

New Rules Proposed for Maritime Security Program

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On August 5, 2015, the U.S. Maritime Administration proposed new rules for the U.S. Maritime Security Program (MSP). MSP secures the services of 60 privately owned U.S.-flag vessels for the U.S. Government in exchange for an annual stipend currently set at \$3.1 million. The largest participant in the Program is Maersk Line, Limited.

The Maritime Security Program was originally created in the Maritime Security Act of 1996 as a ten-year program. MSP was extended in the Maritime Security Act of 2003 to 2015 and then to 2025 in the Ike Skelton National Defense Authorization Act (NDAA) for Fiscal Year 2011. In the National Defense Authorization Act for Fiscal Year 2013, Congress made changes to the way the program works that the U.S. Maritime Administration has proposed implementing in the notice published in the *Federal Register* on August 5.

In addition to implementing the changes made by the FY'13 NDAA, the proposed rules in general make the program less publicly accountable and easier for the private company participants to transfer their Maritime Security Program Operating Agreements without U.S. Maritime Administration or Department of Defense approval. For example, a transfer of all of the stock of an existing participant corporation would not be considered a transfer of an MSP Agreement requiring U.S. Government approval if the participant legal entity and vessel remain the same.

Other changes make it easier for participants to replace vessels in the program and address certain issues relating to what happens to contractual commitments if the program is underfunded or not funded. Public comments are due by October 5, 2015.

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