

National And Economic Security

Port Security

The tragic events of the September 11, 2001, terrorist attacks elevated the issue of security to an urgent national priority. DOT focused its efforts on ensuring the safety and security of our national transportation system and identifying critical transportation infrastructure. MARAD was actively involved in a wide variety of DOT security initiatives designed to address vital security needs, and one of those needs was increased security in American ports. MARAD also conducted extensive discussions with the U.S. port industry to determine what actions were taken to increase port security and to identify gaps or issues that needed to be addressed.

Port Security Grant Program

Congress appropriated \$92.3 million “for competitive grants to critical national seaports to finance the cost of enhancing facility and operational security.” MARAD played a key role in ensuring the effective generation of grant requests, the efficient evaluation of those requests, and in getting a large task successfully completed within a short time.

Discussions among MARAD, the Transportation Security Administration (TSA), and the U.S. Coast Guard (USCG) resulted in agreement that MARAD and the USCG would serve as agents for TSA in carrying out this program. Working together, the three agencies were able to design and develop the grant process, and award the grants within five months—an unusually short time frame. The grant announcement generated nearly \$700 million in grant requests containing over 850 port security projects. On June 17, 2002, announced the awarding of 77 port security grants totaling \$92.3 million. Two more grants were later added, for a total of 79. Appendix 1 contains a list of the grant recipients. Grants were awarded for two categories:

- Security assessments and mitigation strategies based on proposed port or terminal security assessments that ascertained vulnerabilities and identified mitigation strategies.
- Enhanced facility and operational security including, but not limited to, facility access control, physical security, cargo security, and passenger security. Consideration was given to proof-of-concept demonstration projects, which demonstrated how port security would be improved/enhanced by their implementation.

Specifically, port security grants totaling \$5 million were provided for security assessments. In addition, \$78 million was awarded to enhance facility and operational security, and \$9.3 million for “proof-of-concept” projects, which explored the application of technology such as electronic seals, vessel tracking, and electronic notification of vessel arrivals to improve port security.

The unique aspect of this grant program was the creation of a web-based system to execute the program. Using this system, applicants were able to submit their grant

applications electronically. The system also allowed the entire evaluation process to be conducted on the web. The evaluation process electronically linked all five MARAD region offices and 47 USCG Captain-of-the-Port offices with MARAD, USCG, and TSA headquarters staffs. Even after the grants were awarded, this web-based system continued to play a key role. The system is designed to assist in monitoring and administering the progress of each grant.

Shortly after the terrorist attacks of September 11, 2001, in New York City and Washington, D.C., Secretary Mineta directed the creation of a “Container Working Group” (CWG) to assess the security vulnerabilities of ocean shipping containers and recommend actions to reduce or eliminate those vulnerabilities. MARAD shared a leadership role in the CWG, along with the senior leadership of the Office of the Secretary, Coast Guard, TSA, and several of the DOT modal agencies. We interviewed a deep cross section of the marine transportation industry’s executive leadership: shipowners, port directors, labor unions, marine insurers, cargo brokers, NVOCC’s (Non-vessel operating common carriers), and others, relying on their vast expertise to illuminate the dimensions of this issue.

The CWG focused on four intersecting areas of inquiry: Business Practices, Information Technology, Security Technology and International Activities. Working groups were organized for each of these subjects, and extensive interviews were conducted with experts from both the public and private sectors. Their recommendations on means to improve the security of container shipping were provided to the Office of Homeland Security.

International Port Security Initiatives

Organization of American States Technical Advisory Group on Port Security

MARAD serves as chair and secretariat of the Technical Advisory Group (TAG) of the Organization of American States (OAS) Inter-American Committee on Ports. The TAG coordinates multilateral approaches to improving port security in the western hemisphere.

Part of the agenda for the TAG is organizing and conducting annual courses planned under the Inter-American Port Security Training Program (IAPSTP). MARAD manages these courses, which provide port security training for commercial port authority police and security personnel from OAS member countries. By improving the port security of our western hemispheric trading partners, we lessen the potential risks at home.

Maritime Security Reports

MARAD publishes a periodic *Maritime Security Report*, which focuses on international criminal activity and security issues that pose a threat to U.S. commercial maritime interests and the movement of U.S.-civilian cargoes in foreign trade. The report conveys strategic assessments to government and industry on a wide range of relevant security topics such as drug smuggling, piracy, and other types of cargo crime.

