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FUTURE OF UNITED STATES MARITIME: REVIEW OF FISCAL YEAR 2027 MARITIME ADMINISTRATION AND FEDERAL MARITIME COMMISSION BUDGET REQUESTS

(119–43)

HEARING

BEFORE THE

SUBCOMMITTEE ON
COAST GUARD AND MARITIME TRANSPORTATION

OF THE

COMMITTEE ON
TRANSPORTATION AND
INFRASTRUCTURE
HOUSE OF REPRESENTATIVES

ONE HUNDRED NINETEENTH CONGRESS

SECOND SESSION

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Committee on Transportation and Infrastructure
U.S. House of Representatives
Washington, DC 20515

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MAY 29, 2026

SUMMARY OF SUBJECT MATTER

TO: Members, Subcommittee on Coast Guard and Maritime Transportation
FROM: Staff, Subcommittee on Coast Guard and Maritime Transportation
RE: Subcommittee Hearing on "*Future of United States Maritime: Review of Fiscal Year 2027 Maritime Administration and Federal Maritime Commission Budget Requests*"

I. PURPOSE

The Subcommittee on Coast Guard and Maritime Transportation of the Committee onTransportation and Infrastructure will meet on Wednesday, June 3, 2026, at 10:00 a.m. ET in 2167 Rayburn House Office Building to receive testimony on the President's Fiscal Year (FY) 2027 Budget Request for the Maritime Administration (MARAD) and the Federal Maritime Commission (FMC), as well as MARAD and FMC reauthorization issues. The Subcommittee will hear testimony from the Administrator of the Maritime Administration and the Chairman of the Federal Maritime Commission.

II. BACKGROUND

MARITIME ADMINISTRATION

MARAD was established in 1950 and is responsible for promoting and developing the maritime industry of the United States to meet the Nation's economic and security needs.[1] MARAD administers financial assistance programs to build, promote, and operate the United States flag fleet, manages the disposal of Federal Government-owned vessels, regulates the transfer of United States documented vessels to foreign registries, maintains a reserve fleet of Federal Government-owned vessels essential for national defense, operates the United States Merchant Marine Academy (USMMA), administers a grant-in-aid program for state-operated maritime academies and other financial assistance programs to support the United States maritime and shipbuilding industries including the Maritime Guaranteed Loan Program, the Port Infrastructure Development Program, Assistance to Small Shipyards, and the United States Marine Highway Program.[2] The Honorable Stephen M. Carmel serves as the Administrator.

[1] DEP'T OF TRANSP., MARITIME ADMIN., *About Us, available at* https://www.maritime.dot.gov/about-us.
[2] *Id.*

FEDERAL MARITIME COMMISSION

FMC was established in 1961 as an independent agency that regulates oceanborne transportation in the foreign commerce of the United States.[3] FMC protects shippers from restrictive or unfair practices of ocean carriers, including foreign-based carrier alliances. The FMC also enforces laws related to cruise vessel financial responsibility to ensure cruise vessel operators have sufficient resources to pay judgments to passengers for personal injury, death, or for nonperformance of a voyage.[4] The FMC is composed of five commissioners appointed for five-year terms by the President with the advice and consent of the Senate. The Honorable Laura DiBella serves as Chairman.[5]

AMERICA'S MARITIME ACTION PLAN

America's Maritime Action Plan (AMAP) was released by the Trump Administration on Friday, February 13, 2026, and articulates a path to rebuild the United States maritime sector by pursuing four key pillars:

1. Rebuild United States Shipbuilding Capacity and Capabilities;
2. Reform Workforce Education and Training;
3. Protect the Maritime Industrial Base (MIB); and
4. Ensure National Security, Economic Security, and Industrial Resilience.

Reinvigorating domestic shipbuilding capacity is the articulated "cornerstone" of the Maritime Action Plan. The Administration anticipates that increased domestic shipbuilding capacity will lead to growth across the shipping and maritime sector more broadly.[6]

While some AMAP proposals require legislative action, others can be achieved through executive or regulatory action taken by government agencies. The Committee has asked both the Commandant of the Coast Guard and the Maritime Administrator to explain their plans to implement items enumerated in AMAP.

A key component of AMAP is the Maritime Security Trust Fund (MSTF), a proposed " . . . dedicated, mandatory funding stream to support programs that strengthen the United States maritime industry and Merchant Marine."[7] The MSTF " . . . is modelled on existing transportation funds such as the Harbor Maintenance Trust Fund, Highways Trust Fund, Aviation and Airway Trust Fund, and Inland Waterways Trust Fund."[8] The fund would be financed through a "universal infrastructure or security fee on all foreign-built commercial vessels calling at United States ports to be assessed on the weight of the imported tonnage arriving on the vessel."[9] The MSTF requires legislation to be established. The absence of an authorized and funded MSTF is an important consideration in reviewing the Administration's FY 2027 MARAD budget estimate.

III. BUDGET FOR THE MARITIME ADMINISTRATION

The President's FY 2027 Budget request for MARAD presents itself as a $2.6 billion request, but $1.4 billion of that request is based in the Maritime Security Trust Fund, a program included in the Maritime Action Plan that has not yet been authorized by Congress.[10] In reality, the request must be reviewed in two distinct portions, what the Administration describes as "discretionary budget authority" and "mandatory appropriations out of the Maritime Security Trust Fund."[11]

The former is a $1.2 billion request that reflects actual funds available and increases MARAD funding from FY 2026 to FY 2027 by $110 million.[12] The latter portion is a $1.4 billion request based on funding drawn from the MSTF. The request based on the MSTF is generous and could be transformative in some cases, however

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[3] FED. MARITIME COMM'N., *FMC History, available at* https://www.fmc.gov/about/fmc-history/.
[4] FED. MARITIME COMM'N., *Passenger Vessel Operators, available at* https://www.fmc.gov/licensing-and-certification/passenger-vessel-operators/.
[5] FED. MARITIME COMM'N., *Chairman Laura DiBella, available at* https://www.fmc.gov/about/commissioner-archive/chairman-laura-dibella/.
[6] The White House, *America's Maritime Action Plan*, February 2026, page 2, *available at* https://www.whitehouse.gov/wp-content/uploads/2026/02/Restoring-Americas-Maritime-Dominance.pdf
[7] *Id.*, at 22.
[8] Exec. Order No. 14269, 90 Fed. Reg. 15635 (Apr. 9, 2025), *available at* https://www.federalregister.gov/documents/2025/04/15/2025-06465/restoring-americas-maritime-dominance
[9] *Id.*
[10] *Id.*
[11] DEP'T. OF TRANSP., MARITIME ADMIN., BUDGET ESTIMATES OF THE MARITIME ADMINISTRATION, FISCAL YEAR 2027.
[12] *Id.*

it is a request for revenue that does not yet exist, drawn from a fund the Congress has not created.

The FY 2027 "discretionary budget request" compares to the FY 2026 enacted funding levels as shown below in Figure 1.

MARAD FY 2026 Enacted to FY 2027 President's Budget Request Comparison

(Dollars in Thousands)

Account	FY 2026 Enacted	President's FY 2027 Budget Request	FY 2026 to FY 2027 Change ($)	FY 2026 to FY 2027 Change (%)
Operations and Training	$ 275,791	$ 333,260	*$ 57,469*	*20.8%*
Maritime Environmental and Technical Assistance Program	$ 2,000	$ 0	*$ 2,000*	*–100%*
United States Marine Highway Program	$ 5,000	$ 10,000	*$ 55,000*	*1,100%*
Assistance to Small Shipyards	$ 35,000	$ 105,000	*$ 70,000*	*200%*
Ship Disposal Program	$ 6,000	$ 6,000	*$ –*	*0%*
Maritime Security Program	$ 390,000	$ 400,500	*$ 10,500*	*2.7%*
Title XI—Loan Program	$ 3,940	$ 4,500	*$ 560*	*14.2%*
State Maritime Academy Operations	$ 138,900	$ 87,200	*$ (51,700)*	*–37.21%*
Cable Security Fleet Program	$ 10,000	$ 0	*$ (10,000)*	*–100%*
Tanker Security Program	$ 81,600	$ 167,600	*$ 86,000*	*105.4%*
Port Infrastructure Development Program	$ 103,330	$ 50,000	*$ (53,000)*	*–51.61%*
Total	$ 1,044,561	$ 1,154,060	*$ 109,499*	*10.48%*

Figure 1: Comparison between FY 2027 discretionary budget request and FY 2026 enacted funding.

The budget request linked to the yet to be created "Maritime Security Trust Fund," as represented in Thousands of Dollars, is depicted in Figure 2.

Program Activity	FY 2025 Actual	FY 2026 Enacted	Fiscal Year 2027 Request
Capital Improvement Program	0	0	$ 430,000
United States Marine Highway Program	0	0	$ 50,000
Maritime Innovation Center	0	0	$ 25,000
Centers for Excellence for Domestic Maritime Workforce Training and Education	0	0	$ 30,000
State Maritime Academy Reimbursement for Training Ship Cadet Tuition and Fees Program	0	0	$ 26,000
Maritime Service Employment Reimbursement Program	0	0	$ 15,000
Civilian Mariner Education and Development Payments Program	0	0	$ 2,000
Commercial Shipbuilding Infrastructure Development Program	0	0	$ 450,000
NDRF Support Ships	0	0	$ 250,000
Port Infrastructure Development Program	0	0	$ 450,000
Total	0	0	$ 1,412,000

Figure 2: Budget request for the Maritime Security Trust Fund.

The Budget requests $2.6 billion in total in FY 2027 for the activities of MARAD. This is a $1.07 billion increase from FY 2026 enacted. Again, the request is divided into two separate funding sources. The $1.2 billion request from Discretionary Budget Authority and $1.4 billion in MSTF Mandatory Appropriations. When examining the budget request only as it pertains to the Discretionary Budget Authority category, the FY 2027 request represents a $109 million increase from the FY 2026 enacted total.

MARAD's FY 2027 budget request does not include funding for:

- The Maritime Environmental and Technical Assistance Program
- The Cable Security Fleet Program; or
- National Defense Reserve Fleet Recapitalization

OPERATIONS AND TRAINING

The President's FY 2027 Budget requests $333.3 million for Operations and Training, an increase of $57.5 million from the FY 2026 enacted level. Included in this request is: $249.5 million for academic operating expenses and facility maintenance and repair of the USMMA (this total includes $120 million in MSTF funding for the Capital Asset Modernization Program, the request to support USMMA operations is $129,500) and $60 million for the United States Marine Highway Program to support the development, expansion, and modernization of America's navigable waterways to reduce landside congestion and increase movement of freight by water ($10 million from Discretionary Budget Authority and $50 million from MSTF).[13] The FY 2027 funding request included for the United States Marine Highway Program is in addition to the $25 million provided in the Infrastructure Investment and Jobs Act that will remain available through the end of FY 2032.[14]

ASSISTANCE TO SMALL SHIPYARDS

The President's FY 2027 Budget requests $105 million for the Assistance to Small Shipyards grant program, an increase of $70.0 million above the FY 2026 enacted level. The Assistance to Small Shipyards provides grants for infrastructure improvements at qualified small United States shipyards. The program provides capital assistance to privately-owned shipyards to expand and modernize shipbuilding capacity, efficiency, and competitiveness.[15]

SHIP DISPOSAL

The President's FY 2027 Budget requests $6 million for the Ship Disposal Program, which is equal to the FY 2026 enacted level. The program provides for the proper disposal of outdated government-owned merchant ships maintained by MARAD in the National Defense Reserve Fleet. This request includes funding to maintain the Nuclear Ship *SAVANNAH* in protective storage due to Nuclear Regulatory Commission license requirements while decommissioning of the vessel's unfueled nuclear reactor, components, and equipment is in progress. The National Defense Reserve Fleet is under the jurisdiction of the House Committee on Armed Services.

MARITIME SECURITY PROGRAM

The President's FY 2027 Budget requests $400.5 million for the Maritime Security Program (MSP), which is an increase of $10.5 million over the FY 2026 enacted level, to maintain a viable commercial fleet that can support a United States presence in foreign commerce. Under this program, direct payments are allocated among a maximum of 60 United States-flagged vessel operators engaged in foreign trade. MSP vessel operators must keep their vessels in active commercial service and provide intermodal sealift support to the Department of Defense in times of war or national emergency. This budget request enables vessel operators to remain active and available for service. MSP is under the jurisdiction of the House Committee on Armed Services.

TITLE XI—ADMINISTRATIVE EXPENSES

The President's FY 2027 Budget requests $4.5 million for administrative expenses to carry out the guaranteed loan program, which is $560,000 above the FY 2026 enacted level. The Title XI Loan Guarantee Program helps to promote the growth and modernization of the United States shipyard industry by providing additional opportunities for vessel construction and modernization, including repowering that may otherwise be unavailable to ship owners.[16] The program is under the jurisdiction of the House Committee on Armed Services.

STATE MARITIME ACADEMY OPERATIONS

The President's FY 2027 Budget requests $87.2 million for the six State Maritime Academies (SMA), which is a decrease of $51.7 million compared to the FY 2026 enacted level. This request includes: $64 million for vessel management, logistics, and maintenance oversight to support the integration of National Security Multi-Mission Vessels (NSMV) into the fleet of SMA training vessels; $4.0 million to main-

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[13] U.S. DEP'T OF TRANSP., MARITIME ADMIN., *United States Marine Highway Program, available at* https://www.maritime.dot.gov/grants/marine-highways/marine-highway.

[14] Infrastructure Investment and Jobs Act, Pub. L. No. 117–58.

[15] U.S. DEP'T OF TRANSP., MARITIME ADMIN., *Small Shipyard Grants, available at* https://www.maritime.dot.gov/grants-finances/small-shipyard-grants

[16] U.S. DEP'T OF TRANSP., MARITIME ADMIN., *Federal Ship Financing Program (Title XI), available at* https://www.maritime.dot.gov/grants/title-xi/federal-ship-financing-program-title-xi.

tain the legacy SMA training vessels; $9.4 million for the Student Incentive Payment Program; and $3.8 million for training ship fuel assistance. The SMA Operations account provides Federal assistance to the six SMAs to help educate and train mariners to support the United States marine transportation system. These graduates promote commerce in the United States and aid in the national defense by serving in the merchant marine. SMAs are under the jurisdiction of the House Committee on Armed Services.

TANKER SECURITY PROGRAM

The President's FY 2026 Budget requests $167.6 million for the Tanker Security Program (TSP), an increase of $86 million compared to the FY 2026 enacted level. The TSP provides direct payments to United States-flagged product tankers capable of supporting national economic and Department of Defense contingency requirements. The program was authorized $60 million per year through FY 2035 in the FY 2021 NDAA.[17] The purpose of this program is to provide retainer payments to carriers to support a fleet of militarily useful, commercially viable product tankers sailing in international trade, as well as assure access to a global network of intermodal facilities.[18] The program will also sustain a base of United States merchant mariners to support national security requirements during times of urgent need. The TSP is under the jurisdiction of the House Committee on Armed Services.

PORT INFRASTRUCTURE DEVELOPMENT PROGRAM

The President requests $500 million for the Port Infrastructure Development Program (PIDP). The request is a $396 million increase from the FY 2026 enacted total. The overall PIDP request combines both Discretionary Budgetary Authority and MSTF as sources for the total requested. The request using Discretionary Budget Authority is for $50 million, which is $53.3 million less than the FY 2026 enacted amount. The Administration is proposing $450 million in MSTF funds be applied to the FY 2027 PIDP Request. PIDP provides grants for coastal seaports, inland river ports, and Great Lakes port infrastructure to improve the safety, efficiency, or reliability of the movement of goods, and to reduce environmental impacts in and around ports. The NOFO for the FY 2026 round of PIDP grants was published on April 7, 2026, was publicly available, and applications were accepted through June 1, 2026. The NOFO and past grant awards can be found here: https://www.maritime.dot.gov/PIDPgrants.

IV. BUDGET FOR THE FEDERAL MARITIME COMMISSION (FMC)

The President's FY 2027 Budget request for FMC compares to the FY 2026 enacted funding level as shown here:

FMC FY 2026 Enacted to FY 2027 President's Budget Request Comparison

(Dollars in Thousands)

Account	FY 2026 Enacted	President's FY 2027 Budget Request	FY 2026 to FY 2027 Change ($)	FY 2026 to FY 2027 Change (%)
Operations and Administrative Program	$ 40,000	$ 40,000	*$ 0*	*0%*

The President requests $40 million in FY 2027 for the activities of the FMC, an amount equal to the FY 2026 enacted level.[19] The request would allow the Commission to continue its efforts to enforce antitrust exceptions for ocean carriers and ensure a competitive ocean transportation system.

THE FEDERAL MARITIME COMMISSION REAUTHORIZATION ACT OF 2025

The United States House of Representatives passed H.R. 4183, the Federal Maritime Commission Reauthorization Act of 2025, under suspension of the rules on December 15, 2025.

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[17] William M. (Mac) Thornberry National Defense Authorization Act for Fiscal Year 2021, Pub. L. No. 116–283.

[18] U.S. DEP'T OF TRANSP., MARITIME ADMIN., *Tanker Security Program, available at* https://www.maritime.dot.gov/national-security/strategic-sealift/tanker-security-program

[19] FED. MARITIME COMM'N., CONGRESSIONAL BUDGET JUSTIFICATION OF THE FEDERAL MARITIME COMMISSION FOR FISCAL YEAR 2027.

The bill reauthorizes the FMC for FYs 2026 and 2027 at $49,200,000 for each year. The bill also protects the independence of the Commission by requiring a vote of the Commission before sharing or disclosing investigatory information with another Executive Branch agency; amends statutes addressing controlled carriers; establishes a protocol to file complaints at the FMC against shipping exchanges; mandates a rulemaking on the use and protection of data necessary for containerized freight indexes; and creates two new advisory committees: the National Ocean Carrier Advisory Committee and the National Port Advisory Committee.[20]

The legislation was received by the Senate and referred to the Committee on Commerce, Science, and Transportation, which has yet to take any action on the referral.

IMPLEMENTATION OF THE OCEAN SHIPPING REFORM ACT OF 2022

The Ocean Shipping Reform Act of 2022 (P.L. 117–146) was a concurrent response to the COVID–19 related disruptions to the international intermodal supply chain.[21] The legislation sought to strengthen FMC authorities to act in future disruptions as well as to promote the growth and development of United States exports through an ocean transportation system and provide shippers with more abilities to challenge unreasonable ocean carrier charges and practices. It authorized the Commission through FY 2025. In the almost four years since enactment, the FMC has effectively implemented all requirements of this law except one related to shipping exchange registries.

V. WITNESSES

- The Honorable Stephen M. Carmel, Administrator, Maritime Administration
- The Honorable Laura DiBella, Chairman, Federal Maritime Commission

[20] H.R. 4183, 119th Congress, First Session, Federal Maritime Commission Reauthorization Act of 2025.

[21] Ocean Shipping Reform Act of 2022, Pub. L. No. 117–146.

FUTURE OF UNITED STATES MARITIME: REVIEW OF FISCAL YEAR 2027 MARITIME ADMINISTRATION AND FEDERAL MARITIME COMMISSION BUDGET REQUESTS

WEDNESDAY, JUNE 3, 2026

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON COAST GUARD AND
MARITIME TRANSPORTATION,
COMMITTEE ON TRANSPORTATION AND INFRASTRUCTURE,
Washington, DC.

The subcommittee met, pursuant to call, at 10:01 a.m., in Room 2167, Rayburn House Office Building, Hon. Mike Ezell (Chairman of the subcommittee) presiding.

Mr. EZELL. The Subcommittee on Coast Guard and Maritime Transportation will come to order. I ask unanimous consent that the chairman be authorized to declare a recess at any time during today's hearing.

Without objection, so ordered.

Also, I ask unanimous consent that Members not on the subcommittee be permitted to sit with the subcommittee at today's hearing and ask questions.

Without objection, so ordered.

As a reminder, if Members insert a document into the record, please also email it to DocumentsTI@mail.house.gov.

I now recognize myself for the purpose of an opening statement for 5 minutes.

OPENING STATEMENT OF HON. MIKE EZELL OF MISSISSIPPI, CHAIRMAN, SUBCOMMITTEE ON COAST GUARD AND MARITIME TRANSPORTATION

Mr. EZELL. Today, the subcommittee needs to review the budget request of the Maritime Administration and the Federal Maritime Commission. I welcome both of our witnesses for today's hearing: Captain Stephen Carmel, Maritime Administrator, and Laura DiBella, the Chairman of the Federal Maritime Commission.

Today's hearing occurs at a moment when shipping, ocean-linked supply chains, and the maritime industrial base are all topics of interest to the broader public. World events are once again reminding us that American companies and consumers are woven into global supply chains. These supply chains are susceptible to disruption, and disrupted supply chains become expensive supply chains.

Challenges exist in our Nation's ability to respond to disruptions independently. The United States-flagged deep sea merchant fleet

is small and international in its ownership. Our commercial shipyards are in dire need of modernization in terms of both capacities and capabilities.

