

Maritime Transportation System National Advisory Committee

Minutes of Public Webinar Meeting

Date: September 29, 2020

Location:
Online Webinar

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Tuesday, September 29, 2020






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Acronyms and Abbreviations

Capt	Captain
CCF	Capital Construction Fund
CONSOL	Consolidated Cargo tanker used to refuel fleet oilers at sea
CRF	Construction Reserve Fund
CSBA	Center for Strategic and Budgetary Assessments
DCS	Direct Commercial Sales
DFO	Designated Federal Officer
DLA	Defense Logistics Agency
DOD	Department of Defense
DOT	Department of Transportation
EDA	Excess Defense Articles
EPA	Environmental Protection Agency
FOS	Full Operating Status
GDP	Gross Domestic Product
HASC	House Armed Services Committee
LLC	Limited Liability Corporation
MARAD	Maritime Administration
MSP	Maritime Security Program
MTS	Transportation System
MTSNAC	Maritime Transportation System National Advisory Committee
NATO	North Atlantic Treaty Organization
NDAA	National Defense Authorization Act
NSMV	National Security Multi-Purpose Vessel
PLLC	Professional Limited Liability Corporation
PL 480	Public Law 480 (Cargo Preference)
Ret.	Retired
ROS	Reduced Operating Status
RRF	Ready Reserve Fleet
STCW	Standards of Training, Certification, and Watchkeeping
TA 19+	Turbo Action Exercise 2019
TSP	Tanker Security Program
US	United States
USMMA	United States Merchant Marine Academy
USTRANSCOM	United States Transportation Command
USN	United States Navy

Attachments

	MSTNAC Public Meeting Presentations September 29, 2020
Attachments	Presenter
<p>Attachment A September 29, 2020, MTSNAC Meeting Agenda</p>  <p>ATTACHMENT A FINAL MTSNAC Meet</p>	Designated Federal Officer (DFO) MTSNAC/MARAD
<p>Attachment B Introduction to the MTSNAC Final Recommendations</p>  <p>ATTACHMENT B MTSNAC Recommen</p>	Lisa Wieland, MTSNAC Chair
<p>Attachment C Final Recommendations from the Ports Subcommittee</p>  <p>ATTACHMENT C 2020 MTSNAC Ports</p>	Anne Strauss-Wieder and Scott Sigman
<p>Attachment D Final Recommendations from the Domestic Shipping Subcommittee</p>  <p>ATTACHMENT D MTSNAC Domestic S</p>	Daniel Harmon and John Graykowski
<p>Attachment E Final Recommendation from the International Shipping Subcommittee</p>  <p>ATTACHMENT E MTSNAC Internatina</p>	Captain Richard Suttie and Jared Henry

Minutes of Maritime Transportation
System National Advisory Committee Webinar Meeting
September 29, 2020
12:30 – 4:30 PM EDT

Call to Order & Roll Call

Ms. Wieland, Chair of the Maritime Transportation System National Advisory System (MTSNAC), called the meeting to order at 12:30 p.m. and asked Ms. Rutherford, Designated Federal Officer (DFO), Maritime Administration (MARAD), to take the roll call.

Members Present

David Cicalese – International Longshoremen’s Association
Berit Eriksson – Sailors Union of the Pacific
David Fisher – Port of Beaumont
Joseph Gasperov – International Longshore Warehouse Union
John Graykowski – Maritime Industry Consultants
Daniel Harmon – Texas Department of Transportation
Jared Henry – Hapag-Lloyd USA, Limited Liability Corporation (LLC)
Robert Hughes – Genco Shipping
Brian Jones – Nucor Corporation
Jim Kruse – Texas A&M Transportation Institute
Scott Sigman – Illinois Soybean Association
Karl Simon – U.S. Environmental Protection Agency
Anne Strauss-Wieder – North Jersey Transportation Planning Authority
Capt. John Sullivan – Matson Navigation, Inc.
Capt. Richard Suttie– Center of Homeland Security and Defense
Augustin Tellez – Seafarers International Union of North America
Robert Wellner – Maritime Consultant (Vice-Chair)
Thomas Wetherald General Dynamics – National Steel and Shipbuilding Company (NASSCO)
Lisa Wieland – Massport Authority (Chair)
Brian Wright – Owensboro Riverport Authority

