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LOGISTICS AND SEALIFT FORCE REQUIREMENTS

UNITED STATES SENATE, COMMITTEE ON ARMED SERVICES, SUBCOMMITTEE ON SEAPOWER
AND PROJECTION FORCES

ONE HUNDRED FOURTEENTH CONGRESS, SECOND SESSION

HEARING CONTENTS:

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STATEMENT OF

MR. F. SCOTT DILISIO,
DIRECTOR,
STRATEGIC MOBILITY / COMBAT LOGISTICS DIVISION
OFFICE OF THE CHIEF OF NAVAL OPERATIONS

ON THE
LOGISTICS AND SEALIFT FORCE REQUIREMENTS AND
FORCE STRUCTURE ASSESSMENT

BEFORE THE

HOUSE ARMED SERVICES COMMITTEE

SEAPOWER AND PROJECTION FORCES SUBCOMMITTEE

March 22, 2016

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Chairman Forbes, Ranking Member Courtney and distinguished members of the House Armed Services Subcommittee on Seapower and Projection Forces. As Director of the Strategic Mobility/Combat Logistics Division in the office of the Deputy Chief of Naval Operations (DCNO for Fleet Readiness & Logistics), I appreciate the opportunity to provide you an update on the current state of readiness of the Combat Logistics and Strategic Sealift Forces. My testimony will describe the forces and the framework in which they operate. Additionally, it will touch on what has been accomplished over the past year, to include – continuing to meet operational requirements, while simultaneously driving successful, innovative, and non-traditional solutions to global maritime logistics.

Mission

The Combat Logistics, Service Support and Sealift missions are accomplished by a force comprised of 122 ships. Since July 2014 when I saw this committee last, the mix of ships includes new platform types with capabilities that have not been available in the past. The total force brings a variety of capabilities in direct support of numerous missions; from at-sea resupply of our naval combatants and large cargo transport to prepositioning and reconfiguring at sea, critical cargo for Marine Corps, Army, and Air Force. Additionally, missions include humanitarian assistance/disaster relief (HA/DR), diving and salvage operations, rapid intra-theater movement of cargo/personnel, towing, and afloat staging capabilities. This unique segment of the Fleet provides and facilitates the scalable capability required by the Combatant Commander to execute their missions around the globe. I'll now provide a brief description of the force.

Combat Logistics Force (CLF) and Service Support

The Navy's mission is expeditionary and has long required the capability to conduct worldwide and sustained operations at sea. The Navy has been, and will always be, called upon to operate forward in areas where access to shore bases may be limited. Therefore, the ability to rearm, refuel and re-provision our ships at sea, independent of any restrictions placed on it by a foreign country, is critical to the Navy's ability to project warfighting power from the sea.

As the lifeline of resupply to Navy operating forces underway, the ships of the Navy's Combat Logistics Force (CLF) enable Carrier Strike Groups and Amphibious Ready Groups to operate forward and remain on station during peacetime and war. The global peacetime CLF force structure supports continuous Navy presence worldwide and Fleet required sustainment training and deployment workup cycles. For perspective, these ships last year collectively delivered just under 470 million gallons of fuel (in 3,000 events), 29,000 pallets of ordnance (in over 160 events), and 82,000 pallets of dry cargo (in over 1,300 events).

The CLF is made up of single and multi-mission ships. The older single mission ships, specifically the Fleet Replenishment Oilers (T-AO), primarily provide one product, fuel, but have the ability to provide limited quantities of dry cargo. The multi-mission Fast Combat Support Ships (T-AOE) provide station ship support to customer ships by simultaneously replenishing ammunition, provisions and fuel. The Dry Cargo and Ammunition Ships (T-AKE) primarily provide ammunition and provisions, but can also supply fuel at limited transfer rates and quantities compared to the AOE or AO. Ships of the Combat Logistics Force include:

Fleet Replenishment Oilers (KAISER Class)

There are fifteen fleet replenishment oilers (T-AO) that fuel deployed Navy combatants and their embarked aircraft via connected replenishment. Each is capable of carrying Diesel

Fuel Marine (DFM), aviation jet fuel (JP-5), fleet cargo and provisions. They do not have embarked helicopters but are capable of vertical replenishment.

Recapitalization Fleet Replenishment Oiler (JOHN LEWIS Class)

The JOHN LEWIS Class, formerly T-AO(X), will recapitalize the existing Fleet Replenishment Oiler capability and will enable continued sustained forward naval operations. The current KAISER class T-AO will begin to inactivate starting in FY 21. The JOHN LEWIS class T-AO will maintain proven fuel delivery capabilities and will significantly increase its freeze/chill capacity. As the Fleet continues to operate in a dispersed manner, the ability of the T-AO to deliver both fuel and dry cargo will become increasingly important and will enhance operational flexibility. The JOHN LEWIS class T-AO will be double hulled and will meet current environmental standards. Additionally the ship will have a flight deck to support vertical replenishment.

Contract award for the first ship of the class is scheduled the summer of 2016 and it is anticipated that USNS JOHN LEWIS will be delivered in FY 21. Serial production begins in 2018 and total ship quantity is planned to be 17 ships.

Dry Cargo/Ammunition Ships (T-AKE: LEWIS AND CLARK Class)

This class of auxiliary ships is comprised of 14 supply ships that deliver ammunition, provisions, stores, spare parts, potable water and petroleum products to naval forces. They provide supplies at sea by connected replenishment or vertical replenishment with their own helicopter. Twelve ships are assigned to combat logistics missions and are capable of landing and refueling a V-22 Osprey. The remaining two T-AKEs belong to the Military Sealift

Command Prepositioning Program that supports the Marine Corps. The two Prepositioning ships are undergoing hangar modifications to permit embarkation of two V-22 aircraft.

