

**CLOSING REMARKS
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**NATIONAL MARITIME STRATEGY SYMPOSIUM #1
*GROWING THE US-FLAG FLEET ENGAGED IN INTERNATIONAL TRADE***

**JANUARY 16, 2014
10:00 AM**

**U.S. DEPARTMENT OF TRANSPORTATION (DOT)
WEST ATRIUM – GROUND FLOOR
WASHINGTON, DC**

Good morning.

By delivering my closing remarks, I will officially bring this National Maritime Strategy Symposium to a close.

To begin, I'd like to touch upon something I said on the first day of this symposium.

Your presence here shows commitment to the future of our nation's Maritime Transportation System, and as an endorsement of this symposium's mission: *to lay the groundwork for a National Maritime Strategy.*

That's something more applicable now than it was when I first said it. For those of you who have made the time to be here this week, you've shown that you're willing to put in the time and energy to improve the future of our industry, and that's just the type of commitment we need to continue to exhibit going forward.

The question many have now is "*was the symposium a success?*"

My answer is - it depends on your definition of "success." Was it well planned, organized, and executed? We will validate that with your critiques. But if that is your definition, then it was a success.

If success is defined as *achieving the result of laying the ground work for a national maritime strategy*, my answer is that we are off to a good start.

We identified issues, got ideas, had a dialogue, and developed some momentum.

But my definition of success questions whether the momentum we started here is sustainable.

We talked about going forward. *But going forward from what?*

What was it that we achieved here during the last two days together?

To begin with – we gathered for a good reason.

Former Congresswoman and Federal Maritime Commissioner Helen Bentley came right out and said it: *“there has been no attempt to develop a maritime strategy since the late 1960s - It’s long overdue.”*

Many of you have talked about it. I think we all recognized that one was needed in one way or another.

As I stated when we kicked things off, the focus was going to be on an issue that matters to us all: *growing the U.S. Flag Fleet engaged in international trade.*

We shared different points of view, and we gained valuable insights.

Overall I believe engagement was worthwhile. Yes, there were differences of opinion, but we were able to have mutually beneficial and friendly cooperation – and at the same time, seek converging interests.

We heard concepts for supportive maritime policy and legal frameworks, as well as inventive proposals that address the needs and desires of our shippers, carriers and labor.

That input will help shape and inform a strategy dedicated to revitalizing the U.S. Fleet.

During the numerous breakout groups, plenary sessions and presentations, here’s what we heard.

Bottom line: *there is a sense of urgency.*

Before we can build up the U.S. Flag Fleet, we first need to hold what we have and that means cargo.

And with government impelled or cargo preference cargo decreasing, we need to identify alternatives, and soon.

It was said that to develop the strategy, we need to start with the goal in mind.

We talked about whether there was a magic number.

Some said there is not a number, or it varies by type of vessel or cargo.

Others said that in order to comply with the provision in the Merchant Marine Act of 1936 that states “the U.S. Flag Merchant Marine should carry “a substantial portion of U.S. imports and exports,” many of you called for doubling the amount of cargo carried on U.S. Flag vessels within 10 years.

Still, others suggested that we should strive to carry 10% of U.S. Cargo within ten years, and others called for an even higher percentage.

There was a proposal for tax regulations to be modified to incentivize companies to bring their vessels under U.S. Flag, with a focus on providing incentives to shippers - because there has to be cargo or the build-up of the fleet is artificial and not sustainable.

A suggestion was that cargo preference regulations should be enforced and *where possible*, expanded.

We heard that taxes for mariners engaged in international trade should comply with tax regulations for U.S. citizens operating overseas.

Among other suggestions was that U.S. Government contracting mechanisms should abide by uniform commercial contracting practices and be identical across federal agencies.

New cargos for U.S. Flag ships are the key, and the sector ripest for that is energy exports – specifically LNG - even if it is just a small percentage that is required to be carried aboard a U.S. Flag vessel.

We also heard from shippers that we need to work with them to find a way to get them to *want* to use U.S. Flag versus requiring it, and that could be incentive or performance based.