Delegates and Excused Absences

Griff Lynch – Georgia Ports Authority (Delegate Ryan MacDonald)
Jim Pelliccio – Port Newark Container Terminal (Delegate Thomas Saunders)
Gene Seroka – Port of Los Angeles (Delegate David Libatique)
Lindsey Brock – McLeod Brock, Professional Limited Liability Corporation (Excused Absence)
Paul LaMarre III – Port of Monroe (Excused Absence)

MARAD/U.S. Department of Transportation (DOT) Members Present

Admiral Mark Buzby – U.S. Navy (USN) Retired (Ret), Maritime Administrator
Richard Balzano – Deputy Maritime Administrator
William Paape – Associate Administrator, Office for Ports & Waterways, MARAD
Dr. Shashi Kumar, National Coordinator for Maritime Training, MARAD
Amanda Rutherford – Designated Federal Officer (DFO), MARAD
Eric Shen – Alternate DFO, MARAD

Jeffrey Flumignan – Alternate DFO, MARAD
Frances Bohnsack – Director, South Atlantic Gateway Office, MARAD
Chad Dorsey – Director, Inland Waterways Gateway Office (Paducah, Ky), MARAD
Brian Hill – Acting Director, Office of Maritime & intermodal Outreach, MARAD
Bruce Lambert – Director, Pacific Northwest Gateway Office, MARAD
James Murphy – Director, Central Gulf & Southern Rivers Gateway Office, MARAD
Robert M. Sullivan – Director, Great Lakes Gateway Office, MARAD
Branden Villalona – Director, Inland Waterways Gateway Office (St. Louis), MARAD
Travis Black – MARAD
Tom Bryan - MARAD
Bianca Carr – MARAD
Matt Duggan – MARAD
Patricia Gaynor - MARAD
Russell Haynes - MARAD
Michael Hokana - MARAD
Nuns Jain – MARAD
Bill Kaag - MARAD
Douglas McDonald - MARAD
William McDonald – MARAD
Rod McFadden – MARAD
Aaron Meyers - MARAD
Wade Morefield – MARAD
Tony Padilla – MARAD
Martin Parker – MARAD
Natasha Pavlovich – MARAD
Tim Pickering – MARAD
Lalit Raina – MARAD
Todd Ripley – MARAD
Peter Simons – MARAD

Helen Brohl – Executive Director, U.S. Committee on the Marine Transportation System
Aline Hull – Federal Maritime Commission
Sarah Froman – U.S. Environmental Protection Agency

Public Comment

No Requests for Public Comment were received

Public Members Present

M. Anderson
Shawn Danoff
Bill Hanson
George Jackson
Mark Locker
Larry Major
Regan Nelson
Steven Polunsky
Richard Warner

Item 1: Welcome and Comments from the MTSNAC Chairperson

Ms. Wieland welcomed all members to this virtual meeting and noted that today marks the culmination of all the work that the members have done on the various recommendations during the past year. She then read the Introduction to the MTSNAC Final Recommendations (Attachment B) that she and Mr. Bob Wellner wrote, which summarizes the role of the Maritime Transportation System in the international supply chain; how current trends in global economic and supply chain development present significant risks to the national security, political influence, and economic competitiveness of the United States; the impact of COVID-19 on the health and well-being of populations and the global economy; and how the MTSNAC members worked throughout the pandemic and met the request to deliver recommendations on an accelerated timeline. The MTSNAC Final Recommendations, if approved today by the committee, will be forwarded to the Maritime Administrator. Ms. Wieland then introduced the Maritime Administrator, Rear Admiral Mark Buzby, USN (Ret), for opening remarks to the committee.

Item 2. Welcome and Comments from the Maritime Administrator and Deputy Maritime Administrator

The Maritime Administrator welcomed everyone to the meeting and expressed his appreciation for the work performed by MTSNAC. He noted that despite the pandemic and the reduced timeline that the recommendations are very impressive and that they “hit the nail on the head.” The recommendations and prioritization of the recommendations are well done, and he is looking forward to presenting the recommendations to the U.S. Department of Transportation Secretary (U.S. DOT). He would like to invite both Ms. Wieland and Mr. Wellner to accompany him when he presents the recommendations to the Secretary if the opportunity arises to do so. He commented that the White Papers added significant depth to the recommendations and were very well done.

