



U.S. TRANSPORTATION COMMAND

	<u>POINTS OF CONTACT</u>
USTRANSCOM TCJ5-I	(618) 220-4948
NDTA	(301) 423-3335
MARAD	(202) 366-5400

**VISA EXECUTIVE WORKING GROUP (EWG)
MEETING MINUTES
24 June 2021**

NOTICE

The Executive Working Group (EWG) was organized by the National Defense Transportation Association (NDTA) Sealift Committee in March 1995, and consists primarily of representatives from the Department of Defense (DoD), the Department of Transportation (DOT) and the transportation industry. The purpose of the EWG is to study transportation issues of interest to government and industry and report the status of these issues to the NDTA membership. The EWG is a forum for the exchange of information. DoD officials participating in the EWG may not transfer any authority or responsibility for government decisions to industry or to the industry members of the EWG. By making the minutes of EWG meetings available electronically, DoD, DOT, and the NDTA promote other forums for the exchange of information. DoD invites interested parties to comment on issues considered at EWG meetings, to provide additional information, or to request further information. A list of meeting participants is enclosed at the end of this document.

MEMBERS

<u>Organization</u>	<u>Telephone</u>
American President Lines, Ltd	(202) 496-2484
American Roll-On Roll-Off Carrier, LLC	(201) 571-0484
Waterman Steamship Corp./Waterman Transport, Inc.	(251) 243-9812
Crowley Maritime Corporation	(305) 470-4098
Foss Maritime Co.	(206) 281-3800
Hapag-Lloyd USA, LLC	(813) 276-4698
US Ocean, LLC (Patriot Shipping)	(281) 885-3500
Liberty Global Logistics LLC	(516) 488-8800
Maersk Line, Limited	(703) 351-0124
Matson Navigation Company, Inc.	(415) 957-4200
Overseas Shipholding Group Inc.	(813) 209-0600
Pasha Hawaii Transport Lines, LLC	(415) 927-6400
Schuyler Line Navigation Company, LLC	(410) 216-9281
Seafarers International Union	(301) 899-0675
TOTE, Inc.	(704) 246-8839



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MEETING SUMMARY

1. Opening Remarks

- a. Meeting opened with remarks by VADM Mewbourne (TCDC).
 - (1) Welcomed everyone and expressed his thanks for the continued communications as an EWG body as well as individually.
 - (2) Expressed interest hearing industry's thoughts on what a post-COVID world will look like. What will change and what do we need to talk about?
- b. Kevin Tokarski – Maritime Administration (MARAD)
 - (1) How do we come out of COVID? What will the new transportation normal look like? MARAD is reviewing lessons learned. Inputs should be submitted to Office of Sealift Support.
 - (2) Day of the Mariner – June 25, 2021. Recognizes the valuable contribution the merchant mariner has made to the global economy at personal cost to themselves and their families.

2. Block 1 Discussion

- a. Maritime Cyber Threat Overview provided by Jason Rivera, CrowdStrike
 - (1) CrowdStrike provided an assessment of threats to U.S. and allied global maritime capabilities
 - (a) Threats to intellectual property.
 - (b) Threats to satellite communications.
 - (c) Supply chain threats.
 - (d) Threats to commercial data.
 - (2) Provided recommendations how to combat threats.
- b. NIST (National Institute of Standards and Technology) Compliance update provided by Patrick Grimsley
 - (1) Provided an update on contractor compliance with NIST standards.
 - (2) Reviewed 2020 VISA Contractor compliance.
 - (3) 85% compliant with contractual reporting requirement.
 - (4) USTRANSCOM relies heavily on commercial carriers. Full implementation of NIST controls on transportation service provider networks that store, process, or transmit DoD information is essential.
 - (5) Top 4 non-compliant controls from self-assessments:
 - (a) Mark media with necessary markings.



