award to each person submitting a request a number of operating agreements that bears approximately the same ratio to the total number of vessels in the priority, as the amount of appropriations available for operating agreements for vessels in the priority bears to the amount of appropriations necessary for operating agreements for all vessels in the priority.

“(3) TREATMENT OF RELATED PARTIES.—For purposes of paragraph (2), a related party with respect to a person shall be treated as the person.

“(4) PREFERENCE FOR U.S.-BUILT VESSELS.—In awarding operating agreements for vessels within a priority under subsection (i)(1), (2), or (3), the Secretary shall give preference to a vessel that was constructed in the United States, to the extent such preference is consistent with establishment of a fleet described in the first sentence of section 651(a) (taking into account the age of the vessel, the nature of service provided by the vessel, and the commercial viability of the vessel).

“(p) NOTICE TO U.S. SHIPBUILDERS REQUIRED.—The Secretary shall include in any operating agreement under this subtitle a requirement that the contractor under the agreement shall, by not later than 30 days after soliciting any bid or offer for the construction of any vessel in a foreign shipyard and before entering into a contract for construction of a vessel in a foreign shipyard, provide notice of the intent of the contractor to enter into such a contract to each shipyard in the United States that is capable of constructing the vessel.

“NATIONAL SECURITY REQUIREMENTS

“SEC. 653. (a) EMERGENCY PREPAREDNESS AGREEMENT.—

“(1) REQUIREMENT TO ENTER AGREEMENT.—The Secretary of Transportation shall establish an Emergency Preparedness Program under this section that is approved by the Secretary of Defense. Under the program, the Secretary of Transportation shall include in each operating agreement under this subtitle a requirement that the contractor enter into an Emergency Preparedness Agreement under this section with the Secretary. The Secretary shall negotiate and enter into an Emergency Preparedness Agreement with each contractor as promptly as practicable after the contractor has entered into an operating agreement under this subtitle.

“(2) TERMS OF AGREEMENT.—An Emergency Preparedness Agreement under this section shall require that upon a request by the Secretary of Defense during time of war or national emergency, an owner or operator of a vessel covered by an operating agreement under this subtitle shall make available commercial transportation resources (including services). The basic terms of the Emergency Preparedness Agreement shall be established pursuant to consultations among the Secretary, the Secretary of Defense, and Maritime Security Program contractors. In any Emergency Preparedness Agreement, the Secretary and a contractor may agree to additional or modifying terms appropriate to the contractor's circumstances.

“(b) RESOURCES MADE AVAILABLE.—The commercial transportation resources to be made available under an Emergency Preparedness Agreement shall include vessels or capacity in vessels, intermodal systems and equipment, terminal facilities, intermodal and management services, and other related services, or any agreed portion of such nonvessel resources for activation as the Secretary may determine to be necessary, seeking to minimize disruption of the contractor's service to commercial shippers.

“(c) COMPENSATION.—

“(1) IN GENERAL.—The Secretary of Transportation shall provide in each Emergency Preparedness Agreement for reasonable compensation for all commercial transportation resources provided pursuant to this section.

“(2) SPECIFIC REQUIREMENTS.—Compensation under this subsection—

“(A) shall not be less than the contractor's commercial market charges for like transportation resources;

“(B) shall include all the contractor's costs associated with provision and use of the contractor's commercial resources to meet emergency requirements;

“(C) in the case of a charter of an entire vessel, shall be fair and reasonable;

“(D) shall be in addition to and shall not in any way reflect amounts payable under section 652; and

“(E) shall be provided from the time that a vessel or resource is diverted from commercial service until the time that reenters commercial service.

“(d) TEMPORARY REPLACEMENT VESSELS.—Notwithstanding any other provision of this subtitle or of other law to the contrary—

“(1) a contractor may operate or employ in foreign commerce a foreign-flag vessel or foreign-flag vessel capacity, as a temporary replacement for a United States-documented vessel or United States-documented vessel capacity that is activated under an Emergency Preparedness Agreement; and

“(2) such replacement vessel or vessel capacity shall be eligible during the replacement period to transport preference cargoes subject to section 2631 of title 10, United States Code, the Act of March 26, 1934 (46 App. U.S.C. 1241-1), and sections 901(a), 901(b), and 901b of this Act to the same extent as the eligibility of the vessel or vessel capacity replaced.

“(e) REDELIVERY AND LIABILITY OF U.S. FOR DAMAGES.—

“(1) IN GENERAL.—All commercial transportation resources activated under an Emergency Preparedness Agreement shall, upon termination of the period of activation, be redelivered to the contractor in the same good order and condition as when received, less ordinary wear and tear, or the Government shall fully compensate the contractor for any necessary repair or replacement.

“(2) LIMITATION ON LIABILITY OF U.S.—Except as may be expressly agreed to in an Emergency Preparedness Agreement, or as otherwise provided by law, the Government shall not be liable for disruption of a contractor's commercial business or other consequential damages to a contractor arising from activation of commercial transportation resources under an Emergency Preparedness Agreement.

“(3) LIMITATION ON APPLICATION OF OTHER REQUIREMENTS.—Sections 902 and 909 of this Act shall not apply to a vessel while it is covered by an Emergency Preparedness Agreement under this subtitle. Any Emergency Preparedness Agreement entered into by a contractor shall supersede any other agreement between that contractor and the Government for vessel availability in time of war or national emergency.

“DEFINITIONS

“SEC. 654. In this subtitle:

“(1) FLEET.—The term ‘Fleet’ means the Maritime Security Fleet established pursuant to section 651(a).

“(2) LASH VESSEL.—The term ‘LASH vessel’ means a lighter aboard ship vessel.

“(3) UNITED STATES-DOCUMENTED VESSEL.—The term ‘United States-documented vessel’ means a vessel documented under chapter 121 of title 46, United States Code.

“AUTHORIZATION OF APPROPRIATIONS

“SEC. 655. There are authorized to be appropriated for operating agreements under this subtitle, to remain available until expended, \$100,000,000 for fiscal year 1996 and such sums as may be necessary, not to exceed \$100,000,000, for each fiscal year thereafter through fiscal year 2005.”

SEC. 3. TERMINATION OF OPERATING-DIFFERENTIAL SUBSIDY PROGRAM.

(a) LIMITATION ON PAYMENTS FOR OLDER VESSELS.—Section 605(b) of the Merchant Marine

Act, 1936 (46 App. U.S.C. 1175(b)), is amended to read as follows:

“(b) No operating-differential subsidy shall be paid for the operation of a vessel after the calendar year the vessel becomes 25 years of age, unless the Secretary of Transportation has determined, before the date of enactment of the Maritime Security Act of 1995, that it is in the public interest to grant such financial aid for the operation of such vessel.”

(b) WIND-UP OF PROGRAM.—Subtitle A of such Act (46 App. U.S.C. 1171 et seq.), as designated by the amendment made by section 2(1), is further amended by adding at the end the following new section:

“SEC. 616. (a) After the date of enactment of the Maritime Security Act of 1995, the Secretary of Transportation shall not enter into any new contract for operating-differential subsidy under this subtitle.

“(b) Notwithstanding any other provision of this Act, any operating-differential subsidy contract in effect under this title on the day before the date of enactment of the Maritime Security Act of 1995 shall continue in effect and terminate as set forth in the contract, unless voluntarily terminated at an earlier date by the parties (other than the United States Government) to the contract.

“(c) The essential service requirements of section 601(a) and 603(b), and the provisions of sections 605(c) and 809(a), shall not apply to the operating-differential subsidy program under this subtitle effective upon the earlier of—

“(1) the date that a payment is made, under the Maritime Security Program established by subtitle B to a contractor under that subtitle who is not party to an operating-differential subsidy contract under this subtitle, with the Secretary to cause notice of the date of such payment to be published in the Federal Register as soon as possible; or

“(2) with respect to a particular contractor under the operating-differential subsidy program, the date that contractor enters into a contract with the Secretary under the Maritime Security Program established by subtitle B.

“(d)(1) Notwithstanding any other provision of law, a vessel may be transferred and registered under an effective United States-controlled foreign flag if—

“(A) the operator of the vessel receives an operating-differential subsidy pursuant to a contract under this subtitle which is in force on October 1, 1994, and the Secretary approves the replacement of such vessel with a comparable vessel, or

“(B) the vessel is covered by an operating agreement under subtitle B, and the Secretary approves the replacement of such vessel with a comparable vessel for inclusion in the Maritime Security Fleet established under subtitle B.

“(2) Any such vessel may be requisitioned by the Secretary of Transportation pursuant to section 902.”

SEC. 4. DOMESTIC OPERATIONS.

Section 805(a) of the Merchant Marine Act, 1936 (46 App. U.S.C. 1223(a)) is amended by striking “1935” each place it appears and inserting “1995”.

SEC. 5. USE OF FOREIGN-FLAG VESSELS.