He then expressed thanks to the Subcommittees and their co-chairs – Jared Henry, Captain (Capt.) Richard Suttie, Daniel Harmon, John Graykowski, Anne Strauss-Wieder, and Scott Sigman. He noted that although some of the recommendations may not be new, they are still relevant. He hopes to be with the group for the entire afternoon. In closing, he advised the group that on September 16th U.S. Transportation Secretary Chao announced the awards for Better Utilizing Investments to Leverage Development (BUILD) Transportation Discretionary Grants program. Funding was awarded to 70 projects in 44 states, including four-port projects.

Ms. Wieland noted that these grants are incredibly crucial to the port sector and thanked MARAD for its support. She then added that both she and Mr. Wellner welcome the opportunity to accompany the Maritime Administrator when he meets with the Secretary.

Ms. Wieland then introduced the Deputy Maritime Administrator, Mr. Richard Balzano. Mr. Balzano said that he had read all the recommendations and offered the MARAD’s editorial contractor's services to assist in finalizing them. He also noted that MTSNAC’s recommendations addressed all the critical issues facing the industry. His only comment is that

the Jones Act's support needs to be emphasized, especially concerning the wind energy and offshore industries. He thanked MTSNAC for its work and added that the recommendations are helpful to MARAD and its partners.

Item 3: Welcome and Comments Associate Administrator for the Office of Ports & Waterways

Mr. William Paape then addressed the group. Mr. Paape gave special thanks to Ms. Rutherford for her work in guiding and supporting MTSNAC and announced that this meeting is being recorded.

Mr. Paape reminded the members that the appointed terms end in April, and those that want to continue to serve will need to reapply. The Office of the Secretary of Transportation has modified the application process, and we are getting clarity on those requirements.

Committee members that have served two consecutive reappointments will need to take a break, and we encourage you to reapply at the next open opportunity. We plan to post the announcement in the Federal Register for applications in the Fall/Winter of this year.

We plan to reconvene the committee in early 2021. We hope that it will be in person in 2021, but we will cross those waters when the time comes. He then turned the meeting back to Amanda Rutherford to conduct the public comment period.

Item 4: Public Comment

Ms. Rutherford announced that no public comments had been received.

Item 5: Final Recommendations from the Ports Subcommittee (Attachment C).

Mr. Sigman thanked the Maritime Administrator, Ms. Wieland, and Ms. Rutherford for their support of the Subcommittee. He noted that these are fairly cutting-edge recommendations.

- Slide 1
 - Provides an overview of the Subcommittee charter. The charter requests that the Subcommittee:
 - Recommend “Measures of Success” that consider the performance of the maritime transportation system at the national and regional levels
 - Investigate and identify means for multiple public agencies, public and private entities, and numerous jurisdictions to collaborate to achieve the measures of success in the current and future operation of the Maritime Transportation System (MTS). The Subcommittee has placed much emphasis on this bullet.
 - Consider how current and emerging technologies can help achieve the measure of success. The Subcommittee has not yet looked at emerging technologies. Instead, it is looking at technologies that enable the system to pivot as needed in the

supply chain. The goal is to maintain a critical supply chain. (The Subcommittee had decided to put aside this last request in the interest of time. The group may return to it later).

- Slide 2
Outlines the Measures of Success Guiding Principles. They include:
 - Measures are necessary and meaningful to the broad range of users
 - Users include a wide range of stakeholders, businesses, and Agencies
 - Measures are annual (calendar year) and indexed to a base year
 - Quantify – develop a numeric metric
 - Qualify – use a qualitative reference and relative scale
 - Measures are simple, scalable, and sustainable
 - Simple – readily understandable and applicable measures
 - Scalable – can be applied at the national, regional, state, and local levels
 - Sustainable – relatively easy to obtain the needed information on a continuing basis
 - Executive summary dashboard stays at the 30,000-foot level
 - Specific and common standards. Will be used for developing the underlying information, and data will be developed using

Mr. Sigman noted that these success measures would vary from local and granular to corridor wide. These measures will not just address the maritime domain or ports alone. Additionally, the measures can be leveraged to identify emerging technologies that enable the system to pivot as needed in the supply chain. Ms. Strauss-Wieder reminded everyone that this was a group effort since many other groups will use these measures of success. The goal is an improved Marine Transportation System (MTS).

