



**TESTIMONY OF  
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**ON COAST GUARD  
MARITIME TRANSPORTATION SAFETY AND STEWARDSHIP PROGRAMS**

**BEFORE THE  
HOUSE COMMITTEE ON TRANSPORTATION & INFRASTRUCTURE  
SUBCOMMITTEE ON COAST GUARD & MARITIME TRANSPORTATION**

**APRIL 14, 2016**

**Introduction**

Good morning Chairman Hunter, Ranking Member Garamendi, and distinguished members of the subcommittee. It's my pleasure to be here today to update you on some of the Coast Guard's Maritime Transportation and Stewardship programs. I greatly appreciate the opportunity to discuss these important programs that address the primary challenges I see facing the nation's maritime industry, which are: growing demands on the marine transportation system, the need to reduce shipping's environmental footprint, and the ever-increasing complexity of systems and technology. This hearing is an important step in shaping a way forward.

This morning, I'll address the following topics: First, the Coast Guard's position on the Transportation Research Board (TRB) of the National Academies of Sciences, Engineering and Medicine's recent report entitled, "Impact of United States Coast Guard Regulations on U.S. Flag Registry." Then, I will discuss the status of Subchapter "M" Towing Vessel Regulations and the IMO Verified Gross Mass Container Weight Amendments. Finally, I will provide a Coast Guard Regulatory Program Update.

**Transportation Research Board Report**

The TRB report concludes that compliance with Coast Guard regulations is not an impediment to the competitiveness of the U.S. flag registry. The TRB did make several recommendations aimed at further harmonizing Coast Guard regulations with international standards and further reducing the cost of compliance without increasing safety risks. The Coast Guard welcomes these recommendations and looks forward to working with industry and classification societies to this end.

The Coast Guard agrees with the TRB's conclusion that the cost of U.S. Coast Guard regulations is not an impediment to the competitiveness of the U.S. Flag registry. Over the last several decades the Coast Guard has undertaken multiple efforts to minimize duplication and harmonize standards within the maritime industry. The Coast Guard was pleased to see that these efforts have been productive and that for both new construction and reflagging of existing vessels, the cost of U.S. Coast Guard regulations amount to a fraction of one-percent of the total new build and operating costs.

Although the report concluded that the additional cost of Coast Guard regulations are small, we agree that there is further room for improvement and we have already taken steps in line with the committee's recommendations.

Of the three recommendations in the report specific to the Maritime Security Program, our most recent reflagging instruction directly aligns our policy with two of the recommendations. Of the five recommendations that pertain to standards development and appeals, we appreciate the recognition and continued support for U.S. Coast Guard leadership at the International Maritime Organization. We will continue our efforts to lead the development of international standards, and harmonize our regulations where appropriate. As we put forth new U.S. regulations, we strive to continue to develop a performance based approach, consult with industry advisory groups and provide detailed cost-benefit analysis, consistent with executive branch guidance. I will provide more details about our rule-making process later in this statement. Similarly, we appreciate the feedback with regard to the appeals process. We strive to ensure that this process is as robust as possible, and will further review existing guidance and training to reinforce industry's right to appeal decisions.

Finally, the remaining recommendation suggests changes to the Alternative Compliance Program. The National Transportation Safety Board (NTSB) and Coast Guard Marine Board of Investigation (MBI) that convened as a result of the tragic loss of the EL FARO, an ACP vessel, are looking into the program extensively. While the TRB recommends that the Coast Guard conduct less oversight the Coast Guard will wait for the final NTSB and MBI reports before reaching any conclusions. Ultimately, it is the Coast Guard's goal to refine our oversight policy and techniques to ensure that we achieve the proper balance so that our registry fleet remains both safe and competitive.

### **Status of Subchapter M Towing Vessel Regulations**

Subchapter M, which is in the Final Rule stage, would impact thousands of towboats once the rule is effective. In the seven years the rule has been under development, we have executed a highly successful bridging strategy to help prepare the industry for the implementation of Subchapter M. This has included conducting over 8,000 voluntary towboat exams.

Subchapter M would effectively double the number of inspected vessels, so it will significantly challenge our resources. The NPRM for Subchapter M proposed the use of third parties. As shown for other parts of the U.S. inspected fleet, reliance on third parties to assist with vessel inspection activities has successfully provided the industry greater flexibility in meeting requirements, while also reducing Coast Guard inspections workloads. To improve readiness for Subchapter M, the Coast Guard has developed an implementation plan with three primary lines of effort: (1) policy development, (2) training and qualification, and (3) communications and outreach. When the regulations are enacted, we will begin collaborative review of the new rule with industry, finalize new policy guidance, and commence the significant training and qualification of our inspection workforce. Our Towing Vessel National Center for Expertise has developed multiple aids to assist industry with complying with the inspection and audit requirements of Subchapter M. Finally, we have a comprehensive communications plan targeting internal and external stakeholders, including the American Waterway Operators (AWO), the industry's leading advocacy group.