Other ideas included constructing tort reform to help ship owners lower the cost of litigation while at the same time ensures that seafarers are protected.

Treating the carriage of export cargoes on U.S. Flag vessels as part of the “export initiative.”

Reforming programs such as the Capital Construction Fund to provide benefits for U.S. Flag companies engaged in international trade.

Exploring the roles of government agencies such as the Export-Import Bank in promoting the use of U.S. Flag shipping.

Having industry and government work together to build a marketing program to educate Americans about the Maritime Industry . . .

Making the relationship between MarAd and the industry a public-private partnership.

Exploring bilateral agreements and other international arrangements to ensure that U.S. Flag vessels carry a higher percentage of imports and exports between particular trading partners.

And eliminating redundant inspections of U.S. Flag vessels.

All fine ideas, and we developed and exchanged many others during the last two days.

But it's not enough to just have great ideas.

Ideas implemented in the past didn't prevent the fleet's fall from over 1200 ships in 1951 to less than 200 today.

And some of the ideas that we addressed over the last two days have been developed and pursued before – without success. So what will be different this time?

How can we bring these ideas to fruition?

How can we keep this momentum going and take the next step?

How can we narrow the scope and come up with a deliverable – then execute it?

Those are questions we'll need to address going forward.

And in going forward, I think there are specific short term, mid-term and long term actions to be taken.

Some of the short term actions can't wait until a National Maritime Strategy is developed. We need to get started on them right away.

In the mid-term, we will reflect on what is most important for the U.S. Flag Fleet, and continue this process of engaging leaders in *all* segments of the industry.

And we still need to identify concerns and issues facing the domestic side of our maritime industry.

Looking downstream, we think it may be helpful to tie these conversations to other scheduled forums.

Forums with port authorities, shipbuilders, and our inland rivers and great lakes operators along with other maritime players. Regional meetings focusing on matters like the future of the Jones Act and American shipbuilding.

And as we did here, we will gather information and recommendations that will lay the foundation of our strategy.

The lessons of the past few days should inform all of these processes.

And in going forward, we will keep in mind a certain reality that the past two days have impressed upon us all.

As I said yesterday, borrowing some well-known words, *“you can’t always get what you want - but if you try, you can get what you need.”*

And that means finding changes that you can back - not necessarily rave about - or that doesn’t necessarily support you, your company, your union or your organization or association. But that you can support.

It might mean giving up something you want in order to secure the long term health of the entire industry.

Because that's what we need in the long run: a National Maritime Strategy that *broadly speaking*, government, industry, labor and shippers can support.

This has been the start of a long term effort, but don't get me wrong, we will put pen to paper in the very near future.

Decisions will need to be made, and we want as many of you involved and behind them as possible.

There is no question. We're at a tipping point for the U.S. Flag Fleet operating in international trade. And for some, conditions are dire.

Here is what you can expect next from me and the Maritime Administration:

1. There will be a new Federal Register Notice that establishes a new docket to continue to refine and solicit comments.

The key here is transparency.

2. We intend and want to be invited to stakeholder meetings and conferences to continue our engagement on this effort.

It is easier to bring one or two of us to you versus bringing all of you back here - although we won't rule out doing that.

3. The health of the domestic fleet will be our next focus area going forward.

I want to thank all the participants, maritime leaders, and representatives from the government for attending this symposium.

To follow-up on Joel's recognition of the hardworking staff from the Maritime Administration and the Department, I want to thank them for their efforts in making this symposium happen. Unlike the commercial, *there was no "easy" button!*

It's been an important step to get an industry group as diverse as this together, and facilitating a discussion wasn't always easy. But *you* made this possible. Thank you.

And for those of you who are interested, in the near future, the Maritime Administration will make all notes, slides and presentations from the symposium available on the federal register docket and our website.

And finally, as we part ways and you return home and to work, I ask you to keep a couple of questions in mind . . .

How can we make this year and this effort different from the last?

How can we make our words and ideas for the future of the U.S. Flag Fleet - as well as our entire industry - count?

Because going forward, we've got to make our words count - for the sake of the U.S. Flag Fleet, and for the sake of the entire American Maritime Industry.