

**JURISDICTION AND ACTIVITIES**  
**SUBCOMMITTEE ON COAST GUARD AND MARITIME TRANSPORTATION**  
**112<sup>TH</sup> CONGRESS**  
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<b>I.</b>	<b>EXECUTIVE SUMMARY.....</b>	<b>2</b>
<b>II.</b>	<b>UNITED STATES COAST GUARD .....</b>	<b>3</b>
	A. BACKGROUND .....	3
	B. FUNDING.....	4
	C. COAST GUARD MISSION BALANCE.....	5
	D. COAST GUARD RECAPITALIZATION.....	5
	E. MARITIME DOMAIN AWARENESS.....	6
	ACTIVITIES IN THE 111 <sup>th</sup> CONGRESS.....	7
<b>III.</b>	<b>MARITIME TRANSPORTATION .....</b>	<b>8</b>
	A. MARITIME TRANSPORTATION SAFETY.....	8
	B. MARINE ENVIRONMENTAL PROTECTION RELATED TO VESSEL OPERATIONS.....	9
	C. PORT & VESSEL SECURITY .....	11
	D. REGULATION OF OCEAN SHIPPING.....	13
	E. MERCHANT MARINE .....	14

## **I. EXECUTIVE SUMMARY**

The Subcommittee on Coast Guard and Maritime Transportation has jurisdiction over the United States Coast Guard, including its duties, organization, functions and powers; Coast Guard personnel; the Coast Guard Academy; the Coast Guard Reserve; and the Coast Guard Auxiliary. The law governing these matters are codified in Title 14, Coast Guard, United States Code.

The Subcommittee also oversees maritime transportation safety activities. In addition to the Coast Guard's search and rescue responsibilities under Title 14, other maritime transportation safety activities are codified in Subtitle II, Vessels and Seaman, Title 46, Shipping, United States Code. Some maritime safety and security authorities are included in Title 50, War and National Defense, United States Code. The Subcommittee also has jurisdiction over navigation and port and waterway safety carried out by the Coast Guard which is contained in Title 33, Navigation, United States Code.

Maritime transportation regulatory activities include, regulation of vessels and merchant seamen, including inspection and regulation of commercial vessels, carriage of passengers, carriage of liquid bulk dangerous cargoes; regulation of uninspected vessels; regulation of recreational vessels; regulation of uninspected commercial fishing industry vessels; marine casualties; merchant seaman licensing; manning of vessels; pilotage; documentation and measurement of vessels; and state boating safety programs.

The Subcommittee also has jurisdiction over certain marine environmental protection activities carried out by the Coast Guard, and generally related to the operation of vessels, including oil pollution, air pollution, plastics pollution, aquatic nuisance species transported by vessels, and related international agreements.

The Subcommittee currently shares jurisdiction over port security matters with the Committee on Homeland Security, and continues to exercise jurisdiction and oversight responsibilities over the Coast Guard's security activities which impact the Service's operations (including vessel and facility vulnerability assessments and security plans, security incident response, maritime safety and security teams, foreign port assessments, maritime security advisory committees, and maritime domain awareness).

The Subcommittee also has authority over the regulation of ocean shipping (including international ocean shipping, cruise ship financial responsibility, and unfair foreign shipping practices). These laws are generally codified in Subtitle IV of title 46, United States Code. The Federal Maritime Commission (FMC) regulates ocean shipping. The Subcommittee also exercises jurisdiction over ocean common carriers engaged in the domestic offshore trades, as well as matters involving maritime liability.

Maritime cabotage or coastwise trade also falls under the Subcommittee's jurisdiction. U.S. maritime cabotage laws govern shipping of goods and passengers by water between any two points in the United States. These laws are generally codified in Chapter 551 of title 46, United States Code. Vessels engaged in the coastwise trade must be U.S.-flagged, U.S.-built, U.S.-crewed, and U.S.-owned. The Coast Guard documents

vessels in cabotage trade, popularly known as Jones Act trade. Customs and Border Protection enforces violations of these laws, and the Maritime Administration controls the sale or transfer of U.S. documented vessels to foreign owners.

