

Statement of  
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U.S. Department of Transportation  
Maritime Administration  
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Transforming the Navy  
Before the  
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Committee on Armed Services  
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Thank you for the opportunity to submit this statement regarding the Maritime Administration. The mission of the U.S. Department of Transportation's (DOT) Maritime Administration (MARAD) is to strengthen the U.S. maritime transportation system - including infrastructure, industry and labor - to meet the economic and national security needs of the nation. MARAD programs promote the development and maintenance of an adequate, well-balanced United States merchant marine, sufficient to carry all of the nation's domestic waterborne commerce and a substantial portion of its foreign waterborne commerce. MARAD vessels serve as a naval and military auxiliary in time of war or national emergency. MARAD also seeks to ensure that the United States maintains adequate shipbuilding and repair services as well as efficient ports and intermodal connections between our water and land transportation systems.

I cannot stress enough the importance of our mission. The United States, as the world's largest trading nation, accounts for nearly 20% of the world's oceanborne trade. Foreign trade and domestic cargo are conservatively estimated to grow at an annual compounded rate of 3.3%. This growth in cargo tonnage will double the throughput that the Marine Transportation System (MTS) will be required to handle by 2020. This is no small amount

since the MTS handled nearly 2.3 billion tons of waterborne cargo in 1999, including 1.2 billion tons of international cargo and 1.1 billion tons of domestic cargo.

Thus in today's world, ensuring the security of American ports is even more important. This includes maintaining and upgrading our port and intermodal transportation infrastructure to meet the needs of a competitive global industry, by continuing development and implementation of the MTS Initiative, which consists of waterways, ports, and their intermodal connections. MARAD coordinates its efforts with other Federal entities that have responsibilities for maritime transportation including the Committee on the Marine Transportation System, which is a White House cabinet-level committee. We are also working very closely with industry to identify system requirements through the MTS National Advisory Committee, which advises the Secretary of Transportation.

MARAD both serves and defends America. In this regard, MARAD maintains a fleet of cargo ships ready to serve in case of conflict or national emergency, known as the Ready Reserve Force (RRF). When activated, these ships operate under an agreement with Department of Defense (DoD). The Military Sealift Command (MSC) assumes operational control (OPCON) of the vessels on behalf of USTRANSCOM. OPCON means that MSC controls the ship's schedule and cargo, MARAD retains management of the vessel through a ship manager contract. Forty RRF ships supported the initial deployment of our Armed Forces in Iraq, providing nearly 13,000 operational days of service including transporting troops and supplies in support of our military.

Specifically, the RRF is a fleet of documented cargo vessels owned by the U.S. Government and under the jurisdiction of the Secretary of Transportation. By statute, DOT/MARAD is required to contract with commercial ship managers to maintain, operate and crew RRF vessels. Pursuant to a Memorandum of Understanding (MOU) with the DoD, the RRF is maintained by DOT in a readiness status to support DoD contingencies. Ship repairs are acquired by MARAD's ship managers under approved commercial purchasing systems. Best value and competition are significant considerations.

In the early 1980s, the U.S. Navy started "Afloat Prepositioning" to improve the response time for the delivery of urgently needed equipment and supplies to a theater of operation. Since the mid-1990s, MARAD has had as many as 11 vessels supporting the Afloat Prepositioning Force (APF) in locations such as the Mediterranean Sea, Persian Gulf, Diego Garcia, Saipan and Guam.

Some Members of the Committee have expressed interest in the operating procedures of the SS CHESAPEAKE, SS PETERSBURG, and SS CAPE JACOB. I would like to briefly discuss those procedures. These three MARAD vessels are part of the APF, are owned and operated by MARAD, and are provided to the DoD under the MOU.

