



July 28, 2017

Docket Management Facility  
U.S. Department of Transportation  
1200 New Jersey Avenue SE  
West Building, Room W12-140  
Washington, DC 20590

RE: Docket No. MARAD 2017-0117

Dear Sirs:

On behalf of the undersigned American maritime labor organizations, we are submitting these comments in response to the Maritime Workforce Working Group request for public input on the status of the U.S. merchant mariner workforce. Collectively, our unions represent the overwhelming majority of licensed and unlicensed American merchant mariners working aboard U.S.-flag commercial vessels engaged in all aspects of our nation's foreign and domestic shipping trades, including all 60 U.S.-flag vessels participating in the Maritime Security Program (MSP). We also represent all the civilian merchant mariners who man the U.S. Government's fleet of surge vessels, including the Maritime Administration's Ready Reserve Force (RRF) and the Military Sealift Command's Reduced Operating Status (ROS) vessels.

Our organizations are keenly aware of the shortfall in the number of U.S. citizen mariners currently available to crew the government and private vessels the Department of Defense estimates it will need under various wartime scenarios. As such, we have a direct interest in the report being prepared by the Maritime Workforce Working Group on this issue. We greatly appreciate the opportunity to present our suggestions on how to not only halt this decline in the number of available qualified American mariners but how to increase the number of vessels operating under the U.S.-flag and therefore the number of American mariners working and available.

The history of our country demonstrates that the United States needs a strong, active, militarily useful U.S.-flag merchant marine and its American citizen mariners to protect and enhance our nation's economic security and national defense. Privately-owned United States-flag vessels and their crews have always responded quickly and effectively to our nation's call, providing the commercial sealift sustainment capability and civilian maritime manpower needed by the Department of Defense to support America's military objectives around the world.

**A STRONG UNITED STATES MERCHANT MARINE IS VITAL TO OUR NATIONAL DEFENSE AND ECONOMY.**

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.***

Most significantly, 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. Vessels enrolled in MSP - ***all of which are crewed by United States citizen civilian merchant mariners*** - carried 99 percent of these cargoes.

However, and despite more than two hundred years of essential and patriotic service – in war and peace – the viability of our industry and its continued ability to provide this invaluable service to our country is in jeopardy. In 1960, there were 2,936 ships over 1,000 gross tons flying the American flag. Today, there are only 169 – including only approximately 80 U.S. flag ships operating in the U.S. foreign trades that carry less than two percent of all U.S. exports and imports. Compounding the serious loss in sealift capability is the concurrent reduction in the number of American licensed and unlicensed merchant mariners ready and able to crew the government and privately-owned vessels needed by the Department of Defense in time of war or international emergency.

In March 2015, General Paul Selva, Commander, United States Transportation Command, testified before the Senate Committee on Armed Services. He told the Committee: “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 a point where future reductions in U.S.-flag capacity puts our ability to fully activate, deploy and sustain forces at increased risk.”

Similarly, at Congressional hearings held earlier this year, General Darren McDew, Commander, United States Transportation Command, and Joel Szabat, Executive Director, Maritime Administration, each warned that there is a current shortage of approximately 2,000 mariners. General McDew and Mr. Szabat have further noted that this reduced mariner pool puts our industry on the edge of being able to sustain immediate sealift requirements, and that it would not be able to meet sustained requirements beyond the first four to five months of a conflict. We agree with the conclusions reached by General McDew and Mr. Szabat.

Unless this dangerous decline in American might is halted and reversed and we put American mariners back to work aboard United States-flag commercial vessels, we as a nation will soon be forced to hand over the security of the United States, along with the safety and supply of our troops deployed overseas, to foreign flag vessels and crews. This is totally unacceptable to us, and we believe it should be totally unacceptable to every American who wants to put the security of America first!

