

SUSPENSION OF COASTWISE LAWS TO VIRGIN ISLANDS

MARCH 30, 1936.—Committed to the Committee of the Whole House on the state of the Union and ordered to be printed

Mr. BLAND, from the Committee on Merchant Marine and Fisheries, submitted the following

REPORT

[To accompany S. 754]

The Committee on Merchant Marine and Fisheries, to whom was referred the bill (S. 754) to amend section 21 of the act approved June 5, 1920, entitled "An act to provide for the promotion and maintenance of the American merchant marine, to repeal certain emergency legislation, and provide for the disposition, regulation, and use of property acquired thereunder, and for other purposes", as applied to the Virgin Islands of the United States, having had the same under consideration, report it back to the House with an amendment and as so amended recommend that the bill do pass.

The amendment proposed by your committee is as follows:

Page 2, line 4, after the words "United States", strike out the comma and the balance of the bill, inserting in lieu thereof the following:

shall, by proclamation, declare that such coastwise laws shall extend to the Virgin Islands and fix a date for the going into effect of same.

Section 21 of the Merchant Marine Act of 1920 provides that the coastwise laws of the United States shall extend to the island territories and possessions of the United States with the proviso that if adequate shipping service is not established by February 1, 1922, the President shall extend the period for the establishment of such service in the case of any island Territory or possession until adequate shipping facilities have been established. The President, from year to year, by Executive order, has provided that our coastwise laws should not extend to the Virgin Islands of the United States. The situation at present requires an annual proclamation by the President and, if for any reason the proclamation should not issue within a year, there is a serious possibility that the authority in the President to grant further suspensions would have terminated.

The necessity for an annual proclamation has resulted in uncertainty which it is believed has interfered to some extent with the progress and the development of the islands.

The Senate provided that the laws should not extend to the Virgin Islands until the President of the United States, "after a full investigation of the local needs and conditions, shall, by proclamation, declare that an adequate shipping service has been established to such islands and fix a date for going into effect of the same." Your committee, however, has no intention of weakening in any way the coastwise laws of the United States and only because of the exceptional conditions referred to recommends the present suspension of those laws until the President shall declare that such coastwise laws shall extend to the islands.

It is the belief of your committee that the language contained in the Senate bill does not permit sufficient flexibility in restoring the coastwise laws to the Virgin Islands, for, under the language of the Senate bill, the President would be required to make a full investigation of the local needs and conditions and then declare that an adequate shipping service had been established to such islands. This would preclude any action by the President until an adequate shipping service had been established to the islands while, on the other hand, the establishment of an adequate shipping service to the islands might be prevented by the continued suspension of the coastwise laws. Under the proposed amendment, the President would be authorized at any time, by proclamation, to declare that the coastwise laws should extend to the Virgin Islands and fix a date for the going into effect of the same.

Your committee, therefore, believes that the amendment which it has made is wise and proper.

Hearings were held on this bill at which Dr. Ernest H. Gruening, director, Division of Territories and Island Possessions, Department of the Interior, and Hon. Lawrence W. Cramer, Governor of the Virgin Islands, were present.

The island of St. Thomas consists largely of a harbor with a long history and is located at a point where it appears a considerable bunkering business in coal and oil might be developed. There is also in progress a movement to develop the tourist trade to the islands. This trade is growing. This island has a population of approximately 9,000 persons who are largely dependent upon the harbor of St. Thomas and the facilities there. The record shows that in 1933 472 ships came to St. Thomas, 208 for bunkering purposes. In 1934, 511 ships came in, 237 being for bunkering purposes. In 1935, 549 came in, of which 321 were for bunkering purposes. These years are fiscal years. In a 10-year period, from 1924 to 1934, the sales of coal and oil were 1,034,000 tons, in 1934, the sales being 64,000 tons of coal which came from the United States and 32,000 tons of oil.

After considering all of the facts and circumstances your committee believes that the bill as amended by your committee should pass.

