

SUPPORT FULL FY'17 FUNDING FOR THE MARITIME SECURITY PROGRAM

“[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 to wat 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**

OBJECTIVE

To support full Fiscal Year 2017 appropriations for the Maritime Security Program (MSP) of \$299.997 million as authorized by Congress in Public Law 114-113, the Consolidated Appropriations Act of 2016. The FY'17 Transportation Appropriations legislation reported by the House Committee on Appropriations provides funding for the MSP at the authorized level. The amount contained in the Senate version of this legislation is \$25 million less than the full amount authorized by Congress. We urge Congress to include the House Committee funding level for MSP in the final version of this legislation.

NATIONAL SECURITY BENEFITS OF MSP

“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
National Maritime Day, May 21, 2015**

“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**

- 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. Developed under President George H.W. Bush, and first implemented under President Bill Clinton, funding for MSP has been supported by each President and Congress since 1996.

- Without the assured U.S.-flag commercial sealift capability provided by MSP, U.S. troops stationed overseas could find themselves dependent on foreign vessels and foreign crews to deliver the supplies and equipment they need to do their job on our behalf. 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 most importantly, 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.
- For example, 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.

“Our overwhelming success was due in large part to the 10,000 U.S. mariners who sped 220 shiploads of decisive U.S. combat power throughout the buildup known as Operation Desert Shield. Without those mariners and vessels, our ability to project decisive force and demonstrate our national resolve would have been a mere fraction of what was required to ensure the swift victory the world witnessed. Simply put, moving an army of decisive size and power can only be accomplished by sea.”

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

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 and global systems at a cost to the taxpayer of \$299.997 million as authorized by Congress through PL 114-113.
- As stated on ExpectMore.gov, the Office of Management and Budget’s Federal program assessment website, “The Maritime Security Program provides resources to maintain a U.S.-flag merchant

marine fleet crewed by U.S. citizens to serve both the commercial and national security needs of the United States. . . [it] is an effective program that targets its resources to vessels that are militarily useful in times of need.”

“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 FY’17 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 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’17 appropriations for MSP at its authorized level.

“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**

June 14, 2016