

**STATEMENT OF
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**BEFORE THE COMMITTEE ON
COMMERCE, SCIENCE, AND TRANSPORTATION
SUBCOMMITTEE ON SECURITY
UNITED STATES SENATE**

**HEARING ON FEDERAL MARITIME AGENCIES:
ENSURING A SAFE, SECURE, AND COMPETITIVE FUTURE**

April 4, 2019

Good morning, Chairman Sullivan, Ranking Member Markey, and members of the Subcommittee. Thank you for inviting me to testify today on the Maritime Administration's (MARAD) contribution to ensuring the safety, security, and competitiveness of our Nation.

Congress recognized long ago that a U.S. merchant marine composed of the best-equipped, safest, and most suitable types of vessels, constructed in the United States, and crewed by trained and efficient citizen mariners is critical to national defense and robust domestic and foreign commerce.¹ MARAD's mission is to foster, promote, and develop our maritime industry to meet the Nation's economic and security needs.

The U.S. merchant marine is a fundamental component of our national defense strategy. Our strategic sealift relies on a Government-owned fleet and assured access to commercially operated U.S.-flag vessels, and the intermodal networks that these vessel operators maintain, to transport equipment and supplies to deploy and sustain our military forces anywhere in the world. Critical to both Government-owned and commercial U.S.-flag vessels is an adequate supply of qualified U.S. mariners to crew them. Currently, we face readiness challenges because of aging Government-owned vessels, historically low numbers of U.S.-flag vessels operating in international trade, and ensuring we have a sufficient number of qualified U.S. mariners that would be needed in the event of a long-term national emergency.

Government-Owned Vessels

MARAD maintains vessels under agreement with the Department of Defense in the Ready Reserve Force (RRF) on-call in a state of surge sealift readiness. In the event of a major contingency, our nation relies on the 46 RRF vessels, along with 15 Military Sealift Command

¹ 46 U.S.C. 50101

vessels, to provide the initial surge of sealift capacity. After the initial period, commercial U.S.-flag vessels join the effort to provide sustainment shipping capacity.

The average age of RRF vessels is more than 44 years, and for the past year we have struggled to maintain readiness levels across the fleet. Older, increasingly obsolete equipment and systems require more time and money to repair or replace, if replacement parts, equipment and systems are even available. As a result, the escalating cost of service life extensions is an ongoing concern. In addition, resources are needed to complete necessary repairs to comply with new regulatory requirements, such as upgrading and installing covered lifeboats, addressing exhaust emissions, and treating ballast water. To address these needs, the President's FY 2020 Budget for the Department of Defense requests \$352 million to maintain the RRF. Long-term, MARAD supports the Navy's surge sealift recapitalization strategy, which includes a combination of targeted service life extensions, acquiring and converting used vessels, and building new vessels in U.S. shipyards.

U.S.-Flag Commercial Fleet

As this committee is aware, the number of U.S.-flag vessels engaged in international trade has declined over the past several decades and remains near its lowest level in history. Of approximately 50,000 large, oceangoing commercial vessels operating around the world today, only 180 fly the U.S. flag. Of those, 81 vessels operate exclusively in international trade. The remaining 99 operate almost exclusively in domestic ("Jones Act") trades. These types of vessels are critical to the employment base for mariners with the credentials and training required to crew Government ships necessary to deliver supplies and equipment to deployed forces and overseas installations around the world.

Congress established the Maritime Security Program (MSP), cargo preference laws, and the Jones Act to foster the development and encourage the maintenance of a robust merchant marine; however, these programs now merely support a limited number of oceangoing ships in the U.S.-flag fleet. The MSP helps maintain an active, privately-owned, U.S.-flag fleet of 60 militarily useful commercial ships operating in international trade and employing U.S. mariners fully qualified for sealift operations. MARAD provides MSP participants an annual stipend to facilitate the financial viability of operating under the U.S.-flag, and in return, their ships and logistics networks are available through pre-negotiated contingency contracts. The MSP facilitates employment for 2,400 U.S. merchant mariners qualified to sail on oceangoing vessels who we may call upon to crew the RRF vessels when those ships are activated. The MSP also assures DOD access to the critical multibillion-dollar global networks of intermodal facilities and transport systems maintained by MSP participants. A continued commitment to this program is reflected in the President's FY 2020 Budget, which requests \$300 million for the Maritime Security Program.

The number one concern for any commercial vessel operator is access to cargo. Government and commercial demand for U.S.-flag cargo transportation is the lifeblood for these operators and the mariners they employ in the U.S.-flag fleet. Cargo preference laws require shippers of Government-impelled cargo to use U.S.-flag vessels for the ocean-borne transport of a significant portion of certain cargoes purchased or guaranteed with Federal funds. Specifically, 100 percent of military cargo, and at least 50 percent of most non-military, Government-owned or impelled cargo transported by ocean, must be carried on U.S.-flag vessels to the extent those vessels are available. Absent other measures, the cargo preference mandates Congress established support the sustainment and readiness of a U.S.-flagged, privately-owned, international trading commercial fleet, and the continued employment of American private sector merchant mariners.

In addition to cargo preference laws, U.S. coastwise trade laws, commonly referred to as the Jones Act, help sustain the U.S.-flag domestic trading fleet. Jones Act vessels employ U.S. mariners and ensure that vessels navigating daily among and between U.S. coastal ports and inland waterways operate with U.S. documentation and a majority American crew, rather than under a foreign flag with foreign crew. The American mariners of the Jones Act fleet are our “eyes and ears” in domestic ports and waters and add an important layer of security for our Nation. In addition, Jones Act requirements support U.S. shipyards and repair facilities, and sustain supply chains that produce and repair American-built ships (including Navy and Coast Guard vessels). Maintaining a domestic base of shipbuilding and repair facilities is critical to ensuring the readiness of our strategic sealift fleet.