The United States relies on global transportation networks, but we do not control these routes. We do not build the ships that carry trade. We do not build the containers the ships carry or the cranes that load and unload the ships.

Fortunately, the Trump administration and Congress are working to promote building ships domestically, training more mariners, increasing United States-flag fleet, identifying new sources of cargo, and reinvigorating the American maritime industrial base.

The SHIPS for America Act is bicameral, bipartisan legislation and has strong support, especially among members of this subcommittee. Similarly, the administration outlined a path forward with the release of America's Maritime Action Plan earlier this year.

I am proud to be a cosponsor of the SHIPS for America Act, and I am prepared to support legislation that implements parts of America's Maritime Action Plan. Further, I welcome any ideas that ease regulations, reduce compliance burdens, or establish incentives to bring more ships into the United States-flag registry.

The Maritime Administration is responsible for promoting the United States maritime industry. We are fortunate the current Administrator is an alumnus of Kings Point, has sailed as a merchant mariner, possesses extensive experience as a maritime executive, and, most importantly of all, has been thinking about these issues his entire career.

Captain Carmel is joined this morning by Laura DiBella, the Chairman of the Federal Maritime Commission. This is Chairman DiBella's first time testifying before the subcommittee.

I congratulate you on your new role and look forward to working with you during your tenure.

The ocean-linked supply chain exists to move cargo, and United States shippers benefit from a marketplace where ocean transportation is competitive.

The Federal Maritime Commission is an independent agency. The mission of the FMC is to ensure competition for ocean liner services. I note that the quiet work of the Office of Administrative Law Judges is resulting in accountability for carrier misconduct and is establishing precedents that will dictate reasonable practices for decades to come. Given the volume of cases before the administrative law judges and the consequences of those proceedings, I am very interested in learning if the Office of Administrative Law Judges is being properly supported.

The United States has not given the maritime industrial base the necessary priority for far too long. The stars have aligned to create a broad consensus that now is the time to address that neglect. We must not waste this moment or this opportunity.

[Mr. Ezell's prepared statement follows:]

Prepared Statement of Hon. Mike Ezell of Mississippi, Chairman, Subcommittee on Coast Guard and Maritime Transportation

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Captain Carmel is joined this morning by Laura DiBella, the Chairman of the Federal Maritime Commission. This is Chairman DiBella's first time testifying before this subcommittee. I congratulate her on her new role and look forward to working with her during her tenure.

The ocean-linked supply chain exists to move cargo, and United States shippers benefit when the marketplace for ocean transportation is competitive.

The Federal Maritime Commission is an independent agency. The mission of the FMC is to ensure competition for ocean liner services. I note that the quiet work of the Office of the Administrative Law Judge is resulting in accountability for carrier misconduct and is establishing precedents that will dictate reasonable practices for decades to come. Given the volume of cases before the Administrative Law Judges and the consequences of those proceedings, I am very interested in learning if the Office of the Administrative Law Judge is being properly supported.

The United States has not given the maritime industrial base the necessary priority for far too long. The stars have aligned to create a broad consensus that now is the time to address that neglect. We must not waste this moment or opportunity.

Mr. EZELL. And, with that, I yield back. I am now recognizing Mr. Carbajal for an opening statement for 5 minutes.

Mr. CARBAJAL. Thank you, Mr. Chairman. I will yield to Ranking Member Larsen.

Mr. EZELL. Mr. Larsen.

OPENING STATEMENT OF HON. RICK LARSEN OF WASHINGTON, RANKING MEMBER, COMMITTEE ON TRANSPORTATION AND INFRASTRUCTURE

Mr. LARSEN OF WASHINGTON. Thank you, Chair and Ranking Member, for scheduling today's hearing to review the fiscal year 2027 budget request of the Maritime Administration and the Federal Maritime Commission. These agencies work to support and develop the United States maritime industry and protect consumers and shippers against unfair practices across the globe.

Before I turn to the President's budget request, I first need to address the ongoing Jones Act waiver. To mitigate a gas price crisis of his own making, President Trump issued the longest Jones Act waiver in history. We all know that it has done nothing to lower gas prices, but what has it done? It has halted U.S. shipbuilding. It has stolen jobs from American mariners. It has allowed Chinese state-owned vessels to operate in an unprecedented fashion in U.S. waters.

So, I would like to hear from Administrator Carmel today on how, in the wide, wide world of sports, this waiver has supported the President's Maritime Action Plan. And I will also want to hear about the ongoing initiatives that you will take to bolster the domestic maritime industry.

Now, from the impacts of the COVID–19 pandemic to the disruptions caused by ongoing international conflicts, we continue to learn just how essential it is to maintain a robust and efficient maritime industry. Now is the time to strengthen and support the maritime sector, not to continue business as usual.

Although the President's fiscal year 2027 request includes $2.6 billion for MARAD, over half this funding is tied to the creation of a new trust fund that has not yet been approved by Congress.

I am concerned that the flat budget request for the FMC will mean the agency will not have the resources it needs to maintain a fair and competitive shipping industry.

The MARAD budget request includes $1.4 billion for a proposed Maritime Security Trust Fund without providing any substantial details about how the trust fund will operate or how it will be funded in the future. This ambiguity creates risks for funding MARAD needs to carry out its key role in safeguarding and advancing the maritime industry.

While $1.2 billion in discretionary funding represents a 10-percent increase from enacted fiscal year 2026 levels, it does fall short of what the agency needs and comes at the expense of important initiatives. By proposing to fully eliminate funding for programs like the Maritime Environmental and Technical Assistance Program, this budget request jeopardizes MARAD's role in supporting emerging technologies which act to level the international playing field for the U.S.

In addition to eliminating the Cable Security Fleet Program and the National Defense Reserve Fleet recapitalization, the budget request also reduces funding for the Port Infrastructure Development Program and the State maritime academy operations. I am disappointed to see that the PIDP faces a 51.6-percent cut in funding from 2026 enacted levels. This program invests in seaport infrastructure that strengthens the economy, safeguards our supply chains, creates and sustains jobs, and keeps us competitive globally. PIDP funding supports small ports that are indispensable to local communities, strengthens local and regional economies, and eases congestion at our ports.

While the budget attempts to supplement these cuts through the proposed Maritime Security Trust Fund, in reality, it jeopardizes the funding by moving the request to a trust fund for which the administration has provided no details and that is currently un-

likely Congress will approve by the time fiscal year 2027 appropriations are enacted.

I do appreciate the budget request includes $105 million for the Small Shipyard Grant Program. Small shipyards are integral to the maritime industrial base. But I want to be clear about my position—the Small Shipyard Grant Program must remain a small shipyard grant program and not an "all" shipyard grant program, as the President's Maritime Action Plan proposes.

It is also unacceptable that this budget requests flat funding levels for the FMC, despite the growing need for more personnel to address its new responsibilities mandated in the bipartisan Ocean Shipping Reform Act of 2022. Since OSRA's enactment, the FMC has used its investigative and prosecutorial authorities to improve shipping practices that have led to lower costs for consumers. However, the FMC is still understaffed in the legal and investigative departments, which prevents the agency from ensuring fair competition among ocean carriers transporting the Nation's exports and imports.

Simply put, shortchanging the FMC puts foreign shipping companies' interests ahead of American consumers and threatens to raise prices even further. If the administration was serious about reducing costs for Americans, it would invest in the FMC.

Congress has asked a lot from these two agencies, and the budget does not include the funding required to ensure that MARAD and FMC are able to carry out their responsibilities.

So I look forward engaging with our witnesses on MARAD's and FMC's ongoing work to strengthen supply chains, grow the U.S. maritime industry, and discuss how we can work to ensure they receive the resources that they need.

Thank you, Mr. Chair.

[Mr. Larsen of Washington's prepared statement follows:]

Prepared Statement of Hon. Rick Larsen of Washington, Ranking Member, Committee on Transportation and Infrastructure

Thank you, Chairman Ezell and Ranking Member Carbajal, for scheduling today's hearing to review the fiscal year 2027 budget requests of the Maritime Administration and the Federal Maritime Commission.

These agencies work to support and develop the United States' maritime industry and protect consumers and shippers against unfair practices across the globe.

Before I turn to the President's budget request, I first need to address the ongoing Jones Act waiver. To mitigate a gas price crisis of his own making, President Trump issued the longest Jones Act waiver in history. We all know it has done nothing to lower gas prices—but what has it done?

It has halted investment in U.S. shipbuilding. It's stolen jobs from American mariners. It's allowed Chinese state-owned vessels to operate in an unprecedented fashion in U.S. waters.

I'd like to hear from Administrator Carmel today on how the waiver has supported the President's Maritime Action Plan and the ongoing initiatives to bolster the domestic maritime industry.

From the impacts of the COVID–19 pandemic to the disruptions caused by ongoing international conflicts, we continue to learn just how essential it is to maintain a robust and efficient maritime industry. Now is the time to strengthen and support the maritime sector, not to continue business as usual.

Although the President's fiscal year 2027 request includes $2.6 billion for the Maritime Administration, over half of this funding is tied to the creation of a new trust fund that has not been approved by Congress.

I am concerned that the flat budget request for the FMC will mean that the agency will not have the resources it needs to maintain a fair and competitive shipping industry.

The MARAD budget request includes $1.4 billion for a proposed Maritime Security Trust Fund (MSTF), without providing any substantial details about how the trust fund would be operated or how it would be funded in the future.

This ambiguity creates risks for the funding MARAD needs to carry out its key role in safeguarding and advancing the maritime industry.

While the $1.2 billion in discretionary funding represents a 10 percent increase from the enacted fiscal year 2026 levels, it falls short of what the agency needs and comes at the expense of important initiatives.

By proposing to fully eliminate funding for programs like the Maritime Environmental and Technical Assistance Program, this budget request jeopardizes MARAD's role in supporting emerging technologies which act to level the international playing field for the U.S.

In addition to eliminating funding for the Cable Security Fleet Program and the National Defense Reserve Fleet Recapitalization, the budget request reduces funding for the Port Infrastructure Development Program and the State Maritime Academy Operations.

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It's unacceptable that this budget requests flat funding levels for the FMC despite the growing need for more personnel to address its new responsibilities mandated in the bipartisan Ocean Shipping Reform Act of 2022. Since OSRA's enactment, the FMC has used its investigative and prosecutorial authorities to improve shipping practices that have led to lower costs for consumers.

However, the FMC is still understaffed in the legal and investigative departments, which will prevent the agency from ensuring fair competition among ocean carriers transporting the nation's exports and imports.

Simply put, shortchanging the FMC puts foreign shipping companies' interests ahead of American consumers and threatens to raise prices even further. If the administration were serious about reducing costs for Americans, it would invest in the FMC.

Congress has asked a lot from these two agencies and the President's budget does not include the funding required to ensure that MARAD and FMC are able to carry out their responsibilities.

I look forward to engaging with our witnesses on MARAD and FMC's ongoing work to strengthen our supply chain, grow the United States maritime industry and to discussing how we can work to ensure they receive the resources that they need.

Thank you, and I yield back.

Mr. EZELL. The gentleman yields.

I will now recognize Ranking Member Carbajal for an opening statement for 5 minutes.

OPENING STATEMENT OF HON. SALUD O. CARBAJAL OF CALIFORNIA, RANKING MEMBER, SUBCOMMITTEE ON COAST GUARD AND MARITIME TRANSPORTATION

Mr. CARBAJAL. Thank you, Mr. Chairman. And thank you for calling today's hearing.

Welcome, Administrator Carmel and Chairwoman DiBella. I look forward to hearing from you both on the President's budget request and agency priorities for the upcoming year.

The FMC is vital to ensuring fairness for American shippers, carriers, and consumers; safeguarding transparency; and enforcing equitable maritime commerce. The FMC's impact on U.S. commerce may go unnoticed, but we know that the FMC keeps fair commerce flowing, which keeps shelves stocked and prices stable for American consumers.

After the passage and implementation of the bipartisan Ocean Shipping Reform Act, or OSRA, vessel congestion at ports has decreased. In the 3 years since the enactment in 2022, more than $5.8 million in unfair fees have been waived or refunded to shippers. If the agency is funded and staffed, the agency works.

The FMC is also currently undertaking a rulemaking aimed at ensuring that exporters are given fair access to cargo space. These are the kinds of changes that we will need to keep American jobs thriving.

Last year, the FMC launched an investigation into flagging practices of foreign governments, otherwise known as flags of convenience. These practices undermine flag states that employ rigorous standards, ensure fair pay, and provide basic human rights.

After the President's disastrous Jones Act waiver, I believe we have shown why our robust flagging practices are necessary and why reliance on foreign-flag vessels hurt Americans. I am concerned that, if this waiver is allowed to continue, we will quickly become fully reliant on foreign ships, owned and crewed by foreign companies, for our economic security. American ships crewed by American mariners should be carrying American commerce.

As prices have skyrocketed over the past year and a half, it is vitally important that American businesses and American consumers get some relief. The FMC must be properly funded so that it can conduct proper oversight.

The Maritime Administration is vitally important to our national defense and economic security. By law, the agency is tasked with promoting the American maritime industry.

Unfortunately, it is unclear to me whether this administration supports the American maritime industry or not. Despite having issued the Maritime Action Plan to grow the maritime industry, President Trump has levied the strongest attack on the domestic maritime industry ever. The unjustified 150-day waiver of the Jones Act is the opposite of what needs to be done to grow the industry and strengthen our national and economic security.

From a budget standpoint, however, the President's proposal for MARAD looks like an increase in funding, but only if the new maritime trust fund is created. Otherwise, there is a significant decrease in funding for key programs like the Port Infrastructure Development Program. This is completely unacceptable.

Furthermore, the budget zeros out funding for the Maritime Environmental and Technical Assistance Program, the Cable Security Program, and the National Defense Reserve Fleet recapitalization. This is not just questionable, but it really shows the lack of prioritization by this administration.

I look forward to a robust discussion about how the FMC's and the Maritime Administration's ongoing actions will ensure stronger maritime industry.

With that, Mr. Chair, I yield back.

[Mr. Carbajal's prepared statement follows:]

Prepared Statement of Hon. Salud O. Carbajal of California, Ranking Member, Subcommittee on Coast Guard and Maritime Transportation

Good morning. Thank you, Chair Ezell, for calling today's hearing.

Welcome, Mr. Carmel and Ms. DiBella, I look forward to hearing from you both on the President's budget request and agency priorities for the upcoming year.

The FMC is vital to ensuring fairness for American shippers, carriers, and consumers; safeguarding transparency and enforcing equitable maritime commerce. The FMC's impact on U.S. commerce may go unnoticed by many, but we know that the FMC keeps fair commerce flowing, which keeps shelves stocked and prices stable for American consumers.

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These practices undermine flag states that employ rigorous standards, ensure fair pay, and provide basic human rights.

After the President's disastrous Jones Act waiver, I believe we have shown why our robust flagging practices are necessary, and why reliance on foreign flag vessels hurts Americans.

I'm concerned that if this extended waiver is allowed to continue, we will quickly become fully and needlessly reliant on foreign ships—owned and crewed by foreign companies—for our economic security. American ships, crewed by American mariners, should be carrying American commerce.

As prices have skyrocketed over the past year and a half, it is vitally important that American businesses and American consumers get some relief. The FMC must be properly funded so that it can conduct proper oversight.

The Maritime Administration is vitally important to our national defense and economic security. By law, the agency is tasked with promoting the American maritime industry.

Unfortunately, it is unclear to me whether this administration supports the American maritime industry or not.

Despite having issued the Maritime Action Plan, and lip service, to grow the maritime industry, President Trump has levied the strongest attack on the domestic maritime industry ever. The unjustified 150 day waiver of the Jones Act is the opposite of what needs to be done to grow the industry and strengthen our national and economic security.

From a budget standpoint, however, the President's proposal for MARAD looks like an increase in funding, but only if a new Maritime Trust Fund is created. Otherwise, there is a significant decrease in funding for key programs like the Port Infrastructure Development Program. This is unacceptable.

Furthermore, the budget zeros out funding for the Maritime Environmental and Technical Assistance Program, the Cable Security Program, and the National Defense Reserve Fleet Recapitalization.

This is not just questionable, but it really shows the lack of prioritization by the administration.

I look forward to a robust discussion about how the FMC and the Maritime Administration's ongoing actions will ensure stronger maritime industry.

With that, I yield back.

Mr. EZELL. The gentleman yields.

I would like to now welcome our witnesses and thank them for being here today. I would also like to briefly explain the lighting

system to our witnesses. There are three lights in front of you: Green means go, yellow means you are running out of time, and red means put on brakes.

I ask unanimous consent that the witnesses' full statements be included in the record.

Without objection, so ordered.

As your written testimony has been made part of the record, the committee asks that you limit your oral remarks to 5 minutes each.

With that, Captain Carmel, you are recognized for 5 minutes for your testimony.

TESTIMONY OF HON. STEPHEN M. CARMEL, ADMINISTRATOR, MARITIME ADMINISTRATION; AND HON. LAURA DiBELLA, CHAIRMAN, FEDERAL MARITIME COMMISSION

TESTIMONY OF HON. STEPHEN M. CARMEL, ADMINISTRATOR, MARITIME ADMINISTRATION

Mr. CARMEL. Good morning, Chairman Ezell, Ranking Member Carbajal, and members of the subcommittee. Thank you for the opportunity to testify today.

There is a great deal happening in MARAD as we work on the issues we have discussed many times and begin implementing the Maritime Action Plan. Challenges remain, but we have a vision, a path forward, and we are executing.

The war with Iran highlighted some of our successes while we still have areas where we still have room to improve. The best example is a Tanker Security Program. TSP tankers have been fueling both MSC oilers and Navy carriers at sea, continuing the vital service they began in the Red Sea.

This is not demonstrator operations. This is real-world contingency operations. Two of those ships are now being fitted with fuel delivery systems, essentially a standard MSC-type tension refueling and sea rig. So they function as oilers themselves—a little slower, a little fatter, but with twice the fuel capability at less than one-tenth the cost delivered in months instead of years.

This is a huge plus-up in MSC capability. And, yet, for as much as they prove their value day in and day out, these tankers are short the one thing the whole fleet needs: cargo. There simply isn't enough to support more than the 10 ships in the program today, despite being authorized for 20. That is the heart of it. Any renewed maritime capability must be built on cargo—not just Government cargo, because there isn't enough of that, either—it must be built on access to our Nation's commerce.

A shipbuilding program without structured access to consistent cargo will not produce ships. We actually do have answers to the TSP cargo problem that do not rely on Government cargo. We just need a coordinated all-of-Government effort to make it happen, and we look forward to working with you for that.

There is also where Ready Reserve Force creates problems. We are in active conversation with General Reed in TRANSCOM on alternatives. But two issues stand out.

First, every RRF activation cannibalizes the cargo MSP carriers need to survive. MSP hasn't been funded at the authorized level for some time. Preference cargo keeps shrinking, and now the carriers

are competing with the RRF for what is left. The MSP program is in trouble.

Second, manpower. We are roughly in balance for steady-state shipping today, which means by definition we do not have mariners to crew a sustained RRF surge. This makes the current RRF manpower structure untenable.

On our RRF, though, we publish today an RFI that would fundamentally alter how we might approach RRF recap, leveraging private capital and accelerating the shipbuilding agenda. This is a substantially new and innovative way of dealing with the RRF. We look forward to working with TRANSCOM and you to find a path to make this and other innovative programs work.

I also ask the committee to remember that, as trade evolves, data itself is not cargo. The United States runs about a $660 billion data deliverable exports that more than rides on U.S.-flag ships. It moves on subsea cables. We have completely outsourced the ability to lay and repair that cable system. Outsourcing only works for as long as the other side stays willing to do it. This is a real strategic and economic vulnerability.

Finally, MARAD has launched a program for small modular nuclear reactors and commercial ship program. It would be a serious mistake to treat SMRs as a technology trick; same trade architecture, different ship type.

For more than a century, the shape of global trade has been first hit by the cost of fuel—how fast ships go, how they route, and how big they get, where cargo concentrates. SMRs break that constraint. They take fuel cost out of the equation, and the whole network reoptimizes around something else—speed and flexibility, for example.

Optimal ship size will likely change as economies of scale calculations are upended. This could be as transformative as containerization and a real path to compete with China on terms we set. Whoever architects the new system will hold the dominant position in global trade for decades. The intent of the RFI is to ensure that it is us.

These are just a few examples of things we have ongoing. For example, Title XI is in the process of being overhauled and modernized, and the PIDP grant process is next. We did outstanding work on war risk insurance during the war, with 20 policies currently outstanding valued at over $2 billion.

We still have a ways to go in getting that program in final shape, but it is an active area effort. The larger point is this is a system. We cannot just focus on narrow segments.

Today, we are totally reliant on China for containers and cranes, for example, which continues our U.S.-built ships with containers. Without containers, U.S.-built ships are useless. So the question before us is bigger than any single program.

