

## Maritime Activities in the EEZ

For the purposes of this study, OTA has selected a number of important maritime industry sectors to review and to investigate what, if any, impacts may result from changes in current cabotage policies. These sectors were selected because they represent either a significant marine activity now in the EEZ or a significant potential activity because these sectors could be affected by and some proposed changes in existing cabotage policies. Table 1 lists the sectors.

OTA submitted its original list of EEZ activities to the Maritime Administration and requested its analysis and comments on the potential for U.S. industry and for the application of cabotage policies to those activities. The Maritime Administration

Table 1—EEZ Maritime Activities Selected for Analysis

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Commercial fisheries (selected activities)
Oil & gas exploration/development
Mobile drilling rigs
Service vessels/supply boats
Anchor handling boats
Launch barges/crane barges
Production platforms
Seismic survey boats
Commercial cruise vessels
Marine mining vessels
Dredging vessels
Waste disposal vessels
icebreaking vessels
Offshore lightering
Vessels used in the Virgin Islands trade
Tankers/general cargo vessels
Passenger vessels/ferryboats
Trade in U.S. Pacific territories

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SOURCE: office of Technology Assessment, 1989.

(MARAD) prepared a paper discussing each sector and some of the specific cabotage applications and loopholes.<sup>1</sup> OTA asked the U.S. Customs Service to review the MARAD paper and received comments and suggested additions.<sup>2</sup> OTA also circulated the MARAD paper and list of activities to a broad group of industry representatives for comments. Both industry and government respondents agreed that the sectors in table 1, selected by OTA, were the proper ones for analysis.

The activities selected range from offshore oil and gas operations—a dominant industry in the EEZ with substantial investment in offshore facilities—to marine mining, a currently insignificant EEZ activity with uncertain potential. Also included is commercial fishing, with a long history of significant EEZ activity from Alaska to the Gulf of Mexico to Georges Banks, and waste disposal—a small activity at present with obvious growth potential. All of the selected activities could be affected by certain changes in cabotage policy, but OTA's analysis shows that some activities are already covered to a large extent by cabotage laws, and others represent only minor commercial potential.

These conclusions led OTA to divide the sectors into two groups. The first group contains four sectors—the Virgin Islands trade, offshore lightering, offshore oil and gas, and commercial cruise vessels. OTA concluded that these would be most vulnerable to changes in cabotage law. The four sectors are discussed and analyzed in the following section of this report. The remaining sectors would not be so affected and are thus just briefly discussed in the appendix to this report.

<sup>1</sup>"Extension of Cabotage to All Commercial Activities in the Exclusive Economic Zone," report prepared for OTA by the U.S. Maritime Administration, August 1988.

<sup>2</sup>Review of Maritime Administration report contained in letter to Peter Johnson, OTA, from B. James Fritz, Chief, Carrier Rulings Branch, U.S. Customs Service, Nov. 14, 1988.



Photo credit: Tropical Shipping Co

Since the U.S. Virgin Islands trade is exempt from cabotage laws, this foreign-flag operator can compete for the business.