Australian Institute of Marine and Power Engineers

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Australian Maritime Officers Union

Submission on Strategic Fleet Implementation Consultative Paper - Cargo Owners,

February 2024

Department of Infrastructure, Transport, Regional Development and Communications

Martin Byrne,
Federal Secretary
AIMPE

Mark Davis,
Executive Officer
AMOU

Introduction

AIMPE and AMOU note that the Department of Infrastructure, Transport, Regional Development, Communications and the Arts (DITRDCA) has called for submissions from cargo owners concerning the implementation of the Strategic Fleet.

AIMPE and AMOU seek to provide input on the questions raised by the Strategic Fleet Implementation Consultative Paper – Cargo Owners.

Australian trading fleet

AIMPE and AMOU applaud the BITRE for releasing the publication Australian Sea Freight 2020-21 in 2023. This provides a valuable contribution to an informed discussion about the Australian maritime industry.

The publication records that there are 96 vessels in the major trading fleet and 41 ships in the minor trading fleet. That is a total of 137 vessels in the fleet that are either owned or operated by Australian companies.

Of these only 11 hold General Licences for Australian coastal trading.

Table 5.1 Number of ships in the Australian trading fleet

Financial year	Major trading fleet				Minor trading fleet		Total	Major Australian registered ships with Coastal Trade Licences/General Licences [a]
	Coastal trading		International trading					
	Australian registered	Overseas registered	Australian registered	Overseas registered	Australian registered	Overseas registered		
	(number)							
2011–12	23	19	5	39	37	5	128	19
2012–13	20	19	6	40	41	4	130	16
2013–14	21	19	4	41	45	4	134	15
2014–15	20	16	4	49	44	4	137	15
2015–16	18	17	4	49	51	2	141	14
2016–17	17	19	4	58	49	1	148	15
2017–18	18	21	5	64	48	2	158	14
2018–19	17	21	4	54	45	4	145	13
2019–20	17	20	5	52	41	1	136	13
2020–21	16	22	4	54	36	5	137	11
Average annual per cent change	(%)							
1 year	-5.9	10.0	-20.0	3.8	-12.2	400.0	0.7	-15.4
5 year trend	-1.8	4.2	1.3	0.0	-6.5	16.3	-1.4	-4.8

a Data for 2003–04 to 2011–12 are based on extracts from the Coastal Trade Licences and Permits (COTLAP) system. 2012–13 to 2020–21 results are based on General Licence holders recorded in the Coastal Trading Licensing System (CTLS).

Sources: DIT (2013), DITRDCA (2022), Lloyd's List Intelligence (2022), Shipping companies (various) – personal communications.

The publication of the Australian Sea Freight Statistics should continue annually and on a timely basis i.e. there should not be a large gap between the end of the financial year and the publication of the statistics although it is recognised that many, varied sources are required to provide reconciled data to BITRE.

Strategic Fleet vessels – coastal tankers

In the AIMPE/AMOU submission to the Strategic Fleet Taskforce attention was drawn to the USA's **Maritime Security Program** (MSP) which provides Federal Government financial support for a fleet of 60 privately owned and commercially operated vessels. This is comprised of mainly containerships (34) and roll-on/roll-off ships (18) with some heavy lift ships as well. Appendix 1 contains detail of the US Federal Government financial support for the MSP and other maritime programs funded by the US Federal Budget.

The USA has now implemented another program – the **Tanker Security Program** (TSP) which provides Federal Government financial support of US$60 million per annum for 10 product tankers to be available to meet national defence and other security requirements. Appendix 2 contains further information about the TSP.

AIMPE and AMOU note that the BITRE data confirms that **100%** of Australia's coastal liquid fuel distribution task is carried out by tankers operating under Temporary licences. These tankers are all foreign flag vessels with foreign crews.

In 2023 the amount of petroleum product cargoes (not crude) carried under Temporary Licences totalled 1,379,787 tonnes. This was carried in over 190 parcels with 88 cargoes originating in Geelong and unloaded mainly in east coast and Tasmanian ports, 77 cargoes originating in the Port of Brisbane and discharged in north eastern ports with most of the balance being loaded in Kwinana for ports along the west coast. The three major cargo owners involved were Ampol, Viva and BP.