(a) IN GENERAL.—Section 804 of the Merchant Marine Act, 1936 (46 App. U.S.C. 1222) is amended by adding at the end the following new subsection:

“(f) The provisions of subsection (a) shall not preclude a contractor receiving assistance under subtitle A or B of title VI, or any holding company, subsidiary, or affiliate of the contractor, or any officer, director, agent, or executive thereof, from—

“(1) owning, chartering, or operating any foreign-flag vessel on a voyage or a segment of a voyage that does not call at a port in the United States;

“(2) owning, chartering, or operating any foreign-flag vessel in line haul service between the United States and foreign ports if—

“(A) the foreign-flag vessel was operated by, or is a replacement for a foreign-flag vessel operated by, such owner or operator, or any holding company, subsidiary, affiliate, or associate of such owner or operator, on the date of enactment of the Maritime Security Act of 1995;

“(B) the owner or operator, with respect to each additional foreign-flag vessel, other than a time chartered vessel, has first applied to have that vessel covered by an operating agreement under subtitle B of title VI, and the Secretary has not awarded an operating agreement with respect to that vessel within 90 days after the filing of the application; or

“(C) the vessel has been placed under foreign documentation pursuant to section 9 of the Shipping Act, 1916 (46 App. U.S.C. 808), except that any foreign-flag vessel, other than a time chartered vessel, a replacement vessel under section 653(d), or a vessel operated by the owner or operator on the date of enactment of the Maritime Security Act of 1995, in line haul service between the United States and foreign ports is registered under the flag of an effective United States-controlled foreign flag, and available to be requisitioned by the Secretary of Transportation pursuant to section 902 of this Act;

“(3) owning, chartering, or operating foreign-flag bulk cargo vessels that are operated in foreign-to-foreign service or the foreign commerce of the United States;

“(4) chartering or operating foreign-flag vessels that are operated solely as replacement vessels for United States-flag vessels or vessel capacity that are made available to the Secretary of Defense pursuant to section 653 of this Act; or

“(5) entering into time or space charter or other cooperative agreements with respect to foreign-flag vessels or acting as agent or broker for a foreign-flag vessel or vessels.”

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply to a contractor under subtitle B of title VI of the Merchant Marine Act, 1936, as amended by this Act, upon enactment of this Act, and shall apply to a contractor under subtitle A of title VI of that Act, upon the earlier of—

(1) the date that a payment is made, under the Maritime Security Program under subtitle B of that title to a contractor under subtitle B of that title who is not party to an operating-differential subsidy contract under subtitle A of that title, with the Secretary of Transportation to cause notice of the date of such payment to be published in the Federal Register as soon as possible; or

(2) with respect to a particular contractor under the operating-differential subsidy program under subtitle A of that title, the date that contractor enters into a contract with the Secretary under the Maritime Security Program established by subtitle B of that title.

SEC. 6. AMENDMENT TO SHIPPING ACT, 1916.

Section 9 of the Shipping Act, 1916 (46 App. U.S.C. 808) is amended by adding at the end the following:

“(e) Notwithstanding subsection (c)(2), the Merchant Marine Act, 1936, or any contract entered into with the Secretary of Transportation under that Act, a vessel may be placed under a foreign registry, without approval of the Secretary, if—

“(1)(A) the Secretary determines that at least one replacement vessel of a capacity that is equivalent or greater, as measured by dead-weight tons, gross tons, or container equivalent units, as appropriate, is documented under chapter 121 of title 46, United States Code, by the owner of the vessel placed under the foreign registry; and

“(B) the replacement vessel is not more than 10 years of age on the date of that documentation;

“(2)(A) an application for an operating agreement under subtitle B of title VI of the Merchant Marine Act, 1936 has been filed with respect to a vessel which is eligible to be included

in the Maritime Security Fleet under section 651(b)(1) of that Act; and

“(B) the Secretary has not awarded an operating agreement with respect to that vessel within 90 days after the date of that application;

“(3) a contract covering the vessel under subtitle A of title VI of the Merchant Marine Act, 1936 has expired, and that vessel is more than 15 years of age on the date the contract expires; or

“(4) an operating agreement covering the vessel under part B of title VI of the Merchant Marine Act, 1936 has expired.”

SEC. 7. CONSTRUCTION DIFFERENTIAL SUBSIDY RESTRICTIONS.

Title V of the Merchant Marine Act, 1936 (46 App. U.S.C. 1151 et seq.) is amended by adding at the end the following new section:

“SEC. 512. LIMITATION ON RESTRICTIONS.

“Notwithstanding any other provision of law or contract, all restrictions and requirements under sections 503, 506, and 802 applicable to a liner vessel constructed, reconstructed, or reconstructed with the aid of construction-differential subsidy shall terminate upon the expiration of the 25-year period beginning on the date of the original delivery of the vessel from the shipyard.”

SEC. 8. REGULATIONS.

(a) IN GENERAL.—The Secretary of Transportation may prescribe rules as necessary to carry out this Act and the amendments made by this Act.

(b) INTERIM RULES.—The Secretary of Transportation may prescribe interim rules necessary to carry out this Act and the amendments made by this Act. For this purpose, the Secretary of Transportation is exempted from compliance with the notice and comment requirements of section 553 of title 5, United States Code. All rules prescribed under the authority of this subsection that are not earlier superseded by final rules shall expire no later than 270 day after the date of enactment of this Act.

AMENDMENT OFFERED BY MR. BATEMAN

Mr. BATEMAN. Mr. Chairman, I offer an amendment, printed in House Report 104-375.

The CHAIRMAN. The clerk will designate the amendment.

The text of the amendment is as follows:

Amendment offered by Mr. BATEMAN: Page 5, strike lines 18 through 23, and insert the following:

“(c) REGULATORY RELIEF.—A contractor of a vessel included in an operating agreement under this subtitle may operate the vessel in the foreign commerce of the United States without restriction, and shall not be subject to any requirement under section 801, 808, 809, or 810. Participation in the program established by this subtitle shall not subject a contractor to section 805 or to any provision of subtitle A.”

Page 13, line 24, insert before the period the following: “and the Secretary of Defense”.

Page 14, strike lines 1 through 13, and insert the following:

“(n) NONRENEWAL FOR LACK OF FUNDS.—If, by the first day of a fiscal year, sufficient funds have not been appropriated under the authority provided by section 655 for that fiscal year, the Secretary of Transportation shall notify the Congress that operating agreements authorized under this subtitle for which sufficient funds are not available will not be renewed for that fiscal year if sufficient funds are not appropriated by the 60th day of that fiscal year. If funds are not appropriated under the authority provided by section 655 for any fiscal year by the 60th day of that fiscal year, then each vessel covered by an operating agreement under this subtitle for which funds are not available is

thereby released from any further obligation under the operating agreement, and the vessel owner or operator may transfer and register such vessel under a foreign registry deemed acceptable by the Secretary of Transportation, notwithstanding any other provision of law. If section 902 is applicable to such vessel after registration of the vessel under such a registry, the vessel is available to be requisitioned by the Secretary of Transportation pursuant to section 902."

Page 16, strike line 21 and all that follows through line 8 on page 17, and insert the following:

"(2) TERMS OF AGREEMENT.—An Emergency Preparedness Agreement under this section shall require that upon a request by the Secretary of Defense during time of war or national emergency, or whenever determined by the Secretary of Defense to be necessary for national security (including any natural disaster, international peace operation, or contingency operation (as that term is defined in section 101 of title 10, United States Code)), a contractor for a vessel covered by an operating agreement under this subtitle shall make available commercial transportation resources (including services). The basic terms of the Emergency Preparedness Agreements shall be established pursuant to consultations among the Secretary, the Secretary of Defense, and Maritime Security Program contractors. In any Emergency Preparedness Agreement, the Secretary and a contractor may agree to additional or modifying terms appropriate to the contractor's circumstances if those terms have been approved by the Secretary of Defense.

"(3) PARTICIPATION AFTER EXPIRATION OF OPERATING AGREEMENT.—Except as provided by section 652(m), the Secretary may not require, through an Emergency Preparedness Agreement or operating agreement, that a contractor continue to participate in an Emergency Preparedness Agreement when the operating agreement with the contractor has expired according to its terms or is otherwise no longer in effect. After expiration of an Emergency Preparedness Agreement, a contractor may volunteer to continue to participate in such an agreement."

Page 18, after line 16, insert the following:

"(3) APPROVAL OF AMOUNT BY SECRETARY OF DEFENSE.—No compensation may be provided for a vessel under this subsection unless the amount of the compensation is approved by the Secretary of Defense."

Page 20, strike lines 10 through 19, and insert the following:

"DEFINITIONS

"SEC. 654. In this subtitle:

"(1) BULK CARGO.—The term 'bulk cargo' means cargo that is loaded and carried in bulk without mark or count.

"(2) CONTRACTOR.—The term 'contractor' means an owner or operator of a vessel that enters into an operating agreement for the vessel with the Secretary of Transportation under section 652.

"(3) OCEAN COMMON CARRIER.—The term 'ocean common carrier' means a person holding itself out to the general public to operate vessels to provide transportation by water of passengers or cargo between the United States and a foreign country for compensation, that—

"(A) assumes responsibility for the transportation from the port or point of receipt to the port or point of destination, and

"(B) utilizes, for all or part of that transportation, a vessel operating on the high seas or the Great Lakes between a port in the United States and a port in a foreign country, except that the term does not include a common carrier engaged in ocean transportation by ferry boat, ocean tramp, or chemical parcel-tanker. As used in this

paragraph, 'chemical parcel-tanker' means a vessel whose cargo-carrying capability consists of individual cargo tanks for bulk chemicals that are a permanent part of the vessel, that have segregation capability with piping systems to permit simultaneous carriage of several bulk chemical cargoes with minimum risk of cross-contamination, and that has a valid certificate of fitness under the International Maritime Organization Code for the Construction and Equipment of Ships Carrying Dangerous Chemicals in Bulk.

