

**September 29, 2020**

**From:** Maritime Transportation System National Advisory Committee (MTSNAC)  
Lisa Wieland, Chairperson  
Robert Wellner, Vice-Chairperson

**To:** Maritime Administration Administrator

**Subject:** Introduction to MTSNAC Recommendations

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The Maritime Transportation System and its related services play an integral role in the international supply chain. More than ninety percent of all commodities and consumer goods are moved by ship on oceans and inland waterways, through ports and terminal operations. As a result, the maritime industry is vital to the economic well-being of the U.S. and is a key link in support of the country's national defense as the fourth arm of the military. In addition, the industry plays a critical role in emergency relief efforts as witnessed by the industry's response during hurricanes over the past few years, continuing to bring stores and supplies, medical equipment and services to areas hard hit by these natural disasters.

However, trends in global economic and supply chain development present significant risks to the national security, political influence, and economic competitiveness of the United States. Sustaining the maritime industry will be key to addressing these issues and threats. Doing so will require significant investment, policy changes and operational and programmatic actions in order to strengthen U.S. domestic and international maritime capabilities, ensure a trained and available maritime workforce, and enable an efficient, well-functioning and measurable maritime transportation system. The Maritime Transportation System National Advisory Committee (MTSNAC) is comprised of senior executives and experts from all sectors and aspects of the industry who were convened by the U.S. Secretary of Transportation to provide recommendations on the challenges facing the industry. Three sub-committees were formed to address a specific set of problems proposed and outlined by the Maritime Administration (MARAD) regarding international shipping, domestic shipping, and port performance. The MTSNAC was tasked with making recommendations regardless of the challenges, political process, and economic constraints that might hinder their advancement; the sub-committees took that approach as they set out to answer key questions posed by MARAD.

Unfortunately, beginning in late 2019 and continuing to today, the world has experienced the terrible impacts of COVID-19 and its crippling effects on the health and well-being of populations and the global economy. Despite the challenges, the maritime industry has continued to serve the world's needs, including providing critical food, medical supplies, and consumer goods. These items continued to move and be delivered even though vessel crews could not be relieved. Ports remained open with stevedores, terminal operators, and labor loading and off-loading ships, even with new social distancing requirements, new health protocols impacting operations, and shortages of Personal Protective Equipment (PPE). Regardless, the maritime industry continued to perform. Typically, the maritime industry performs essential services under the radar screen, with limited understanding or acknowledgement by the general public. However, during this unique time, Americans have experienced what happens when supply chains are constrained or cut off entirely, and as a result, have developed a greater appreciation for and understanding of the role the maritime industry plays in meeting the country's and consumers' critical needs.

Like the industry as a whole, the MTSNAC faced similar challenges in meeting its assigned tasks during the pandemic. Despite the personal and professional challenges each individual member has faced, the group worked throughout the pandemic and met the request to deliver recommendations on an accelerated timeline. In doing so, the three sub-committees developed a varied and detailed approach to attacking some of the issues that have faced and challenged the U.S. maritime industry for many years. The proposed recommendations are based on the collective wisdom and experience of MTSNAC members as well as outside research and resources. The recommendations are strong, thoughtful, and targeted; they are intended to address the key issues that have plagued the industry for years and contribute to its inability to advance. As a result, they deserve close attention by U.S. DOT regardless of their perceived difficulty or recurring and long-term nature. Many of these proposed solutions are not new. While they may be challenging to implement, a firm resolve and creative implementation strategies must be employed to produce timely action if this industry is going to survive and thrive, and continue to fulfill its vital role in supporting the economic and security needs of the country.

On behalf of the MTSNAC membership, we thank U.S. DOT and MARAD for the opportunity to provide input on these critical issues.

**Maritime Transportation System National Advisory Committee (MTSNAC)**

**Draft Recommendations from Members in 2020**

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**Draft Recommendations from Members in 2020**

*Consensus-Based Vote is on September 29, 2020*

These recommendations are divided into the three subcommittees of the Maritime Transportation System National Advisory Committee (MTSNAC): Ports, Domestic Shipping & International Shipping. The Maritime Administration is providing these draft recommendations for public review, prior to the public meeting scheduled for September 29, 2020.

These draft recommendations are as presented by each subcommittee, per the guidance in their subcommittee charters. Furthermore, each subcommittee categorized the recommendations as “fiscal”, “programmatic/operational” and “legislative”.

