

U. S. Department of
Homeland Security

United States
Coast Guard



Commandant
United States Coast Guard

2703 Martin Luther King Jr Ave SE
Washington, DC 20593-7103
Staff Symbol: CG-0921
Phone: (202) 372-3500
FAX: (202) 372-2311

**TESTIMONY OF
REAR ADMIRAL JOHN P. NADEAU
ASSISTANT COMMANDANT FOR PREVENTION POLICY**

ON

U.S. MARITIME AND SHIPBUILDING INDUSTRIES

BEFORE THE

HOUSE COAST GUARD & MARITIME TRANSPORTATION SUBCOMMITTEE

MARCH 6, 2019

Introduction

Good morning Chairman Maloney, Ranking Member Gibbs, and distinguished members of the Subcommittee. It is my pleasure to be here today to discuss the state of the U.S. maritime industry and the Coast Guard's role in advancing a safe, secure, and environmentally responsible U.S. Marine Transportation System.

The U.S. Coast Guard is the world's premier, multi-mission, maritime service responsible for the safety, security, and stewardship of the maritime domain. At all times a military service and branch of the U.S. Armed Forces, a federal law enforcement agency, a regulatory body, a first responder, and a member of the U.S. Intelligence Community, the Coast Guard operates on all seven continents and throughout the homeland, serving a Nation whose economic prosperity and national security are inextricably linked to broad maritime interests.

The Coast Guard's Maritime Commerce Strategic Outlook

Last October, the Commandant released his Maritime Commerce Strategic Outlook to communicate the Coast Guard's vision for enabling maritime commerce throughout the U.S. Marine Transportation System (MTS). From its origin, with the establishment of the Revenue Cutter Service, the Coast Guard has facilitated maritime security to promote and safeguard American commerce for more than 228 years. Today, the transportation of cargo on water by the global maritime industry is the most economical, and efficient mode of transport. An estimated 90 percent of U.S. imports and exports move by ship through 361 commercial ports, along 95,000 miles of shoreline and 25,000 miles of navigable river and coastal waterways. Today's MTS supports \$4.6 trillion in economic activity and more than 23 million jobs.

The continued viability of the MTS also enables critical national security sealift capabilities, supporting U.S. Armed Forces' logistical requirements around the globe. By 2025, worldwide demand for waterborne commerce is expected to double, placing even greater demands on the MTS.

The Maritime Commerce Strategic Outlook establishes three lines of effort that are critical to safeguarding the MTS in the future:

1. To facilitate lawful trade and travel on secure waterways;
2. To modernize aids to navigation and mariner information systems; and,
3. To transform our workforce capacity and partnerships to meet the increasingly complex operating environment.

Current and Future Coast Guard Marine Safety Initiatives

The Coast Guard has already made substantial progress toward the Strategic Outlook's lines of effort. Notably, under Admiral Schultz' direction, the Coast Guard has prioritized marine inspector training, established a new staff dedicated to performing third party oversight, increased opportunities for maritime graduates to join the Coast Guard, and prioritized the hiring of civilian marine inspectors.

Likewise, this Committee's continued support, to include legislation that is harmonious with the Coast Guard's Strategic Outlook, such as the *Hamm Alert Maritime Safety Act of 2018*, and a number of provisions in the more recently passed *Coast Guard Authorization Act of 2018*, has helped the Coast Guard refine and improve its marine safety mission.

For example, as directed by the *Hamm Alert Maritime Safety Act of 2018*, the Coast Guard is actively developing a comprehensive training architecture for our marine inspectors. This architecture will provide cohesive strategy, policy, and performance support to ensure that Coast Guard marine inspectors are trained consistently from the basic to the advanced level in a manner that keeps pace with industry, technology, and related regulatory changes.

Second, the Coast Guard has improved and continues to modernize the Alternate Compliance Program (ACP). The ACP continues to leverage third-party statutory survey and certification services to reduce the costs and redundancies that may be associated with regulatory compliance. Using the lessons learned from the tragic sinking of the EL FARO, we developed new policy and training to improve our oversight of third parties. This new policy will help us equally address the new regulatory requirements of Subchapter M, which adds 5,700 vessels to the U.S. certificated fleet, a 50-percent increase.

Third, the Coast Guard has made a deliberate push to focus vessel owners on Safety Management Systems. These systems are designed to proactively ensure safety at sea, prevent injury or loss of life, and avoid damage to the environment. Owners and operators of vessels are on the front line of a maritime safety net and are best positioned to take early and effective action to ensure their vessels remain in compliance with applicable requirements.

To provide effective third-party oversight and monitor the effectiveness of Safety Management Systems, we have installed a competent and robust flag State control oversight framework aligned with international oversight methodologies.

Marine inspector training, effective oversight of third party organizations, and a focus on safety management will be critical in directing our marine safety workforce while performing vessel inspection programs for towing vessels and fishing vessels.

Staying abreast of changes in the maritime industry, such as integration of new technologies like LNG as fuel and automation; autonomous vessels, and maintaining effective risk management of growing cyber threats onboard vessels and within our ports, will also be critical areas of focus that will direct our present and future marine safety workforce.

Throughout the MTS, the Coast Guard is also modernizing its constellation of over 45,000 federally maintained aids to navigation. This effort will leverage automatic identification system technology to improve service delivery to users that increasingly rely on electronic navigation. The balance of physical and electronic aids will be informed by outreach across user-groups under a first-ever National-Level Waterways Analysis and Management System study. That balance of physical and electronic aids will be further informed by our intent to maintain a resilient MTS in the event of a GPS disruption.

As the lead federal agency of the U.S. flag Administration, the Coast Guard acts as both a regulator and a facilitator each day throughout our Nation's ports and waterways. Our marine safety program respects these roles by establishing a level playing field for industry through a framework of common-sense regulations. The Coast Guard's successful efforts to streamline regulations and to explore deregulatory options also promote investment and innovation throughout the maritime sector.

Conclusion

A healthy maritime industry is vital to the Nation's economic prosperity and national security. It must also become increasingly dynamic and continually evolve to meet stakeholder demands. The Coast Guard's marine safety missions must continue to evolve to keep pace with industry change and ensure the continued safety, security, and environmental compliance in the MTS. We are focused on ensuring every Coast Guard action sustains the safe operation of the MTS, without imposing unnecessary costs on U.S. entities competing in a global industry.

Thank you for your continued support and the opportunity to testify before you today. I am happy to answer any questions you may have.