

The Jones Act: The Shipping Boost That Wasn't

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The Merchant Marine Act of 1920, better known as the Jones Act, requires ships transporting cargo between US ports to be US built, US owned, US registered, and US crewed. Although the Jones Act was purported to boost the US shipping industry, it has by several measures failed to do so. The Jones Act is the most restrictive of all global laws concerning the transportation of goods, according to the World Economic Forum.¹ As a result, just two percent of US freight travels over the ocean, whereas 40 percent of EU freight travels over the ocean.²

The Jones Act Decimates US Shipbuilding

The Jones Act has hollowed out the US shipbuilding industry. Without competition, US-built ships can cost six to eight times more than their foreign-built equivalents,³ leading US shippers to buy fewer ships than in years past.⁴ According to the US Department of Transportation in 2024, the United States had only 92 ocean-going vessels of at least 1,000 gross tons that were Jones Act compliant (see figure 1), down 52 percent since 2000.⁵ For comparison, there are more than 60,000 commercial ships around the world.⁶

This protectionism incentivizes the use of ships that would be deemed well beyond their useful age otherwise. Of the 99 US ocean-going vessels in 2019, 30 were at least 25 years old.⁷

The Jones Act Limits Supply Chain Options

Jones Act-compliant ships charge rates up to 10 times higher than other vessels—resulting in a \$1.2 billion loss to Hawaii's economy in 2020.⁸ Inflated shipping costs force producers to turn to transportation alternatives such as trucks and trains, contributing to traffic congestion costing \$200 billion per year, according to the Maritime Administration.⁹ The lack of international shipping routes east from Hawaii means that Hawaiian businesses often must stop on the West Coast first before shipping internationally. Those ships must be Jones Act compliant. Contiguous US states have more freedom to ship directly to foreign countries without first stopping at a US port.

The Jones Act Increases Energy Costs

The Jones Act places transportation barriers on energy distribution across the country. Hawaii, for example, is dependent on petroleum imports for power generation and has consumer electricity costs nearly double the next most expensive state.¹⁰ Eliminating the Jones Act would allow energy producers in Southern states such as Texas to ship natural gas and oil by tanker to other states and help reduce energy costs.

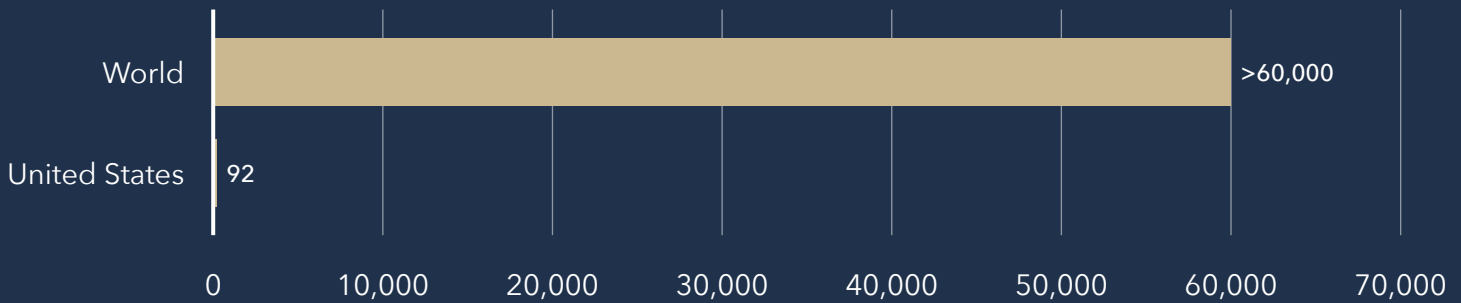


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Figure 1. Ocean-Going Vessels of 1,000 Gross Tons or More (United States vs. World)



Source: US Department of Transportation, *United States Flag Privately-Owned Merchant Fleet Report*, January 31, 2024, https://www.maritime.dot.gov/sites/marad.dot.gov/files/2024-03/DS_USFlag-Fleet_2024_JANBUNDLE.pdf; Costas Paris, "How the Century-Old Jones Act Affects Today's Home-Heating Prices," *Wall Street Journal*, December 6, 2022.

The Jones Act Presents Constitutional Problems

The Jones Act creates disadvantages for ports in Hawaii, Alaska, and noncontiguous territories in a way that legal experts claim violates the Constitution.¹¹ The Constitution's Port Preference Clause prohibits Congress from favoring the ports of one state over another. Hawaii-based Kōloa Rum Company, however, faces nearly double the cost for imported materials compared to its mainland domestic competitors and nearly triple the shipping costs due to the requirement to first ship its products to Los Angeles and then onto international ports, making it difficult for the company to compete with other domestic rum producers and even international producers that do not have to comply with the Jones Act. Pacific Legal Foundation is representing the Kōloa Rum Company in a constitutional challenge to the Jones Act, aiming to bring Hawaiian, Alaskan, and territorial business onto an equal economic footing with their competitors.

Notes

1. World Economic Forum, *Enabling Trade: Valuing Growth Opportunities* (Geneva, Switzerland: World Economic Forum, 2013), 48-9.
2. "How Protectionism Sank America's Entire Merchant Fleet," *Economist*, October 5, 2017.
3. John Frittelli, "Revitalizing Coastal Shipping for Domestic Commerce" (report no. R44831, Congressional Research Service, Washington, DC, May 2, 2017), 6.
4. "Deliveries from U.S. Shipyards since 1987," Shipbuilding History, last updated April 30, 2021, <http://shipbuildinghistory.com/statistics/recent.htm>.
5. US Department of Transportation, *United States Flag Privately-Owned Merchant Fleet Report*, January 31, 2024, https://www.maritime.dot.gov/sites/marad.dot.gov/files/2024-03/DS_USFlag-Fleet_2024_JANBUNDLE.pdf; US Department of Transportation, "Table 2 - Summary Table: United States Flag Privately-Owned Jones-Act Eligible Merchant Fleet, 2000-2016," accessed April 2, 2025, <https://www.maritime.dot.gov/sites/marad.dot.gov/files/docs/outreach/data-statistics/7061/us-fleet-summary-table-2000-2016-1.pdf>.
6. Costas Paris, "How the Century-Old Jones Act Affects Today's Home-Heating Prices," *Wall Street Journal*, December 6, 2022.
7. US Department of Transportation, *United States Flag Privately-Owned Merchant Fleet Report*, August 19, 2019, https://www.maritime.dot.gov/sites/marad.dot.gov/files/oictures/DS_USFlag-Fleet_20190815_Bundle_0.pdf.
8. Costas Paris, "How the Century-Old Jones Act Affects Today's Home-Heating Prices."
9. General Dynamics NASSCO, *A Shipbuilder's Assessment of America's Marine Highways*, July 30, 2009, 12, <https://www.nassco.com/pdfs/Shipbuilder-Assessment-American-Marine-Highway-NASSCO.pdf>.
10. Gary M. Galles, "It's Time to Throw the Jones Act Overboard," Foundation for Economic Education, March 15, 2019, <https://fee.org/articles/it-s-time-to-throw-the-jones-act-overboard/>.
11. "Fighting to End the Jones Act's Century-Old, Discriminatory Shipping Laws," Pacific Legal Foundation, accessed March 28, 2025, <https://pacificlegal.org/case/jones-act-hawaii-koloa/>.