Bulk liquid fuel is required by all three arms of Australia's Defence Force and it is required in a wide range of locations all around the Australian continent. At the moment that fuel is largely distributed by foreign flag ships with foreign crews.

Liquid fuel is also a vital input for civilian society too. Transport operators in all sectors currently rely on liquid fuel to keep their operations ticking over. Most individual car owners (excepting the electric vehicle owners) also rely on liquid fuel.

For these reasons AIMPE and AMOU urge that fuel distribution by coastal tankers should be at the top of the list for expressions of interest from cargo owners for participation in the Strategic Fleet.

Appendix 1

Fiscal Year 2024 Budget and Implementation of the Ocean Shipping Reform Act

STATEMENT OF ANN C. PHILLIPS
MARITIME ADMINISTRATOR MARITIME ADMINISTRATION
U.S. DEPARTMENT OF TRANSPORTATION

BEFORE THE

COMMITTEE ON TRANSPORTATION AND INFRASTRUCTURE SUBCOMMITTEE ON COAST GUARD AND MARITIME TRANSPORTATION
U.S. HOUSE OF REPRESENTATIVES

HEARING ON "FISCAL YEAR 2024 BUDGET AND IMPLEMENTATION OF THE OCEAN SHIPPING REFORM ACT"

March 23, 2023

Good afternoon, Chairman Webster, Ranking Member Carbajal, and Members of the Subcommittee. Thank you for your tremendous support for the Maritime Administration (MARAD), the U.S. Merchant Marine Academy (USMMA), and the U.S. maritime industry. We greatly appreciate the opportunity to testify today on the President's Fiscal Year (FY) 2024 budget, and how this request will enable MARAD to continue to advance key priorities in support of our economic and national security.

FY 2024 BUDGET REQUEST

MARAD's mission is to foster, promote, and develop the maritime industry of the United States to meet the nation's economic and security needs. The President's FY 2024 Budget request of $980.2 million for MARAD will enable the agency to continue to strengthen our sealift enterprise by advancing recapitalization of the Ready Reserve Force (RRF) and the vital commercial sealift programs that support U.S.-flagged vessels operating in the foreign trade.

The President's request will also support investments in our ports and waterways to improve supply chain resiliency and expand our efforts to address climate change. In FY 2024, the third tranche of funding—$450 million—provided by the Bipartisan Infrastructure Law (BIL) to support the Port Infrastructure Development Program (PIDP) will be invested in new grants. The President's budget requests an additional $230 million to support PIDP, which would bring the total amount of funding available in FY 2024 to $680 million and enable us to continue modernizing our ports to help reduce the costs of moving goods from ships to shelves and from American farmers and factories to destinations overseas.

In addition, the President's request will enable MARAD to continue critical investments to address the urgent and long-standing challenges at the USMMA. Further, it will enable us to implement the many new authorities and responsibilities provided in the James M. Inhofe National Defense Authorization Act for Fiscal Year (FY 2023 NDAA).

ECONOMIC AND CLIMATE SUSTAINABILITY INVESTMENTS

The President's FY 2024 budget requests $230 million for the PIDP to provide grants to improve port infrastructure and facilities and to stimulate economic growth in and around ports while also improving safety, addressing climate change and equity, and strengthening our supply chains. In addition to the funding requested in the budget, the BIL provides $450 million in advance appropriations for this program in FY 2024. Together, this funding would provide a $680 million investment for port infrastructure projects.

Last year, MARAD awarded more than $703 million in PIDP grants. This total included the first tranche of $450 million in funding provided by the BIL, approximately $234 million in FY 2022 appropriations, and unexpended funding from a prior PIDP round. The 2022 PIDP awards will fund 41 projects in 22 states and one territory. More than 60 percent of the PIDP awards made in 2022 benefit ports in historically disadvantaged communities. More than $150 million in the funding awarded last year focuses on port electrification to improve air quality, while nearly

$100 million of the awarded funding supports projects that will advance offshore wind farm developments.