"(4) FLEET.—The term 'Fleet' means the Maritime Security Fleet established pursuant to section 651(a).

"(5) LASH VESSEL.—The term 'LASH vessel' means a lighter aboard ship vessel.

"(6) UNITED STATES-DOCUMENTED VESSEL.—The term 'United States-documented vessel' means a vessel documented under chapter 121 of title 46, United States Code."

Page 23, strike lines 10 through 13, and insert the following:

SEC. 4. DOMESTIC OPERATIONS.

(a) IN GENERAL.—Subtitle B of title VI of the Merchant Marine Act, 1936, as amended by section 102 of this title, is further amended by adding at the end the following new section:

"NONCONTIGUOUS DOMESTIC TRADES

"SEC. 656. (a)(1) Except as otherwise provided in this section, no contractor or related party shall receive payments pursuant to this subtitle during a period when it participates in a noncontiguous domestic trade, except upon written permission of the Secretary of Transportation. Such written permission shall also be required for any material change in the number or frequency of sailings, the capacity offered, or the domestic ports called by a contractor or related party in a noncontiguous domestic trade. The Secretary may grant such written permission pursuant to written application of such contractor or related party unless the Secretary finds that—

"(A) existing service in that trade is adequate; or

"(B) the service sought to be provided by the contractor or related party—

"(i) would result in unfair competition to any other person operating vessels in such noncontiguous domestic trade, or

"(ii) would be contrary to the objects and policy of this Act.

"(2) For purposes of this subsection, 'written permission of the Secretary' means permission which states the capacity offered, the number and frequency of sailings, and the domestic ports called, and which is granted following—

"(A) written application containing the information required by paragraph (e)(1) by a person seeking such written permission, notice of which application shall be published in the Federal Register within 15 days of filing of such application with the Secretary;

"(B) holding of a hearing on the application under section 554 of title 5, United States Code, in which every person, firm or corporation having any interest in the application shall be permitted to intervene and be heard; and

"(C) final decision on the application by the Secretary within 120 days following conclusion of such hearing.

"(b) Subsection (a) shall not apply in any way to provision by a contractor of service within the level of service provided by that contractor as of the date established by subsection (c) or to provision of service permitted by subsection (d).

"(c) The date referred to in subsection (b) shall be August 9, 1995: *Provided, however*, That with respect to tug and barge service to Alaska the date referred to in subsection (b) shall be July 1, 1992.

"(d) A contractor may provide service in a trade in addition to the level of service provided as of the applicable date established by subsection (c) in proportion to the annual increase in real gross product of the noncontiguous State or Commonwealth served since the applicable date established by subsection (c).

"(e)(1) A person applying for award of an agreement under this subtitle shall include with the application a description of the level of service provided by that person in each noncontiguous domestic trade served as of the date applicable under subsection (c). The application also shall include, for each such noncontiguous domestic trade: a list of vessels operated by that person in such trade, their container carrying capacity expressed in twenty-foot equivalent units (TEUs) or other carrying capacity, the itinerary for each such vessel, and such other information as the Secretary may require by regulation. Such description and information shall be made available to the public. Within 15 days of the date of an application for an agreement by a person seeking to provide service pursuant to subsections (b) and (c) of this section, the Secretary shall cause to be published in the Federal Register notice of such description, along with a request for public comment thereon. Comments on such description shall be submitted to the Secretary within 30 days of publication in the Federal Register. Within 15 days after receipt of comments, the Secretary shall issue a determination in writing either accepting, in whole or part, or rejecting use of the applicant's description to establish the level of service provided as of the date applicable under subsection (c): *Provided*, That notwithstanding the provisions of this subsection, processing of the application for an award of an agreement shall not be suspended or delayed during the time in which comments may be submitted with respect to the determination or during the time prior to issuance by the Secretary of the required determination: *Provided further*, That if the Secretary does not make the determination required by this paragraph within the time provided by this paragraph, the description of the level of service provided by the applicant shall be deemed to be the level of service provided as of the applicable date until such time as the Secretary makes the determination.

"(2) No contractor shall implement the authority granted in subsection (d) of this section except as follows:

"(A) An application shall be filed with the Secretary which shall state the increase in capacity sought to be offered, a description of the means by which such additional capacity would be provided, the basis for applicant's position that such increase in capacity would be in proportion to or less than the increase in real gross product of the relevant noncontiguous State or Commonwealth since the applicable date established by subsection (c), and such information as the Secretary may require so that the Secretary may accurately determine such increase in real gross product of the relevant noncontiguous State or Commonwealth.

"(B) Such increase in capacity sought by applicant and such information shall be made available to the public.

"(C) Within 15 days of the date of an application pursuant to this paragraph the Secretary shall cause to be published in the Federal Register notice of such application, along with a request for public comment thereon.

"(D) Comments on such application shall be submitted to the Secretary within 30 days of publication in the Federal Register.

"(E) Within 15 days after receipt of comments, the Secretary shall issue a determination in writing either accepting, in

whole or part, or rejecting, the increase in capacity sought by the applicant as being in proportion to or less than the increase in real gross product of the relevant noncontiguous State or Commonwealth since the applicable date established by subsection (c): *Provided*, That, notwithstanding the provisions of this section, if the Secretary does not make the determination required by this paragraph within the time provided by this paragraph, the increase in capacity sought by applicant shall be permitted as being in proportion to or less than such increase in real gross product until such time as the Secretary makes the determination.

“(f) With respect to provision by a contractor of service in a noncontiguous domestic trade not authorized by this section, the Secretary shall deny payments under the operating agreement with respect to the period of provision of such service but shall deny payments only in part if the extent of provision of such unauthorized service was de minimis or not material.

“(g) Notwithstanding any other provision of this subtitle, the Secretary may issue temporary permission for any United States citizen, as that term is defined in section 2 of the Shipping Act, 1916, to provide service to a noncontiguous State or Commonwealth upon the request of the Governor of such noncontiguous State or Commonwealth, in circumstances where an Act of God, a declaration of war or national emergency, or any other condition occurs that prevents ocean transportation service to such noncontiguous State or Commonwealth from being provided by persons currently providing such service. Such temporary permission shall expire 90 days from date of grant, unless extended by the Secretary upon written request of the Governor of such State or Commonwealth.

“(h) As used in this section:

“(1) The term ‘level of service provided by a contractor’ in a trade as of a date means—

“(A) with respect to service other than service described in (B), the total annual capacity provided by the contractor in that trade for the 12 calendar months preceding that date: *Provided*, That, with respect to unscheduled, contract carrier tug and barge service between points in Alaska south of the Arctic Circle and points in the contiguous 48 States, the level of service provided by a contractor shall include 100 percent of the capacity of the equipment dedicated to such service on the date specified in subsection (c) and actually utilized in that service in the two-year period preceding that date, excluding service to points between Anchorage, Alaska and Whittier, Alaska, served by common carrier service unless such unscheduled service is only for carriage of oil or pursuant to a contract with the United States military: *Provided further*, That, with respect to scheduled barge service between the contiguous 48 States and Puerto Rico, such total annual capacity shall be deemed as such total annual capacity plus the annual capacity of two additional barges, each capable of carrying 185 trailers and 100 automobiles; and

“(B) with respect to service provided by container vessels, the overall capacity equal to the sum of—

“(i) 100 percent of the capacity of vessels operated by or for the contractor on that date, with the vessels’ configuration and frequency of sailing in effect on that date, and which participate solely in that noncontiguous domestic trade; and

“(ii) 75 percent of the capacity of vessels operated by or for the contractor on that date, with the vessels’ configuration and frequency of sailing in effect on that date, and which participate in that noncontiguous domestic trade and in another trade, provided

that the term does not include any restriction on frequency, or number of sailings, or on ports called within such overall capacity.

“(2) The level of service set forth in paragraph (1) shall be described with the specificity required by subsection (e)(1) and shall be the level of service in a trade with respect to the applicable date established by subsection (c) only if the service is not abandoned thereafter, except for interruptions due to military contingency or other events beyond the contractor’s control.

“(3) The term ‘participates in a noncontiguous domestic trade’ means directly or indirectly owns, charters, or operates a vessel engaged in transportation of cargo between a point in the contiguous 48 states and a point in Alaska, Hawaii, or Puerto Rico, other than a point in Alaska north of the Arctic Circle.

“(4) The term ‘related party’ means—

“(A) a holding company, subsidiary, affiliate, or associate of a contractor who is a party to an operating agreement under this subtitle; and

“(B) an officer, director, agent, or other executive of a contractor or of a person referred to in subparagraph (A).”

(b) CONFORMING AMENDMENT.—Section 805 of the Merchant Marine Act, 1936 (46 App. U.S.C. 1223) is amended—

(1) by striking “title VI of this Act” each place it appears and inserting “subtitle A of title VI of this Act”; and

(2) by striking “under title VI” each place it appears and inserting “under subtitle A of title VI”.

Page 28, after line 26, add the following new sections:

SEC. 9. MERCHANT SHIP SALES ACT OF 1946 AMENDMENT.

