

STATEMENT OF WILLIAM T. COLEMAN, JR., SECRETARY  
OF TRANSPORTATION, BEFORE THE SUBCOMMITTEE ON  
OCEANOGRAPHY OF THE HOUSE MERCHANT MARINE AND  
FISHERIES COMMITTEE CONCERNING OCEANIC POLICY,  
FRIDAY, SEPTEMBER 17, 1976.

Mr. Chairman and Members of the Subcommittee:

I very much appreciate your invitation to discuss the oceanic interests of the Department of Transportation. As the representative of one department in the Executive Branch, I am also most pleased to appear with the other officials who concurrently share the responsibility of developing policy for administering the myriad of Federal ocean-related responsibilities.

As we enter the last quarter of this century, the rational development and utilization of oceanic resources demands the highest level of public attention. In DOT we deal with oceanic policy primarily in relation to water transportation policy which is, of course, a key component of national transportation policy. In this light I view the formulation and administration of the transportation dimension of oceanic policy as the result of an evolving process that reflects existing statutes and programs, precedents, traditions, and proposed reforms as well as public perceptions. It may be found in our Congressional submissions,

our international negotiations, the implementation of our statutes, and our interagency committee positions, as well as in other forms.

I think that effective policy should indicate the changes that are required to foster an improved, multi-modal transportation system which is consistent with other national priorities. Ocean transportation policy must now anticipate and help resolve the problems associated with increased competition for the use of the waterways, coastal zones, port areas and sea lanes. It must assure a safe, efficient, accessible, diverse and competitive system.

Your invitation indicated that you would be interested in our assessment of the October 1975 GAO report on "The Need for a National Ocean Program and Plan", and how this study might relate to "the ocean programs and activities" of the Department of Transportation. You also inquired about how its conclusions affected our policies on "resource allocation, priority-setting and mechanisms for coordination with other agencies."

In our reply to this report, we offered several observations. We concurred with the major recommendation that "it is necessary to develop a comprehensive National ocean program and plan before organizational changes are made." In addition, we advised that "ocean

policy must be considered over the full range of ocean activities, and not limited to the relatively narrow sphere of "marine science and engineering"...and that there is a distinct "need to clearly define the concepts of 'marine science' and 'oceanic affairs'". Additional comments on the GAO report are contained in Attachment A.

Turning to the policy aspect of maritime transportation, I would like to mention my statement of national transportation policy which became a public document one year ago today. Because of this time lapse, I believe that a brief review of what the statement said in regard to ocean transportation could provide a suitable base from which to explore the Department's current and potential marine interests. I would like to begin by viewing the maritime mode in the broad perspective of international commerce.

In a world of increasing international interdependence, transportation must protect vital national interests by: (1) enabling the United States to compete effectively in the world market; (2) permitting people and freight to move at the lowest possible price, consistent with good, safe, and regular service; (3) supporting national security requirements; (4) reducing dependence on foreign energy resources; (5) advancing U.S. leadership in technology through sound research and development planning and (6) providing due protection for the environment.

To accomplish these national goals, in the context of the transportation dimension of ocean policy, we have two agencies, the U.S. Coast Guard, and the St. Lawrence Seaway Development Corporation, as well as separate staff offices for our responsibilities in Deep Water Ports and Pipeline Safety.

The U.S. Coast Guard is the nation's primary maritime law enforcement agency in peace time. Enforcement by the Navy when foreign ships are involved would often raise grave international problems. The Coast Guard is responsible for the enforcement of Federal laws upon the navigable waters of the United States and its possessions and on and under the high seas. It has performed its statutory responsibilities, as many of you know, with a traditional effectiveness and with credit. It has done its job without much fanfare, and thus, perhaps it has not tooted its horn loudly enough.