This year, thanks again to the BIL and the funding provided in the FY 2023 appropriations measure, more than $662 million in funding is available for PIDP grants. The Notice of Funding Opportunity (NOFO) for this program is open and applications are due on April 28, 2023.

The FY 2024 Budget also requests $11 million for the United States Marine Highway Program. Marine highways support our maritime supply chains and enable more cost-effective transportation options for U.S. shippers and manufacturers.

The FY 2023 NDAA made significant changes to this program, including renaming it from the “America’s Marine Highway Program” to the new “United States Marine Highway Program” and expanding the types of cargo that projects receiving funding under the program can support. The changes made by the FY 2023 NDAA are incorporated into this year’s NOFO for the United States Marine Highway Program, which is now open. There is $12.4 million in funding available and applications are due on April 28, 2023. Importantly, thanks to another change made in the FY 2023 NDAA, any eligible project along any of the 29 designated Marine Highway Routes—which encompass 41 states—is eligible to apply for funding.

In 2022, MARAD awarded nearly $39 million in marine highway projects. This unprecedented level of funding was made possible by the BIL, which provided a one-time infusion of $25 million to support the expansion of marine highways. The funding awarded last year will support 12 projects across the nation—and nearly all the funding is supporting projects in Historically Disadvantaged Communities or Federally designated community development zones.

The FY 2024 Budget also requests $20 million for MARAD’s Small Shipyards grants to support infrastructure improvements at qualified small U.S. shipyards to help improve their efficiency and ability to compete for domestic and international commercial ship construction and maintenance opportunities. Investing in shipbuilding supports job creation in a vital domestic industrial base. These grants can also be used to support the acquisition of equipment that reduces climate impacts and adapts technologies that reduce shipyard power consumption.

Within MARAD’s FY 2024 Budget request, $8.5 million will support the Maritime Environmental and Technical Assistance (META) program. The META program fulfills a niche in the Federal government by being specifically designed to assist stakeholders with innovation that supports a safe and efficient U.S. maritime transportation sector. Approximately 75 percent of the FY 2024 funding will be focused on efforts related to decarbonization of the maritime transportation sector.

The FY 2024 Budget request for MARAD includes $3 million for the Maritime Guaranteed Loan Program (Title XI) to provide the salaries and overhead support to manage the loan portfolio, currently at $1.5 billion in outstanding loan guarantees. This program is designed to manage loans that help to promote the U.S. shipyard industry by providing additional opportunities for vessel construction and modernization, including repowering, that may otherwise be unavailable to ship owners.

In June 2022, MARAD designated vessels constructed or reconstructed for use to support offshore wind facilities as Vessels of National Interest. This is the first time that this authority has been used since it was added to Title XI statute in 2019. With this designation, applications for projects qualifying as Vessels of National Interest have priority for review and funding.

Since this designation, there has been a significant increase in interest in the Title XI Program to support offshore wind vessels. The program has applications for seven projects under credit trustworthiness review, including five projects for Jones Act-qualified windfarm vessels.

The President's FY 2024 Budget requests $6 million for MARAD's Ship Disposal Program for support staff and overhead costs to continue to put primary emphasis on the disposal of the worst conditioned, non-retention vessels to mitigate environmental risks.

U.S. MERCHANT MARINE EDUCATION AND TRAINING

MARAD supports mariner training programs to produce highly skilled U.S. Coast Guard (USCG) credentialed officers for the U.S. merchant marine. Specifically, MARAD supports mariner education and training at USMMA, and it facilitates mariner education through the extensive support we provide to the six state maritime academies (SMA).

Graduates of USMMA are required to maintain their licenses for 6 years and to sail on commercial vessels or serve in other capacities—such as on active duty in

U.S. uniformed services—for 5 years. USMMA is also the principal source of new officers for the U.S. Navy's Strategic Sealift Officer (SSO) Program, which maintains a cadre of approximately 2,000 U.S. Naval Reserve Officers with the training and credentials to operate strategic sealift resources at times of national need.

Funding will support academic operating expenses for approximately 975 midshipmen and 292 faculty and support staff, including expanded support for the extensive facility maintenance and repair needs of the Academy's aging physical plant and for our work implementing the Every Mariner Builds A Respectful Culture (EMBARC) program.