- Slide 3
Provides an example of “Executive Dashboards” for use in reflecting performance, with proposed measures of success. The Dashboard will use a Red, Yellow, Green format.
- Slide 4
Fiscal Recommendations

Mr. Sigman said there were no fiscal recommendations other than the regular staff time of various organizations such as local ports and government entities.
- Slide 5
Programmatic/Operational Recommendations
The main recommendation at this point is to implement the Measures of Success.
- Slides 6 & 7
Recommended Measures of Success
 - Condition of the business and trade environment
 - Speed of shipments moving through port multi-modal systems
 - Consistency of shipment speed through port multi-modal systems

- Visibility of shipment through port multi-modal systems
- Air quality/emissions of port multi-modal systems
- Local jobs supported by port multi-modal systems
- Maintaining a sufficient and fully trained workforce to support efficient shipment movements

The measures of success are focused on the users. He singled out and thanked the Environmental Protection Agency (EPA) for their assistance with the air quality/emissions measure).

- Slide 8
Outlines Programmatic/Operational Recommendations
 - Establish a public/private collaboration group
 - Define the metric base year and targets
 - Work to incorporate the measures of success and executive dashboard with other U.S. DOT freight initiatives
 - Determine the best means for sharing the findings annually
 - Ensure ongoing review and revisions to the measures of success after implemented

Mr. Sigman said that collaboration and public/private partnerships are needed, focusing on specifying the measures of success, such as efficient shipment movements. It is also important to incorporate these measures with other U.S. DOT freight initiatives. He added that National Maritime Week might be a good time to share some of the results of these measures of success and stressed the need to ensure an ongoing review and revisions to the measures of success as circumstances warrant.

- Slide 9:
Legislative Recommendations
 - Involves legislative considerations for the potential use of the recommended measures of success in decision and policy discussions only

Mr. Sigman said that there are no specific recommendations at this time, but there may in the future.

- Slide 10
Summary: Moving Forward Together
 - "...optimization, synchronization and greater efficiency and improved service delivery in maritime transport will not happen if the actors involved do not establish processes for the continual alignment of their plans based on outcomes and disruptions further up in the value chain, and by providing better information services on predictability as is increasingly desired by the clients of maritime transport."
 - "Green, Yellow, Red encourages a discipline of high-quality communications defined by simplicity, relevancy, frequency, and transparency – the path to insight."

Mr. Sigman pointed to these two quotes, the first from *Smart Decision Making and Collaborative Alignment* and the second from *The Harvard Business Review*. Both statements underscore the need for greater collaboration among all port users.

- Slide 11
List of the Ports Subcommittee Members

General Comments

As part of Mr. Sigman's closing comments, he reminded the committee that the Ports Subcommittee's work was a group effort. The Subcommittee is honored to provide these recommendations to MARAD. He asked if there were any questions.

Maritime Administrator Buzby asked if any specific ports were already using measures of success as outlined by the Subcommittee. Ms. Strauss-Wieder replied that she was not aware of any at this time, but some organizations use this matrix type. Mr. Sigman added that the Los Angeles Basin works with academic institutions and other groups on a similar gauge.

Maritime Administrator Buzby asked how the measures of success consider the differences between large and small ports. Might the differences skew the data? Ms. Strauss-Wieder answered that instead of comparing large and small ports, the group has focused on different types of ports, e.g., bulk, breakbulk, and container. She recommends the MTSNAC Subcommittees address this. The proposed Dashboard is port-specific and not nationwide, but there is a need to address its broader application. Mr. Sigman noted that the measures of success and the Dashboard are intended to avoid competition between ports. Ms. Wieland asked if there were any further questions for the Subcommittee, and there were none. She then thanked Ms. Strauss-Wieder, Mr. Sigman, and the entire Ports Subcommittee for its work.

Item 6: Final Recommendations from the Domestic Shipping Subcommittee (Attachment D)

Mr. Harmon presented for the Subcommittee.

