



**TESTIMONY OF  
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ASSISTANT COMMANDANT FOR PREVENTION POLICY**

**ON  
MARITIME REGULATORY PROGRAMS**

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

**MAY 3, 2017**

**Introduction**

Good morning Chairman Hunter, Ranking Member Garamendi, and distinguished members of the Subcommittee. It is my pleasure to be here today to discuss the Coast Guard's regulatory program.

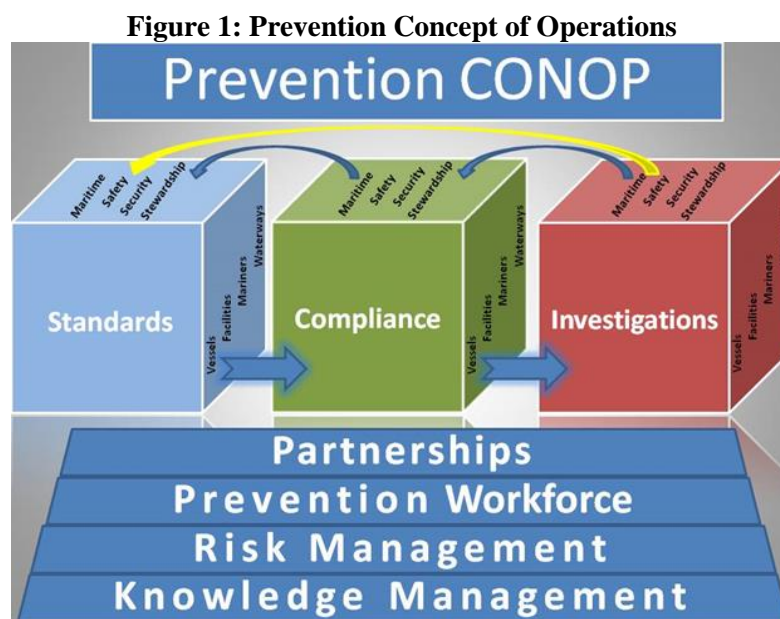
America's economic prosperity is reliant on the safe, secure, and efficient flow of cargo through the Marine Transportation System (MTS). The Nation's waterways support \$4.5 trillion of economic activity each year, including over 250,000 American jobs.<sup>1</sup> U.S. economic stability, production, and consumption, enabled by the intermodal transportation of goods through the midstream economy, are critical to American prosperity and national security. This trade-driven economic prosperity serves as a wellspring for our power and serves as a leading source of our influence in the world. The Coast Guard's marine safety program and regulatory process advance American prosperity by leveraging our unique capabilities to ensure that the MTS operates safely, predictably, and securely. We are mindful of the need to facilitate commerce, not impede it, and our marine safety program does this by helping to level the playing field for industry through a federal framework of common-sense regulations, that are enforced in a predictable and consistent manner across America's 360 ports. Coast Guard regulations and our regulatory compliance functions provide the means for investors and operators to evaluate and manage risk, promoting investment and innovation throughout the maritime sector. This federal framework levels the playing field, enabling U.S. shipping to compete internationally and U.S. ports to compete equally against each other, while protecting American interests from the risk of foreign-flagged sub-standard shipping in our ports and waters.

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<sup>1</sup> "Ports' Value to the U.S. Economy: Exports, Jobs & Economic Growth." American Association of Port Authorities, <http://www.aapa-ports.org/advocating/content.aspx?ItemNumber=21150>, Accessed April 17, 2017.

The maritime industry is a dynamic industry that includes many components. The maritime industry includes ships and mariners that sail our waters, the ports and facilities they call upon, the waterways upon which commerce moves, and water-borne access to maritime natural resources. Our maritime industry provides vital transportation along marine highways, enables the harvesting of marine and offshore natural resources, supports recreation, and facilitates interstate and international trade. By providing access to transportation, trade, and natural resources, the maritime industry supports our Nation's economic prosperity and is a key driver for our national economy.