Strategic Mobility

MARAD's responsibilities for strategic mobility fall into three broad categories: sealift, port readiness, and the training and availability of qualified mariners. Sealift capability provides large-scale mobility for personnel and materiel in times of war or national emergency, and in the United States, merchant shipping has always provided a significant portion of that capability. MARAD is responsible for assuring the availability of adequate merchant shipping when it is needed. Port readiness ensures that designated commercial strategic ports are available to the military during national emergencies. MARAD also oversees the education and training of commercial mariners to ensure adequate numbers of properly trained and certified mariners, not only for national emergencies, but also for economic purposes.

MARAD maintains a fleet of ships, and administers two programs that provide incentives to the maritime industry to assure availability of ships in times of crisis. These two programs, the Maritime Security Program (MSP) and Voluntary Intermodal Sealift Agreement (VISA) Program, are available to complement DOD's surge requirements. MSP and VISA engage commercial companies in sealift, and provide support to U.S.-flag shipping. They are directed toward the sustainment and resupply phase of a conflict or other emergency.

The Ready Reserve Force is MARAD's premier readiness program. Most RRF ships are standing by in port facilities with partial crews keeping them ready for activation. The RRF is part of the National Defense Reserve Fleet (NDRF), all of which is owned and maintained by MARAD. Other RRF ships are operated infrequently, and the remaining NDRF ships are prepared for long-term storage in a preserved condition.

Maritime Security Program (MSP)

The continued existence of a privately owned U.S.-flag merchant marine is vital to the Nation's military and economic security. During national emergencies, there is no completely reliable alternative to the U.S.-flag fleet of commercial ships and to the availability of trained U.S.-citizen crews. With the long-term decline of the U.S.-flag fleet, the need became clear in the early 1990's for a program to ensure the availability of this vital resource in time of emergency.

The MSP helps the United States retain an active U.S.-flag merchant fleet comprising modern, efficient, and militarily useful commercial dry cargo vessels that can support national security requirements, and maintain a competitive U.S.-flag presence in international commerce. MSP is a 10-year program established under the Maritime Security Act of 1996, and provides approximately \$100 million in funding annually for up to 47 vessels to partially offset higher operating costs under U.S. registry. Specifically, the MSP provides financial assistance of \$2.1 million per year per vessel, and represents about 13 percent of the cost of operating a U.S.-flag vessel. A complete list of MSP vessels, operators, and shipping capacity is shown in Appendix 2.

The MSP fleet employs a labor force of skilled American seafarers who are available to crew the U.S. Government owned strategic sealift fleet, as well as the U.S. commercial

A Short History of the NDRF

The National Defense Reserve Fleet (NDRF) program was started after World War II when the Merchant Ships Sales Act of 1946 was enacted. As ships used for the war were retired, the program grew from 1,421 ships in the first year to a high point of 2,277 ships in 1950. Ship sales, donations, and disposal efforts have reduced the total number of ships, while other initiatives have added newer ships to the program.

Prior to the establishment of the RRF program in 1976, NDRF vessels supported emergency shipping requirements during crises. During the Korean War, 540 vessels were activated to support military forces. A worldwide tonnage shortfall from 1951 to 1953 required over 600 ships to be activated to lift coal to Northern Europe and grain to India. From 1955 through 1964, another 600 ships were used to store grain for the Department of Agriculture. Another tonnage shortfall following the Suez Canal closing in 1956 caused 223 cargo ships and 29 tankers to be activated. During the Berlin crisis of 1961, 18 vessels were activated and remained in service until 1970. The Vietnam conflict caused 172 vessels to be activated.

The original eight NDRF anchorages were consolidated into three major NDRF anchorages where most of the vessels are currently maintained. There are 95 in the James River Reserve Fleet at Fort Eustis, Virginia; 44 in the Beaumont Reserve Fleet at Beaumont, Texas; and 92 in the Suisun Bay Reserve Fleet at Benicia, California.

As of September 30, 2002, there were 274 vessels in the NDRF. The total number of vessels in MARAD custody at the NDRF facilities at the end of fiscal year 2002 was 303.

A listing of numbers of NDRF ships for every year since 1945 is available on the Internet, at www.marad.dot.gov/programs/rrf.

fleet, both in peace and war. The MSP leverages relatively modest Federal support dollars to retain access to a robust U.S. commercial maritime capitalization base valued at more than \$9 billion.

During FY 2002, the MSP fleet was upgraded through the substitution of two modern and efficient vessels for two older vessels.

During FY 2002, the number of ships enrolled in the MSP dropped to 46, instead of the full complement of 47 ships, due to the scrapping of Waterman's LASH vessel ROBERT E. LEE in June 2002. This is only a temporary situation as Waterman is currently working closely with the USCG to document another vessel under the U.S. flag in November 2002, as a replacement for the ROBERT E. LEE.

An important element of the MSP is the reflagging of new and more efficient vessels to U.S. registry. Since its implementation in 1996, a total of 18 modern commercial liner vessels, with an average age of less than nine years, have been reflagged to U.S. registry for participation in the MSP.

