

Statement of

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Good afternoon, Mr. Chairman. I am Tom Allegretti, President and CEO of the American Waterways Operators (AWO). On behalf of AWO's 400 member companies, I want to thank you and Chairman Oberstar for your leadership in raising the important safety and public policy issue before us today: the need to ensure that the Coast Guard's execution of its marine safety mission truly serves the needs of the American public and the maritime industry.

AWO members care deeply about this topic because of who we are, what we do, and how we try to do it. As you know, AWO is the national trade association for the tugboat, towboat, and barge industry. Our industry is the largest segment of the U.S.-flag domestic fleet, operating nearly 4,000 tugboats and towboats and over 27,000 dry and liquid cargo barges on the inland rivers, on the Atlantic, Pacific, and Gulf coasts, on the Great Lakes, and in ports and harbors around the country. We employ more than 30,000 American mariners, providing family-wage jobs and a progressively responsible career path for crewmembers on our vessels. Each year, barges and towing vessels move more than 800 million tons of cargo in the domestic commerce of the United States – vital, building block commodities on which American farmers, factories, and consumers depend. Our industry is a critical segment of the U.S. transportation system, and we depend on the Coast Guard's marine safety mission to facilitate the safe and efficient movement of people, vessels, and cargo on our nation's waterways.

The Coast Guard's marine safety mission is also important to AWO because our members have made a real commitment to conducting their businesses not only as responsible corporate citizens, but as proactive leaders in marine safety and environmental stewardship. Since 1998, all AWO members have been required to comply with a third-party-audited safety management system, the AWO Responsible Carrier Program, as a condition of membership in the association. Since 1995, we have maintained a formal Safety Partnership with the Coast Guard in which industry and government come together to tackle safety challenges facing our industry and strive for continuous improvement in our safety and environmental performance. We are proud of the successes that our partnership has achieved, but we realize there is much more to be done. For the past five years, AWO has worked with Congress and the Coast Guard to take safety in our industry to the next level, actively supporting congressional legislation and Coast Guard regulation to establish an inspection regime for towing vessels. The Coast Guard's handling of its marine safety mission is important to us because our top priorities are the lives and health of

our crewmembers, the safety of our vessels, the integrity of our customers' cargoes, and the protection of our natural environment. Safety is, quite simply, our franchise to operate.

Mr. Chairman, AWO very much appreciates your leadership, and that of Chairman Oberstar, in providing this opportunity for all of us to step back and consider whether the Coast Guard's marine safety program is functioning at the level that Congress, the public, and our industry both need and expect. We understand – and we share – the concerns that have given rise to this hearing today. What we would like to do with the opportunity that you have provided us today is to sketch out our vision of an effective and well-run marine safety program, and, in the process, articulate the needs of our industry with respect to government's handling of its marine safety responsibility. Combined with the testimony of other witnesses, we hope that our thoughts will provide some useful metrics for assessing how well the current system is working, and suggest constructive directions for how to improve upon it.

#### What Is an Effective Marine Safety Program?

From AWO's perspective, Congress, the Coast Guard, the public, and the maritime industry have the same core needs and expectations of an effective governmental marine safety program:

1. Safety of life;
2. Safety of property;
3. Protection of the environment; and,
4. Facilitation of maritime commerce.

Under an effective marine safety program, the life and health of the men and women who work aboard our vessels are protected and preserved. The risks to crewmembers inherent in the maritime workplace are minimized and effectively managed. The life and health of members of the public are not placed at risk by the operation of vessels. Vessels arrive safely at their ports of call. Discharges of oil, hazardous substances, and harmful debris into the marine environment are minimized, with the goal of eliminating them altogether. Maritime commerce flows freely, and interruptions and impediments to the efficient and economical movement of commerce by water are prevented or promptly cleared away. This is our vision of an effective marine safety program.

A review of the Commandant's "U.S. Coast Guard Strategy for Safety, Security, and Stewardship" suggests that the Coast Guard would agree with this characterization of the four elements of an effective marine safety program. However, we are concerned that, as security has come to dominate the agency's agenda since September 11, 2001, an imbalance has developed in which the objective of facilitating commerce – one of the core elements of an effective marine safety program – has been progressively devalued. Ironically and unfortunately, this imbalance has not optimized security. Instead of building on the solid foundation of industry/Coast Guard partnership, the recent emphasis on security has promoted a sometimes adversarial relationship, especially at the deckplate level. Like marine safety, maritime security can best be achieved through familiarity, mutual understanding, and cooperation – the elements of effective maritime domain awareness. If the Coast Guard were to rediscover and re-emphasize the essential safety marine mission of facilitating commerce, we believe that not only safety, but security on our nation's waterways would be enhanced as well.

#### Industry Needs from a Governmental Marine Safety Program

Both the American public and the maritime industry would be well served by a marine safety program that constantly strove to attain all four of these fundamental goals. From AWO's perspective, achieving these goals – or making consistent progress toward their achievement – requires several things:

- **Making marine safety a clear priority** of the federal agency vested with its responsibility. In a multi-mission agency like the Coast Guard, safety is one of several key agency missions. (This is not necessarily problematic, and can even be advantageous in some respects as resources expended in one mission area -- for example, safety -- yield complementary benefits in another, such as security.) Making marine safety a priority does not necessarily mean that safety must be the only thing an agency does, but it does mean ensuring that the necessary resources are allocated to the marine safety mission, that internal agency structure and operating procedures clearly support that mission, and that marine safety is a respected and attractive career path within the organization. Where agency structure (for example, the continual rotation of field personnel) or procedures (such as those concerning the retention and promotion of junior officers) have

the potential to undermine the effective execution of the marine safety mission, they should be changed.

