



U.S. TRANSPORTATION COMMAND

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

## **VISA EXECUTIVE WORKING GROUP (EWG) MEETING MINUTES 31 August 2016**

### **NOTICE**

The Executive Working Group (EWG) 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 provide a forum for the exchange of information between government and industry pertaining to the readiness of the national defense transportation enterprise to respond to crisis. By making the minutes of EWG meetings available electronically, DoD, DOT, and the National Defense Transportation Association (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.

### **MEMBERS**

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<u>Organization</u>	<u>Telephone</u>
American President Lines, Ltd	(202) 496-2484
American Roll-On Roll-Off Carrier, LLC	(201) 307-1626
Central Gulf Lines, Inc./ Waterman Steamship Corp.	(504) 593-8394
Crowley Maritime Corporation	(305) 470-4098
Farrell Lines, Inc.	(703) 351-0125
Foss International, Inc.	(206) 315-3537
Hapag-Lloyd USA, LLC	(813) 276-4698
Intermarine, 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 Shipping Group, Inc.	(212) 953-4100
Pasha Hawaii Transport Lines, LLC	(415) 927-6400
Seafarers International Union	(301) 899-0675

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### **TASKS**

The updated list of tasks from the EWG is at Attachment 1.



## MEETING SUMMARY

1. Opening Remarks
  - a. Meeting opened with remarks by LTG Steven Lyons, Mr. Michael Rodriguez (Deputy Maritime Administrator), Mr. Jim Henry, and Mr. Kevin Tokarski. LTG Lyons thanked RADM Alfultis and the Maritime Administration for hosting the meeting at the State University of New York (SUNY) Maritime College. LTG Lyons thanked RADM Alfultis and his staff for tours of the Training Ship Empire State, bridge simulators, and Maritime Museum. LTG Lyons welcomed Mr. Bryan Samson, Deputy to the Commander of the Military Surface Deployment and Distribution Command (SDDC), to his first EWG.
  - b. LTG Lyons reminded all the attendees that the purpose of the meeting was to support and facilitate discussions concerning National Security, network security, and other challenges facing the sealift industry.
  - c. Mr. Rodriguez, Mr. Jim Henry and Mr. Tokarski both thanked SUNY Maritime for the support provided to host the event. Mr. Tokarski also introduced new members of the MARAD team; Mr. Tony Fisher, Deputy Associate Administrator for Commercial Sealift and Dr. Shashi Kumar, Deputy Associate Administrator for Maritime Education and Training.
2. Cadet Shipping and Sexual Harassment/Sexual Assault (SHSA) – Mr. Michael Rodriguez (Deputy Maritime Administrator)
  - a. Mr. Rodriguez addressed the issue of SHSA at the United States Merchant Marine Academy (USMMA) and the cadet shipping program.
  - b. On June 15, 2016, Secretary Foxx, Secretary of Transportation, ordered a stand-down of the cadet shipping program at USMMA until assurances that SHSA issues were being addressed. Cadets were removed from commercial shipping tours; however, cadets on government/federal vessels remained onboard to complete their sea tour.
  - c. The Maritime Administration (MARAD) and USMMA do not believe they are getting the official reports they should be getting concerning SHSA. MARAD is contracting with a third party organization to review the culture on campus and at sea for the cadets. Carriers will be asked for inputs during the review. Results are expected by November 2016.
  - d. The Military Sealift Command (MSC) laid out a plan to increase the number of cadet shipping opportunities on MSC vessels.
  - e. Commercial industry expressed concern over the appearance that industry is not effectively dealing with SHSA issues and that these type issues could have a negative impact on programs like the Maritime Security Program (MSP). Industry assured