Voluntary Intermodal Sealift Agreement (VISA)

VISA was approved as the DOD’s principal commercial sealift readiness program on January 30, 1997.

The VISA program provides DOD with assured access to commercial intermodal capacity to move ammunition and sustainment cargo. This capacity can also supplement U.S. Government-owned/controlled/chartered capacity used for initial deployment or “surge” of unit equipment.

The objective of the VISA program is to maximize DOD’s access to the multi-billion dollar, state-of-the-art, U.S.-commercial intermodal transportation system, while minimizing disruption to commercial operations. VISA has three activation stages with each stage adding additional capacity commitments. VISA activation is time phased to streamline the availability of capacity to coincide with DOD requirements.

An important element of the VISA program is the Joint Planning Advisory Group (JPAG). During JPAG meetings, Government and industry identify and discuss DOD’s requirements, recommend concepts of operations to meet requirements, test and exercise program arrangements, and comply with antitrust requirements for pooling/teaming arrangements.

As of September 30, 2002, there were 52 VISA participants. More than 75 percent of available militarily useful capacity

is committed to the VISA program. Furthermore, all VISA participants receive priority consideration for the award of DOD peacetime cargoes. VISA participants are listed in Appendix 3.

The MSP and VISA programs are working to slow the decline of the U.S.-flag merchant fleet, but will not by themselves reverse the continuing trend of a reduced American presence in international ocean transportation.

Ready Reserve Force (RRF)

The RRF was created to maintain surge shipping and resupply capability on short notice to support deployment of forces. The RRF fleet guarantees quick response shipping. Its 76 vessels meet special military requirements such as instream discharge, non-unit containerizable equipment, and offshore petroleum delivery.

While its crews are civilian mariners, the RRF was created to serve the needs of the DOD. Ships of the RRF fleet are activated for service when MARAD is notified by the Navy’s Military Sealift Command (MSC). RRF ships are homeported on all three major coasts of the United States; three ships are homeported overseas.

Activations

The CORNHUSKER STATE was activated in November 2001, at its outport location in Cheatham Annex, Virginia. From November 5, 2001, to May 1, 2002, the vessel and its crew participated in OPERATION ENDURING FREEDOM, supporting military missions in the Indian Ocean and the Persian Gulf.

In August 2002, the Maritime Administrator designated the CORNHUSKER STATE to receive the Professional Ship Award. The DOD continued to deploy the RRF crane ship GOPHER STATE in Guam during FY 2002 to support the U.S. Army’s Prepositioning Stock Program (APS).

The PETERSBURG and CHESAPEAKE also continued to support the Afloat Prepositioning Force (APF) operating from Guam and Diego Garcia, respectively. The CAPE JACOB, a breakbulk vessel outfitted with a Modular Cargo Discharge System (MCDS) for underway cargo transfers, is also on station at Diego Garcia participating in the APF program.



NATIONAL DEFENSE RESERVE FLEET—SEPTEMBER 30, 2002

NDRF Anchorages	RRF	NDRF Retention	NDRF Non-Retention	Reimbursable Custody	Totals
James River, VA	6	18	68	3	95
Beaumont, TX	6	27	9	2	44
Suisun Bay, CA	4	14	50	24	92
Other Locations	60	6	60	0	72
Totals	76	65	133	29	303



Captain Schubert being sworn in by Central Region Director John Carnes, in December 2001. Gail Schubert and Associate Administrator for National Security James Caponiti look on.

Spotlight: Central Region Administrator on Deck

There were three maritime-related celebrations going on in New Orleans, Louisiana, on December 6, 2001: the 25th Anniversary of the RRF, the opening of the Pacific Theater Wing of the National D-Day Museum, and the swearing-in of a new Maritime Administrator. MARAD's participation was coordinated by MARAD's Central Region Office in New Orleans.

During a luncheon ceremony on board the CAPE KENNEDY honoring the Merchant Marine Veterans of World War II attended by local city officials, military officials, and D-Day Museum officials, the Central Region Director had the honor of administering the oath of office to Captain William G. Schubert, the new Maritime Administrator.

Capping off the Pacific Theater grand opening was a parade on December 7. The U.S. Merchant Marine Academy Band and Honor Guard led a truck full of Merchant Marine veterans from World War II. The parade went through downtown New Orleans, honoring all veterans from World War II.

The CAPE KENNEDY was open for public viewing during the grand opening ceremonies. Merchant Marine Veterans of World War II and their families were given private guided tours of MARAD's newest RO/RO vessel. During the two-day open house, more than 1500 visitors viewed the CAPE KENNEDY, which can carry 281 large tanks. As one mariner wistfully uttered, while lost in memories, "If we had had a couple of those...."

