

STATEMENT ON CRUISE SHIP LEGISLATION FOR COMMERCE
COMMITTEE MARKUP
Senator Olympia J. Snowe
June 15, 2000

Mr. Chairman, I would like to speak briefly on the cruise ship legislation before us today.

Current law prohibits non-U.S. vessels from carrying passengers between U.S. ports. As such, today's domestic cruise market is very limited. The cruise industry consists predominantly of foreign vessels which must sail to and from foreign ports. The vast majority of cruise passengers are Americans, but most of the revenues now go to foreign destinations. That is because the high cost of building and operating U.S.-flag cruise ships and competition from modern, foreign-flag cruise ships have deterred growth in the domestic cruise ship trade.

By some estimates, a single port call by a cruise vessel generates between \$300,000 and \$500,000 in economic benefits. This is a very lucrative market, and I would like to see U.S. companies and American workers benefit from this untapped potential. However, domestic ship builders and cruise operations face a very difficult, up-hill battle against unfair competition from foreign cruise lines and foreign shipyards. Foreign cruise lines, for example, pay no corporate income tax. Nor are they held to the same demanding ship construction and operating standards imposed on U.S.-flag vessel operators. Foreign cruise lines are also free from the need to comply with many U.S. labor and environmental protection laws, and U.S. health, safety, and sanitation laws do not apply to the foreign ships.

I have introduced legislation designed to promote growth in the domestic cruise ship industry and at the same time enable U.S. shipyards to compete for cruise ship orders by creating tax incentives for growth of this industry in the U.S. Like the McCain bill, my legislation would require that at least two U.S.-built ships be ordered for each foreign-built ship permitted to operate in the U.S. market. Since my bill would provide tax incentives for U.S. cruise ship construction and operation, it has been referred to the Finance Committee.

I know that serious concerns remain about certain provisions in the McCain bill, including concerns about the unlimited number of foreign-built ships that could enter the U.S. market, and the potential of competition between foreign-built vessels and U.S.-built vessels. I hope that these concerns can be resolved, because this is a very important issue. We must jumpstart the domestic cruise trade, but we must do so in a way that benefits U.S. workers and companies, and promotes economic growth in our ports.

Again, I thank the Chair, and look forward to consideration of these important matters. Thank you.