Fast Combat Support Ships (SUPPLY Class)

The two Fast Combat Support Ships (T-AOE) in service deliver fuel, ammunition, provisions, stores, spare parts, potable water and petroleum products. These supplies are delivered at sea by connected replenishment or vertical replenishment with their own helicopter. The AOE class is also capable of higher sustained speeds than the T-AO or T-AKE, when mission requirements dictate.

Service Support Ships

Another facet of naval support is provided by our Service Support Ships. Capabilities resident on respective platforms include afloat medical facilities, and towing, rescue and salvage, ships. Our hospital ships (T-AH) have been involved in humanitarian civil assistance missions and are able to provide medical care onboard and ashore, from primary care to internal medicine, dental, radiology, and pharmacy services among many other specialties. These ships have routinely participated in humanitarian assistance across the globe and reinforcing efforts with partnering nations. The Navy's Towing and Salvage Ships (T-ATF and T-ARS) support global towing, salvage, submarine rescue and diving requirements. Collectively, Service Support ships bring Combatant Commanders a wide scope of critical naval support across the globe.

Summary and Vision for CLF and Service Support Ships

The Combat Logistics Force has proven its ability to support operations worldwide. It is my expectation that we will continue to explore improving our agility in theater and solution sets to meet the logistics demands of our naval warfighters.

Sealift

Major ground combat operations require access to and transportation of a high volume of unit equipment and supplies – well over a million tons in some scenarios. Bringing this capability into the theater of operations is Strategic Sealift, which provides the necessary transportation for Marine Corps, Air Force and Army combat unit equipment, ammunition, fuel, and sustainment materiel in times of contingency. Sealift delivers this capability to the Combatant Commander through strategic afloat prepositioning, surge sealift and sustainment shipping.

The program manages a mix of government-owned and long-term chartered dry cargo ships and tankers, as well as additional short-term or voyage-chartered ships. These 85 ships are in two major categories: prepositioning and surge. When called for tasking, each type brings a unique and vital set of capabilities. Large Medium-Speed Roll-on/Roll-off (LMSR) sealift ships, which are nearly the size of aircraft carriers, have the capacity of more than 300,000 square feet of cargo and can carry aircraft and heavy armored vehicles. They have cranes, a stern ramp and a movable ramp that services two side ports for easy offload. Marine Corps, Army and Special Operations Forces are the principle customers of the LMSR fleet.

Surge vessels are maintained in a 5-day Reduced Operating Status (ROS). While in ROS, these ships are manned by a reduced crew whose responsibility is to bring the ship online when activated. These ships are managed by the Military Sealift Command (MSC) or U.S. Department of Transportation Maritime Administration (MARAD). Upon activation, MARAD vessels are under MSC-operational control. Each year, some ships are provided no-notice activation orders to be “ready to sail” by the prescribed timeline.

Afloat Prepositioning

Of the 85 ships performing Sealift missions, 24 are designated as Afloat Prepositioning. The afloat prepositioning ships support Marine Corps, Army and Air Force requirements. Fifteen ships are assigned to the Maritime Prepositioning Force (MPF), seven are assigned in support of an Army Prepositioning Set (APS-3), and two support the Air Force. These ships are a combination of U.S. government-owned ships and long-term chartered U.S.-flagged ships and are pre-loaded with Service equipment, supplies and ammunition.

The Prepositioned Fleet is strategically staged in key areas, such as Guam, Saipan and Diego Garcia, ensuring ready-access for contingencies. Doing so provides flexible, first-response stocks of military equipment, combat gear, and supplies essential to sustaining initial phases of major combat operations. As an example of the capabilities provided, ships supporting the Maritime Prepositioning Force (MPF) provide equipment and supplies for two Marine Expeditionary Brigades (MEBs) – over 18,000 Marines – and has the ability to sustain their operations for 30 days. The forces are capable of responding within the theater in seven days for a range of military operations. The Expeditionary Transfer Dock (ESD), formerly Mobile Landing Platform (MLP), joined the LMSR as part of both Prepositioning Squadrons. They enable greater sea-basing capability and increased flexibility across the operational area. In addition, the Dry Cargo/Ammunition Ship (T-AKE), coupled with aircraft from amphibious ships, CH-53 Super Stallion and MV-22 Osprey, can provide sustainment directly to joint forces ashore. The Offshore Petroleum Discharge System (OPDS) delivers fuel from up to eight miles offshore.

An ESD is a tremendously versatile ship, acting as a floating base for expeditionary operations. Equipped with a ramp, Landing Craft Air Cushioned (LCAC) spots and ample cargo

space, the ESD is an intermediary transfer point for troops, equipment, and cargo moved ashore by Expeditionary Fast Transport (EPF), formerly JHSV, or LCAC. ESDs can land up to three LCACs, which can in turn access over 80% of the world's coastlines.

Surge

Surge ships are the second subset of Sealift, comprised of 61 ships (of the 85 Sealift ships). These ships move unit equipment from the U.S. to a theater of operation and are comprised primarily of Roll-On/Roll-Off (RO/RO) ships which facilitate the rapid on-load and off-load of rolling stock and Service-unique, special mission equipment. Of the 61 Surge Sealift ships, 15 are operated by MSC and include ten LMSR's and five RO/RO Container ships. The remaining 46 Ready Reserve Force (RRF) ships, maintained by the Maritime Administration, include eight Fast Sealift Ships, two heavy lift, two aviation support, 27 RO/ROs, six crane ships, and one OPDS ship.