MARAD established the EMBARC program in December 2021 to help prevent sexual assault and sexual harassment during the Sea Year program, to support survivors, strengthen a culture of accountability, and improve safety for all mariners. Vessel operators enroll in the EMBARC program before USMMA cadets can train on an operator's vessels.

Now, thanks to the FY 2023 NDAA, commercially operated vessels must comply with standards set by MARAD regarding the prevention of, and response to, sexual assault and harassment before they can train USMMA cadets. In addition, the FY 2023 NDAA authorized the Secretary of Transportation to establish a Sexual Assault Advisory Council to review existing policies and make recommendations for improvements to build on our efforts to strengthen prevention of sexual assault and sexual harassment on campus and during Sea Year and ensure appropriate responses when such incidents occur.

Further, the FY 2023 NDAA gave MARAD the authority to withhold payments from companies participating in the Maritime Security Program (MSP), Cable Ship Security Program (CSP), and Tanker Security Program (TSP) if they do not comply with the policies and requirements established by MARAD for the protection of cadets from sexual assault and sexual harassment. MARAD is working as quickly as possible to develop a proposed EMBARC rule pursuant to the authority provided by the FY 2023 NDAA.

In addition, the FY 2023 NDAA requires that ocean-going vessels include sexual assault and sexual harassment response policies in their Safety Management Systems (SMS)—which has been a central tenet of EMBARC. In short, the FY 2023 NDAA reinforces a long overdue change in shipboard culture that will promote fair and equitable treatment of all mariners and contribute to a safer working environment.

Today, there are 16 commercial operators enrolled in EMBARC; together, they operate more than 140 vessels. All vessel operators that are required to carry USMMA cadets under section 46 U.S.C. § 51307(b)—i.e., operators with vessels enrolled in the MSP and the CSP—have enrolled in EMBARC. Companies that enroll vessels in the new Tanker Security Fleet will be required to have completed enrollment in EMBARC as a condition of enrolling in the TSP.

Thanks to the incredible support provided by the Military Sealift Command, the Navy, and the USCG, the Midshipmen in the USMMA Class of 2023 have accrued the sea time needed to qualify to take their licensing exams on time and to graduate on time.

Of the funding requested in the FY 2024 Budget for USMMA, $92 million would support emergency and recurring maintenance and repair activities on campus as well as major investments in aging facilities and infrastructure at USMMA.

The Biden-Harris Administration has long recognized the urgent need to rehabilitate and replace existing infrastructure and to significantly strengthen the ability of MARAD and USMMA to plan and manage capital investments and major maintenance efforts. Working closely with leaders and experts from the Department of Transportation (DOT), MARAD has implemented numerous measures to improve our ability to manage capital projects. Consistent with a recommendation from the National Academy of Public Administration, MARAD/USMMA created a new director position that is staffed with a Senior Executive to oversee all capital and maintenance projects at USMMA. MARAD and the DOT have also created new oversight bodies to ensure that investments of taxpayer funds are properly managed and yield completed projects that address the Academy's most urgent needs.

Late last year, MARAD provided to the Committees on Appropriations and made public USMMA's Fiscal Year 2022 Capital Improvement Plan (CIP). The Fiscal Year 2022 CIP explains significant changes made to active and out-year projects since USMMA's last CIP report, which was provided in FY 2019. These changes are based on demonstrated need as well as the principles that guide our prioritization of capital and maintenance projects. Specifically, our highest priorities for capital and maintenance investments are supporting the safety, health, and well-being of Midshipmen and supporting the Academy's academic mission.

In December 2022, the USMMA awarded a campuswide maintenance contract, which fulfills another key recommendation from the National Academy of Public Administration. The contract has a $42 million ceiling over the next 5 years and will help address the significant maintenance backlog. Part of the funding requested for FY 2024 will enable us to implement task orders under the campuswide maintenance contract to address routine maintenance on a scheduled basis and help reduce the incidence of emergency repairs.

Capital improvement funds requested in FY 2024 would enable us to replace USMMA's existing storm water management systems, which date back to the 1940s and are broken beyond repair.

Funding would also enable us to replace the seawall, which can no longer meet projected storm surges and anticipated rises in sea level.