We rebuild the American power as one integrated system. We design and control cargo ships, mariners, ports, and technology underneath of it, or keep operating inside a system someone else built. I look forward to your questions. Thank you.

[Mr. Carmel's prepared statement follows:]

Prepared Statement of Hon. Stephen M. Carmel, Administrator, Maritime Administration

Good morning, Chairman Ezell, Ranking Member Carbajal and members of the Subcommittee. I appreciate the opportunity to testify on the President's Fiscal Year (FY) 2027 budget priorities for the Maritime Administration (MARAD). The maritime industry is currently experiencing a historic resurgence, driven by President Trump's unprecedented advocacy for the sector. This commitment was solidified by the signing of Executive Order 14269, *Restoring America's Maritime Dominance*, which precipitated the development of the Maritime Action Plan. This strategic roadmap serves as the definitive blueprint for rejuvenating the Maritime Industrial Base (MIB) and ensuring the Nation's long-term competitive edge at sea.

The FY 2027 budget request includes $1.2 billion in discretionary budget authority and $1.4 billion in mandatory appropriations out of the proposed Maritime Security Trust Fund for a total request of $2.6 billion for MARAD to strengthen the United States' maritime transportation system. A strong, resilient marine transportation system is essential for economic recovery and growth, to keep the United States competitive in the global economy, and to provide sealift capacity to support our military. MARAD remains focused on implementing policies that address our Nation's maritime infrastructure gaps while fostering and sustaining American job opportunities in the maritime industry, increasing our global competitiveness, and leveraging technology to meet the needs and challenges of the maritime transportation system.

MARAD programs support port and inland waterway infrastructure; shipyards, including grants and shipbuilding financing; U.S.-flagged ships and shipping; strategic sealift vessel operations; ship disposal; and maritime education and training, including the United States Merchant Marine Academy (USMMA) and six State maritime academies (SMAs). In addition, MARAD partners with the Department of War (DOW) to maintain the National Defense Reserve Fleet (NDRF) of vessels to provide sealift to transport military equipment and supplies during war and National emergencies. DOW provides funding for NDRF through an inter-agency reimbursable agreement.

SUMMARY OF PROGRAMS

Maritime Security Trust Fund (MSTF)

In support of the President's Executive Order 14269, *Restoring America's Maritime Dominance*, the FY 2027 President's Budget proposes the creation of the MSTF as a reliable funding source for a variety of Maritime Action Plan (MAP) programs. The FY 2027 budget proposal authorizes $1.412 billion in mandatory appropriations out of the MSTF to fund new programs as well as supplementary amounts to specified existing programs currently funded through annual discretionary appropriations.

Maritime Security Program (MSP)

The FY 2027 budget request includes $400.5 million for the MSP. Funding supports a fleet of up to 60 U.S.-flag vessels participating in the program at the full authorized level. The purpose of the program is to maintain a viable commercial fleet of vessels that can provide a U.S. presence in foreign commerce while also meeting the Nation's need for sustained military sealift capacity. The program also supports over 7,400 American maritime jobs, bolstering coastal economies. Without MSP subsidies, operators would likely reflag vessels, jeopardizing these jobs and national security. Furthermore, the MSP strengthens supply chain resilience by ensuring the availability of U.S.-flag vessels for transporting critical goods, a need underscored by recent supply chain disruption. The program's viability is threatened by conflicting priorities between the Ready Reserve Force (RRF) and MSP, as well as an overall decline in available cargo. This decline is not uniform across ship classes, but all are seeing it. In addition, cargo preference evasion remains a significant problem. Combined there is a significant decline in cargo available to support the program. As you know, MSP exists as a three-legged stool, consisting of a stipend, commercial cargo, and preference cargo. As the preference cargo leg declines, the program becomes unstable. Failure to treat overall DOW cargo as a system rather than optimizing individual stovepipes coupled with weak enforcement mechanisms are the root cause and need to be remedied for MSP to remain viable in the medium to long term.

Tanker Security Program (TSP)

The FY 2027 budget request includes $167.6 million for the TSP. This investment is intended to support up to 20 U.S.-flag product tankers at the full authorized level.

There are currently ten in the program, so this represents a doubling of the size of the TSP fleet. This investment addresses the urgent and critical national security requirements for the U.S.-flag product tankers. It also supports our deployed Armed Forces in contingency operations and improves core assets to enhance our Nation's global network of distribution capabilities. Like the MSP, the TSP suffers from a cargo shortage. While doubling the program to 20 vessels is risky because current cargo levels barely sustain the existing ten ships, this proactive investment toward establishment of a healthy program is not only necessary, but warranted. It should be noted that dry goods for the United States military are subject to the Berry Amendment of the Buy American Act. This generates the cargo needed to support the MSP fleet. Oil is currently exempt for this provision; therefore, TSP does not get the cargo volumes needed to sustain a healthy program.

National Defense Reserve Fleet (NDRF) & Ready Reserve Force (RRF)

MARAD will continue to execute its responsibilities to the NDRF and the RRF. The Ready Reserve Force (RRF), a component of the National Defense Reserve Fleet (NDRF), consists of merchant vessels owned by the Government. These ships are maintained in a reduced operating status, allowing for rapid activation to transport cargo to specific operational theaters in fulfillment of the critical warfighting needs of combatant commanders. While MARAD will continue to support efforts led by the Department of War to recapitalize the strategic sealift fleet, the agency is also exploring opportunities to minimize stress placed on the mariner workforce by turbo activations and improve coordination between RRF and MSP fleet operations.

Maritime Guaranteed Loan (Title XI) Program

For FY 2027, MARAD requests $4.5 million to administer the Title XI program. This request supports administrative costs necessary to manage the current loan guarantee portfolio of the Title XI program, as well as new loan agreements. Funding is necessary to support information technology modernization and process improvements. MARAD is currently considering options to modernize the application process to reduce both the labor intensity and time needed to complete an application.

The Title XI program helps to provide shipbuilding financial incentives to promote economic growth and modernization of the U.S. shipyard industry by providing additional opportunities to build the MIB for vessel construction and modernization, including repowering, that may otherwise be unavailable to ship owners.

Port Infrastructure Development Program (PIDP)

The FY 2027 Budget requests $50.0 million for the Port Infrastructure Development Program (PIDP), which reflects a $53.3 million decline from 2026. The Budget also proposes $450.0 million in mandatory appropriations out of the proposed MSTF for a total budgetary resource request of $500.0 million for PIDP. This request will provide competitive grants to improve port infrastructure and facilities, support the growth of the U.S. maritime industry, and to stimulate economic growth in and around ports while improving safety and efficiency. These investments will create good-paying jobs for American workers and help transform our aging infrastructure into a 21st-century system that improves freight supply chain efficiency and boosts global competitiveness.

This funding request makes incremental contributions supporting efficient and resilient operations to meet the supply chain needs for delivery of goods to the American people. It has been many years since a full analysis like Nifty Nugget in 1978 has been done to understand the true condition of the total mobility enterprise and the port system's role in it. An exercise such as this could generate useful data.

Small Shipyard Grant Program (SSG)

The FY 2027 Budget requests $105.0 million for the SSG program. This request will continue to modernize qualified U.S. shipyard facilities, improving their efficiency, cost-effectiveness, and ability to construct, convert and repair vessels for both commercial and government use. This significant investment will maintain the maritime industrial base in an effort to arrest further decline.

U.S. Merchant Marine Academy (USMMA)

For FY27, $249.5 million is requested for the USMMA to provide $129.5 million for Academy Operations and $120.0 million for the Campus Asset Management Program (CAMP). The discretionary request for CAMP is supplemented with $430.0 million in mandatory appropriations out of the MSTF for total budgetary resources of $550.0 million.

State Maritime Academy (SMA) Operations

The FY 2027 budget request includes $87.2 million. This request includes funding for Federal assistance to support the six SMAs that educate and train mariners who will become the future leaders in the U.S. maritime transportation industry.

The requested funding includes $64.0 million for the National Security Multi-mission Vessel (NSMV) program to fund the essential infrastructure, security, and maintenance required to safely operate and manage the NSMV State-class fleet. The NSMV program has delivered three training ships to the SMAs with the fourth ship having an anticipated delivery date to Texas Maritime Academy in fall 2027.

CONCLUSION

In addition to executing the President's priorities as reflected in the FY 2027 budget request, MARAD is focused on next steps that must be taken to further the goals outlined in the Maritime Action Plan. The Maritime Action Plan calls for the creation and improvement of programs that will incentivize private investment in commercial shipbuilding, commercial shipyards, and repair facilities. To achieve this goal, MARAD is exploring options to spur innovation and modernize its financing programs. In addition, MARAD is focused on ensuring our Ready Reserve Force (RRF) is structured to reliably meet long-term strategic goals. While recent investments by Congress have preserved critical mobility capacity, we must continue to focus on developing a RRF that can reliably execute large-scale surge sealift under realistic operating conditions.

Mr. Chairman, thank you for the opportunity to present and discuss the President's Budget for MARAD. I appreciate the Subcommittee's continuing support for maritime programs, and I look forward to working with you on advancing maritime transportation in the United States. I will be happy to respond to any questions you and the members of the Subcommittee may have.

Mr. EZELL. The gentleman yields.

Chairman DiBella, you are now recognized for 5 minutes. And once again, you are welcome.

TESTIMONY OF HON. LAURA DIBELLA, CHAIRMAN, FEDERAL MARITIME COMMISSION

Ms. DIBELLA. Good morning, Chairman Ezell, Ranking Member Carbajal, and members of the subcommittee, thank you for this opportunity to appear before you today to present the Federal Maritime Commission's fiscal year 2027 budget request and to highlight our contributions to the administration's goal of revitalizing the U.S. maritime industry. I would like to acknowledge all of my fellow Commissioners in the room with me today, as well as staff and those watching online.

President Trump has centered the conversation of America's maritime dominance where it has the most significance: the economic impact shipping has on Americans. The President's Maritime Action Plan is helping restore America's position in the global maritime industry.

The FMC's unique role in administering a program of competition enforcement distinct but parallel to antitrust law protects the American consumer from unfavorable and unlawful shipping conditions, promotes competition in the country's ocean supply chain, and mitigates any inflationary impacts resulting from disruptions to the supply chain.

The Commission will continue to vigorously use all its statutory enforcement authorities to aggressively protect U.S. exporters and importers from potential anticompetitive behavior and promote port and marine terminal process improvements.

I support the President's fiscal year 2027 budget of $40 million for the Federal Maritime Commission. This budget provides the

agency the necessary resources to continue our mission-critical work to assertively investigate practices that harm the American shipping public no matter where in the world those practices occur. Of this $40 million, north of 80 percent is allocated for employees and critical IT infrastructure enhancements. The remaining funds will cover the essential budgetary and operational requirements.

I am pleased to highlight for you the way our agency protects the U.S. public from financial harm and defends the integrity, stability, and security of the U.S. supply chain, and thus delivers real results for the American people.

The FMC has prioritized investigating and prosecuting violations of U.S. shipping laws and regulations, thus putting foreign governments, foreign carriers, and other industry stakeholders on notice that we will not hesitate to use the authorities given to us by Congress.

At present, we have five open investigations that cover the gamut of shipping interests and concerns both here and abroad, notably flags of convenience, choke points, discriminatory actions and/or regulations by foreign governments, and chassis.

We are currently reviewing the comments that were submitted as part of these respective investigations, as well as actively monitoring the matters to determine whether Shipping Act violations may be occurring and what further action, if any, is warranted.

The FMC prevailed in an enforcement proceeding against Mediterranean Shipping Company and imposed a penalty of $22,670,000. Even more recently, our enforcement programs successfully executed a compromise agreement with Maersk for a total amount of $1.9 million in civil penalties.

Pivoting now to OSRA 2022, I am pleased to report that nearly all the major rulemakings required by OSRA have been completed and, when challenged, upheld in Federal court. OSRA 2022 deepened the FMC's commitment to providing free and expanded dispute resolutions to the public. These are important tools for shippers of any size. With demands for consumer assistance expected to increase, the FMC plans to strengthen its capabilities by investing in technology to enhance data analysis and case management.

Approximately 1 month after the start of Operation Epic Fury, the FMC received several special permission requests from vessel operating common carriers. A rejection of these requests protected U.S. shippers from sudden price spikes. Globally, only U.S. shippers benefited from this market stability and protection.

Geopolitical forces are increasingly shaping global shipping, and these challenges will continue into fiscal year 2027 and beyond. Under the Trump administration, the FMC remains steadfast in fulfilling its commitment to U.S. shippers and consumers, as evidenced by the significant increase in cases, investigations, and monitoring.

As part of that commitment and our interest in ensuring stability in our U.S. foreign trades, the FMC is thoroughly engaged with its Government partners, supporting interagency cooperation at every opportunity.

As a consumer protection agency for the shipping public, we are dedicated to pursuing policies that bolster national and economic security for the U.S. taxpayer, but there is more work to do.

Thank you for the honor to serve. And, on behalf of my fellow Commissioners and amazing FMC team, I appreciate your interest and look forward to answering any questions you may have.

[Ms. DiBella's prepared statement follows:]

Prepared Statement of Hon. Laura DiBella, Chairman, Federal Maritime Commission

Chairman Ezell, Ranking Member Carbajal, and members of the Subcommittee, thank you for this opportunity to appear before you today to present the Federal Maritime Commission's (FMC) Fiscal Year 2027 Budget Request and to highlight our contributions to the Administration's goal of revitalizing the U.S. maritime industry.

President Trump has centered the conversation of America's maritime dominance where it has the most significance: the economic impact shipping has on Americans. The release of the President's Maritime Action Plan in February 2026 and the collaborative efforts by the FMC and many other federal agencies have helped restore America's position in the global maritime industry. The FMC's unique role is to protect the American consumer, promote competition in the country's ocean supply chain, and mitigate any inflationary impacts resulting from disruptions to the supply chain.

The FMC is the federal consumer protection and competition agency solely responsible for ensuring a competitive and reliable international ocean transportation supply system and protecting U.S. cargo and U.S. shippers from unfavorable and unlawful shipping conditions. The funding you have provided has allowed our agency to support the U.S. economy, protect consumers from unfair and deceptive practices, and ensure that threats to the ocean supply chain are identified and remedied. But there is more work to do. The Commission will continue to vigorously use all its statutory enforcement authorities to aggressively protect U.S. exporters and importers from potential anticompetitive behavior and promote port and marine terminal process improvements.

I support the President's FY 2027 Budget of $40 million for the Federal Maritime Commission. This budget provides the agency the necessary resources to carry out our responsibilities to ensure effective and efficient industry oversight, enforcement, and service to the public. Of this $40 million, approximately $27 million is allocated for employee salaries and benefits, $4.4 million for office rent and security services, and $5.8 million for critical IT applications and maintenance as we continue to enhance IT infrastructure. The remaining funds cover other budgetary and operational requirements essential to the agency's operations.

This FY 2027 budget will enable us to continue our mission-critical work as we move full speed ahead to assertively investigate practices that risk harming the American shipping public, no matter where in the world those practices occur, and engage more constructively with our government partners. I am pleased to highlight for you the ways our agency protects the U.S. public from financial harm and defends the integrity, stability, and security of the U.S. supply chain and thus delivers real results for the American people.

A. Key Investigations and Enforcement Matters

The FMC has made it a priority to investigate and prosecute violations of U.S. shipping laws and Commission regulations. These investigations not only enable the agency to monitor and enforce concerning practices, but they also put foreign governments, foreign carriers, and other industry stakeholders on notice that the FMC will not hesitate to use the authorities given to it by Congress.

1. Flags of Convenience Investigation

The FMC is authorized to investigate unfavorable shipping conditions caused by the laws, regulations, or practices of foreign governments or the practices of foreign-flag vessel owners or operators. The FMC initiated an investigation of the flagging rules and practices of foreign governments in May 2025 after receiving reports indicating that vessel registration practices of certain foreign countries, also referred to as flags of convenience, were creating unfavorable shipping conditions in the foreign trade of the U.S. The lack of accountability for these flags of convenience has compromised the standards, efficiency, reliability, and safety of the vessels used in the ocean shipping supply chain.

The comment period has closed, and the FMC is currently reviewing the information received and determining appropriate next steps.

2. Chokepoints investigation

In March 2025, the FMC initiated an investigation into conditions at seven key global chokepoints: the English Channel, the Malacca Strait, the Northern Sea Passage, the Singapore Strait, the Panama Canal, the Strait of Gibraltar, and the Suez Canal. By this inquiry, the FMC is investigating whether constraints at these global maritime chokepoints have created unfavorable shipping conditions caused by the laws, regulations, or practices of foreign governments or the practices of foreign-flag vessel owners or operators.

The comment period has closed. Comments were filed by several key entities, including the Panama Canal Authority and the Government of Singapore. This investigation remains ongoing, and the FMC continues to review these issues in light of recent developments in the Middle East and the Strait of Hormuz.

3. Spain Investigation

The FMC is authorized to investigate and take remedial measures to address laws or policies of foreign governments that discriminate against U.S. flag vessels. Exercising this authority, in December 2024, the FMC initiated an investigation in response to reports that the Government of Spain had barred port entry to U.S. flag vessels that were participating in the U.S. Department of Transportation Maritime Administration's Maritime Security Program. The FMC solicited public comments and received over 8,000 comments, including one from the Government of Spain.

The FMC's initial investigation confirmed allegations that Spain denied port entry to at least three U.S. flag vessels and that Spain had not changed its policy regarding denying or refusing port access to certain U.S. flag vessels. Based on these reports, the FMC initiated a second comment period in December 2025 to inquire further into whether Spain's ongoing restrictions create conditions unfavorable to shipping in U.S. foreign trade, and, if so, measures the FMC could consider to offset or remedy such conditions. This comment period closed in February 2026, and the FMC is currently evaluating next steps.

4. Canadian Ballast Water Investigation

Since 2020, the FMC has been investigating and monitoring the impact of potential Canadian ballast water regulations on all U.S. flag vessels. The central issue of this investigation is Canada's planned 2030 implementation of ballast water regulations. The proposed regulations would require U.S. flag vessels, regardless of build date, to install new, expensive, and unnecessary ballast water management systems. This investigation, which would assess whether these regulations create a disparate impact on U.S. flag vessels, remains open pending Canada's implementation of the regulations.

5. Chassis Investigations

In 2024, acting on a formal complaint, the FMC ordered associations of ocean common carriers to immediately cease engaging in unlawful practices regarding chassis usage in four regions (Los Angeles/Long Beach, Savannah, Memphis, and Chicago). (*Intermodal Motor Carriers Conference v. Ocean Carriers Equipment Association* (Docket No. 20–14)).

On May 22, 2026, the FMC dismissed the remaining claims in that matter and closed a related investigation (Special Investigation 24–02).

Separately, the FMC is conducting an investigation into whether ocean carriers use service contracts to control chassis choice. The FMC's Office of General Counsel is currently reviewing the comments that were submitted as part of the investigation to determine whether Shipping Act violations may be occurring and what further action, if any, is warranted.

6. Enforcement Proceeding against Mediterranean Shipping Company, S.A.

The FMC's Bureau of Enforcement, Investigations, and Compliance (BEIC) prevailed in an enforcement proceeding against Mediterranean Shipping Company, S.A. (MSC), which concluded in January 2026 (Docket No. 23–08). BEIC's investigation alleged that MSC violated provisions of the Shipping Act involving deceptive billing practices, 46 U.S.C. §§ 40501, 41102(c) and 41104(a)(2)(A), and did so over the course of several years. The FMC concluded that MSC had violated the Act, and imposed a penalty of $22,670,000. As of May 2026, the penalty has been paid in full to the U.S. Treasury.

7. Enforcement Program Compromise Settlements

In FY 2025, the enforcement program successfully resolved multiple cases through the FMC's compromise procedures, resulting in the collection of $1,350,000 in civil penalties, which are paid directly to the U.S. Treasury.

Thus far in FY 2026, the FMC's enforcement program executed a compromise agreement with Maersk A/S, a vessel operating common carrier, for a total amount of $1,900,000.

B. Significant Federal Court Litigation

The FMC's efforts to ensure that American importers, exporters, and truckers are treated fairly do not end with the issuance of regulations or orders imposing reparations, refunds, and penalties. In addition to the on-going investigations and enforcement proceedings, the FMC has vigorously defended its decisions and rulemakings in federal court litigation.

1. Evergreen Shipping Agency (America) Corp. v. Federal Maritime Commission and United States of America (D.C. Cir. No. 25–1104).

In this case, the FMC successfully defended its ruling that a carrier could not charge detention fees on days when a port was closed and containers could not be returned. The carrier, Evergreen Shipping Agency, petitioned for review of the FMC's ruling to the U.S. Court of Appeals for the District of Columbia Circuit, arguing that it has the right to charge detention fees even on port closure days. In April 2026, the Court of Appeals upheld the FMC's decision in its entirety.