Section 11 of the Merchant Ship Sales Act of 1946 (50 App. U.S.C. 1744) is amended as follows:

(1) In subsection (b)(2) by striking “Secretary of the Navy,” and inserting “Secretary of Defense.”

(2) By striking subsection (c) and redesignating subsection (d) as subsection (c).

SEC. 10. REEMPLOYMENT RIGHTS FOR CERTAIN MERCHANT SEAMEN.

(a) IN GENERAL.—Title III of the Merchant Marine Act, 1936 (46 App. U.S.C. 1131) is amended by inserting after section 301 the following new section:

“SEC. 302. (a) An individual who is certified by the Secretary of Transportation under subsection (c) shall be entitled to reemployment rights and other benefits substantially equivalent to the rights and benefits provided for by chapter 43 of title 38, United States Code, for any member of a Reserve component of the Armed Forces of the United States who is ordered to active duty.

“(b) An individual may submit an application for certification under subsection (c) to the Secretary of Transportation not later than 45 days after the date the individual completes a period of employment described in subsection (c)(1)(A) with respect to which the application is submitted.

“(c) Not later than 20 days after the date the Secretary of Transportation receives from an individual an application for certification under this subsection, the Secretary shall—

“(1) determine whether or not the individual—

“(A) was employed in the activation or operation of a vessel—

“(i) in the National Defense Reserve Fleet maintained under section 11 of the Merchant Ship Sales Act of 1946, in a period in which that vessel was in use or being activated for use under subsection (b) of that section;

“(ii) that is requisitioned or purchased under section 902 of this Act; or

“(iii) that is owned, chartered, or controlled by the United States and used by the United States for a war, armed conflict, national emergency, or maritime mobilization need (including for training purposes or testing for readiness and suitability for mission performance); and

“(B) during the period of that employment, possessed a valid license, certificate of registry, or merchant mariner’s document issued under chapter 71 or chapter 73 (as applicable) of title 46, United States Code; and

“(2) if the Secretary makes affirmative determinations under paragraph (1) (A) and (B), certify that individual under this subsection.

“(d) For purposes of reemployment rights and benefits provided by this section, a certification under subsection (c) shall be considered to be the equivalent of a certificate referred to in paragraph (1) of section 4301(a) of title 38, United States Code.”

(b) APPLICATION.—The amendment made by subsection (a) shall apply to employment described in section 302(c)(1)(A) of the Merchant Marine Act, 1936, as amended by subsection (a), occurring after the date of enactment of this Act.

(c) REGULATION.—Not later than 120 days after the date of the enactment of this Act, the Secretary of Transportation shall issue regulations implementing this section.

SEC. 11. TITLE XI LOAN GUARANTEES.

Title XI of the Merchant Marine Act, 1936 (46 App. U.S.C. 1271 et seq.) is amended—

(1) in section 1101(b), by striking “owned by citizens of the United States”; and

(2) in section 1104B(a), in the material preceding paragraph (1), by striking “owned by citizens of the United States”; and

(3) in section 1110(a), by striking “owned by citizens of the United States”.

SEC. 12. EXTENSION OF WAR RISK INSURANCE AUTHORITY.

Section 1214 of the Merchant Marine Act, 1936 (46 App. U.S.C. 1294) is amended by striking “June 30, 1995” and inserting “June 30, 2000”.

SEC. 13. VESSEL LOAN GUARANTEE PROGRAM.

(a) RISK FACTOR DETERMINATIONS.—Section 1103 of the Merchant Marine Act, 1936 (46 App. U.S.C. 1273) is amended by adding at the end the following new subsection:

“(h)(1) The Secretary shall—

“(A) establish in accordance with this subsection a system of risk categories for obligations guaranteed under this title, that categorizes the relative risk of guarantees made under this title with respect to the risk factors set forth in paragraph (3); and

“(B) determine for each of the risk categories a subsidy rate equivalent to the cost of obligations in the category, expressed as a percentage of the amount guaranteed under this title for obligations in the category.

“(2)(A) Before making a guarantee under this section for an obligation, the Secretary shall apply the risk factors set forth in paragraph (3) to place the obligation in a risk category established under paragraph (1)(A).

“(B) The Secretary shall consider the aggregate amount available to the Secretary for making guarantees under this title to be reduced by the amount determined by multiplying—

“(i) the amount guaranteed under this title for an obligation, by

“(ii) the subsidy rate for the category in which the obligation is placed under subparagraph (A) of this paragraph.

“(C) The estimated cost to the Government of a guarantee made by the Secretary under this title for an obligation is deemed to be the amount determined under subparagraph (B) for the obligation.

“(D) The Secretary may not guarantee obligations under this title after the aggregate

amount available to the Secretary under appropriations Acts for the cost of loan guarantees is required by subparagraph (B) to be considered reduced to zero.

“(3) The risk factors referred to in paragraphs (1) and (2) are the following:

“(A) If applicable, the country risk for each eligible export vessel financed or to be financed by an obligation.

“(B) The period for which an obligation is guaranteed or to be guaranteed.

“(C) The amount of an obligation, which is guaranteed or to be guaranteed, in relation to the total cost of the project financed or to be financed by the obligation.

“(D) The financial condition of an obligor or applicant for a guarantee.

“(E) If applicable, any guarantee related to the project, other than the guarantee under this title for which the risk factor is applied.

“(F) If applicable, the projected employment of each vessel or equipment to be financed with an obligation.

“(G) If applicable, the projected market that will be served by each vessel or equipment to be financed with an obligation.

“(H) The collateral provided for a guarantee for an obligation.

“(I) The management and operating experience of an obligor or applicant for a guarantee.

“(J) Whether a guarantee under this title is or will be in effect during the construction period of the project.

“(4) In this subsection, the term ‘cost’ has the meaning given that term in section 502 of the Federal Credit Reform Act of 1990 (2 U.S.C. 661a).”

(b) APPLICATION.—Subsection (h)(2) of section 1103 of the Merchant Marine Act, 1936 (46 App. U.S.C. 1273), as amended by subsection (a) of this section, shall apply to guarantees that the Secretary of Transportation makes or commits to make with any amounts that are unobligated on or after the date of enactment of this Act.

(c) GUARANTEE FEES.—Section 1104A(e) of title XI of the Merchant Marine Act, 1936 (46 App. U.S.C. 1274(e)) is amended to read as follows:

“(e)(1) Except as otherwise provided in this subsection, the Secretary shall prescribe regulations to assess in accordance with this subsection a fee for the guarantee of an obligation under this title.

“(2)(A) The amount of a fee under this subsection for a guarantee is equal to the sum determined by adding the amounts determined under subparagraph (B) for the years in which the guarantee is in effect.

“(B) The amount referred to in subparagraph (A) for a year is the present value (determined by applying the discount rate determined under subparagraph (F)) of the amount determined by multiplying—

“(i) the estimated average unpaid principal amount of the obligation that will be outstanding during the year (determined in accordance with subparagraph (E)), by

“(ii) the fee rate established under subparagraph (C) for the obligation for each year.

“(C) The fee rate referred to in subparagraph (B)(ii) for an obligation shall be—

“(i) in the case of an obligation for a delivered vessel or equipment, not less than one-half of 1 percent and not more than 1 percent, determined by the Secretary for the obligation under the formula established under subparagraph (D); or

“(ii) in the case of an obligation for a vessel to be constructed, reconstructed, or reconditioned, or of equipment to be delivered, not less than one-quarter of 1 percent and not more than one-half of 1 percent, determined by the Secretary for the obligation under the formula established under subparagraph (D).

“(D) The Secretary shall establish a formula for determining the fee rate for an obligation for purposes of subparagraph (C), that—

“(i) is a sliding scale based on the creditworthiness of the obligor;

“(ii) takes into account the security provided for a guarantee under this title for the obligation; and

“(iii) uses—

“(I) in the case of the most creditworthy obligors, the lowest rate authorized under subparagraph (C) (i) or (ii), as applicable; and

“(II) in the case of the least creditworthy obligors, the highest rate authorized under subparagraph (C) (i) or (ii), as applicable.

“(E) For purposes of subparagraph (B)(i), the estimated average unpaid principal amount does not include the average amount (except interest) on deposit in a year in the escrow fund under section 1108.

“(F) For purposes of determining present value under subparagraph (B) for an obligation, the Secretary shall apply a discount rate determined by the Secretary of the Treasury taking into consideration current market yields on outstanding obligations of the United States having periods to maturity comparable to the period to maturity for the obligation with respect to which the determination of present value is made.

“(3) A fee under this subsection shall be assessed and collected not later than the date on which amounts are first paid under an obligation with respect to which the fee is assessed.

“(4) A fee paid under this subsection is not refundable. However, an obligor shall receive credit for the amount paid for the remaining term of the guaranteed obligation if the obligation is refinanced and guaranteed under this title after such refinancing.

“(5) A fee paid under subsection (e) shall be included in the amount of the actual cost of the obligation guaranteed under this title and is eligible to be financed under this title.”

SEC. 14. MARITIME POLICY REPORT.

