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Marketing Issues & Challenges Facing the U.S. Shipbuilding Industry
Arlington, VA (Ritz-Carlton Hotel) Wednesday, April 5, 2000
Opening Remarks

Welcome ladies and gentlemen to the Maritime Administration's ninth marketing conference. We have a full day planned and it will begin momentarily with our keynote speaker, U.S. Congressman Herbert Bateman from Virginia's Tidewater region.

I will be introducing him in a few moments, as well as many of our fine speakers, but I want to set the stage for what this conference is all about.

Today's conference addresses issues relating to the President's National Shipbuilding Initiative, commonly known as the NSI.

NSI is composed of five elements.

- Ensuring fair international competition;
- Improving commercial competitiveness;
- Eliminating unnecessary government regulation;
- Financing ship sales through Title XI loan guarantees; and
- Assisting international marketing.

It is that last element—assisting international marketing that we are going to hone in on today.

Accordingly, we have appropriately called this conference Marketing Issues and Challenges Facing the Shipbuilding Industry.

Here to help us cover the waterfront are some impressive folks from varied backgrounds, with years of experience in the national and international arena.

Our speakers can boast experience gained dealing with, and helping others understand, the many facets of marketing, both nationally and internationally.

We are indebted to them for their participation, and this overflow crowd is a testament to them and this critical subject.

We at MARAD want this conference to be one that will be remembered for two things: candor and creativity.

First, we need to be brutally honest in enunciating the major marketing issues and challenges facing the U.S. shipbuilding industry—diffidence is for diplomats.

Second, we ardently solicit creative solutions and I've learned long ago that good ideas come from unexpected places. So in your questions, comments, break exchanges do not hesitate to share opinions.

Before introducing our Keynote speaker, let me review the program with you.

We will hear from Mr. Cato Sverdrup, Chief Operating Officer of Atlantic Marine Holding Company, with five shipyard and ship repair facilities to manage.

Cato will describe some of his experiences, having been a senior executive in both the European and American shipyards.

He will also discuss some of the international factors that are influencing the ability of American shipyards to compete in the international marketplace.

Following a short break we will hear from John Burke, recently retired as Mobil Shipping Company's Vice President and Director.

John will describe some of his observations and experiences as a buyer of ships and other marine equipment in the international marketplace.

John's views are particularly important to all of us as we examine future shipbuilding markets.

Our final morning speaker is Eero Mäkinen, Senior Vice President at Kvaerner Masa in Finland and Vice President of Marketing and Sales of Kvaerner Philadelphia Shipyard.

Eero was my host during my visit to Kvaerner Masa's facilities in Finland last year, and I am particularly pleased that he has joined us today.

His presentation will be of great interest because he now wears two hats, marketing facilities in both his country and at the new shipyard in Philadelphia.

At lunch, we had hoped to have Senator Hutchison from Texas, but we regret that she cannot attend. Instead of a replacement speaker, we opted to award some plaques to our distinguished speakers. Following lunch, I am pleased that Ron McAlear, Vice President of Operations at Litton Avondale Industries in New Orleans, will join us.

Ron brings a wealth of U.S. shipbuilding marketing experience to this conference.

That's because marketing was his primary responsibility prior to the merger of Avondale Shipyards into the Litton organization.

Finally, to wrap up this timely conference, John Graykowski, Deputy Maritime Administrator, will talk to us.

John will describe recent changes that we have made in the Maritime Administration to streamline our delivery of services and support especially in the Title XI loan guarantee area.

We should have plenty of time for questions, and I urge you all to take advantage of this opportunity. Ask questions and learn!

At that point, we'll do a brief 15-minute wrap-up session and get you out of here before rush hour begins in earnest.

Introduction of Congressman Herbert Bateman (R-1st-VA)

Ladies and gentlemen It is my pleasure to introduce the Honorable Herbert Bateman, senior member of Congress from the Commonwealth of Virginia's 1st District.

Mr. Bateman is the chairman of the House Merchant Marine Panel as well as the Armed Services subcommittee on Military Readiness.

He has a wealth of knowledge and experience that is sorely needed as we wrestle with tough challenges confronting the U.S. shipbuilding industry today.

This panel oversees the Maritime Administration so we work very closely with him on any number of issues.

The Congressman has done far too much in his almost 18 years on the Hill for me to do justice here. I will only mention two items this morning because they directly influence our efforts here today.

If you are looking for a leader in efforts to revitalize the commercial shipbuilding industry, look no farther than this man.

In 1993 the congressman pushed for changes in the federal shipbuilding assistance program known as Title XI.

These changes have led to more than \$1 billion in financing being made available to U.S. shipyards for the construction of commercial vessels.

As the sole superpower in the world today America has many vital security commitments. Mr. Bateman has helped ensure that we are able to meet them.

He is the principal author of the Maritime Security Act of 1995, which ensures sufficient U.S.-flag commercial sealift support of our Armed Forces during conflicts abroad.

Operations Desert Shield and Desert Storm demonstrated the importance of commercial sealift to the United States' worldwide mobilization requirements.

I do not mean to suggest that we have no disagreements. This would not be Washington if that were the case.

I am sure that there are maritime issues that we do not see eye-to-eye on, but honest differences of opinion on policy can and will be worked out.

One of the reasons I have unshakeable faith in the bright future of the U.S. shipbuilding industry is because of individuals like Herb Bateman.

He is a tireless leader for his district, his state, and his country.

Would you please join me in giving a warm welcome to Congressman Bateman.