- MARAD that SHSA issues are taken seriously and all the companies have policies in place to quickly address any issues.
- f. MARAD stated they would not be establishing a uniform policy. MARAD stated that students were returning from sea term with different attitudes and wanted to see how this was affecting the culture on campus. MARAD is looking to establish a climate that is more supportive to people who want to report incidents.
3. Mariner Licensing Pipeline & Challenges - RADM Michael Alfultis, USMS (SUNY Maritime) and RDML Susan Dunlap, USMS (USMMA)
- a. RADM Alfultis provided an overview of the role of the six state maritime academies and the challenges these schools face. SUNY Maritime is the oldest and largest of the state schools with 70% of students in the United States Coast Guard (USCG) licensing program.
  - b. State maritime academies produce 70% of the unlimited license mariners. Demand from 2012-2022 for licensed mariners, third mates and third assistant engineers, is expected to be 4,000 a year with the state academies only producing 1000 a year. All state academies are at capacity. Schools are constrained by capacity of training ships.
  - c. RADM Alfultis was asked about the impact of automation on mariners and training. He noted some companies in Europe are testing automation concepts. MARAD noted that insurers are not ready to support automation. Additionally, there would need to be agreement by the 170 countries in the International Maritime Organization (IMO) to move to automation in the international market.
  - d. National Security Multi-Mission Vessel (NSMV). Training ships at the academies are national assets that can be ready to sail in 48 hours. Vessels are the primary training platforms for cadets to earn required sea time required to obtain a USCG Merchant Mariner license. Current training ships average 35 years of age with EMPIRE STATE (SUNY Maritime) being 54 years old.
    1. MARAD plans to build five vessels which would double the current capacity of the training ships.
    2. FY2016 budget includes \$5 million for design.
    3. Concerned about new environmental regulations and EMPIRE STATE Certificate of Inspection due to expire in 2019.
  - e. RDML Dunlap provided an overview of the USMMA. She highlighted infrastructure issues present at the academy that impact training, specifically in regards to simulator availability. RDML Dunlap reviewed the academy strategic plan and highlighted five key goals: Cutting edge programs, sound leadership, dynamic campus culture, first class infrastructure, and meaningful partnerships and communications.
  - f. RDML Dunlap noted that about 90,000 sea days a year are required to support USMMA sea term requirements. USMMA cadets get their sea training on US flagged commercial and government vessels unlike the state academies that provide training to cadets on a school ship.



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4. Mariner Recruitment - Dr. Shashi Kumar

- a. MARAD provided an overview of mariner availability and the ability to transition from a reserve to full operating status in the Ready Reserve Force (RRF). During a full activation MARAD noted the rotation factor used to determine mariner availability drops from 2.0 to 1.75 rotation factor.
- b. Industry noted that during major contingencies there is a tendency for commercial trade to contract causing industry to lay up vessels and possibly free up mariners to support manning the RRF.
- c. MSC took the task to estimate the cost of establishing full government crews for the RRF as a comparison factor during discussions on mariner manning and MSP funding.

5. Steam Engineer Manning/Proficiency – Mr. Bill Cahill (MARAD)

- a. MARAD provided an overview of steam engineer availability. MARAD is concerned about the proficiency of steam engineers and the ability to man the Fast Sealift Ships (FSS) which have challenging steam plants.
- b. Matson Navigation Co. noted that their seven steam vessels will be replaced by the end of 2019.
- c. MARAD noted that the current Turbo Activation program does not provide sufficient steaming days to support proficiency.
- d. LTG Lyons asked for analysis that shows the additional steaming days that are required to get the steam engineer numbers to a level that would support a full activation.

6. Cargo Preference/MSP – Mr. Tony Fisher (MARAD)

- a. Federal Register solicitation to fill two MSP Operating Agreements will be published in a few weeks.
- b. The VISA open season for application to join closed with no companies applying to join.
- c. Revised MSP Operating Agreement will be sent to carriers. New Operating Agreements will need to be signed by the end of the fiscal year.
- d. The Office of Secretary of Defense – Transportation Policy (OSD-TP) is gathering data to identify use of U.S. flag carriers on contracts where transportation is incidental to the procurement of goods and services. As a separate action, OSD-TP is working with MARAD to publish a cargo preference paper on the General Services Administration Acquisition Gateway to educate acquisition professionals on cargo preference laws.
- e. Export-Import Bank. No quorum. Appointee awaiting confirmation. Funding for loans over \$10 million cannot be approved without a quorum. \$12 billion worth of loans guarantees are in waiting.

7. Industry & Labor Topics – Labor and Industry Representatives

- a. Labor Topics – Mr. Augie Tellez, Seafarers International Union (SIU)