We believe it is essential that the report prepared for Congress by the Maritime Workforce Working Group focus on ways to stop the further loss of U.S.-flag vessels and the outsourcing of American maritime jobs to foreign workers. Equally important, we urge that the report contain



realistic initiatives that would increase the number of vessels operating under the U.S.-flag and increase the number of American mariners available and qualified to crew the vessels needed by the Department of Defense.

The time is now for our government to act and we urge the Maritime Workforce Working Group to include the following in its report:

- **Maritime Security Program:** The Maritime Security Program and its fleet of 60 privately-owned militarily-useful United States-flag commercial vessels and their U.S. citizen crews form the basis of America's commercial sealift capability and must be maintained. As noted previously, these vessels and crews, and the worldwide intermodal and logistics networks owned and controlled by the shipping companies participating in the Maritime Security Program, are readily available to the Department of Defense whenever needed to meet the military, economic and homeland security requirements of the United States. Consequently, it is essential that Congress and the Administration make clear that they do and will consistently support the annual funding levels for this program as authorized by Congress. To do otherwise is to inject a measure of instability into the Maritime Security Program, making it extremely difficult for the vessel operators to continue to upgrade and modernize their fleets of militarily useful vessels and to continue to operate under the U.S.-flag. **Congress and the Administration should actively work to ensure that the Maritime Security Program is fully funded at the levels authorized in Public Law 114-113 (the Consolidated Appropriations Act, 2016).**
- **Presidential Directive - Cargo Preference Shipping Requirements:** Federal shipper agencies and departments are required by law to comply with existing U.S.-flag shipping requirements which reserve the carriage of a percentage of U.S. government generated cargoes for U.S.-flag commercial vessels provided such vessels are available - - and are available at fair and reasonable rates. All too often, however, Federal shipper agencies and departments, intentionally or otherwise, fail to comply with the applicable U.S.-flag shipping requirement, denying American vessels their lawful share of these American tax-payer generated cargoes and American maritime workers important job opportunities aboard these vessels. To begin to rectify this ongoing problem, and to help ensure that U.S.-flag vessels have the cargo carrying opportunities they are entitled to by law, **the Administration should issue a Directive to all Executive Branch Departments and Agencies directing them to fully comply with existing U.S.-flag cargo preference shipping requirements.**
- **Enforcement - Cargo Preference Shipping Requirements:** Any question as to the applicability of the U.S.-flag shipping requirements moving under a Federal program or financed in any way with Federal funds should be decided by the Maritime Administration. The cargo preference laws are broadly written and should be broadly applied to federally-financed programs. **Congress must encourage the Maritime Administration to immediately and more fully exercise its Congressionally-mandated authority to determine which Federal programs are in fact subject to the**



**U.S.-flag cargo preference shipping requirements and to closely monitor such programs to ensure full compliance as required by law**