- **A deep understanding of the maritime industry in its many facets.** Mr. Chairman, you spoke eloquently at last month's TWIC hearing about the chasm that can exist between the government that produces laws and regulations and the industry that must comply with them. Clearly, you appreciate that our industry sorely needs regulators and enforcers of regulation who understand the way our businesses, and our vessels, work – who not only know the blunt end from the pointy end, but understand how a towing vessel is different from a tanker is different from a small passenger vessel, and know that our nation's economy quite literally depends on goods moving on time and on budget. The combined imperatives of protection of life and property and the facilitation of commerce mean that we must be able to count on a regulatory agency that understands the practical and commercial impact of its decisions. This is a concern shared by all AWO members, but it is especially acute among our inland companies, who often feel that the distinct differences of operating in the “brown water” river environment are not sufficiently appreciated by our regulators. Let us be clear: we are not looking for less rigor or less safety. We are seeking deeper understanding of the real risks and needs of vessels operating throughout the diverse U.S. maritime industry.
- **Respectful dealings with vessel crewmembers.** Retired Vice Admiral Jim Card, former Vice Commandant and before that, Assistant Commandant for Marine Safety and Environmental Protection, inaugurated the “Prevention Through People” program which had as a guiding principle, “Honor the mariner.” The mariner needs and deserves such respect. Mariners deserve an efficient, timely, and even pleasant experience when renewing the licenses and documents that enable them to make their livelihoods. They need a licensing system that both promotes safety and preserves the time-honored “hawsepipe” as a viable model of career advancement. They deserve to be treated as partners in safety and security when the Coast Guard comes aboard their vessels to conduct a security verification inspection or to check that all required safety equipment is in place. Mariners are not the bad guys – they are hard-working professionals without whom our economy would be in deep trouble. Our industry works very hard to treat them as such. Our regulators need to do the same.

- **Efficient and customer-focused dealings with vessel owners.** AWO members are American companies who strive every day to serve the needs of their internal and external customers, their shareholders, and the American public. They do important work, and they deserve to have their work respected by the regulators who govern the commercial marketplace. AWO members need the same efficiency from government that we deliver to our customers. They need consistency. They need continuity. As you discussed at last month's TWIC hearing, Mr. Chairman, they need to know what the rules are and they need for the rules to be consistently applied, both over time (from one field commander to his or her successor) and across the expanse of the waterways transportation system. A tow traveling from New York to Florida, or from St. Paul to St. Louis, needs consistency and continuity from origin to destination. Let us be clear: applying regulations and policy "consistently" does not mean rigidly and blindly, without regard to prevailing circumstances. From industry's perspective, the optimal situation is regulators and enforcers with a clear grasp of agency policy, consistently applied, who also have the depth of expertise to recognize when particular circumstances warrant a judgment call. We need regulators who know what policy is, and who have the expertise to apply it properly.
- **Timely development of needed regulations.** It may be news to some, but industry does not seek to avoid or delay all regulation for as long as possible. Indeed, the opposite is often true: when the clear need for a regulation is identified, industry's interest – as well as the public's – is usually best served by getting it done, and getting it done right, as soon as possible. We need a regulatory agency that makes marine safety a priority and that has the resources needed to get important regulatory projects through the pipeline in a timely way. If it's not worth doing expeditiously, it's probably not worth doing. If it is, then let's devote the resources needed to get the job done, and assign the right people – knowledgeable experts – to carry out the task.
- **Risk-based enforcement.** The Coast Guard Marine Safety Manual pretty much says it right: a balanced marine safety program should help those companies that are trying to comply with the operative laws and regulations, punish those who disregard the law, and reward those companies that go above and beyond governmental standards and

expectations. That's hard to argue with, but it can be difficult to execute in the real world. Too often, companies or vessels with an exemplary safety record receive a higher level of governmental scrutiny than less-safe operators who "fly below the radar." The message that this sends to quality operators is that being a good corporate citizen – being known and "available" to the Captain of the Port – has its disadvantages. It's not going to change quality companies' behavior; they're doing the right thing **because** it's the right thing, not only from a regulatory standpoint but from a commercial and ethical one. But, it's not an effective way to run a marine safety program. Substandard operators get away with substandard operations, and limited governmental resources are expended in ways that are clearly suboptimal. In a well-functioning marine safety program, governmental attention should be clearly and directly tied to risk.

### Conclusion

Mr. Chairman, we thank you again for exercising the subcommittee's important oversight function and for holding this hearing today. We thank you for the opportunity to present our views. We hope that our perspective will be useful as all of us – Congress, the Coast Guard, and the maritime industry – grapple with the challenge of ensuring a marine safety program that truly serves the needs of the American public and the maritime industry. The challenges facing the Coast Guard – and the questions that you have raised – are not simple ones. They are serious and substantive, and they're going to require all of our best, careful thinking. But, you have clearly done all of us a great service by challenging us to focus on the considerable task at hand. You can count on AWO and its members to be constructive participants in the search for effective and practical solutions, and to work collaboratively with the Coast Guard in achieving that end. Thank you again, and we would be pleased to try to answer any questions you might have.