(a) REPORT.—The Secretary of Transportation shall transmit to the Congress a report setting forth the Department of Transportation's policies for the 5-year period beginning October 1, 1995, with respect to—

(1) fostering and maintaining a United States merchant marine capable of meeting economic and national security requirements;

(2) improving the vitality and competitiveness of the United States merchant marine and the maritime industrial base, including ship repairers, shipbuilders, ship manning, ship operators, and ship suppliers;

(3) reversing the precipitous decrease in the number of ships in the United States-flag fleet and the Nation's shipyard and repair capability;

(4) stabilizing and eventually increasing the number of mariners available to crew United States merchant vessels;

(5) achieving adequate manning of merchant vessels for national security needs during a mobilization;

(6) ensuring that sufficient civil maritime resources will be available to meet defense deployment and essential economic requirements in support of our national security strategy;

(7) ensuring that the United States maintains the capability to respond unilaterally to security threats in geographic areas not covered by alliance commitments and otherwise meets sealift requirements in the event of crisis or war;

(8) ensuring that international agreements and practices do not place United States maritime industries at an unfair competitive disadvantage in world markets;

(9) ensuring that Federal agencies promote, through efficient application of laws and regulations, the readiness of the United States merchant marine and supporting industries; and

(10) any other relevant maritime policies.

(b) DATE OF TRANSMITTAL.—The report required under subsection (a) shall be transmitted along with the President's budget submission, under section 1105 of title 31, United States Code, for fiscal year 1997.

SEC. 15. RELIEF FROM U.S. DOCUMENTATION REQUIREMENT FOR 3 VESSELS.

(a) IN GENERAL.—Notwithstanding any other law or any agreement with the United States Government, a vessel described in subsection (b) may be sold to a person that is not a citizen of the United States and transferred to or placed under a foreign registry.

(b) VESSELS DESCRIBED.—The vessels referred to in subsection (a) are the following:

(1) RAINBOW HOPE (United States official number 622178).

(2) IOWA TRADER (United States official number 642934).

(3) KANSAS TRADER (United States official number 634621).

SEC. 16. VESSEL REPAIR AND MAINTENANCE PILOT PROGRAM.

(a) IN GENERAL.—The Secretary of Transportation shall conduct a pilot program to evaluate the feasibility of using renewable contracts for the maintenance and repair of outported vessels in the Ready Reserve Force to enhance the readiness of those vessels. Under the pilot program, the Secretary, subject to the availability of appropriations and with 6 months after the date of the enactment of this Act, shall award 9 contracts for this purpose.

(b) USE OF VARIOUS CONTRACTING ARRANGEMENTS.—In conducting a pilot program under this section, the Secretary of Transportation shall use contracting arrangements similar to those used by the Department of Defense for procuring maintenance and repair of its vessels.

(c) CONTRACT REQUIREMENTS.—Each contract with a shipyard under this section shall—

(1) subject to subsection (d), provide for the procurement from the shipyard of all repair and maintenance (including activation, deactivation, and drydocking) for 1 vessel in the Ready Reserve Force that is outported in the geographical vicinity of the shipyard;

(2) be effective for 1 fiscal year; and

(3) be renewable, subject to the availability of appropriations, for each subsequent fiscal year through fiscal year 1998.

(d) LIMITATION OF WORK UNDER CONTRACTS.—A contract under this section may not provide for the procurement of operation or manning for a vessel that may be procured under another contract for the vessel to which section 11(d)(2) of the Merchant Ship Sales Act of 1946 (50 U.S.C. App. 1774(d)(2)) applies.

(e) GEOGRAPHIC DISTRIBUTION.—The Secretary shall seek to distribute contract awards under this section to shipyards located throughout the United States.

(f) REPORTS.—The Secretary shall submit to the Congress—

(1) an interim report on the effectiveness of each contract under this section in providing for economic and efficient repair and maintenance of the vessel included in the contract, no later than 20 months after the date of the enactment of this Act; and

(2) a final report on that effectiveness no later than 6 months after the termination of all contracts awarded pursuant to this section.

SEC. 17. STREAMLINING OF CARGO ALLOCATION PROCEDURES.

Section 901b(c)(3) of the Merchant Marine Act, 1936 (46 App. U.S.C. 1241f(c)(3)) is amended—

(1) in subparagraph (A)—

(A) by striking “and consistent with those sections,” and inserting “and, subject to subparagraph (B) of this paragraph, consistent with those sections,”; and

(B) by striking “50 percent” and inserting “25 percent”; and

(2) by striking subparagraph (B) and inserting the following new subparagraphs:

“(B) In carrying out this paragraph, there shall first be calculated the allocation of 100 percent of the quantity to be procured on an overall lowest landed cost basis without regard to the country of documentation of the vessel and there shall be allocated to the Great Lakes port range any cargoes for which it has the lowest landed cost under that calculation. The requirements for United States-flag transportation under section 901(b) and this section shall not apply to commodities allocated under subparagraph (A) to the Great Lakes port range, and commodities allocated under subparagraph (A) to that port range may not be reallocated or diverted to another port range to meet those requirements to the extent that the total tonnage of commodities to which subparagraph (A) applies that is furnished and transported from the Great Lakes port range is less than 25 percent of the total annual tonnage of such commodities furnished.

“(C) In awarding any contract for the transportation by vessel of commodities from the Great Lakes port range pursuant to an export activity referred to in subsection (b), each agency or instrumentality—

“(i) shall consider expressions of freight interest for any vessel from a vessel operator who meets reasonable requirements for financial and operational integrity; and

“(ii) may not deny award of the contract to a person based on the type of vessel on which the transportation would be provided (including on the basis that the transportation would not be provided on a liner vessel (as that term is used in the Shipping Act of 1984, as in effect on November 14, 1995)), if the person otherwise satisfies reasonable requirements for financial and operational integrity.”.

MODIFICATION TO AMENDMENT OFFERED BY MR. BATEMAN

Mr. BATEMAN. Mr. Chairman, I ask unanimous consent that the amendment printed in the report of the Committee on Rules be modified in accordance with the document at the desk.

The CHAIRMAN. The Clerk will report the modification.

The Clerk read as follows:

Modification to amendment offered by Mr. BATEMAN: In the text proposed to be added as section 17 (page 31, beginning at line 1)—

(1) insert “(a) AMENDMENTS.—” before “Section 901b(c)(3)” (at page 30, line 3); and

(2) add at the end the following new subsection:

(b) CONFORMING AMENDMENTS.—(1) Paragraph (4) of section 901b(c) of that Act is repealed.

(2) Paragraph (5) of that section is redesignated as paragraph (4).

Mr. BATEMAN (during the reading). Mr. Chairman, I ask unanimous consent that the modification be considered as read and printed in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Virginia?

There was no objection.

Mr. BATEMAN. Mr. Chairman, this modification request is simply to restore to the text of the bill language which was inadvertently dropped as it went through the word processing processes. There are no substantive changes of any kind effected and it is simply to restore language inadvertently omitted.

The CHAIRMAN. Is there objection to the modification offered by the gentleman from Virginia [Mr. BATEMAN]?

There was no objection.

The CHAIRMAN. Pursuant to the rule, the gentleman from Virginia [Mr. BATEMAN] will be recognized for 10 minutes and a Member opposed will be recognized for 10 minutes.

The Chair recognizes the gentleman from Virginia [Mr. BATEMAN].

Mr. BATEMAN. Mr. Chairman, I yield myself such time as I may consume.

(Mr. BATEMAN asked and was given permission to revise and extend his remarks.)

Mr. BATEMAN. Mr. Chairman, this amendment makes a number of important but I believe noncontroversial changes to H.R. 1350. None of these provisions will result in additional costs to the Government, in fact several of the provisions will save substantial sums over a number of years.

Let me comment first on a provision which will extend the authority for the Secretary of Transportation to offer war risk insurance. This critical authority expired in June of this year and this amendment will renew the program for 5 years. Under the program the Maritime Administration is authorized to provide insurance against the hazards of war to privately owned vessels or government-owned vessels which are operated by contractors when commercial insurance cannot be obtained on reasonable terms and conditions.

The Navy is obligated under its various charters and operating contracts either to reimburse ship owners and operators for the additional insurance premium costs, or to provide cost free Government war risk coverage for that commercial insurance whenever the Government directs the ships into an area designated by the commercial insurance providers as “war risk exclusion zones”. The Government saves money by substituting premium-free Government insurance. The Military Sealift Command has quantified the saving to the Navy resulting from the invocation of this program during Desert Storm at \$436,302,736 million. This program was also invoked in during operations in Somalia and Haiti.

This amendment also modifies the circumstances when commercial vessels may be called to assist the Defense Department. It allows for callup during war or national emergency but also when the Secretary of Defense determines that it is necessary for the National Security. This is authority granted to the SECDEF is important. However because any activation can be

disruptive to commercial operations, I trust that all steps will be taken to minimize this disruption consistent of course with our military requirements.

This amendment also grants reemployment rights to certain merchant seamen who volunteer to serve on vessels which are activated during a war, national emergency, or when required for national security reasons. This has the strong support of the Defense Department which found that because of the absence of reemployment rights it was forced to rely on individuals who had retired from their civilian jobs. Many were in their 60's and 70's. Finding qualified and physically able mariners from this pool became increasingly difficult. I want to emphasize that this program does not create veterans status or mandate service but simply allows an individual who volunteers for service of a sealift vessel that he will have his or her civilian job when they return. It is very similar to the current program available to our reserve components.

