

The Use of Commercial Vessels and Intermodal Systems for Military Sealift

2002-2011

Operation Enduring Freedom (OEF) and
Operation Iraqi Freedom (OIF)



“Sealift...has been responsible for delivering over 90 percent of all cargo to Afghanistan and Iraq. Because of the superb volunteer participation of commercial U.S.-Flagged vessels in the Maritime Security Program, we did not have to activate a single ship in the Surge Fleet or the Ready Reserve Force to meet the President’s aggressive timeline for the surge and drawdown...a remarkable achievement.”

General Duncan McNabb, Commander, USTRANSCOM
 Before the Senate Armed Services Committee April 7, 2011

Benefit of Commercial to Military

The role of commercial vessels and civilian mariners in military sealift during OEF and OIF underscores once again the importance of the U.S.-flag Merchant Marine as the Fourth Arm of our national defense.

The Maritime Security Program (MSP) provides the U.S. Military access to 60 modern, militarily-useful commercial vessels in active service and, of equal importance, to the worldwide intermodal infrastructure built and maintained by the owners and operators of those vessels.

The benefits to the U.S. Military of U.S.-flag sealift and MSP are:

- **Immediate expansion of sealift capacity in an emergency.** Vessels in MSP are in continuous commercial operation and mostly on liner schedules, providing devoted and rapid sealift capacity.
- **Availability of trained and certified U.S. mariners.** The U.S.-flag oceangoing fleet ensures a mariner pool sufficiently large to support U.S. Government contingency crewing requirements.
- **Guaranteed access to a global intermodal system.** The U.S. Military leverages the capacity and flexibility of the U.S.-flag MSP/VISA commercial carriers’ worldwide intermodal networks for innovative transportation solutions.
- **National control of its own sealift resources.** The U.S. Military has virtually eliminated its need for foreign-flag sealift. With MSP, the U.S. Military almost exclusively uses U.S.-flag commercial vessels.
- **Cost-effective sealift capability.** Acquiring sealift capacity through MSP continues to be the most cost-effective means to meet U.S. Military sealift requirements and to replace aging U.S.-government-owned sealift assets. For every dollar invested in MSP since 1995, the U.S. taxpayer has saved almost \$40 in capital spending costs.

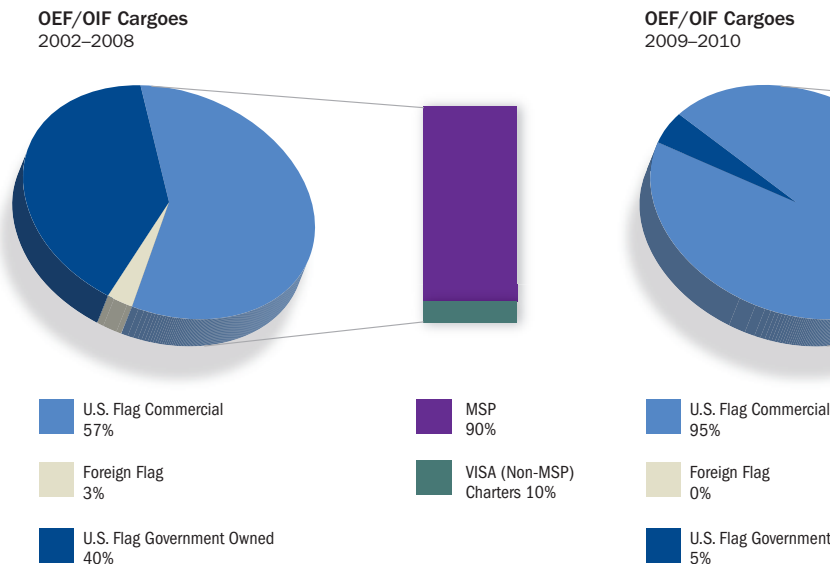
Sealift Performance in OEF/OIF

The performance of the U.S.-flag commercial fleet in supporting U.S. military operations in Iraq and Afghanistan demonstrates its ability to meet logistics challenges across the globe.

By 2009-10, 95 percent of all cargoes to OEF/OIF were transported by U.S.-flag commercial vessels, almost entirely by MSP vessels in regular liner services. MSP liner companies operating within major international carriers proved essential to the success of OEF/OIF.