- Slide 1
Outlines the goals addressed in the Subcommittee charter, including:
 - Make recommendations to maintain a strong national commitment to preserve U.S. coastwise trade for U.S. Flag coastwise eligible vessels, helping to assure an adequate number of U.S. Flag vessels, mariners, and shipbuilding and repair facilities to support the Nation during times of war and emergency
 - Make recommendations that will help ensure there are an adequate number of trained U.S. mariners to support a revitalized U.S. Flag fleet and to meet national security requirements
- Slide 2
Provides a summary background from the "Goals and Objectives for a Stronger Maritime Nation (2020):

- Strengthen U.S. Maritime Capabilities Essential to National Security and Economic Prosperity
- Ensure the Availability of a U.S. Maritime Workforce that will support the Sealift Resource Needs of the National Security Strategy.

The Domestic Shipping Subcommittee identified fiscal, programmatic, and legislative recommendations.

Fiscal Recommendations

- Slide 3
Lists three revisions to the current financing regulations and program administration:
 - Revise Title XI
 - Revise Capital Construction Fund (CCF)
 - Revise Construction Reserve Fund (CRF)

Mr. Harmon noted that MARAD already has existing statutory authority to make these revisions.

Programmatic/Operational Recommendations

- Slide 4
Lists three main recommendations:
 - Strict Enforcement of Cargo Preference Laws
 - Create additional entry-level rating billets on the Ready Reserve Fleet and Maritime Security Program (MSP)- funded vessels in both Full Operating System (FOS) and Reduced Operating Status (ROS)
 - Provide a pathway to a relatively rapid achievement of the Standards of Training, Certification, and Watchkeeping (STCW) endorsements needed for a national sealift emergency

Mr. Harmon stressed the importance of strict enforcement of the Cargo Preference Laws and the need to provide a pathway for brown water (inland) mariners to achieve STCW certification in the blue water (ocean) environment.

Legislative Recommendations

- Slide 5
Recommends the establishment of tax-based incentives that support the expansion of the U.S.-Flag fleet, mariner base, and domestic shipbuilding/repair industry, such as:
 - Income tax/payroll tax waivers for U.S. mariners
 - Corporate income tax/payroll tax waivers or reductions for owners/operators of U.S.-Flag and Jones Act compliant vessels built after 2015
 - Reduction or elimination of Federal excise taxes applicable to marine fuel purchases
 - Removal of “double taxation” burden as it relates to the payment of Harbor Maintenance Tax

- Slide 6
Recommends the development of incentive programs for the expansion of the U.S.-Flag tanker fleet and further incentives for the beneficial cargo owner to utilize U.S.-Flag tankers in the export of U.S. domestic energy by:
 - Requiring a percentage of domestic oil and natural gas exports to be carried on U.S.-Flag vessels and U.S. built vessels
 - Enactment of the Tanker Security Program

- Slide 7
Provides a summary of the recommendations:
 - Consistent and unwavering support for the Jones Act
 - Combination of tax-based incentives, funding opportunities, and enhanced cargo preference rules
 - Incentivize recapitalization of the U.S.-Flag and Jones Act fleet
 - Changes to the manning, qualification, and licensing structure
 - Creation of additional billets for U.S. mariners

General Comments

Mr. Harmon reminded the committee that these recommendations are not new but critically important to the domestic shipping industry.

Maritime Administrator Buzby thanked the Subcommittee for its work and noted that all their recommendations were solid. He added that some of the recommendations are currently being worked on within MARAD, e.g., Title XI. The track history of the Title XI program, however, is the biggest impediment to revisions. In the past, there have been several failed loans and defaults. But there have also been some excellent Title XI loans, and efforts to improve the program are slowly gaining traction within the Department.

Maritime Administrator Buzby also said that MARAD is supportive of expanding the tanker fleet and establishing a Tanker Security Program. Congress wants to see the Department of Defense (DOD's) requirement for such a program in addition to MARAD's request before moving forward. USTRANSCOM is currently undertaking a study on this matter, and the results should be coming out shortly.

