

**STATEMENT OF
MARK H. BUZBY
ADMINISTRATOR
MARITIME ADMINISTRATION
U.S. DEPARTMENT OF TRANSPORTATION**

**BEFORE THE
COMMITTEE ON ARMED FORCES
SUBCOMMITTEE ON SEAPOWER AND PROJECTION FORCES
AND SUBCOMMITTEE ON READINESS
U.S. HOUSE OF REPRESENTATIVES**

HEARING ON MOBILITY AND TRANSPORTATION COMMAND POSTURE

March 8, 2018

Good morning Chairman Wittman, Chairman Wilson, Ranking Members Courtney and Bordallo, and members of the Subcommittee. I appreciate the opportunity to discuss mobility and transportation command posture and specifically, the state of strategic sealift, including the long-term readiness of our Nation's surge sealift fleet and the ability of the U.S. commercial fleet and U.S. mariners to meet Department of Defense (DOD) sealift requirements.

The United States relies on sealift capabilities, which include ships, mariners, and strategic ports, to efficiently and effectively deploy military forces, respond to national emergencies, and provide humanitarian assistance on short notice at home and around the world. U.S. strategic sealift consists of both Government-owned vessels and a fleet of privately-owned, commercially operated, U.S.-flag vessels and intermodal systems, and the mariners who operate them. Together, these vessels and mariners transport 90 percent of equipment and supplies that deploy and sustain our military forces enabling responses to any location on the globe.

GOVERNMENT FLEET

The U.S. Government-owned fleet of 61 strategic sealift vessels includes 15 vessels operated by the Military Sealift Command (MSC) and 46 vessels in the Maritime Administration's (MARAD) Ready Reserve Force (RRF). Together, these vessels form the surge sealift fleet that rapidly deliver military equipment and supplies during major contingencies. These surge ships must be ready for quick activation and be reliable to enable multiple voyages over several months. These ships provide the initial surge of military capability, followed by sustainment shipping capacity which comes from the commercial industry.

The DOD determines the size and readiness of the RRF that is required to meet its sealift requirements. Generally, RRF ships must be ready to load military cargo for transport to areas of

operation within five days of receiving a DOD activation order. Operated under contract by commercial U.S. ship managers, these vessels form three-quarters of the Government's surge sealift capacity and are crewed by volunteer, contract, U.S. mariners.

Readiness of the RRF is a constant challenge given that the average age of the fleet is 43 years. I have concern that despite hard work by the collective sealift team, and a modest increase in program funding, some age-related issues may still present readiness challenges. Repairs of older equipment and aging systems is complex and shipyard periods are taking longer and becoming more expensive as the ships age. In addition, investments are needed to meet new regulatory requirements, such as upgrading and installing lifeboats on RRF vessels. As you are aware, the Navy's 30-year shipbuilding plan includes a three-prong surge sealift recapitalization strategy that consists of service life extensions, acquiring used commercial vessels, and building new vessels at U.S. shipyards. MARAD and the U.S. Transportation Command (USTRANSCOM) are working with the U.S. Navy to address the challenges of adequately resourcing current readiness as well as the service life extension of nearly the entire RRF fleet out to 60 years. We are working on a strategy for the acquisition and conversion of used ships, including the purchase of two vessels as authorized by the Fiscal Year (FY) 2018 National Defense Authorization Act (NDAA). MARAD will continue to collaborate with our DOD partners to address maintenance, repair, and modernization of the existing RRF vessels to keep the capability viable until open market acquisition or new construction can enhance the overall fleet.

The RRF is a component of the National Defense Reserve Fleet (NDRF), authorized by statute to provide a reserve of ships for national defense and national emergencies. In addition to providing the RRF ships, MARAD manages NDRF vessels used to train merchant mariners and respond to national disasters. Most recently, RRF and NDRF ships were activated to support relief activities of other Government agencies following Hurricanes Harvey, Irma, and Maria, as was done for Hurricanes Katrina, Rita, and Sandy, and the earthquake relief efforts in Haiti. During these deployments MARAD vessels supplied citizens and first responders with housing, meals, logistical support, and relief supplies, including critical Federal Aviation Administration replacement air navigation equipment that was delivered by one of the activated vessel to the Virgin Islands.