Most of you are aware of the Coast Guard's responsibilities under the recently legislated Fishery Management and Conservation Zone. Personnel from its cutters and aircraft work in a healthy cooperation with NOAA's National Marine Fisheries Service. During the first quarter of 1976, over \$2 million in penalties were levied against seized foreign vessels. However, it is equally important that you evaluate other Coast Guard missions which are integrated in

what we regard as an unique, cost-effective framework of operations and which responds to your inquiry about our basis of resource allocation, priority-setting, and utilization of coordination mechanisms.

With its inventory of ships, aircraft and shore stations and corps of inter-disciplinary trained personnel, the U.S. Coast Guard is charged with performing a multitude of services for the safety and security of the lives and property of the maritime community. Along with law enforcement, these services facilitate waterborne transportation and ocean resources development and other activities in support of national economic, scientific, defense and social need. As a multi-mission agency, it performs complementary regulatory and operational roles supported by an effective command and control logistics organization. Its range of responsibilities include:

- Search and rescue missions;
- A marine environmental detection, response and enforcement program;
- Icebreaking operations in domestic and polar regions;
- A comprehensive commercial vessel inspection, documentation, licensing and investigation program;
- The maintenance of a complex short-range aids-to-navigation system governing inland waterways, coastal areas and harbors;

- A port safety and security program, including deepwater ports and vessel traffic services;
- The maintenance of a world-wide radio navigation signal system for marine and air traffic;
- A recreational boating safety program designed to promote safe boating through minimal technical standards and a Federal-State, Maritime Partnership grant program;
- A military preparedness program, in combination with an active reserve training program to effect a valued "war and peace" utilization of human and physical resources for national security as well as for peacetime emergencies; and
- In-house Research and Development and applied oceanography programs which primarily support the particular needs of its varied but related functional missions.

As I have indicated previously, the Coast Guard marine science program, with an estimated \$17.9 million budget, is only about 1.8% of its overall budget. During FY-1975, 2% of its cutters were cost-accounted for employment in marine science as compared with

34.6% for servicing short-range aids-to-navigation. Also, during FY-1975, only 1.5% of its aircraft were employed for marine science activities as compared with 25.7% for search and rescue.

We believe that such a traditional history of multi-mission cost-effectiveness, combined with assisting other agencies in the prosecution of fines for fisheries violations, or working with the Drug Enforcement Administration of the Department of Justice in interdicting millions of dollars of marine drug traffic, provides a unique organizational model for the taxpayer.

The Coast Guard will continue to experience an increase in its responsibilities related to the safety of the maritime community and the facilitation of waterborne activities, particularly from those needs which will evolve in the greater use of polar transportation routes, the extension of the navigation season in ice-covered domestic waters, any extension of a coastal economic zone and the protection of offshore assets. Consequently, many of its operational and support programs will be concerned with the marine environment as it affects and is affected by our nation's marine mode of transportation and recreation. The ability to enhance the performance of these several programs by the investigation and comprehension of the marine environment, as well as to further the application of new technology,

will require moderately expanded marine science capability in coordination with other agencies on both an agency and interagency basis as appropriate.

I have mentioned the range of Coast Guard's activities in the oceans only in a general description. Other Federal agencies share in the functional administration of coastal and oceanic areas with a number of legislated mandates. As may be perceived, the total Federal program in the oceans, both in marine science and engineering support efforts, and in the range of energy, transportation and other economic needs, represents a series of interacting agency activities which require considerable coordination to assure effectiveness in the pursuit of our national goals. The Coast Guard participates in this coordination formally through membership on a number of interagency committees and through an effective policy of cooperative endeavors with other agencies at the working field level. The Coast Guard objectives are the same as those current goals of concerned members of Congress--the effective management of our oceanic programs.

Conflict-use resolution of the seas, between both domestic and international claimants, with the attendant law enforcement resources, is the actual core of an ocean policy. By having the white cutter service of the Coast Guard, the United States is uniquely

capable of reacting to problems of an international nature. Since it is not an entity of the Department of Defense, it can, as stated above, avoid the connotation of belligerent action. In fact, the military service of the Coast Guard has a significant reservoir of international goodwill through such positive diplomatic actions as deployment of its pollution strike force to aid "third world" nations and its international efforts in search and rescue on the high seas. Also, in this dual military/civilian context, it is now analyzing the function of protection of offshore assets. As a coordinative policy, the Coast Guard has signed a formal memorandum of understanding with the U.S. Navy for joint R&D efforts and is currently examining the operational implications.