When activating surge ships, MSC operationally controls the inventory of organic sealift vessels, including RRF ships. MARAD's RRF ships supplement the sealift capacity of the MSC surge sealift ships. Ships are expected to be fully operational within their readiness status timeframe and tendered to MSC for operation. MARAD and MSC contract with commercial U.S. ship managers to provide ship maintenance, equipment repairs, logistics support, activation, manning, and operation management. Ships in ROS have maintenance crews of about 10 U.S. merchant mariners that are supplemented by additional U.S. mariners during activations.

All aspects of Sealift - prepositioning, high speed intra-theater transport, and surge - bring new prospects in providing efficient and cost-effective ocean transportation for the Combatant Commanders, as well as other federal agencies.

Expeditionary Fast Transport (EPF) (Formerly Joint High Speed Vessel)

Another integral, unique and new part of the Sealift capability is the EPF. Unlike the aforementioned prepositioning ships, EPF is not assigned to a specific squadron or service support role. This auxiliary ship can be directed to support any area of operation as required, and is designed for high-speed intra-theater transport. With a 20,000 square-foot mission bay capacity and passenger seating for 312, an EPF can deploy 600 tons of vehicles, tanks, trucks, ambulances, or bulldozers and a company of Marines or Soldiers extended distances at speeds exceeding 35 knots. EPF has an adjustable stern ramp for rapid on-load and off-load as well as a crane to move up to 40,000 pounds of cargo to/from ship or pier. The EPFs have operated globally in support of Fleet Commander missions by providing an agile and highly capable ship suitable for adaptive force packages of many types.

EPF 6 was delivered in January 2016 and production continues with EPFs 7-10. In FY2016, Congress provided funding for a twelfth EPF and the Navy is currently issuing a Request for Proposal for construction of EPF 11 and 12.

The Role of U.S. Navy's Military Sealift Command

MSC exercises operational control of all U.S. Transportation Command (USTRANSCOM) and MSC forces not otherwise assigned to Fleet Commanders. MSC also provides oversight for civilian-crewed ships, that support the Navy, Marine Corps, Army, Air Force, USTRANSCOM, Missile Defense Agency and other U.S. government agencies, fulfilling national maritime needs worldwide. In addition to its active ships, MSC can recall MARAD's RRF ships or charter civilian shipping to meet specific logistics requirements.

Innovative Use of Adaptive Force Platforms

Navy is looking to find efficient ways to more effectively perform Theater Security Cooperation (TSC) missions by developing innovative mission payloads/packages. Emergency aid deployed from Maritime Prepositioning Force (MPF) cargo embarked on LMSRs and EPFs can support engineering, disaster relief, and medical stability operations. The Navy has been developing and leveraging modularity concepts and scalable adaptive force packages to provide a wide variety of capabilities. Alternative platforms equipped with payloads have already begun to meet Combatant Commanders' needs in support of an expanded range of military operations.

The deployment of Adaptive Force Packages using material in the Fleet inventory can create opportunities for auxiliary ships to expand support missions and increase global presence. We can use sealift and other ships that traditionally fill a support role to accomplish missions on the "low end" of the Range of Military Operations (ROMO), freeing surface combatants, to receive needed maintenance and to focus and train toward core warfighting missions. There will be a steady requirement for missions related to humanitarian assistance, disaster relief, and engagements with our partners that non-combatant ships can and may be directed to fill.

Summary

Global operations continue to assume an increasingly maritime focus. As we look to the future, we see a continued need for Navy forces on station to meet the mission requirements of the Combatant Commanders. We will continue to support forward presence and relieve stress on the rest of the force through traditional and innovative approaches. The Navy supports regional stability through naval presence, deterrence of aggression and the assurance of our allies. We will continue to rely on the CLF, Service Support Ships and Sealift as they contribute to the

CNO's tenets for our Navy. I want to thank you for your continued support of our Force. Also, thank you again for the opportunity to appear before the Committee.

F. Scott DiLisio



Director, Strategic Mobility/Combat Logistics Division

F. Scott DiLisio was appointed to the Senior Executive Service in December 2006 and has 25 years of Federal Service. He is the Director, Strategic Mobility/Combat Logistics Division in the office of the Chief of Naval Operations (CNO-N42). He is responsible for providing sealift and combat logistics planning, programming and policy guidance to the Deputy Chief of Naval Operations (DCNO) (Fleet Readiness & Logistics), to the Deputy Assistant Secretary of the Navy, Research, Development and Acquisition (RD&A) (Ships), and to the Director for Logistics, Joint Chiefs of Staff, for a fleet of over 100 ships.

Mr. DiLisio's previous SES assignments include serving as the Deputy Commander, Navy Cyber Forces with collateral duty as the U.S. Fleet Forces Command Information Officer in Little Creek, VA. In this capacity, Mr. DiLisio served as the Deputy Commander and principal advisor to the Cyber Force Commander and Fleet Commander on all matters relating to Navy C5I programs and requirements.

Mr. DiLisio also served as Executive Director, Submarine Forces where he was the principal advisor to the Submarine Force Commander on all matters relating to Undersea Enterprise programs and requirements. He also served as Assistant Deputy Commander, Fleet Logistics Support at Naval Sea Systems Command (NAVSEA), with responsibility for program management and implementation of logistics functions, policies and processes within NAVSEA and its field activities.