### **Update on SOLAS Container Weight Requirements**

On July 1, 2016 new international requirements in the International Convention for the Safety of Life at Sea (SOLAS) concerning the verified weight of containers come into force. This has resulted in some confusion and misunderstanding.

The Coast Guard is strongly committed to ensuring that ships are safely loaded and ship Masters have the information they need to safely operate a ship in full compliance with SOLAS. Since 1994, SOLAS regulations have required shippers to provide the Master with the gross weight of the cargo prior to loading the container. In the U.S., longstanding Federal regulations require container weight to be determined before it is loaded on a ship. The existing regulatory structure will continue to ensure compliance with SOLAS, including these new requirements, without the need for new Coast Guard regulations. The amendments should not appreciably impact shippers or ship operators or cause any delays in the supply chain in the United States.

## Coast Guard Regulatory Program Update

The Coast Guard continues to refine the standardized project management processes we use in our rulemaking program. We overhauled our Regulatory Development Program (RDP) in FY 2009 which has helped yield a 40 percent decrease in the regulatory backlog at the start of FY 2016. This decrease occurred while adding 74 rulemaking projects from statutory mandates and international treaty obligations. The rulemaking portfolio at the start of FY 2016 stood at 58 projects. The regulatory backlog has remained steady at about 60 rulemakings for the past three years.

*Figure 1* shows the average age of Coast Guard rulemakings over the past five years.

**Figure 1: Average Age of Active Rules at Close of the FY**

	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
Average Age (years)	4.0	4.1	4.8	5.6	5.5

The Coast Guard's regulatory backlog includes eight projects over 10 years old that disproportionately influence the average age. Most of these projects are required by older statutory mandates such as the Oil Pollution Act of 1990.

*Figure 2* lists eight rulemakings published in the Fall 2015 Regulatory Agenda that have a statutory mandate.

**Figure 2: Rules with Statutory Mandate listed in the Fall 2015 Regulatory Agenda**

Title	RIN	Stage
Inspection of Towing Vessels	<a href="#">1625-AB06</a>	Final Rule Stage
Transportation Worker Identification Credential (TWIC); Card Reader Requirements	<a href="#">1625-AB21</a>	Final Rule Stage
Updates to Maritime Security	<a href="#">1625-AB38</a>	Proposed Rule Stage
Tonnage Regulations Amendments	<a href="#">1625-AB74</a>	Final Rule Stage
Higher Volume Port Area—State of Washington	<a href="#">1625-AB75</a>	Final Rule Stage
Revision to Transportation Worker Identification Credential (TWIC) Requirements for Mariners	<a href="#">1625-AB80</a>	Final Rule Stage
Commercial Fishing Vessels--Implementation of 2010 and 2012 Legislation	<a href="#">1625-AB85</a>	Proposed Rule Stage
Seafarer's Access to Maritime Facilities	<a href="#">1625-AC15</a>	Final Rule Stage
Survival Craft 2010 Authorization Act Requirements	<a href="#">1625-AC19</a>	Proposed Rule Stage
Offshore Supply Vessels of at Least 6000 GT ITC	<a href="#">1625-AB62</a>	Final Rule Stage

Despite our concerted efforts to advance these rulemakings towards publication, we have found it particularly difficult to collect enough information on the potential benefits to justify each rulemaking's costs. The average age of rulemakings less than 10 years old is 3.9 years. Improving the timeliness of rules remains one of the strategic goals for our regulatory development program in FY 2016.

**Figure 3** shows the number of effective rules (Interim Rules, Direct Final Rules, and Final Rules) published in each of the last five fiscal years, as well as projections for FY 2016.

**Figure 3: Number of Effective Rules Published Past 5 FY**

	<b>FY 2011</b>	<b>FY 2012</b>	<b>FY 2013</b>	<b>FY 2014</b>	<b>FY 2015</b>	<b>FY 2016</b>
Effective Rules	17	17	15	16	8	12*

\*Projected

The Cruise Vessel Security and Safety Act (CVSSA) of 2010, amplified by section 608 of the 2015 Coast Guard Authorization Act, includes requirements for the design and construction of passenger vessels to integrate technology for capturing images of passengers or detecting passengers who have fallen overboard. This is to be done to the extent that such technology is available and to report to Congress the status of available technology and implementation feasibility.

We are working hard to identify key stakeholders that may provide reliable unbiased information for the report. At the same time the Coast Guard is undertaking a rulemaking that will implement the pertinent sections of CVSSA.

The Coast Guard will continue to improve our regulatory program by streamlining internal processes, balancing input from maritime stakeholders, conducting careful analysis of alternatives to the publication of regulations, and thoroughly evaluating the cost and benefit of each rule. Our goal is to ensure every regulatory action achieves the desired safety, security, and environmental protection outcome without imposing unnecessary costs on U.S.-flag vessel operators competing in a global industry.

## Conclusion

I appreciate the opportunity to testify before you today on a number of areas of mutual concern in the Coast Guard's Marine Transportation Safety and Stewardship program. Thank you for your continued support. I'm happy to answer any questions you may have.