We have also included a provision regarding the ability of carriers in the Maritime Security Program to offer service in the domestic trades. We believe that this is very substantially improved from the version introduced by request. At the time the committee ordered the bill reported, it had not resolved the issue to everyone's satisfaction but agreed to keep working on the issue. Compared to present law, section 4 of the bill as set forth in the managers amendment establish a new provision which significantly streamlines the regulatory regime regarding the ability of a carrier to receive payments under the program and to continue to participate in the domestic trades. This provision grandfathered existing operators and service levels without the necessity of going through another administrative hearing and also allows growth in the trades without a new hearing. This provision was developed and included in the other body's version of this bill after our committee's having ordered our bill reported. After having examined the provision, we have chosen to adopt and offer it as part of the managers amendment to speed consideration of this bill in the Senate. We know of no opposition to this provision.

Also included within the managers amendment is a provision pertaining to the shipment of certain government cargoes through Great Lakes ports. This provision which represents a compromise developed by port and shipping interests, is intended to ensure that such cargoes are allocated to the Great Lakes and other port ranges based on fair competition and market conditions. This amendment is based on several fundamental principles. First we wish to strongly emphasize that it will not affect our port ranges—this is not a cargo reservation or set aside measure nor does this amendment contain any mechanism or procedure which specifically directs cargoes to the Great

Lakes or any port range. It simply amends current law to reduce administrative burdens by allowing title II "food for peace" cargoes to be allocated on the basis of the existing principles of lowest landed cost. This permits Great Lakes ports to participate, without diversion of cargo from our coastal ports.

We have included a number of other provisions that seek to improve the operation of a number of programs at the Maritime Administration—again none of which are controversial.

I urge support for this amendment.

Mr. Chairman, I reserve the balance of my time.

Mr. TAYLOR of Mississippi. Mr. Chairman, I am unaware of any opposition to the amendment, but I do ask unanimous consent to claim the 10 minutes on our side.

The CHAIRMAN. Is there objection to the request of the gentleman from Mississippi?

There was no objection.

The CHAIRMAN. The Chair recognizes the gentleman from Mississippi [Mr. TAYLOR].

□ 1500

Mr. TAYLOR of Mississippi. Mr. Chairman, I yield 3 minutes to the gentleman from Florida [Mr. DEUTSCH].

Mr. DEUTSCH. Mr. Chairman, I rise today in strong support of the maritime security Act. This legislation will revitalize the U.S. Maritime industry and significantly strengthen our military readiness.

Maritime commerce is a major part of the engine that drives south Florida's economy, where Port Everglades and the Port of Miami are among the fastest growing hubs for international commerce. In fact—in my home county of Broward—nearly 80 percent of Port Everglades' business relies on trade with the Caribbean and Latin America. Our increasing reliance on international trade makes this important legislation for all Americans.

The Maritime Security Act will help ensure the bright future of south Florida's ports and their major role in international commerce. This legislation is good for U.S. business and it is good for national security. I commend the bill's sponsors for their excellent leadership and urge my colleagues to support this legislation.

Mr. TAYLOR of Mississippi. Mr. Chairman, I reserve the balance of my time.

Mr. BATEMAN. Mr. Chairman, I yield 2 minutes to the gentleman from Louisiana [Mr. TAUZIN].

Mr. TAUZIN. Mr. Chairman, I rise in support of the manager's amendment and of course in support of the general bill.

As the bill now stands before us today, this bill reforms the maritime program in a way that will save us significant income, both for the Government and, I think, for the program. From a \$200 million program, this becomes a \$100 million program, a 50-per-

cent-plus savings to the U.S. Treasury at a time when we are trying to balance the budget.

More importantly, this bill makes significant changes in the law that have been desired for a long time. First, it simplifies the procedures so that payments are made on a much simpler format with much less bureaucracy. It simplifies and also creates flexibility for the program so that vessel owners under the new rules and regulations are indeed allowed to alter their trade routes, replace older tonnage with new tonnage without necessarily receiving prior Federal consent to the program. It creates that flexibility. Yet at the same time, it puts a new requirement upon vessel owners to make their vessels available not just in wartime but also for general seafight reasons.

The gentleman from Virginia [Mr. BATEMAN] has pointed out the incredible importance as a maritime nation of having a maritime capacity for sea-lift purposes in times of national emergency. Finally, this bill ends off-budget entitlement treatment of this program and creates instead the ordinary congressional oversight based upon an annual appropriations process. For all those good reasons, this is a good reform of the maritime security fleet program. It is designed, as I said, for flexibility, simplicity, for tax savings and at the same time new responsibilities for a maritime nation to make sure its maritime fleet is available in times of need for sealift capacity. I urge adoption of the bill and the manager's amendment.

Mr. BATEMAN. Mr. Chairman, I yield 1 minute to the gentleman from Washington [Mr. TATE].

Mr. TATE. Mr. Chairman, I thank the chairman.

This particular proposal, H.R. 1350, is part of our efforts to reduce and balance the budget. We reduced the subsidy for \$225 million down to \$100 million. But it is also necessary to maintain our independent U.S. overseas sealift fleet for national security reasons.

It supports the U.S.-flag commercial vessels and their crews as well, but it does four important things. It ensures that foreign shipping interests do not gain control over our U.S. foreign trade. It eliminates burdensome regulations that impede the ability of U.S.-flag commercial vessels to compete in the global marketplace. It encourages the construction of commercial vessels and in U.S. shipyards. And it begins the annual appropriations process for the maritime industry instead of the 10-year process that the House passed last year. This bill gives us more flexibility.

I commend this bill. It is a bipartisan bill. The chairman should be commended, and I look forward to passage.

Miss COLLINS of Michigan. Mr. Chairman, I rise in support of the manager's amendment to the Maritime Security Act for two very simple reasons: It corrects an inequity, and holds out

the potential of creating much-needed jobs for Great Lakes ports, including those of my own congressional district, which includes the port of Detroit.

Since 1985, our Great Lakes ports have been effectively prevented from participating in the Federal food aid program, since most of that cargo was reserved for U.S.-flag vessels—ships that are simply too large to fit through the locks on the St. Lawrence Seaway. The manager's language in this Maritime Security Act allows shipping of such cargo to be awarded in the most cost-effective manner, thus creating a more level playing field for ports all across the country. I believe it will enable vessel operators serving our ports to more fairly compete for cargoes without being disadvantaged by federally imposed or administered cargo preferences.

Consequently, Mr. Chairman, I urge support for the manager's amendment and passage of the maritime security bill.

Mr. BATEMAN. Mr. Chairman, I have no further requests for time, and I yield back the balance of my time.

Mr. TAYLOR of Mississippi. Mr. Chairman, I have no further requests for time, and I yield back the balance of my time.

The CHAIRMAN. The question is on the amendment, as modified, offered by the gentleman from Virginia [Mr. BATEMAN].

The amendment, as modified, was agreed to.

AMENDMENT OFFERED BY MR. BATEMAN

Mr. BATEMAN. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. BATEMAN: Page 3, strike lines 2 and 3 and insert the following: common carrier;

Page 6, line 22, strike "owner or operator of" and insert "contractor for".

Page 8, strike lines 16 and 17 and insert the following: cargo; and

Page 12, line 14, strike "Within" and insert "No later than 30 days after the date of the enactment of the Maritime Security Act of 1995, the Secretary shall accept applications for enrollment of vessels in the Fleet, and within".

Page 13, line 11, strike "under to" and insert "under".

Page 13, line 19, strike "under to" and insert "under".

Page 17, line 21, insert "fair and" after "Agreement for".

Page 18, line 15, insert "it" after "until the time that".

Page 24, line 4, insert "owned, chartered, or" after "foreign-flag vessel was".

Page 24, line 5, insert "owned, chartered, or" after "foreign-flag vessel".

Page 27, line 20, strike "subpart" and insert "subtitle".

Mr. BATEMAN (during the reading). Mr. Chairman, I ask unanimous consent that the amendment be considered as read and printed in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Virginia?

There was no objection.

Mr. BATEMAN. Mr. Chairman, this amendment contains clarifying and

technical changes to the underlying text of H.R. 1350.

The one change which I wish to note is the addition of a provision which requires the Secretary of Transportation to accept applications within 30 days of the enactment. This is identical to a provision in the Senate bill and is designed to speed the implementation of this bill by the administration.

Mr. TAYLOR of Mississippi. Mr. Chairman, I know of no opposition to the amendment. We support it.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Virginia [Mr. BATEMAN].

The amendment was agreed to.

Mr. SMITH of Michigan. Mr. Chairman, I move to strike the last word.

Mr. Chairman, I rise in opposition to this bill. I do not believe that we should be here today creating a new Government program that, once appropriated, is going to hand out a billion dollars. Inasmuch as we are under the caps, that means the billion dollars is going to come out of other programs.

I consider this kind of legislation corporate welfare.

It is true that H.R. 1350 would replace the existing operational differential program that is more expensive, but that program is being phased out. The industry is expecting the nonrenewal of those contracts. The industry has been planning on the phaseout of that program. Now we are asked to pay more than \$2 million a year in subsidies for each ship, for each of the next 9 years for every ship that is enrolled in this program.

Even as we struggle to reach a balanced budget and protect the future of our kids and our grandkids, we are being asked to pay shipping companies, if it is appropriated, and I understand the Committee on Appropriations intends to appropriate these bills, we are going to pay every shipping company \$21 million for every ship enrolled in this program. It is corporate subsidies, and we have to stop those corporate subsidies simply for saying, if you are going to fly an American flag, you can get this subsidy.