In addition, the Subcommittee has jurisdiction over the merchant marine, except as it relates to national security. The Maritime Administration administers various programs designed to promote and develop the domestic merchant marine industry. The Committee on Armed Services has jurisdiction over these programs to the extent that they are directly related to national defense, such as the Maritime Security Programs. The Subcommittee also oversees other promotional programs for U.S. flag vessels in the domestic and foreign trade, and various other programs for the U.S. flag fleet such as promotion of short sea shipping, maritime education and training of mariners, U.S. flag liquefied natural gas tankers, and Federal cargo preference laws.

## **II. UNITED STATES COAST GUARD.**

### **A. BACKGROUND**

The United States Coast Guard was established on January 28, 1915, through the consolidation of the Revenue Cutter Service (established in 1790) and the Lifesaving Service (established in 1848). The Coast Guard later assumed the duties of three other agencies: the Lighthouse Service (established in 1789), the Steamboat Inspection Service (established in 1838), and the Bureau of Navigation (established in 1884).

The Coast Guard remained a part of the Department of the Treasury until 1967, when it was transferred to the newly created Department of Transportation. Under the Homeland Security Act of 2002, (P.L. 107-296), the Coast Guard was transferred to the Department of Homeland Security on March 1, 2003.

Under Section 2 of Title 14, United States Code, the Coast Guard has primary responsibility to enforce or assist in the enforcement of all applicable Federal laws on, under, and over the high seas and waters subject to the jurisdiction of the United States; to ensure safety of life and property at sea; to carry out domestic and international icebreaking activities; and, as the fifth armed force of the United States, to maintain defense readiness to operate as a specialized service in the Navy upon the declaration of war or when the President directs.

The Coast Guard is composed of approximately 42,000 active duty military personnel, 7,000 reservists, 8,000 civilian employees, and 34,000 volunteers of the Coast Guard Auxiliary. The Coast Guard has defended the Nation in every war since 1790, including the conflict in the Persian Gulf. Coast Guard assets and personnel were deployed to the Persian Gulf to assist in the Operations Iraqi Freedom and Enduring Freedom.

The Coast Guard is directed by a Commandant, who is appointed by the President with the advice and consent of the Senate for a four-year term. In 2010, President Obama appointed Admiral Robert Papp as Commandant of the Coast Guard.

**B. FUNDING**

For FY 2011, the Coast Guard is currently functioning under a continuing resolution that expires March 4, 2011. The continuing resolution provides funding for all Coast Guard accounts and activities at the FY 2010 level. The resolution authorizes the Coast Guard to transfer up to \$21.8 million from Acquisition, Construction and Improvements to Operating Expenses to cover the cost of the 2011 military pay raise. Finally, the resolution authorizes the Service to decommission three antiquated cutters, four aging aircraft, the Maritime Intelligence Fusion Center, and one of 13 Maritime Safety and Security Teams as outlined in the Coast Guard’s FY 2011 budget request.

The Subcommittee conducted oversight of the Administration’s Fiscal Year 2010 and 2011 Coast Guard budget requests during the 111<sup>th</sup> Congress. In October 2010, the House and Senate passed and the President signed into law H.R. 3619, the Coast Guard Authorization Act of 2010 (P.L. 111-281) which authorized \$10.2 billion for the Service in FY 2011. The chart below compares the authorized level of funding included in H.R. 3619 with the FY2010 appropriated level and the FY2011 Budget Request.

	FY 2010 Appropriated Level (Enacted)	FY 2011 Budget Request	FY 2011 Authorized Level (H.R. 3619 Enacted)	FY 2011 Continuing Resolution (Expires March 4, 2011)
<b>Operating Expenses</b>	\$6,805,391,000	\$6,905,411,000	\$6,970,681,000	\$ 6,827,271,000
<b>Environmental Compliance &amp; Restoration</b>	\$13,198,000	\$13,329,000	\$13,329,000	\$ 13,198,000
<b>Reserve Training</b>	\$133,632,000	\$135,675,000	\$135,675,000	\$ 133,632,000
<b>Acquisition, Construction &amp; Improvements</b>	\$1,537,080,000	\$1,381,228,346	\$1,640,000,000	\$ 1,515,200,000
<b>Alteration of Bridges</b>	\$4,000,000	\$0	\$16,000,000	\$ 4,000,000
<b>Research, Development, Test &amp; Evaluation</b>	\$24,745,000	\$20,034,000	\$28,034,000	\$ 24,745,000
<b>Retired Pay</b>	\$1,361,245,000	\$1,400,700,000	\$1,400,700,000	\$ 1,361,245,000
<b>Total</b>	\$9,879,291,000	\$9,856,377,346	\$10,204,419,000	\$ 9,879,291,000