As the lead federal regulator for the maritime industry, the Coast Guard must be attentive to the industry's changing needs and dynamic challenges. Amidst emerging trends and needs within the MTS and the maritime industry, the Coast Guard's underlying concept of operations and our approach to continuous improvement remains unchanged. The Coast Guard continues to conduct our work, using the same concept of operations that has guided us for decades: the Coast Guard develops standards for safe, secure, and environmentally sound operations in the MTS; the Coast Guard assesses and enforces compliance with those standards; and when failures occur, the Coast Guard aggressively investigates them and drives the lessons learned back into our compliance and standards activities. These three phases of operations rely on our ability to leverage our marine safety workforce, engage other governmental, non-governmental, and industry partners, and manage risks and information. As shown in Figure 1, this operating concept applies across all of our prevention responsibilities including marine safety, maritime security, and environmental protection. Further, this concept of operations guides our interaction with each segment of the maritime industry including the vessels, facilities, mariners, and waterways. Lastly, this concept of operations is a reminder that the vessels and mariners operate within a broader MTS and that our responsibilities for marine safety extend beyond the vessels and mariners to include safe navigation and safe port operations.



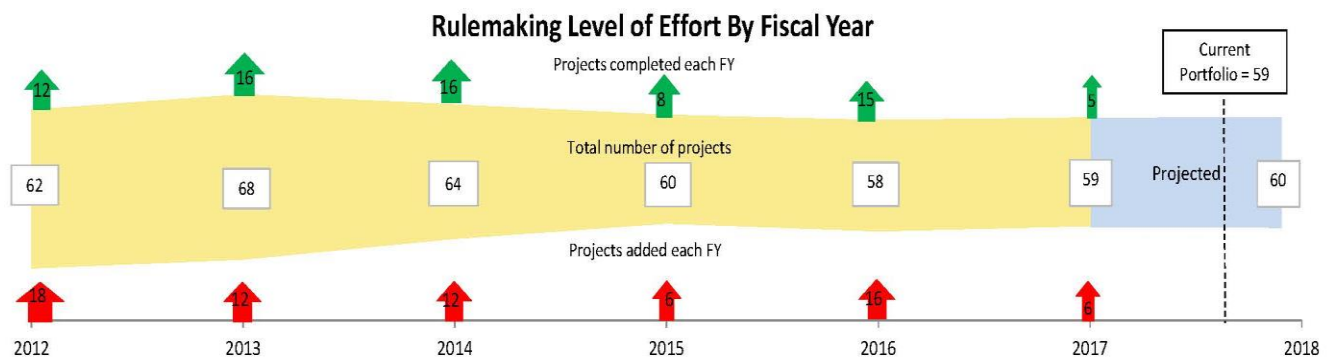
Our concept of operations and service desire for continuous improvement are foundational strengths which will enable us to adapt to changing industry demands while meeting public expectations for effective oversight.

### Challenges from a Dynamic Maritime Industry

Over the past decade, legislative and regulatory changes have led to increased oversight of fishing and towing vessels with the Coast Guard now examining or inspecting as many as 30,000 additional commercial fishing vessels and 5,000 additional commercial towing vessels. While the recent downturn in domestic oil production eroded much of the previous years' petroleum related growth, current shipment of other commodities, such as liquefied natural gas exports, set new highs. In addition to meeting the challenges of a dynamic industry, the Coast Guard regulatory and compliance programs must contend with the growing capacity of the MTS and address the increasing complexity in the maritime industry.

In the face of these challenges, our fundamental approach remains the same. The Coast Guard will continue to strive to reduce casualties, improve service, improve mission management, and continue to inform common-sense regulations that are consistently applied around the country. The Coast Guard must continue to adapt our standards and compliance processes, enhance our technical competency, and increase the productivity of our workforce to keep pace with advancements in the maritime industry.

### Updates to the Coast Guard Regulatory Program and Status of Implementation of Regulations



**Figure 2: Number of Active Rulemaking Projects**

With progress made on older rulemakings, the average rule development time has been reduced from 6.2 years at the end of FY 2009 to 5.7 years in 2017. The Coast Guard anticipates further reductions by prioritizing completion of older rulemaking projects. Further, the Coast Guard is actively participating in a DHS-wide (and interagency) effort to identify, consolidate, eliminate, and revise regulations where possible. We recognize the necessity of soliciting public comments and working with Advisory Committees, standards organizations, and many industry partners in our rulemaking projects, and any potential regulation reductions or consolidations, to develop clear economic impact analyses. Our disciplined, detail-driven approach takes time, but results in rules and regulatory changes whose benefits outweigh the costs.