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- (b) Multifactor authentication.
 - (c) Portable storage device usage.
 - (d) Complete Systems Security Plans.
- c. Patrick Grimsley provided an overview of the Cyber Executive Order:
- (1) Remove barriers to sharing threat information.
 - (2) Modernize Federal Government cybersecurity.
 - (3) Enhance software supply chain security.
 - (4) Establish a Cybersecurity Safety Review Board.
 - (5) Standardize federal government playbook for responding to cybersecurity vulnerabilities and incidents.
 - (6) Improve detection of vulnerabilities and incidents on federal government networks.
 - (7) Improve investigative and remediation capabilities.
- d. Maritime Sector Updates
- (1) RO/RO – Eric Ebeling (American Roll-On Roll-Off Carrier, LLC)
 - (a) The RO/RO market was one of the shipping sectors that was hardest hit by the Covid-19 pandemic, has rebounded strongly, although not quite as strongly as the container sector.
 - (b) U.S.-flag fleet is actually in a relatively strong position in the RO/RO deep sea fleet segment, at around 2.5% in terms of ship numbers, good metrics in terms of militarily useful capacity when compared to the rest of the global deep-sea market.
 - (c) The global deep sea RO/RO fleet is around 1.5% smaller than it was pre-pandemic, due to recycling and scrapping over the last year.
 - (d) Overall commercial volumes are just 5% below pre-Covid-19 volumes due to a combination of demand, economic stimulus, reopening economies, etc. Semiconductor chip shortage and other supply chain issues may result in upwards of 4M fewer cars produced in 2021 vs. original forecasts.
 - (e) Emergence of electric vehicles (EV) as an important segment of the car industry. EVs now account for 22% of seaborne car trade so far this year, versus just 9% in 2019. New challenges with the safety risk profile of EVs versus traditional internal combustion engine cars.
 - (f) DoD unit and sustainment cargoes and commercial volumes are forecasted to soften in the coming summer months. Potential for an uptick in Q4 2021. Concern for carriers, as the U.S.-flag RO/RO fleet is already arguably over-tonnage given government cargo markets.
 - (g) In terms of the global RO/RO fleet deployment, around 18% of fleet capacity in the sector was laid up or otherwise idle by the end of May last year. Despite some



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difficulties crewing vessels, this fell to 5% by the end of 2020, and sector is now back to pre-COVID levels globally.

- (h) All of the MSP U.S.-flag RO/RO's remained fully crewed and ready throughout the pandemic.
 - (i) Until recently, the new order book was the smallest it has been in decades, but with market balance improving, there has been some emerging interest in fleet renewal and new builds. Six new ships were contracted for during January-May 2021, which was the highest total since 2015. A further 12-16 ships are expected to be confirmed in the near term.
 - (j) RO/RO new order book has been slow to rebound due to the uncertainty of future environmental regulation, future propulsion models and broad-based fuel availability for any such new fuel models.
 - (k) Potential fuel options under consideration include wind, ammonia, hydrogen, biofuels, and other options, including LNG, although as is increasingly pointed out in some circles, LNG is still a fossil fuel.
 - (l) All RO/RO carriers are looking at technology and recapitalization with an eye towards reducing CO2 emissions footprint where possible. Vessels are 30-year assets with high capital costs.
 - (m) The International Maritime Organization (IMO) has further regulations known as EEXI that will come into effect in 2023 for existing ships, and EEDI for newbuildings. *EEDI is the Energy Efficient Design Index of newbuild vessels and EEXI is for existing vessels. These refer to the IMO's plan to reduce greenhouse gases from international shipping 40% by 2030.*
 - (n) Increasing costs of compliance with new regulations and the related increasing uncertainty will need to be passed to their customers.
- (2) Containership – David Zimmermann (Hapag-Lloyd USA, LLC)
- (a) The global supply chain continues to perform under the weight of increasing cargo volumes, which reflect an improving post-COVID economic recovery. COVIDs' longer term impact on supply chain decisions is still to be determined.
 - (b) Volume surge is straining the supply chain and resulting in congestion and cargo delays.
 - (c) Forecasts during the recovery have consistently underestimated volume strength and duration and the forward view remains unclear.
 - (d) In contrast to commercial business, U.S. Government container business is flat or declining.
 - (e) All available vessel capacity has been deployed. Global inactive container fleet is only 60 ships/200K TEU with most of those in shipyards for repairs, waste water treatment systems, or scrubber installation.