Readiness and Reliability

During the entire FY 2002 period, the operational reliability for participating RRF ships was 99 percent. This remarkable record was achieved with a multi-faceted program. MARAD keeps RRF ships in designated states of readiness with reduced crews on board. The ships with the shortest lead time are designated Reduced Operating Status (ROS). An RRF vessel designated ROS-4, for example, must be ready for sea in four days, ROS-5 in five days. Others are designated RRF-10 and RRF-20, indicating they must be ready for sea in 10 or 20 days, respectively.

The readiness of RRF ships is maintained through scheduled maintenance, drydockings, dock trials, and sea trials. Their readiness is tested with "turbo activations."

Turbo activations occur with no notice, and are essentially emergency drills. When it is practical and possible to add a

sea trial to these exercises, it is done in order to more fully test the operational aspects of the RRF upon activation. The other RRF component tested is the human factor, the capability of union seafarers (USCG-licensed, certified and unlicensed personnel meeting U.S.-citizen and security requirements) to respond to a no-notice activation, execute vessel activation procedures, and perform the shipboard functions of their respective ranks and ratings during vessel operation. There were 33 turbo activations during FY 2002, each involved four or more RRF vessels.

The use of sea trials is a significant element of the RRF maintenance program. During FY 2002, MARAD conducted 73 sea trials, several of which were increased from 24 hours to 72 hours in order to test more rigorously the main and auxiliary engines and associated machinery.

Force Protection

Force-protection issues were prominent during FY 2002. RRF force protection has been organized around the following four areas:

- Anti-terrorism and force-protection awareness
- Small arms training
- Secure communications and security clearance requirements

Spotlight: RRF 25th Anniversary "A Steel Bridge to Democracy"

The RRF celebrated its 25th anniversary in FY 2002. On October, 18, 2001, on board the RRF vessel CAPE WRATH in Baltimore Harbor, Baltimore, Maryland, MARAD saluted its partners in sealift: the ship managers, the seafaring unions, the MSC, and the USTRANSCOM. The keynote speaker was Secretary of Transportation Norman Y. Mineta, who spoke of the successes and achievements of the RRF, and all those who helped to make this force of ships what it is today. "Our industry and labor partners make the Ready Reserve Force a reliable, cost-effective source of sealift," he said. "We are proud of its accomplishments, confident of its capabilities, and determined to continue its record of service and success."

Noting that the ceremony had been postponed following the September 11 attacks, Secretary Mineta added, "America's merchant marine, maritime industries, and merchant seafarers have come through for us every time our Nation has needed them. We know they stand ready to do so again."

Rear Admiral Edward Fahy, Director of Plans and Policy of the USTRANSCOM, praised the success of this unique partnership; Rear Admiral David Brewer, III, Commander of the MSC, recalled the inspiration he drew from seeing the cargo ships supporting combat operations during Desert Storm/Desert Shield, and said, "We must not burn this steel bridge to democracy."

During the ceremony, Secretary Mineta and Acting Maritime Deputy Administrator Bruce Carlton presented an RRF flag to one union representative as a symbol of appreciation to all unions, and a certificate of appreciation to one ship manager as a symbol of MARAD's appreciation to all ship managers whose efforts have been so important to the program's success.



Chief Engineer Paul Cammaroto presents CAPE WRATH ballcap to Department of Transportation Secretary Norman Y. Mineta, while RDML Edward Fahy and RADM David Brewer, III applaud.

Anti-terrorism and force-protection awareness: The MSC requires that one senior deck officer be certified as the anti-terrorism officer. This officer must brief the remaining crewmembers on anti-terrorism awareness and proper security precautions to follow. All chief mates on ROS crews attended the proper training courses, and were certified as anti-terrorism officers by the end of FY 2002.

Small arms training: In the past, small arms and ammunition have been shipped to the ships shortly before or during the activation period. During FY 2002, MARAD began providing ships in ROS with small arms and ammunition; all remaining ships in ROS are to have small arms and ammunition by the end of November 2002.

- Chemical, Biological, and Radiological Defense (CBRD) equipment and training

CBRD equipment and training: CBRD familiarization has been instituted at maritime academies and union schools. Further training is available upon activation from Navy or Naval Reserve personnel. MARAD has been procuring CBRD gear, including clothing, boots, and masks, which will be shipped to RRF vessels upon activation.