2. World Shipping Council v. Federal Maritime Commission and United States of America (D.C. Cir. No. 24–1298).

On September 23, 2024, the FMC's final rule on unreasonable refusals to deal went into effect, 46 C.F.R. 542.1. This rule stems from the Ocean Shipping Reform Act of 2022 (OSRA), Pub. L. No. 117–146, and provides guidance on how a shipper may prove that a common carrier unreasonably refused to deal, including by a shipper showing that a carrier quoted prices so high as to not constitute a serious offer. The rule also requires carriers to submit a documented export policy annually to the FMC, outlining how they will handle U.S. export cargo. In September 2024, the World Shipping Council (WSC), a trade association made up mostly of foreign-based ocean common carriers, filed a petition for review in the U.S. Court of Appeals for the District of Columbia Circuit in which it challenged several portions of the FMC's final rule.

In March 2026, the Court of Appeals affirmed the FMC and rejected all aspects of WSC's petition. As a result, the FMC's rule remains in effect.

3. World Shipping Council v. Federal Maritime Commission and United States of America (D.C. Cir. No. 24–1088).

On May 28, 2024, the FMC's final rule on detention and demurrage billing practices went into effect. The rule implements requirements set forth in OSRA 2022, and clarified who could be billed for detention and demurrage, what information had to be included in detention and demurrage invoices, what timing requirements applied to such invoices, and provided mandatory dispute resolution mechanisms and efforts by carriers. At its core, the rule was intended to ensure a clear connection between the failure to pick up cargo or return equipment in a timely manner and the appropriate fee. The World Shipping Council filed a petition challenging the rule in the U.S. Court of Appeals for the District of Columbia Circuit.

In September 2025, the court struck one aspect of the FMC's rule, solely on the issue of whether motor carriers could be billed for detention fees. The FMC is revisiting this rulemaking and determining how best to proceed. Importantly, all the other provisions of the rule remain in effect and were not impacted by the court's decision.

4. Mediterranean Shipping Company, S.A. v. Federal Maritime Commission and United States of America (D.C. Cir. 24–1007).

This case concerned an FMC adjudication of a shipper's complaint that the ocean common carrier Mediterranean Shipping Company (MSC) had violated the Shipping Act. MSC substantially refused to participate in the discovery process, contending that key documents were located in Switzerland and could not be provided without violating Swiss law. The FMC rejected these arguments and ordered a default judgment against MSC, resulting in a reparations award to the shipper. MSC sought review of this decision in the US Court of Appeals for the District of Columbia Circuit.

In June 2025, the Court upheld the Commission's decision in its entirety.

C. Agreement Monitoring

In addition to investigating unfair practices or those that discriminate against U.S. importers, exporters, and U.S. flag carriers, the FMC administers a program of competition enforcement distinct from but parallel to antitrust law. The FMC monitors antitrust-exempt agreements and activities of ocean common carriers and marine terminal operators (MTOs) to ensure that collaboration between these commercial entities does not result in a reduction in competition that produces an unreasonable increase in transportation costs or an unreasonable decrease in transportation services.

The FMC's Office of General Counsel (OGC) runs this program. As part of its monitoring program, OGC holds semi-annual meetings with several major alliances. These in-person meetings allow for the FMC's attorneys and economists to inquire, among other topics, how the agreement is operating, how the parties make decisions, and the impact of any recent developments. This program remains an important part of how the FMC fulfills its mission to ensure a fair and competitive ocean freight transportation system by closely examining cooperative agreements among competitors.

On June 26, 2025, the FMC initiated an investigation of the World Shipping Council agreement. On March 6, 2026, the FMC concluded that portions of that agreement exceeded statutory parameters, cancelling those portions of the agreement, and ordering WSC to justify certain other portions of the agreement that may also exceed statutory boundaries. The FMC continues to examine this matter and anticipates issuing a final decision on the WSC agreement later this calendar year.

D. Ocean Shipping Reform Act (OSRA) 2022 Implementation

The FMC is nearing completion of the last rulemakings mandated by OSRA 2022. I am pleased to report that nearly all of the major rulemakings required by OSRA have been completed. The FMC has made significant progress on the rulemakings that remain outstanding including the shipping exchange registry and the definition of unfair or unjustly discriminatory methods.

E. FMC Resources to Assist U.S. Shippers and Consumers

Since the enactment of OSRA 2022, the FMC has further committed to providing dispute resolution services to assist shippers and consumers. The FMC provides a variety of dispute resolution services, including free informal dispute resolution services, the adjudication of formal complaints before the FMC, and the resolution of charge complaints.

1. Informal Dispute Resolution Services

The FMC's Office of Consumer Affairs and Dispute Resolution Services has experienced analysts and attorneys on staff who assist the public in finding solutions to their commercial disputes without having to bring formal legal action—at no cost. In FY 2025, FMC staff facilitated the resolution of 372 informal disputes, an increase from 272 cases in FY 2024. Thus far, in FY 2026, the FMC has received 565 requests for assistance. Requests for assistance with commercial cargo continue to drive program demand for assistance.

Through its work, the FMC has successfully helped recover approximately $1.7 million for cruise passengers, shippers, and other supply chain participants. In FY 2025, staff conducted 39 mediations and preliminary conferences, resulting in settlements totaling approximately $11.4 million. To date in FY 2026, FMC staff has conducted 16 mediations.

In FY 2025, the number of informal disputes handled by the FMC continued to grow, and this trend is expected to persist in FY 2026 and FY 2027. As demand for consumer assistance is expected to increase in FY 2027, the FMC plans to strengthen its capabilities by investing in advanced technologies to enhance data analysis and case management.

2. Adjudicatory Proceedings

Similar to the marked increase in requests for informal dispute assistance, the FMC has received and decided a significantly increasing number of formal complaints. These proceedings are handled in the first instance by the Office of Administrative Law Judges (OALJ). In FY 2025, the OALJ handled a total of 83 cases, which is more than the number of cases that the OALJ handled in FYs 2018–2021 combined. The OALJ issued 291 orders in FY 2025—a 10 percent increase from the prior record-setting year and a 73 percent increase from 2023.

The FMC continues to experience a sustained increase in the volume and complexity of adjudicatory proceedings. In response to growing caseload demands, the FMC executed a memorandum of understanding (MOU) with the U.S. Department of Health and Human Services' Office of Medicare Hearings and Appeals (HHS/OMHA) for the detail of Administrative Law Judges (ALJs) to the FMC on a reimbursable basis. We currently benefit from four ALJs serving on detail to the FMC. The MOU will remain in effect through FY 2026 and is expected to continue through FY 2027 to support the growing caseload.

3. Charge Complaints

Consistent with the increase in assistance provided through the informal complaint process and the formal adjudicatory proceedings, the FMC has seen a steady demand for assistance with charge complaints. OSRA 2022 authorized the FMC to promptly investigate information concerning complaints about charges assessed by a common carrier, and order refunds and/or penalties for charges that do not comply with 46 U.S.C. §§ 41101(a) and 41102. Under the current interim procedure, the FMC takes the lead in evaluating charge complaints, and when appropriate, deciding them. To date in FY 2026, the FMC has received 195 charge complaints. This figure is on pace with the number of charge complaints received in FY 2025. The charge complaint process is an important tool for shippers of any size.

4. Special Permission Requests

Approximately one month after the start of Operation Epic Fury, the FMC received several special permission requests from vessel operating common carriers who sought to implement, on less than 30 days' notice, war risk or bunker surcharges related to increased costs navigating the Strait of Hormuz. The FMC rejected these requests on the basis that good cause had not been shown under FMC regulations. *See* 46 C.F.R. 520.14.

It is my view that a carrier must do more than merely assert that it has incurred increased costs to establish good cause. When a carrier seeks special permission to reduce the 30 days' notice period for a surcharge, the carrier should provide information to support a conclusion that the amount and duration of the surcharge is reasonably related to the increased costs it is intended to address.

The FMC's rejection of these special permission requests protected U.S. shippers from sudden price spikes. U.S. shippers were the only shippers globally that benefitted from this market stability and protection.

F. CONCLUSION

Geopolitical forces are increasingly shaping global shipping, and these challenges will continue into FY 2027 and beyond. Under the Trump Administration, the FMC remains steadfast in fulfilling its commitment to U.S. shippers and consumers, as evidenced by the significant increase in cases, investigations, and monitoring. As part of that commitment and our interest in ensuring stability in our U.S. foreign trades, the FMC is thoroughly engaged with its government partners, supporting interagency cooperation at every opportunity. Additionally, the FMC will continue to use the full scope of our enforcement authorities, where appropriate, to protect exporters and importers from potential anticompetitive or unfair and deceptive behavior. As the consumer protection agency for the shipping public, the FMC is dedicated to pursuing policies that bolster national and economic security for the U.S. taxpayer.

Thank you for the honor to serve and testify before you today. On behalf of my fellow Commissioners, I appreciate your interest in the Federal Maritime Commission, and I look forward to answering your questions.

Mr. EZELL. Thank you very much. Thank you, all, both of you, for your testimony. We will now turn to questions from the panel. I recognize myself for 5 minutes for questions.

Mr. Carmel, the United States is blessed with abundant energy resources, but deepwater port facilities are necessary for our energy products to reach world markets. The licensing process for deepwater port facilities is lengthy and burdensome. Unleashing American energy production is a key part of creating economic opportunity for Americans.

Section 7342 of the Coast Guard Authorization Act of 2025 clarifies authorities related to the regulatory approval of deepwater port

permits, making clear that MARAD is the lead agency to evaluate permits for NEPA compliance. How is MARAD prepared to undertake these authorities?

Mr. CARMEL. Thank you, sir. MARAD and the Coast Guard executed an MOU earlier in the year that restructures the way deepwater port licenses are issued and deals exactly with that issue.

And so, we have structurally already dealt with that. And then, like many programs, we could stand a little modernization, and that is one of them, and we are working on that as well. But the biggest impediment, I think, has been taken care of.

Mr. EZELL. Thank you. Over the past year, we have seen MARAD approve several permits that languished in the previous administration. Can you explain how the Department of Transportation and the Maritime Administration reformed and streamlined the permitting process to move these permits forward?

Mr. CARMEL. If I heard the question correctly, yes, we are working right now on streamlining the application and approval process so that it moves quickly. We understand completely that these things represent business investment decisions. And we need to be able to get the approvals done in a way that the circumstances and assumptions that they made at the time they put the application in remain valid when the approval is issued. That is fundamental "Business 101," and we intend to make sure that that happens.

Mr. EZELL. Very good. Putting aside your responsibilities for growing the U.S.-flag fleet, are there benefits to increasing the number of vessels owned by U.S. citizens or companies, even if flagged under another registry? If so, what are the advantages? Are the policies and incentives in place to make the asset of a vessel attractive for a U.S. investor?

Mr. CARMEL. The idea of effective U.S. control has been around for a long time, which if I understood your question correctly, that is what we are talking about is effective U.S. control. I have never believed in that. The structure of our industry is way too obscure. And the ability to put a hook into that, into a ship, in my opinion—I was in this business for a long time—so, it is almost impossible to actually enforce. What you need is U.S.-flag owned by U.S. citizens that you can actually enforce a requisition, which I don't believe under U.S. effective—I just don't believe that that is a thing.

Mr. EZELL. Thank you. Beyond addressing the U.S.-specific requirements you testified about earlier in the spring, are there other ways the United States can modernize, reform, or deregulate its registry to make it a more attractive option to shipowners?

Mr. CARMEL. Yes, sir, there are. We have been in conversations with various members of the committee on ways that we might be able to go about that. We are also working on that internally on accelerating processes, for instance, for reflag approvals. The other side of that is out-flag approvals, which used to be a very burdensome thing, and we have completely overhauled the way that works.

And, when somebody is bringing in a U.S.-flag ship in MSP, for example, they need to be able to out-flag the other one that is leaving. Otherwise, the investment decision gets muddled. So we have worked on that. So it is not only the regulations that deal with the ship itself; it is the administrative process of getting ships in and

out of the U.S. flag, which we can control, and we are working on them.

Mr. EZELL. Very good. Chairman DiBella, last month, the Department of Justice issued indictments against four China-based manufacturers of intermodal shipping containers for price fixing. Was the Federal Maritime Commission involved in supporting the work of the DOJ?

Ms. DIBELLA [belatedly pressing microphone switch]. So sorry.

Thank you for the question. The original product, or shall we say factfinding, did originate through the FMC. So it was under Commissioner Carl Bentzel did a factfinding mission to investigate that particular matter. And the report is cited in the DOJ findings, yes.

Mr. EZELL. Thank you. My time is out, and I now recognize Mr. Carbajal.

Mr. CARBAJAL. Thank you, Mr. Chair. I will defer to Ranking Member Larsen.

Mr. LARSEN OF WASHINGTON. Thank you, Mr. Chairman. I would like to note that all this deepwater port work, that was Congress telling the administration to do it. So I want to thank the administration for doing that. I really want to appreciate my colleagues in Congress for passing the law to tell the executive branch to do it. Let's take credit for when we do our own work around here.

Mr. Carmel, my first question is on the Jones Act, a pillar of the domestic shipbuilding industry, at least that is what I have been told for 25 years here in Congress, and I believed it. The Maritime Action Plan, which I would agree brings everything together in maritime in order to take action—I have not seen a lot of action in the Maritime Action Plan for the administration. But I don't think a Jones Act waiver, an unending and frankly useless Jones Act waiver, is supporting the Maritime Action Plan. It is kicking out one of the legs from under the table that the U.S. has for domestic shipbuilding. Do you agree with that statement?

Mr. CARMEL. Thank you, sir. The Jones Act waiver, of course, was done by the Department of War and Homeland Security. We were not advised until the end that it was going to happen, and we were not consulted. But the fact is, it is the administration policy, and I support what I am doing——

Mr. LARSEN OF WASHINGTON [interrupting]. It is a horrible policy. It was done to cut gas prices. Gas prices have gone up since the waiver. And I wouldn't make the ridiculous argument that issuing the Jones Act waiver resulted in higher gas prices. But it was designed—or we were told it was put in place to decrease gas prices, and it has not done that either.

In addition to that, as I understand, as well, that the President had to determine it was in the interest of national defense. Yet, in MARAD's posting of vessels that have taken advantage of the Jones Act waiver, several voyages list, quote, "not applicable" in the explanation of national defense interest.

So, why is the administration allowing vessels to take advantage of the waiver if the operator can't even bother to explain the national security interest of the waiver's use?

Mr. CARMEL. Yes, sir. Again, the way this works under 501(a), we are not involved in that process at all. Not at all. We are not consulted before a waiver is issued. And, in fact, we generally offi-

cially are not told about it until 10 days after the voyage ends. So that is——

Mr. LARSEN OF WASHINGTON [interrupting]. That is sooner than Congress.

Mr. CARMEL. I'm sorry?

Mr. LARSEN OF WASHINGTON. That is sooner than Congress sometimes.

Mr. CARMEL. When we are notified 10 days after the voyage ends, we publish it within—I forget the number of days, but number of days right after that. And we have been successful at doing that.

Mr. LARSEN OF WASHINGTON. Yes. So the upside of your budget is $105 million for the Small Shipyard Grant Program. I'm a big fan of that. I have a lot of small shipyards. We have talked about this in my office. The Maritime Action Plan wants to change that to what I call an "all" shipyards grant program, which I think is another bad idea.

Large shipyards have other ways to capitalize usually because they are doing work at the Pentagon. I am certainly going to be working the rest of year to be sure that, one, the $105 million stays; second, that it is still a Small Shipyard Grant Program. But can you talk about the value of the "small" part of the Small Shipyard Grant Program?

Mr. CARMEL. Yes, sir. I am a strong supporter of small shipyards. I believe that small shipyard grants should go to small shipyards. There are other mechanisms in the Maritime Action Plan to support large shipyards. I come from an area myself that had a lot of small shipyards in them. I think the small shipyard sector, which is a repair sector as opposed to shipbuilding, is a fundamental part of the ecosystem that has to be supported. The entire system will not work if the repair side of the equation is not also supported. And there are ways to do that beyond grants that we are investigating.

For instance, you probably know that no MSP ships are repaired in the United States. There are a variety of reasons for that. I think we can change that. That requires a lot of work.

Mr. LARSEN OF WASHINGTON. Thanks.

Chair DiBella, I don't want you to get away without a question from me. So, $40 million budget is flat from last year. It is a little less with inflation built in. So, without any budgetary increases with the 80 percent of the budget going to the great work that your folks are doing there, how is FMC going to be able to conduct thorough investigations that you have done in the past, especially given the fact you have direction from us with regards to the Ocean Shipping Reform Act of 2022?

Ms. DIBELLA. Sure. I very much appreciate the question. We are doing several things, actually, to address that and doing more with less, shall we say now, which is the posture of this administration and can absolutely positively be done. So, on the administrative law judge, which was addressed early on, we had four judges on detail right now from the Department of Health and Human Services that are helping us handle some of the caseload that we have been experiencing over the past couple of years. I don't see that relationship changing. I actually see it expanding even further.

At the same time, we are deploying all types of technological enhancements to additional tools for our team, so e-filing and many other areas that pretty much help from an efficiency standpoint and act as a force multiplier to how we are handling these cases.

In addition to that, we are establishing a bit more of a robust consumer affairs and dispute resolution services team. So, to kind of get ahead of some of these matters before they have to go towards formal or an informal complaint process, we encourage carriers and also shippers to go try this route first. It is a mediation route, to put it simply that will—it is a free service to the community that is to shippers, and it is something that we have actually been very successful in returning and/or refunding or just completely waiving some of the charges or complaints that are there.

So it is a variety of ways that we are addressing a flat budget, but a lot of it has to do with technological enhancements that are just helping us do our work.

Mr. EZELL. You are out of time.

Mr. McDowell, you are recognized for 5 minutes, and you will get a little extra if you need it.

Mr. MCDOWELL. Thank you, Mr. Chairman.

Thank y'all for being here to testify before the subcommittee today.

Administrator Carmel, the cable security fleet exists to provide the Federal Government access to a fleet of U.S.-flag ships that are capable of laying or repairing undersea internet cables. And so I am just curious, why has your proposed budget cut this program?

Mr. CARMEL. Thank you, sir.

The cable ship security program consists of two ships, which is a generous description of fleet, but that said, my understanding was that, when the budget was put together, there was sufficient carryover from previous years to fund the program for this year and that we would deal with it again when we put the budget for 2028 together, which we are doing.

Mr. MCDOWELL. So you would say that we will still maintain vessels that are capable of, I guess, we will maintain U.S.-flag cable vessels, correct?

Mr. CARMEL. Yes. That is true, sir.

Mr. MCDOWELL. Your budget proposes a new Maritime Security Trust Fund that will create a massive new funding stream for the Maritime Administration. What will these new funds be used for?

Mr. CARMEL. The funds in the Maritime Action Trust Fund are used for a variety of things, actually. They include a substantial component for a PIDP, for example. Money for Kings Point is in there, small shipyard grants, big shipyard grants.

There are a lot of things in the Maritime Action Trust Fund. So the whole, you know, basically that covers a gamut of how we do things. There is a large amount of legislative proposals that we have been working with our interagency partners to advance, and hopefully you will be seeing those sometime soon that will clarify all of this.

Mr. MCDOWELL. So, considering that this proposal would more than double MARAD's funding, what steps are you taking to ensure that you would be able to efficiently administer these funds?

Mr. CARMEL. Internally, as we understand how the Maritime Action Trust Fund works, we are basically structuring ourselves to be able to execute as if it was in place. So we have a contingency plan.

Mr. MCDOWELL. As you know, President Trump has called for reinvigorating our domestic shipbuilding capacity and protecting our maritime industrial base. How would the money from the new Maritime Security Trust Fund support those efforts?

Mr. CARMEL. There are several areas aside from direct shipyard programs, efforts to—at the end of the day, any shipbuilding program has to be based on a reliable consistent base of cargo so that owners of ships have confidence that, if they place orders for ships, they have something for them to do. That is a fundamental fact. And legislative proposals advancing with our interagency partners address that as well as some other things. The strategic sealift fleet is another example of it.

But, at the end of the day, the single biggest thing we can do is cargo.

Mr. MCDOWELL. Is MARAD taking any steps to ensure that a new fee on commercial vessels would not result in higher costs for American consumers?

Mr. CARMEL. I think that is—I would like to say that we are executing the fees the way the program is designed to be executed. How that flows through the economy, I think, is a little bit beyond my remit.

Mr. MCDOWELL. Chairwoman DiBella, in your written testimony, you discussed allegations that the Government of Spain is barring port entry to U.S.-flag vessels. And Spain is in NATO, and we are committed to defending them, and they won't even let our commercial ships dock in their ports. Why is the Spanish Government denying access to these ships?

Ms. DIBELLA [belatedly pressing microphone switch]. I keep forgetting to do that; I'm sorry.

Thank you for the question. I wish I really knew. But the answer truly is ideological reasons. It was their reasoning in the not one, not two, but three times that we are aware of, and it is an active investigation. So I can only speak so much to that. But I can say that we are aware of at least three instances, and perhaps more, where there was denial of vessels, not only ours, but others, as it relates to their ideological stance towards the Gaza war.