- **Bilateral Shipping Agreements:** The negotiation of bilateral cargo sharing agreements in conjunction with the negotiation of broader trade agreements or on its own is an important instrument for our government to use to address and respond to foreign maritime support programs – a myriad of economic, tax and subsidy programs made available to foreign flag vessels – which impede the ability of U.S.-flag vessels to compete. These foreign maritime support programs, coupled with the proliferation of state owned and controlled fleets, have led to the decline in the U.S.-flag fleet and the dangerously low percentage – a mere two percent – of global U.S. trade carried on U.S.-flag ships. Needless to say it is unrealistic at best to believe we can increase the number of vessels operating under the U.S.-flag and the number of jobs available for U.S. mariners unless there is cargo for these vessels to carry. As an essential first step, **Congress should give the Administration whatever additional authority it needs to negotiate meaningful bilateral cargo sharing agreements with America’s trading partners to provide U.S.-flag vessels with a greater share of America’s foreign trade.**
- **Jones Act:** The cornerstone of America’s domestic maritime policy is the Jones Act. This body of law requires that vessels engaged in commerce between ports and places within the United States are owned and crewed by American citizens and built in American shipyards. According to a recent study by PricewaterhouseCoopers, the Jones Act generates 500,000 high-quality American jobs, produces an economic output in the U.S. of more than \$100 billion annually, and provides critical homeland security, economic, environmental, and safety benefits to our nation. Most importantly, the oceangoing vessels engaged in domestic commerce provide important employment opportunities for licensed and unlicensed American mariners qualified to serve on vessels needed by the Department of Defense. The full enforcement of the Jones Act is essential to ensure that vessels carrying cargo along our coasts, in our non-contiguous trades, on our rivers and on the Great Lakes are not controlled by foreign shipping interests and foreign citizen crews. **Congress and the Administration should affirm their continued support for this critically important national maritime policy.**
- **Ready Reserve Force:** The Ready Reserve Force (RRF) was set up in 1976 as an element of the Department of Defense strategic sealift to support the rapid worldwide deployment of U.S. military forces. The vessels in the RRF are primarily used to transport Army and Marine Corps unit equipment and combat support equipment during the critical surge period at the outset of hostilities, and to participate in the initial resupply to the extent necessary. The 46 vessels in the RRF provide nearly one-half of the government-owned surge sealift capability. Presently, ships in the RRF deemed to have priority readiness have Reduced Operating Status (ROS) maintenance crews of about 10 commercial merchant mariners. This is in contrast to the standard that the Military Sealift Command deems necessary for ROS vessels which generally consists of a crew complement of 13 – 15 mariners. **The Congress and Administration should take the steps necessary to enhance the the operational approach for the RRF by increasing**

**the frequency of readiness activations and by evolving to a system which includes full crews on all Ready Reserve Force vessels as well as a true 2:1 manpower ratio for each billet.** This will not only help to eliminate the current shortfall in the overall number of mariners but does so in a way that helps guarantee that the Department of Defense will have access to a sufficient number of American mariners who possess the requisite experience, training, licensing, endorsements and government required security clearances.

- **Energy Resources on U.S.-Flag Ships:** To the extent our country moves forward with plans to export oil, liquefied natural gas and other strategic energy resources, steps should be taken to ensure that at least a portion of these commodities are transported on U.S.-flag vessels. The export of these commodities presents an opportunity for the U.S.-flag fleet to expand into export trades that are not served today by U.S.-flag vessels and U.S. citizen crews. **Congress and the Administration must undertake an immediate and thorough review to determine what must be done to encourage American jobs aboard vessels transporting oil, liquefied natural gas, and other strategic commodities and energy resources to and from the United States, and to ensure the operation of such vessels are under the United States-flag.**
- **Infrastructure Development and Maritime:** Congress and the Administration must vigorously promote the use of domestic waterborne transportation and, more specifically, the development of a national Marine Highway System, as critical components of a National Transportation Policy. As the Administration proceeds with its plans to rebuild the nation's infrastructure, it is especially important to recognize that U.S. coastal waterways are an economic resource readily available to reduce the burden of transporting cargo via roadways and rail. Among other things, **Congress must end the double taxation of domestic waterborne cargo under the Harbor Maintenance Tax (HMT) so it no longer discourages U.S.-flag vessel operations.** This discriminatory multiple taxation of waterborne cargo creates a significant economic *disincentive* for shippers to use U.S. vessels to move their cargo from one U.S. destination to another.

In conclusion, we again urge the Maritime Workforce Working Group to proceed expeditiously with its report to Congress so that Congress, the Administration and the maritime industry can begin to take the steps necessary to reverse the serious decline in the mariner workforce and to ensure our country has the skilled and available manpower needed to meet the needs of the Department of Defense. Concerted action is necessary and we assure you that maritime labor stands ready to do whatever we can to achieve these objectives.

Sincerely,

Marshall Ainley, President  
Marine Engineers' Beneficial Association

Paul Doell, President  
American Maritime Officers



Gunnar Lundeberg, President  
Sailors' Union of the Pacific

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