Training Event Availability

NDRF vessels are made available to various groups for training purposes. NDRF ships are mostly used for vessel boarding, search, and seizure training that involves law-enforcement and ship-interdiction exercises by the U.S. Navy, U.S. Marine Corps and USCG. During FY 2002, a total of 25 training events were held over 97 days, and involved 1,013 attendees. RRF vessels standing by at port facilities are often used for cargo handling training. A total of 53 separate RRF vessel training events were held during FY 2002, including U.S. Navy, U.S. Army, and U.S. Marine Corps cargo handling units. These RRF vessels also supported security exercises conducted by anti-terrorism units from both the USCG and U.S. Marine Corps. FY 2002 saw RRF vessels participating in a total of 135 calendar days of training support involving over 2,000 attendees.

State Maritime Academy Scholarship Maintenance and Repair (M&R) Program

The use of ships is vital in the education of mariners. MARAD furnishes six schoolships, and administers a maintenance and repair program for them. MARAD's M&R program concentrates on regulatory and classification requirements, major industrial shipwork projects, and operational support of the vessels during their annual training voyages. Throughout FY 2002, four schoolships were in service and maintained:

- The EMPIRE STATE at the SUNY Maritime College in New York
- The GOLDEN BEAR at the California Maritime Academy
- The STATE OF MAINE at the Maine Maritime Academy
- The TEXAS CLIPPER II at the Texas Maritime Academy

A fifth schoolship, the STATE OF MICHIGAN, was placed in service in January 2002. A sixth schoolship, the ENTERPRISE, remained under conversion for the Massachusetts Maritime Academy during FY 2002. Delivery is expected in 2003. Massachusetts Maritime Academy was again furnished the EMPIRE STATE for its annual training voyage.

In FY 2002, MARAD and Texas A&M University at Galveston began planning for the future replacement of the TEXAS CLIPPER II. The present vessel was delivered in 1996, with an estimated service life of 10 to 15 years. After seven years in service, and with replacement programs averaging five years, work is in progress with a view towards effecting a seamless transfer from the old ship to the new.



Maritime Education

MARAD vigorously supports maritime training and education as well as mariner recruitment and employment retention programs. This support serves to improve the quality of the U.S.- maritime industry through improved services to the people who serve at sea and those who work ashore in diverse professions such as shipbuilding, steamship company operations, and port operations. These activities all help to support the achievement of our national-security strategic goal by providing U.S.-citizen merchant mariners to crew U.S.-flag commercial and government-owned ships. During FY 2002, MARAD made substantial progress in improving the quality of training by implementing international standards of training at the maritime academies and through broad improvements in maritime security training in MARAD's continued response to the terrorist attacks of September 11, 2001.

Spotlight: Schoolships
Welcome to the STATE of MICHIGAN
and the ENTERPRISE

In FY 2002, MARAD furnished a new schoolship, the STATE OF MICHIGAN, to the Great Lakes Maritime Academy. This vessel, the former USNS PERSISTENT, was acquired from the USCG in November 2001. The PERSISTENT was acquired by the USCG in 1998, and operated as a drug-interdiction support ship from 1999 to 2001, before being decommissioned and made available for transfer. The ship was originally constructed in 1985 for the MSC as an Oceanographic Surveillance Vessel (T-AGOS) of the STALWART class. It operated in that service from 1985 to 1994. In MARAD service, the PERSISTENT was first assigned to SUNY Maritime College from January to May 2002, before transferring to Michigan for permanent assignment to GLMA in August.

The major conversion of the former RRF general-cargo ship CAPE BON into the schoolship ENTERPRISE continued throughout FY 2002. The vessel remained at Bender Shipbuilding and Repair Co., in Mobile, Alabama, under a contract awarded by General Agent, InterOcean Uglund Management Corp., of Voorhees, New Jersey, in December 2001. Upon completion in early 2003, the ENTERPRISE will be assigned to the Massachusetts Maritime Academy in Cape Cod. The name ENTERPRISE honors the academy's first training ship, the former USS ENTERPRISE built in 1874, and assigned to the academy between 1892 and 1909. The ENTERPRISE (II) will be the academy's eighth permanently assigned schoolship.

U.S. Merchant Marine Academy (USMMA)

MARAD operates the USMMA in Kings Point, New York, to educate young men and women for service in the American merchant marine, in the U.S. Armed Forces, and in the Nation's intermodal transportation system.

Graduates receive Bachelor of Science degrees, USCG-issued merchant mariner licenses as deck or engineering officers, and commissions in the U.S. Naval Reserve or other uniformed service.

As a key component of our national security effort, Academy graduates incur an eight-year U.S. Naval Reserve commitment, unless they serve in another uniformed service. The critical maritime skills developed with their military training significantly increases our Nation's defense readiness.