Mr. Graykowski added that the recommended tax incentives are particularly crucial to Marine Highway vessel owners as they run the critical investment numbers. Mr. Wellner said that revision of the Title XI program and the tanker fleet expansion is critical MTSNAC recommendations. He also agreed with the Deputy Maritime Administrator's comment reinforcing the support for the Jones Act. Ms. Wieland agreed with the emphasis on the Jones Act and asked the Domestic Shipping Subcommittee if it would be agreeable to adding two recommendations to their list:

- 1) Unwavering support for the Jones Act
- 2) Continued investment in U.S. ports through grants programs such as the Port Infrastructure Development Program.

Messrs. Harmon and Graykowski agreed with these two new recommendations and will provide appropriate wording to the Chair to include in their vote. Mr. Sullivan suggested that to emphasize the Jones Act's unwavering support, and there should be an added reference to this in the White Papers. Ms. Wieland pointed out that the committee would not be voting on the White Papers but just the recommendations. She then asked if there were any questions. There were none, and she called for a fifteen-minute break.

Item 7: Break

Item 8: Final Recommendations from the International Shipping Subcommittee (Attachment E)

Capt. Suttie and Messrs. Henry and Wetherald made the presentation (Attachment E). Capt. Suttie began the presentation by thanking both Ms. Frances Bohnsack and Mr. Jeffrey Flumignan of MARAD for their support to the Subcommittee. He emphasized that the Subcommittee focused on a “systems” view in its work.

- Slide 1
 - This slide addresses the Goals in the Subcommittee Charter
 - Make recommendations to ensure the long-term viability and revitalization of the U.S.-Flag fleet
 - Make recommendations on the most efficient method of ensuring the long-term sustainability of the nation’s strategic sealift capability
 - Make recommendations on the effective use of Cargo Preference to ensure there is adequate cargo to support the revitalization of the U.S.-Flag fleet
 - Make recommendations for what can be done to inspire, train and educate the next generations of mariners

The Subcommittee decided not to address the fourth bullet on this slide at this time.

- Slide 2
 - This slide is a review of the industry background. Throughout this narrative, the international security weaknesses are felt in many ways
- Slide 3
 - This slide highlights the gaps identified in the current U.S. strategic sealift and tanker capacity, maritime workforce, and maritime industrial base
- Slide 4
 - This slide lays out the Subcommittee’s approach. The Subcommittee members are veterans of the industry, representing over 100 years of experience. Although individual recommendations may not be earth-shattering, taken together, they show the interdependency of all recommendations.

- Slide 5
This slide is a graphic to show the interdependency of the various recommendations. It is an integrated landscape, populated by circles that represent the impact of each recommendation, the political will needed to accomplish the recommendation, how long it will take to accomplish the recommendation (represented by circle size), and the color of the circle (representing programmatic, fiscal or legislative recommendation).
- Slide 6
This slide outlines the 16 recommendations by priority, from highest to lowest.

Fiscal Recommendations (F)

- Slide 7
This slide outlines the fiscal recommendations. The number in parentheses to each recommendation's left represents the recommendation's overall priority, as outlined in Slide 6.
 - Recommendation F1, a near-term solution, includes a plan to recapitalize U.S.-Flag sealift by acquiring used ships to replace ships in the RRF. The aim is to acquire newer ships, if possible.
 - Recommendation F2 asks the Secretary of Transportation to support the accelerated construction of purpose-built surge sealift and prepositioning ships
 - Recommendation F3, a long-term commitment, asks the U.S. DOT Secretary to support multi-year funding for sealift new construction.
 - Recommendation F4 asks the U.S. DOT Secretary to support stabilizing the MSP with multi-year funding.

General Comments

Capt. Suttie noted that the overall age of RRF ships is 47 years, and the overall score of Turbo Action Exercise 2019 (TA 19+) was only 40%, which indicates that the RRF is in dire need of upgrading. He added that Recommendation F1 would require bringing foreign-flag vessels into the fleet, but since there are already many foreign-built vessels in the MSP program, this should not be problematic. In discussing Recommendation F2, he said that the current surge fleet has 15 vessels, three of which are steam propelled. He added that although the MARAD ships in this fleet are older, they are generally in better condition than the MSC ships. Recommendation F3 addresses the problem of inconsistent funding for new sealift construction. We need multi-year and sustained support for shipbuilding.