The FY 2024 Budget request also includes $53.4 million to provide support to the six SMAs. This request includes funding for vessel management, logistics, and maintenance oversight to prepare the schools to receive and operate the National Security Multi-Mission Vessels (NSMV).

Funding would also be available to address unanticipated increases in steel costs for the NSMVs, and support pier improvements at SMAs necessary to enable heavy weather mooring of the NSMVs. MARAD has concluded a cooperative agreement with the State University of New York Maritime College under which MARAD will cover 80 percent of the costs of their eligible pier upgrades up to just over $18 million.

Funding would also meet maintenance and repair costs to maintain the legacy school ships and continue our direct support to the SMAs.

There are now four NSMVs under construction. The first ship—the EMPIRE STATE—is already launched and we anticipate taking delivery of the ship in June of this year.

NATIONAL SECURITY

Providing sealift to meet the nation's needs is a critical part of MARAD's mission, and we have proudly met the challenges of managing the National Defense Reserve Fleet (NDRF) for 77 years. America's strategic sealift provides the Nation with the capability to rapidly project power globally by deploying Department of Defense (DOD) forces and moving cargoes worldwide during peacetime and wartime—including through contested environments— whenever activated by the U.S. Transportation Command (USTRANSCOM).

Our Government-owned sealift fleet is supported and leveraged by a fleet of privately owned, commercially operated U.S.-flag vessels in the MSP, CSP, and the new TSP.

The FY 2024 Budget requests the full authorization level of $318 million for the MSP, which is the heart of sustainment sealift. In return for a stipend, MSP operators provide the DOD with assured access to their ships and their global networks of critical capabilities, including intermodal facilities used to unload and transport military cargoes to final destinations.

There are 60 commercially viable, militarily useful vessels enrolled in MSP. These vessels are active in international trade and are on-call to meet the nation's need for sustained military sealift capacity. The MSP supports and sustains the merchant mariner base by providing employment for 2,400 highly trained, skilled U.S. merchant mariners who may also crew the U.S. Government-owned surge sealift fleet when activated. The MSP also supports more than 5,000 additional shore-side maritime industry jobs.

In addition, the President's budget requests $60 million for the TSP. A study required by the FY 2020 NDAA found a substantial risk to the nation associated with heavy reliance on foreign- flagged tankers, particularly in a contested environment. The TSP will be comprised of active, commercially viable, militarily useful, privately owned product tank vessels. I am pleased to report that at the end of last year, MARAD issued the updated Voluntary Tanker Agreement and an Interim Final Rule. The application period closed on February 17, 2023, and we anticipate announcing the first 10 ships selected for enrollment in the near term.

As you know, last year, I testified before this Subcommittee regarding our cargo preference programs. As I said then, put simply, without cargoes, ships will leave the U.S. flag, our modest fleet will continue to dwindle to the point that the number of American vessels is simply too small to meet government shipper agency requirements whether military or civilian. We are working with the Biden-Harris Administration's Made In America Office to help agencies understand cargo preference requirements. In addition, consistent with my testimony, I have written to all Federal departments and agencies explaining how MARAD can help them ensure they meet their obligations under cargo preference laws and regulations.

MARAD is working diligently on revisions to the cargo preference regulations as required by the Fiscal Year 2023 NDAA.

One of the current challenges with meeting cargo preference requirements is ensuring we have both enough vessels and the wide mix of vessel types to carry the many types of cargoes that the government impels. To help attract additional vessels to our flag, the Biden-Harris Administration proposed that Congress eliminate the 3-year period that vessels entering the U.S. flag must currently wait before they are eligible to carry civilian agency preference cargoes.

This would ensure that vessels that choose to sail under the U.S.-flag can carry preference cargoes as soon as they enter the flag, as well as provide the opportunity to diversify the types of vessels available to civilian agencies to carry cargoes. In return, once under the U.S. flag, the vessels would be restricted from flagging out for 3 years. This proposal, however, was not adopted by the prior Congress.