Mr. DiLisio began his professional career with the Department of the Navy in 1987 as a logistics management specialist in the office of the Chief Engineer for Logistics at Naval Sea Systems Command. In September 1989, DiLisio was selected as the Integrated Logistics Support (ILS) manager for the AOE-6 Fast Combat Support Ship, where he was charged with the complete re-planning effort and execution of the full ship class logistics program. He directed the ILS delivery of the first two ships of the class.

In 1994, he was appointed Logistics Director of the Strategic Sealift Program. Under his direction, the Strategic Sealift Conversions and two lead new construction ships were successfully delivered into service.

Updated 10-12

In May 1998, DiLisio was appointed as the Director of Operational Readiness for the DD-21 program where he was responsible for devising new, innovative logistics strategies for the support of the U.S. Navy's newest destroyer class.

He also served as the Deputy Program Manager for the restructured DD(X) program. As the senior civilian in charge of the ACAT ID Twenty First Century Destroyer program, DDG 1000, he directed the successful execution of a \$2.9 billion phase III effort.

Mr. DiLisio holds a bachelor's of science degree in business administration from Strayer University. He is a recipient of numerous professional awards including multiple Superior Civil Service Awards. He is a member of the Acquisition Professional Community. UPDATED: 17 October 2012

**STATEMENT OF PAUL N. JAENICHEN
MARITIME ADMINISTRATOR
U.S. DEPARTMENT OF TRANSPORTATION**

**BEFORE THE
HOUSE COMMITTEE ON ARMED SERVICES
SUBCOMMITTEE ON SEAPOWER AND PROJECTION FORCES**

Logistics and Sealift Force Requirements

March 22, 2016

Good afternoon Chairman Forbes, Ranking Member Courtney, and Members of the Subcommittee. I want to thank you for the opportunity to discuss the U.S. Merchant Marine's support of our Nation's logistics and sealift force requirements.

To defend American interests and carry out national policy overseas, the United States must be capable of deploying military forces and providing humanitarian assistance anywhere in the world on short notice to meet emergent contingency requirements. Sealift is critical to meeting those requirements. The U.S.-flag fleet of privately owned, commercially operated vessels, along with government-owned vessels, provide sealift surge and sustainment capacity to move equipment and materiel for the Armed Forces and Federal agencies when needed, and where needed, during times of conflict, humanitarian crises and natural disasters. Supporting these capabilities are the Maritime Administration's (MARAD) National Defense Reserve Fleet (NDRF), Ready Reserve Force (RRF) and Maritime Security Program (MSP).

Ready Reserve Force

The RRF fleet of Government-owned merchant-type vessels was established in 1976 as a subset of MARAD's NDRF. The mission of the RRF is to ensure the capability to rapidly deploy military forces and equipment or emergency humanitarian assistance/disaster response supplies to events that require intervention by the U.S. Government. The program began with six modernized NDRF ships left over from World War II and peaked in 1994 at 102 ships. Since then, requirements have changed and the RRF currently consists of 46 ships selected on the basis

of their capabilities, readiness condition, and location to meet Department of Defense (DOD) expected surge sealift needs. This includes 45 RRF vessels that are maintained ready for operation within five days to transport defense related cargo to the area of operations and one RRF off-shore petroleum discharge vessel maintained ready for operation within 10 days. The size and readiness of the RRF is directed by DOD to meet their sealift requirements. While the RRF has not been fully activated, during the 1991 Operations DESERT SHIELD AND DESERT STORM—which predate the Maritime Security Program—78 vessels were activated. Currently there are 46 ships in the RRF. Over the history of the RRF program, there have been more than 600 vessel activations, over half of which were for missions other than to test readiness. The average number of annual activations, including readiness testing, has been nearly 27 since 1990.

The RRF has contributed to the success of numerous U.S. military and humanitarian operations. These include 118 ship activations in support of Operations ENDURING FREEDOM and IRAQI FREEDOM and support for humanitarian and emergency response following Hurricanes Sandy, Katrina and Rita, the earthquake in Haiti, the Ebola crisis in West Africa, and the international effort to destroy the Syrian Government's declared chemical weapons. While the RRF has provided reliable and safe sealift to support military and humanitarian missions, the fleet is aging. The average age of the fleet is 39 years—well above the normal service life of commercial vessels. MARAD is working closely with DOD to monitor the material condition of the RRF, as well as determining future recapitalization requirements of the fleet.

Maritime Security Program

The Maritime Security Act of 1996 established the MSP which provides direct annual stipends for up to 60 active, commercially viable, militarily useful, privately-owned U.S.-flag vessels and crews operating in international trades. The MSP fleet ensures DOD access to U.S.-flag ships in ocean-borne international commerce with the necessary intermodal logistics capability to move military equipment and supplies during armed conflict or national emergency. The fleet also provides critical employment for up to 2,400 highly qualified U.S. merchant mariners. Under this program, participating operators are required to commit their ships and global commercial transportation resources upon request by the Secretary of Defense during times of war or national

emergency. Of the 78 U.S.-flag vessels that trade internationally today, 57 currently participate in the MSP program. MARAD recently approved one vessel to enter the program as a replacement and is in the process of filling the remaining two vacancies in the program.

U.S.-Flag Merchant Fleet

The total number of vessels in the internationally trading U.S.-flag fleet has varied considerably over the years, rising from 92 in 2001 to 106 in 2011 and declining to 78 vessels today. The decline in this segment of the fleet is coincident with the decline of Government-impelled preference cargoes. Government-impelled cargoes are those which move as a result of direct Federal Government involvement, financial sponsorship of a Federal program, or in connection with a guarantee provided by the Federal Government. In addition to the movement of DOD-owned equipment, Government-impelled cargoes include items supported by, or associated with civilian agencies such as Export-Import Bank, the U.S. Department of Agriculture and U.S. Agency for International Development (USAID) programs. The overall volume of preference cargo transported on U.S.-flag vessels has substantially decreased since 2005, when preference cargoes peaked due to military operations in Afghanistan and Iraq.