In the 112<sup>th</sup> Congress, the Subcommittee will hold hearings on the President's FY 2012 and 2013 budget requests and consider legislation to authorize the Coast Guard. The Subcommittee will explore ways to implement cost savings at the Service by leveraging efficiencies and eliminating waste, fraud, abuse, and mismanagement.

### C. COAST GUARD MISSION BALANCE

The Subcommittee is concerned with the ability of the Coast Guard to maintain a balance in terms of funding and focus between the Service's homeland and non-homeland security missions.

On November 25, 2002, the President signed into law the Homeland Security Act of 2002, P.L. 107-296, which created the Department of Homeland Security. This legislation transferred the Coast Guard from the Department of Transportation to the new Department on March 1, 2003. Section 888 of the Homeland Security Act specifically requires that the Coast Guard be maintained as a distinct agency with the Commandant reporting directly to the Secretary of Homeland Security. Functions, authorities, and capabilities of the Coast Guard to perform its missions shall be maintained intact and without significant reductions.

The Coast Guard has integrated its new responsibilities as the lead Federal agency for providing maritime security with the Service's many traditional missions for our Nation that have been grouped into five fundamental roles: maritime safety, maritime security, protection of natural resources, maritime mobility, and national defense. Since September 11, 2001, the Coast Guard has placed increased emphasis on the Service's homeland security efforts. Security-related missions such as ports, waterways, and coastal security and migrant interdiction have seen dramatic increases from pre-September 11, 2001 levels. Resources and man-hours devoted to missions such as search and rescue and aids to navigation have remained consistent with pre-September 11, 2001 levels, but the levels of effort dedicated to other missions such as drug interdiction and fisheries law enforcement are well below pre-September 11, 2001 levels.

In the 112<sup>th</sup> Congress, the Subcommittee will conduct oversight of the Coast Guard's mission balance to ensure the service maintains the necessary resources and expertise to successfully conduct each of its critical missions.

### D. COAST GUARD RECAPITALIZATION

The Coast Guard is undertaking a multi-year program to modernize and replace the aging ships and aircraft of the Coast Guard and to improve the Service's command, control and communications systems.

The Coast Guard's recapitalization program, formerly known as the Integrated Deepwater System (Deepwater), is intended to replace or modernize more than 90 ships and 200 aircraft used in the Service's deepwater missions, which generally occur more than 50 miles offshore. Coast Guard activities in this zone typically require extended on-scene presence, long transits to operating areas, and the forward deployment of forces.

The Coast Guard has identified fourteen missions in this zone, including alien migrant interdiction operations, drug interdiction, and fisheries law enforcement. As the lead Federal agency responsible for maritime homeland security, it is critical that the Coast Guard be able to identify and intercept targets of interest as far from U.S. shores as possible.

The Coast Guard began planning for replacing assets in 1996 as deepwater-capable assets were nearing the end of their service lives, were technologically limited for performing deepwater missions effectively, and were expensive to operate because of relatively high crew requirements. Instead of proposing a traditional one-for-one asset-replacement program, the Coast Guard entered into a contract with a lead system integrator. The Coast Guard wrote mission requirements, and the contractor proposed assets to meet those requirements. Unfortunately, lack of funding, vague mission requirements, poor asset choices by the contractor and insufficient oversight, led the Coast Guard to abandon the lead system integrator concept and create a major acquisition directorate.

The recapitalization initiative is facing serious challenges related to schedule, budget, and engineering. These challenges are exacerbated by the Coast Guard's increased operating tempo in the maritime homeland security arena, and by escalating maintenance and repair costs associated with rapidly deteriorating legacy assets. As legacy assets deteriorate at increasing rates, the Subcommittee is concerned new assets are not coming along in time to maintain Coast Guard mission readiness.