The President's FY 2024 Budget requests $809.6 million from DOD budgetary authority for MARAD to acquire, upgrade, and maintain vessels in the NDRF and RRF. Funds will ensure MARAD's ability to maintain the fleet in a ready, reliable, and responsive condition to meet strategic sealift for the U.S. Armed Forces, and humanitarian support when called upon during national emergencies, as well as maintain MARAD's NDRF fleet mooring sites.

MARAD's RRF consists of sealift ships providing a mix of capabilities. RRF ships, along with a smaller number of Military Sealift Command vessels, provide sealift surge capability to deliver DOD equipment and supplies where needed during the initial stages of a response to a major contingency. Today, the RRF is a fleet of 45 vessels, with an average age of more than 45 years, maintained in a reduced operating status to be ready to sail within five days of activation. The fleet will grow to 51 vessels after the transfer of additional surge sealift and prepositioning vessels from the Military Sealift Command is complete by the end of FY 2025.

The COVID-19 pandemic has exacerbated difficulties in maintaining ship and even mariner readiness. As part of the Navy's overall plan for sealift recapitalization, MARAD is responsible for maintaining the existing RRF ships through the recapitalization period, including dozens of ships that are nearly 50 years old or even older. Continued focus on safety, material condition, and regulatory compliance have been difficult to sustain, and challenges have been compounded by equipment and parts delays, and the increased scope of the repairs we have had to undertake, including steelwork.

MARAD is working to advance the urgent recapitalization of the RRF. In March 2022—and for the first time in nearly 30 years—we announced the purchase of two vessels. These two ships, the former HONOR and FREEDOM, joined the RRF as the CAPE ARUNDEL and CAPE CORTES, adding more than 432,000 square feet of total sealift capacity and 316,000 square feet of military cargo capacity. Both of these vessels participated in the MSP, and while differences in marine safety regimens have slowed progress towards certification, the ships will be upgraded in U.S. shipyards to add additional capabilities in summer 2023 as planned.

On January 27, 2023, the DOD transmitted the next proposed ship purchase decision to Congress for the required 30-day notification period. Without any noted concerns, the three ships will be purchased and placed under U.S. government ownership starting in April 2023 and continuing into summer 2023.

In the FY 2023 NDAA, MARAD was directed to develop a Roll-On/Roll-Off ship design for the construction of 10 new vessels for the NDRF to begin construction in 2024. In response to this directive, the RRF program is documenting the necessary actions to rapidly implement a limited shipbuilding program. Modeled after the NSMV program, this shipbuilding effort would leverage commercial practices and utilize a Vessel Construction Manager to speed deliveries. At this time, MARAD activity is limited to developing the implementation plan and the requirements for a concept design for new construction.

CONCLUSION

These programs represent MARAD’s priorities that are supported by the President’s Budget. We will continue to keep you apprised of the progress of our program activities and initiatives in these areas in the coming year.

Thank you for the opportunity to present and discuss the President’s Budget for MARAD. I appreciate the Subcommittee’s continuing support for maritime programs, and I look forward to any questions you and the members of the Subcommittee may have.

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Witness
Maritime Administrator Ann C. Phillips
Testimony Date
Thursday, March 23, 2023

Testimony Mode
MARAD

[Fiscal Year 2024 Budget and Implementation of the Ocean Shipping Reform Act | US Department of Transportation]

Appendix 2

AUTHENTICATED U.S. GOVERNMENT INFORMATION GPO

47942 **Federal Register** / Vol. 88, No. 141 / Tuesday, July 25, 2023 / Notices

FRA's website at *https://railroads.dot.gov.*

Issued in Washington, DC.

John Karl Alexy,

Associate Administrator for Railroad Safety Chief Safety Officer.

[FR Doc. 2023–15723 Filed 7–24–23; 8:45 am]

BILLING CODE 4910–06–P

DEPARTMENT OF TRANSPORTATION

Maritime Administration

Solicitation of Application for the Award of One Tanker Security Program Operating Agreement

AGENCY: Maritime Administration, Department of Transportation.

ACTION: Notice of application period for the Tanker Security Program (TSP).