The number of U.S.-flag vessels has been trending lower for decades for a number of reasons, and a substantial portion of trend over the past 25 years cannot be statistically explained, although carriers who have reflagged or retired ships out of the U.S.-flag fleet from 2011 through 2013 have stated that the predominate driver in their decision to remove vessels has been the loss of preference cargoes. Vessel owners take into account a variety of factors before making a decision to leave the fleet including government-impelled cargo as well as foreign-flag trading options for their vessels. In individual circumstances, particularly for operators that do not have the benefits of participating in the MSP, loss of government-impelled cargo could influence a vessel owner's decision to retire vessels from the fleet or reflag. Unfortunately, detailed data that would allow the exact calculation of when a vessel owner would make that decision are not available and are difficult to obtain.

What we do know is that the reason that privately owned and operated ships remain in international trade under the U.S. flag is to move cargo. We also know that a reduction to our fleet of U.S.-flag vessels trading internationally means a reduction in mariner jobs in international trade. While this does not preclude these mariners from seeking jobs in the growing Jones Act trade, the number of ocean-going, self-propelled vessels trading in the domestic coastwise trade has stayed roughly the same.

The causes of the falling volumes of preference cargo do not appear to be transient. Continued reductions in the number of garrisoned or permanently stationed U.S. Armed Forces personnel overseas as well as the number of U.S. military bases in foreign countries, coupled with decline in the number of troops deployed for global operations, suggest that DOD preference cargoes are unlikely to increase in the future.

Mariner Availability

MARAD is responsible for determining whether adequate manpower is available to support the operation of sealift ships during a crisis, as set forth in the National Security Sealift Policy – National Security Directive (NSD) No. 28 dated October 5, 1989. MARAD’s assessment of the civilian U.S. Merchant Mariner pool shows that the number of civilian mariners available to crew government sealift ships when activated has declined over the past decade, and the current number of qualified and experienced mariners available may not be adequate in the near future. U.S. mariners serve on all types and sizes of vessels, and their qualifications are not interchangeable. For example, mariners employed aboard vessels in international trades, must meet international standards for training, certification and fitness. Their credentials must carry the appropriate internationally recognized endorsements. These same qualifications are required for employment aboard commercial or government reserve sealift ships. However, only ocean going mariners must meet all of these additional requirements.

The primary source of mariners available to crew government reserve sealift ships is the pool of U.S. mariners actively sailing on board U.S.-flag ships in both the domestic coastwise and international trades. While the domestic trade has grown, the number of mariners with

appropriate credentials serving on large self-propelled ships has not increased proportionately. In addition, the number of U.S.-flag ships trading internationally has declined, further depleting the number of appropriately credentialed active U.S. mariners. The decline in the number of afloat jobs supported by the U.S.-flag international fleet comes at the same time that training requirements for mariners are increasing due to updated Standards of Training, Certification and Watchkeeping (STCW) requirements adopted at the International Maritime Organization that take effect in January 2017. An offsetting factor is that the USMMA and the six State Maritime Academies (SMAs) are graduating nearly 900 cadets per year with the necessary credentials.

Current estimates show that only about 11,280 mariners have the necessary U.S. Coast Guard credentials and recent sea service (i.e., within the last 18 months) to operate large oceangoing ships. This number is sufficient to activate the Federal government-owned surge sealift fleet of 63 ships for a period of four to six months, but it is not enough for sustained operations. Further losses in the number of commercial U.S.-flag ships, and the corresponding loss of mariner jobs in international trade, will significantly impact our ability to crew this sealift fleet. While mariner jobs in coastwise domestic trade are growing in some sectors, they usually do not require mariners to maintain ocean-going credentials. We also anticipate shortfalls in specific skills that require higher levels of experience such as steam engineers and electricians. Given this assessment, I am working closely with the U.S. Transportation Command, the U.S. Navy (Military Sealift Command) and the commercial maritime industry to address the mariner availability issue.

The Department of Transportation's National Maritime Strategy

MARAD is taking action to aid the Department of Transportation's efforts in safe and efficient freight transportation, and to address the issues that challenge the U.S. maritime industry through the development of a draft National Maritime Strategy. We expect to publish the draft strategy in the coming months, which will be available for public comment before MARAD finalizes it. As required in Section 603 of the Howard Coble Coast Guard and Maritime Transportation Act of 2014, the strategy will identify Federal regulations and policies that reduce the competitiveness of U.S.-flag vessels operating in foreign trade; and the impact of reduced cargo

flow due to reductions in military deployment overseas. It will also include recommendations to make U.S.-flag vessels more competitive and increase the use of U.S.-flag vessels in international trade, ensure compliance by Federal agencies with cargo preference laws, increase the use of third-party inspection and certification authorities to inspect and certify vessels; increase the use of short sea transportation routes; and enhance United States shipbuilding capability. Following publication of the draft strategy for public comment, I look forward to providing the strategy to the Committee.

Thank you for your interest our Nation's maritime transportation capacity and capability, the opportunity to provide a status update for our program and to discuss what may be a critical juncture point for the long-term health of the international trading U.S. Merchant Marine. I look forward to any questions you may have.

Paul N. Jaenichen, Sr

Maritime Administrator

Paul “Chip” Jaenichen was appointed by President Obama and has served as Maritime Administrator since 25 July 2014. He previously served as both Deputy and Acting Maritime Administrator from July 2012 to July 2014.