Like RRF vessels, training ships in the NDRF are also aging and nearing the end of their life cycles. The six state maritime academies use MARAD training ships to graduate more than three-fourths of entry-level merchant marine officers annually. As a result, ensuring the continued availability of training ships is a critical need and a high priority for MARAD. As a result of the recently agreed upon two-year budget cap deal, the Administration is amending the President's FY 2019 Budget request to include an additional \$300 million to fund the replacement of two of the oldest training ships that MARAD provides to maritime academies in

New York and Massachusetts. Both training ships are well over 50 years old and are serving beyond their designed service lives. The Administration proposes to purchase two used ships that will be converted in U.S. shipyards into modern training ships for our future mariners.

COMMERCIAL FLEET

The Department of Defense does not rely on the Government-owned surge sealift fleet to deliver supplies and equipment to service members and their families stationed overseas during steady-state operations. The U.S.-flag commercial fleet is critical to accomplishing this mission and providing longer term sustainment during military deployments. Access to the commercial US-flag fleet is formalized through the Voluntary Intermodal Sealift Agreement (VISA) program, and the Maritime Security Program (MSP), with the MSP being key to U.S. sustainment capability and supporting the pool of highly trained Mariners necessary to man our government owned RRF fleet when activated. Created in 1996, the program helps maintain an active, privately-owned, U.S.-flag and U.S.-crewed fleet of 60 militarily useful commercial ships operating in international trade. MARAD provides MSP participants an annual stipend and their ships are available “on-call” to support DOD’s global transportation needs. The MSP supports employment for 2,400 U.S. merchant mariners, and provides DOD with assured access to the critical multibillion-dollar global network of intermodal facilities and transport systems maintained by MSP participants.

Ships of the MSP have carried more than 90 percent of the sustainment cargo required for operations in Iraq and Afghanistan and stand ready to play a vital role in support of all future U.S. operations. The militarily useful capacity of the fleet is now at its highest levels ever to meet DOD’s requirements. Two new roll-on/roll-off ships entered the program last year adding 320,000 square feet of new capacity, greatly enhancing DOD’s ability to move heavy armored units worldwide. The FY 2019 President’s Budget Request includes \$214 million for MSP to support a \$3.6 million per ship stipend. While this request is less than the fully authorized level for MSP, it reflects hard choices as the Administration pursues rebuilding DOD capabilities. The Department supports MSP and recognizes the critical contribution it plays in the nation’s security.

Unfortunately, the U.S. commercial presence in the international maritime domain has been on a steady decline since its peak in World War II and is currently at the lowest level in American history. Of some 40,000 large, oceangoing commercial vessels in the world today, just 181 sail under the U.S. flag, including 81 vessels operating exclusively in international trade. While many factors have contributed to this decline, as Maritime Administrator, I take seriously my charge, as required by statute, to ensure that sufficient U.S.-flag ships and mariners are available to carry our Nation’s domestic and international commerce while meeting DOD sealift requirements.

Access to cargo is critical for ship operators to compete globally and to remain operating under the U.S. flag. Cargo preference laws keep U.S.-flag operators competitive by requiring shippers to use U.S.-flag vessels for the ocean-borne transport of a significant portion of certain cargoes purchased with Federal funds. Specifically, 100 percent of military cargo, and at least 50 percent of non-military Government owned or impelled cargo transported by ocean, must be carried on U.S. flag vessels subject to vessel availability, and fair and reasonable rates. A strong cargo preference mandate is vital to the sustainment of a U.S.-flagged, privately-owned commercial fleet and to the continued availability of American merchant mariners.

In addition to cargo preference laws, U.S. coastwise trade laws, commonly referred to as the Jones Act, help support national security priorities. Jones Act requirements support U.S. shipyards and repair facilities, as well as the supply chains that produce and repair American-built ships, and ensure that intermodal equipment, terminals and other domestic infrastructure are available to the U.S. military in times of war or national emergency. The Jones Act also requires the use of qualified U.S.-flag vessels to carry goods in domestic commerce, which includes transportation between and among the U.S. mainland, Hawaii, Alaska, and Puerto Rico. This requirement results in the employment of the majority of U.S. mariners. It also ensures that vessels navigating daily among and between U.S. coast ports and inland waterways are operating with U.S. documentation and crew rather than under a foreign flag with foreign crew. The U.S. merchant mariners of the Jones Act fleet are our “eyes and ears” on domestic routes and waters and add an important layer of security to our Nation.