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- (f) Record volumes are moving, but with delays. Service levels have continued to be negatively impacted by congestion and the related delays at ports, and landside operations.
 - (g) On average, over 70% of vessels are late arriving LA-Long Beach with an average delay of +10 days.
 - (h) Schedule reliability on the Transatlantic lanes was 33% in April (61% April 2020).
 - (i) Container segment continues to move record volumes although reliability has declined.
- (3) Multi-purpose Ship (MPP) – Will Terrill (US Ocean, LLC)
- (a) Returned to pre-pandemic levels and the expectation is that the upward trend will continue anywhere between 4 - 12 months.
 - (b) Pacific Trade is specifically strong. MPP vessels are being utilized for the carriage of containers.
 - (c) Most wind sector cargoes are Pacific Trade oriented.
 - (d) Port congestion is being experienced by the MPP sector, and with congestion in the larger, liner ports, MPP vessels are increasingly being asked to call smaller, less developed ports with the utilization of vessel gear and shallow draft features.
 - (e) Other trades, both in terms of regions and cargo types, while improved over Q2 of 2020, do not reach the level of activity that is seen in the Pacific and wind energy sectors. Most notably, energy sector projects in the oil & gas sector, including liquefied natural gas (LNG), lag behind.
 - (f) The increasing cost of steel, high demand for the bulk and container sectors, may have an impact on availability of building slots for MPP vessels, which are generally considered to be more difficult to build than container and bulk vessels. Greenhouse gas reduction goals that are expected to take effect in the next several years may become a material issue for the MPP fleet
 - (g) Cargo forecasting is just as important in a high demand environment as during circumstances where the markets are impacted by oversupply.
- (4) Jones Act – John Lauer (Matson Navigation Co., Inc.)
- (a) Experiencing intermodal network delays.
 - 1) Rail service congested.
 - 2) Velocity through the network has slowed.
 - 3) Trucking shortages.
 - (b) Adjusting schedules to minimize delays. No blank sailing in the Jones Act trades.
 - (c) Hawaii volume remains below pre-pandemic levels. Have seen surge in cargo over the last six weeks.



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- (d) Alaska trade has been strong with market volume higher than pre-COVID.
- (e) Puerto Rico trade normal to above normal.
- (5) Tanker – Sam Norton (Overseas Shipholding Group, Inc.)
 - (a) Tanker sector remains at deeply depressed levels.
 - (b) Profits are tied to burning lower cost fuel in vessels.
 - (c) Energy sector under intense scrutiny to reduce carbon emissions.
 - (d) IMO regulations to further reduce carbon emissions coming. Only way to meet emission caps is to slow ship speed. Technology to achieve future carbon emission regulations does not exist yet.
 - (e) Jones Act Tanker sector – not good. 30 % of Jones Act tanker fleet without employment. Eight vessels in lay-up and another five without long term employment.
- (6) Labor – Augie Tellez (Seafarers International Union)
 - (a) Restrictions in Far East still limiting where and when crew changes are conducted.
 - (b) Most viable port for crew changes is Yokohama.
 - 1) Limited lodging.
 - 2) Still requires 14-day ROM.
 - (c) Guam is an alternative for crew changes. Singapore not an option.
 - 1) Consider diverting vessels to Guam for mass crew changes.
 - 2) Labor looking for recommendations to improve crew changes.
 - (d) Prioritizing crew changes for those at sea greater than 6-8 months. Worst case has some mariners exceeding 10 months onboard.
 - (e) During normal times it is challenging to crew vessels. COVID has exacerbated this situation. Current situation is not sustainable.
 - (f) Vaccinations – Not even close to where unions want to be or feel the need to be.
 - 1) Seafarer’s International Union at ~50% vaccinated.
 - 2) Certain ports are requiring all crew to be vaccinated in order to enter.
 - 3) Some ports not accepting vaccination card but instead require a medical letter.
 - 4) Labor unions meeting week of 5 July to discuss mariner vaccinations.
 - a) FDA has not approved all the COVID-19 vaccinations.
 - b) Unions cannot mandate vaccination as condition of employment while vaccines are still under an Emergency Use Authorization.
 - c) All mariners concerned, from most senior to junior, across all jobs.