Mr. MCDOWELL. How has the Spanish Government reacted to the investigation that you all have done?

Ms. DIBELLA. I don't believe I can answer that question in its entirety because of the active investigation that it is. But I can say that we have received over 8,000 comments to date—the comment period has actually closed—in response to that particular investigation, which is very significant, and it will include their response as well. They did respond to it.

Mr. MCDOWELL. Final question, are you aware of any other NATO countries that have denied U.S.-flag vessels from having access to their ports?

Ms. DIBELLA. I've heard third person of other countries. I have not received any credible evidence of it yet, shall we say. So, it will be 5 months on June 6th. So, perhaps I will receive that, but I have not yet.

Mr. MCDOWELL. Thank you. I yield back.

Mr. EZELL. The gentleman yields.

The Chair now recognizes Mr. Carbajal.

Mr. CARBAJAL. Thank you, Mr. Chair.

I am going to give you a softball question. Very easy to answer. How does the Iran war, the building of a vanity arch, building a luxury ballroom at the White House, painting the reflective pool on The Mall, how does that help the maritime industry?

Mr. CARMEL. Thank you, sir, and yes indeed, it is a softball question. I appreciate that. So I have no idea.

Mr. CARBAJAL. Thank you. Chairwoman DiBella?

Ms. DIBELLA. Thank you for the question. Same question you'd like me to answer?

Mr. CARBAJAL. Yes.

Ms. DIBELLA. I, too, cannot answer. I know we——

Mr. CARBAJAL [interrupting]. That's good enough. If you want to go at it, we are going to debate all night or all day, should I say. Thank you.

Ms. DIBELLA. Thank you.

Mr. CARBAJAL. Mr. Carmel, as you are aware, this is the longest Jones Act waiver in history, and it is starting to have a serious impact on the industry. Since revitalizing the maritime industry takes a whole-of-Government approach, how has the waiver helped support the President's Maritime Action Plan?

Mr. CARMEL. Thank you, sir. I can only answer in that this was not a MARAD-related industry decision. This was Department of War and Department of Homeland together. We were advised at the end and not consulted. And so, we can only focus on what it is we can do.

Mr. CARBAJAL. Thank you. And that's a shame. You play such a crucial role in this area, and you weren't consulted.

Chair DiBella, the FMC is requesting flat funding for fiscal year 2027. Given the administration's priorities in the maritime sector and the rising costs and disruptions associated with the President's military action in Iran, why are we not increasing funding for the FMC?

Ms. DIBELLA. I appreciate the question. And, as I had mentioned for an earlier question, also, in my testimony, we are deploying every tool available to us from a technological standpoint to help enhance and weaponize our staff to do more. And enforcement is very data-driven. So about 60 percent of what we do does involve data.

So, much of our budget, therefore, reflects the need to focus on data or resources that we are deploying online and able to access that way. So, we are strengthening from within and empowering our staff as we have been today. And, with time, just as the maritime space is evolving, our enforcement is evolving. But, right now, we are seeing the most need right now to enhance what we have—the tools technologically to help us do our job better, because the enforcement is becoming that much more sophisticated.

Mr. CARBAJAL. Can you imagine all the money we could be utilizing here from the luxury ballroom, the reflective pool, and the arch that is attempting to be built by this administration? We

could actually do some really good work here, and we could have more resources.

Mr. Carmel, I remain a steadfast supporter of the SHIPS Act, which proposed the dedicated maritime trust fund to provide long-term predictable investments in our maritime infrastructure and workforce. However, absent congressional action on the SHIPS Act, MARAD remains reliant on annual appropriations. Key programs face significant funding uncertainty.

Since the President cannot create a trust fund out of thin air, as he has tried to do on many other things, and the House and the Senate leadership seem uninterested in moving the SHIPS Act, how do you plan to reconcile the impending fiscal cliff that MARAD is on, especially as it relates to the PIDP? And can ports remain competitive internationally with just $50 million in the PIDP funding?

Mr. CARMEL. Thank you, sir, yes. There is $50 million in the line item PIDP. The other money, $500 million, I believe, is in the Maritime Action Trust Fund. And, as I mentioned, we have a significant package of legislative proposals that we are working with our interagency partners to advance that deals with all of this, and hopefully you will see that in the not too distant future.

Mr. CARBAJAL. Thank you, Mr. Chair. I am out of time. I yield back.

Mr. EZELL. The gentleman yields.

The Chair now recognizes Mr. Begich for his 5 minutes of questions.

Mr. BEGICH. Thank you, Mr. Chair.

Administrator Carmel, the Port of Alaska is the economic lifeline for the majority of Alaskans and a critical piece of military logistics in the Pacific. The port needs roughly $1.7 billion in reconstruction, and rising port fees are already beginning to show up in Alaska grocery bills. As MARAD implements the Maritime Action Plan, what tools can MARAD bring to bear to help make the Port of Alaska reconstruction more affordable and ensure that this critical national security asset gets the Federal investment that it needs?

Mr. CARMEL. Thank you, sir. Actually, I was just there not too long ago. So I appreciate deeply the importance of the Port of Alaska. There are several avenues that can be done. We are actively working with the port to find ways to deal with their infrastructure investment programs. Maritime Prosperity Zone is one of the first that comes to mind. Accelerated PIDP grants. If there was a way—because of the central importance of the Port of Alaska to Joint Base Elmendorf, there may be ways we can work with the Department of War. We are researching all of those.

Mr. BEGICH. That's great. I appreciate your personal attention to that matter and traveling to the State of Alaska to see for yourself the importance of that infrastructure investment and just how critical it is not just for the State of Alaska, but for the entire Nation.

The Small Shipyard Grant Program is tripling in the fiscal year 2027 request. Are Alaska shipyards in Ketchikan and Kodiak, Wrangell, and Juneau positioned to compete in your view? And what outreach is MARAD doing to ensure that remote yards like these can access these important funds?

Mr. CARMEL. Thank you, sir. And, in fact, I was just there. Again, I toured not just Port of Alaska, but I was in many of those places. JED, for instance, does outstanding work. So, yes, I believe they are very much positioned to be able to take advantage of small shipyard grants and those sorts of things. There are some great yards there. No question.

Mr. BEGICH. That's great. And I appreciate your travel to some of our remote shipyards as well—not remote by our standards, but certainly by the standards of the lower 48. They are important, and they are important for all of our industries and coastal Alaska and for our Coast Guard mission, as well.

Question for Chairman DiBella. Alaska fishing communities generate significant export volume that moves through the international ocean shipping system. Are Alaska exporters among those using the Federal Maritime Commission's informal dispute resolution services? And is the FMC doing outreach to ensure small and remote shippers know that these free services exist?

Ms. DIBELLA. I very much appreciate the question, because I, too, was in Alaska not too long ago—2 weeks ago, in fact—and did meet with the fisheries while I was there. So 100 percent wholeheartedly, we are identifying the issues that they are experiencing, especially specific to the regulations that are coming out of the EU for the fisheries. So we are awaiting actually information to come back from them to help us identify the best course of action in that particular area.

But, yes, we had a roundtable discussion on the Friday before Memorial Day weekend and heard everything. So we plan on reinforcing the message that the FMC is there, specific to all their needs. But, from an enforcement standpoint, there are many directions that we could potentially go, but we are unpacking that as we speak.

Mr. BEGICH. Fantastic. Again, I appreciate your personal travel to the State of Alaska to see this in person and speak with the stakeholders in person. The end of the day, Alaska has more than half the Nation's coastline. We are the gateway to the Pacific. And I appreciate that both of you have spent time seeing this in person, understanding our issues in person, and we appreciate the partnership that we are developing together.

And, with that, I yield back.

Mr. EZELL. The gentleman yields.

The Chair recognizes Mr. Garamendi for his 5 minutes.

Mr. GARAMENDI. Mr. Chairman, based upon the most recent questions, I am wondering why we are not holding a hearing in Alaska. Perhaps we should do that.

Mr. EZELL. I agree.

Mr. GARAMENDI. So let's move on here. Thank you very much, Administrator Carmel and Chair DiBella, for your essential advocacy for strong investment in America's maritime industry. As we look forward to the future of our country's maritime sector, I am encouraged that you both share our commitment and my commitment to rebuilding the domestic shipbuilding capacity.

Mr. Chairman, I appreciate your opening remarks on the issue of the SHIPS Act, as well as the ranking member's, on that same point.

Unfortunately, the current Jones Act waiver is wreaking havoc on our maritime industry and undermining the confidence of the future of the U.S. merchant marine. The Jones Act is the cornerstone of American maritime industry, and it protects hundreds of thousands of American jobs, sustains American shipyards, and maintains the maritime transportation capabilities that are critical to our national security.

[Photo shown.]

Already, waiving the Jones Act has disrupted domestic commercial vessel contracts, prompting shippers to favor foreign-flag vessels, such as the one behind me, which happens to be owned by the Chinese military, which presumably we have some issues with.

So, where do we go from here? These are domestic trips, even when there are Jones Act-compliant vessels available. Additionally, the waiver is endangering the private investment in the shipbuilding, including a planned $1 billion capital raise. The private sector is closely monitoring whether our Government is truly, truly committed to American built, crewed, owned, and flagged maritime industry.

If the Government's commitment seems shaky and arbitrarily opens the market to foreign competitors, private investors will not commit the billions necessary to rebuild or revitalize our maritime bases.

This waiver was issued with the claim that it would lower gas prices. It has not done that.

Unfortunately, what it has done is totally disrupt the maritime industry. Now even more concerning is data reveals that 95 percent of the completed waiver voyages primarily benefit foreign maritime operators that do not pay U.S. taxes or comply with Coast Guard safety regulations. This waiver isn't benefiting American mariners, workers, consumers. The only ones who are profiting from this disastrous waiver are foreign operators.

For example, the ship behind us, it has completed a voyage transporting asphalt from Louisiana to Connecticut, which I understand is a critical national security product.

So, the testimony, Mr. Carmel, that you have put forward today indicates that you have had nothing to do with these waivers. Is that correct?

Mr. CARMEL. That is correct——

Mr. GARAMENDI [interrupting]. I'm sorry?

Mr. CARMEL. That is correct, sir. Under a 501(a) waiver, which these are, we are not involved in that.

Mr. GARAMENDI. Who does have the authority?

Mr. CARMEL. Under a 501(a) waiver, the Department of War requests the waiver, and the Department of Homeland——

Mr. GARAMENDI [interrupting]. I'm sorry. The Department of War, I am not familiar with that. Is that the Department of Defense?

Mr. CARMEL. Yes, sir, Department of Defense.

Mr. GARAMENDI. So they issued the waiver?

Mr. CARMEL. They request the waiver. They are the ones that requested the waiver, and the Department of Homeland Security issues the waiver.

Mr. GARAMENDI. Very good. I note that tomorrow we are taking up the NDAA. There is going to be an amendment about this issue that is going to be proposed by one or another of the members of that committee.

I am pleased to hear that you have nothing to do with it. And I am quite sure, Chairman, you have nothing to do with it either. Is that correct?

Ms. DIBELLA. That is correct.

Mr. GARAMENDI. Well, I was all prepared to beat you up, but since you have nothing do with it, we will move on here.

So, what are going to do here about this problem? We will do it tomorrow in the NDAA and ask the Department of Defense how they can deal with it.

Now, going forward, the SHIPS Act provides the opportunity to rebuild and to answer many of the questions that were raised with regard to small shipyards, as well as the funding mechanisms that are unclear in your budget, Mr. Carmel. You are asking for more than 50 percent of your budget to come from something that doesn't now exist until such time as the SHIPS Act become law and there is a mechanism in that SHIPS Act for funding. Are you familiar with that mechanism?

Mr. CARMEL. Yes, sir.

Mr. GARAMENDI. Would it work to relieve your financial questions?

Mr. CARMEL. I'm sorry. I didn't hear you, sir.

Mr. GARAMENDI. Well, the question is, if that becomes law, is that a funding mechanism that you could then count on to address the requirements that you have?

Mr. CARMEL. Yes, sir.

Mr. GARAMENDI. So I note that the Coast Guard reauthorization is in the Senate. It may be that the SHIPS Act could be attached to that and moved forward with that. I think we have gone through the fundamental issues here, and that is that this waiver has to end. And, heads-up, Department of Defense, there is going to be a big to-do tomorrow about the waivers that you have authorized, together with Homeland Security. Guaranteed, it's going to happen.

Thank you, Mr. Chairman. I yield back.

Mr. EZELL. The gentleman yields.

The chairman now recognizes Mr. Patronis for his 5 minutes of questioning.

Mr. PATRONIS. Thank you, Mr. Chairman.

This meeting is a—this is an important one for me. I want to thank President Trump for his leadership in restoring America's maritime industry.

For generations, the Gulf of America has been a key driver for our region. I am proud to be from northwest Florida, already home to shipyards all along the gulf coast, encouraged by the industry's investment in the region. These yards bring high-paying jobs to protect the country's capacity to build ships, protect itself, also diversifies our workforce.

Beyond shipbuilding capacity, the Federal Maritime Commission plays a key role in assuring the market is open and addressing unfavorable conditions which harm businesses, and I am eager to hear about these and the work that is happening today. I am a big

believer, if you want to get something done, you put a Floridian in charge. Laura, it is great to see you. Thank you for making the trip up here. Very proud of what you are doing for our Nation.

And, Administrator, thank you for being here also. I have a couple questions. I will start with the Administrator.

In your mind, give me a little more details about the Maritime Prosperity Zones and some of the opportunities that we could have with these.

Mr. CARMEL. The concept is that maritime industry functions as an ecosystem, and that's not unusual. It is like a Silicon Valley thing. A bunch of related industries that support each other are co-located next to appropriate transportation nodes so that economies of this scale can accumulate, and efficiencies in transportation costs, labor development, all those sorts of things can happen in one regional area.

That is the concept of the Department of Commerce, is the one that designates where prosperity zones happen, but we would certainly coordinate those activities with grant activity, PIDP, small shipyard grants, that sort of thing. But the intent is to agglomerate activities supporting the maritime industry in areas where we can get economies of scale.

Mr. PATRONIS. Gotcha. And what challenges are you dealing with that make it attractive to register vessels in the United States?

Mr. CARMEL. Well, the fundamental challenge, of course, is lack of cargo on one hand. That is probably one of the biggest. We don't have a coordinated, coherent ladder that establishes dependable basis of cargo for shipowners to use when they do a business case to flag in the United States.

We certainly have other things. Regulatory issues are a problem. We have a cost basis; for instance, the tax structure that U.S.-flag operators have to contend with is radically different than other jurisdictions, and that is a meaningful, meaningful difference.

So we have a lot of those sorts of things that we can attack, but I would, again, come back to starting with cargo.

Mr. PATRONIS. Thank you. Chairman DiBella, welcome.

So, tell me, what can the Federal Maritime Commission do to support the administration's efforts to restore American maritime dominance?

Ms. DIBELLA. I appreciate the question. Administrator Carmel and I, Captain Carmel, are working very closely together in this effort to—he speaks to, as he has many times in this committee hearing today, the answer is cargo. That is our lane. Our lane is cargo.

So how are we going to help within the enforcement realm to support more cargo, more U.S. cargo and U.S.-flag ships? Therefore, be the demand driver in that arena. So those are discussions that, obviously, we are working on as we speak.

But, also, just being that voice and helping elevate the industry through better regulation is really where we can operate today in tandem with these discussions moving forward as how we can react.

So I often say, we are raising the bar; we are raising the bar in terms of enforcement because we want the industry to be better.

We need to be better all together. So this is our job, this is our role, and I am just proud to be here, be part of it.

Mr. PATRONIS. We are proud to have you here.

Ms. DIBELLA. Thank you.

Mr. PATRONIS. Mr. Chairman, I yield.

Mr. EZELL. The gentleman yields.

The Chair now recognizes Ms. Scholten for 5 minutes for your questions.

Ms. SCHOLTEN. Thank you so much, Chair Ezell and Ranking Member Carbajal, and welcome to our witnesses.

There is a reason we are all talking so much about the importance of the Jones Act. This fundamental law is critical to all economies, but especially in our Great Lakes region to protect American jobs, support economic growth, and ensure vessels are built up to the world's highest safety standards, environmental and operational.

However, this administration recently extended its Jones Act waiver, one of the broadest, longest Jones Act waivers ever, truly ironic when you think about an administration that purports to be committed to closing our borders, and, yet, we have open borders vis-a-vis the Jones Act waiver all over this country.

My understanding is that this waiver sought to reduce gas prices, but we have seen no relief, only staggering gas prices all over the country. All the while, the waiver means foreign ships with foreign crewmen can operate in U.S. domestic commerce.

Administrator Carmel, can you help me reconcile how, on the one hand, the administration has waived the Jones Act, and, on the other hand, the administration has emphasized the need for revitalized domestic maritime industry? More directly, how does waiving a law that mandates the use of U.S. built and operated ships for transporting goods between U.S. ports bolster our domestic maritime industry? Help me out here.

Mr. CARMEL. Thank you, ma'am, for that question. Again, I have to come back to the notion that the Department of Transportation, the Maritime Administration are outside of that process. It is a 501(a) waiver, which means it is done by the Department of War and the Department of Homeland Security.

We are not consulted, and we are advised at the end of a voyage when a waiver voyage has happened, so——

Ms. SCHOLTEN [interrupting]. And, sir, I am sorry to interrupt. I hear you saying, "This is sort of outside of my scope of control," right?

But there is a single administration which is making these decisions, right? And do you think the American people understand the division of this agency, that agency that you are talking about there?

Mr. CARMEL. Well, ma'am, whether or not the American people understand, it is, in fact, it is how we operate. So all I can say is——

Ms. SCHOLTEN [interrupting]. But, I mean, it is the taxpayers, right? I mean, how do we explain to them what is going on with this policy?

Mr. CARMEL. That is between Department of Homeland Security and the Department of War, Department of Defense. We are not involved. I mean, that is just—that is all I can say.

I can echo what Secretary Duffy said in his THUD testimony that, if we don't have the Jones Act, we would not have a maritime industry at all. I 100 percent support that statement.

Ms. SCHOLTEN. Absolutely. And so this waiver is—it is just truly, truly mind-boggling. We don't understand it from a domestic maritime support perspective, from a perspective of truly being committed to not having open porous borders. We have got to do something about this.

I want to talk also, as we have some more time, I want to talk about the Port Infrastructure Development Program, which funds a variety of projects, dock improvements, facility construction, and modernization, equipment acquisition, all of which make ports stronger, especially in my home in west Michigan.

That's why I am concerned that the President's fiscal year 2027 budget request slashes this program, slashes it by over 50 percent. Can you speak to the value of port infrastructure development, that program, in the Great Lakes region in particular?

Mr. CARMEL. Thank you, ma'am. Actually, I was just up your way at the Great Lakes Maritime Academy graduation and am intimately familiar with the importance of the Great Lakes region to our economy.

The PIDP program was—I think a better characterization would be we shifted extensive amounts of funding. There are—$500 million has been moved——

Ms. SCHOLTEN [interrupting]. But funding to projects that also help port development in the same——

Mr. CARMEL [interrupting]. Yes. They are—they are——

Ms. SCHOLTEN [continuing]. In the same way?

Mr. CARMEL. It is funding intended for PIDP programs that now sits in the Maritime Security Trust Fund rather than as a line item under PIDP.

Ms. SCHOLTEN. Well, we would love to see those numbers, because from our understanding, this is an overall loss for port development. But, if you have numbers that say differently, we do invite you to share them, and we would love to take a look at them.

I see that my time has expired. So I will yield back. But, again, I do thank you for coming before the committee today and answering our questions. Take care.

Mr. EZELL. The gentlelady yields.

The Chair recognizes Mr. Van Drew for 5 minutes.

Mr. VAN DREW. I thank you, Chairman. Let me just clarify one thing before we go on. First of all, I thank both of you for being here. I appreciate you.

I am a supporter of the Jones Act, and you are going to hear that a lot today. I am going to go into that a little bit as well.

But in no way should we call a waiver on the Jones Act with the porous open borders that existed in the United States of America. Tens of millions of illegals were able to cross those borders and stay in the country. Millions of them were criminals. Many of them were rapists, murderers, child abusers, and domestic abusers.

That in no way relates to the issue we are speaking about at the Jones Act. Two totally, completely, significantly different issues. And, again, thank you for being here. You can watch everybody go back and forth, right?

As you know, the President's Maritime Action Plan lays out a bold vision to rebuild American shipbuilding capacity, strengthen the maritime industrial base, expand the U.S. fleet, and ensure long-term economic and national security resilience. It is a good thing. It is long overdue.

These requests are intended to reverse decades, and it was decades—I have to be honest, under administrations, both Republican and Democratic—of decline and disrepair, and we are rebuilding America's maritime capability. So damn important. Thank you for that.

We must, therefore, be serious about rebuilding America's maritime strength—and I mean this, too—by protecting the policies to sustain it. And I know that you can't comment on all this. I know that you don't make the decisions. I am aware of that.