In the 112<sup>th</sup> Congress, the Subcommittee will continue to closely review the program, as well as any changes to the program which may be necessary to ensure the men and women of the Coast Guard who risk their lives for the Nation have the best equipment possible at the best price for the taxpayer.

#### E. MARITIME DOMAIN AWARENESS

The Coast Guard is charged with ensuring the safety and security of over 3.5 million square miles of territorial seas, 25,000 miles of navigable waterways, 95,000 miles of coastline, over 360 public ports, more than 500,000 commercial vessels, and over 17 million recreational boats. The effort to know what is happening at all times on these vessels and in these waters, as well as being prepared to respond to the threats and emergencies within is known as Maritime Domain Awareness (MDA).

The Coast Guard relies on several new and developing technologies to assist in this crucial undertaking. The Subcommittee has been concerned with delays in fielding these new technologies, cost overruns, the development of seemingly duplicative systems, performance failures, and poor contract management. With limited funds to acquire new ships and aircraft, the Coast Guard must implement an MDA program that allows the Service to use its existing assets as effectively as possible.

In the 112<sup>th</sup> Congress, the Subcommittee will continue its oversight of the Service's development and implementation of MDA to ensure the best system is fielded in a timely and cost effective manner.

Activities in the 111<sup>th</sup> Congress. In the 111<sup>th</sup> Congress, the Subcommittee developed and reported the following bills:

1. H.R. 3619, The Coast Guard Authorization Act of 2010 (P.L. 111-281)

H.R. 3619, authorizes \$10.2 billion in fiscal year 2010 for the Coast Guard and increases the authorized end-strength for military personnel by 1,500 members to 47,000 total personnel. The bill reorganizes Coast Guard senior leadership and makes several other administrative changes to the Service's structure. It also expands benefits for servicemembers to bring them in line with benefits available to Department of Defense servicemembers.

H.R. 3619 made changes to the Coast Guard's acquisition program, including eliminating the use of private lead systems integrators and establishing an Acquisition Directorate within the Coast Guard with a defined mission and a workforce dedicated to performing acquisition functions. The bill also makes several changes to the Service's acquisition program to improve contract management and oversight.

H.R. 3619 also made several changes to laws affecting the safety and security of shipping and navigation, including increased penalties for illegal drug possession, new construction and safety equipment standards for commercial fishing vessels, liability relief for U.S. mariners who use force to defend U.S. vessels from acts of piracy, and provides new authorities to law enforcement to prosecute illegal alien smugglers.

2. H.R. 3360, the Cruise Vessel Security and Safety Act of 2010 (P.L. 111-207)

H.R. 3360 requires cruise ships that carry 250 or more passengers on overnight voyages to meet certain design and equipment requirements within 18 months of the enactment date. These include: railings no lower than 42 inches in height; a comprehensive video surveillance system; integrating technologies to detect passengers falling overboard; having on board medications designed to prevent the contraction of sexually transmitted diseases as part of a sexual assault; and preserving evidence connected to a sexual assault.

The bill also codifies an agreement currently in place between the cruise lines and the Federal government regarding the reporting of crimes involving U.S. persons that occur on board the vessel. Finally, the bill requires the Coast Guard to establish training standards for prevention, detection, evidence preservation, and the reporting of criminal activities in the international maritime environment.

3. H.R. 3618, Clean Hull Act of 2009 (became law as part of H.R. 3619, P.L. 111-281)

H.R. 3618 aligns U.S. law with the International Convention on the Control of Harmful Anti-Fouling Systems on Ships, 2001. The bill prohibits the sale, distribution, or manufacture of organotin or antifouling systems containing organotin. Organotin is a chemical used to inhibit the growth of marine organisms on the hulls of vessels and certain marine structures and has not been available for sale in the United States since the mid 1990's. The bill also prohibits vessels from using an anti-fouling system containing organotin in U.S. waters.

The Full Committee held numerous hearings focused on the American Recovery and Reinvestment Act (the "Stimulus Act") (P.L. 111-5), including oversight of the Coast Guard's bridge grant program.