Academy graduates are also committed to a five-year maritime service obligation. This requires them to obtain a USCG-issued merchant mariner officer license in order to graduate from the Academy, and to maintain the license for at least six years. This maritime service obligation may be satisfied in the merchant marine as an officer aboard U.S. merchant ships, or in shoreside maritime or intermodal transportation industry positions if afloat employment is not available, and with the permission of the Maritime Administrator. Active military duty in the U.S. Armed Forces or service with the National Oceanic and Atmospheric Administration also satisfies the obligation.

The Class of 2002, which graduated on June 17, 2002, comprised 100 third mates and 77 third assistant



engineers. The 13 women graduates in 2002 brought to 435 the total number of female graduates since the first coeducational graduating class in 1978. Within three months after graduation, about 95 percent of the 177 graduates had obtained employment in the maritime and transportation industry, afloat or ashore, or were serving on active military duty. That percentage increased to nearly 100 percent within six months after graduation.

Average enrollment at the Academy during the 2002-2003 academic year was 904 midshipmen. At the beginning of the academic year, the regiment included 108 women, 10 of whom are scheduled to graduate with the Class of 2003. Members of Congress nominated 1,457 constituents for the class of 2006, and a total of 282 freshmen, called plebes, were enrolled in July 2002. The Academy's web address is www.usmma.edu.

State Academies

MARAD provides assistance to six State maritime academies to train merchant marine officers pursuant to the Maritime Education and Training Act of 1980: California Maritime Academy, Vallejo, California; Great Lakes Maritime Academy, Traverse City, Michigan; Maine Maritime Academy, Castine, State maritime academy cadets who participate in the Student

Maritime Security

MARAD's National Sealift Training Program (NSTP) for senior deck and engineer officers is offered by the Global Maritime and Transportation School (GMATS) at the USMMA, Kings Point, New York. In FY 2002, 34 senior deck and engineer officers completed this program to improve U.S.-flag strategic sealift support capability, improve maritime security, and reduce vulnerability to piracy and hostage threats.

In FY 2002, GMATS created a new course titled "Marine Terminal and Seaport Security." One- and two-week pilot versions of this course were conducted at the USMMA in August 2002, for select members of the New York Police Department (NYPD) and for a 34-member group of the Florida Department of Law Enforcement.

Working with the MSC, MARAD trained approximately 1,500 U.S. mariners in chemical and biological defense (CBD) in FY 2002. The objective of this program is to have all U.S. mariners trained in the one-day course by 2004. Over 3,000 mariners have completed this training since its inception in FY 2000.

During FY 2002, MARAD aggressively supported the USCG's maritime security initiative to improve seafarer identification. In particular, agency senior staff worked intensively on a "fast track" initiative by the International Labor Organization (ILO) for a new convention on seafarer identity documents. This new convention should replace ILO's Seafarers' Identity Convention, 1958 (ILO 108), and receive wide ratification by all governments concerned with shipping. During FY 2002, deliberations in Geneva, Switzerland, and Washington, D.C., included an assessment of the feasibility of biometric standards for international seafarer credentialing.

International Maritime Labor Standards

Maritime education and legal staff continued to work with two special ILO Working Groups that met three times during this period in Geneva, Switzerland. The meetings were tripartite in nature, reflecting excellent participation by governments, shipowners, and seafarers. Significant progress was made towards creation of a single and coherent document, consolidating and updating the many ILO maritime conventions and recommendations into a consensus-based standard targeted to attract wide ratification by governments. Agreement was reached on the structure of the document, similar to the IMO/Standards of Training, Certification, and Watchkeeping (STCW) Convention, encompassing mandatory principles and standards and non-mandatory guidance.

Supplemental Training

MARAD provides supplemental training for personnel in marine fire fighting and defense readiness. In FY 2002, 1,387 personnel were trained in ship and barge fire fighting, including U.S.-citizen seafarers, USCG personnel, and fire fighters. MARAD-sponsored basic and advanced fire fighting is offered at MARAD's fire school in Swanton, Ohio, and the MSC/MARAD fire training facility in Earle, New Jersey. Of the students attending the school in Swanton, Ohio, 150 fire fighters and USCG personnel received a customized course related to assisting with local marine fire fighting training requirements.

Mariner Availability

Changes in the U.S. maritime industries in the past 30 years have led to a shrinking pool of qualified mariners, and one of MARAD's responsibilities is ensuring that there are enough qualified mariners to meet the requirements of a national emergency. MARAD's activities have focused on looking beyond the number of mariners, to evaluate mariner characteristics, and the skill mix of mariners available to sail. Based on these efforts, MARAD has determined that there are adequate numbers of mariners to meet overall requirements, but there may be a potential shortage of unlicensed, non-sailing mariners, who would be

called upon in the event replacements are needed. MARAD's ultimate goal is to assure that adequate numbers of properly trained and certified mariners are available and willing to crew MARAD vessels for national emergencies and economic purposes. Each goal pursued and accomplished during fiscal year 2002 involved the cooperation and partnership of the Government and the maritime industry.