SUMMARY: The Maritime Administration (MARAD) requests applications from eligible candidates for one TSP operating agreement. The FY21 NDAA authorized the Secretary of Transportation to establish a fleet of active, commercially viable, militarily useful, privately owned product tank vessels of the United States. The fleet will meet national defense and other security requirements and maintain a United States presence in international commercial shipping. The FY22 NDAA made minor adjustments related to the participation of long-term charters in the TSP. This request for applications provides, among other things, application criteria and a deadline for submitting applications for the enrollment of one vessel in the TSP.

DATES: Applications for enrollment must be received no later than August 14, 2023. Applications should be submitted to the address listed in the **ADDRESSES** section below.

ADDRESSES: Applications may be submitted electronically to *sealiftsupport@dot.gov* or in hard copy to the Tanker Security Program, Maritime Administration, U.S. Department of Transportation, 1200 New Jersey Avenue SE, Washington, DC 20590. Application forms are available upon request or may be downloaded from MARAD's website.

FOR FURTHER INFORMATION CONTACT: David Hatcher, Director, Office of Sealift Support, Maritime Administration, Telephone (202) 366–0688. For legal questions, call Joseph Click, Office of Chief Counsel, Division of Maritime Programs, Maritime Administration, (202) 366–5882.

SUPPLEMENTARY INFORMATION: Section 53402(a) of title 46, United States Code, requires that the Secretary of Transportation (Secretary), in consultation with the Secretary of Defense (SecDef), establish a fleet of active, commercially viable, militarily useful, privately-owned product tank vessels to meet national defense and other security requirements. The TSP will provide a stipend to tanker operators of U.S.-flagged vessels that meet certain qualifications.

Congress appropriated $60,000,000 for the TSP in the Consolidated Appropriations Act of 2022, Public Law 117–269, to remain available until expended. Authorized payments to participating operators are limited to $6 million per ship, per fiscal year and are subject to annual appropriations. Participating operators will be required to make their commercial transportation resources available upon request of the SecDef during times of war or national emergency.

Application Criteria

Section 53403(b)(2)(A) of title 46, United States Code, and MARAD's implementing regulation at 46 CFR 294.9, direct the Secretary in consultation with the SecDef to consider applicant vessel qualifications and give priority to applications based on the following criteria:

(1) Vessel capabilities, as established by SecDef;

(2) Applicant's record of vessel ownership and operation of tanker vessels; and

(3) Applicant's citizenship, with preference for section 50501 Citizens.

Vessel Requirements

Acceptable vessels for a TSP Operating Agreement must meet the requirements of 46 U.S.C. 53402(b) and 46 CFR 294.9. The Commander, USTRANSCOM, has provided vessel suitability standards for eligible TSP vessels for use during the application selection process. The following suitability standards, consistent with the requirements of 46 U.S.C. 53402(b)(5), will apply to vessel applications:

- Medium Range (MR) tankers between 30,000–60,000 deadweight tons, with fuel cargo capacity of 230,000 barrels or greater.
- Deck space and size to accept installation of Consolidation (CONSOL) stations, two on each side for a total of four stations.
- Ability to accommodate up to an additional 12 crew for CONSOL, security, and communication crew augmentation.
- Communication facilities capable of integrating secure communications equipment.
- Does not engage in commerce or acquire any supplies or services if any proclamation, Executive order, or statute administered by Office of Foreign Assets Control (OFAC), or if OFAC's regulations at 31 CFR chapter V, would prohibit such a transaction by a person subject to the jurisdiction of the United States, except as authorized by the OFAC in the Department of the Treasury.
- Operate in the Indo-Pacific region.
- Maximum draft of no more than 44 feet. Preference will be given to vessels that can transport the most fuel at the shallowest draft.
- Sustained service speed of at least 14 knots, with higher speeds preferred.
- Carry only clean refined products.
- Double-hulled and capable of carrying more than two separated grades of refined petroleum products with double valve protection between tanks.

National Security Requirements

The applicant chosen to receive a TSP Operating Agreement will be required to enter into an Emergency Preparedness Agreement (EPA) under 46 U.S.C. 53407, or such other agreement as may be approved by the Secretaries. The current EPA approved by the Secretary and SecDef is the Voluntary Tanker Agreement (VTA), publicly available for review at 87 FR 67119 (November 7, 2022).

