



SUPPORT FULL FUNDING FOR THE MARITIME SECURITY PROGRAM

“As a military professional and senior leader, I think about and plan for what the future may hold, and I would tell you we must prepare for the real possibility we will not enjoy the uncontested seas and broad international support experienced in 1991. If either of those possibilities becomes reality, and if we remain committed to responding to security incidents around the globe, the only way of guaranteeing we decisively meet our national objectives is with U.S. ships operated by U.S. mariners.”

General Darren McDew, Commander, US Transportation Command, January 17, 2016

OBJECTIVE

To support the full \$300 million Fiscal Year 2018 appropriations for the Maritime Security Program (MSP) as authorized by Congress in P.L. 114-113.

In authorizing this amount and thereby reaffirming strong support for the Maritime Security Program, Congress recognized that the choice for our Nation is simple: either the United States continues to entrust the security of our nation and the safety of American troops to U.S.-flag vessels and their U.S. citizen crews who have never failed to sail into harm’s way when called upon by the Department of Defense, or instead turns over America’s security interests and the well-being of American troops to foreign flag, foreign crewed vessels which may or may not choose to support America and our allies.

BACKGROUND

The Maritime Security Program (MSP) is a unique government – private shipping industry partnership that gives the Department of Defense (DOD) the commercial sealift capability it needs while saving the American taxpayer the billions of dollars it would take for DOD to develop and maintain this capability itself. Public Law 104-239, the Maritime Security Act of 1995, was signed into law on October 8, 1996. As signed, PL 104-239 authorized the establishment of a maritime security fleet comprised of 47 militarily-

useful, privately-owned United States-flag commercial vessels to meet military sealift requirements of the United States.

On January 2, 2003, Public Law 108-136, the National Defense Authorizations Act of 2004, was signed into law and contains the Maritime Security Act of 2003. This statute reauthorized and extended the Maritime Security Program for an additional ten year period, from FY'06 through FY'15. Recognizing the cost-effectiveness of the program and its contributions to America's sealift capability, Public Law 108-136 expanded the maritime security fleet to 60 militarily-useful, privately-owned United States-flag commercial vessels.

Public Law 112-239, the National Defense Authorizations Act of 2013, was signed on January 2, 2013. P.L. 112-239 reauthorizes and extends the Maritime Security Program and its 60 ship maritime security fleet for another 10-year period, from FY'16 through FY'25.

In each instance when Congress extended and expanded the MSP, it did so because it was clear that without the assured U.S.-flag commercial sealift capability provided by MSP, U.S. troops deployed overseas could find themselves dependent on foreign vessels and foreign crews to deliver the supplies and equipment they need to do their job on behalf of the American people. MSP and its fleet of 60 privately owned militarily useful U.S.-flag commercial vessels help ensure that DOD will not only have the commercial sealift capability it needs but equally important, the civilian maritime manpower necessary to crew the privately-owned and government-owned and controlled vessels needed at both the outset of and throughout military operations overseas and the global intermodal systems made available to DOD by MSP contractors.

NATIONAL SECURITY BENEFITS OF MSP

“The Merchant Marine has always been there beside us. . . There is no amount of thanks that I could give you, because I am here to tell you, having deployed twice, I know how critical it is that equipment and those supplies are delivered on time. . . You are the fourth arm of the Department of Defense and you are critical to this nation.”

**Major General Kathleen Gainey, Commander
U.S. Military and Surface Deployment and Distribution Command, 2008**

As stated by the Navy League of the United States in their 2017 – 2018 maritime policy statement, “[America’s] sealift capacity is dependent on having a sufficiently large oceangoing U.S.-flag fleet operating in foreign and domestic trades with an adequate pool of skilled U.S. merchant mariners to crew each commercial and government-owned reserve sealift vessel. . . . [Failing to provide full funding for MSP] could reduce reserve sealift readiness and capacity below levels that would fully meet operations plans for major deployment of ground forces, which call for 95 percent of unit equipment and sustaining supplies to be moved by strategic sealift. **Reduced funding will decrease the number of mariners employed on these vessels, and without adequate sealift and sealift manning, mission capability will be compromised.**” (emphasis added)

It is important to note that beginning in 2002 with the inception of military operations in Iraq and Afghanistan, at least 98 percent of all related cargoes have been transported to the region on either U.S.-flag commercial vessels or U.S. government owned and/or controlled vessels - - all of which have been crewed by United States citizen civilian merchant mariners.

