

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

HEARING ON THE POSTURE AND READINESS OF THE MOBILITY ENTERPRISE

May 18, 2021

Good afternoon, Chairman Garamendi, Chairman Courtney, Ranking Member Lamborn, Ranking Member Wittman, and members of the Subcommittees. Thank you for the opportunity to discuss the Maritime Administration's (MARAD) role in supporting the Department of Defense's (DOD) strategic sealift capabilities and the very real and immediate capacity challenges that we face today.

America's strategic sealift provides the Nation with the capability to project power globally by deploying forces and moving cargoes worldwide during peacetime, wartime, and/or in any contested environment. Sealift requires a combination of commercial and Federal resources to succeed. The Government-owned sealift fleet, which includes the MARAD-maintained Ready Reserve Force (RRF) and Military Sealift Command's (MSC) surge sealift fleet, are supported by a fleet of privately owned, commercially operated U.S.-flag vessels in the Maritime Security Program (MSP).

These programs are supported by a strong and highly qualified U.S. Merchant Marine and shoreside personnel who are critical to our Nation's ability to provide robust, effective, and efficient strategic sealift. As they always have during times of crisis in our Nation's history, during the COVID-19 pandemic, the members of the U.S. Merchant Marine have gone above and beyond to ensure the effective and efficient operations of the entire maritime transportation system.

MARAD appreciates Congress' support for the U.S. maritime industry, especially the strong leadership of those on this Committee. However, more work remains to sustain a strong and effective strategic sealift capability. Within the Government-owned sealift fleet, the aging RRF fleet needs recapitalization to maintain readiness. MARAD is working closely with the U.S. Transportation Command (TRANSCOM), the Navy, and MSC to execute Congress' authorizations to buy used vessels to meet the Nation's sealift requirements. In addition to an aging fleet, strategic sealift is hindered by operations in increasingly contested environments, the limited share of international trade volume being carried by U.S.-flag vessel, effective adherence

to cargo preference laws, the risk of a shortage of available mariners, and unprecedented readiness challenges brought on by the COVID-19 pandemic.

MARAD alone cannot solve all of the maritime challenges facing the Nation, but we can fulfill our statutory mandate by promoting sound policies and programs that strengthen our maritime capabilities, and by raising awareness among the public of the vital role our Merchant Marine plays in meeting our economic and national security needs.

Aging Ready Reserve Force

The RRF is a fleet of 41 Government-owned vessels available to transport DOD cargo and meet other mission requirements. The RRF vessels, along with a smaller number of MSC vessels, provide sealift surge capability to deliver DOD equipment and supplies where needed during the initial stages of a response to a major contingency.

The RRF vessels average more than 46 years in age—some well past their expected use—which makes recapitalization critical. The fleet is still capable, but MARAD struggles to maintain the fleet’s readiness at levels that provide confidence to operational commanders. USTRANSCOM utilizes short notice activations, called Turbo activations, to gain insight into the readiness of the fleet and areas on which to focus more resources; however, significant steelwork and obsolete equipment typical of aging vessels make conducting these activations more difficult with each passing year.

Through 2020 and into 2021, the COVID-19 pandemic has exacerbated difficulties in establishing and maintaining ship readiness. The challenges associated with navigating varying local public health control measures as well as shipyard delays due to COVID-19 positive test results have resulted in longer out-of-readiness periods. Despite these challenges, sealift vessels were successfully activated in FY20 through significant efforts by USTRANSCOM, MSC, MARAD, and all of the RRF ship managers and workforce personnel.

As authorized in the FY18 National Defense Authorization Act (NDAA), MARAD advanced the acquisition of second-hand ships from the open market for service in the RRF. MARAD solicited for Vessel Acquisition Manager (VAM) services in early 2020 and an award is imminent. The VAM will identify, modernize, and operate these vessels after purchase. MARAD intends to rapidly seek numerous, suitable roll-on/roll-off (RO/RO) vessels that can be modified to meet DOD’s needs for the organic sealift. We continue to work closely with Navy, DOD, and USTRANSCOM to complete this procurement action.

Support for Strong Commercial Maritime Capacity

President Biden has made clear his strong support for the U.S. maritime industry through his American Jobs Plan and Made in America Executive Order. The U.S.-Flag commercial fleet is supported by three pillars of maritime policy: MSP, cargo preference, and the coastwise-trade laws collectively referred to as the Jones Act. These three programs augment the Government-owned strategic sealift fleet and provide much of the sustainment sealift following surge operations.