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1. Labor agrees with the mariner numbers briefed by MARAD.
  2. Full activation of RRF is about 3,500 mariners. Labor feels they are behind the curve with the number of incoming mariners versus mariner losses.
  3. Labor feels they would be about 800 mariners short if a 2.0 rotation factor were maintained during a full activation vice dropping to a 1.75 rotation factor.
  4. Security clearances for mariners are taking 70 days to obtain. Delay in clearances is causing mariners to find other jobs causing restart of 70 day clock on a new mariner. Defense Security Service has committed to work with SIU to provide a quicker review of interim clearances while the final clearance is being processed.
- b. Container Market/Alliances - Mr. Rick Boyle (Maersk Line, Ltd.)
1. Global trade growth projection is 3.2% in 2016 and 3.5% in 2017.
  2. Financial losses for container carriers in 2016 worse than 2009.
  3. Overcapacity in global container fleet at 6.9% of total fleet.
  4. Container alliances will drop from four to three in 2017 as the industry consolidates to lower operating costs.
- c. Roll-On/Roll-Off (RO/RO) Market Conditions – Mr. Bob Wellner (Liberty Global Logistics)
1. Surge in new buildings will add approximately 10% in capacity.
  2. RO/RO and Pure Car-Top Carrier (PCTC) market will continue to be unhealthy into 2018.
  3. Market is over capacity.
- d. Multi-purpose (MPP) Market Conditions – Mr. Will Terrill (Intermarine)
1. MPP Market competes with all other markets.
  2. No improvements in MPP market until about 2019 as MPP market tends to lag behind other markets.
- e. Domestic Market Conditions – Mr. Mike Garvin (Matson Navigation)
1. Alaska market is tepid – oil and gas drives the market.
  2. Hawaii market is good, bullish the next 2-3 years –Hawaii light rail construction project ~\$7 billion.
  3. Puerto Rico market in poor financial situation. Domestic carriers will have invested over \$4 billion in new tonnage in the Puerto Rico market between the years 2002 - 2020. These new vessels will have a 40 year service life replacing capacity built in the 1970's.
8. Legislative Update – Mr. Kurt LaFrance (TCCC-LA)
- a. No appropriation bills have passed congress. Anticipate short term continuing resolution to fund government.



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- b. Tracking proposals concerning extending the age restrictions and funding increases for MSP vessels.
    - c. Language in MARAD Reauthorization Act of 2017 calls for establishing a Maritime Workforce Working Group.
9. OSD – TP Update – Ms. Lisa Roberts (OSD-TP)
  - a. OSD-TP beginning to collect transition papers in anticipation of change in administration.
  - b. Installation access – by end of 2016, 70% of DoD installations will have the ability to scan the Transportation Worker Identification Credential.
  - c. OSD-TP Study is contracting with the Federally Funded Research and Development Center Institute for Defense Analysis to collect five years of data on the amount of cargo moved by U.S. flag vessels when transportation is incidental to the procurement of goods and services. These contracts include Logistics Civil Augmentation Program and Defense Logistics Agency Prime Vendor.
10. Operational Forecast – Mr. Brad Eastman (TCJ4)
  - a. Provided an update on future requirements to include known Army rotations through the National Training Centers.
  - b. Industry was interested in obtaining additional information on future retrograde and re-deployment moves.
11. Covered Defense Information – Ms. Tamara Thouvenot (TCAQ)
  - a. Recommendation made by industry to establish a working group with IT specialists from both commercial industry, U.S. Transportation Command and contract specialists to review the clauses in the Universal Services Contract 8 concerning the handling of non-public information.
  - b. NDTA President noted that the NDTA Cyber Committee is addressing this topic.
  - c. LTG Lyons directed cyber security discussions to be included in future meetings.
  - d. Industry requested that the amount of non-public information passed to the commercial carriers be slimmed down to only what is necessary.
12. Comments
  - a. RADM Buzby, NDTA President, noted the Annual NDTA - USTRANSCOM Fall Meeting will be held from 31 Oct – 3 Nov 2016 in St. Louis.
  - b. Jim Henry stated there will be three sealift meetings at the Fall Meeting: CEO meeting, Sealift Committee Meeting and USCG meeting on reflagging processes.
13. Wrap up/Review the Taskers. See Attachment 1 for tasks stemming from this EWG.
14. Review/Amend EWG Schedule – Current schedule shows the following dates:
  - a. Scheduled Meetings: 23 Feb 2017 – TBD



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- b. Tentative Meetings: 20 Jul 2017 - TBD

15. Closing Remarks.

- a. LTG Lyons closed the meeting thanking RADM Alfultis, the SUNY Maritime staff the cadets and midshipmen from SUNY Maritime and USMMA for growing the next generation of mariners.
- b. Meeting adjourned.

**UPDATES/CORRECTIONS**

Please use the USTRANSCOM ERC point of contact listed for updates or corrections to these minutes.

**ATTACHMENTS**

- 1. Tasks

## TASKS

<b>TASK</b>	<b>LEAD</b>	<b>UPDATE DUE</b>
1. Determine cost to establish civil service mariner crews for surge and RRF vessels (all government solution) as a reference point.	MSC	28 Oct 2016
2. Covered Defense Info. Establish a working group between USTRANSCOM J2/J3/J6/AQ AND industry IT specialists to review DFAR clauses and make recommendations to clarify cyber language in USC-8.	TCAQ	28 Oct 2016
3. Add cyber security topics to all future EWG meetings. At the next meeting provide a chart showing the number, by carrier, of cyber attacks.	TCJ6	2 Mar 2017
4. Brief updates to the vessel selection process (e.g. volume breakpoints and foreign flag selection changes) at the next EWG.	TCJ3	2 Mar 2017