This program and the proponents of this bill say that it is necessary to protect national security. But again this ignores the fact, I think, that the old program was being phased out. For too long we have allowed some of these vague national security claims to justify subsidies for selected industries. This year's budget makes some progress in trimming subsidies for military procurement, energy, agriculture, other industries that have been connected to national defense. Agriculture, certainly food and fiber, is essential for our national security in time of war. But we have made the decision to phase out those subsidies.

Now, it is possible that other countries are going to produce the food and fiber; we are going to have to depend on those other countries. But it seems to me in this era where we have decided to slow down on those corporate

subsidies, it is important that we not start new programs at this time.

We have found that many of these subsidies have far more to do with well-financed special interests than military preparedness. The same I think is true here. It is unreasonable to believe that we cannot defend our country without paying shipowners more than \$20 million per ship to fly our flag.

As we struggle to balance the budget, I think it is outrageous to ask Congress and the American people to create yet another corporate subsidy. I ask all my colleagues' thoughtful evaluation and consideration of this bill.

Mrs. MINK of Hawaii. Mr. Chairman, I move to strike the last word.

Mr. Chairman, I rise in support of H.R. 1350, the Maritime Security Act of 1995.

One of the cornerstones of national security that our country depends on is the ability to rapidly deploy and support our troops overseas. The U.S. maritime industry has played an indispensable role serving this purpose in every war this country has ever been involved in. Merchant seamen have often put their lives in danger transporting troops and supplies into the heart of war zones. They have served with courage and loyalty contributing to the American effort in every wartime endeavor. H.R. 1350 establishes a new Maritime Security Fleet Program that will allow the Federal Government to secure participating U.S.-flagged vessels when needed for national security purposes. H.R. 1350 will also serve as an incentive for construction of new U.S.-flagged vessels and for existing vessels to remain U.S.-flagged.

The U.S. maritime industry must be maintained at an adequate level in order to insure the availability of carriers in times of crisis. The United States must not be left in a position where it will be dependent on foreign carriers to transport troops and supplies. History has shown that securing the assistance of foreign countries is frequently time consuming and difficult. The United States must be capable of acting on its own if and when it deems necessary.

This bill will help to preserve the U.S.-flagged merchant marine and domestic shipbuilding industry. It will create many commercial opportunities for American shipbuilders and thousands of jobs for Americans. The United States will thereby maintain an ample supply of ships and skilled mariners, impeding the trend of reflagging U.S. ships overseas to avoid U.S. taxes and health, safety, and labor standards.

Preservation of the U.S. maritime industry will encourage better working conditions on foreign vessels. The United States is among the highest in health, safety, and labor standards on board maritime vessels. Workers on foreign vessels are often envious of the humanitarian protections afforded to crews of U.S. vessels. If the U.S. maritime industry is allowed to dwindle,

there will be little pressure on foreign ships to improve their standards.

In addition, the current process will be streamlined. The new program will be less expensive than the previous program and more economical than if the Government builds and sustains its own fleet for these purposes. Vessel operators in the Maritime Security Fleet will be required to allow the Department of Defense to use both land and water transportation systems, unlike the previous program. Furthermore, both the Department of Defense and the Department of Transportation support H.R. 1350.

Although the United States is the world's largest trading nation, the size of our commercial fleet ranks 16th in the world. The history of the U.S. maritime industry is one of pride, bravery, dedication, and loyalty. The revitalization of the merchant marine program is essential to the national security of the United States. Maximum mobility in times of crisis is an indispensable tool necessary to efficiently deal with such situations. H.R. 1350 will help to provide that mobility.

Mr. Chairman, I urge a "yes" vote on this bill.

Mr. TAYLOR of Mississippi. Mr. Chairman, I move to strike the last word.

Mr. Chairman, I yield to the gentleman from Hawaii [Mr. ABERCROMBIE].

PARLIAMENTARY INQUIRY

Mr. BATEMAN. Mr. Chairman, I have a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. BATEMAN. Mr. Chairman, I am not objecting to my colleagues having an understanding to speak. My understanding is all time on general debate has expired. All amendments that have been offered have been disposed of and have been adopted. Time has been yielded back. I do not object to my colleagues having an opportunity to rebut the last speaker, but I frankly think we are consuming time of the House beyond what is necessary.

The CHAIRMAN. Pro forma amendments can be made at this time under an open rule.

The Chair recognizes the gentleman from Mississippi [Mr. TAYLOR].

Mr. TAYLOR of Mississippi. Mr. Chairman, I yield to the gentleman from Hawaii [Mr. ABERCROMBIE].

Mr. ABERCROMBIE. Mr. Chairman, I assure the gentleman from Virginia [Mr. BATEMAN], my good friend, that the only reason that I am speaking is to try to correct the record because of the excellent presentation that has been made. I very much regret the observations made by the gentleman from Michigan, particularly the observation that this is somehow a handout and that it is corporate welfare and we are being asked to pay more in subsidies.

I wish some of the people who come down on the floor and make these observations would be available during

our hearings. On the contrary, I think if you attend the national security meetings, you find that we are spending in the neighborhood of \$100 million to provide each ship for sealift capacity for the Department of Defense ships.

□ 1515

Now in return for the \$2 million that we will be paying to the ships under this bill, they must be made available in times of war for shipment. In effect we are contracting out with the merchant marine a position I presume the gentleman from Michigan would support. I think that that is a heck of a good investment, a \$2 million investment. Now I am perfectly willing to build more ships.

There is supposedly a struggle to reach a balanced budget. As the gentleman and I have discussed at other times, I hardly think that that is what we are going to be doing in this discussion about the budget. Balancing it is about the last thing we are going to do, and if my colleagues want to put the word "balance" into the equation, we have to balance the American interests involved in this investment. I do not see this as a subsidy at all, but rather an investment in American ships, in American jobs, to make sure that America can get the job done when it needs to do it.

Mr. SMITH of Michigan. Mr. Speaker, will the gentleman yield?

Mr. TAYLOR of Mississippi. Reclaiming my time, Mr. Chairman, to reinforce the statement of my good friend from Hawaii and to answer what I think will be the questions of the gentleman, the 100 million dollars that this Nation will spend to provide for the Maritime Security Fleet would build 1 cargo ship for the Navy or make 50 ships available for the next year. That is good economics.

I come from shipbuilding country. I would much rather build ships than charter them, but you cannot argue with getting 50 ships for the price of 1, and incidentally our Nation is building over a dozen fast sealift ships to help fill this need, but it will never completely fulfill the need. We will have to rely on a strong American merchant marine, and that is why I support this measure.

I yield to the gentleman from Michigan [Mr. SMITH].

Mr. SMITH of Michigan. Mr. Chairman, I guess I have two questions. One would be under the definition of war, if these contracts were signed, would these ships be enlisted for the Bosnia, current Bosnia, situation?

Mr. TAYLOR of Mississippi. Mr. Chairman, under the terms of the bill, any national emergency. That includes hurricanes, any national emergency.

Mr. SMITH of Michigan. Does it include Bosnia?

Mr. TAYLOR of Mississippi. It would.

Mr. SMITH of Michigan. Let me ask one more question. It is my understanding that the cost of these ships is

possibly as low as a 100 million up to \$200 million for some of the larger ships. Is it my understanding that over the period of this legislation, 9 years, we are looking at \$21 million per ship subsidy, paying that \$2.2, or \$2.3 or—

Mr. TAYLOR of Mississippi. If I may say to the gentleman, it is \$2.3 million for the first year, \$2.1 million for each remaining, but keep in mind I come from shipbuilding country. We simply cannot build ships for the same price as we can go out and charter 50 American ships, and we are building some ships to fill the need, but what those ships that are being built, or solely for the Navy, will be dedicated for prepositioning, but will not fill the entire need that this country will need in times of war.

Mr. BATEMAN. Mr. Chairman, will the gentleman yield?

Mr. TAYLOR of Mississippi. I yield to the gentleman from Virginia.

Mr. BATEMAN. I think we have got to bear in mind that we are not talking here about an entitlement program; we are replacing an entitlement program, and no one is going to get \$1 million, \$2 million or any number of millions for the next 10 years. They are going to get it only insofar as each successive session of Congress sees fit to sustain a program. This is a tremendous step to satisfy the kinds of objections that the gentleman is raising.

I respect the gentleman deeply and certainly respect his opinion. All of us are entitled to our opinions. But we are not entitled to our version of the facts.

The CHAIRMAN. Are there any further amendments to the bill?

Mr. OBEY. Mr. Chairman, I move to strike the last word.

(Mr. OBEY asked and was given permission to revise and extend his remarks.)

Mr. OBEY. Mr. Chairman, I rise in strong support of this legislation with the inclusion of the Great Lakes cargo equity provision in the managers' amendment to the bill.

Since 1985 when cargo preference on Federal food aid was expanded from 50 percent to 75 percent, Great Lakes ports have operated at a disadvantage because 75 percent of that cargo was taken off the top to be reserved for U.S.-flag vessels. Great Lakes ports don't enjoy regularly-scheduled ocean-going U.S. flag service because U.S. flag vessels are simply too large to fit through the locks on the St. Lawrence Seaway. Further, the Federal agencies that administer the program have always placed meeting the cargo preference requirement ahead of any concern for port range equity.