I just want you to hear it, something to take back, something that we say as well, to know how strongly—and I think that is a little bit bipartisan, the Jones Act issue, on the committee. None is more critical than the Jones Act.

For more than a century—it's a long time—the Jones Act has ensured that domestic waterborne commerce is carried by American-built, American-owned, American-flagged, and American-crewed vessels. That's what we want. America first.

This ensures protections for American shipyards, American mariners, and our sealift capabilities during times of war and national emergency, as you both know only too well. The current reality is that every Jones Act waiver creates an incentive to rely on foreign vessels rather than investing in American capacity, and that's what worries me so much.

I know we are in a tight spot, and I know this isn't easy right now, but it is a serious issue. So, Administrator Carmel, thank you for being here today.

The Maritime Action Plan identifies rebuilding American shipbuilding and strengthening the maritime industrial base as a cornerstone objective. And I know you can't—this is hard for you to answer.

But do you think broadening the Jones Act helps or hinders those objectives? Answer the best you can. I know you didn't make the decision. I get it.

Mr. CARMEL. Yes, sir. Thank you. I think probably the—I will characterize it this way.

Shipbuilding is not a spot market business. It is a long cycle capital investment; owners, yards, lenders, suppliers make decisions based on whether or not they believe the law will be stable and the market will exist over time.

So the more we can do—at the end of the day, investments at that scale are psychological as much as a spreadsheet activity.

Mr. VAN DREW. Would I be correct if I said it is going to get a lot better?

Mr. CARMEL. Yes, sir, it is going to get better.

Mr. VAN DREW. Anything that is related to the Jones Act, this is a temporary issue, to the best of our knowledge?

Mr. CARMEL. To the best of my knowledge, yes, sir.

Mr. VAN DREW. Okay. Thank you.

I know we are requesting significant investments in the Maritime Security Program and Tanker Security Program, small shipyards, and other maritime initiatives. This question is for you.

Could you comment on that a little bit, what we need, what we are doing, how you see this through your eyes?

Ms. DIBELLA. Forgive me, as far as the Maritime Security Program?

Mr. VAN DREW. Yes.

Ms. DIBELLA. How do I feel about the Maritime Security Program?

Mr. VAN DREW. Yes. I mean, we are requesting additional investments in that, as you know, to do more with it. How do you feel about that? MARAD is requesting.

Mr. CARMEL. That is me?

Mr. VAN DREW. Yes. But I am asking—I just thought you might want to comment, too.

Ms. DIBELLA. Oh.

Mr. VAN DREW. I am trying to be equal opportunity employer here.

Ms. DIBELLA. Thank you. Thank you. No. I absolutely——

Mr. VAN DREW [interrupting]. I didn't want you to take all the heat.

Ms. DIBELLA. That's all right. That's okay. He can take it all. I am kidding. I support it. I certainly support it.

It is an important part—important component of our Government, of our national security. I——

Mr. VAN DREW [interrupting]. And I am going to yield back.

Ms. DIBELLA. Without being—being inside, on the inside, I support it.

Mr. VAN DREW. I am going to yield back. But my point here is from your perspective, both of you, are we not trying to do really good things and make up for years and years of not doing what we should have?

Ms. DIBELLA. Yes.

Mr. VAN DREW. Is that a yes on both of your part? We are trying to make up for all these years?

Mr. CARMEL. [No response.]

Ms. DIBELLA. [Nods.]

Mr. VAN DREW. Okay. Thank you.

I yield back, Chairman.

Mr. EZELL. The gentleman yields. Ms. Gillen, you are recognized for 5 minutes.

Ms. GILLEN. Thank you, Mr. Chairman, and thank you to our witnesses today.

Nassau County, New York, is home to the U.S. Merchant Marine Academy at Kings Point, one of our Nation's five service academies. For more than 80 years, the Merchant Marine Academy has been the pride of Long Island, preparing generations of Americans to serve our country and strengthen our maritime and national security industries.

As you may know, the campus is in dire need of investment and upgrades. Last December, I wrote to the chairman and ranking member of the Transportation and Infrastructure Committee asking them to organize a visit for Members to come and see the campus. I am thankful to both of them, as well as to Secretary Duffy, for heeding my call and organizing a congressional delegation to Kings Point earlier this spring.

My colleagues and I had the opportunity to speak with Academy leadership and students and visually see the need for repairs and gain a greater understanding of what our midshipmen need. I am proud to have led the bipartisan delegation and legislation introduced by my colleague from Long Island, Representative Andrew Garbarino, to authorize more than $1 billion for a full-scale campus modernization for the Academy.

And I am glad that Secretary Duffy and the Trump administration have made it a priority to help secure these much-needed upgrades. So, Administrator Carmel, I am glad to see that the budget request acknowledges the need for improvements and provides the funding needed to carry these improvements out.

So could you just walk us through the request a little bit and explain how critical this investment is to our defense readiness and a strong commercial maritime industry?

Mr. CARMEL. Thank you, ma'am. And, yes, Secretary Duffy has taken a very personal interest in Kings Point, and I'm heartened by that because I am a graduate myself. So Kings Point does play a critical role in the Nation's economic and national security. Kings Point is a primary source, for instance, of strategic sealift officers. Graduates from Kings Point are all SSOs if they don't go Active Duty somewhere. And so that is where the leadership of a variety of areas in our industry and the military come from.

In order to attract the right caliber of students, we need to be able to attract the right caliber of faculty, and we need to have the appropriate facilities for them to flourish in their academic endeavors and be able to learn in a way that's important. They shouldn't have to wake up in the morning and worry about whether or not their hot water is going to work, which is where we were.

And so Secretary Duffy's work there and your work there and work of the committee is indispensable in getting us there. Funny thing about money: You always need more. And so certainly look to move on that down the road.

But Kings Point, as an institution, is extremely important, as important as the other four academies are to the economic and security interests of the United States.

Ms. GILLEN. Thank you. Well, I thank you for your support.

Some of my colleagues may not be aware that many of the barracks at this Academy were put up in the 1940s as temporary structures, and those are still the structures that are standing there today. There is another building that is literally about to fall into the sea, and you can't even go into it. So we really need these repairs. I appreciate your support for this project.

Moving on, one of the top issues that I hear about on Long Island—and I think my colleagues across the country are hearing about it—is the cost of living. In Long Island, the cost of everything has exploded, and shipping costs spiking has caused us to feel the

effects of that at the checkout line faster and harder than a lot of other parts of the country.

In 2022, Congress gave the Federal Maritime Commission new tools to crack down on unfair shipping practices and rising costs. These included the authority to self-initiate investigations into business practices without having to wait for a formal complaint to be filed.

Chair DiBella, can you point to some of the results that these new authorities have produced for shippers and for consumers on Long Island and across the country and let us know what else Congress can do to help lower costs for the American people?

Ms. DIBELLA. Thank you for the question. And you are 100 percent correct, OSRA 2022 strengthened us immensely and strengthened the U.S. taxpayer, truthfully—through us, through our efforts. And standing up the ability to address charge complaints immediately was one of the areas that we have seen a tremendous amount of productivity and support, rather instantaneously, and only continues to grow.

I think, since we initiated the charge complaint process, we have responded to 524 complaints thus far, so—and it is only expanding from there. So that is one area.

Again, going back to our consumer affairs and dispute resolution services, the ombudsman services that we provide free of charge to the public, again, very, very popular. We are sending our teams out to the shipping community to trade shows and the like so that they are having a tremendous amount of face time, understanding that the FMC is a resource for them, a free resource to them.

So, being able to settle those disputes outside of any formal matter and, obviously, a cost related to that, is incredibly helpful, and we are just seeing so much success there. So it is a continuous process, but we are very, very happy with the results of what we—the tools that we have been given.

Ms. GILLEN. Excellent. Thank you. I yield back.

Mr. EZELL. The gentlelady yields.

I understand that Mr. Carbajal has a request.

Mr. CARBAJAL. Thank you, Mr. Chairman. On behalf of Representative Garamendi, I would like to submit a document regarding the Jones Act waiver update into the record.

Mr. EZELL. Without objection, so ordered.

[The information is on pages 37–39.]

Mr. EZELL. Are there any other Members that wish to ask any questions or have any final comments?

Without seeing any, this concludes the hearing for today. I would like to thank each of you for coming, especially on your first trip, and the subcommittee stands adjourned.

[Whereupon, at 11:32 a.m., the subcommittee was adjourned.]

SUBMISSIONS FOR THE RECORD

"Jones Act Waiver Update," Report No. 10, June 1, 2026, by the American Maritime Partnership, Submitted for the Record by Hon. Salud O. Carbajal on behalf of Hon. John Garamendi

JONES ACT WAIVER UPDATE

June 1, 2026 Update (Report #10)

Overview & Vessel Activity

- Industry and broker data is showing increasing harm from the waiver to the domestic maritime industry:
  - The Jones Act waiver has resulted in the loss of millions of dollars so far on charters, contracts, and other investments in the domestic maritime industry. Operators are reporting that they are losing charters and voyage contracts to foreign-flag vessels that are undercutting them due to their ability to skirt U.S. laws. This is causing concern that American ships will be forced into layup, causing American mariners to lose their jobs.
  - Weekly Jones Act broker reports are growing increasingly negative. Jones Act vessels that have previously been fully utilized have been sitting idle, undercut by foreign tonnage and unable to find cargoes. Foreign vessels are currently flocking to U.S. coastwise routes to take advantage of the market opportunity, leading to further downward pressure on rates and continued worsening of the Jones Act vessel sidelining.
  - Approximately 95% of completed waiver voyages primarily benefit foreign maritime operators that do not pay U.S. taxes or comply with U.S. immigration laws. Approximately 29% of voyages are connected to China through ownership, joint ventures, or Chinese-build vessels.
  - The waiver has disrupted domestic commercial vessel contracts, halting investment in shipbuilding. A major maritime investment platform has halted a planned $1 billion capital raise, and operators and investors are holding off on commercial fleet recapitalization plans, which equal billions of dollars over the next five years. Private investors will not commit billions for a market where the government may arbitrarily open to foreign competitors at any moment.
- This waiver is benefitting foreign nations to the detriment of American companies. Last week, a Chinese-flagged vessel, the *Jin Zhou Wan*, completed a voyage transporting asphalt from Mississippi to Connecticut. Asphalt is listed as a waiver commodity but is completely unrelated to a move that is "necessary in the interest of national defense to address an immediate adverse effect on military operation" as required by the waiver statute. The vessel is operated by COSCO Shipping, a Department of War designated Chinese Military Company.



- Argus published a story last Friday that stated that "[t]he U.S. decision to waive domestic shipping requirements under the Jones Act until at least mid-August is prompting shippers to favor foreign-flagged vessels for U.S.-to-U.S. trips, even when Jones Act compliant vessels are available."
  - The report stated that "some market participants told Argus that securing a Jones Act waiver can be surprisingly fast, with MARAD approval sometimes coming only 15 minutes after submitting the request."[1]
- Reuters published a detailed data analysis last week on the waiver impact, offering the most comprehensive independent analysis to date. The publication focused on MARAD filings and Argus Media pricing data. Reuters found that:[2]
  - During the first two months of the waiver, refiners used the exemption about 50 times to move 2.6 million barrels of crude and 7.5 million barrels of gasoline, diesel, and jet fuel. These volumes represent only a fraction of a percent of daily U.S. consumption. Combined, all waiver shipments totaled approximately 84,000 barrels per day, a small fraction of the 8.75 million barrels consumed daily nationwide.
  - Shipping on an international vessel from the U.S. Gulf Coast to the West Coast would have saved about 6.6 cents a gallon, or 1% of California's current prices, compared with a Jones Act tanker. On the East Coast, high demand for foreign ships to Asia meant it was actually cheaper to ship on a Jones Act tanker.
  - The waiver also appeared to reshape shipping patterns, raising concerns about tight U.S. tanker markets. At least one U.S. tanker shipped Alaskan crude to South Korea in April, its first recorded international voyage since 2014. Valero recently sought a Jones Act tanker to move fuel to Mexico, two sources said. Industry sources said that could be an unintended consequence of the waiver: If foreign vessels undercut domestic routes, more U.S. ships could pursue international business, straining domestic tanker availability.
- An analysis in *News is My Business* outlined the waiver's risk to Puerto Rico's maritime economy. The analysis cited Ernst & Young's estimates that the domestic maritime industry contributes $221 million annually to Puerto Rico's economy, supports 2,000 jobs, and generates roughly $100 million in labor income. The article stated: "Jones Act carriers do not treat Puerto Rico like a temporary tax address or speculative trade. They operate here. They hire here. They invest here."[3]
- An opinion editorial in the *Washington Report* argued that the Jones Act waiver is creating significant vulnerability for Republicans in the midterms. The article states that the Jones Act is not a niche constituency, but rather includes a mass of dockworkers, steelworkers, shipbuilders, and energy workers, the exact votes

[1] Argus, Jones Act waiver squeezes U.S. flag shipping market, Latest Market News, May 29, 2026.
[2] Reuters, "Trump's domestic shipping waiver has not cut gasoline prices by much, data shows," May 27, 2026.
[3] News is My Business, "Analysis: Jones Act waivers risk Puerto Rico jobs," May 28, 2026.

both parties hope to champion each cycle. The piece cites 56,000 Jones Act jobs in Texas, 14,000 in Ohio, and 12,000 in Michigan as potential vulnerable constituents for the Republicans.[4]

- A PJ Media op-ed drew a direct parallel to Secretary Duffy's CDL/trucking enforcement actions, arguing the standard applied on land should not "vanish at sea," and that foreign vessels operating under the waiver are not subject to the same crew vetting, documentation, and labor standards required of U.S.-flag operators.[5]

Fuel prices and other data

- Despite the recent dip in gasoline prices resulting from news that the Strait of Hormuz may open soon, gas prices remain elevated. The national gasoline average sits at about $4.391 per gallon, down slightly from the week prior. For the first time since 2022, every U.S. state averaged above $4.00 per gallon the past week. Diesel prices also remain elevated, averaging over $6.522 per gallon nationally.[6]
  - AAA reported: "Crude oil prices have been going down this week amid reports of peace talks with Iran. But the fragile situation could cause oil prices to spike again if a ceasefire deal isn't reached. Gas prices remain the highest they've been in four years and will likely remain elevated as the busy summer driving season gets underway."[7]
- Exxon Mobile Senior Vice President Neil Chapman stated this week: "I think crude being in this sort of $90 to $110 for the last whatever it is, six weeks, has really been mitigated by running down inventories. It can't last forever." Chapman further stated: "We're approaching unheard-of inventory levels. I mean really, really, low levels in two weeks or three weeks. Once you get to that point, then you'll see price shoot up." Chapman predicted that Brent would hit $150 or $160 in that scenario.[8]
- U.S. crude and petroleum product inventories fell for the sixth consecutive week as of the EIA's latest weekly report.[9]

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[4] Washington Reporter, Opinion (Julio Rivera), "Will the GOP Keep the Senate by Protecting the Working Class?," May 28, 2026.
[5] PJ Media, "Duffy's CDL Playbook Should Guide the Fight for the Jones Act," May 26, 2026.
[6] AAA, Gas Prices—National and State Averages
[7] AAA, "Gas Prices Are Falling, But Will They Keep Going Down?," May 2026.
[8] MSN/Fortune, "Exxon warns oil inventories will hit dangerously low levels in weeks, forcing prices to shoot higher," May 2026.
[9] U.S. Energy Information Administration, Weekly Petroleum Status Report, week ending May 22, 2026.

APPENDIX

POST-HEARING QUESTIONS FOR THE RECORD TO HON. STEPHEN M. CARMEL, ADMINISTRATOR, MARITIME ADMINISTRATION, FROM HON. MIKE EZELL

Jones Act Waiver Reporting Information

Question 1. Foreign vessels that have completed a domestic voyage under the conditions of a Jones Act waiver are legally required to file key information with the Maritime Administration. The statute stipulating the information to be reported also permits the Administrator to collect any other information deemed necessary. Requiring the submission of an International Maritime Organization (IMO) Number of any foreign registered vessel completing a domestic voyage under a Jones Act waiver would provide important and useful information leading to improved transparency and accountability. Can you describe whether you have considered requiring the reporting of a vessel's IMO Number as part of the data collected following the completion of a covered voyage?

ANSWER. Yes, the Maritime Administration (MARAD) does collect the International Maritime Organization vessel identification numbers of ships utilizing a Jones Act waiver after a waiver is granted.

Question 2. Can you confirm that United States Customs and Border Protection daily provides the Maritime Administration with pre-sailing information for Jones Act waiver vessel voyages. Can you describe the courses of action the Maritime Administration can take either in objecting to a waiver or providing more public disclosure and transparency about a journey that will take place?

ANSWER. The Jones Act waiver issued on March 17, 2026, was issued under authority provided in 46 U.S.C. § 501(a). Under this section, the Secretary of Homeland Security is required to issue a waiver of the Jones Act upon request of the Secretary of War. U.S. Customs and Border Protection (CBP) informs MARAD of vessels that plan to use the waiver before the voyage starts. MARAD has no authority to object to a waiver issued under 46 U.S.C. § 501(a) or any role in determining if a waiver should be issued.

The waiver was extended on August 17, 2026. The process under the extension, as set forth in CBP's Cargo Systems Messaging Service (Link: Updated Guidance—CBP Cargo Systems Messaging Service [https://content.govdelivery.com/bulletins/gd/USDHSCBP-424c996?wgt__ref=USDHSCBP__WIDGET__2]), requires persons that seek to use the waiver to request a U.S. vessel availability determination from MARAD. MARAD conducts a vessel survey and provides the results of that survey to the Department of War (DOW). DOW then issues a determination to the requester regarding whether the waiver can be used on a per voyage basis.

Cargo Preference Compliance & Enforcement

Question 3. You testified that cargo preference evasion remains a "significant problem." Does the Maritime Administration possess sufficient authorities to enforce cargo preference statutes? If not, what additional authorities would be beneficial?

ANSWER. The House version of the FY 2027 National Defense Authorization Act contains a number of provisions intended to improve cargo preference enforcement and compliance, and MARAD looks forward to working with Congress to refine those proposals upon request. We are also actively working with our interagency partners, including the Federal Maritime Commission, to use the tools that Congress has already provided agencies to enforce cargo preference.

Question 3.a. What is the most significant issue to resolve in terms of increasing compliance with cargo preference requirements?

Question 3.b. Can you detail where there may be additional opportunities to improve cargo preference compliance with Executive Branch agencies?

ANSWER to 3.a. & 3.b. Early engagement by Executive Branch agencies with MARAD on their shipping plans can increase the chances that U.S.-flag vessels will be available to meet future mission needs and bolster the amount of preference cargo available to them.

Question 4. Ready Reserve Force (RRF) activations undermine the principle of "commercial first." What options are there for United States Transportation Command to exercise the RRF without taking what should be cargoes carried by commercial operators?

ANSWER. There are likely opportunities to improve the RRF model. MARAD is working actively with U.S. Transportation (TRANSCOM) to explore alternate models to exercise our Nation's strategic sealift capabilities that do not undermine the "commercial first" principle and mitigate stress on the labor pool.

Question 5. What are immediate steps that can be taken to address challenges to the vitality and viability of the Maritime Security Program? Further, can you detail the consequences for failing to maintain a 60-ship MSP?

ANSWER. An immediate step Congress can take is to ensure consistency between appropriations for Maritime Security Fleet (MSP) stipends and the authorized funding level for each fiscal year. When the annual appropriated amount is different from the authorized amount, program participants question the Government's commitment to the program.

Another step that could be taken is for shipper agencies to consider using MSP ships to transport government impelled cargo. Cargo for MSP ships has been declining for some time, so a base of Government impelled cargo would provide enhanced stability.

Finally, a forward leaning cargo preference program for access to our national commerce which reduces reliance of the limited amount of U.S. Government preference cargo. This is included in the U.S. Vessel Preference Requirement legislative proposal recently transmitted to Congress as part of the package of legislative proposals developed pursuant to Executive Order 14269 on "Restoring America's Maritime Dominance" and the Administration's Maritime Action Plan.

The consequences are considerably broader than simply having fewer U.S.-flag commercial ships. MSP is designed to ensure that the Department of War (DOW) has immediate access to militarily useful commercial shipping, global logistics networks, and trained U.S. merchant mariners. If the fleet falls below its authorized 60 vessels, the effects will ripple through military readiness, the economy, and industrial capacity.

Each MSP slot that goes empty represents a reduction in our Nation's surge sealift capacity. Losing MSP ships means less ability to move fuel and equipment to sustain our warfighters during the first weeks of a conflict and shifts additional burden on the aging Ready Reserve Force vessels.

The companies that participate in MSP provide access to much more than ships. The provide DOW with access to established logistics chains, which include terminal, rail, trucking, and warehouse networks.