MARINERS

Qualified U.S. merchant mariners are essential to operate the surge fleet of 61 Government-owned cargo ships in times of need, whether in peace or war. The use of Reduced Operating Status (ROS) crews onboard RRF ships is the multiplier to maintaining sealift readiness for contingencies. The mariners required to operate these vessels are civilians regularly employed on board U.S.-flag commercial ships. These mariners will be called upon to activate the surge fleet should there be a sealift mobilization, and we will need them all to keep our fleet sailing.

Because of the historically low number of ships in the U.S.-flag, oceangoing fleet over the past several years, I am concerned about the availability of a sufficient number of qualified mariners with the necessary endorsements to operate large ships (unlimited horsepower and unlimited tonnage) and to sustain a prolonged sealift mobilization beyond the first four to six months. Historically, the men and women of the merchant marine have always stood up in times of need to meet any task set for them and would likely extend their time at sea beyond normal tours if called upon to do so. However, it is critical to ensure we have enough qualified U.S. mariners to safely crew our Government vessels so that the readiness of the force is not negatively impacted.

The U.S. Merchant Marine Academy at Kings Point, NY, and the six state maritime academies graduate more than 1,000 entry-level new officers each year; however, there continues to be a shortage of mariners who have the credentials and experience to serve in senior-level positions. These positions include masters (captains), chief engineers, chief mates, and first assistant engineers/mates. On average, it takes 10 years to become a master or chief engineer. One of the contributing factors for this projected shortfall is the declining pool of U.S.-flag ships that employ these mariners.

The FY 2017 NDAA directed MARAD to convene a working group consisting of agency and maritime industry representatives to examine and assess the size of the pool of qualified U.S.-citizen mariners necessary to support the U.S.-flag fleet in times of national emergency and make recommendations to enhance the availability and quality of interagency data. This report, submitted through MARAD to Congress last month estimated a shortfall of 1,800 qualified mariners. The estimate assumed that all qualified mariners would voluntarily report when called upon, and that there will be no ship losses or personnel casualties. Given this assessment, I am working closely with the USTRANSCOM, MSC, the U.S. Coast Guard, and the commercial maritime industry to develop proposals to maintain an adequate number of trained mariners, and to ensure our mariners receive specialized training to operate in contested waters, such as chemical, biological, and nuclear defense training, marksmanship, and shipboard damage control in the event of an attack. Additionally, we are working to better track licensed mariners who may no longer be sailing, but could serve if needed, and to develop tools to understand and analyze changes in the numbers of fully qualified mariners trained and available to meet the Nation's commercial and sealift requirements at any given time.

CONCLUSION

Our military's surge sealift capabilities rely on our Nation's commercial fleet and the mariners who crew these ships—in both peace and war. The decline of the U.S.-flag fleet and the availability of qualified U.S. mariners are of great concern to MARAD and we are exploring a range of options to increase the size of the U.S.-flag fleet with our stakeholders and the Administration. MARAD will continue to leverage, as appropriate, the current mainstays of the merchant marine to support strategic sealift: the Jones Act, MSP, and cargo preference. However, as illustrated by the President's National Security Strategy, we live in an increasingly competitive world which requires us to rethink how we address long-term strategic issues facing the industry. I am also reminded by a quote from naval historian Alfred Thayer Mahan, that “control of the sea, by maritime commerce and naval supremacy together, means predominant influence in the world.” I believe that while MARAD can support the sealift needs of USTRANSCOM today, we are uncomfortably close to the edge of not being able to fulfill this critical mission in the near term because the world has changed and the previous assumptions

regarding a benign environment may no longer be true. You have my commitment that we will consider any and all options intended to foster, promote, and develop the U.S. maritime industry.

Thank you for the opportunity to discuss the role of the merchant marine in meeting our Nation's sealift needs. I appreciate this Subcommittee's support for maritime programs and I look forward to working with you to advance maritime transportation interests of the United States.