MARAD leaders met with maritime labor organizations and the USCG during FY 2002 to create contingency plans for maximizing mariner availability. As a result of these meetings, several goals pertaining to mariner certification and availability were accomplished.

- New standards for the training and certification of mariners (STCW) became effective in February 2002. MARAD's GMATS developed a USCG-approved three-week course to provide the training necessary to provisionally re-certify mariners lacking recent sailing experience compliant with STCW-95 requirements. The course will be shared with the maritime labor training schools and the maritime academies so that the required training can be provided at a number of locations.

MARAD initiated the process of obtaining and verifying up-to-date contact information for all graduates of the USMMA who still have a service obligation. Graduates of the USMMA have an eight-year commitment to serve their country. Service from this well-educated and well-trained group of young men and women is essential to meet the goal of assuring mariner availability.

MARAD committed FY 2002 agency funds to initiate development of a mariner tracking system. This new system will allow MARAD and its partners to maintain accurate and up-to-date information on mariner qualifications, and will enhance MARAD's ability to contact mariners to crew the Government's vessels in the critically short time frames required during an activation. An Internet-based component will allow mariners to update contact information in a timely manner. Scheduled completion date for system development is September 2003.

The Mariner Survey 2002 was issued and completed in September 2002. It was a follow up to the first survey of merchant mariners conducted during 2001. The major focus of the 2002 survey effort was to update and expand information on key readiness and training issues. Initial analysis of the results of Survey 2002 shows:

- A modest increase in the percentage of mariners who would volunteer in a national defense emergency;
- High rates of response overall and from actively sailing, higher ranking mariners;
- Most respondents (approximately two-thirds) expect to sail until retirement;
- Adequate numbers of qualified mariners to meet overall requirements, but potential shortages of available unlicensed, non-sailing mariners.

Merchant Marine Awards

Public Law 100-324, the Merchant Marine Decorations and Medals Act, authorizes the Secretary of Transportation to recognize outstanding and meritorious service or participation in national defense action. In keeping with the highest tradition of honoring the men and women of America's merchant marine, in FY 2002, MARAD authorized the Merchant Marine Expeditionary Award to those mariners who served from September 11, 2001, on U.S.-flag ships in support of Operation ENDURING FREEDOM. In addition, MARAD continued assisting in replacing merchant marine decorations issued to merchant mariners who served during World War II, the conflicts in Korea and Vietnam, and Operation Desert Storm. During FY 2002, MARAD responded to more than 1,200 inquiries on awards and related issues.

Port Readiness

MARAD supports three vital components of strategic mobility: ships for sealift, mariners to crew them, and readiness at U.S. ports. Port readiness supports the DOT's national security goal of assuring that DOD-designated commercial strategic ports are available to the military during national emergencies.

MARAD has developed an extensive program dealing with military port readiness and emergency port operations. The program is designed to prepare U.S. seaports to simultaneously handle the movement and security of commercial cargo and passengers and the deployment of U.S. military forces. This must be accomplished in a manner that meets the demands of the national military strategy and minimizes commercial transportation disruption. MARAD's program trains deployment stakeholders; helps manage U.S. port assets by creating a coordination network; and provides mechanisms to obtain port facilities, equipment, and services.

In the event of a deployment or other requirement of the Nation's defense, commercial ports will be used by the military for both surge and sustainment cargoes. Fourteen commercial ports have been identified as strategic defense ports.

In peacetime, MARAD issues pre-emergency Port Planning Orders to strategic ports based on military deployment

requirements. They are issued for information and guidance to inform the port that certain port facilities may be needed by a defense agency in the event of a deployment. The planning orders are non-binding and are designed to help the orderly transition from peacetime port operation to a deployment. As part of the program, MARAD continues to monitor the readiness of strategic commercial ports through semi-annual port readiness assessment visits, port readiness exercises, and monthly survey reports that are provided by the commercial ports.

War Risk Insurance

MARAD administers the standby emergency War Risk Insurance Program in accordance with the statutory authority of Title XII of the Merchant Marine Act, 1936, as amended. The program encourages the continued flow of U.S. foreign commerce during periods when commercial insurance cannot be placed in the American market and 60 percent being placed in the foreign insurance markets. This compares with 43 percent American market placement for hull and machinery insurance in FY 2001.

North Atlantic Treaty Organization (NATO) Planning Board for Ocean Shipping (PBOS) Participation

MARAD continues to serve as the lead agency for U.S. participation in the work and activities of NATO's PBOS, which is responsible for developing and maintaining plans for civil shipping support to NATO in crisis and war.