The U.S. Coast Guard provides a unique service to the recreational boater and commercial waterborne transporter in the billions of dollars in lives and property saved, as well as in the fines levied against foreign fishing vessels transiting and fishing illegally in U.S. waters.

For an amplification of my discussion of Coast Guard functions, I invite your attention to pages 3 to 66 of the hearings on the Coast Guard Authorization held in 1975 by the Subcommittee on Coast Guard and Navigation.

The U.S. Coast Guard is complemented in our integrated transportation mode by the St. Lawrence Seaway Development Corporation which is also engaged in the provision of a safe, efficient and effective waterway for maritime commerce, both in peacetime and in national emergency. The St. Lawrence Seaway is also unique in that it is the only waterway in the nation maintained entirely through user charges. It complements the Coast Guard Great Lakes missions in facilitation of transportation in assuring traffic control, safety, season extensions and other programs designed to develop the nation's fourth seacoast.

Another Departmental maritime responsibility stems from the advent of the super tanker. Its widespread use has raised special problems of structural integrity, navigation and traffic separation, pollution potential and adequacy of port facilities. The ability of the United States to take full advantage of the economies of scale which have stimulated the growth of the super tanker fleet has been denied by the shallow approaches to our coastal ports and refineries. New deepwater offloading facilities, sometimes called superports, will be required. Such facilities exposed to the open sea, present a variety of structural, operational, and environmental protection challenges.

Under the Deep Water Port Act of 1974, the Department of Transportation is determining the requirements for constructing such

facilities in coastal waters. DOT is currently reviewing two applications for licenses to own, construct and operate deepwater ports in the Gulf of Mexico. The first applicant is a consortium of six oil companies which proposes to build a deepwater port 18 miles off the coast of Lafourche Parish, Louisiana at an estimated construction cost of \$586 million. The second applicant is a group of nine companies which plans to build a similar facility 26 miles off the coast of Freeport, Texas through an outlay of \$856 million. These applications were filed on December 31, 1975 and a final decision on them will be issued by me no later than December 20 of this year.

Another important consideration of my Department is that any evolving oceanic policy reflects the growing interrelationship of another mode of transportation as well. An issue of particular concern to the Department of Transportation is unimpeded transit through, over and under straits used for international navigation, whose waters would become territorial sea under the 12 NM proposal before the Law of the Sea Conference. The United States position is that such a regime must include unimpeded overflight for all civil aircraft of all nations. We also want the existing freedom of overflight to be preserved under any economic zone regime.

Recent technical developments in ocean shipping have had an impact on the maritime industry and they are affecting its economy and organization in many ways. Foremost of these developments has been the growth of unitized cargo systems. These new systems have opened vast opportunities for more efficient through-transportation between inland points, with cargoes transferred rapidly and securely between the maritime and other modes. They have also promoted the development of new families of ocean-going vessels which, being capital rather than labor-intensive, tend to reduce the competitive disadvantages of U.S. vessels.

Along all of our coasts, including the Great Lakes, ports have been driven by their historically competitive relationships to meet the requirements of this new technology. Container handling facilities involve enormous investments, and adequate returns on these investments will require a high level of utilization. It appears most unlikely that all U.S. ports now preparing for container services will prove economically viable. On the contrary, it is more probable that the economies of scale permitted by the new technology can be realized only by concentrating container terminals at fewer locations. We must develop policies which will permit these choices to be made in the national interest. In this connection the Department has directed

a comprehensive policy support study by the Massachusetts Institute of Technology entitled Federal Port Policy in the United States which has just been published. Another MIT study being carried out under DOT sponsorship concerns the potential development of offshore port facilities for liquified natural gas. Also, DOT financed the proceedings of a recent conference at the University of Wisconsin which was published under the title of Port Planning and Development as Related to Problems of U.S. Ports and the U.S. Coastal Environment.

