

Hannah Laufe  
GAO  
202.512.2992

Dear Ms. Laufe,

I wish to add some information and a local perspective regarding a consequence of the Jones Act that has a severe effect on the quality of life for some citizens.

Those of us who live on small islands, or other remote locations requiring ferry boats, are totally dependent on the low cost and efficient transportation of goods and passengers. Under the current laws, we are required to use boats built in the US. Today, there are only a handful of US shipbuilders that have built ferries that carry cars, trucks, and passengers in the last 10 years (and not very many before, either). New ferries would need to be custom designed and built at extremely high costs.

The islands of Vieques (population 9,200) and Culebra (population 1,800) rely on daily transport of products, services, and people via the ferry system provided by the Puerto Rican government. This service has been so poorly run that the economies of the islands have tanked. In order to revive our futures, it is imperative that we create our own ferry service. To do this, we need proper ferries. Our choices are limited and unacceptable.

1. There is not one single US shipbuilder that is currently building an appropriate ferry for drive through cargo and passengers in coastal waters.
2. The prices for a custom domestically built boat will run three times the cost of one built internationally.
3. Our budgets don't allow us to buy new boats – international or US built.
4. The used market for US built ferries of this sort is zero: those that have these boats can't get new ones so they won't sell the old ones.
5. We are not allowed to buy/operate a used boat that was not built in the US.

Now, to the point:

- How can the government justify continuing to force ferry operators (coastal and inland) to deal with US shipbuilders that are unable to provide the boats needed at a competitive price?
- Has granting US companies exclusivity in the area of building ferries helped these shipbuilders in any way? They don't receive ferry orders and don't make any money without orders. They certainly can't compete internationally, but they don't get domestic business either.
- Has our national defense been strengthened by preventing foreign competition and bolstering our ferry shipbuilding capability? If we're

- hanging on to relics and not building new ferries ourselves, how can this help national defense? How does ferry building capability help our national defense position anyway?
- What is the justification for taking money from poor island people (half at or below the poverty level) and giving it to big companies and highly paid workers?
  - Managing the economy creates winners for a short time but makes losers out of everybody in the long run. It hasn't worked in Cuba or the former Soviet Union, and it's not working here. Why not free the ferries and let commerce flow?
  - Why not revert to a free market approach and let the economy prosper? If competition in the ferry sector were allowed, new boats would be purchased and many old boats would go onto the market and filter down to low income users like us.
  - **The airline industry (also controlled by cabotage law) allows domestic service providers to use foreign built aircraft** (Airbus and many others) while not allowing foreign carriers to serve US to US airports. Why not coastal and inland ferry boats?

There are suitable used ferry boats for sale internationally that we could purchase that would suit our needs in the price range of \$1M to \$3M. New US boats of similar function would cost us between \$12M to \$20M. We can't afford the US built new boat, so we buy nothing – and many others just keep their old relics floating. How does this help anyone, any worker, any company, or national defense?

I respectfully request that the issue of removing ferry boats from the Jones Act provisions be considered. I don't think that a special exemption for us is the right approach, and I don't intend to pursue it.

Please let me know if you feel there are other people or organizations that I should contact to further my initiative.

Thank you very much for your consideration.