## MTSNAC 2020 Recommendations

Committee	Category	Draft Recommendation
International	Fiscal	Secretary of Transportation should support the acceleration of the acquisition of used ships to replace ships in the Ready Reserve Fleet (RRF).
International	Fiscal	Secretary of Transportation should support the acceleration of construction of purpose-built surge sealift and prepositioning ships
International	Fiscal	Secretary of Transportation should support consistent (multi-year) funding to support sealift new construction
International	Fiscal	Secretary of Transportation should support stabilizing the Maritime Security Program (M.S.P.) with multi-year funding
International	Programmatic	Secretary of Transportation in coordination with the Secretary of Defense should advocate for requiring all U.S. owned fuel (of all types) that is moved worldwide within the Defense Fuels (Defense Logistics Agency) network to be carried on U.S. Flag ships
International	Programmatic	Secretary of Transportation should advocate for increasing and enforcing cargo preference requirements. / Endorsement of an executive order mandating 100 percent cargo preference requirement for all U.S. Government-impelled or sponsored cargoes. / Implement MARAD enforcement authority (2008 NDAA)
International	Programmatic	Secretary of Transportation should charter a study of the costs and viability of various proposals to transition to an Active Ready Reserve
International	Programmatic	Secretary of Transportation should support conducting R.R.F./Surge fleet activation exercises of a scale equivalent to T.A. 19+ annually
International	Programmatic	Secretary of Transportation should advocate for placing all U.S. owned sealift ships (Surge and R.R.F.) when not activated under MARAD
International	Legislative	Secretary of Transportation in coordination with the Secretary of Defense should advocate for instituting a Tanker Security Program (T.S.P.) proposed in the 2020 and 2021 House Armed Services Committee (HASC) National Defense Authorization Act (NDAA)
International	Legislative	Secretary of Transportation should support legislation to eliminate the 50-percent ad valorem duty on vessel overseas maintenance and repairs when non-availability in a US shipyard has been determined
International	Legislative	Secretary of Transportation should advocate for incentivizing commercial shippers to utilize U.S. Flag. / Modify U.S. import duties on items shipped on American Flag ships. / Exempt U.S. import cargoes arriving on American Flag vessels from Harbor Maintenance Tax. / Include freight charges for transporting American military exports sold to NATO as part of the NATO Nations' 2% G.D.P. commitment
International	Legislative	Secretary of Transportation should advocate for extending the foreign earned income exclusion to mariners employed on internationally trading vessels
International	Legislative	Secretary of Transportation should advocate for the use of new commercial/government shipbuilding model
International	Legislative	Secretary of Transportation in coordination with the Secretary of Defense and the Secretary of Energy should actively support the enactment of the Energizing American Shipbuilding Act and offer significant advantage/financial support to ships equipped with CONSOL capabilities for the transfer of fuel from ship to ship at sea
International	Legislative	Secretary of Transportation should advocate for the elimination of the 3-year waiting period for the carriage of U.S. preference cargoes

## MTSNAC 2020 Recommendations

Committee	Category	Draft Recommendation
Domestic	Fiscal	Revise Title XI, Capital Construction Fund (CCF), and Construction Reserve Fund (CRF) Financing Regulations and Program Administration.
Domestic	Programmatic	Strict Enforcement of Cargo Preference Laws.
Domestic	Programmatic	Create additional entry level ratings billets on the Ready Reserve Fleet and Maritime Security Program funded vessels in both Full Operational Status and Reduced Operational Status.
Domestic	Programmatic	Provide a pathway to a relatively rapid (under a week of assessment examination) achievement of the STCW endorsements need for a national sealift emergency.
Domestic	Programmatic	Enhance the Nation's port and waterway infrastructure through expansion of the Port Infrastructure Development Grant and Marine Highway Programs.
Domestic	Legislative	Provide tax based incentives that support the expansion of the U.S. flag fleet, mariner base and domestic shipbuilding/repair industry.
Domestic	Legislative	Develop incentive programs for the expansion of the US flag tanker fleet and further incentivize the beneficial cargo owner to utilize US flag tankers in the export of US domestic energy.
Domestic	Legislative	Advocate assertively for preservation and strengthening of the tenets of the Jones Act.
Port	Fiscal	No recommendations
Port	Programmatic	The recommended measures of success are: 1. Maritime trade and business environment, 2. The speed of shipments moving through a port's multi-modal system, 3. The consistency of shipment speed through a port's multi-modal system, 4. The visibility of shipments through a port's multi-modal system, 5. The air quality of a port's multi-modal system, 6. The local jobs supported by a port's multi-modal system. 7. Maintaining a sufficient and fully trained workforce to support efficient shipment movements
Port	Programmatic	Establish a public/private collaboration group that focus on further specifying the measures of success definitions, the most effective means for testing the effectiveness of the measures and dashboard, and the strategy for implementing the measures, starting at the national level.
Port	Programmatic	Define the metric base year and targets.
Port	Programmatic	Work to incorporate the measures of success and executive dashboard with other USDOT freight initiatives.
Port	Programmatic	Determine the best means for sharing the findings annually.
Port	Programmatic	Ensure ongoing review and revisions to the measures of success after implemented.
Port	Legislative	No recommendations