

STATEMENT
OF
CAPTAIN WARREN G. LEBACK
MARITIME ADMINISTRATOR
ON
BEHALF OF
THE
MARITIME ADMINISTRATION
DEPARTMENT OF TRANSPORTATION

BEFORE THE

SUBCOMMITTEE ON MERCHANT MARINE
OF THE HOUSE MERCHANT MARINE AND
FISHERIES COMMITTEE

ON

SEALIFT REQUIREMENTS FOR THE
PERSIAN GULF CRISIS

SEPTEMBER 18, 1990

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THE DEPARTMENT OF TRANSPORTATION, BEFORE THE SUBCOMMITTEE ON
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MR. CHAIRMAN AND MEMBERS OF THE SUBCOMMITTEE ON MERCHANT MARINE, GOOD DAY; MY NAME IS WARREN LEBACK. I AM THE MARITIME ADMINISTRATOR IN THE DEPARTMENT OF TRANSPORTATION, AND IT IS MY PLEASURE TO APPEAR BEFORE YOU TODAY AS YOU CONDUCT THIS OVERSIGHT HEARING ON SEALIFT REQUIREMENTS FOR THE PERSIAN GULF CRISIS. WITH ME TODAY IS VICE ADMIRAL FRANCIS R. DONOVAN, COMMANDER, MILITARY SEALIFT COMMAND, WHO IS HERE IN HIS CAPACITY AS THE OFFICIAL REPRESENTATIVE OF THE U.S. NAVY AT THIS HEARING.

ALMOST SEVEN WEEKS HAVE PASSED SINCE THAT FATEFUL MORNING WHEN THE WORLD AWAKENED TO NEWS REPORTS THAT IRAQ HAD SEIZED CONTROL OF THE NATION OF KUWAIT THROUGH ARMED FORCE. IN VIEW OF THE VOLUME OF MILITARY EQUIPMENT AND SUPPLIES THAT HAS BEEN MOVED TO THE MIDDLE EAST BY SEA, AS THE UNITED STATES LED THE WORLD'S RESPONSE TO THAT HOSTILE ACT, THIS REVIEW OF OUR ABILITY TO MEET THE SEALIFT REQUIREMENT IS INDEED TIMELY AND APPROPRIATE.

THE MILITARY SEALIFT COMMAND (MSC) COMPONENT OF THE U.S. TRANSPORTATION COMMAND IS RESPONSIBLE FOR OBTAINING SEALIFT RESOURCES AND DIRECTING THE OPERATIONS OF THOSE RESOURCES FOR THE MOVEMENT OF U.S. MILITARY FORCES. MSC HAS DRAWN ON BOTH GOVERNMENT-OWNED AND PRIVATELY-OWNED SOURCES FOR SHIPS TO MEET

SEALIFT REQUIREMENTS TO THE PERSIAN GULF. MARAD ASSISTED MSC IN OBTAINING LOCATION AND STATUS INFORMATION ON DOMESTIC AND FOREIGN COMMERCIAL SHIPS. HOWEVER, THE PERSIAN GULF CRISIS HAS NOT NECESSITATED THAT THE MARITIME ADMINISTRATION ASSUME ITS ROLE AS THE NATIONAL SHIPPING AUTHORITY WITH THE RESPONSIBILITY FOR OBTAINING AND OPERATING COMMERCIAL AND ALLIED SHIPPING. MARAD'S RESPONSIBILITY IN THE CURRENT CRISIS HAS BEEN TO ACTIVATE READY RESERVE FORCE (RRF) SHIPS IN RESPONSE TO MSC ORDERS FOR VESSEL BREAKOUT. IN VIEW OF THIS, I WILL LIMIT MY REMARKS TO THE ACTIVATION OF THE RRF SHIPS, LEAVING DISCUSSION OF THE ACQUISITION OF COMMERCIAL SHIPS TO OTHERS WHO WILL APPEAR BEFORE THE SUBCOMMITTEE.

TO DATE, 40 RRF SHIPS AND TWO AVIATION LOGISTIC SUPPORT SHIPS HAVE BEEN ORDERED TO BE ACTIVATED IN SUPPORT OF THE MILITARY SEALIFT REQUIREMENTS OF OPERATION DESERT SHIELD. AS OF SEPTEMBER 17, 37 OF THE 40 SHIPS HAVE BEEN TENDERED TO THE MSC. AS OF TODAY, 7 TENDERED SHIPS HAVE ARRIVED AT THEIR DISCHARGE PORTS AND MANY OTHERS ARE ENROUTE AT THIS TIME. ALTHOUGH SOME PROBLEMS AND DELAYS HAVE BEEN EXPERIENCED IN ACTIVATING SUCH A LARGE NUMBER OF RRF SHIPS, THE OVERALL MISSION REQUIREMENTS OF THIS LARGE-SCALE OPERATION ARE BEING MET SATISFACTORILY.