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- 5) Still disparity with application of CDC rules for mariners wearing masks. Stevedores and vendors, that have access to the vessels in port, are not held to the same requirements for mask wearing as the mariners.
- (7) MAERSK KENSINGTON Global Positioning Systems (GPS)-free Exercise – Bill Woodhour (Maersk Line, Ltd.)
 - (a) MAERSK KENSINGTON conducted a 24 hour GPS-free navigation exercise simulating the loss or degradation of GPS.
 - (b) Ship’s bridge used celestial and terrestrial navigation to track ship position.
 - (c) Ship’s Master provided Maersk Line a summary of recommendations for future exercises.
 - (d) Additional information can be obtained from Bill Woodhour at Maersk Line, Ltd.
3. Block 2 - Discussion
 - a. Legislative Affairs Update provided by Mark Osmack
 - (1) FY22 National Defense Authorization Act (NDAA)
 - (a) The House Armed Services Committee (HASC) plans to begin consideration of its annual defense policy bill in late July, with the full mark up the legislation in September. The September 1st full committee markup for the NDAA is the latest in recent history. Planning for subcommittee and full committee markups on either side of the August congressional recess.
 - (b) Sufficient time is an issue in the Senate as well. Doubtful a Senate Armed Services Committee (SASC) markup in July will give the full Senate enough time to debate and pass the NDAA before the August recess, given all the procedural hurdles that committee and party leaders need to clear to pass it.
 - (c) More than likely the NDAA and defense appropriations bills won't be finished until well after the October 1st start of the new fiscal year.
 - b. MARAD Update provided by Kevin Tokarski
 - (1) Tanker Security Program (TSP) and Voluntary Tanker Agreement (VTA).
 - (a) TSP authorized and standing by for appropriations.
 - (b) No solicitation for applicants until appropriations are in place.
 - (c) VTA revised draft going out in Federal Register Notice. Revised previous posting with industry comments.
 - (2) Cable Security Fleet
 - (a) Following same process as TSP.
 - (b) Solicited for two slots.
 - (c) Rulemaking after vessels enrolled and program underway.
 - (3) Mariner Training



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- (a) Designating Domestic Mariner Centers of Excellence.
 - 1) Support for mariners beyond the traditional deep sea and Jones Act mariners.
 - 2) Five-year plan being developed using Volpe Transportation Center and industry representatives.
- (4) Cargo Preference update by Tony Padilla
 - (a) MARAD finding U.S. flag availability where Federal agencies say there are none available.
 - (b) Increasing number of Federal shippers reporting to MARAD.
 - (c) All Federal agencies fall under cargo preference laws.
 - (d) Engaging industry to help understand cargo preference laws and obligations.
- (5) Expedited Re-flagging
 - (a) Special provision in Maritime Security Program (MSP) statute and detailed in USCG Navigation and Vessel Inspection Circular (NVIC) 01-13.
 - (b) Under this process, USCG relies on recognized classification societies vice CFR requirements.
 - (c) Should consider having only one process to reflag vessels to U.S. flag.
 - (d) MARAD working with the Registry Working Group to come up with recommendations.
 - (e) May need to do advance work with USCG for TSP applicants.
- (6) Cargo Forecast Refresher provided by Tim Biedenstein
 - (a) FY23 Budget Estimate Submission (BES)
 - 1) Reducing forces in CENTCOM faster than predicted.
 - 2) Update to liner usage from original FY23 BES.
 - a) FY21 - +7% (-150K Mtons)
 - b) FY22 - +4% (-70K MTons)
 - c) FY23 - -15% (-300K MTons)
 - (b) MSC Dry Cargo workload (under USTRANSCOM) will decrease due to realignment and reduction of forces in CENTCOM.
 - (c) MSC ammo workload to remain constant FY to FY.
 - (d) Forecast includes DEFENDER series exercises.
 - (e) Commercial multi-modal contract will continue to be used until CENTCOM drawdown complete. TCAQ looking to expand contract to include support to other Combatant Commands.



