

**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**

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Good afternoon, Chairman Courtney, Chairman Garamendi, Ranking Members Wittman and Lamborn, and members of the Subcommittee. I appreciate the opportunity to join our partner, U.S. Transportation Command (USTRANSCOM), to discuss the “State of the Mobility Enterprise” and the Maritime Administration’s (MARAD) role in supporting the Department of Defense’s (DOD) strategic sealift capabilities. U.S. strategic sealift consists of Government-owned vessels and assured access to a fleet of privately-owned, commercially operated, U.S.-flag vessels and intermodal systems, and the private sector mariners who operate them. Together, these vessels, mariners, and networks transport equipment and supplies to deploy and sustain our military forces anywhere in the world. Our sealift enterprise faces critical challenges to provide the readiness assurances needed to meet the global threats we now face.

Ready Reserve Force

MARAD’s Ready Reserve Force (RRF) is comprised of Government-owned ships within the National Defense Reserve Fleet (NDRF). We maintain the RRF in an advance state of surge sealift readiness. The fleet stands on-call to transport critical cargo during major contingencies. In the event of a contingency, the 46 RRF vessels, along with 15 Military Sealift Command vessels, provide the initial surge of sealift capacity. These vessels would then be joined by commercial U.S.-flag vessels to provide sustainment shipping capacity.

Vessels in the RRF fleet are very old. In fact, the average age of RRF vessels is over 44 years, and for the past year the vessels have struggled to maintain an 85 percent readiness level across the fleet. As a result, MARAD faces ongoing readiness challenges that will continue to impact our capabilities until we are able to complete much needed service life extensions and the fleet is recapitalized with newer ships. 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. All of these efforts require key industrial capabilities: A sustainable ship construction industrial base and available and sufficient marine repair facilities.

The escalating costs of service life extensions of the existing fleet is an ongoing concern. Older increasingly obsolete equipment and systems require more time and money to repair or replace, if replacement parts, equipment and systems are even available. MARAD uses available resources to complete necessary repairs to comply with new regulatory requirements, such as upgrading and installing lifeboats, comprehensively addressing exhaust emissions, and treating ballast water.

The growing maintenance needs required to sustain this elderly fleet's readiness relies upon a distributed repair industrial base that has seen significant contraction due to market forces. Old ships require longer and more costly shipyard periods, but the shrinking base limits drydocks available to U.S. vessels—Navy, Coast Guard, NOAA, and the commercial fleet. The resulting maintenance backlog negatively impacts fleet-wide sealift readiness. MARAD and the USTRANSCOM are working with the U.S. Navy to plan for resourcing readiness, including extending the service life of nearly the entire RRF fleet, out to 60 years. With increasingly expensive, age-related repairs, parts unavailability, and the declining availability the qualified steam-ship engineers needed to work on vessels from this era, we anticipate that programming sufficient resources will remain a challenge through the recapitalization period to 2048.

We are taking steps toward 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). In mid-January, Navy and DOD gave MARAD their requirements for used sealift ships to be acquired from the commercial market. On February 14, 2019, MARAD released a Request for Information to identify suitable ships. Responses are expected by March 19th. The information gained will help us coordinate with the Navy to ensure resources are available to acquire and convert replacement vessels. Also in January, we provided Navy with input to develop their business case analysis for sealift recapitalization. MARAD will continue to collaborate with our DOD partners to address RRF vessel maintenance, repair, and modernization shortfalls to keep the capability viable until commercial acquisitions or new construction can meet projected service life end dates.

National Defense Reserve Fleet

In addition to the RRF, MARAD manages the other vessels in the NDRF, which are used for merchant mariner training, natural disaster response, and supporting our national security, defense, and law enforcement partners. For example, two NDRF ships were converted for use by the Missile Defense Agency to support ballistic missile defense system testing.

MARAD is also working to replace aging NDRF training vessels that we provide to the six state maritime academies to train entry-level merchant marine officers needed to crew Government and U.S.-flag commercial ships. We appreciate the support Congress provided for the School Ship recapitalization program, by appropriating funding for one vessel each in FY 2018 and FY 2019. Since first receiving funding in March 2018, MARAD has been implementing the approved acquisition strategy, incorporated industry feedback into the ship design, and is in the final stages of selecting a Vessel Construction Manager. The first training ship is expected to be delivered to DOT/MARAD first quarter 2023 and the second by the end of the third quarter of FY 2023.