DESERT SHIELD ACTIVATIONS COMMENCED ON AUGUST 10, WHEN MSC REQUESTED PRIORITY ACTIVATION OF ALL 17 ROLL-ON, ROLL-OFF SHIPS IN THE RRF. THESE SHIPS ARE OF HIGH UTILITY FOR MILITARY

OPERATIONS BY VIRTUE OF THEIR DESIGN, WHICH PERMITS EFFICIENT CARRIAGE OF MILITARY VEHICLES AND OUTSIZED EQUIPMENT. THE URGENCY FOR THE RAPID DEPLOYMENT OF EQUIPMENT TO BE CARRIED BY THESE SHIPS WAS EVIDENT IN THAT MSC REQUESTED ALL SUCH RRF VESSELS.

ACTIVATIONS WERE ORDERED IN ACCORDANCE WITH THE REQUIREMENTS OF THE CRISIS. ONLY 12 VESSELS WERE CAPABLE OF BEING ACTIVATED AT THEIR LAYBERTH LOCATIONS. WITH THE EXCEPTION OF THE FIRST FEW DAYS OF VESSEL CALL UP IN THE NORFOLK AREA, WHEN TUGS AND PILOTS WERE DEDICATED ON A PRIORITY BASIS EXCLUSIVELY TO NAVY VESSELS, THERE WERE NO DELAYS DUE TO NONAVAILABILITY OF TUGS OR PILOTS. DEFENSE PRIORITY AND ALLOCATION FOR SHIPYARD LABOR AND FACILITIES WERE NOT NECESSARY TO MEET ACTIVATION REQUIREMENTS, DESPITE THE LARGE SCOPE OF THE TOTAL OPERATION.

THE DEPARTMENT OF TRANSPORTATION HAS BEEN CONDUCTING AN ONGOING PRELIMINARY EVALUATION OF OUR ABILITY TO RESPOND TO THE PERSIAN GULF SEALIFT REQUIREMENTS FOR RRF SHIPS AND FOR FUTURE DEFENSE SCENARIOS. I WOULD NOT CARE TO CITE MAJOR CONCLUSIONS PRIOR TO COMPLETION OF THIS VERY DETAILED EVALUATION. HOWEVER, I WOULD LIKE TO SHARE WITH YOU SOME PRELIMINARY OBSERVATIONS IN A FEW KEY AREAS.

LET ME BEGIN WITH A STATEMENT ON THE PERFORMANCE OF THE SHIP MANAGER CONCEPT. SINCE 1985, MARAD HAS GRADUALLY MADE THE TRANSITION FROM GENERAL AGENCY AGREEMENTS (GAA) TO SHIP MANAGER CONTRACTS AS THE PRIMARY METHOD OF OBTAINING CONTRACTUAL SERVICES FROM THE MARITIME INDUSTRY FOR ACTIVATION AND OPERATION OF RRF

SHIPS. WHEREAS THE GAA INVOLVED DIRECT APPOINTMENT OF A SPECIFIC MARITIME FIRM TO ACT AS AN AGENT OF THE U.S. GOVERNMENT, WITH REIMBURSEMENT OF ALL COSTS, MARAD, IN CONFORMANCE WITH ADMINISTRATION PROCEDURES, HAS NOW ADOPTED COMPETITIVELY BID FIXED-PRICED CONTRACTS FOR THE MAINTENANCE AND OPERATION OF RRF SHIPS. THE TRANSITION IS NOT YET COMPLETE, AND SOME SHIPS ARE STILL UNDER GENERAL AGENCY AGREEMENTS.

ALL TEN CURRENT SHIP MANAGERS ARE PARTICIPATING IN THE ACTIVATION OF SHIPS IN OPERATION DESERT SHIELD. MARAD PRUDENTLY LIMITED THE NUMBER OF RRF SHIPS UNDER A SINGLE MANAGER TO 12. WE WILL EVALUATE WHETHER THIS NUMBER SHOULD BE REDUCED TO AN EVEN LOWER LEVEL. EVEN WITH SOME OF OUR LARGER OPERATORS, MARAD HAS, DUE TO THE NUMBER OF VESSELS INVOLVED, HAD TO PARTICIPATE DIRECTLY IN THE MANAGEMENT OF ACTIVATIONS.

