

PREDICTING THE BIDEN ADMINISTRATION'S IMPACT ON THE U.S. MARITIME INDUSTRY

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Maritime Alert

By: Darrell L. Conner, Mark Ruge, Laurie B. Purpuro, Brody Garland

Last January, policy professionals from our K&L Gates Maritime Group published a long list of their predictions for the year ahead. This year we are coming back with one major prediction:

In the next four years, issues related to climate change will pose the greatest challenges for the domestic maritime industry.

Neither President-elect Biden nor his team have offered specifics on a maritime environmental agenda, but given the expectation of a dramatic departure from the Trump Administration's approach, and the inclinations of a united Democratic Congress, this prediction is an easy one.

Here are four reasons that the prediction appears likely:

Climate Action Will Be a Priority

President-elect Biden has already made clear that he views climate change as a centerpiece of his agenda. During the campaign, Biden outlined a [\\$2 trillion plan](#) to place the United States on “an irreversible path” to net-zero carbon emissions by 2050, also promising to “deliver an equitable clean energy future.” While these aren't specific references to the maritime industry, it's hard to imagine a framework that does not include global shipping. Perhaps most dramatically, Biden has said that he views the climate issue as on par with the pandemic in terms of importance to the nation.

Personnel Signals Policy: Leadership Reflects Priorities

Early on, Biden announced a slate of climate nominees and appointees, as well as White House domestic and international environmental policy advisors, signaling his desire to hit the ground running on these issues. His environmental team is rounded out with high-profile names with a wealth of institutional knowledge. Environmental groups have responded enthusiastically to the depth, reputations, and mindsets of the projected Biden environmental team.

Leaders of two important departments with jurisdiction over maritime environmental issues are proven climate advocates. Former South Bend Mayor Pete Buttigieg, nominee for Secretary of Transportation, frequently cited climate issues as among the leading factors in his decision to forge a 2020 presidential run. Buttigieg has vowed to pursue “a bold and achievable Green New Deal” with a goal of net zero emissions across the economy by 2050. He has also called for net zero emissions for all modes of transportation (including ships) by 2040, along with a “thriving carbon renewal industry.”

Former Michigan Governor and incoming Secretary of Energy Jennifer Granholm has called Biden's proposed clean energy framework “the most robust climate change plan ever.” Granholm has also pointed to the proposed

Buttigieg nomination as an example of Biden's commitment to climate change, noting that “transportation is going to be a huge component of this.”

Additionally, the incoming Biden Administration has set the tone for what environmental policy will look like in the years ahead with the proposed nomination of Michael Regan to head up the Environmental Protection Agency (EPA). Among other career highlights, Regan previously led the Environmental Defense Fund's efforts to reduce the impacts of climate change and air quality pollution. His selection is in line with the goals of the Biden climate plan and signals its commitment to making meaningful reforms to emissions standards.

Thinking Globally

Changes in Washington come at a time when the maritime industry is also facing emissions reduction challenges on a global scale. At the start of 2020, the International Maritime Organization put in place new limitations on the sulphur content of shipping fuel, and has developed a greenhouse gas (GHG) emissions strategy that seeks to reduce international shipping emissions by 50 percent by 2050 (compared to 2008 levels). Additionally, the EPA has listed transportation as the single largest domestic industry sector for GHG (28.2 percent of 2018 greenhouse gas emissions). Although the maritime industry is a relatively small contributor within the domestic transportation sector (passenger cars and light-duty trucks account for more than half), all sectors will feel the impact of any new standards.

Congress Put Down a Marker

Last October, House Natural Resources Chairman Raul Grijalva (D-AZ) and House Select Committee on the Climate Chairman Kathy Castor (D-FL) introduced the [Ocean-Based Climate Solutions Act](#). The proposed legislation would codify several consequential reforms affecting the shipping industry, including specific provisions that would: *require vessel speed restrictions* in marine mammal habitats; *distribute grants to ports* that establish programs to reduce vessel traffic affecting marine mammals; *mandate vessel measurements* of greenhouse gas emissions; and *encourage voluntary reductions* in the speed of shipping vessels operating within the Exclusive Economic Zone. Measures like these, combined with the oversight efforts that we've seen from the House Subcommittee on Coast Guard and Maritime Transportation, all portend a busy and coordinated approach to the prioritization of clean energy and climate resiliency.

Looking Ahead

An ambitious platform from the incoming president, a slate of nominees with an affinity for green energy solutions, and a unified and sympathetic Democratic Congress all foreshadow active years ahead for the Biden Administration and the 117th Congress with respect to climate and the environment. While it's too early to speculate on any specific legislative or regulatory impacts on the maritime sector, the overall strategic importance of climate and environmental issues for the Biden Administration has been made crystal clear. There is no doubt that the American maritime industry will be part of the debate. Stakeholders who fear the uncertainty of new environmental regulatory standards are advised to engage early in the process.

KEY CONTACTS



DARRELL L. CONNER
GOVERNMENT AFFAIRS COUNSELOR

WASHINGTON DC
+1.202.661.6220
DARRELL.CONNER@KLGATES.COM



MARK RUGE
PARTNER

WASHINGTON DC
+1.202.661.6231
MARK.RUGE@KLGATES.COM



LAURIE B. PURPURO
GOVERNMENT AFFAIRS ADVISOR

WASHINGTON DC
+1.202.778.9206
LAURIE.PURPURO@KLGATES.COM



BRODY GARLAND
GOVERNMENT AFFAIRS ANALYST

WASHINGTON DC
+1.202.778.9189
BRODY.GARLAND@KLGATES.COM

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