

# International Perspectives on the Marine Transportation System and Risk

Hapag-Lloyd USA, LLC

Jared Henry





# UNITED STATES STRATEGIC SEALIFT

Prepositioned



Surge

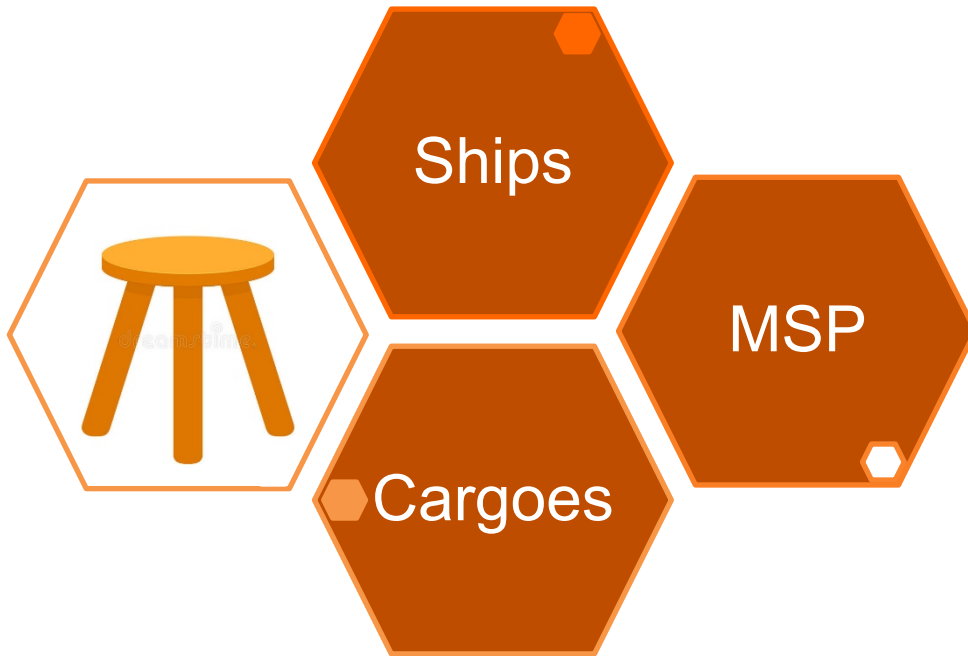


Sustainment  
(Commercial)