DURING OPERATION DESERT SHIELD THE RESPONSIVENESS AND CAPABILITIES OF THE SHIPYARDS IN SUPPORTING THE ACTIVATION OF RRF SHIPS HAVE BEEN QUITE SATISFACTORY. IN GENERAL, MANPOWER AVAILABILITY HAS NOT BEEN A PROBLEM, AND PRIORITY HAS BEEN GIVEN TO OUR SHIPS WHEN THEY ENTERED THE YARDS. THE ACTIVATION OF RRF VESSELS IS A LABOR-INTENSIVE EFFORT AND, DEPENDING ON THE TYPE AND CONDITION OF THE SHIP, BETWEEN 800 AND 1,200 MANDAYS OF WORK ARE NEEDED TO GET A VESSEL READY FOR FULL SEA TRIALS. THE FIRST 3 WEEKS OF SHIP ACTIVATIONS GENERATED EMPLOYMENT FOR AN ESTIMATED 2,500 SHIPYARD WORKERS.

THE ACTIVATION OF THE INITIAL 42 SHIPS GENERATED A TOTAL OF 1,332 SEAFARING JOBS. RAPID VESSEL CREWING WAS HAMPERED SOMEWHAT BY THE COMBINATION OF WEEKEND SHIP ACTIVATIONS AND THE AUGUST VACATION PERIOD FOR MARINERS. NEVERTHELESS, THE UNIONS' PERSONNEL DISPATCHING APPARATUS WAS PUT IN PLACE QUICKLY TO RESPOND TO AN EXTRAORDINARY DEMAND FOR LABOR. AS A RESULT, MOST SHIPS HAD THE MAJORITY OF THEIR REQUIRED CREW ON BOARD WITHIN ABOUT FOUR DAYS. AT THE SAME TIME, THERE WERE DELAYS IN OBTAINING A FULL ENGINEERING CREW COMPONENT ON A FEW SHIPS, RESULTING IN DELAY OF THEIR SEA TRIALS.

THE ONGOING PROBLEM OF A SMALL SUPPLY OF FULLY QUALIFIED RADIO OFFICERS IN THE COMMERCIAL MARITIME INDUSTRY HAS CARRIED OVER TO THE ACTIVATION OF RRF SHIPS. THE SUPPLY MAY BE DIRECTLY LINKED TO THE FACT THAT THE GREATER PART OF THE JONES ACT FLEET IS NOT REQUIRED TO CARRY RADIO OPERATORS, THUS REDUCING THE AVAILABLE POOL. IN SEVERAL CASES, THE SHIP MANAGERS HAVE RECEIVED TEMPORARY WAIVERS TO SAIL TO LOADING PORTS WITHOUT FULLY QUALIFIED RADIO OFFICERS.

IT SHOULD BE BORNE IN MIND THAT MOST OF THE RRF VESSELS ARE OVER 20 YEARS OLD AND ARE OPERATED WITH EQUIPMENT UNFAMILIAR TO MANY PRESENT-DAY CREWMEN. THEREFORE, IN SOME INSTANCES, PERSONNEL REPORTING TO RRF SHIP JOBS HAVE HAD LITTLE, IF ANY, EXPERIENCE ON THE SPECIFIC TYPE OF VESSEL. SOME KIND OF TRAINING FOR MARITIME PERSONNEL ON RRF VESSELS MAY BE NECESSARY TO DEAL WITH THIS PROBLEM. FIVE AND TEN DAY ACTIVATIONS DO NOT PERMIT THE REQUISITE ON-THE-JOB TRAINING PREPARATORY TO SAILING.

