

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
COMMITTEE ON MERCHANT MARINE AND FISHERIES
U.S. HOUSE OF REPRESENTATIVES
IN SUPPORT OF
FISCAL YEAR 1993 AUTHORIZATION
MARCH 19, 1992

Ready Reserve Force (RRF)

An authorization of \$234,000,000 is requested for this account, which is approximately the same amount provided in the 1992 appropriation. The level of funding requested has been developed in conjunction with the Navy and is fully supported by the Department of Defense (DOD). This request finances the cost of acquiring, maintaining and expanding a surge shipping capability that would be available on short notice to carry cargo to support the deployment of U.S. armed forces during a contingency.

The President's Budget supports maintenance of the ships currently in the RRF and continued progress toward achieving the long-term DOD objective of 140 ships. The amount requested in 1993 includes \$104,000,000 for Fleet Additions, \$126,000,000 for Maintenance and Operations, and \$4,000,000 for Facilities.

The importance of maintaining the RRF and an adequate supply of well trained personnel was dramatically emphasized by Operations DESERT STORM and DESERT SHIELD. Seventy-nine of the 96 RRF ships were used for those operations and they carried over 20 percent of sealift dry cargo, including one-third of the unit equipment, that was transported by U.S.-flag ships.

The RRF ships returning from the Persian Gulf will be repaired and laid-up using stringent procedures that address the common problems identified during the activations last year. It

results from a projected \$19,010,000 surplus of liquidating cash in 1992 combined with a decrease of \$28,200,000 for the estimated cost of 1993 operations.

Mr. Chairman, I think you will be pleased to learn that 114 of the 132 U.S.-flag vessels which are enrolled in MARAD's Sealift Readiness Program (SRP), provided valuable contributions to the challenge of transporting cargo to support American forces in the Middle East. Roll-on/Roll-off (RO/RO) and other dry cargo ships, as well as militarily useful tankers, were employed during both the surge and the sustainment phases of the Persian Gulf conflict.

Operations and Training (O&T)

An authorization of \$78,419,000 is requested which is an increase of \$5,219,000 over the FY 1992 appropriation. The requested increase consists of \$3,219,000 for unavoidable cost increases, such as pay raises, and \$2,000,000 for continuing the upgrade of the heating plant at the U.S. Merchant Marine Academy.

This request finances costs incurred by headquarters and region staffs in the administration and direction of MARAD programs as well as the total cost of officer training at the U.S. Merchant Marine Academy, Federal financial support to the State marine schools, and maintenance of the National Defense Reserve Fleet (NDRF).

DEPARTMENT OF TRANSPORTATION
STATEMENT OF THE MARITIME ADMINISTRATOR

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U.S. HOUSE OF REPRESENTATIVES

IN SUPPORT OF FISCAL YEAR 1993 AUTHORIZATION

Mr. Chairman and members of the subcommittee:

It is my pleasure to appear before you today to present the Maritime Administration's (MARAD) budget authorization request for fiscal year 1993. This request will provide for payment of existing long-term contracts for operating-differential subsidies, maintain MARAD's operations and training needs, and provide support for the Ready Reserve Force (RRF) to meet Department of Defense (DOD) requirements.

REQUEST FOR APPROPRIATIONS

Operating-Differential Subsidies (ODS)

An authorization of \$225,000,000 is requested to liquidate contract authority for existing subsidy contracts. This amount will provide ongoing support of 56 liner and 31 bulk vessels. This program is designed to offset the higher total employment costs associated with operating U.S.-flag vessels versus the lower costs of operating foreign-flag vessels. The requested amount is a net decrease of \$47,210,000 from the FY 1992 Congressional appropriation of \$272,210,000. This decrease

is our intent to lay-up these sealift assets so that their readiness posture is enhanced.

Other Activities

After a number of years without an agreement with the Israeli Government for the carriage of grain, purchased with U.S. cash grants, on U.S.-flag vessels, MARAD recently emphasized to the Israelis our position that at least half the grain being shipped to Israel from the United States should move on U.S.-flag vessels. During FY 1992, this would amount to 800,000 tons. In the future, we hope that our Government and the Israeli private sector can develop long-term shipping agreements which will employ U.S.-flag ships at very attractive rates.

Regarding the Title XI program, during FY 1991, MARAD approved a total of approximately \$81.7 million in Title XI loan guarantee commitments. The commitments are for vessel debt refinancing, barge reconditioning and new barge construction.

Mr. Chairman, this concludes my prepared statement, and I will be pleased to answer any questions that you may have.