### **III. MARITIME TRANSPORTATION**

The U.S. Marine Transportation System (MTS) consists of waterways, ports and their intermodal connections, vessels, vehicles, and system users, and Federal maritime navigation systems that are scattered throughout 3.5 million square miles of ocean area and along 95,000 miles of coastline. Commercial shipping carries more than 95 percent by volume of the U.S. overseas trade through these waters and is critical to U.S. economic health. The system's objective is the safe, secure, and environmentally sound movement of goods, people, and military assets in the most efficient and economically effective manner possible. The Subcommittee oversees the Federal safety, security, environmental, and economic regulation of maritime transportation, as well as maritime transportation and security.

#### **A. MARITIME TRANSPORTATION SAFETY.**

The Subcommittee has jurisdiction over maritime transportation safety activities carried out by the Coast Guard. In addition to the Service's search and rescue responsibilities under Title 14, other maritime safety activities are generally codified in Subtitle II, Vessels and Seaman, Title 46, Shipping, United States Code. Some maritime safety and security authorities are included in Title 50, War and National Defense, United States Code. The Subcommittee also has jurisdiction over navigation and port and waterway safety carried out by the Coast Guard and contained in Title 33, Navigation, United States Code.

Oversight of maritime transportation safety will continue in the 112<sup>th</sup> Congress.

Activities in the 111<sup>th</sup> Congress. In the 111<sup>th</sup> Congress, legislative provisions to improve marine safety were included in H.R. 3619, the Coast Guard Authorization Act of 2010 (P.L. 111-281). These provisions include: increased penalties for illegal drug possession, new construction and safety equipment standards for commercial fishing vessels, new experience requirements for Coast Guard Marine Safety Inspectors, and the development of new long term plans to improve vessel safety.

The Subcommittee also held hearings on the Coast Guard's search and rescue mission and plans the service has to improve mission readiness and performance.

## B. MARINE ENVIRONMENTAL PROTECTION RELATED TO VESSEL OPERATION

The Subcommittee has jurisdiction over certain marine environmental protection activities that are carried out by the Coast Guard, and generally related to the operation of vessels. These activities include oil pollution, air pollution, plastics pollution, aquatic nuisance species transported by vessels, and related international agreements.

### 1. Oil Spill Prevention and Response

The loss of 11 lives in the explosion and sinking of the DEEPWATER HORIZON was tragic. The resulting environmental cleanup continues and economic consequences of the spill are still being calculated.

On May 22, 2010, the President established the National Commission on the BP Deepwater Horizon Oil Spill and Deepwater Drilling to investigate the cause of the incident and provide recommendations to prevent future spills. The Commission released its recommendations on January 11, 2011. These recommendations coupled with the findings of the joint Coast Guard/Department of the Interior investigation into the incident which is due to be released by April 2011 will help inform the Subcommittee on what changes to the Oil Pollution Act of 1990 and other laws are needed to prevent future spills.

The Subcommittee will continue oversight of this issue to ensure that the nation's oil spill prevention and response capabilities protect human lives and the environment while protecting U.S. jobs. The Subcommittee will work to provide responsible environmental and occupational safeguards while ensuring access to domestic energy resources and protecting vital energy sector jobs.

### 2. Ballast Water Management/Incidental Discharges

The United States has repeatedly taken action to minimize the introduction of aquatic nuisance species via ballast water since populations of zebra mussels were discovered in the Great Lakes in the 1980's. In 1990 and then again in 1996, Congress enacted legislation (Non-indigenous Aquatic Nuisance Prevention and Control Act of 1990 and the National Invasive Species Act of 1996) to prevent the introduction and spread of non-indigenous species in all U.S. waters by vessels equipped with ballast water. The law required the Coast Guard to issue voluntary guidelines for vessels related to ballast water discharges, and to make them mandatory if the Service found a lack of compliance.

In June 2002, the Coast Guard determined there was a significant lack of compliance. On September 27, 2004, the Service implemented final rules requiring all

vessels equipped with ballast tanks and bound for U.S. ports to exchange their ballast water before entering U.S. waters.

In February 2004, the International Maritime Organization (IMO) agreed to the International Convention for the Control and Management of Ships' Ballast Water & Sediments. The Convention requires treatment of ballast water to control the release of non-indigenous organisms in ballast water. The Convention is expected to be ratified by a sufficient number of nations and enter into force in the coming years. The Coast Guard represented the U.S. in the IMO's development of the Convention and is currently working on new rules to implement the IMO requirements.