Mr. Henry spoke to Recommendation F4 and stated that although it is a multi-year program in the Maritime Security Program, the funds are only appropriated annually. He compared this to applying for a 30 -year mortgage but only having one year of income. MSP needs to have dedicated multi-year funding to remain viable and for vessel owners to commit ships to the program.

Programmatic/Operational Recommendations (P)

- Slide 8

This slide begins with the programmatic/operational recommendations.

- Recommendation P1 asks the Secretary of U.S. DOT to advocate for the shipment of all U.S.- owned fuel on U.S.- built, U.S. -owned, U.S.-Flagged, and U.S.- crewed ships
- Recommendation P2 asks the Secretary of U.S. DOT to advocate for increasing and enforcing cargo preference requirements. The U.S. Transportation Command (USTRANSCOM) has recently called for an increase to 100%.

Capt. Suttie said that the Navy estimates it needs 86 tankers in wartime. Currently, the Navy does have that number but hopes to charter the necessary capacity on the world market. However, there is currently insufficient capacity to support this effort, thereby making Recommendation P1 important.

- Slide 9

Recommendation P3 asks the Secretary of U.S. DOT to study the costs and viability of various proposals to transition to an active Ready Reserve Fleet (RRF)

Mr. Wetherald noted that in the short term, the U.S. government could lease ships. Still, the U.S. needs to take a longer-term approach by the government building ships with military capabilities and to lease them to U.S. operators for a nominal fee. In addition to increasing the overall number of U.S. flag ships, this would also increase the number of U.S. Mariners.

- Slide 10

- Recommendation P4 asks the Secretary of U.S. DOT to support the use of RRF/Surge fleet activation exercises of a scale equivalent to TA 19+ annually
- Recommendation P5 asks the Secretary of U.S. DOT to advocate for placing all U.S. owned sealift ships (Surge and RRF), when not activated, under MARAD. Studies have shown that this is far most efficient and will save the government money through improved management.

It was pointed out that there was a recent activation of 19 MARAD and MSC ships during the pandemic, with only two possible positive COVID-19 tests. When not activated, Mr. Wetherald added that placing all U.S.-owned sealift ships (Surge and RRF) under MARAD was a recommendation from the Rand Corporation, which stated that this would result in more standard maintenance practices.

Legislative Recommendations (L)

- Slide 11

- Recommendation L1 asks the Secretary of U.S. DOT to support the institution of a Tanker Security Program (TSP) as proposed in the 2020 House Armed Services Committee (HASC), National Defense Authorization Act (NDAA)

- Recommendation L2 asks the Secretary of U.S.DOT to advocate for reducing costs of U.S.-Flag operation, which would include the elimination of the 50% ad valorem duty on overseas maintenance and repairs
- Recommendation L3 asks the Secretary of U.S. DOT to advocate for incentivizing shippers to use U.S.-Flag vessels by modifying U.S. import duties and including U.S. freight charges as part of the North Atlantic Treaty Organization (NATO) nations' Gross Domestic Product (GDP) commitments
- Recommendation L4 asks the Secretary of U.S. DOT to advocate for extending the foreign earned income exclusion to mariners on international trading ships

Mr. Wetherald noted that a recent Center for Strategic and Budgetary Assessments (CSBA) study found there were periods when tankers were unavailable to the U.S. military. There are currently more tankers under Chinese and Russian control. This situation of fewer tankers represents the most significant deficit in strategic sealift for the U.S. This situation is currently under review by the Congress.

Mr. Henry pointed out that maintenance and repair regarding Recommendation L2 are the largest expenses for shipowners, so eliminating the ad valorem duty on overseas maintenance and repairs would give them a competitive boost.

- Slide 12
 - Recommendation L5 asks the Secretary of Transportation to advocate for the use of a new commercial/government shipbuilding model, as MARAD is now doing with the NMSV
 - Recommendation L6 asks the Secretary of Transportation to actively support the enactment of the Energizing American Shipbuilding Act and offer significant advantage/financial support to ships equipped with CONSOL (Consolidated Cargo tanker used to refuel fleet tankers at sea) capabilities. This would help reduce the gap in the U.S.-Flag tanker fleet
 - Recommendation L7 asks the Secretary of Transportation to advocate for the elimination of the three -year waiting period for carriage of Public Law (P.L.) 480 cargo
- Slide 13
 - This is the bubble slide that attempts to show how these recommendations can be accomplished, including the time required and each recommendation's relative impact. It is important to note that all these recommendations need to be done collaboratively with each other.