These are only some of the consequences of failing to maintain the vitality and viability of the MSP. The fleet represents the Federal Government's commitment to the maritime dominance agenda, including shipbuilding. The entire agenda is built on this. The fleet also represents a threshold that preserves a viable U.S.-flag international commercial presence. Falling materially below that level risks a downward spiral. Fewer ships leads to fewer jobs for mariners and limited access to commercial logistics infrastructure.

War Risk Insurance

Question 6. What role does War Risk Insurance play in facilitating commerce in conflict zones, how difficult is it to secure a policy, and is the program administered by the Maritime Administration sufficient to meet current demand of United States flag owners and operators?

ANSWER. War Risk insurance is critical to the continued flow of goods in conflict zones. In fact, without it shipping stops. The war risk program administered by MARAD faces challenges to address modern threats. Efforts have been underway at MARAD to consider ways to modernize the program and better align it with present day threats.

To date, MARAD has covered all U.S.-flag tonnage, and no voyage has been frustrated due to lack of coverage, but this requires huge effort on the part of MARAD and our partners at TRANSCOM and Military Sealift Command (MSC).

Question 7. You testified that there are " . . . 20 policies currently outstanding valued at over $2 billion." Did the War Risk Insurance program administered by the Maritime Administration meet all demand?

Question 7.a. What lessons were learned from the recent experience and what improvements if any can be made to the process and program?

Question 7.b. Can you compare what the United States government can offer in War Risk Insurance options to what DP World recently announced?

ANSWER. We are listening to stakeholders, including insurance companies and shipowners, to explore ways to modernize the war risk insurance program and position it to serve the industry for decades to come.

MARAD's war risk program is essential for keeping U.S.-flagged vessels operational in high-risk war zones by protecting the ship and crew. To complement this, commercial policies cover the goods being transported. Together, these two layers of coverage ensure sea lanes remain open during geopolitical crises.

Question 8. Recent escorts of United States flagged commercial vessels by the United States Navy illustrates a benefit of the American Registry that is difficult to assign a value to. In your opinion, could and should the Navy do a better job of talking about its responsibility and duty to safeguard United States commercial shipping and if it did so, what sort of signal would that send to shipowners considering registries?

ANSWER. MARAD appreciates the Navy's work to safeguard shipping, most importantly U.S.-flag vessels and the mariners who crew them, in hostile areas. We will continue to support the whole of Government approach to military operations in the area. Consistent with MARAD's mission to foster, promote, and develop the U.S. maritime industry of the United States to meet the nation's economic and security needs, we are in regular contact with the Navy and U.S.-flag vessel operators to maximize protection for these critical assets.

Expanding Cargoes Available to United States Flagged Tank Vessels

Question 9. You testified that "There simply is not enough [cargo] to support more than the 10 ships in the [Tanker Security] Program today, despite being authorized for 20. That is the heart of it. Any renewed maritime capability must be built on cargo. Not just government cargo, because there isn't enough of that either. It must be built on access to our Nation's commerce. A shipbuilding program without consistent access to cargo will not produce ships. We actually do have answers to the TSP cargo problem that do not rely on government cargo, we just need a coordinated all of government effort to make it happen and we look forward to working with you . . . " Can you describe the ideas you have for increasing cargoes available to United States flagged tankers and any associated legislative proposals?

ANSWER. The "U.S. Vessel Preference Requirement" legislative proposal recently submitted to Congress contains the basis for increasing cargoes available to U.S.-flagged vessels by taking steps to reserve some portion of U.S. commercial commerce for U.S.-flag ships carrying containerized and roll-on/roll-off cargoes. Encouraging oil and oil products to flow on U.S.-flag ships can help to sustain and expand the U.S. tank vessel fleet. The U.S. is not isolated from the global international oil trade. The U.S. is the largest exporter of refined oil in the world and a significant importer of refined oil as well, particularly on the West Coast which is dependent on imported refined oil. Our Nation also has a vigorous two-way trade in crude oil, both importing and exporting various grades of crude to meet demands from refineries tuned to different grades. Not one molecule of that international movement of oil moves on U.S.-flag ships. Encouraging some of that oil for U.S.-flag tankers could potentially help grow and sustain a U.S. flag tanker fleet.

Intermodal Equipment

Question 10. Sustaining United States military forces deployed abroad will rely heavily on containerized supply chains. The United States does not manufacture intermodal containers and intermodal chassis are largely built overseas. Does the lack of domestic manufacturing capability for intermodal equipment, or the lack of a strategic reserve of intermodal equipment, represent a vulnerability—a chokepoint or a center of gravity—to being able to supply the force?

ANSWER. Yes, the lack of domestic manufacturing capabilities to produce intermodal containers and chassis represents a critical vulnerability. It is important that we do not rely on intermodal equipment from solely overseas sources, and MARAD is working hard to address the vulnerability in our intermodal networks.

Crewing

Question 11. "We are roughly in balance for steady-state shipping today, which means by definition we do not have mariners to crew a sustained RRF surge. This makes the current RRF manpower structure untenable." Are there immediate ways to address the crewing shortfall you identified in your testimony?

ANSWER. Yes, MARAD has been working closely with the unions on programs to increase recruitment and retention. We have a joint industry/labor/Military Sealift Command (MSC) roundtable coming in the near future to address mariner labor in three markets: (1) Commercial vessels; (2) Government-owned, contractor-operated vessels (Go-Co); and (3) Government-owned, Government employee operated vessels (Go-Go). Since the mariner availability for the commercial shipping market is roughly in balance with the need for mariners in industry, our focus needs to be on ensuring there are sufficient mariners available to crew Go-Co and Go-Go vessels.

Relatively lower pay and poorer working conditions are factors that make positions on Go-Co vessels less attractive. Go-Go vessels are made up of civilian mariners who are employees of MSC. That market is highly stressed because the civil service rules that apply to MSC employees are rigid compared to the commercial market. This stress is amplified by commitments many MSC mariners have as part of the Strategic Sealift Officer program. MARAD would be happy to work with you and the committee to address crewing shortfalls.

Question 12. The United States Coast Guard has announced that it will have a new web-based system for issuing Merchant Mariner Credentials online by fall of 2026. Has the Coast Guard coordinated with the Maritime Administration in the development of this system? More specifically, will the new system provide the Maritime Administration with the information it requires to keep accurate track of the number of merchant mariners available? As the Coast Guard brings its new system online, what measurements for success would you identify from the perspective of your responsibilities at the Maritime Administration?

ANSWER. Yes, MARAD and the U.S. Coast Guard have a collaborative working relationship. And the new USCG program will be very helpful to MARAD in fulfilling its responsibilities.

Question 13.a. What is the status of a USMMA Cadet when sailing aboard a commercial vessel?

ANSWER. A USMMA cadet assigned to Sea Year remains enrolled as an Academy cadet participating in the Strategic Sealift Midshipman Program (SSMP) while serving aboard a commercial vessel to satisfy the statutory sea service requirements of 46 U.S.C. § 51307. Most commercial assignments are aboard vessels participating in the MSP, Tanker Security Program, and Cable Security Fleet, which are required by statute to carry two USMMA cadets, if available. While aboard, cadets serve as civilian merchant mariner trainees and receive compensation directly from the commercial vessel operator.

Question 13.b. What is their chain of command?

ANSWER. While signed onto a commercial vessel, a USMMA cadet serves under the vessel's chain of command, with the Master exercising ultimate authority over the vessel and all personnel aboard. By signing the shipping articles, the cadet accepts employment under the terms of the voyage and becomes part of the vessel's crew for that assignment. Simultaneously, the cadet remains an enrolled USMMA student and continues to be subject to the Academy's administrative and academic oversight.

Question 13.c. What is their status if the ship is operating in a non-permissive environment?

ANSWER. For purposes of questions 13.c. through 13.e., we understand the inquiry to use the terms "non-permissive environment," and "combat zone" generally to refer to commercial vessel operations in areas presenting elevated security or military risk, rather than as distinct legal classifications. The responses below are provided based on that understanding.

A cadet's legal status does not change because the vessel operates in a non-permissive environment. The cadet remains an enrolled USMMA cadet participating in the Strategic Sealift Midshipman Program and continues serving as a civilian merchant mariner trainee aboard the commercial vessel. This status is consistent with the Academy's longstanding mission of preparing licensed merchant marine officers capable of supporting the Nation during both peacetime and national emergencies.

Question 13.d. Are there any issues with putting a Cadet effectively into a combat zone?

ANSWER. When the Academy is aware that a vessel's mission may involve elevated operational risk, the Academy Training Representative briefs cadets regarding the nature of the assignment and any known hazards before embarkation. Cadets may decline an assignment; however, because Sea Year training billets aboard U.S.-flag vessels are limited, another cadet will generally be assigned in their place. Assign-

ment decisions are made with consideration of both the Academy's training requirements and the operational needs of the U.S.-flag fleet.

Question 13.e. What liability does USMMA, MARAD, Department of Transportation, the United States, or the ship operating company face for the injury or death of a USMMA Cadet aboard a vessel in a non-permissive environment?

ANSWER. Potential liability would depend on the specific facts and circumstances surrounding any injury or death and cannot be determined categorically. The commercial vessel operator and the United States may each owe separate legal duties under applicable maritime law, federal statutes, contractual arrangements, and other governing authorities, and any claim would require a fact-specific legal analysis. Accordingly, liability should be evaluated on a case-by-case basis based upon the circumstances of the incident and the applicable legal framework.

POST-HEARING QUESTIONS FOR THE RECORD TO HON. LAURA DIBELLA, CHAIRMAN, FEDERAL MARITIME COMMISSION, FROM HON. MIKE EZELL

Budget Request

Question 1. The Fiscal Year 2027 Federal Maritime Commission (FMC) Budget Estimate seeks $40 million in funding. Please provide the following information to be able to more fully consider the request:

Question 1.a. The number of Full Time Equivalent personnel working in each function illustrated on the FMC Organization Chart and the associated costs† for that function.

ANSWER:

Office of the Chairman: 6/7 FTEs :: $1,044,991
Office of the Commissioners: 6/8 FTEs :: $1,476,287
Office of the Secretary: 5/7 FTEs :: $1,133,299
Office of the General Counsel: 17/22 FTEs :: $3,702,436
Office of the Administrative Law Judges: 6/6 FTEs :: $1,448,044
Office of the Managing Director: 5/6 FTEs :: $1,348,112
Office of Equal Employment Opportunity: 1/1 FTE :: $144,302‡
Office of the Inspector General: 2/2 FTEs :: $422,771
Bureau of Trade Analysis: 6/8 FTEs :: $2,258,691
Bureau of Certification & Licensing: 13/16 FTEs :: $2,695,757
Bureau of Enforcement, Investigations, and Compliance: 11/19 FTEs :: $4,459,223
Office of Information Technology: 11/11 FTEs :: $2,017,584
Office of Human Resources: 4/5 FTEs :: $1,184,930
Office of Budget & Finance: 5/5 FTEs :: $872,606
Office of Management Services: 3/4 FTEs :: $859,711
Office of Consumer Affairs & Dispute Resolution Services: 6/10 FTEs :: $1,439,364

† Associated costs are based on end of the FY2025.
‡ This position is shared with the Surface Transportation Board. FMC's cost for the function of the OEEO is $144,302. The full cost of the OEEO is $272,736.

Question 1.b. The number of Senior Executive Service grade employees at the Federal Maritime Commission and the functions they perform/positions they hold.

ANSWER. The FMC has eight (8) SES positions. Currently, three (3) SES positions are vacant (Chief of Staff, Managing Director, Deputy General Counsel):

- Chief of Staff—serves as primary point of contact for the Chairman and Commissioners, overseeing the day-to-day activities of the Office of the Chairman and providing assistance and advice to the Chairman regarding FMC operations, administration, strategic planning, and program development and execution.
- Managing Director—serves as the Chief Operating Officer of the agency, implementing the administrative directives of the Chairman, managing and coordinating program offices and bureaus, and overseeing the administrative offices.
- Deputy Managing Director—serves as deputy to the Chief Operating Officer of the agency, providing assistance, advice, and supervisory oversight to the administrative offices.
- General Counsel—serves as the Chief Legal Officer of the agency, providing legal services to the Commission and staff and overseeing the Commission's agreement monitoring program as well as the Commission's international affairs activities.
- Deputy General Counsel—serves as deputy to the Chief Legal Officer of the agency, providing legal services to the Commission and staff, overseeing the

Commission's agreement monitoring program, and representing the agency in federal district and circuit courts.
- Director, Bureau of Enforcement, Investigations, and Compliance—leads the agency's investigations and prosecutions of civil violations of the laws and regulations under the Commission's authority and leads the agency's compliance enforcement of regulated entities.
- Chief Information Officer, Office of Information Technology—serves as the Chief Information Officer of the agency, supporting the Commission with a wide range of information technology needs, including strategic planning, IT security, data telecommunications, and database development and management.
- Inspector General—serves as the Inspector General of the agency, conducting audits, reviews and investigations related to FMC programs and inform offices of deficiencies, and recommend, when appropriate, corrective actions and implementation measures.

Question 1.c. Whether the FMC has successfully acquired and fully implemented an electronic-filing management system to support the work of the Office of the Administrative Law Judges and an e-Discovery platform for the Bureau of Enforcement, Investigations, and Compliance. If acquired and fully implemented, are they being used and are they meeting expectations of the end users?

ANSWER. By mid-August, the FMC will solicit contractor support to develop comprehensive, Request-for-Quotation-ready procurement requirements for an electronic filing management system to support the Office of the Administrative Law Judges.

Question 1.d. What are the specific requirements of the Office of the Administrative Law Judges to manage their docket?

ANSWER. The Office of Administrative Law Judges (OALJs) needs additional staffing to effectively manage its docket. Before the end of FY2026, the office will recruit for two additional attorney positions—one Small Claims Officer and one Attorney Advisor. In FY 2027, the OALJ will request a fourth full-time ALJ.

As referenced above, the electronic-filing management system is a priority for supporting the effective management of the OALJ docket. Currently, the FMC relies on manual and semi-manual processes for core adjudicatory, e-filing, records, publication, and case management functions, as well as for agency case law research. It is a high priority for the agency to procure an electronic filing management system to manage its docket more efficiently and effectively for both internal and external parties.

Question 1.e. How are the Chief of Staff and Managing Director roles different from one another?

ANSWER. The position of Chief of Staff and Managing Director roles work closely together, along with the General Counsel, to ensure Commission operations and directives are carried out in a synchronized, organized way. The roles primarily diverge in the day-to-day contacts each has with agency operations. The Managing Director plans, establishes, and directs the Commission's major regulatory, policy, and administrative programs. The Managing Director oversees the agency's program offices, and from the purview of the program offices, provides executive direction and policy guidance to the Commission. The Chief of Staff oversees the day-to-day activities of the Office of the Chairman and provides direct support to each of the Offices of the Commissioners. The Chief of Staff provides leadership, direction, advice and advocacy on behalf of the Chairman to other FMC officials with respect to the interpretation, application, implementation, an enforcement of the agency's statutes, regulations, and policies.

Tenure as Chairman

Question 2. What is the most critical purpose or function of the Federal Maritime Commission. What will you do as Chairman to support those roles?

ANSWER. The most critical purpose of the Federal Maritime Commission (FMC) is to ensure a competitive, reliable, and fair international ocean transportation system that supports the U.S. economy and protects the public from unfair or deceptive practices. The function of the FMC is to protect U.S. shippers from unfair or deceptive practices, no matter where in the world their cargo might be. As evidenced in the time that I have been fortunate to be Chairman, the FMC's position on geopolitical matters and enforcement activities have been to assert the protection of the U.S. shipping public in the most assertive and transparent way possible.

The FMC achieves these goals by:
- Reviewing and monitoring agreements among ocean common carriers and marine terminal operators (MTOs) serving the U.S. foreign oceanborne trades to ensure that they do not cause unreasonable increases in transportation costs or decreases in transportation services;

- Maintaining and reviewing confidentially filed service contracts to ensure integrity in the shipping system;
- Investigating and ruling on complaints regarding rates, charges, classifications, and practices of common carriers, MTOs, and Ocean Transportation Intermediaries (OTIs), that violate the Shipping Act of 1984;
- Protecting the public from financial harm, such as mislabeling cargo, unsafe cruise operations, and unfair detention or demurrage charges;
- Ensuring common carriers' tariff rates and charges are published in automated tariff systems and electronically available to the public;
- Monitoring rates, charges, and rules of government-owned or controlled carriers to ensure they are just and reasonable; and
- Taking action to address unfavorable conditions caused by foreign governments or business practices in U.S.-foreign shipping trades.

As Chairman, I am responsible for providing key management and direction to ensure the agency can achieve its mission and carry out these services to the American shipping public. Working collaboratively with the other Commissioners, we ensure that the agency provides substantive direction and meaningful oversight to the shipping industry.

Question 3. What role does the Federal Maritime Commission have in achieving the goals outlined by the Trump Administration in relation to shipping and the maritime industrial base? What steps has the Commission taken to date to carry out the Maritime Action Plan?

ANSWER. The FMC has a strong, supportive role in the Maritime Action Plan and the Administration's broader maritime industrial base goals. While the FMC does not have any direct statutory authorities related to shipbuilding, we still assist with the Administration's efforts to strengthen America's maritime industrial complex because it will benefit U.S. importers, exporters, and consumers. The FMC's efforts in support of the Maritime Action Plan have been mainly outreach within the maritime industry and the continued oversight over ocean transportation of cargo, both of which are conducted alongside the Maritime Administration's lead role.

We have met with stakeholders across the maritime industry to understand the burdens around ship building in the U.S., in order to get a better sense of how this problem could be addressed. I work very closely with Administrator Carmel to discuss the issues faced by U.S. shipbuilders, and that collaborative discussion helps both of us stay informed on this matter.

Consistent with Administrator Carmel's and my testimony at the hearing, incentivizing cargo to be transported on U.S. ships is a key part of building the demand for a U.S. maritime industrial base. As the agency with authority over U.S. cargo, the FMC's regulations and oversight over American cargo helps maintain an environment conducive to the growth of U.S. ship building. While this is largely a supportive and secondary part of carrying out the Maritime Action Plan, it is nevertheless still important in ensuring that the demand for U.S. shipbuilding develops among U.S. shippers.

Question 4. You were quoted after the 2026 New York Maritime Security Conference as saying "I agree with Captain Carmel's earlier remarks that cargo is king. The FMC is the enforcer of that concept, and as such we fully support efforts that help strengthen the U.S.-flag shipping industry with increased cargo." Further, you testified to Mr. Patronis "He [Administrator Carmel] speaks to, as he has many times in—in this committee hearing today, the answer is cargo. That's our lane. Our lane is cargo. So, how are we going to help, you know, within the enforcement realm to support more cargo, more U.S. cargo and U.S. flag ships, therefore being the demand driver in that arena?"

Question 4.a. Do you believe the FMC is a promotional agency with responsibility for promoting the United States flag shipping industry?

ANSWER. As the regulator of the U.S. international ocean transportation system, the FMC is charged by Congress with maintaining a level playing field not only for U.S. consumers and U.S. businesses in the foreign oceanborne trades, but also for U.S. carriers. To that end, the FMC is responsible for investigating and taking remedial measures to address foreign laws and practices that discriminate against U.S. carriers or that otherwise create conditions unfavorable to shipping. *See* 46 U.S.C. §§ 4201–42307.

Thus, while the FMC is not a "promotional agency with responsibility for promoting the United States flag shipping industry"—those functions were assigned to the Maritime Administration (MARAD) in 1961—the FMC does play a vital role in ensuring that U.S. carriers are not operating at a disadvantage due to foreign conduct. In doing so, the FMC effectuates Congress's intent, reaffirmed by the Ocean

Shipping Reform Act of 2022, to "encourage the development of an economically sound and efficient liner fleet of vessels of the United States capable of meeting national security needs and supporting commerce." 46 U.S.C. § 40101(3).

Question 4.b. Do you believe the authorities administered by the Commission permit it to enforce Cargo Preference laws?

ANSWER. The FMC does not have the authority to enforce Cargo Preference Laws, but the FMC plays an important supportive role in its enforcement. The FMC is responsible for ensuring that licensed ocean transportation intermediaries (OTIs) have the requisite experience and character to serve as intermediaries. 46 U.S.C. § 40901. In evaluating the character of an applicant for an OTI license, the FMC considers whether the applicant has violated shipping laws or statutes relating to the import, export, or transportation of merchandise in international trade, such as Cargo Preference laws. 46 C.F.R. § 515.11(a)(2). Additionally, the Commission may revoke an OTI's license for violating a statute related to carrying on the business of an ocean transportation intermediary. 46 C.F.R. § 515.16. In other words, the FMC could revoke an OTI's license, thus preventing it from legally operating, if the licensee has violated Cargo Preference laws. Moreover, conduct associated with Cargo Preference law violations, e.g., misdeclaration of cargo, may independently violate the Shipping Act or Commission regulations. *See, e.g.*, 46 U.S.C. §§ 41102(a), 41104(a)(1); 46 C.F.R. §§ 515.31(e), 515.32(c).

