International Perspectives on the Marine Transportation System and Risk

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BUSINESS CONCEPT
US Flag Vessel Operator

- **Ships**
  - Required platform for the business

- **Cargoes**
  - US Government Cargoes / Markets
    - Military
    - Military Household Goods / POV’s
    - Food Aid
    - Other Government Cargo
  - Commercial Cargoes

- **MSP**
  - Maritime Security Program (MSP)
EXTINCTION!

ELIMINATION of the UNITED STATES FLAG FLEET

- The US Flag fleet has been in Decline since WWII
- Only 81 Vessels currently operating in international trades
- Reduction of 100 ships in last 20 years
- Over 25 percent in the last 5 years
- Only 6 U.S. flag tankers in international trade
- Negative Impact on national security
- Loss of global influence
- US Flag carry less than 1 percent of US trade
US Flag Commercial International Trading Fleet

USA - 81

Source - MARAD
WHY?

- **US Flag Ships are more Expensive to Operate**
  - Crewed by Americans
  - Registered in the US
  - Subject to US Laws, Taxes, Regulations

- **Not Enough Government Cargo**
  - Decline of US Military Cargo
  - US Export – Import Bank
Mariners: Shortage of Qualified Personnel.

- Pre-positioned Vessels
- Surge Sealift (RRF and MSC)
- Commercial Fleet
See Risk 1
Competition

- Peer or near-Peer
- Across the Atlantic and Pacific
US Flag International Trading Fleet

Remember this slide?

Containership: 100
Dry Bulk: 11
General Cargo: 6
Ro-Ro: 3
Tanker: 21

USA - 81
PR China - 2143

Source - MARAD  Source – UNCTAD STATS
CHINESE GLOBAL PORT INVESTMENTS: 2000

...and it’s not just their FLEET

Source - MARAD
CHINESE GLOBAL PORT INVESTMENTS: 2010

Source - MARAD
CHINESE GLOBAL PORT INVESTMENTS: Present

Source - MARAD
How can we mitigate these risks?

Cargo Preference
- Enforce existing laws
- Ratify EXIMBANK charter
- Enhance cargo preference laws

Maritime Security Program (MSP)
- Extend MSP to 2035
- Adjust Stipends
ADDRESS the COSTS

- Eliminate the 50 percent ad valorem for overseas repairs
DOT/MARAD’s
NATIONAL MARITIME STRATEGY

- Complete the national maritime strategy
  - Strengthen maritime capabilities
  - Develop new cargo opportunities for US Carriers
  - Expand capability of international gateway ports
Thank you for your attention!