SUPPORT FULL FY’17 FUNDING FOR THE MARITIME SECURITY PROGRAM

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.

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

“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, full funding for MSP has been supported by each President and Congress since 1996.

• 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. 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.
“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, the commercial maritime industry, through MSP, has been providing DOD with these vessels and systems at a cost to the taxpayer of only $186 million or $3.1 million per ship in FY 2015 and, with the increase to $210 million for FY 2016 and the increased FY2017 authorized level of $299.997 million, MSP would remain cost effective providing this essential sealift capability to DOD at a fraction of the estimated $65 billion that it would cost our government to replicate this capability.

• 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

• Last year, 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 the concern that current developments are threatening the continued availability of the U.S.-flag vessels, U.S. crews and global logistics systems provided by MSP to DOD, 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.”

• These factors affect the ability of U.S.-flag vessel operators to reinvest in new U.S.-flag ships. New ships are long term assets, eligible to participate in MSP for 25 years. MSP funding must be sufficient to maintain a robust U.S.-flag fleet and long term stability to justify continued commercial investment in ships that cost more than $100 million each. Adding to this is the ongoing need for continued upgrading and investment in the attendant global intermodal networks that the MSP carriers bring to DOD.

• 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

January 28, 2016