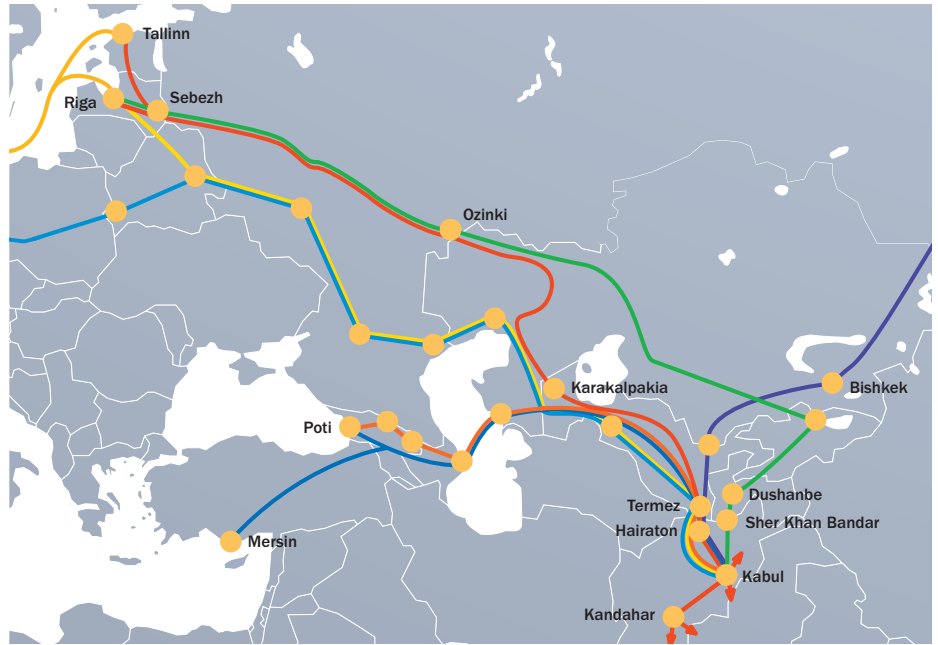
The share of U.S.-flag commercial sealift increased by two thirds—from 57 percent to 95 percent—when comparing 2002-2008 to 2009-2010. Cargos carried by U.S. Government-owned sealift dropped by 94 percent and no dry cargoes were transported by foreign-flag vessels.

MSP roll-on/roll-off vessels, containerships, and heavy lift vessels also proved to be key components to surge sealift, making U.S. Government-owned or chartered sealift necessary only when MSP/VISA vessels are unavailable.



Sea-Air Operations

OEF cargo deemed sensitive, under time constraints, or oversized in nature requires airlift. USTRANSCOM called on Universal Service Contract (USC) ocean carriers to come up with innovative solutions to mitigate the high cost of direct air service and complement the efforts of organic air assets operating within USCENTCOM. The sea-air solution provides the U.S. Government with a comprehensive door-to-door multimodal transportation alternative to augment the existing capacity and improve economics over direct air options. Thirty-five distinct locations within Afghanistan are currently serviced by sea-air.

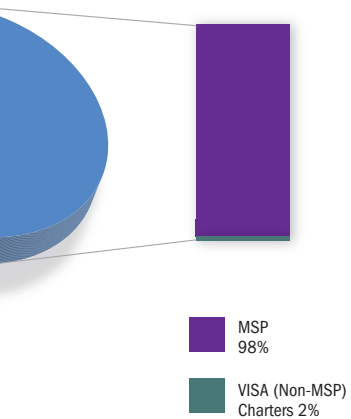


“If you look at what we’ve done there in the last two years, we look at it more or less as a logistics miracle.”

Alan F. Estevez
Assistant Secretary of Defense for Logistics and Materiel Readiness
Washington Post, July 3, 2011

Northern Distribution Network

The Northern Distribution Network (NDN) is a set of multimodal routings that enter Afghanistan from the north, bypassing Pakistan. It has become a vital link in ensuring the safe and efficient delivery of equipment and supplies to Afghanistan. In 2009, 90 percent of OEF cargo moved through Pakistan; by mid-2011, almost 40 percent arrived via the NDN. Military planners may increase the NDN’s share to as much as 75 percent by the end of 2011, and they may use the NDN for retrograde cargo. The global reach, intermodal infrastructure and expertise of the international MSP carriers have proven to be the most cost-effective means of meeting logistics challenge in OEF.