Captain Jaenichen was a career naval officer, who retired after 30 years as nuclear trained Submarine Officer in the U.S. Navy. His final assignment was as Deputy Chief of Legislative Affairs for the Department of the Navy from October 2010 to April 2012. He served as Commanding Officer of USS ALBANY (SSN 753) from 1999 to 2002 and as Commander, Submarine Squadron ELEVEN in San Diego, California from 2007 to 2008. His shore tours included assignments as Director, Submarine/Nuclear Officer Distribution where he was responsible for over 5200 officers; as Officer-in-Charge of Moored Training Ship 635, one of two nuclear powered training platforms in Charleston, South Carolina, where he was responsible for over 1200 officer and enlisted operators; and as Chief, European and North Atlantic Treaty Organization (NATO) Policy Division on the Joint Staff where he was responsible for military-to-military engagement with all 26 NATO member nations.

Captain Jaenichen’s hometown is Brandenburg, Kentucky. He earned a Bachelor of Science in Ocean Engineering from the U.S. Naval Academy and a Masters in Engineering Management from Old Dominion University. His wife, Paula Auclair Jaenichen, is a National Board Certified teacher and a small business owner in Vine Grove, KY.

Statement of
Lieutenant General Stephen R. Lyons, United States Army
Deputy Commander, United States Transportation Command



Before the House Armed Services Committee
Subcommittee on Seapower and Projection Forces
On “Logistics and Sealift Force Requirements”

22 March 2016

I want to thank the members of the Congress for inviting me and my colleagues here to testify in front of this Subcommittee on Seapower and Projection Forces. A major strategic advantage of the U.S. is its ability to project and sustain forces anywhere and anytime around the globe. I am honored to represent the proud members of United States Transportation Command (USTRANSCOM). Our Service component commands, the Army's Military Surface Deployment and Distribution Command (SDDC), the Navy's Military Sealift Command (MSC), the Air Force's Air Mobility Command (AMC); our functional component command, the Joint Transportation Reserve Unit (JTRU); and our subordinate command, the Joint Enabling Capabilities Command (JECC), in conjunction with the transportation industry, provide unparalleled logistics support and enabling capabilities to our forces, their families, and coalition partners around the world.

Under the President's Unified Command Plan, USTRANSCOM has six designated roles and responsibilities: (1) mobility joint force provider, (2) DOD single manager for transportation, (3) DOD single manager for global patient movement, (4) Distribution Process Owner (DPO), (5) global distribution synchronizer, and (6) provide joint enabling capabilities. Our continued success in these roles depends on preserving an agile and resilient global distribution network – a complex array of capabilities, infrastructure, access, partnerships, and command and control mechanisms. This complex network underpins our Nation's response to emerging crises, and undergirds our warfighters' successes. Through this network, the United States maintains the strategic advantage to project and sustain forces anywhere and anytime across the globe.

Strategic Sealift Requirements

Our nation has been, and will continue to be, reliant on sealift as the predominant means

to move military equipment and supplies in support of global operations. The world's oceans represent the vast deep-blue space over which the life blood of any decisive U.S. combat power must travel. Our nation's strategic sealift capability comprises two distinct fleets. First is the gray-hulled organic fleet, consisting of continental United States-based vessels in a reduced operating status and pre-positioned ships at strategic locations worldwide. Second is a commercial merchant fleet managed by commercial operators, for which the Department of Transportation provides government advocacy. A series of DOD mobility studies, informed by our National Military Strategy, have validated the DOD's sealift requirements as follows: 20 million square feet (MSFT) of Roll on/Roll off (RO/RO) capacity of which 5 MSFT are provided by our commercial carriers, the ability to surge approximately 34,000 shipping containers (20 foot container equivalents), 86 petroleum tanker ships, and an array of special purpose ships. The 20 MSFT of RO/RO capacity (91 vessels) is the most critical to accommodate military equipment and is comprised of forward deployed prepositioned ships and government owned ships in reduced operating status, along with commercial sealift augmentation vessels. It is important to note that the crews for both government ships as well as commercial ships are sourced from the same pool of qualified U.S. Merchant Mariners. The subsequent paragraphs further highlight the afloat prepositioning program, government organic strategic sealift, U.S.-flag commercial fleet, civilian mariner posture, and the challenges of maintaining future readiness.

Afloat Prepositioning Program

Our afloat prepositioning program is managed by our Navy Component Command, MSC, and is an essential element in the DOD's readiness strategy. Afloat prepositioning strategically places military equipment and supplies aboard ships located in key ocean areas to

ensure rapid availability during crisis. The 25 vessels in the prepositioning fleet support the Army, Navy, Air Force, Marine Corps and Defense Logistics Agency, and include a combination of U.S. government-owned ships and long-term charters of U.S.-flag commercial vessels. In addition to combat equipment sets and supplies, this fleet also includes specialized capabilities to include an Over the shore Petroleum Discharge System (OPDS), an expeditionary transfer dock, and aviation maintenance in support of USMC.

Government-Owned “Organic” Sealift Fleet

In addition to the aforementioned prepositioned vessels, the government-owned organic fleet consists of 61 vessels comprised of a Surge Fleet and a Ready Reserve Force (RRF) fleet. The Surge Fleet is managed by MSC and includes 15 RO/RO vessels in a reduced operating status. The RRF, managed by MARAD, is comprised of 46 vessels in reduced operating status with 35 RO/RO vessels and 11 various multi-purpose vessels. Both the surge fleet and the RRF are maintained in a reduced operating status, available in 5 days, referred to as “ROS-5” with the exception of OPDS in ROS-10. ROS-5 enables DOD to meet validated deployment timelines. USTRANSCOM routinely conducts readiness exercises, called Turbo Activations, to ensure the fleet remains at a high state of readiness.

