

ED CASE
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Congress of the United States
House of Representatives
Washington, DC 20515

COMMITTEE ON APPROPRIATIONS
SUBCOMMITTEES:
MILITARY CONSTRUCTION, VETERANS AFFAIRS
AND RELATED AGENCIES

COMMERCE, JUSTICE, SCIENCE AND RELATED
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COMMITTEE ON NATURAL
RESOURCES
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NATIONAL PARKS, FORESTS AND PUBLIC LANDS

WATER, OCEANS AND WILDLIFE

INDIGENOUS PEOPLES OF THE UNITED STATES

March 8, 2022

Matt Cox
Chairman and Chief Executive Officer
Matson, Inc.
1411 Sand Island Parkway
Honolulu, HI 96819

George W. Pasha, IV
Chairman, President and Chief Executive Officer
The Pasha Group
c/o Pasha Hawai'i
745 Fort Street, #315
Honolulu, HI 96813

Subject: Request For Support Of Jones Act Waiver To Allow Non-Jones Act Shipping Of Oil And Other Fossil Fuels To Hawai'i From Other Domestic Locations During Pendency Of National Ban On Russian Oil And Other Fossil Fuel Products In Response To Invasion Of Ukraine

Dear Messrs. Cox and Pasha:

I write you, in your capacities as the senior executives of the two largest Jones Act shippers serving Hawai'i, to request your expedited and full support for a limited, targeted waiver of the Jones Act to allow non-Jones Act shipping of oil and other fossil fuels to Hawai'i from other domestic locations during the pendency of our national ban on Russian oil and other fossil fuel products in response to Russia's unprovoked and unacceptable invasion of Ukraine and ongoing attacks on and killing of its people.

I attach a copy of my letter to President Biden today requesting that his Administration exercise its existing authority to grant such a waiver. I also attach a copy of a bill I introduced in the U.S. House of Representatives today to the same effect.

The reasons for my requested waiver are specified in my letter to the President and I incorporate them here. I hope and believe that you will fully understand and appreciate the gravity of the

moment for our country and world and especially the severe disproportionate impact that the national import ban we have just commenced will likely have on Hawai'i especially absent such a Jones Act waiver.

I ask for your affirmative full support of my letter to the President and my bill at your earliest opportunity. If you decline to provide that support, I ask for your specific reasons, including your full description of how specifically the up to one third of Hawaii's total oil needs provided by Russia using non-Jones Act shipping before the ban will be replaced by domestic oil transported on Jones Act ships without the severe cost premium which drove Hawai'i to import foreign oil to start with.

Thank you for your prompt attention to this critical matter. Please let me know of any question or needs for assistance.

With aloha,

A handwritten signature in blue ink that reads "Ed Case". The signature is written in a cursive, slightly slanted style.

Congressman Ed Case
Hawai'i -First District

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Congress of the United States
House of Representatives
Washington, DC 20515-1101

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INDIGENOUS PEOPLES OF THE UNITED STATES

March 8, 2022

The President
The White House
Washington, D.C.

Subject: Russian Oil Embargo; Request for Jones Act Exemption for Hawai'i To Assure Adequate Fuel Supply

Dear Mr. President:

On behalf of the people of Hawai'i, who will be disproportionately affected by the cessation of Russian oil and other fossil fuel imports, I respectfully request that your Administration direct a targeted Jones Act waiver allowing for the shipment of such products to the State of Hawai'i from other domestic locations on non-Jones Act vessels.

First, I join the vast majority of the people of Hawai'i in support of your decision to ban imports of Russian oil and other fossil fuel products. This is a necessary and unavoidable action if we are to implement the full range of available sanctions against Russia for its unprovoked and unjustified war on Ukraine. In support of our mutual efforts, yesterday I joined colleagues in Congress in co-introducing our bipartisan Ban Russian Energy Imports Act to prohibit the importation of Russian crude oil, petroleum, petroleum products, liquified natural gas and coal.

In Hawai'i, with widespread support, Par Hawai'i, our state's only oil refiner, has already suspended any future purchase and importation of Russian oil. We understand that this must be done, and further understand that we must and will share with the rest of the country the consequences of a nationwide ban.

However, without action, the people of Hawai'i will be asked to bear consequences far out of proportion to those of most other Americans. This is because the best replacement for Russian oil imports to Hawai'i is domestic supply, and the transport of that supply 2,500 miles to our remote island state is subject to the Jones Act requiring any such transport to occur exclusively on a very limited number of domestic vessels. As a result, the costs of such shipping, even if it were available domestically to start with, would be higher by a number of multiples than transport on the plethora of non-U.S. flagged specialty vessels. These costs would be passed on in price increases that are already among the highest in our country and would directly affect our national defense headquartered in Hawai'i, our economy, and our communities.

Specifically, while Russian oil accounts for some 3% of U.S. foreign imports of crude oil, it has accounted for fully between a quarter and a third of Hawaii's crude oil imports (virtually all foreign) in recent years. A major contributing factor to Hawaii's reliance on foreign oil generally and Russian oil specifically is the Jones Act. By some accounts, shipping oil from the mainland U.S. to Hawai'i, a far shorter distance than from foreign sources, costs nearly three times as much as shipping from Asia. This is why in 2019, Hawai'i imported 100% of its crude oil from foreign sources, with 57% coming from Libya and an additional 34% from Russia. Over the past three years, Hawai'i has imported an average of 30% of its oil directly from Russia.