The Clean Water Act (CWA) outlaws the discharge of any pollutant into the navigable waters of the United States from any point source without a permit. However, the CWA and its implementing regulations specifically excluded from the permit requirement discharges incidental to the normal operation of a vessels. These incidental discharges included ballast water, graywater, engine effluent, bilge water, deck runoff, air conditioning condensation, etc. For nearly 30 years these discharges did not require a National Pollution Discharge Elimination System (NPDES) permit from the EPA or a State pursuant to the CWA.

In 2005, the District Court for the Northern District of California ruled in favor of the plaintiffs who sued the EPA for failing to regulate the discharge of ballast water under the CWA. The court found that the EPA's rules which exempted incidental discharges from NPDES permitting exceed the agency's authority under the CWA and required the EPA to begin permitting such discharges by December 2008.

After December 2008, vessel owners who operate their vessels without a NPDES permit or in violation of their permit could have been subject to civil penalties exceeding \$32,000 per violation per day. In response, Congress enacted legislation in July 2008 (the Clean Boating Act of 2008, P.L. 110-288) to permanently exempt recreational vessels from the CWA's permit requirement. Congress also enacted legislation on two occasions to provide short term exemptions to commercial fishing vessels and to all other commercial vessels without ballast tanks and which are less than 79 feet in length. The latest of these exemptions expires on December 18, 2013. All other commercial vessels are subject to the EPA's Vessel General Permit under the NPDES program for incidental discharges.

These commercial vessels are also subject to additional ballast water and incidental discharge regulations issued by states under section 402 of the CWA. Section 402 of the CWA enables states to impose additional requirements on the discharge of pollutants into navigable waters of the state which exceed EPA requirements. As a result, 27 states have issued section 402 requirements on the discharge of ballast water and other incidental discharges. The requirements of some of these states are inconsistent with requirements in other states. This can complicate vessel operations, drive up costs, threaten jobs, and impede the flow of commerce along our coast, Great Lakes, and inland rivers.

The Subcommittee will continue to conduct oversight of this issue in the 112<sup>th</sup> Congress and will work to create a more effective ballast water and incidental discharge program that addresses inconsistent requirements and ensures the efficient movement of maritime commerce, defends seafaring and port jobs, and protects the environment.

Activities in the 111<sup>th</sup> Congress. In the wake of the BP Deepwater Horizon oil spill, the Subcommittee developed and the Committee reported H.R. 5629, the Oil Spill Accountability and Environmental Protection Act which became part of H.R. 3435, the Consolidated Land Energy Aquatic Resources Act (CLEAR Act) which passed the House on July 30, 2010. H.R. 5629 removed the current liability cap under OPA for certain responsible parties, expanded the definition of responsible parties, increased minimum insurance coverage requirements for certain operators, expanded the types of claims eligible for reimbursement from the Oil Spill Liability Trust Fund, increased fines and penalties for violations of CWA requirements, added several new requirements to spill response plans, required all drilling vessels operating in the U.S. Exclusive Economic Zone to be owned, built, crewed and flagged American, and makes several other changes to law affecting the safety of drilling vessels.

### C. PORT AND VESSEL SECURITY

#### 1. Overview

On an annual basis the U.S. ports handle more than 2 billion tons of freight, 3 billion barrels of oil, more than 134 million ferry passengers, and more than 7 million cruise ship passengers. Approximately 7,500 foreign ships, manned by 200,000 foreign sailors, enter U.S. ports every year to offload approximately six million truck-size cargo containers onto U.S. docks. Additionally, many of these seaports are critical military strategic sealift ports whose availability must be constantly assured.

Critical coastal facilities such as military installations, nuclear power plants, oil refineries, fuel tanks, pipelines, chemical plants, and vital bridges line American ports, waterways, and shores. These and many other national assets are critical to our economic and national security and vital for the free and seamless movement of passengers and goods throughout the country.

There are 361 public ports in the United States that handle over 95 percent of U.S. overseas trade. The top 50 ports in the United States account for over 90 percent of total cargo tonnage. Twenty-five U.S. ports account for over 98 percent of all container shipments. Cruise ships visiting foreign destinations embark from at least 16 U.S. ports. Generally, ports are often very open and exposed and are susceptible to large-scale acts of terrorism that could cause catastrophic loss of life and economic disruption.