From studies such as these and complementary ones carried out by the Department of Commerce, measures should be taken to enhance the use of maritime transportation. In recognizing that the water mode is energy efficient and cost effective, we anticipate increased competition for use of the waterways, coastal zones and port areas. Because of competing demands for coastal resources and the need to protect valuable and often unique ecology, coordination among Federal, State and local governmental authorities and comprehensive coastal zone planning is essential for port development in the years ahead.

Turning to the U.S. flag component of maritime transportation, my policy statement notes that the U.S. maritime situation differs from most other areas of transportation in that although we maintain

and promote a U.S. flag merchant marine, it carries only a small part of our foreign trade. Thus we need to balance two goals -- the preservation of a viable U.S. merchant marine adequate to serve our national interests and the availability of reliable, low-cost shipping services to sustain our foreign commerce. As the members of this Committee well know, the United States has always favored free competition among the world's ocean carriers. To provide stability, the Congress has permitted carriers in our trades to combine in liner conferences and to establish common tariffs and arrangements for service. However, such conferences must be open to all qualified carriers and the right of non-conference or independent lines to serve U.S. trade must be protected.

The Department of Transportation views with deep concern the shift in the balance between competitive and noncompetitive forces in the international maritime economy, in favor of the latter. Many countries, at both the carrier and government levels, are creating systems of cargo pooling and allocation that would subject shipping services and ratemaking to cartel-type arrangements which can very easily eliminate the play of market forces in international shipping. Examples include an increasing number of bilateral arrangements between nations which reserve the bulk of their liner trade to their national fleets, governmental encouragement of conference pooling

systems that exclude independents or third-flag carriers, and the recent international endorsement of restrictive bilateral agreements contained in the United Nations Conference on Trade and Development (UNCTAD) Code of Conduct for Liner Conferences. Under the aegis of the President's Interagency Committee on Export Expansion chaired by Secretary Richardson, the Department of Transportation financed the only study in the world of the potential impact of the cargo sharing provisions of the UNCTAD shipping code. Within this same inter-agency framework, the Department's Transportation Systems Center is studying the role of ocean transportation costs in U.S. foreign trade.

In response to the recent public attention given to the commercial practices of the Soviet merchant marine, grand jury revelations of illegal rebating by U.S. flag liner operators, and the growing public support for less Federal regulation of transportation, the Department is taking part in the Council of Economic Advisors' study of the costs and benefits of U.S. regulation of shipping conference activity during the past half century. In this connection, I'm pleased to see that Chairman Bakke of the Federal Maritime Commission and another subcommittee of the House Merchant Marine and Fisheries Committee plan to undertake an important investigation of such matters

next year. Also the Department has made input from the shippers' viewpoint into the Council on International Economic Policy's study of the effect of the bilateral pooling agreements approved by the Federal Maritime Commission for a number of U.S. -Latin American trades.

In regard to the CIEP program, the Department helped prepare the international transportation chapters which appeared in the last two International Economic Reports of the President. These chapters conveyed the view that although basic differences of philosophy divide the shipping world, no single comprehensive system of public regulation would be able to satisfy these interests. Moreover, because of its international nature there should be a readily understood and accepted basis for common agreement as to how this system should operate. It is my opinion that the principle of competition still offers the best hope for an efficient international maritime economy.

From such a viewpoint, it might be useful to anticipate what the transportation system might look like if the policy set forth in my statement were first adopted and then successfully translated into programmatic action. We would see a more safe, efficient, accessible, diverse, competitive transportation system, mainly in the private sector, which would enhance the Nation's environment, economy and quality of life, by providing: (1) privately owned, financially healthy

and competitive high performance national networks of marine, rail, truck, bus, pipeline and air freight and passenger service; (2) a strong international transportation system with the participation of privately owned, financially healthy, unsubsidized U.S. flag carriers; (3) more equal competition between firms and among modes, freed from the encumbrance of outmoded regulatory restraints; (4) new, more cost effective, energy-efficient and intermodal technology; and (5) an economy conducive to adequate capital formation, enabling private firms to earn a reasonable return on investment and to keep facilities and equipment modern, safe and environmentally sound.