MSP is the heart of sustainment sealift, made up of a fleet of 60 commercially viable, militarily useful vessels, active in international trade and available on-call to meet DOD contingency requirements. In return for a stipend, MSP operators provide DOD with assured access to ships as well as the multibillion-dollar global intermodal networks maintained by participating carriers. MSP operators provide employment on their vessels for 2,400 highly trained, skilled U.S. merchant mariners our country depends on to crew the RRF and MSC surge vessels if activated during a surge. Additionally, MSP supports more than 5,000 shore side maritime industry jobs each year. MSP encourages vessels to enter the U.S.-Flag fleet; thus, far in FY21 six new vessels have flagged into the U.S.-Flag fleet to participate in MSP.

In addition, the newly authorized Tanker Security Fleet Program has the potential to address the need for more U.S.-flag product tankers capable of loading, transporting, and storing on-station bulk petroleum refined products to meet both national economic needs and DOD contingency requirements. If funded, TSP would also create and sustain critical mariner jobs. Thank you for your work to make the authorization of the TSP possible in the FY21 NDAA.

In addition to sealift support provided by the MSP and TSP, cargo preference requirements help keep vessels operating under the U.S.-flag. These requirements encourage increased demand for U.S.-flag vessels and the U.S. mariners who crew these ships, which ultimately improves the Nation's overall sealift readiness. There has been a long-standing saying in the industry, "Cargo Is King"—meaning that U.S.-flag ships must have access to a substantial portion of cargo opportunities in peacetime to remain viable for sealift operations during national emergencies. MARAD is committed to ensuring compliance with cargo preference requirements, and we continue outreach to Federal Government agencies and industry to assist them in understanding and meeting these requirements.

MARAD is also committed to supporting our domestic U.S.-flag fleet operations. U.S. coastwise trade laws, referred to as the Jones Act, contribute to sealift capability and capacity, and help sustain the U.S.-flag domestic trading fleet. 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. In addition, the Jones Act ensures that vessels navigating within and between U.S. coastal ports and inland waterways operate with U.S. documentation and majority citizen-crews, rather than under foreign flags with foreign crews. Aside from the tens of thousands of tugboats, towboats, and barges that ply our domestic waterways, about 100 U.S.-flag, ocean-going vessels operate in the Jones Act trade.

Our ports, harbors, and marine highways are the vital connectors between sealift and surface distribution in a national mobilization. The National Port Readiness Network (NPRN) is a cooperative designed to ensure readiness of commercial ports that support force deployment during contingencies and other national defense emergencies. We must also continue to support the development of port infrastructure, not just in our 17 commercial Strategic Seaports that are in the formal program, but in ports in every coastal, inland, and Great Lakes hub.

Availability of U.S. Mariner Workforce

Access to a pool of qualified mariners from a robust, commercial maritime fleet is essential to maintaining sufficient sealift readiness capacity for contingencies. Due to the declining number of ships in the U.S.-Flag oceangoing fleet, MARAD is concerned about our ability to quickly assemble an adequate number of qualified mariners to operate large ships for surge and sustainment sealift operations if an extended mobilization occurred. MARAD is working to better track licensed mariners who may no longer be sailing, but who could serve if needed, and to develop tools to understand and analyze changes in the numbers of fully qualified mariners trained and able to meet the Nation's commercial and sealift requirements.

MARAD continues to support mariner education and training through the U.S. Merchant Marine Academy (USMMA), and facilitates mariner education through the support we provide to the six State Maritime Academies, which produce highly skilled, licensed entry-level officers for the U.S. Merchant Marine. As this Committee is aware, aging vessels at the State Maritime Academies are used to train cadets who will go on to become the fully qualified mariners needed to crew Government and U.S.-Flag commercial ships. Congress has recognized the need to replace these training ships and has appropriated funding for four National Security Multi-Mission Vessels (NSMV). MARAD has implemented the approved acquisition strategy utilizing a contracted Vessel Construction Manager to contract for, manage, build and deliver the new ships. Construction underway on the first two ships—the EMPIRE STATE and the PATRIOT STATE—is on schedule, as designed, and at a fixed price. The first NSMV is expected to be delivered to MARAD in FY 2023.

Conclusion

MARAD makes every effort to support DOD's sealift requirements, through any capability or capacity that we can muster. We continue to identify, quantify, and mitigate risks in readiness or capacity that hinder our ability to deploy and sustain our Armed Forces. We are proactively focusing efforts for strategic ports, our intermodal connectors, and the critically needed defense industrial base of shipyards, ship owners and managers, and the maritime labor that delivers the for our nation—in peace and war. As we have in every conflict or national security challenge before, MARAD is committed to providing our DOD and USTRANSCOM partners with sealift capabilities to meet our collective, national security objectives.

Thank you for the opportunity to address this Committee on the state of our Nation's sealift as a component of the mobility enterprise. I appreciate your support of the U.S. Merchant Marine, our Nation's Fourth Arm of Defense, and I look forward to your questions.