The tankers, CHESAPEAKE and PETERSBURG, are each equipped with Offshore Petroleum Discharge Systems (OPDS) and have unique capabilities not found on commercial tankers. The OPDS was designed to deliver petroleum products to military forces in areas where port facilities are damaged or nonexistent. Within 48 hours of arrival on station, OPDS can be installed and begin pumping 1.2 million gallons of petroleum product per day from up to four miles offshore and at water depths up to 200 feet. The tankers can remain on station pumping continuously for up to 180 days and be replenished by normal commercial tankers.

The CHESAPEAKE and PETERSBURG have provided pre-positioned fuel for the Defense Logistic Agency and, within 24 hours of notification, can be en route to a crisis area with the ability to deploy OPDS upon arrival. Since being in APF service, these vessels provided support for Operation Iraqi Freedom for approximately 60 days. Additionally, they are utilized by U.S. and allied forces for military exercises and military training.

The CAPE JACOB has been with the APF since arriving in Diego Garcia in 1998. It is the last of four C4-S-1u Class vessels maintained by MARAD. The primary mission of the CAPE JACOB is as a floating ammunition dump, forward deployed in support of United

States Pacific Command (USPACOM). Its secondary mission is to transfer the ammunition at sea using the Modular Cargo Delivery System (MCDS).

The MCDS is a mechanized cargo transfer unit that acts as a combination elevator and winch, hoisting pallets of ordnance into the air and then across wire lines strung between two ships steaming side-by-side. Two MCDS units are installed on the CAPE JACOB. The ship can also conduct vertical replenishment with helicopters picking up pallets from the "helo" deck and transferring them onto another ship. In 2003, after supporting the Navy during Operations Enduring Freedom and Iraqi Freedom for 202 days, the CAPE JACOB was deployed to support USPACOM.

It is MARAD's mission to promote all aspects of the American maritime industry. Consequently, 95 percent of the repairs to the RRF fleet have been performed in U.S. shipyards. Federal law requires that naval vessels and vessels under the jurisdiction of the Secretary of the Navy homeported in the United States be repaired in the United States or Guam. As a U.S. District Court ruled in December 2005, RRF vessels do not fall within the scope of that statute. Recognizing the importance of the U.S. shipbuilding industry, MARAD's contracts regarding RRF vessels still require that repairs be made in U.S. shipyards except for emergency, or mission essential repairs, or for pre-positioned ships which are deployed overseas, or for any vessel forward deployed outside of the United States.

For example in 2005, repairs to the PETERSBURG were made in Singapore in order to ensure its continued readiness. The PETERSBURG, a very large, OPDS tanker pre-positioned in Guam, was dry-docked in Singapore in August 2005. Shipyards in both Hawaii and Guam were unable to perform the repairs during the required performance period. Specifically, Guam Shipyard's dry-dock was unavailable until November 2005 and could not complete work until February 2006, which would have resulted in the PETERSBURG being unavailable for its specialized mission for over five months. In addition to being unavailable during the required performance period, Guam Shipyard's bid was three times more than the successful offeror.

In closing, I would like to call to the Committee's attention the DOT and MARAD's activation of RRF ships and training ships as part of our nation's response to the devastation hurled at the entire Gulf Coast Region by Hurricanes Katrina and Rita. This unprecedented activation by Secretary Mineta in concurrence with Secretary Rumsfeld demonstrated that when called, MARAD and our ships were ready.

MARAD's ships provided the people of the stricken Gulf Coast with urgently needed supplies, clean water, electricity generation and oil-spill cleanup assistance, as well as food and shelter for rescue and recovery workers. In all, 11 MARAD ships provided 270,000 meals and 83,165 berth nights for recovery workers and evacuees. The last of the ships left the Gulf Coast area the first week of March, 2006; some of those ships are already in service supporting our armed forces. Others have returned to their regular duties as training ships at State maritime academies, while some returned to their homeports to be held in reserve until they are needed again.

Unquestionably, MARAD's RRF has lived up to the term "ready" -- and just as importantly the Ready Reserve Force has proven to be a cost-effective program for the United States.

Thank you for offering me the opportunity to provide this statement for the record. I am happy to answer any questions the Committee may have.