The Surge Fleet comprised of U.S.-built vessels and the RRF fleet comprised of mostly foreign-built vessels are maintained and operated by American ship management companies, and subsequently crewed by U.S. Merchant Mariners upon activation. These companies conduct all organizational level maintenance, manage the U.S. Merchant Mariners, and oversee the lifecycle maintenance of the vessels under MSC and MARAD governance.

The average age of this fleet is approximately 40 years old and our first vessels will begin to reach their 50-year service life in 2020. Based on age out rates, we anticipate that

we will lose 4 MSFT of organic RO/RO capability by 2030 and an additional 5 MSFT by 2040. As a result we are working closely with the U.S. Navy to begin recapitalization planning to prevent a significant loss of capability in meeting DOD's enduring sealift requirements, and anticipate future Navy funding to support.

Commercial Sealift and U.S. Sealift Emergency Preparedness Programs

DOD has long relied on commercial augmentation to meet sealift requirements in peace and war. Access to commercial fleets is formalized through DOD contracts, MARAD Voluntary Intermodal Sealift Agreement (VISA), the Maritime Security Program (MSP), and the Voluntary Tanker Agreement (VTA). Through these programs, DOD gains critical access to U.S. commercial capabilities and the merchant mariners that will crew our government fleet.

Since their inception in the mid 1990's, these commercial augmentation programs have provided the federal government assured access to a significant amount of capacity and intermodal capabilities that cannot be replicated by government sources. VISA provides a staged, time-phased means to transition from peacetime to war while minimizing disruption to the Nation and its commerce. VISA and MSP are complementary programs. Specifically, MSP provides a fleet of up to 60 military-useful commercial vessels routinely operating in international commerce, with intermodal networks throughout the world, and a seasoned crew of U.S. Merchant Mariners. In addition to cargo preference, each MSP ship receives a legislatively appropriated stipend to offset the cost of operating under a U.S.-flag relative to a foreign flag.

The health of the Maritime Security Program relies on government impelled cargo; viable commercial trade; and the MSP stipend. Due to the decline in the sealift industry, we are concerned about our nation's ability to retain a U.S.-flagged merchant fleet in support of

commerce and national security. Over time, the U.S.-flag vessels in international trade has fluctuated, rising from 92 in 2001 to 106 in 2011 and is now down to 78 vessels. The MSP stipend helps defray the operating cost differential between a U.S. flag and a foreign-flag vessel. In the overall scheme of DOD's sealift program, DOD relies on leveraging commercial capacity to access important sealift capacity.

The U.S. National Sealift policy underscores our role as a maritime nation and clearly articulates the need for DOD to retain the ability to respond "unilaterally to security threats" while taking into account the costs and benefits involved.

U.S. Merchant Mariner Pool

The current link between the government-owned fleet and the commercial fleet is manpower, specifically qualified commercial merchant mariners. With the responsibility to manage the global mobility enterprise, USTRANSCOM is dependent on a healthy U.S. Merchant Mariner pool. U.S. Merchant Mariners are critical to USTRANSCOM's ability to meet its military requirements, and their training and proving ground are the commercial vessels of the U.S.-flag fleet. As the numbers of vessels decrease, fewer opportunities exist for future generations of mariners to gain critical experience. Currently MARAD assesses we are medium risk with approximately 11,300 mariners available, trending toward high risk. Although we are currently capable of meeting activation requirements, we remain concerned about the decline of the U.S.-flag fleet and the associated merchant mariner pool, as our overall sealift capability is tied to commercial industry, both for the vessel capacity and manpower.

Future Challenges

We recognize that where we are today is not where we will need to be in the future. I

would like to highlight three future challenges pertaining to U.S. Sealift in support of our military strategy: mariner availability, age-out of our government sealift fleet, and a joint operating environment with emerging great power rivals.

Regarding the available U.S. Merchant Mariners, we are working closely with MARAD to ensure the nation retains a viable U.S. Merchant maritime capacity in support of DOD's sealift requirement.

Second, we are working with the U.S. Navy on a recapitalization plan to prevent the degradation of our enduring organic sealift requirements due to forecasted age-out rates.

Third, emerging adversaries will attempt to counter U.S. interests around the globe and contest our operations in the domains of cyber, space, air, and maritime in ways we have not seen since WWII. This will require continuous innovation and agility to adapt faster than our adversaries. We are working today within DOD to anticipate emerging threats and vulnerabilities to USTRANSCOM's global distribution network.

We will need, and greatly appreciate continued congressional support in each of these areas to maintain the competitive advantage that DOD's Strategic Mobility capability brings in support of our National Defense Strategy.

Final Thoughts

Many outside of this committee are unaware that in a major contingency, the United States Army sails to the fight. While our current sealift capacity is adequate with acceptable risk, the environment is changing rapidly and not necessarily in predictable ways. As such, we can state that our need to project power will not decline, and may increase in the future.

In this unpredictable environment, what we can predict is the age-out of our current government-owned fleet. The Nation recognized the necessity to vastly improve sealift

capabilities after Desert Shield and Desert Storm, and created the government-owned capability we have today. Action is necessary to maintain the capability into the future.