## Noteworthy Publications

Table 1 shows the notable publications in FY 2016 and thus far in FY 2017.

**Table 1: Notable Publications**

<b>Fiscal Year</b>	<b>Rule (Date Published)</b>	<b>Phase</b>
2016	<b>Cargo Securing Manuals (May 9, 2016)</b> <b>International agreement provision</b> <ul style="list-style-type: none"> <li>Implements requirements for a cargo securing manual on certain vessels operating on international voyages.</li> </ul>	Final Rule
	<b>Inspection of Towing Vessels (June 20, 2016)</b> <b>Statutory mandate</b> <ul style="list-style-type: none"> <li>Adds towing vessels to the list of vessels requiring Coast Guard inspection.</li> </ul>	Final Rule
	<b>Commercial Fishing Vessels – Implementation of 2010 and 2012 Legislation (June 21, 2016)</b> <b>Statutory mandate</b> <ul style="list-style-type: none"> <li>Aligns regulations with legislation for training, equipment, vessel examinations, and voyage termination for unsafe operations.</li> </ul>	Notice of Proposed Rulemaking
	<b>Tanker Automatic Pilot Systems July 11, 2016)</b> <ul style="list-style-type: none"> <li>Harmonizes with international standards for automatic pilot systems on tankers operating in safety fairways and traffic separation schemes.</li> </ul>	Note of Proposed Rulemaking
	<b>Transportation Worker Identification Credential (TWIC) Reader Requirements (August 23, 2016)</b> <b>Statutory mandate</b> <ul style="list-style-type: none"> <li>Establishes standards for devices used to read TWIC cards.</li> </ul>	Final Rule
2017	<b>International Maritime Organization Polar Code Certificate (November 22, 2016)</b> <b>International agreement provision</b> <ul style="list-style-type: none"> <li>Adds the Polar Code Certificate to the list of certificates the Coast Guard or a Recognized Organization can issue.</li> </ul>	Notice of Proposed Rulemaking
	<b>Marine Casualty Property Damage Threshold (January 23, 2017)</b> <ul style="list-style-type: none"> <li>Raises the threshold for required accident reporting.</li> </ul>	Notice of Proposed Rulemaking
	<b>Great Lakes Pilotage – 2017 Annual Review and Adjustment (April 5, 2017)</b> <b>Statutory mandate</b> <ul style="list-style-type: none"> <li>Proposes updated rates for pilotage of vessels on the Great Lakes</li> </ul>	Supplemental Notice of Proposed Rulemaking
	<b>Recreational Boat Flotation Standards--Update of Outboard Engine Weight Test Requirements (April 5, 2017)</b> <b>Statutory mandate</b> <ul style="list-style-type: none"> <li>update the table of outboard engine weights used in calculating safe loading capacities and required amounts of flotation material</li> </ul>	Interim Rule

The rules noted in Table 1 are priority rulemaking actions including Congressional mandates, rules required to implement international agreement provisions, and discretionary rulemakings to improve vessel and mariner safety or update equipment standards.

A current list of active regulatory projects, for which information is publicly available, is maintained at [www.reginfo.gov](http://www.reginfo.gov), and at <http://www.uscg.mil/hq/cg5/cg523/projects.asp>. These lists also contain links to the Unified Agenda, dockets, and other information sources.

## Progress on Statutory Mandates

Of the 59 rules in the regulatory development portfolio, 21 are statutory mandates. Table 2 lists 9 rules published in the 2016 Fall Regulatory Agenda that originate from a statutory mandate.