# BUSINESS CONCEPT

## US Flag Vessel Operator

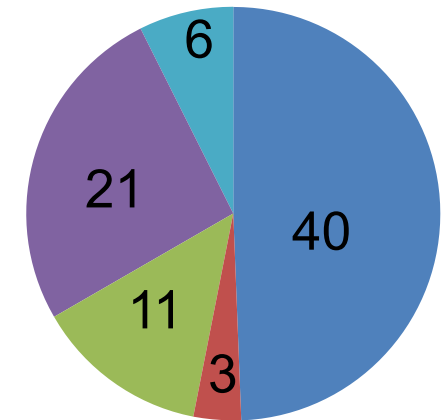
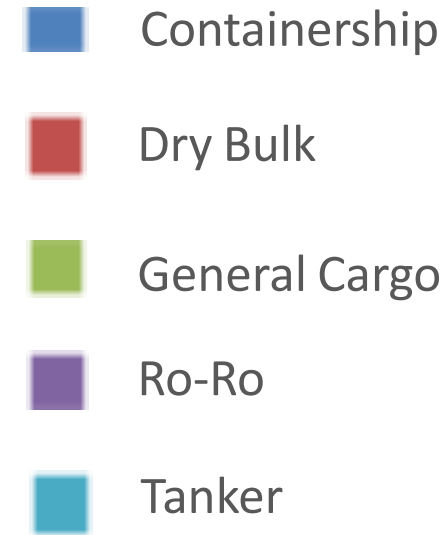
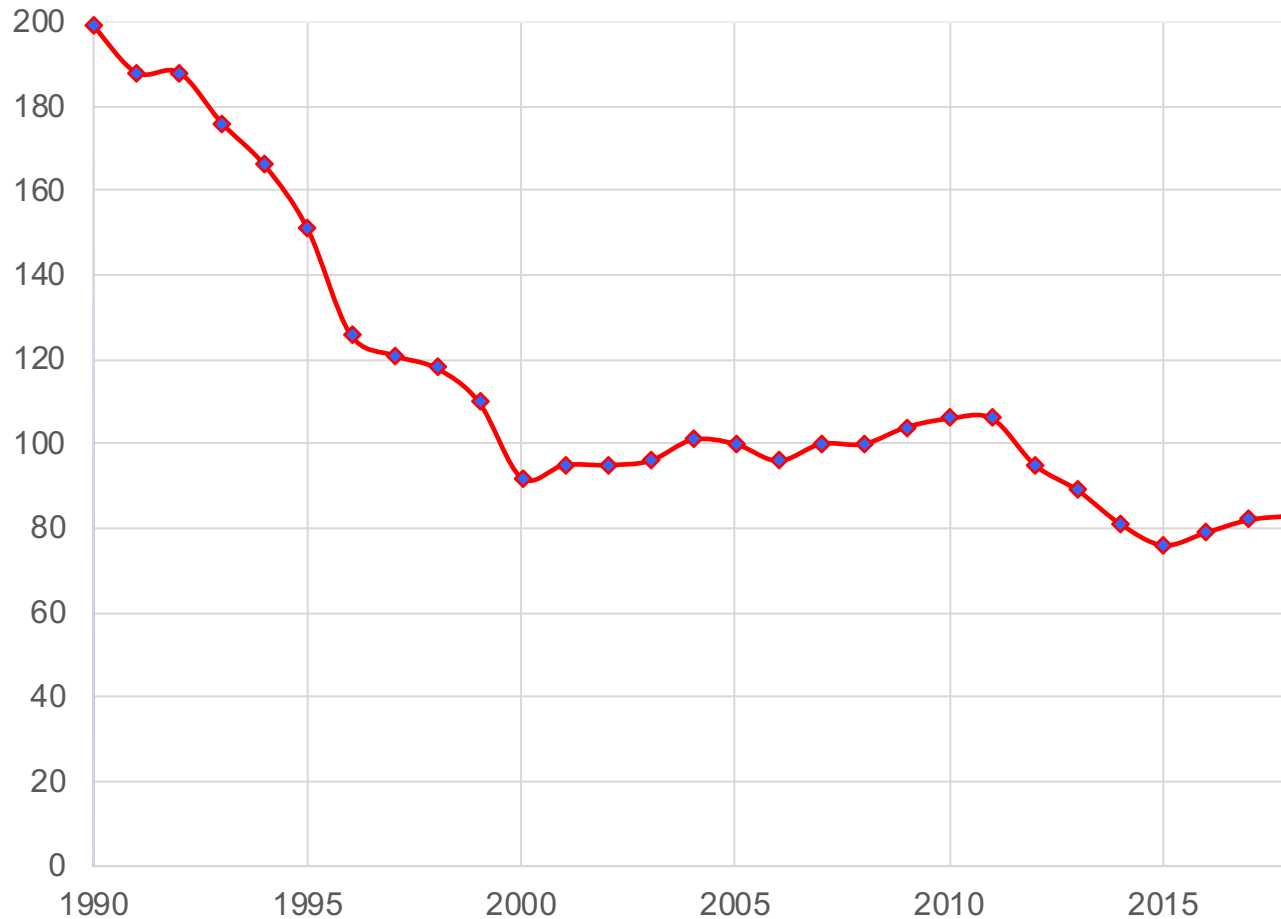


- **Ships**
  - Required platform for the business
- **Cargoes**
  - US Government Cargoes / Markets
    - Military
    - Military Household Goods / POV's
    - Food Aid
    - Other Government Cargo
  - Commercial Cargoes
- **MSP**
  - Maritime Security Program (MSP)

## RISK NUMBER 1

- **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

## 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

## RISK NUMBER 2

### **Mariners: Shortage of Qualified Personnel.**

- Pre-positioned Vessels
- Surge Sealift (RRF and MSC)
- Commercial Fleet

WHY?

