

## U.S. Congress Advances Cable, Tanker, and General Maritime Security Fleet Provisions

JULY 15, 2019

On July 12, 2019, the U.S. House of Representatives passed the National Defense Authorization Act for Fiscal Year 2020 (H.R. 2500) which would reauthorize the existing Maritime Security Program and newly authorize similar programs for tank vessels and cable vessels.

The Maritime Security Program, or MSP, is a program of 60 privately owned U.S.-flag commercial vessels with a high degree of military utility which are required to trade in U.S. foreign commerce. MSP has been in existence since 1996 and started as a 47 vessel program.

As of April 2019, 34 container vessels, 18 roll-on/roll-off vessels, six heavy lift vessels, and two tank vessels were enrolled in MSP. Each vessel currently receives an annual stipend of \$5 million paid in monthly installments in return for making the vessel available to the U.S. Government in national emergencies. U.S. citizenship requirements apply to vessel owners and operators although enrolled vessels can be constructed outside the U.S.

H.R. 2500 would authorize MSP for an additional ten years from fiscal year 2025 (*i.e.* September 30, 2025) to fiscal year 2035. H.R. 2500 would also increase the annual stipend to \$5.3 million a year starting in fiscal year 2022 and then increase it over time starting in fiscal year 2026 from \$5.8 million to \$6.8 million in fiscal year 2032. Current law would have decreased the annual stipend to \$3.7 million for fiscal years 2022 to 2025. As under current law, all of these amounts are subject to annual appropriation.

H.R. 2500 would also authorize two new programs patterned on MSP – one for tank vessels, the “Tanker Security Fleet,” and one for cable vessels, the “Cable Security Fleet.” Both programs appear to respond to concerns that there is a risk to national security because of a lack of U.S.-flag vessels to transport fuel and to repair submarine telecommunications cables.

Under the proposed tank vessel program, the annual stipend would be fixed at \$6 million per year for a maximum program of ten vessels commencing in fiscal year 2021 (October 1, 2020). Unlike MSP, the tank vessel contracts would be renewable annually and subject to a seven-year limit and the stipend would not be reduced when the vessel is under charter to the U.S. Government (except for a narrow exception for the carriage of international food aid). Also, as with MSP, the Tanker Security Fleet would be subject to annual appropriations and vessels can be built outside the United States and reflagged under U.S. registry.

The Cable Security Fleet was added as an amendment to H.R. 2500 by voice vote and was sponsored by Rep. Rob Wittman. The amendment would permit enrollment of two vessels commencing in fiscal year 2021 to be paid \$5 million per year. Unlike MSP and the Tanker Security Fleet, persons qualified as “section 2” U.S. citizens (*i.e.* persons eligible to register a vessel in the United States at least majority-owned by U.S. citizens) would have a preference where vessels of equal military utility are offered. Like the tanker program, cable vessels would not have their annual stipend reduced when under charter to the U.S. Government. Unlike the tanker program (and MSP), vessels enrolled in the program will have U.S. domestic trading privileges (*i.e.* “Jones Act” privileges) when operating pursuant to a national security call-up.

Each of these programs must survive conference with the U.S. Senate and then signed by the President to become law.

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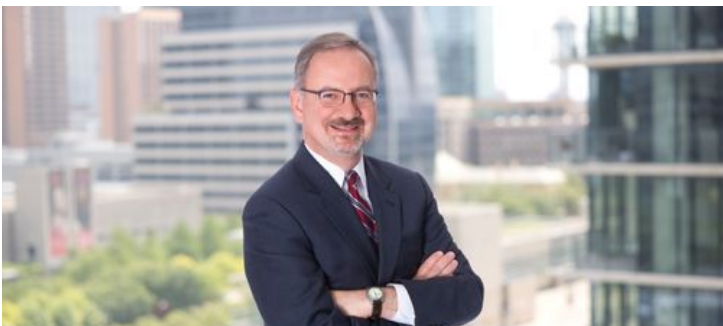
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