**Table 2: Rules with Statutory Mandate listed in the Fall 2016 Regulatory Agenda**

Title	RIN	Stage
Numbering Undocumented Barges	<a href="#">1625-AA14</a>	Proposed Rule
Outer Continental Shelf Activities	<a href="#">1625-AA18</a>	Proposed Rule
Offshore Supply Vessels of at Least 6000 GT ITC	<a href="#">1625-AB62</a>	Final Rule
Higher Volume Port Area – State of Washington	<a href="#">1625-AB75</a>	Final Rule
Revision to Transportation Worker Identification Credential (TWIC) Requirements	<a href="#">1625-AB80</a>	Proposed Rule
Commercial Fishing Vessels--Implementation of 2010 and 2012 Legislation	<a href="#">1625-AB85</a>	Proposed Rule
Cruise Vessel Security and Safety Act of 2010	<a href="#">1625-AB91</a>	Final Rule
Seafarer’s Access to Maritime Facilities	<a href="#">1625-AC15</a>	Final Rule
Great Lakes Pilotage Rates – 2017 Annual Review and Adjustment	<a href="#">1625-AC34</a>	Final Rule

## Updates to Implementation of the revised International Convention on Standards of Training, Certification and Watchkeeping for Seafarers (STCW)

The 2010 amendments to STCW entered into force on January 1, 2017. The Coast Guard issued a final rule on December 24, 2013, to incorporate these updates to U.S. regulations. Since that time, the Coast Guard has issued over 30 additional policy and guidance documents to assist U.S. mariners and the maritime and training industries in compliance with the new requirements. As noted by the Government Accountability Office in a report to this committee in January 2017, the vast majority of the industry was prepared to implement STCW amendments and was pleased with the Coast Guard’s implementation of the new requirements.<sup>2</sup> This initiative serves as a prime example of the Coast Guard’s ability to partner with industry in the implementation of a new regulatory regime, enabling American mariners to remain competitive worldwide while providing ship operators assurance of the competence and skill of their crews.

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<sup>2</sup> U.S. Government Accountability Office, “Most Training Providers Expect to Implement Revised International Maritime Standards by the Deadline Despite Challenges,” GAO-17-40, January 2017.

## **Update on Implementation of Fishing Vessel Examinations**

The requirement for mandatory dockside safety examinations of commercial fishing vessels at least once every five years was implemented in October 2015. The Coast Guard conducted extensive stakeholder outreach prior to the implementation, including dockside courtesy visits by Coast Guard personnel, presentations by Coast Guard personnel to various regional fisheries management councils and safety advisory committees, and a letter to industry distributed in August 2015 followed by a Marine Safety Information Bulletin issued in October 2015. In general, the commercial fishing vessel industry has been receptive to these requirements and compliance rates have been high.

## **Update on Implementation of Towing Vessel Inspections**

The Final Rule implementing mandatory inspection of towing vessels was published on June 20, 2016, and became effective on July 20, 2016. This rule applies to approximately 5,500 U.S.-flag towing vessels, increasing the U.S. certificated fleet by approximately 50 percent. The rule, published in 33 CFR Subchapter M, provides two distinct compliance options:

- The Towing Safety Management System, or “TSMS Option,” using a Coast Guard authorized SMS along with an associated scheme of audits and surveys by a Third Party Organization (TPO) to verify compliance; or,
- The traditional Coast Guard annual inspection or the “CG Inspection Option.”

We developed and are executing a multi-pronged implementation strategy, including preparation of additional guidance documents, training of Coast Guard personnel on the new requirements, and engagement of stakeholders on a recurring basis and in a variety of venues. We will begin issuing Certificates of Inspection to existing towing vessels on July 20, 2018, but are already well along in our outreach and TPO approval process. This two-year delay permits Coast Guard review of TPOs, and allows existing vessels to implement SMS and procure any equipment needed to comply with these new requirements.

## **Conclusion**

The Coast Guard continues to sustain and improve its regulatory development and compliance program to ensure safety, security and environmental compliance within the MTS. Through streamlining internal processes, balancing input from maritime stakeholders, careful analysis of alternatives, and thorough evaluation of the cost and benefit of each rule, we are focused on ensuring every Coast Guard action sustains the smooth operation of the MTS, without imposing unnecessary costs on U.S. entities competing in a global industry.

Thank you for your continued support and the opportunity to testify before you today. I am happy to answer any questions you may have.