- See Risk 1

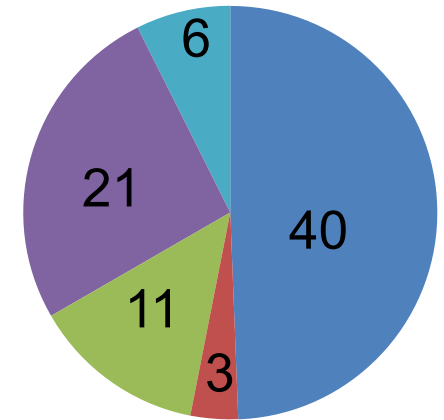
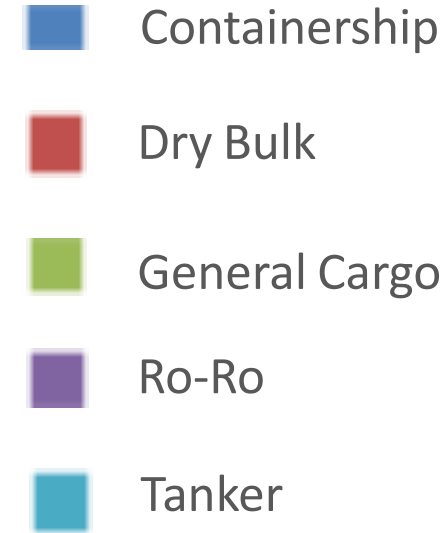
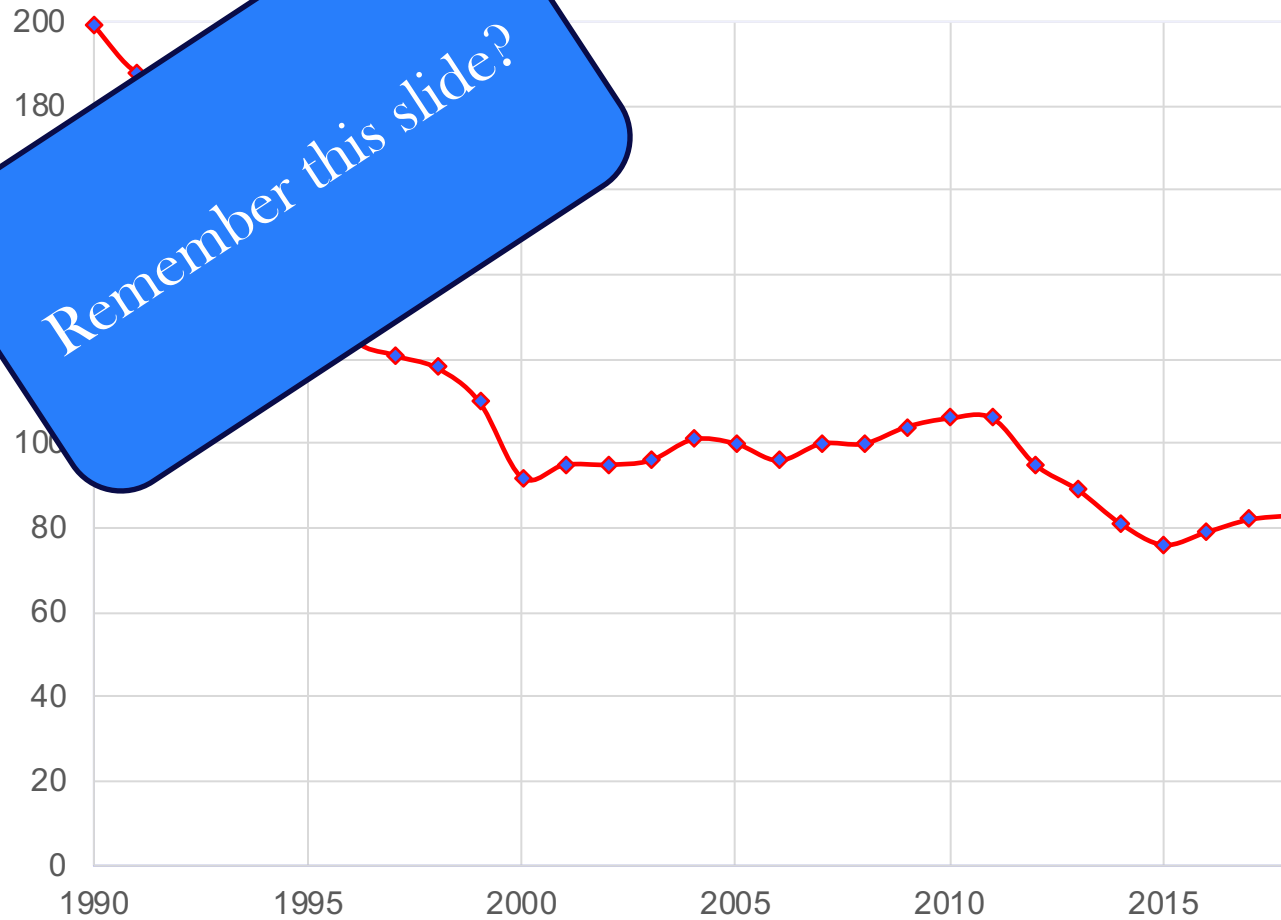


## RISK NUMBER 3

### ■ Competition

- Peer or near-Peer
- Across the Atlantic and Pacific

## US Flag International Trading Fleet



**USA - 81**

**PR China - 2143**

...and it's not just their  
**FLEET**



## CHINESE GLOBAL PORT INVESTMENTS: 2000



## CHINESE GLOBAL PORT INVESTMENTS: 2010



## CHINESE GLOBAL PORT INVESTMENTS: Present



How can we mitigate these risks?

## Cargo Preference



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

- Extend MSP to 2035
- Adjust Stipends

## Maritime Security Program (MSP)



## 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!

