

**STATEMENT OF PAUL N. JAENICHEN
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**BEFORE THE
SENATE COMMITTEE ON COMMERCE, SCIENCE, AND TRANSPORTATION**

Nomination Hearing

November 21, 2013

Chairman Rockefeller, Ranking Member Thune and members of the Committee, it is an honor for me to appear before you today as the President's nominee to serve as Administrator of the Maritime Administration (MARAD).

Before I begin, I would like to thank my wonderful wife, Paula, who is here today, and express my gratitude for her support both during my three decade military career and now as I look to continue in public service. I would also like to acknowledge the support of my two children, Nathan, who is a Captain in the U.S. Marine Corps assigned to Marine Light Attack Helicopter Squadron 469 at Camp Pendleton, CA and Rachael, who is a teacher at McCracken County High School in Paducah, KY. Although neither could attend today's hearing, the fact that every member of my immediate family including Paula, who is a retired school teacher, all chose careers in service to others is one of my proudest accomplishments.

I have had the privilege of serving the U.S. Department of Transportation's Maritime Administration since July 2012; first as Deputy Administrator and, since June of this year, as Acting Administrator. Over the past 15 months, I have developed a firm understanding of the challenges facing the U.S. Marine Transportation System and the maritime industry, but I have also seen its great potential. I have seen firsthand the dedication MARAD employees, Department of Transportation (DOT) leadership and key maritime stakeholders, both public and private, have shown in supporting the industry. During my time at MARAD, I have established positive working relationships with stakeholder participants across the industry. This experience has provided the insight and background needed to lead MARAD as it works to fulfill its mission to foster, promote and develop the U.S. Merchant Marine.

Prior to coming to MARAD I served for 30 years in the U.S. Navy as a submarine officer. During my career, I was assigned to numerous leadership positions including Officer in Charge of a Moored Training Ship to educate and qualify officer and enlisted nuclear operators, Commanding Officer of a nuclear Fast Attack Submarine and Commander of a Submarine Squadron of six Fast Attack Submarines. Additionally, as Chief of the North Atlantic Treaty

Organization (NATO) Policy Division for the Joint Staff, I was responsible for military-to-military engagement on security cooperation and involvement in coalition operations with all NATO member nations.

In short, my career has been about two key things: managing disparate interests to achieve a common goal and working to meet naval operational commitments to secure our national defense. Each instilled in me that whatever the task, you bring your full focus and make sure you do it correctly. These leadership qualities are needed to meet the issues facing the U.S. maritime industry. If confirmed, I look forward to working with the members of this Committee to continue support for MARAD programs, as well as collaborating on new ideas to improve and grow the industry to ensure its viability into the future.

If confirmed, I plan to focus on the following areas:

First, I plan to continue to work with industry stakeholders and Congress to identify ways to revitalize the U.S. Merchant Marine. The U.S.-flag fleet not only provides safe, reliable and environmentally responsible transport of cargo to support economic activity, both domestically and internationally, but also supports Department of Defense (DOD) sustainment sealift capacity requirements in times of armed conflict or national emergencies.

The U.S. Merchant Marine engaged in international trade has steadily declined since World War II and currently carries less than 2 percent of our Nation's overseas trade. We need a strategy that will result in a significantly higher portion of U.S. overseas trade being carried on U.S. flag vessels. This increased trade for U.S. flag vessels would provide greater demand for additional ships and more U.S. mariners to crew them.

Support for the Jones Act is also critical to maintaining reliable coastwise trade and to ensuring the existence of a domestic maritime industry of shipbuilders, vessels and merchant mariners. The Jones Act is one of the strongest elements of U.S. maritime policy, encouraging investment in privately owned U.S. companies to operate shipyards and vessels that employ well-trained crews and maritime industry workers.

Second, policies must be supported that will protect U.S. mariner jobs. Sustaining a pool of qualified U.S. mariners is critical to meeting the Nation's security needs. Programs and policies such as the National Defense Reserve Fleet (NDRF) and its component Ready Reserve Force (RRF), the Maritime Security Program (MSP), cargo preference, the Jones Act and training at the U.S. Merchant Marine Academy and State Maritime Academies are all key to ensuring this pool of mariners is ready and available when needed to support military sealift requirements. Without these programs, we will not have the skilled personnel needed to crew Government-

owned ships in time of armed conflict or national emergency and commercial ships to provide sustainment sealift capacity for the DOD.

Third, I will continue to support MARAD's programs to improve port infrastructure, increase Marine Highway services and address maritime environmental challenges. Each of these will make our ports more efficient, increase cargo capacity, spur economic development and promote job growth.

Finally, I will support efforts to increase domestic shipbuilding. Earlier this year, I was pleased to share the findings of a MARAD report on the economic impact of the U.S. shipbuilding and repair industry which showed that although most shipbuilders are located in coastal areas, the direct and indirect economic benefits reach all 50 states. On a nationwide basis, the industry supported 402,010 jobs, \$23.9 billion of labor income and \$36 billion in Gross Domestic Product. In addition, MARAD has seen increased applications in recent months for Maritime Loan Guarantees (Title XI) and Small Shipyard Grants, reflecting a willingness to invest in this critical industry. If confirmed, I plan to focus on improving MARAD's administration of its Title XI ship financing program in order to support this increase in demand as efficiently and effectively as possible.

The U.S. maritime industry plays a critical role in meeting the Nation's economic and security needs. As I stated earlier, while there are many challenges facing the U.S. maritime industry, there are also many opportunities. If confirmed and given the honor to serve as the next Maritime Administrator, I hope to capitalize on those opportunities and I look forward to working with this Committee to address these important issues and restore our Nation's status as one the premier maritime nations in the world.

Mr. Chairman, thank you for scheduling this hearing. I will be happy to respond to any questions you and the other members have.