In 2002, Congress enacted the Marine Transportation Security Act in 2002, now Chapter 701 of Title 46, United States Code. The measure establishes a comprehensive national maritime transportation security system; requires the Coast Guard to conduct vulnerability assessments of U.S. ports; requires the Coast Guard to develop national and regional area maritime transportation security plans; requires seaports, waterfront

terminals, and certain types of vessels to develop security and incident response plans to the Coast Guard; and requires the Coast Guard to conduct an antiterrorism assessment of certain foreign ports. Vessel and facility plans went into effect on July 1, 2004.

The Subcommittee will continue to conduct oversight of this issue with the goal of providing the highest level of security possible for our ports and waterways without impeding the efficient flow of maritime commerce.

## 2. Transportation Worker Identification Credential (TWIC)

The Transportation Worker Identification Credential (TWIC) program was established by the Maritime Transportation Security Act of 2002 to ensure that transportation workers who have access to secure areas of maritime facilities do not pose a terrorism security risk. The Security and Accountability of Every Port Act of 2006 (SAFE Port Act) set deadlines for the deployment of TWIC to workers and the installation of TWIC reader devices at access points to secure areas. The Transportation Security Administration (TSA) and Coast Guard missed the July 30, 2007 deadline to begin the deployment of TWIC and did not begin deployment of the credentials until October 2007. The TSA also missed the April 2009 deadline for the installation of TWIC readers. The TSA does not anticipate issuing final rules for the installation of readers until late 2012.

The Subcommittee will continue to conduct oversight of this critical security issue with the goal of ensuring the Coast Guard and TSA manage the program in the most efficient manner possible that does not interrupt employment opportunities in the maritime sector.

## 3. Piracy

In 2010, pirates operating in the waters off the Horn of Africa captured 74 commercial vessels and held over 800 merchant seaman hostage. In April 2009, pirates attacked and boarded the U.S. flagged vessel MAERSK ALABAMA. The crew resisted while maintaining control of the vessel, but the vessel's captain was taken hostage. The U.S. Navy intervened and was able to rescue the captain. Later that month, another U.S.-flag vessel, the LIBERTY SUN was attacked, but managed to evade capture. Pirates have even attacked U.S. naval vessels patrolling the area mistaking them for commercial vessels.

The pirates continue to intensify their attacks and violent tactics on vessels transiting the waters off the Horn of Africa. Pirates are using larger vessels, more advanced weaponry, and traveling further into the Indian Ocean to intercept vessels traveling outside the regular shipping lanes. Ransom demands are increasing and reports indicate that conditions for hostages are worsening.

The United States has responded to the increase in piracy by working through the United Nations and NATO to develop an international response. The U.S. Navy and Coast Guard have lent personnel and assets to the Combined Maritime Forces Combined

Task Force 151, which is charged with patrolling the waters off the Horn of Africa, intercepting pirates and rescuing vessels in distress. The Coast Guard has also issued a series of Best Management Practices for U.S.-flag vessels to follow when transiting pirate infested waters.

The Subcommittee will continue oversight of piracy in the 112<sup>th</sup> Congress. The Subcommittee will work to find ways to improve the security of U.S. seafarers, their vessels, and their cargo as they transit these high risk waters.

Activities in the 111<sup>th</sup> Congress. Title VIII of H.R. 3619, the Coast Guard Authorization Act of 2010 (P.L. 111-281) includes several changes to enhance port and vessel security such as new training and certification procedures for port security officers, an increase in the Coast Guard's capacity with respect to canine detection teams, and new requirement on the approval of facility security plans. H.R. 3619 also included provisions authorizing the TSA to mail TWIC cards to workers and exempted certain maritime workers that do not need access to secure areas from having to carry a TWIC. Finally, the bill included a provision providing liability relief to the owner, operator, charterer, captain and crew of U.S. flagged vessels for actions they take to defend their vessel from pirates.