U.S.-Flag Commercial Fleet

Our Nation's strategic sealift fleet is augmented by U.S.-flag commercial vessels. Commercial mariners play an essential role, during steady state and contingency operations, by delivering supplies and equipment to deployed forces and overseas installations around the world. As this committee is aware, the number of U.S.-flag vessels engaged in international trade has declined over the past several decades and has remained near its lowest level in history for several years. Of approximately 50,000 large, oceangoing commercial vessels in the world today, fewer than 200 sail under the U.S. flag, including 82 vessels operating exclusively in international trade. The remaining 99 operate almost exclusively in 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 when needed. The decline of the commercial U.S.-flag fleet has been a perennial and intensifying challenge, and any further decline of the actively-trading U.S.-flag fleet reduces our Nation's ability to unilaterally project and sustain our forces during war.¹

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 maintain 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 and "on-call" to support DOD's global transportation needs when activated. The MSP facilitates employment for

¹ See April 10, 2018 Statement of General Darren W. McDew, Commander, U.S. Transportation command, before the Senate Armed Services Committee: *"If the fleet continues to lose ships, a lengthy, mass deployment on the scale of Desert Shield/Desert Storm could eventually require U.S. Forces to rely on foreign-flagged ships for sustainment."* https://www.armed-services.senate.gov/imo/media/doc/McDew_04-10-18.pdf

2,400 U.S. merchant mariners qualified to sail on oceangoing vessels who we can call upon to crew the RRF vessels when activated. The MSP also assures DOD access to the critical multibillion-dollar global network of intermodal facilities and transport systems maintained by MSP participants.

In the commercial maritime industry, cargo is king. Government and commercial demand for U.S.-flag cargo transportation is essential to sustain the vessels and jobs 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 subject to a MARAD determination of vessel availability. Absent other measures, these cargo preference mandates support the sustainment and readiness of a U.S.-flagged, privately-owned, international trading commercial fleet, and the continued employment of the associated American private sector merchant mariners.

In addition to cargo preference laws, U.S. coastwise trade laws, commonly 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). As noted earlier in this testimony, maintaining a domestic base of shipbuilding and repair facilities is critical to ensuring the readiness of our strategic sealift fleet. In addition, 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 to our Nation.

U.S. Merchant Mariners

The use of Reduced Operating Status (ROS) crews onboard RRF ships keeps a core crew ready to activate Government-owned vessels in a very short period of time. This core of nine or ten crewmembers maintains the ships and systems ready to get underway within five days of notification, but they must be quickly augmented with a full crew complement to set sail. Access to a pool of qualified mariners from a robust, commercial maritime fleet is an essential multiplier to maintaining enough sealift readiness capacity for contingencies.

As I stated previously, the number of ships in the U.S.-flag, oceangoing fleet has declined for many decades and has now reached a historic low. As a result, I am concerned about our ability to quickly assemble an adequate number of qualified mariners to operate large ships (unlimited

horsepower and unlimited tonnage) needed for surge and sustainment sealift operations during a mobilization lasting more than six months. We may be short of what is needed to meet crewing requirements after the first six months of a full military mobilization. While, historically, the men and women of the merchant marine typically shipped out in times of need and would likely voluntarily extend their time at sea beyond normal tours if called upon to do so, it is important to note that commercial mariners are under no legal obligation to report when called. MARAD is conducting surveys to ascertain with more certainty the potential availability and potential willingness of mariners 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 to develop tools to understand and analyze changes in the numbers of fully qualified mariners trained to meet the Nation’s commercial and sealift requirements when needed.

MARAD also continues to support mariner training through the U.S. Merchant Marine Academy (USMMA) and the six state maritime academies, which produce highly skilled and licensed officers for the U.S. Merchant Marine. These institutions graduate most of the U.S. Coast Guard credentialed officers who are qualified to crew U.S.-flag ocean-going ships including RRF vessels. In addition, all USMMA Midshipmen and certain state maritime academy students who receive Federal financial assistance to attend an academy incur obligations to sail for a specific time or to otherwise serve in the U.S. maritime-related industry, as well as to serve in an active or reserve component of the U.S. Armed Forces. For example, USMMA graduates incur an obligation to maintain their license as an officer of the merchant marine for six years following graduation and to serve five years as a merchant marine officer aboard U.S. documented vessels if such employment is available or on active duty with the U.S. Armed Forces or uniformed services. If not on active duty, they must serve as a reserve commissioned officer for eight years. The USMMA is the single largest annual contributor to the U.S. Navy’s Strategic Sealift Officer community, sponsored by the Commander of the Military Sealift Command. These officers form a critical part of the sealift manning equation because of their service obligation to maintain their license and crew the RRF in emergencies.

Conclusion

I believe that MARAD can support DOD sealift requirements today, but we are facing readiness challenges that require careful planning and action now. MARAD remains committed to working with our Navy and USTRANSCOM partners to meet these challenges and to continue providing the sealift capabilities needed to meet our national security requirements.

Thank you for the opportunity to testify today. I appreciate your support for the Merchant Marine and I look forward to your questions.