This action has the approval of the Departments of Commerce and the Interior and is not in conflict with the financial program of the President.

The report of the Secretary of the Interior is as follows:

DEPARTMENT OF THE INTERIOR,
Washington, January 9, 1935.

CHAIRMAN, COMMITTEE ON MERCHANT MARINE AND FISHERIES,
House of Representatives.

MY DEAR MR. CHAIRMAN: Enclosed herewith is a proposed draft of a bill designed to make the coastwise shipping laws of the United States inapplicable to the Virgin Islands of the United States until the President, after a full investi-

gation of the local needs and conditions shall, by proclamation, declare that an adequate shipping service has been established to such islands.

Bills substantially similar were introduced by both the Seventy-second and Seventy-third Congresses at the request of this Department, but failed of enactment. The enclosed draft includes amendments which were made to these bills by the Senate and House committees when this legislation was previously before Congress.

The need and occasion for the proposed exemption was presented fully at hearings on H. R. 10329 held May 10, 1932, and at hearings on H. R. 8172, held April 25, 1934, before the committee of the House of Representatives. As stated in my letter of February 19, 1934, the justification for such legislation is that St. Thomas is the one important port of the Virgin Islands; that exports from and imports to the islands are very small, as the total population is less than 25,000; that St. Thomas is important as a port of call and transshipping and is the chief bunkering port of the Caribbean because it lies on a direct line from Europe to the Panama Canal, and is also a port of call for vessels plying between our Atlantic ports and the east coast of South America. Most of the vessels which call are of foreign registry, and the coastwise shipping laws of the United States, if applied to the Virgin Islands, would prohibit such calls. These laws became applicable to the Virgin Islands February 1, 1922, subject, however, to the power of the President to defer that application. From time to time the President has deferred that application, but it is desirable that St. Thomas, as a port of call for foreign ships, should be protected more definitely. By the provision of the proposed bill, the needs of the Virgin Islands would be given this protection, yet the President would retain the power to extend the coastwise laws of the United States to the islands when an adequate shipping service is established there.

In view of the foregoing facts, it is respectfully requested that the proposed bill be placed before the House of Representatives for appropriate action.

Sincerely yours,

HAROLD L. ICKES,
Secretary of the Interior.

CHANGES IN EXISTING LAW

In compliance with paragraph 2a of rule XIII of the Rules of the House of Representatives, section 21 of the Merchant Marine Act, 1920, as amended by this bill, is herewith set forth, the new matter proposed to be added by the bill being printed in *italic*:

Sec. 21. That from and after February 1, 1922, the coastwise laws of the United States shall extend to the island Territories and possessions of the United States not now covered thereby, and the board is directed prior to the expiration of such year to have established adequate steamship service at reasonable rates to accommodate the commerce and the passenger travel of said islands and to maintain and operate such service until it can be taken over and operated and maintained upon satisfactory terms by private capital and enterprise: *Provided*, That if adequate shipping service is not established by February 1, 1922, the President shall extend the period herein allowed for the establishment of such service in the case of any island Territory or possession for such time as may be necessary for the establishment of adequate shipping facilities therefor: *Provided, further*, That until Congress shall have authorized the registry as vessels of the United States of vessels owned in the Philippine Islands, the government of the Philippine Islands is hereby authorized to adopt, from time to time, and enforce regulations governing the transportation of merchandise and passengers between ports or places in the Philippine Archipelago: *And provided further*, That the foregoing provisions of this section shall not take effect with reference to the Philippine Islands until the President of the United States, after a full investigation of the local needs and conditions, shall, by proclamation, declare that an adequate shipping service has been established as herein provided and fix a date for the going into effect of the same: *And provided further*, That the coastwise laws of the United States shall not extend to the Virgin Islands of the United States until the President of the United States shall, by proclamation, declare that such coastwise laws shall extend to the Virgin Islands and fix a date for the going into effect of same.