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(7) Mobility Capability Requirements Study - 2020 (MCRS-20)/ Tanker Study update provided by Bruce Busler

(a) MCRS-20 – Overview of key sealift-related findings and recommendations

- 1) Seventh study since the end of the cold war. Spans FY25-FY30.
- 2) Assessment of programmed mobility forces.
- 3) Builds upon MCRS-18 to better capture impacts of contested environment.
- 4) More comprehensive study of mobility enablers (e.g., Strategic Seaports, aerial/sea port ops, railcars, and ammo terminals).
- 5) Assesses potential impacts Joint and Service concepts have on the mobility enterprise.
- 6) Commercial RO/RO requirement remains stable at 20.
- 7) Affirms requirement for organic surge fleet.
- 8) Recommendation to look at how to integrate commercial industry into a contested environment.

(b) Tanker Study

- 1) Affirms support for a 10 ship Tanker Security Program.
- 2) Effective U.S. Control (EUSC) program previously used as a source of tankers is no longer considered viable and is not considered for planning/mobility analysis. References to EUSC should be removed from doctrine.
- 3) Pacific theater has highest demand for fuel.
- 4) Key recommendations:
 - a) Support Tanker Security Program and renew Voluntary Tanker Agreement (VTA).
 - b) Work with allies and partners for access to tankers.
 - c) Review where fuel is pre-positioned.
 - d) Conduct Intra-theater lift study to refine theater lift requirements

4. Open Discussion – Around the Room.

- a. International Maritime Organization (IMO) carbon reduction regulations and assessing the impact.
 - (1) Industry to provide information on new carbon reduction standards coming.
 - (2) Recommended engaging NDTA.
 - (3) Industry recommended USTRANSCOM identify any impacts to strategic sealift requirements.
 - (4) USCG is the U.S. Government lead with IMO.



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b. Sealift recapitalization

- (1) Requirement has not changed. Congress will determine the number of new builds versus buying used.
- (2) Roughly 50 ships will be replaced over the next decade.

5. Task Review

a. Outstanding Tasks

- (1) Port Infrastructure Vulnerability Assessments – Open. Facilitate carrier access to nearby secure government facility.
- (2) Feedback on Performance Metrics – Closed. SDDC incorporating into USC-10.
- (3) Expansion of Tactical Advisors – Closed.
- (4) Mariner Training Requirements – Open.
- (5) Cybersecurity Management Maturity Certification (CMMC) – Open. USTC to apply CMMC to contracts 1 Oct 2025.
- (6) Refine and publish the VISA Activation Guide. (OPR: TCJ5-I) – Open
- (7) Provide additional information on USCG Marine Safety Information Bulletin (MSIB) 02/21 concerning masks onboard vessels. (OPR: MARAD) – Closed.
- (8) Port selection, readiness, and response to the speed of war. (OPR: TCAC; OCR: SDDC & Industry) – Closed.

b. New Tasks

- (1) Facility Security Clearances (FCL). (OPR: TCAQ). Identify obstacles to organizations getting a FCL. Who is having trouble and what are the issues? – Open.
- (2) Include Tanker POL (petroleum, oil & liquids) requirements in cargo forecast. (OPR: JDPAC) – Open.
- (3) Assess impacts of new International Maritime Organization (IMO) carbon emission reductions on industry. (OPR: TCJ-5, MARAD, & Industry) – Open.

6. Closing Comments

- a. Kevin Tokarski and VADM Mewbourne provided brief closing remarks.

7. Meeting adjourned.

8. Updates and corrections - Please use the USTRANSCOM TCJ5-I point of contact listed for updates or corrections to these minutes.



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