

January 25, 2011

Honorable C W. Bill Young
Chairman, Subcommittee on Defense
Committee on Appropriations
United States House of Representatives

Honorable Norman D. Dicks
Ranking Member, Subcommittee on Defense
Committee on Appropriations
United States House of Representatives

Dear Chairman Young and Ranking Member Dicks:

As the subcommittee develops appropriations legislation for FYs 2011 and 2012, we ask that it provide funding for the Maritime Administration's loan guarantee program, known as the "Title XI Program." In recent years the subcommittee has provided funding for this program through the defense sealift fund.

This program warrants continued support even as Congress understandably reviews all accounts carefully. This is not a large, top down government program but a small program based on private sector initiative and applications. The program guarantees commercial loans for privately financed commercial ship construction and shipyard modernization – all in the United States. Demand for program guarantees has consistently exceeded available resources.

Funding and implementation of the Title XI program will help grow the U.S. economy and create and maintain American jobs in the domestic shipbuilding and related service and supply industries, as well as aboard United States-flag commercial vessels. It will help maintain the nation's defense shipbuilding base and an active U.S.-flag merchant marine, which is essential to U.S. defense sealift requirements. The program has created and maintained tens of thousands of well-paying seagoing and shoreside jobs, and helped to ensure that an adequate pool of vessels and mariners and a shipyard industrial base, including associated supply industries, is available to meet U.S. economic, homeland and national sealift needs. Maintaining commercial vessel construction in U.S. shipyards can also help reduce overhead charges assessed to DOD on military shipbuilding contracts, as some overhead could be assessed to commercial work.

The program also provides a strong return for the government, as each Title XI dollar leverages 15-20 dollars of private investment. Moreover, the resulting overall economic activity has been estimated to be several times the shipyard output.

For vessel operators and shipyards seeking to utilize the program, it is critically important that the program be funded on a regular basis. Sporadic funding for Title XI makes it difficult to develop even short term plans, much less multi-year strategies, and inhibits critical economic activity in the maritime sector. On the other hand, a consistently funded program will help grow the maritime industry and the economy as ship owners and shipyards invest in their enterprises.

For all these reasons, we urge you to include funding for new commitments for the Title XI program in appropriations legislation for Fiscal Years 2011 and 2012.

Sincerely,

Aker Philadelphia Shipyard, Inc.

American Maritime Officers

American Shipping Group

Crowley Maritime Corporation

International Organization of Masters, Mates & Pilots

Marine Engineers Beneficial Association

Maritime Institute for Research and Industrial Development

Seafarers International Union

Transportation Institute

American Maritime Congress

American Maritime Officers Service

Central Gulf Lines, Inc.

Horizon Lines, Inc.

Shipbuilders Council of America

Waterman Steamship Corp.