

UTILIZATION OF U.S. VESSELS AND MARINERS IN THE MARINE TRANSPORTATION OF LIQUEFIED NATURAL GAS

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The Maritime Trades Department, AFL-CIO (MTD) is an association of 23 unions that represents workers employed in the U.S.-flag merchant marine and its allied trades. It strongly supports the efforts of the Maritime Administration (MARAD) to promote the use of U.S. civilian crews and U.S.-flag vessels in the carriage of liquefied natural gas (LNG) to U.S. ports and their offshore receiving facilities.

The issue touches upon an important challenge. With worldwide demand for oil expected to grow, tensions in the Middle East and other oil producing regions running high and concern about greenhouse emissions becoming more pronounced, U.S. business executives and policymakers are looking for alternative sources of energy that are safe, secure and environmentally friendly. Increasingly, many people are coming to the conclusion that the United States government should adopt policies to promote widespread use of LNG.

Natural gas accounts for almost one-fourth of all energy consumed in the United States. That is roughly the same as coal and slightly less than half that of oil. According to the U.S. Energy Information Administration, demand for natural gas will grow by more than 38 percent by 2025. However, that demand will not be met unless the federal and state governments take some proactive measures. Natural gas production in the continental United States has reached its peak. Increasing the use of LNG means transporting it from both Alaska and overseas to the Lower 48. However, most existing LNG import facilities in the U.S. were constructed between 1965 and 1975. Although the industry's safety record has been strong, the volatile nature of LNG has created a sense of public unease. With more than 40 applications for LNG terminals pending, the process has proven to be lengthy and exacting.

U.S. civilian mariners can play and are playing an important role in promoting public acceptance of LNG terminals. Recently, after many years of debate, the outgoing governor of Massachusetts approved two deepwater locations for the importation of LNG. Key members of the state's congressional delegation, the present governor and a group of 22 state legislators have indicated that their support for the proposal is dependent upon the utilization of U.S. civilian crews. Though they recognize the economic imperative of having a secure source of affordable energy, these elected officials remain concerned about the dynamic nature of LNG, particularly in the marine environment. The best way to ensure public safety, they believe, is to use Americans on these high-risk vessels.

The MTD strongly supports this view. American civilian mariners are among the most highly trained in the world and are required to meet stringent standards. Moreover, they must, as a matter of course, undergo comprehensive background checks by the U.S. Coast

Guard and the Department of Homeland Security. Oversight by the U.S. government is exacting.

In contrast, oversight in many foreign-flag registries is virtually non-existent. The potential for disaster is high enough when it only involves the carriage of environmentally sensitive cargo. However, there also are important security issues involved. In a recent study commissioned by the United States Department of Energy, one of the most likely acts of terrorism involves a crewmember working aboard an LNG vessel.

Crews aboard many foreign-flag vessels are typically supplied by third party manning agencies, many of which have no connection to the nations under which these vessels are registered (neither do the mariners, for that matter). Moreover, many foreign nations simply do not have the will or resources to ensure meaningful oversight over the owners who register ships under their flags, the hiring agencies that crew the vessels or even the civilian mariners themselves. The lax oversight procedures utilized by many foreign registries in the international maritime industry are especially disturbing to port communities concerned about potential acts of terrorism or damage to the environment. This is especially true when many LNG imports originate from countries that are politically unstable and/or hostile to the United States.

As Congress recognized in the debate over the Dubai port deal last year and in legislation introduced earlier this year to enhance port security standards (H.R. 1), everything changed after the tragic events of 9/11. Security concerns should transcend normal rules of operation for cargo handling. Port states and port communities are well within their rights to express concerns and demand higher standards for commercial products like LNG imports that can be turned into instruments of terrorist action.

The U.S.-flag merchant marine is ready, willing and able to rise to the challenge. As long ago as the mid-1970s, thousands of American mariners became LNG certified. These specially qualified seamen worked for nearly the next 25 years aboard a fleet of U.S.-flag LNG vessels. Throughout their service these ships represented an anomaly for the American merchant fleet: They competed safely and successfully in the foreign-to-foreign trades without returning to the United States. With the proper incentives there is no reason to believe that this success cannot be repeated, with U.S.-flag LNG ships and American citizen mariners delivering needed energy cargoes from overseas.

The U.S. Merchant Marine Academy, the various state academies and joint labor-management training schools have indicated that they have the capability of instilling a new generation of mariners with the special skills necessary for the secure carriage of cargo that has important economic, strategic and environmental consequences for the United States. However, these assets will not stay in place forever. The skills of those qualified mariners will gradually erode without employment opportunities. No new LNG-qualified mariners will come along unless there is at least a chance for employment. U.S. training schools are capable of reviving this important sector of the maritime industry, but they need time to plan and execute the kinds of programs that enable the U.S. fleet to compete for this kind of work.

There also is the matter of America's strategic sealift manpower pool. American-citizen crews aboard LNG carriers entering U.S. ports will help increase the number of mariners available for strategic sealift. The importance of this issue was vividly demonstrated in Operations Enduring Freedom and Iraqi Freedom, where the performance of U.S. civilian mariners drew widespread praise from Pentagon officials.

Over the past several months, MARAD has taken the lead in educating Congress and the general public about the importance of promoting policies that will lead to an increased U.S. presence in the LNG trade. The MTD and its affiliated unions believe that the agency is to be commended for its work in this area. Congress, the administration and local and state authorities should follow up on the agency's fine work.