WE BELIEVE AT LEAST SOME PART OF THE DELAY IN GETTING CREWMEN TO ASSIGNED RRF SHIPS MAY BE DUE TO AN OVERCOMMITMENT OF PERSONNEL BY THE UNIONS. DURING THE PROCUREMENT PROCESS, EVERY EFFORT WAS MADE TO VERIFY PROJECTED CREW COMMITMENTS AS STIPULATED IN THE PROPOSALS BY THE OFFERORS. BASED ON UNION RECORDS, IT APPEARED ADEQUATE CREW WERE AVAILABLE. UNFORTUNATELY, IN ACTUAL PRACTICE DURING OPERATION DESERT SHIELD, SOME LICENSED OFFICER UNIONS WERE UNABLE TO PROVIDE FULL MANNING IN A TIMELY MANNER. ACCORDINGLY, WE WILL BE REVIEWING THE PRESENT MANNING PROCEDURES TO SEE HOW THEY CAN BE IMPROVED TO AVOID A RECURRENCE OF SIMILAR PROBLEMS IN THE FUTURE.

FINALLY, LET ME MAKE A FEW COMMENTS REGARDING THE MANAGEMENT OF FINANCES AND THE COSTS ASSOCIATED WITH PLACING RRF SHIPS INTO SERVICE FOR OPERATION DESERT SHIELD. ACTIVATION AND OPERATION COSTS ARE BEING FINANCED BY FUNDS TRANSFERRED FROM THE MILITARY SEALIFT COMMAND TO THE MARITIME ADMINISTRATION. ALTHOUGH MSC FUNDS WERE NOT IN PLACE AT THE TIME OF THE ORIGINAL BREAKOUT ORDER, MARAD WAS ABLE TO ADVANCE FUNDS FROM THE VESSEL OPERATIONS REVOLVING FUND, AND THIS ADVANCE SUBSEQUENTLY WAS REIMBURSED BY MSC. IN RETROSPECT, I WOULD NOT REGARD THIS AS A MAJOR PROBLEM. MSC AND MARAD FINANCIAL MANAGEMENT AND PROGRAM STAFF HAS AND CONTINUES TO WORK TOGETHER CLOSELY TO ASSURE THE AVAILABILITY OF ADEQUATE AUTHORIZATION FOR THE MOST PRUDENT USE OF FUNDS.

WITH THE EXCEPTION OF TWO VESSELS, THE COST OF SHIP ACTIVATION IS ESTIMATED TO AVERAGE ABOUT \$1.5 MILLION PER SHIP. THIS IS ABOUT \$500,000 HIGHER THAN OUR PLANNING ESTIMATE FOR

RECENT ACTIVATIONS. THIS COST INCREASE IS DUE TO SEVERAL FACTORS, SUCH AS PREMIUM SHIPYARD LABOR COSTS FOR WEEKEND AND HOLIDAY WORK. SEVERAL OF THE VESSELS WHICH WERE ORDERED TO BE ACTIVATED WERE IN A MAINTENANCE STATUS. THIS REQUIRED SHORTENING THE ACTIVATION PERIODS AND SUBSEQUENTLY INCREASED MANDAYS AND MATERIALS REQUIRED. BECAUSE OF BUDGET LIMITATIONS OVER THE PAST 2 YEARS, A TOTAL OF ALMOST \$7.2 MILLION IN DEFERRED MAINTENANCE HAD ACCUMULATED ON 15 OF THE SHIPS AT THE TIME OF THEIR ACTIVATION.

THE TWO SHIPS NOT FACTORED INTO THE CITED AVERAGE COST INCLUDE THE RRF 20-DAY SHIP ADMIRAL CALLAGHAN, WHICH NEEDED MAJOR REPAIRS, STRENGTHENING OF ITS STERN RAMPS AND ITS ENGINES RE-INSTALLED, AND THE CAPE DOMINGO, WHICH HAD A LOW ACTIVATION COST OF APPROXIMATELY \$400,000, SINCE IT JUST CAME OFF OF ITS SCHEDULED MAJOR OVERHAUL PROGRAM. THE ADMIRAL CALLAGHAN, WHICH WAS IN C-5 STATUS AT THE ONSET OF THE ACTIVATION, WAS DELIVERED 4 DAYS EARLY.

ADDITIONALLY, SINCE ENTERING THE RRF 25 OF 40 OF THESE SHIPS HAVE NEVER BEEN ACTIVATED. IN OUR EXPERIENCE IT GENERALLY APPEARS THAT SHIPS THAT HAVE NEVER BEEN ACTIVATED HAVE MORE PROBLEMS THAN THOSE THAT HAVE BEEN PREVIOUSLY ACTIVATED.

MR. CHAIRMAN, THAT CONCLUDES MY STATEMENT. I WILL BE GLAD TO ANSWER ANY QUESTIONS THAT YOU OR MEMBERS OF THE SUBCOMMITTEE MAY HAVE.