

Natural Resources

Jones Act, offshore wind projects, implications for Nova Scotian ports

By **Mohammad Ali Raza and David Reid**

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(July 29, 2021, 11:12 AM EDT) -- A piece of United States federal legislation may provide Nova Scotia's ports with inadvertent economic benefits.

The *Jones Act* is a piece of protectionist legislation that was enacted by the United States Congress following the First World War. Its purpose is to stimulate the shipping industry in the United States, protect American jobs and to ensure that the domestic shipbuilding capacity and supply of merchant mariners are both adequate and ready in case of war or other national emergencies.

Substantively, the federal law regulates maritime commerce in the United States. It requires that all ships carrying goods from a U.S. port to anywhere within the country, including its waters, be U.S.-built, U.S.-owned, U.S.-crewed, and U.S.-flagged.



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Some argue that the Act should be repealed primarily because of the increased economic costs the Act imposes. For instance, the Act's restriction on which ships can legally deliver goods to U.S. ports increases U.S. shipping costs, especially to destinations such as Alaska, Hawaii and Puerto Rico. Consequently, the higher shipping costs lowers demand for marine transportation, which reduces overall shipbuilding in the U.S. However, the U.S.'s complex political landscape coupled with the viewpoint from powerfully motivated stakeholders, such as labour unions and domestic shipyards, that the law provides stability to domestic trade and American jobs makes repealing this Act unlikely.

Today, the Act is significantly impacting the U.S.'s objective to catch up to Europe's use of offshore wind turbines to meet its energy needs. A leader in offshore wind energy, Europe has 5,400 offshore wind turbines in use to supply its energy demands. President Biden has a target to increase the U.S.'s current seven offshore wind turbines to 2,000 within the next eight and a half years. Yet, the U.S. does not have the giant construction vessels needed to carry wind turbine parts to complete most offshore wind projects and the Act effectively prohibits wind farm developers from using U.S. ports as a base for foreign construction vessels.

Cue Nova Scotia's role in this chronicle.

Without the availability of adequate domestic construction ships, the U.S. must rely on European vessels that are designed for the massive parts required to build an offshore wind project. Since these European ships cannot launch from U.S. ports as they are not U.S. built, owned, crewed or flagged, Canadian ports, ports in Nova Scotia, may play a key role in the U.S.'s ability to build offshore projects by serving as the base for the European ships to reprovision — change crews, take on supplies, etc. — before heading south to the United States.

Nova Scotia's ports are ideal bases for these giant construction vessels because of the numerous deep and ice-free harbours and readily available real estate for large lay-down areas. Nova Scotia is also strategically located on the Great Circle Route allowing ships to travel to the eastern North

American coast most efficiently from Europe.

The obvious attractiveness of Nova Scotia's ports as a base has a substantial potential to deliver economic benefits to the local communities. These benefits will be reaped primarily in the form of direct economic output from the increased operations of the ports and additional well-paying employment opportunities.

While demand for the larger ships that can carry the parts required for offshore wind turbine construction may increase in the U.S., only eight ships in the world can currently transport the largest turbine parts. Also, Europe's pioneer position in offshore wind turbine manufacturing means that the U.S. will have to rely on these foreign turbine components and suppliers for years to come. As a result, Nova Scotia can expect to reap the benefits of the *Jones Act's* prohibitions for the foreseeable future.

This is part three of a three-part series. Part one: Renewed potential: Regulation of offshore wind in Canada's ocean playground. Part two: Regulatory remodelling: Revamping regime for regulation of offshore wind energy.

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