



January 28, 2011

The Honorable Raymond H. LaHood
Secretary of Transportation
1200 New Jersey Avenue, SE
Washington, D.C. 20590

Re: Application of Cargo Preference to Certain Programs of the
Export-Import Bank of the United States

Dear Mr. Secretary:

The undersigned companies, labor unions and associations, including non-USA Maritime members, represent virtually every privately owned U.S.-flag vessel regularly engaged in the U.S. foreign trade. We write to express our strong support for retaining current cargo preference requirements applicable to certain Export-Import Bank programs.

The cargo preference laws are essential to the continued existence of a fleet of privately owned U.S.-flag vessels. This fleet is instrumental to the supply and support of our troops abroad and the maintenance of a pool of trained mariners essential to support the U.S. Government's sealift objectives. The privately owned U.S.-flag merchant marine has transported over 90 percent of the equipment and supplies used in the conflicts in Iraq and Afghanistan at a fraction of the cost of other alternatives.

One of the most long standing of the cargo preference requirements is contained in the 1934-enacted Public Resolution 17. PR 17 requires that all export cargoes financed by the U.S. Government – including many Ex-Im Bank programs -- must be carried in U.S.-flag vessels unless a specific waiver applies. PR 17 was codified by Congress in 2006 as section 55304 of Title 46 of the U.S. Code.

PR 17 has served the nation well. Ex-Im Bank programs have prospered, and U.S.-flag vessels have been able to transport cargo that is vital to maintaining an active presence on the high seas. Indeed, in fiscal year 2010, Ex-Im Bank posted its second consecutive record breaking year in export financing supporting about \$35 billion worth of American exports.

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The use of U.S.-flag vessels to transport U.S. Government financed cargoes is also an important promotion of U.S.-based services. The existing Ex-Im Bank charter provides that "it is the policy of the United States to foster expansion of," among other things, the exports of U.S. services. U.S.-flag shipping is a U.S. service which should continue to be promoted by the Bank. Ex-Im Bank's charter expires this year and must be re-authorized by Congress by September 30. In that context, we urge the Department of Transportation in the strongest terms to continue to support the retention of cargo preference requirements applicable to cargoes financed by Ex-Im Bank.

We request at your convenience the opportunity to meet with you and your staff to brief you on the importance of cargo preference requirements as applied to the Ex-Im Bank and on the continued utility of these requirements to the privately owned U.S.-flag fleet.

Thank you for your continued support.

Very truly yours,



James L. Henry
Chairman, USA Maritime
President
Transportation Institute

Thomas J. Bethel
President
American Maritime Officers

Timothy Brown
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International Organization of Masters,
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cc: The Honorable David T. Matsuda