Consequently, the cargo preference requirement has effectively shut our ports out of the program. Often, after the 75 percent cargo preference requirement was satisfied, there was insufficient cargo available to make it economically viable for Great Lakes ports to bid. In some cases, when Great Lakes ports did successfully bid for cargo, it might still be diverted to another port range to satisfy cargo preference.

Over the past 10 years, we have sought to restore some equity to the Federal maritime program, and legislative provisions were en-

acted in 1985 and 1990. Unfortunately, those efforts turned out to be either temporary or ineffective. Last year, a Great Lakes equity provision which I authored was included in the House-passed maritime security bill, but that legislation was not enacted.

This year, with the assistance of the American Great Lakes ports and representatives of the maritime industry, we have developed a new provision to ensure equity for the Great Lakes region which is included in the managers' amendment to the bill. This provision will establish a new contracting procedure whereby our ports will get to bid on 100 percent of Public Law-480 title II cargo. This is the most labor-intensive type of cargo to load and unload and it represents the greatest job-creating potential for our workers. If shipping that cargo via a Great Lakes port is the most cost-effective option, then the Great Lakes will be awarded that cargo. Furthermore, unlike current law, once awarded, that cargo cannot be taken away and diverted to another port range to satisfy cargo preference.

Nothing in this provision will diminish the 75-percent cargo preference requirement for the food aid program.

To accomplish this, the provision requires a two-step procedure be utilized by the Department of Agriculture in allocating cargoes to ports. First, after commodity suppliers and vessel operators have submitted quotes or bids to the Commodity Credit Corporation, an initial evaluation will calculate the port allocation for 100 percent of the quantity to be procured on an overall lowest landed cost basis without regard to the flag of the vessels involved. In this environment, absent cargo preference requirements, if a Great Lakes port has won a cargo based on lowest landed cost, then it is allocated to that Great Lakes port and cannot be diverted. A second evaluation is then performed to determine the specific port allocation for the remaining cargo to be purchased on the basis of 75-percent overall cargo preference requirement.

Other than a more competitive bid from another port range, the only restriction, then, that will be placed on the allocation of Public Law 480 title II cargo to Great Lakes ports is that the total may not exceed more than 25 percent of the annual tonnage which represents the non-U.S.-flag share.

During the 3 months of the year when the Great Lakes are frozen and closed to commerce the initial calculation will not be necessary. This is also true if no vessel operator or commodity supplier has offered a quote or rate through a Great Lakes port.

Clearly, this provision moves our region of the country to a more level playing field. If it works as designed it will enable vessel operators serving our ports to fairly compete for cargoes without being disadvantaged by cargo preference.

I wish to thank the majority and minority members of the National Security Committee for their help in reaching agreement on this Great Lakes cargo equity provision, especially Chairman SPENCE, subcommittee Chairman BATEMAN, and ranking Democrat RON DELUMS. I would also like to thank the staffs of each of these members, the representatives of maritime labor and U.S.-flag vessel operators who have been involved in the development of this provision, and representatives of the Great Lakes ports. Each of them was an essential element in the crafting of this provision.

As such, I urge you to join with me in supporting the important job-creating Great Lakes cargo equity provision in the maritime security bill.

The CHAIRMAN. If there are no further amendments, the question is on the committee amendment in the nature of a substitute, as amended.

The committee amendment in the nature of a substitute, as amended, was agreed to.

The CHAIRMAN. Under the rule, the Committee rises.

Accordingly the Committee rose; and the Speaker pro tempore (Mr. GUTKNECHT) having assumed the chair, Mr. DICKEY, Chairman pro tempore of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H.R. 1350) to amend the Merchant Marine Act, 1936 to revitalize the United States-flag merchant marine, and for other purposes, pursuant to House Resolution 287, he reported the bill back to the House with an amendment adopted by the Committee of the Whole.

The SPEAKER pro tempore (Mr. GUTKNECHT). Under the rule, the previous question is ordered.

Is a separate vote demanded on any amendment to the committee amendment in the nature of a substitute adopted by the Committee of the Whole? If not, the question is on the amendment.

The amendment was agreed to.

The SPEAKER pro tempore. The question is on the engrossment and third reading of the bill?

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

GENERAL LEAVE

Mr. TAYLOR of Mississippi. Mr. Speaker, I ask unanimous consent that all Members be granted 5 legislative days to insert their remarks into the RECORD and to revise and extend their remarks.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Mississippi?

There was no objection.

WAIVING POINTS OF ORDER AGAINST CONFERENCE REPORT ON H.R. 2076, DEPARTMENTS OF COMMERCE, JUSTICE, AND STATE, THE JUDICIARY, AND RELATED AGENCIES APPROPRIATIONS ACT, 1996

Mr. GOSS. Mr. Speaker, by direction of the Committee on Rules, I call up House Resolution 289 and ask for its immediate consideration.

The Clerk read the resolution, as follows:

H. RES. 289

Resolved, That upon adoption of this resolution it shall be in order to consider the conference report to accompany the bill (H.R. 2076) making appropriations for the De-

partment of Commerce, Justice, and State, the Judiciary, and related agencies for the fiscal year ending September 30, 1996, and for other purposes. All points of order against the conference report and against its consideration are waived. The conference report shall be considered as ready.

The SPEAKER pro tempore. The gentleman from Florida [Mr. GOSS] is recognized for 1 hour.

Mr. GOSS. Mr. Speaker, for purposes of debate only, I yield the customary 30 minutes to the distinguished gentleman from the Commonwealth of Massachusetts [Mr. MOAKLEY], pending which I yield myself such time as I may consume. During consideration of this resolution all time yielded is for the purpose of debate only.

Mr. Speaker, this rule allows the House to consider and hopefully pass H.R. 2076, the fiscal year 1996 Commerce, Justice, and State Appropriations Conference Report. As most Americans know, we are charged each year with enacting 13 appropriations bills to fund the major functions of Government.

This year we have had a difficult time in meeting that goal, given the extraordinarily complex challenge of reducing the size and scope of Government as we attempt to balance our Federal budget. To date, 7 of the 13 spending bills have become law, and we are working hard to have the others on the President's desk as quickly as possible. We are seeking to work with the White House—but we will not abandon our commitment to balancing the budget in 7 years. This conference report makes a tangible contribution to the deficit reduction effort, providing for a real cut of \$700 million from last year's spending levels. I wish to commend Chairman ROGERS and his entire subcommittee for their excellent work in making the tough choices needed to bring about such substantial savings, and believe me, I know these were tough choices.

Mr. Speaker, this rule is a standard one providing for the consideration of appropriations conference reports. There is nothing unusual about the rule. It is the way we do business. The rule waives all points of order against the conference report and against its consideration, allowing us to proceed with getting this bill passed and, hopefully, one step closer to being signed into law. Under House rules, this conference report will be debatable for 1 hour and the minority will have its traditional right to recommit with or without instructions.

Mr. Speaker, we had considerable discussion about the merits of this bill during our Rules Committee hearing yesterday as sometimes happens, and I know there is concern among our friends in the minority about the crime provisions of this legislation. I should point out that the Contract With America outlined a series of important tough-on-crime provisions that the congressional majority promised to deliver. Although those provisions—including truth-in-sentencing and prison

litigation reform—passed the House this spring, they have not yet moved through the other body, I am sorry to say. Because we know how important these anticrime measures are to the American people, we are cutting through the legislative logjam that has held them up. I am speaking of provisions to help States keep criminals behind bars and to stop frivolous prison lawsuits. Over and over again, our constituents express frustration that criminals are released early from prison because of overcrowding and lenient State parole policies. Our constituents are concerned about their safety, as they should be, and they want to know that those who commit crimes will do their time. In addition, people are extremely frustrated with reports of endless lawsuits generated by prisoners that clog the system and syphon off precious criminal justice resources. This bill incorporates much of the Judiciary Committee's language to address these two problems in the hopes that we can finally expedite getting these anticrime measures enacted into law before Christmas, I hope.

There is also some disagreement about the way this bill addresses the COPS Program—a pet program of this White House that has placed some 26,000 cops on the beat across the country, but which, in a few short years, will drop the entire burden for funding those policemen on the States and localities. In my view, that's a false promise of a very short-term gain. It is attractive bait, I admit, but it is a short-term gain that in the long run is going to end up costing our communities dearly.

Mr. speaker, I remember the days of the CETA programs. I know what happened because I was in another one of those.

Instead, this bill takes the block-grant approach to allocating those anticrime resources, leaving it up to local officials to determine what the best use will be for those funds. Additional good news in this measure comes in the form of substantial funding for violence against women programs and a significant Federal financial commitment to help States like Florida cope with the tremendous burden of incarcerating criminal aliens. I would point out even though I am from Florida, it is not just Florida that has the problem; it is a national problem. A careful review of the major provisions of this conference report indicates that our House colleagues have done yeoman's work, they have done it well, in their negotiations, bringing the House a fiscally responsible bill that reflects the priorities of our constituents. I urge my colleagues to support the rule and the conference report.

Mr. Speaker, I reserve the balance of my time.

Mr. MOAKLEY. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I thank my colleague from Florida for yielding me the customary half hour.