Before I close, I would like to discuss briefly the question of effective organization and coordination of Federal ocean-related policies and activities. It is my personal opinion that the division of responsibilities among the various Federal agencies concerned with marine affairs does create the need for a policy forum within the Executive Branch for the development of coordinated policy and planning. Such a forum should consist of those principally concerned with different aspects of marine affairs. I have discussed it within my Department and I have concluded that such a forum could assure that there is an appropriate integration of our economic and societal needs for more ocean space and resources while assuring the attainment

of environmental needs.

I personally believe the nation should be able to look to an authoritative, capable, coordinating body to direct our efforts in the oceans.

The forum I am suggesting would be broader in scope than the original Marine Science Council which existed between 1966 and 1971. It would be adopted with the realization that the President must be able to evaluate and advance appropriate solutions in such diverse areas as national security, transportation, law enforcement, and resource development as well as marine science and ocean engineering. I believe that such a mechanism would achieve the recommendation of the GAO for a national ocean program and plan as well as assist your Committee and the Senate in its related deliberations. The Administration has not yet made a judgment as to the most appropriate organizational arrangements required to carry out oceans policy formulation and management and these represent my views.

In conclusion, I would like to observe that a more perfect American transportation system can only evolve through the efforts of an innovative, competitive, and forward-looking private sector. The Federal Government must support this evolution by reinforcing

the strengths and shoring up the weakensses of our economic system. We look forward to working with the Committee in furtherance of these goals.

This concludes my prepared statement, Mr. Chairman. I shall be happy to answer any questions you or the members of the Committee may have.





OFFICE OF THE SECRETARY OF TRANSPORTATION  
WASHINGTON, D.C. 20590

ASSISTANT SECRETARY  
FOR ADMINISTRATION

May 2, 1975

Mr. Henry Eschwege  
Director  
Resources and Economic Development  
Division  
U. S. General Accounting Office  
Washington, D. C. 20548

Dear Mr. Eschwege:

This is in response to your letter of April 11, 1975, requesting the Department's comments on the General Accounting Office's (GAO) report on the need for a national ocean program and plan. The GAO concluded that the present Government organizational framework is not particularly conducive to effective administration of marine science activities and ocean affairs. Because of the vital role the oceans play in the Nation's welfare, economic self-sufficiency, and national security, GAO believes a concerted effort should be undertaken to establish a comprehensive national ocean program and plan.

The Department agrees with GAO that it is essential that a national ocean policy be adopted and a national ocean program and plan to implement the policy be established prior to any reorganization attempt. Ocean policy must be considered over the full range of ocean activities, not merely marine science and engineering. Such a consideration will reveal the often nonhomogenous nature of marine activities.

I have enclosed two copies of the Department's reply to the GAO report.

Sincerely,

  
William S. Heffelfinger

Enclosure  
(two copies)

DEPARTMENT OF TRANSPORTATION REPLYTOGAO DRAFT REPORT (UNDATED)OBSERVATIONS ON THE NEED FOR A NATIONAL OCEAN PROGRAM AND PLANMULTIAGENCYSUMMARY OF GAO FINDINGS AND RECOMMENDATIONS

The present Government organizational framework is not particularly conducive to effective administration of marine science activities and oceanic affairs. GAO believes a concerted effort should be undertaken to establish a comprehensive national ocean program and plan. After the program and plan are developed, a determination can then be made as to the best organizational structure which should be established to accomplish the goals and objectives of the program and plan.