Clearly Jones Act-required shipping carries a huge cost increase premium over non-Jones Act shipping. The Jones Act has thus forced Hawai'i to the international market for oil despite the otherwise availability of domestic supply, and has thus exposed Hawai'i far more to the consequences of international supply disruptions of any sort.

But in the specific case of fuel products that consequence is further magnified by the unavailability of Jones Act bulk fuel shippers. There are a very limited number of Jones Act-compliant fuel tankers equipped and capable of transporting the volume of oil historically imported to the State of Hawai'i, and the current fleet cannot handle the increased demand for shipping domestic energy sources to Hawai'i. As of March 2018, there are only 99 oceangoing ships in the Jones Act-compliant fleet. Of the 57 tankers in the fleet, 11 carry Alaskan crude oil to refineries on the West Coast and, rarely, Hawai'i, 44 are medium-sized product tankers that primarily carry refined products along the Atlantic Coast and 2 carry chemicals or asphalt.

The bottom line is that through a combination of factors unique to Hawai'i, absent action the people of Hawai'i will be asked to bear a far greater burden of any Russian oil ban than anywhere else in the country. Your Administration holds the necessary authority to counteract some of the adverse effects caused by a ban on Russian energy imports through a limited, targeted waiver of the Jones Act for domestic supply shipping to Hawai'i.

In 1950, following the beginning of the Korean War, Congress authorized waivers of Jones Act vessel requirements in matters of national security. These waivers have been granted several times in the past. Notably, the federal government granted waivers to expedite oil shipments from the Strategic Petroleum Reserve during international conflict during the Persian Gulf War and again for the 2011 Libyan conflict. It also did so in response to natural disasters such as Hurricanes Harvey, Irma and Maria in 2017.

Similarly, Hawaii's Jones Act-directed reliance on foreign oil, particularly oil sourced from countries that are either in direct competition with the United States or controlled by unstable regimes, poses a threat to Hawaii's security and to America's greater strategic positioning in the Indo-Pacific. We cannot stake Hawaii's energy dependence on foreign actors in the current geopolitical climate, and we should not force a disproportionate burden on the State of Hawai'i when we have the necessary tools at our disposal to mitigate these unique consequences as we implement this nationwide embargo.

For the people of Hawai'i, I deeply appreciate your Administration's expedited consideration of this request. We support your actions to implement the full weight of this import ban, and I am fully available to assist you in your efforts to address the special needs of Hawai'i.

With aloha,

A handwritten signature in blue ink that reads "Ed Case". The signature is written in a cursive, slightly slanted style.

Congressman Ed Case
Hawai'i – First District



(Original Signature of Member)

117TH CONGRESS
2D SESSION

H. R. _____

To amend title 46, United States Code, to exempt certain vessels transporting crude oil, petroleum, petroleum products, and liquified natural gas between a port in Hawaii and another port in the United States from Jones Act vessel requirements for the duration of any ban on the transportation of crude oil or petroleum products from the Russian Federation, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

Mr. CASE introduced the following bill; which was referred to the Committee
on _____

A BILL

To amend title 46, United States Code, to exempt certain vessels transporting crude oil, petroleum, petroleum products, and liquified natural gas between a port in Hawaii and another port in the United States from Jones Act vessel requirements for the duration of any ban on the transportation of crude oil or petroleum products from the Russian Federation, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

1 **SECTION 1. EXCEPTION FOR TRANSPORTATION OF CRUDE**
2 **OIL, PETROLEUM, PETROLEUM PRODUCTS,**
3 **AND LIQUIFIED NATURAL GAS BETWEEN HA-**
4 **WAI AND OTHER PORTS IN THE UNITED**
5 **STATES.**

6 (a) IN GENERAL.—Chapter 551 of title 46, United
7 States Code, is amended by adding at the end the fol-
8 lowing:

9 **“§ 55124. Exception for transportation of crude oil,**
10 **petroleum, petroleum products, and**
11 **liquified natural gas between Hawaii and**
12 **other ports in the United States.**

13 “(a) IN GENERAL.—Notwithstanding any other pro-
14 vision of law, a vessel may transport crude oil, petroleum,
15 petroleum products, and liquified natural gas between a
16 port in Hawaii and another port in the United States.

17 “(b) APPLICABILITY.—Subsection (a) shall apply for
18 the duration of any period in which there exists a ban on
19 the transportation of crude oil, petroleum, petroleum prod-
20 ucts, and liquified natural gas from the Russian Federa-
21 tion.

22 “(c) CERTAIN VESSELS EXCLUDED.—Subsection (a)
23 shall not apply to—

24 “(1) a vessel that is owned, in whole or in part,
25 by—

26 “(A) a Russian national; or

1 “(B) the government of the Russian Fed-
2 eration; or

3 “(2) a Russian-flagged vessel.”.

4 (b) CLERICAL AMENDMENT.—The analysis for chap-
5 ter 551 of title 46, United States Code, is amended by
6 adding at the end the following:

 “55124. Exception for transportation of crude oil, petroleum, petroleum prod-
 ucts, and liquified natural gas between Hawaii and other ports
 in the United States.”.