The accomplishments of the U.S.-flag commercial fleet in OEF/OIF demonstrated:

- The Capability of the U.S.-flag Commercial Fleet to Support Military Operations Globally
- The Importance of International Carriers with U.S.-Flag Vessels
- A Proper Mix of Organic and Commercial Sealift Resources
- Minimal Use of Foreign-Flag Vessels
- Advanced and Ongoing Planning and Coordination of Lift

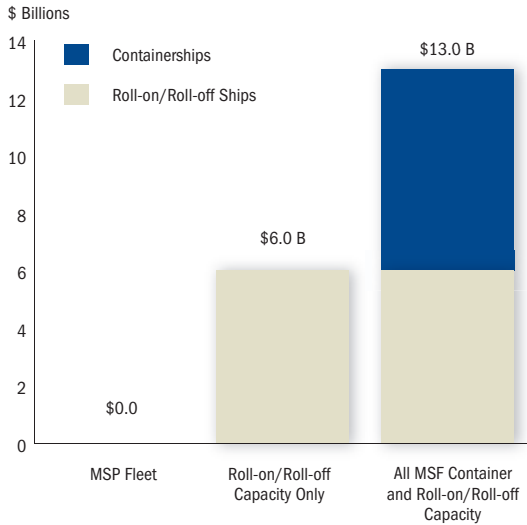


Cost Effectiveness of Commercial Sealift

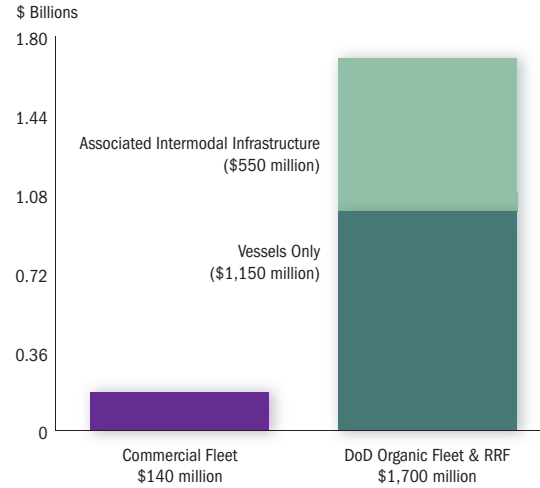
The commercial model enables the U.S. Government to avoid investing scarce capital resources in military sealift. Over the first twenty years of the program (1995–2015), participating vessel owners will have incorporated at least 49 newer vessels into their MSP fleets. If one assumes an average value of \$50 million for each added or replaced vessel, the private U.S.-flag shipowners will have invested \$2.45 billion to recapitalize the MSP fleet—at no added

cost to the U.S. Government. The total cost to the U.S. Government (and taxpayer) for the sealift provided through MSP/VISA is only 8.3 percent of the cost the DOD would have to spend for the same capability. The private sector, through its commercial use of the intermodal transportation network, also pays the vast majority of the operating costs of that network.

U.S. Government Investment Required to Replicate MSF Lift Capacity



Annual Cost of Providing Effective Sealift Capability of 20.2 Million Square Feet by either Commercial Shipping (MSP) or Government Organic Vessels



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The NDTA Military Sealift Committee Working Group on Maritime Policy reviews the state of the United States-flag commercial merchant fleet and assesses its present and future ability to support the military sealift mission. Companies contributing to the Working Group are:

- APL Limited
- American Roll-on/Roll-off Carrier, LLC
- Central Gulf Lines, Inc.
- Hapag-Lloyd USA, LLC
- Liberty Global Logistics
- Maersk Line, Limited

All statistical data presenting the performance of United States-flag shipping in Operations Enduring Freedom and Iraqi Freedom, both commercial and government controlled, is based on data provided by the U.S. Transportation Command and the Surface Distribution and Deployment Command.