SUMMARY OF THE DEPARTMENT OF TRANSPORTATION POSITION

The Department of Transportation concurs with the GAO that it is essential that a national ocean policy be adopted and a national ocean program and plan to implement the policy be established prior to any reorganization attempt. With or without reorganization, it is essential to develop a more effective and authoritative coordinating mechanism within the federal establishment. Ocean policy must be considered over the full range of ocean activities, not essentially marine science and engineering oriented, and finally, emphasis is made on the need to clearly define the milieu of both "marine science" and "oceanic affairs".

POSITION STATEMENT

I concur with, and strongly support, the recommendation included in this draft report that only "After the national ocean policy has been adopted and a national ocean program and plan to implement the policy have been established, the Congress may wish to consider, at that time, enacting legislation to establish the Government organizational structure best suited to accomplish the goals and objectives of the national ocean program and plan". It may develop that such a program and plan would reveal that re-organization is not the answer. Even this preliminary draft report concludes that duplication of research efforts is a rarity and if found is not indicative of management weakness. The significant thing is getting the job done. Thus, the GAO might report to the Congress on the on-going and planned interagency field efforts which provide for "effective coordination between agencies to avoid fragmentation and overlap for more effective use of resources".

The draft report speaks of "marine science" and "oceanic affairs" as two entities, yet, in support material given with these statements, it appears that only marine science data are used, seemingly to be representative of both. In reality, "marine science activities" are a specialized branch of "oceanic affairs". Both of these terms need to be clearly defined in the glossary.

This need to define these terms clearly, becomes even more real when attempting to read the charts and tables in this study. Because of the categorization of marine activities for budget, programming and reporting purposes, it is essential that all parties have a clear understanding of the terms of reference. Without these common terms of reference, the credibility of the study is greatly compromised. Certainly, the definitions are required prior to the development of national ocean policy, programs and plans.

The significance of the matrix on page 20., is not clear. There is no indication that "duplication" of research has been identified, yet, it appears to have one of two purposes: (1) To indicate that authorized agencies are in fact making an effort to achieve their goals through logical research projects, or, (2) To imply that there is considerable overlap and lack of coordination of federal ocean activities. To conclude the latter is not fully supported, especially when, on page 23., it is stated, "Since as a general rule, duplication of research efforts is a rarity and, if found, is generally not indicative of any management weakness, we did not attempt to identify specific cases of duplication". The projects reported are marine science projects, but they are never related to the budget figures for "marine science and oceanic affairs".

It is noted that Appendix III, a list of interagency committees, is a NOAA report, but nowhere is it indicated that NOAA prepared the list.

It is incongruous that while Appendix II lists the U.S. Coast Guard as the second largest source of funds for Marine Science Activities and Oceanic Affairs, the only mention of the Coast Guard in the report is a brief reference on page 31, which states that "NASA is cooperating with NOAA and the Coast Guard to demonstrate the operational utility of using an airborne radar system to acquire imagery of ice coverage on the Great Lakes".

In discussing International Arrangements, it is again noted that the Coast Guard is not mentioned. While it is true that the Coast Guard has no activities which are reported in the Federal Ocean Program Report (FOP) under that category, this FOP does not include all that would be described as "oceanic affairs." Coast Guard participation in international arrangements, for example, with respect to the 1973 Marine Pollution Convention developed under the aegis of the International Maritime Consultative Organization (IMCO), is well known to those involved in related activities.

In conclusion, several points should be emphasized:

- It is essential that the ocean program and plan be developed prior to any attempt at reorganization,

- With or without reorganization, it is essential to develop a more effective and authoritative coordinating body or mechanism within the federal bureaucracy,

- Ocean policy must be considered over the full range of ocean activities, not merely marine science and engineering. Such a consideration will reveal the often non-homogenous nature of marine activities.

Finally, it is emphasized that there is a need to clearly define the milieu of both "marine science" and "oceanic affairs". It is my opinion that there is sufficient evidence, through man's present and past activities in the oceans, to develop a clear definition of each. Once done, policy, programs and plans will be aided in their development.



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O. W. SILER  
Admiral, U. S. Coast Guard  
Commandant

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