Equally important, since 2009, privately-owned U.S.-flag commercial vessels and their civilian U.S. citizen crews have transported more than 90 percent of the sustainment cargo needed to support U.S. military operations and rebuilding programs in Iraq and Afghanistan. Significantly, vessels enrolled in MSP carried 99 percent of these cargoes.

“It is our U.S.-flagged merchant fleet and our mariners that ensure that our Soldiers, Sailors, Airmen and Marines are supplied. From Inchon to Iraq, our mariners and our maritime industry delivered . . . Let us not, as a nation, sign away our remaining sealift capacity to non-U.S.-flagged fleets sailed by non-U.S. mariners.”

Rear Admiral Thomas Shannon, Commander, Military Sealift Command, May 21, 2015

ECONOMIC BENEFITS OF MSP

“Our Maritime Security Program gives our Nation immediate assured access to not only a global fleet of ships but also extensive logistics networks and capacity in times of national emergency. . . the Maritime Security Program is a bargain.”

Rear Admiral Thomas Shannon, Commander, Military Sealift Command, November 13, 2015

A 2006 report prepared for the National Defense Transportation Association – Military Sealift Committee concluded that “the likely cost to the government to replicate just the vessel capacity provided by MSP dry cargo vessels would be \$13 billion.” In addition, the United States Transportation Command has estimated that it would cost the U.S. Government an additional \$52 billion to replicate the global intermodal systems made available to DOD by MSP contractors who are continuously developing, maintaining and upgrading their logistics systems.

In contrast to the estimated \$65 billion it would cost the taxpayer for the government to replicate this commercial sealift capability, the commercial maritime industry, through MSP, will continue to provide DOD with these vessels, civilian maritime manpower and global systems at a cost to the taxpayer of \$299.997 million in FY’17 and \$300 million in FY’18 as authorized by Congress through PL 114-113.

“As we look at operations on multiple fronts in support of the War on Terrorism, it is clear that our limited defense resources will increasingly rely on partnerships with industry to maintain the needed capability and capacity to meet our most demanding wartime scenarios . . . MSP is a cost-effective program that assures guaranteed access to required commercial U.S.-flag shipping and U.S. merchant mariners, when needed.”

General John W. Handy, Commander, United States Transportation Command, 2003

NEED FOR FULL FULL MSP FUNDING

In 2015, Maritime Administrator Paul Jaenichen told the House Coast Guard and Maritime Transportation Subcommittee that “The most significant challenge facing the MSP is the declining Department of Defense cargo due to the drawdown of operations in Iraq and Afghanistan coupled with the over 80 percent reduction, since 1990, in personnel and military bases overseas.”

Echoing these concerns, General Paul Selva, Commander, United States Transportation Command, told the Senate Committee on Armed Services in March 2015, “The reduction in government impelled cargoes due to the drawdown in Afghanistan and reductions in food aid . . . are driving vessel owners to reflag to non-U.S.-flag out of economic necessity . . . With the recent vessel reductions, *the mariner base is at the point where future reductions in U.S.-flag capacity puts our ability to fully activate, deploy and sustain forces at increased risk.*” (emphasis added)

Consequently, significant reductions in the amounts of defense and other government cargoes available to U.S.-flag vessels; the proliferation of tax and other economic incentives available to foreign flag vessels and crews but not to U.S.-flag vessels and crews; the regulatory compliance requirements imposed only on U.S.-flag vessels by the U.S. government; and the growing competition for cargoes from foreign flag of convenience vessel operations which fail to meet the standards applicable to U.S.-flag vessels necessitate full funding for the MSP.

Therefore, to ensure that the privately-owned militarily-useful U.S.-flag vessels enrolled in the MSP, the MSP vessel operators’ worldwide logistics systems, and their U.S. citizen crews remain available to DOD to advance America’s security interests and to support and supply American troops overseas, we ask that you support FY’18 appropriations for MSP at the authorized level.

“[We] must be mindful that the execution of our national military strategy requires a robust U.S.-flag merchant marine, a strong surge sealift capability, and a deep pool of merchant mariners to literally carry our nation to war. . . Contracting out our ability to carry our nation’s combat power with foreign flag fleets is simply not an option. So let us all put our oar in the water, and pull together to sustain a viable U.S.-flag merchant marine.”

**Rear Admiral Thomas Shannon, Commander
United States Military Sealift Command, May 23, 2016**