U.S. Merchant Mariners

As I stated earlier, the number of vessels in the U.S.-flag, oceangoing fleet has reached a low point. I am concerned that the current fleet size could impact our ability to quickly assemble an adequate number of qualified mariners with the proficiency to operate large ships (unlimited horsepower and unlimited tonnage) needed for surge and sustainment sealift operations during a mobilization that lasts more than six months. We may be short of the number of mariners needed to meet crewing requirements beyond those first six months. While, historically, the men and women of the U.S. merchant marine have voluntarily shipped out in times of need, and even extended their time at sea beyond normal tours when called upon to do so, it is important to note that commercial mariners are under no legal obligation to do so. MARAD is conducting a survey of mariners to ascertain with more certainty their potential availability and willingness to “answer the call.” The results will help clarify the size of the pool of qualified mariners upon which our Nation could potentially rely in times of need. Additionally, we are working to better track licensed mariners who may no longer be sailing, but could serve if needed, and project mariner availability to meet the Nation’s commercial and sealift requirements.

Mariner Training

To ensure that qualified mariners remain available to satisfy DOD sealift requirements, the Department of Transportation (DOT) and MARAD are firmly committed to mariner officer development at the U.S. Merchant Marine Academy (USMMA or Academy) and six State Maritime Academies (SMAs).² Each year, the USMMA graduates approximately 225 new highly skilled, entry-level Merchant Marine officers who are qualified to crew large, ocean-going vessels. Our Midshipmen must have 360 days of sea service in order to qualify for their U.S. Coast Guard credentialing exams. This shipboard training program exposes Midshipmen to life at sea aboard commercial and military vessels. USMMA graduates must accept active-duty or reserve officer commissions in an Armed Service or other uniformed service of the United States. The graduates who do not pursue the active duty option (the majority of graduates) become guaranteed source of mariners who will crew Government owned surge sealift vessels. The President's FY 2020 Budget requests \$81.9 million for the USMMA to maintain the highest standards of mariner education and training.

The Academy, MARAD, and DOT are committed to ensuring the safety of Midshipmen both on campus and during their sea year. Since I became Maritime Administrator, we have improved Academy programs and procedures related to sexual harassment and sexual assault, and are making progress to instill a culture of zero-tolerance for such behavior. I am pleased with the direction and momentum of change at the Academy under the leadership of our new Superintendent, RADM Jack Buono, but am also cognizant that eliminating sexual assault and sexual harassment is an issue that requires consistent attention. As such, addressing sexual harassment and sexual assault at the Academy remains a top priority for me and DOT leadership.

The SMAs collectively graduate approximately 900 entry-level merchant marine officers annually. Unlike the USMMA, SMA cadets receive most of their sea time while sailing on board MARAD-provided training ships, rather than on commercial or military vessels. The SMA training ships are very old and need to be replaced. We appreciate the support Congress has provided for the School Ship recapitalization program, by appropriating funding for one vessel each in FY 2018 and FY 2019. Since that first appropriation in March 2018, MARAD has developed and implemented an acquisition strategy, incorporated industry feedback into the ship design, and is well along in evaluating proposals to select a Vessel Construction Manager. The President's FY 2020 Budget requests \$242.3 million for the SMAs, which includes funding for a third training vessel, and maintaining the existing training ships.

² The six State Maritime Academies (SMA's): California Maritime Academy, Maine Maritime Academy, Massachusetts Maritime Academy, Great Lakes Maritime Academy, Texas A&M Maritime Academy, and the State University of New York Maritime College.

Competitiveness

Moving freight efficiently—both domestically and globally—is critical to U.S. competitiveness. Freight volumes in the U.S. are projected to increase by 41 percent, and U.S. foreign trade is forecast to more than double from 2015 to 2045.³ The ability of our ports to increase capacity and handle cargo more efficiently is vital to the health of many domestic industries and our Nation’s economy. The newest tool available to DOT in this regard are Port Infrastructure Development grants. The FY 2019 Consolidated Appropriations Act, P.L. 116-6, provided \$292.7 million for the Port Infrastructure Development Program, which is authorized under 46 U.S.C. § 50302. Through this program, DOT will provide grants to coastal seaports for infrastructure improvement projects that are directly related to port operations, or intermodal connections to ports that improve the safety, efficiency, or reliability of the movement of goods into, out of, or around coastal seaports.

The FY 2019 Consolidated Appropriations Act also provided funding for other MARAD programs we will use to help increase the competitiveness of the U.S. maritime industry. The Act provided \$20 million for the Small Shipyard Grant program for shipyard modernization projects, \$7 million for America’s Marine Highway projects to develop and expand services to move freight along our waterways and coastlines to relieve land-side congestion, and \$3 million for the Maritime Environmental and Technical Assistance program to support research and development to facilitate environmental compliance and enhance sustainability across the maritime industry.

Conclusion

Thank you for the opportunity to highlight MARAD’s programs that support the safety, security, and competitiveness of our Nation. I appreciate this Subcommittee’s continued support for the U.S. maritime industry and I am happy to respond to any questions you may have.

³ DOT Bureau of Transportation Statistics, Freight Facts and Figures 2017, Table 2-1. https://www.bts.gov/sites/bts.dot.gov/files/docs/FFF_2017_Full_June2018revision.pdf.