We appreciate the teamwork and support from key stakeholders like Congress, the U.S. Navy, and Department of Transportation as we seek future investments to modernize our government-owned sealift fleet, and seek ways to reinvigorate our U.S. Merchant Marine capability. The emerging joint operating environment will certainly challenge us in ways that we have not been challenged before. Thank you again for your interest in the readiness of DOD's Joint Deployment and Distribution Enterprise.



BIOGRAPHY

UNITED STATES TRANSPORTATION COMMAND

Office of Public Affairs, Scott Air Force Base, Illinois 62225-5357

Lt. Gen. Stephen R. Lyons

General Stephen R. Lyons is the deputy commander, U.S. Transportation Command, Scott Air Force Base, Illinois. USTRANSCOM is the single manager for global air, land and sea transportation for the Department of Defense.

General Lyons previously served as the commander of the U.S. Army Combined Arms Support Command, Fort Lee, Virginia, where he enabled the Army's Sustainment Warfighting Function through the development and integration of concepts, doctrine, capabilities and training.

He previously served as commanding general of the 8th Theater Sustainment Command in Fort Shafter, Hawaii. Prior to serving as commanding general he served as the Director for Logistics, Operations, Readiness, Force Integration, and Strategy, office the deputy chief of staff of the Army, in Washington, D.C.

General Lyons was commissioned in 1983 following his graduation from Rochester Institute of Technology. He received a master's degree in logistics management from the Naval Postgraduate School in 1993, and national resource strategy master's degree from the Industrial College of the Armed Forces in 2005.

General Lyons has served in a variety of assignments providing him with extensive logistics and management expertise. He began his career in Germany during the Cold War and subsequently held a wide range of operational assignments to include command at company, battalion, brigade, and major command levels. Since 2003, he has spent over 40 months deployed to the U.S. Central Command area of responsibility in support of Operation Enduring Freedom and Operation Iraqi Freedom.

EDUCATION

1983 Bachelor of Science, Criminal Justice, Rochester Institute of Technology
1993 Master of Arts, Logistics Management, Naval Postgraduate School
2005 Master of Arts, National Resource Strategy, Industrial College of the Armed Forces

ASSIGNMENTS

1. May 1983 - November 1986, platoon leader and detachment commander, 8th Infantry Division (Mechanized), Germany.
2. December 1986 - February 1990, material officer and company commander, 782nd Maintenance Battalion, 82d Airborne Division, Ft Bragg, North Carolina.
3. March 1990 - June 1991, aide-de-camp, U.S. Army Test and Evaluation Command, Aberdeen Proving Grounds, Maryland.
4. June 1991 – December 1993, staff officer and student, United States Naval Postgraduate School, Monterey, California.
5. January 1994 - June 1996, staff officer, U.S. Army Combined Arms Support Command, Fort Lee, Virginia.



6. July 1996 - June 1999, battalion executive officer, division support command executive officer, Division Materiel Management Center (DMMC) Chief, 1st Armored Division, Bosnia and Germany.
7. July 1999 - May 2001, logistics planner, U.S. Central Command, MacDill Air Force Base, Florida.
8. May 2001 - May 2003, Battalion Commander, 703d Main Support Battalion, 3d Infantry Division (Mechanized), Fort Stewart, Georgia.
9. May 2003 - May 2004, Assistant Chief of Staff, G4, 3d Infantry Division (Mechanized), Fort Stewart, Georgia.
10. May 2004 - June 2005, student, Industrial College of the Armed Forces, Fort McNair, Washington, DC.
11. October 2005 - January 2008, commander, 82d Sustainment Brigade, 82d Airborne Division, Ft Bragg, North Carolina.
12. January 2008 – June 2008, commander Task Force All-American, 82d Airborne Division, Fort Bragg, North Carolina
13. June 2008 - September 2009, executive officer to the commander, Army Materiel Command (AMC), Fort Belvoir, Virginia.
14. October 2009 - May 2011, C/J-4, International Security Assistance Force (ISAF), Kabul AB, Afghanistan.
15. June 2011 - May 2012, director for operations, readiness, strategy, force integration (G4), Headquarters Department of the Army, the Pentagon, Washington, D.C.
16. June 2012 - July 2014, commanding general, 8th Theater Sustainment Command, Fort Shafter, Hawaii.
17. August 2014 - August 2015, commanding general, U.S. Army Combined Arms Support Command, Fort Lee, Virginia.
18. September 2015 - present, deputy commander, U.S. Transportation Command, Scott Air Force Base, Illinois.

SUMMARY OF JOINT ASSIGNMENTS

1. July 1999 – May 2001, Logistics Planner, U.S. Central Command, MacDill Air Force Base, Florida.
2. October 2009 – May 2011, C/J-4, International Security Assistance Force (ISAF), Kabul, Afghanistan.

MAJOR AWARDS AND DECORATIONS

Distinguished Service Medal (with Oak Leaf Cluster)
 Defense Superior Service Medal
 Legion of Merit (with Oak Leaf Clusters)
 Bronze Star (with Oak Leaf Cluster)
 Defense Meritorious Service Medal
 Meritorious Service Medal (with three Oak Leaf Clusters)
 Joint Service Commendation Medal
 Army Commendation Medal (with three Oak Leaf Clusters)
 Joint Service Achievement Medal
 Army Achievement Medal
 NATO Medal
 Master Parachutist Badge

EFFECTIVE DATES OF PROMOTION

Second Lieutenant	May 21, 1983
First Lieutenant	November 21, 1984
Captain	April 1, 1987
Major	November 1, 1994
Lieutenant Colonel	November 1, 1999
Colonel	May 1, 2005
Brigadier General	September 15, 2010
Major General	July 2, 2013
Lieutenant General	September 3, 2015

(Current as of September 2015)