

SR125 WATER CARRIERS WORKING GROUP
Subsidies Sub-group

June 2021

CHAMPION

Hawaii DOT Harbors Division (HDOTH)

BACKGROUND

Hawaii's communities are mostly dependent on the import of goods. Over 80% of goods consumed in Hawaii are imported. Of that imported, over 98% is transported as waterborne cargo.

The cost of shipping is reflected in the cost of imported goods consumed in Hawaii. Shipping of goods to Hawaii can be as much as 7.5% (per a 2015 study) of the cost of the goods.

Unlike communities in the continental US that have alternative means of transporting goods by truck and rail, Hawaii relies on transport by water carrier.

Currently, there are federal subsidies for certain agricultural products. Agricultural subsidies programs include:

- Reimbursement Transportation Cost Payment (RTCP)
www.fsa.usda.gov/Assets/USDA-FSA-Public/usdafiles/FactSheets/rtcp_facts_sheet.pdf. See attachment.
- Micro-Grant Program for Small-Scale Agriculture link to the news release with information and a link to the grant portal: <https://hdoa.hawaii.gov/blog/main/small-scale-ag-grants/>
- Fsa.usda.gov/state-offices/Hawaii/programs/index
 - Emergency Conservation Program (ECP)
 - Noninsured Crop Disaster Assistance Program (NAP)
 - Livestock Forage Program (LFP)
 - Livestock Indemnity Program (LIP)
 - Emergency Assistance for Livestock, Honey Bees, & Farm-raised Fish (ELAP)
 - Supplemental Assistance Revenue Payment (SURE)
 - Tree Assistance Program (TAP)
 - Conservation Reserve Program (CRP)
 - Grassland Reserve Program (GRP)
 - Environmental Quality Incentive Program (EQIP) administered through the USDA Natural Resources Conservation Service
- Third Coronavirus Food Assistance Program (CFAP 3) pending in March 2021.
www.farmers.gov/cfap

There is a federal subsidy for aircraft travel service to the small community of Kamuela on the island of Hawaii. The program is the:

- USDOT Essential Air Service program.

While there are agricultural specific and aircraft to remote destination subsidies, subsidies do not currently exist for general cargo transport to and within Hawaii.

PROBLEM

Hawaii consumers generally pay a higher cost for goods than consumers in the continental US. This in part is due to the limited means to transport goods to Hawaii and the limited local manufacturing or growing of consumed goods.

While subsidies exist for some agricultural goods and airline services in Hawaii, there are no federal subsidies for waterborne commerce/shipping.

FINDINGS

To reduce the cost of imported goods, a broad subsidy for trans-Pacific and interisland cargo is being sought by the Subsidies Subgroup. Sources of the subsidies may be from existing or newly created federal, state and county government programs.

The Subsidies Subgroup met with the Office of the Secretary of Transportation, USDOT, MARAD, FAA, and FHWA representatives to investigate whether federal subsidies for waterborne cargo are available, and if not, the steps to creating such a federal program.

The federal representatives acknowledged there are no federal subsidies specifically for waterborne cargo. There is a federal subsidy for aircraft transportation to disadvantaged areas such as the islands of Molokai and Lanai. The USDOT Payment to Air Carrier program requires an air carrier to apply to the USDOT and win a bid for the program.

The federal representatives agreed to provide advice and assistance where possible in the creation of a federal program to provide broad and directed federal subsidies for waterborne cargo transportation to and within Hawaii. The program for waterborne cargo subsidies will require legislation in Congress before the USDOT makes it available.

While the State and counties are in poor financial situations as a result of the COVID 19 pandemic, the Subsidies Subgroup still recommends State and county subsidies be investigated and developed that may be implemented in the future. Similarly, state and county legislations are required to create a waterborne cargo subsidies program.

RECOMMENDATIONS

- Recommend that the HDOTH lead a committee to continue working and consulting with the USDOT in the establishment of a federal waterborne cargo subsidies program, including the drafting of legislative language.
- Recommend that the HDOTH lead a committee to work and consult with the Hawaii Congressional Delegation to sponsor a bill to create a federal waterborne cargo subsidies program.
- Recommend that the HDOTH lead a committee to work and consult with the Hawaii Senate and House transportation committees, county departments of transportation and county councils in the establishment of local waterborne cargo subsidies.