MARAD represents the United States through participation in PBOS meetings and events to enhance readiness planning in support of NATO, including exercises and training events for civilian shipping experts. MARAD representatives hold the PBOS chairmanship and maintain the PBOS Secretariat, which conducts the everyday work of the Planning Board. PBOS also provides advice to the NATO military authorities on sealift matters relevant to the planning and execution of NATO military deployments.

In response to the events of September 11, 2001, the North Atlantic Council, the highest political body in NATO, tasked PBOS to serve as the focal point within NATO for the exchange of information and advice on the protection of civil maritime assets against acts of terrorism.

Marine and War Risk Insurance Approved in FY 2002

Kind of Insurance	Total Amount	American	Foreign
Marine Hull & Machinery Protection & Indemnity*	\$3,272,053,564	40%	60%
War Risk Hull & Machinery	3,092,157,827	33%	67%
War Risk Protection & Indemnity	3,092,157,827	33%	67%

* Protection and indemnity insurance coverage is obtained principally from assessable mutual associations managed in the British market, and it is not possible to arrive at the total amount or percentage figures for American and foreign participation.

During FY 2002, MARAD issued the following eight MARAD Advisories:

- 01-7 Maritime Industry Reporting of Suspected/Actual Terrorist Incidents
- 01-8 Vessel Reporting to NATO Shipping Center for Merchant Ships Transiting the Suez Canal
- 02-1 Naval Coordination and Protection of Shipping Exercise in Water off the Republic of Korea
- 02-2 Vessel Reporting to NATO Shipping Center for Merchant Ships Transiting the Suez Canal
- 02-3 Naval Coordination and Protection of Shipping - Exercises BELL BUOY 02 and RIMPAC 02
- 02-4 Naval Coordination and Protection of Shipping - Exercise RIMPAC 02
- 02-5 Maritime Alert and Threat Dissemination
- 02-6 Maritime Alert and Homeland Security Advisory Threat Condition Level High (Orange)

Emergency Operations: MARAD Advisories

MARAD Advisories rapidly disseminate information on government policy, dangers to the U.S. flag fleet, safety issues pertaining to vessel operations, and other timely maritime matters. MARAD routinely issues them to ship operators and other U.S. maritime interests via Internet e-mail. MARAD Advisories are also published in the National Imagery and Mapping Agency (NIMA) weekly "Notice to Mariners." Depending on the importance of the MARAD Advisory, NIMA will re-broadcast the Advisory directly to ships as a Broadcast Warning. MARAD also posts MARAD Advisories on its website, making them more accessible to the shipping industry and the public.

Jones Act

The Jones Act (Section 27 of the Merchant Marine Act of 1920) requires that maritime cargoes and passengers moving between U.S. ports be transported in vessels built and maintained in the United States and owned by American citizens. MARAD provides assistance to shippers in need of qualified U.S.-flag vessels, and provides a direct shipper assistance program for the mutual benefit of the shippers and carriers of the oceangoing coastwise trade.

Initiation of New Customer Service Program

In 2002 MARAD initiated a new Domestic Shipper Assistance Program. Specifically, the new e-mail-based information distribution system helps shippers in the Jones Act domestic trade in locating U.S.-flag coastwise qualified vessels. The system distributes these requirements electronically to more than 168 vessel brokers, owners, and operators.

As a result of this program coastwise qualified vessel operators were able to bid on several million dollars worth of freight, and shippers gained exposure to several

alternative carriers for moving their cargo. Typically, MARAD receives more than 150 questions and requests for shipper assistance each year regarding the Jones Act.

Small Vessel Waiver Program

The small vessel waiver program was developed in accordance with Title V of Public Law 105-383 passed by Congress in November 1998, which made waivers of the U.S.-build requirement of the coastwise trade laws a function of the executive branch for vessels carrying 12 or fewer passengers.

Before this legislation was passed, anyone wanting a waiver of the U.S.-build requirements needed to request special legislation, which usually took two to three years. The regulations developed to implement the law allowed boat owners to request MARAD to grant such a waiver and became effective in November 1999.

The first waiver applications were received in February 2000. All waiver requests received were published in the *Federal Register* for a 30-day public comment period, and became a part of the DOT docket along with any comments received and waivers ultimately granted or denied. Between April 2000, when the first waivers were granted, and September 2002, when the sunset provision of the enabling legislation ended MARAD's waiver authority, MARAD granted 248 waivers. Typical processing time for an administrative waiver was about two months from the date of receipt to date of decision. Even after the close of this very popular program, MARAD continued to receive many requests for waivers and inquiries as to whether the program would be reinstated.

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