General Comments

Capt. Suttie reiterated that we must treat the MTS as a system. These 16 recommendations are coherent and overlap. He also suggested that perhaps the Subcommittee could take some of the older recommendations and add historical context to give more compelling reasons for their adoption and implementation.

The Maritime Administrator commented that the bubble chart is a masterstroke. He added that there is currently much discussion within the Navy on RRF changes and reforms, but he cautioned that more cargo is necessary if we are to build/acquire more ships. The U.S. flag fleet also needs a level playing field to enable U.S. Flag carriers to charge rates equivalent to their foreign competitors. Also, he said that MARAD supports eliminating the three-year waiting period for carriage of P.L. 480 cargo. All in all, these are good recommendations.

Ms. Wieland suggested that another recommendation be added based upon the discussion: The Secretary of U.S. DOT should work with other Cabinet Secretaries to adopt these recommendations. The Subcommittee agreed with this additional recommendation. She then asked if there were any questions for this Subcommittee, and there were none.

Item 9: Consensus-Driven Decisions on the Final Recommendations

Ms. Wieland commented that the recommendations covered the issues very thoroughly. She then proposed to hold a consensus vote on the recommendations as a whole, rather than voting for each one separately due to the meeting being held virtually. She requested that members vote by exception, meaning that if they disagreed with any of the recommendations, they could unmute their phones and express their concerns. Members voiced no concerns about the proposed recommendations. Ms. Wieland moved to accept all the recommendations and to add the three new ones recommended today:

- Enhance the Nation's Port & Waterways infrastructure by expanding the Port Infrastructure Development Grant and Marine Highway Programs.
- Advocate assertively for the preservation and strengthening of the tenets of the Jones Act.
- Request that the Secretary of the Department of Transportation work with the appropriate Cabinet Secretaries on any applicable recommendations beyond U.S. DOT's authority.

She asked if there were any objections, and there were none. Consensus was reached. Ms. Wieland thanked all the members for this milestone.

Item 10: Discussion about Next Steps/Identifying Implementation Strategies

Ms. Wieland then deferred to Ms. Rutherford to outline the next steps.

Ms. Rutherford said that MTSNAC is one-year ahead of schedule because of the vote today. We need to develop our new work plan/Subcommittee Charters to help guide the MTSNAC. The Subcommittee Charters will be renewed to include the development of implementation strategies for the approved recommendations. They will also include some deferred work, such as "emerging technology" and "marine insurance."

The current three MTSNAC Subcommittees will be combined into two MTSNAC Subcommittees: 1.) Ports & Infrastructure and 2.) Domestic & International Subcommittees. This

will reduce overlapping subject matters and increase the teams' size now that the committee has been capped at a total of 25 members.

The rotation of MTSNAC members will occur in April—the plan is to set the future members up for success rather than complete the Subcommittee charters' work in a few months.

Ms. Wieland then turned the meeting over to Maritime Administrator Buzby for closing comments. He thanked Ms. Wieland and all the members for the great work contained in the final recommendations. Ms. Wieland thanked the Maritime Administrator for joining the group today and his leadership of the maritime industry and MARAD. Then there was a little surprise from Admiral Buzby – a video of Mr. Mike Rowe singing “Heave Ho” - the U.S. Merchant Marine Service song.

Item 11: Closing Remarks and Adjournment

Ms. Wieland congratulated the committee for getting the recommendations over the goal line and expressed special thanks to the Subcommittee chairs. She also singled out Ms. Rutherford, the DFO, for her terrific help in this monumental effort. Ms. Wieland told the group that when she was approached to Chair MTSNAC and learned that she would be working with Mr. Wellner (Vice-Chair.), she said that clinched the deal. She thanked Mr. Wellner for his support and help.

She also reminded the group that there are a few more months of work ahead, and everyone should think about implementation strategies for the recommendations. She closed the meeting by thanking everyone for their outstanding work over the past few years.

The meeting was then adjourned at 3:29 p.m.

Approved and Certified



Lisa Wieland
Chair

October 16, 2020