Question 4.c. Explain, with specificity, the strategy and methods you will use to " . . . support more cargo, more U.S. cargo and U.S. flag ships . . . "

ANSWER. The FMC's efforts to support U.S. flag vessels are focused on investigation and enforcement. Namely, the FMC investigates and mitigates foreign laws and practices that discriminate against U.S. carriers under 46 U.S.C. §§ 42301–42307 or that create conditions unfavorable to shipping under 46 U.S.C. §§ 42101–42109. The FMC may deny OTI licenses to, or revoke licenses of, entities that flout laws designed to support the U.S. flag vessels.

The FMC works with its government partners, including the Department of State and MARAD, and the public to identify practices or shipping conditions that may have a disparate effect on U.S. carriers or entities that appear to be skirting shipping laws or Commission regulations. The FMC will continue to investigate such unfair practices, including the use of public comment and compulsory process, and will prioritize investigations into practices that have the most significant economic impact on U.S. shipping and cargo interests.

Question 4.d. Please identify what would be a proper measurement to use to assess your success in one-year's time in achieving your above stated goals.

ANSWER. The FMC's aim is to support the Administration's goals by using its existing statutory enforcement authority to deter, reduce or eliminate unfavorable, unreasonable or anti competitive conduct in the shipping industry. The FMC tracks numerous metrics related to its statutory authorities including investigations opened/closed, reports issued, sanctions imposed (i.e. refusing vessel clearance or denying vessel entry, limiting voyages or cargo carried, suspending tariffs or filed agreements, issuing fees), and licenses denied/revoked, and will continue to make this data available to Congress. I must emphasize, however, that the agency's goal is not simply to launch investigations or impose sanctions; it is to deter or mitigate unreasonable or anticompetitive conduct. Even the threat of an investigation into one entity's practices may deter other entities. Moreover, investigations into complex trade practices take time, and any assessment of FMC success within a year must take this reality into account.

Discrimination Against United States-Flagged Vessels

Question 5. In response to a question posed by Mr. McDowell asking if you were aware of " . . . any other NATO countries that have denied U.S. flagged vessels from having access to their ports?" you stated "I've heard third person of—of other—other countries. I—I have not received any credible evidence of it yet, shall we say. So, it'll be five months, June 6th. So, perhaps I—I will get—receive that, but I have not yet."

The budget request of the Federal Maritime Commission includes funding to support investigative resources and activity. Can you describe if you have received reports that other NATO countries are discriminating against United States flagged carriers, and if so, whether you have initiated an investigation to validate or disprove the allegations?

ANSWER. At this time, no, I have not received credible reports that other NATO countries are discriminating against United States flag carriers.

Controlled Carriers

Question 6. The Federal Maritime Commission maintains a list of Controlled Carriers as is required by law. The Ocean Shipping Act of 1978 was written prior to the deregulation of the liner business and to address commercial practices no longer used. Other than publicly identifying an ocean carrier where there is more than 50 percent ownership by a foreign government, what are the consequences of being listed a "Controlled Carrier"? In your opinion, does the Controlled Carrier statute continue to serve a purpose in this day and age particularly as it is now written?

ANSWER. As directed by the statute, the Commission determines whether an ocean common carrier is owned or controlled by a foreign government. 46 U.S.C. § 40102(9). This list is published in the Federal Register and can be found on the FMC's website. At the present time, there are seven controlled carriers in US international trade. Six are from the People's Republic of China, including COSCO, and one is from the Republic of Korea.

Being listed as a "controlled carrier" subjects that carrier's rates, rules, and regulations to heightened FMC monitoring. *See generally* 46 U.S.C. §§ 40701–40706; 46 C.F.R. §§ 565.1–565.13. The FMC monitors the conduct of controlled carriers to ensure they do not distort the market by maintaining rates or charges in their tariffs or service contracts that are below a level that is just and reasonable. Importantly, the statute places the evidentiary burden of justifying a rate's reasonableness on the controlled carrier itself. Additionally, a controlled carrier's tariff rates, charges, classifications, rules, or regulations may not, without special permission of the Commission, become effective sooner than the 30th day after the date of publication. This is in contrast to non-controlled carriers, whose rate decreases may become effective on publication. Finally, a controlled carrier may not use an alternative dispute resolution form connected with the foreign government to resolve disputes concerning breaches of service contracts. 46 U.S.C. § 40502(f).

Commission staff monitor U.S. and foreign trade press and other sources to identify controlled carriers and any unjust or unreasonable controlled carrier activity that might require Commission action. Moreover, in OSRA 2022, Congress directed the Commission to identify in its annual report any "otherwise concerning practices" by ocean common carriers that are controlled carriers or "owned or controlled by, a subsidiary of, or otherwise related legally or financially, to a corporation based in a country" that is: (1) a non-market economy country, as determined by the U.S. Department of Commerce; (2) a priority foreign country, as determined by the U.S. Trade Representative; or (3) subject to monitoring by the U.S. Trade Representative under section 306 of the Trade Act of 1974, 46 U.S.C. § 46106(b)(7).

The FMC's controlled carrier authorities continue to provide the FMC with useful tools to identify and combat foreign government conduct that risks creating an uneven playing field in the U.S. foreign oceanborne trades. These tools—such as deterring predatory pricing by controlled carriers—may have even more relevance going forward as the Trump Administration acts to revitalize and rebuild the U.S. domestic maritime industries and workforce.

Dispute Resolution

Question 7. You testified that the Commission is "Establishing a more robust CADRS to get ahead of some of these matters before they have to go to a formal or informal complaint process. We encourage carriers and shippers to go try this route first."

Question 7.a. How is the Commission establishing a more robust CADRS? Please provide specifics as to how this office is envisioned to grow.

ANSWER. I have directed that CADRS take a more proactive, instead of reactive, approach when addressing disputes and serving as a resource to the shipping public. CADRS has increased its outreach across the industry, attending conferences and public engagements, in order to promote and inform the public about our resources. CADRS is a key part of the Commission's public and industry engagement strategy, and in order to help with the increased outreach, I have directed increased workforce support to the CADRS Office. These actions will enable CADRS to more directly engage with the public and resolve disputes more efficiently.

Question 7.b. Is the Commission requiring or otherwise encouraging parties to use CADRS before they can pursue the complaint process?

Question 7.c. The CADRS dispute resolution process is voluntary and both parties in a dispute must agree to participate in the exercise. Does any affirmative action to encourage use of CADRS create an undue influence that might leave one or both parties with an impression that they cannot refuse to participate?

ANSWER to 7.b. & 7.c. The FMC does not require the use of CADRS' free services as a precondition to filing a complaint. The FMC does require parties to consider

alternative means of dispute resolution at an early stage, and it encourages parties to use alternative means through CADRS in lieu of or prior to initiating a proceeding. For example, FMC rules require parties, after service of a complaint, to participate in a preliminary conference with CADRS to discuss whether the matter may be resolved via mediation. 46 C.F.R. § 502.64. The rules do not require the use of CADRS' services after the preliminary conference, though these services remain available throughout a proceeding.

That the FMC encourages parties to take advantage of CADRS' services, and that parties to complaint proceedings must have a preliminary conference with CADRS about the possibility of mediation, does not imply that a party must engage in alternative dispute resolution with CADRS. The FMC has made clear in its rules and on its website that use of CADRS is voluntary. *See* 46 C.F.R. § 502.403(c) (stating that alternative dispute resolution processes are voluntary and do not limit other agency dispute resolution techniques).

Moreover, the FMC procedures regarding alternative dispute resolution resemble those used by Federal courts. The Federal Rules of Civil Procedure, for instance, require parties to confer at an early stage to consider "the possibilities for promptly settling or resolving the case." Fed. R. Civ. P. 26(f)(2).

Agreement Authority

Question 8. The Commission in June 2025 issued an Order to Show Cause to the World Shipping Council in respect to an agreement that trade association has on file at the FMC. The World Shipping Council does not appear to be the only trade association with an agreement on file as the FMC. Is it appropriate for trade associations to enjoy the benefits of agreement authority? Do trade associations representing other transportation modes have equal privileges to enter into working agreements or is this opportunity unique to maritime? If the latter, why is this the case and should existing statute be amended to prohibit trade associations from being able to file agreements at the FMC?

ANSWER. The FMC is committed to ensuring that all agreements filed with the agency are within our limited statutory jurisdiction, and that conduct within filed agreements, including those filed by trade associations, does not unreasonably harm competition in the ocean commerce system of the U.S. The Shipping Act confers limited antitrust immunity for specific kinds of collaboration among competing ocean common carriers and marine terminal operators to enhance efficiency and stability in ocean commerce. The statute includes a catchall category of a "cooperative working arrangement." *See* 46 U.S.C. § 40301(a)(5). The statute does not prohibit trade associations from filing such agreements, but the FMC retains the authority to investigate and determine whether the agreement is properly within the agency's jurisdiction.

The World Shipping Council (WSC), a trade association representing the industry's largest ocean common carriers, filed an agreement in 2020 with the FMC and explained that its members planned to engage in collaborations that fell within the Shipping Act. WSC filed its agreement as a "cooperative working agreement." Through the agency's careful monitoring, the FMC learned that much of WSC's conduct under the agreement related to standard trade association advocacy and did not appear closely tied to its members' commercial operations.

In 2025, the Commission initiated an investigation of WSC's agreement to ensure that all conduct occurring under the agreement was sufficiently connected to the commercial operations of its members, and thus properly within the Commission's jurisdiction. The public nature of the investigation also provides clarity to the broader shipping industry, including other trade associations, of the boundaries of the FMC's jurisdiction over agreements. The investigation is ongoing, but its ultimate outcome will be that only WSC's activities that properly fall under the Shipping Act will be included in its agreement and thereby receive limited antitrust immunity. The Commission intends to look into other trade association agreements on file as necessary, to ensure that only activities correctly within the FMC's jurisdiction receive limited antitrust immunity. The FMC also continues to monitor the activities of all trade associations with filed agreements to ensure compliance with the Shipping Act.

The FMC is not aware whether trade associations in other transportation modes receive antitrust immunity through agreements monitored by other government agencies.

EU Fishing Regulations and the FMC

Question 9. Mr. Begich asked "Are Alaska exporters, among those using the Federal Maritime Commission informal dispute resolution services and is the FMC doing outreach to ensure small and remote shippers know that these free services

exist?" Your reply in part noted "I very much appreciate the question because I too was in Alaska not very long—not too long ago, two weeks ago in fact, and did meet with the fisheries while I was there. So, 100 percent wholeheartedly we're—we're identifying the issues that they are experiencing, especially specific to the regulations that are coming out of the EU for the fisheries."

Question 9.a. What fisheries enforcement or management authorities does the Federal Maritime Commission administer? What is the Federal Maritime Commission's role in addressing fisheries regulations promulgated by the European Union?

ANSWER. The FMC does not administer fisheries enforcement or management authorities. The FMC is, however, directed by statute to monitor closely the laws or regulations of foreign nations that create conditions unfavorable to shipping in the U.S. foreign oceanborne trade. *See* 46 U.S.C. § 42101. Under this authority, the FMC keeps a close watch on regulatory regimes that could potentially threaten to disrupt U.S. export seafood shipments.

Question 9.b. Is the FMC doing outreach to small and remote shippers in Alaska? Please provide details as to the extent of that activity.

ANSWER. Yes, we are actively reaching out to shippers across the U.S., and small, remote shippers in Alaska are no different. Most recently, this outreach consisted of a visit to Anchorage and Juneau from May 20–May 22, 2026. In Anchorage, I met with leadership from the Don Young Port of Alaska, where we discussed the unique infrastructure issues Alaskan shippers face in the transportation of their goods.

In Juneau, I attended a U.S. Navy League of Juneau roundtable discussion with people across the maritime industry and local government representatives from Juneau. Included in this discussion were Alaska shippers who export seafood, and we had a long discussion about different issues they are facing, including transportation challenges in remote Alaska and EU CATCH regulations hindering their business. After this visit, in a letter to the Department of State Bureau of Oceans and International Environmental and Scientific Affairs, I advocated for an interagency dialogue to address these issues faced by Alaskan exporters. I would be happy to provide you a copy of the letter. We will continue outreach to small, remote Alaskan shippers as we do with all American shippers. No matter how remote or small they are, American shippers deserve meaningful federal advocacy on their behalf.

Resource Allocation

Question 10. You told Mr. Carbajal that " . . . we are deploying every tool available to us from a technological standpoint to help enhance and weaponize our staff to do more. And enforcement is very data driven, so about 60 percent of what we do does involve data. So, there—the—much of our budget, you know, therefore reflects the need to—to focus on data, our resources that we are—we are deploying online and are able to—to access that way. So, we're strengthening from within and empowering our staff as we have them today. And with time, you know, just—just as the—the maritime space is evolving, our enforcement is evolving."

Question 10.a. What do you mean that you are "weaponizing" your staff?

ANSWER. The intent of my answer was solely to emphasize our efforts to put FMC staff in the best possible position to investigate unfair, unreasonable, and anti-competitive conduct that violates U.S. shipping laws and that hurts U.S. businesses and consumers or distorts the shipping marketplace. We are leveraging technology to give our employees an advantage in the document-intensive work that was previously completed by rote review.

Question 10.b. Enumerate all the tools available to the Commission that it is using.

ANSWER. The FMC Assistance Center, supported by the Service Now platform, which includes the CADRS and BEIC case management system, captures complaint, dispute, and case information in structured formats that support reporting, analysis, and oversight activities. Through standardized intake processes, centralized records, and enhanced reporting capabilities, analysts can identify recurring complaint categories, emerging issues, enforcement trends, and other patterns affecting maritime stakeholders.

FMC is integrating electronic agreement submission, amendment processing, and monitoring activities within a unified platform to improve its agreement management and monitoring capabilities. Agreement information will be collected through standardized electronic forms, enabling more consistent data collection, reporting, and oversight. Enhanced monitoring capabilities, including deadline tracking, reporting, and automated notifications, will provide FMC with improved visibility into compliance requirements.Similarly, FMC is moving its Form Suite, including FMC–18, License Renewal, FMC–65 and renewals, eBonds, and FMC–1, processes to a

unified platform that will improve performance, reliability, security, and data integrity while centralizing information across related business processes. By sharing data across applications and maintaining more accurate and current information regarding licensed and registered entities, bonds, tariffs, locations, and operating status, FMC not only provides a better system to understand collected data but can also monitor regulated entities and support compliance activities. The integrated platform provides greater internal visibility into regulatory information and supports timely actions related to licensing, tariff oversight, bond management, and registration activities.

These systems will be supported by a modern cloud-based architecture that provides improved availability, reliability, scalability, and security for both FMC personnel and external users.

Question 10.c. Explain how FMC enforcement is evolving.

ANSWER. We are making every effort to ensure that FMC enforcement keeps pace with the evolution of the shipping industry. The shipping industry, like every other economic space, is changing at an increasingly rapid rate, and FMC's enforcement must evolve along with it to maintain adequate oversight. The highly complex and data driven aspects of the shipping industry requires that our enforcement posture follow suit with technological enhancements that act as force multipliers for our analysts, economists, and attorneys in dissecting activities and certain behaviors against potential Shipping Act violations.

Under my leadership, the FMC will focus on more frequent and high-impact actions which target billing accuracy, tariff compliance, and market-distorting practices by carriers and marine terminal operators.

This proactive approach for our investigations is, in part, a result of our interagency collaboration that has been a priority since being designated Chairman. I have prioritized interagency collaboration and transparency as a way to position the FMC on geopolitical matters and enforcement activities for the greatest benefit to the U.S. shipping public.

PierPASS

Question 11. The PierPASS program has been in existence at the Ports of Los Angeles and Long Beach since 2005. It instituted a new Traffic Mitigation Fee on daytime cargo moves as a means to address congestion and shift cargo movements to nighttime gates. Most agree the program was a success as cargo shifted immediately. WCMTOA, who oversees the program, changed the program in 2018 to apply the fee on all cargo moves, not just daytime moves. This also included an increase in the fee. The terminals increased the fee again in 2025 even though shippers and drayage providers continue to raise concerns about congestion, access, and cost burdens. Many groups have called for oversight by the FMC over the program. Many believe the program has strayed away from its original purpose to promote the use of nighttime gates.

Given the FMC's ongoing role overseeing detention, demurrage, and terminal practices, what specific oversight is the Commission exercising over PierPASS to ensure that the Traffic Mitigation Fee structure is transparent, justified by actual operating costs, and not imposing unreasonable costs on beneficial cargo owners, and do you believe additional Commission action or statutory authority is needed?

ANSWER. The FMC monitors PierPASS, which administers the Traffic Management Fee (TMF), via its oversight over the West Coast Marine Terminal Operator Agreement (WCMTOA), an agreement filed with the Commission under 46 U.S.C. §§ 40301–40302. The Commission reviews filed agreements such as WCMTOA to ensure that they comply with statutory and regulatory requirements governing the filing and content of agreements, to confirm that the agreements accurately reflect the authorities under which agreements operate, and to determine whether agreements create competitive concerns, that is, whether an agreement "is likely, but a reduction in competition, to produce an unreasonable reduction in transportation service or an unreasonable increase in transportation cost or to substantially lessen competition in the purchase of certain covered services." 46 U.S.C. § 41307(b).

Additionally, the Commission analyzes whether the conduct of an agreement or agreement parties comply with other provisions of the Shipping Act. These statutory authorities provide the Commission with sufficient authority to evaluate agreements for both competitive concerns and for reasonableness.

Regarding WCMTOA specifically, FMC economists and attorneys meet with the members of the agreement annually, most recently in April 2026, to discuss the FMC's monitoring priorities, which include the operation of the off-peak program and the implementation of and cost structures underlying the TMF. After the April 2026 meeting, FMC staff required detailed written responses from WCMTOA to obtain information on issues such as gate splits between day and night, labor ordering

practices, the bases for joint TMF pricing, and the reasonableness of the TMF as compared to the costs it is intended to defray. This information will help the FMC determine whether additional Commission action is warranted.

While I do not believe additional statutory authorities are needed at this time, I look forward to working with the Subcommittee to continue to improve FMC's ability to ensure a fair environment for U.S. oceanborne commerce.

POST-HEARING QUESTIONS FOR THE RECORD TO HON. LAURA DIBELLA, CHAIRMAN, FEDERAL MARITIME COMMISSION, FROM HON. DANIEL WEBSTER

Question 1. Chairwoman DiBella, from your perspective, how significant is the current gap in LNG fueling infrastructure on the U.S. East Coast—particularly for Florida's major cruise and cargo ports—and what economic or operational risks does that pose for U.S. port competitiveness?

ANSWER. The current gap in LNG bunkering infrastructure on the U.S. East Coast—especially for Florida's major cruise and cargo ports—is significant and growing, with direct operational, economic, and environmental implications. East Coast ports, compared to West Coast and Gulf Coast ports, are vastly underdeveloped when it comes to LNG bunkering markets. Jacksonville, Florida, is the only East Coast port with on-dock and near-dock LNG fueling capabilities. Jacksonville can serve dual-fuel container ships via truck-to-ship and shore-to-ship modes, but this is still far below the throughput of West and Gulf Coast hubs, which have larger liquefaction plants, storage, and transfer rates.

The East Coast ports, specifically in Florida, have LNG infrastructure needs. Many LNG-powered cruise vessels are homeported in Florida (e.g., Port Canaveral, Port Everglades) and require reliable, high-capacity LNG bunkering to meet emissions compliance targets. LNG-powered container ships and roll-on/roll-off vessels are increasing, especially from TOTE Maritime and Crowley, which operate LNG-powered ships at Jacksonville. The lack of multiple East Coast LNG hubs means vessels must travel to Gulf or West Coast facilities for refueling, increasing transit time, fuel costs, and carbon footprint, all of which reduce U.S. ports' competitiveness. The global LNG fleet is expected to continue expanding, and the gap in East Coast infrastructure will limit scheduling flexibility, raise operational costs, and constrain the ability to attract LNG-ready vessels.

Question 2. Additionally, how is the Federal Maritime Commission working, including through coordination with other federal agencies, to support the development of LNG fueling capacity, and what impacts do you anticipate this transition will have on the maritime workforce in Florida, including opportunities for U.S. mariners and shipbuilding?

ANSWER. The Federal Maritime Commission is part of discussions surrounding U.S. maritime policy support for LNG bunkering infrastructure as part of a broader push for energy-driven trade and port modernization. FMC has mainly had discussions related to LNG fueling capacity with MARAD. Similar to the Maritime Action Plan, FMC is a supportive partner to MARAD on this front, and we are open to working with other agencies in the ocean and energy sectors.

The growth of LNG infrastructure U.S. will have widespread impacts on the maritime workforce both within Florida and across the country. As more LNG ships are deployed across the world, there will be increased demand for LNG-capable crew members, including engineers, deck officers, and bunkering operations specialists. The job opportunities will be wide reaching across the maritime industry, including in shipbuilding and maintenance mechanics, as well as port operations and logistics management for LNG fueling and storage.

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