#### D. REGULATION OF OCEAN SHIPPING.

##### 1. Federal Maritime Commission

The Subcommittee has jurisdiction over the regulation of ocean shipping (including international ocean shipping, cruise ship financial responsibility, and unfair foreign shipping practices). These laws are generally codified in Subtitle IV of title 46, United States Code. The Federal Maritime Commission (FMC) is responsible for the economic regulation of waterborne foreign commerce. The Commission also enforces chapters 421 and 423 of title 46, United States Code, (formerly referred to as the Foreign Shipping Practices Act and Section 19 of the Merchant Marine Act, 1920). Under these authorities, the FMC protects shippers and carriers from restrictive or unfair practices of foreign governments and foreign-flagged carriers. The FMC also enforces the laws related to cruise vessel financial responsibility to ensure that cruise vessel operators have sufficient resources to pay judgments to passengers for personal injury or death or for nonperformance of a voyage.

The Subcommittee will continue to conduct oversight of the FMC in the 112<sup>th</sup> Congress. The Subcommittee will examine the Commission's budget in an effort to reduce costs by implementing efficiencies and eliminating waste, fraud, abuse, and mismanagement.

##### 2. Vessel Capacity

As a result of the recent economic recession, Americans purchased fewer imported goods. As imports slowed, shipowners cut costs and reduced vessel capacity by taking such actions as removing ships from service. As vessel capacity was being reduced, the weaker American dollar was encouraging the purchase of American made

goods in foreign countries, increasing export demand. With reductions in vessels capacity, fewer containers and less vessel space was available to ship goods to foreign customers.

The FMC conducted an investigation into the matter and recently released its finding and recommendations. The Subcommittee will continue to conduct oversight of vessel capacity issues in the 112<sup>th</sup> Congress to ensure U.S. manufacturers have the access foreign markets they need to expand their businesses and hire new workers.

Activities in the 111<sup>th</sup> Congress. The Subcommittee conducted hearings on the FMC budget and vessel capacity issues in the last Congress.

### E. MERCHANT MARINE

The Subcommittee has jurisdiction over the merchant marine, except as it relates to national security. This jurisdiction includes the regulation of vessels and seamen. The Maritime Administration administers various programs designed to promote and develop the domestic merchant marine industry. The Committee on Armed Services has jurisdiction over these programs to the extent that they are directly related to national defense, such as the Maritime Security Program. The Subcommittee oversees other promotional programs for U.S. flag vessels in the domestic and foreign trade, and various other programs for the U.S. flag fleet such as promotion of short sea shipping, U.S. flag liquefied natural gas tankers, and Federal cargo preference laws.

The Subcommittee will continue to conduct oversight of the Maritime Administration in the 112<sup>th</sup> Congress. The Subcommittee will explore ways to promote job growth in the domestic fleet while reducing costs at the agency.

#### 1. Short Sea Shipping

Short sea shipping is the waterborne movement of commercial freight between ports in the United States. At the present time, the most highly developed water freight transportation systems in the United States operate on the Mississippi River, the Great Lakes, and the St. Lawrence Seaway and often carry agricultural products and other raw materials. However, the Maritime Administration has found these routes are carrying only about 13% of total freight tonnage in the United States. By comparison, nearly 70% of the freight tonnage transported in the United States is moved by trucks travelling across the Nation's roadways.

The revitalization of our marine highways represents a cost effective and efficient mode of transportation that has the potential to create new maritime industry jobs for Americans. The Subcommittee will examine ways expand the use of short sea shipping.

Activities in the 111<sup>th</sup> Congress. The Subcommittee held hearings on the Maritime Administration's budget requests and on ways to promote the U.S. flag fleet in foreign trade. The Subcommittee also worked to enact H.R. 3360, the Cruise Vessel Security and Safety Act of 2010 (P.L. 111-207). H.R. 3360 requires cruise ships that carry 250 or

more passengers on overnight voyages to meet certain design and equipment requirements within 18 months of the enactment date. These include: railings no lower than 42 inches in height; a comprehensive video surveillance system; integrating technologies to detect passengers falling overboard; having on board medications designed to prevent the contraction of sexually transmitted diseases as part of a sexual assault; and preserving evidence connected to a sexual assault.

The bill also codifies an agreement currently in place between the cruise lines and the Federal government regarding the reporting of crimes involving U.S. persons that occur on board the vessel. Finally, the bill requires the Coast Guard to establish training standards for prevention, detection, evidence preservation, and the reporting of criminal activities in the international maritime environment.