Documentation

A vessel chosen to receive the TSP Operating Agreement must be documented as a U.S.-flag vessel under 46 U.S.C. chapter 121 to operate under the Operating Agreement. An applicant proposing a vessel registered under the laws of a foreign country at the time of application must demonstrate the vessel owner's intent to have the vessel documented under United States law and must demonstrate that the vessel is U.S. registered by the time the applicant enters into a TSP Operating Agreement for the vessel. Proof of U.S. Coast Guard vessel documentation and inspection and all relevant charter and management agreements for a chosen vessel must be approved by MARAD before the vessel will be eligible to operate under a TSP Operating Agreement and receive TSP payments.

Vessel Operation

A vessel selected for award of a TSP Operating Agreement must be operated in foreign commerce, in mixed foreign commerce and domestic trade of the United States permitted under a registry

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endorsement issued under 46 U.S.C. 12111, or between U.S. ports and those points identified in 46 U.S.C. 55101(b), or in foreign-to-foreign commerce, and must not otherwise operate in the coastwise trade of the United States. Further, in accordance with the FY22 NDAA, no vessel may operate under a TSP Operating Agreement while it is also operating under charter to the United States Government for a period that, together with options, exceeds 180 continuous days.

Protection of Confidential Commercial or Financial Information

If the application includes information that the applicant considers to be a trade secret or confidential commercial or financial information, the applicant should do the following: (1) Note on the front cover that the submission "Contains Confidential Commercial or Financial Information (CCFI)"; (2) mark each affected page "CCFI"; and (3) highlight or otherwise denote the CCFI portions. MARAD will protect such information from disclosure to the extent allowed under applicable law. In the event MARAD receives a Freedom of Information Act (FOIA) request for the information, procedures described in the Department's FOIA regulation at 49 CFR 7.29 will be followed. Only information that is ultimately determined to be confidential under that procedure will be exempt from disclosure under FOIA.

Award of Operating Agreements

MARAD will make every effort to expedite the review of applications and an award of a TSP Operating Agreement. MARAD, however, does not guarantee the award of a TSP Operating Agreement in response to applications submitted under this Notice. In the event that no awards are made, or an application is not selected for an award, the applicant will be provided with a written reason why the application was denied.

(Authority: 46 U.S.C. chapter 534, 49 CFR 1.92 and 1.93, 46 CFR 294)

By order of the Maritime Administrator.

T. Mitchell Hudson, Jr.,

Secretary, Maritime Administration.

[FR Doc. 2023–15507 Filed 7–24–23; 8:45 am]

BILLING CODE 4910–81–P

DEPARTMENT OF THE TREASURY

Office of Foreign Assets Control

Notice of OFAC Sanctions Actions

AGENCY: Office of Foreign Assets Control, Treasury.

ACTION: Notice.

SUMMARY: The U.S. Department of the Treasury's Office of Foreign Assets Control (OFAC) is publishing the names of one or more persons that have been placed on OFAC's Specially Designated Nationals and Blocked Persons List (SDN List) based on OFAC's determination that one or more applicable legal criteria were satisfied. All property and interests in property subject to U.S. jurisdiction of these persons are blocked, and U.S. persons are generally prohibited from engaging in transactions with them.

DATES: See **SUPPLEMENTARY INFORMATION** section for applicable date(s).

FOR FURTHER INFORMATION CONTACT: OFAC: Andrea Gacki, Director, tel.: 202–622–2490; Associate Director for Global Targeting, tel.: 202–622–2420; Assistant Director for Licensing, tel.: 202–622–2480; Assistant Director for Regulatory Affairs, tel.: 202–622–4855; or the Assistant Director for Sanctions Compliance & Evaluation, tel.: 202–622–2490.

SUPPLEMENTARY INFORMATION:

Electronic Availability

The SDN List and additional information concerning OFAC sanctions programs are available on OFAC's website (*https://ofac.treasury.gov*).

Notice of OFAC Actions

On July 19, 2023, OFAC determined that the property and interests in property subject to U.S. jurisdiction of the following persons are blocked under the relevant sanctions authority listed below.

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TSP Federal Register Notice.7.25.2023_0.pdf (dot.gov)