



SHIPBUILDERS COUNCIL OF AMERICA

June 23, 2017

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## Special Notices

### **SCA Fall Meeting Sponsorship and Exhibition Opportunities Now Available**

Exhibition opportunities are available for the Fall General Membership Meeting at the Battle House, Mobile, AL on October 11 - 13, 2017. Additionally, sponsorships are available for the SCA Fall Safety and Health Seminar on Wednesday, October 11. Please contact [Stephen Woodring](#) if interested.

#### **Exhibition Opportunities Oct. 11 - 13:**

- Table Exhibit: \$1,500
- Booth Exhibit: \$2,500

#### **Safety and Health Seminar Sponsorships Oct. 11:**

- Food Sponsorships: \$1000
- Beverage Sponsorships: \$500

Please contact [Stephen Woodring](#) for additional opportunities

Sponsors and Exhibitors will be invoiced upon commitment. Exhibitors will receive acknowledgement in the meeting materials, will be recognized individually during General

Membership session and will be highlighted for their contribution in the Chairman's remarks. Space is limited. See below to view the exhibition hall.

Exhibitors will be billed individually by the Battle House: The table top exhibits without power are \$35.00 each. This includes (1) 6ft table with 2 chairs, and wastepaper basket. The table tops with power will be \$45.00 each. For more information on audio visual offerings, click [HERE](#).

To reserve your tables or booth, please email Eileen Dominguez, Event Manager at [Eileen.Dominguez@RenaissanceMobile.com](mailto:Eileen.Dominguez@RenaissanceMobile.com). Additionally, please complete the credit card authorization form, [HERE](#).

Thank you in advance for your consideration and support. We look forward to seeing you October 11 - 13 in Mobile.

**Propeller Club Port of Washington DC's June 28, 2017 Luncheon featuring Edward Morgan, President, United Seamen's Service**

## **JUNE 28 LUNCH**

Please join us on Wednesday, June 28 at The Monocle  
For a hot plated lunch and a presentation by

**Edward R. Morgan**  
**United Seamen's Service**

The Propeller Club Port of Washington DC will also present a charitable  
donation to the United Seamen's Service

United Seamen's Service promotes the welfare of American seafarers and their dependents, seafarers of all nations, US government military and civilian personnel, and other persons engaged in the maritime industry.

The United Seamen's Service is in its 74th year of service to the American and international seafarer. Founded in 1942, the USS helps a group of workers who are an essential part of the international transportation system. Throughout its history, USS has provided relief and assistance to the American Merchant Marine and other seafarers of the world, as well as to the U.S. armed forces abroad. As far back as World War II, USS established rest homes and provided care to seafarers around the world. Nearly 74 years later, whether in time of war or in time of peace, USS continues to provide for the needs of seafarers.

**DATE:** Wednesday, June 28, 2017

**PLACE:** The Monocle Restaurant  
107 D Street, N.E., Washington, DC 20002

**TIME:** 11:30 a.m. Registration  
12:00 p.m. Lunch service begins  
12:15 p.m. Presentation by Edward R. Morgan

**COST:** \$35.00 per person (members)  
\$50.00 per person (non-members)  
\$25.00 per person (government rate)

Please register online by June 23, 2017: [REGISTER](#)  
(Registration may close prior to June 23 due to capacity limits)

Questions, please contact Rosita Hill at [rhill@gsblaw.com](mailto:rhill@gsblaw.com) or 202.298.1788 or  
Chris Coakley at [ccoakley@saltchuk.com](mailto:ccoakley@saltchuk.com) or 202.650.6910.

### **SCA-NSRP Joint Seminar Recap**

On June 6-7, 2017, the Shipbuilders Council of America (SCA) and the [National Shipbuilding Research Program \(NSRP\)](#) hosted a Risk Management, and Environmental [Joint Panel Seminar](#) in Clearwater, FL. The two-day best practices seminar was attended by shipbuilding safety and risk management professionals, industry suppliers, and representatives from NAVSEA, DOL and DOT. The joint seminar provided a forum to come together to candidly discuss the issues facing the industry.

During the first day the attendees heard from Tampa, FL OSHA Area Director, Les Grove, as well as received presentations on regulatory and legislative updates affecting the industry. The general session was followed by a site tour of [Gulf Marine Repair](#)

shipyard and [Universal Environmental Solutions, LLC](#) in the Port of Tampa Bay. The shipyard tour was followed by the Welcoming Reception sponsored by the SCA.

On the second day, attendees separated into groups for the speaker sessions. The Safety and Health Breakout presentations included Ergonomics - Shipyard Case Study; NAVSEA 04 EH&S Presentation; Environmental Releases During a Major Shipboard Fire - Smoke Plume Modeling; Walking and Working Surfaces / Fall Protection Innovations and New Training Requirements.

Workers Comp Breakout presentations included Wearable Technology; Improving W.C. Communications and Customer Service; Distribution is limited to US Shipbuilding and Repair Industry; USDOL/DLHWC; Electrodiagnostic Functional Assessment (EFA) Soft Tissue Management Program (STM).

Environmental Panel Breakout presentations included Use of Drones in Environmental Emergency Response; Navy Environmental Sustainability Development to Integration (NESDI) Projects; NAVSEA Environmental Update; Environmental Releases During a Major Shipboard Fire-Smoke Plume Modeling; Industrial Wastewater Collection in a Shipyard Production Environment; and [Navigation Dredge Material Disposal and Habitat Creation](#).

*\*Presentation distribution is limited to US Shipbuilding and Repair Industry. For requests, contact [NSRP](#).*

The joint seminar concluded with remarks from the keynote speaker, Richard McCreary, Vice President at BAE Systems and Chairman to both the NSRP Executive Control Board and the SCA Board of Directors.

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## Budget Update

### HASC Holds Seapower Markup

On Thursday, the House Armed Services Committee (HASC) Seapower Subcommittee, chaired by Rep. Rob Wittman (VA) and Ranking Member Joe Courtney (CT), marked up their portion of the FY18 National Defense Authorization Act (NDAA). The NDAA process was delayed this year following the May delivery of President Trump's budget request. Absent an agreement on a defense funding topline level, the subcommittees have yet to authorize specific funding for some programs. Per the article below, HASC Chairman Mac Thornberry (TX) is seeking a \$705B defense authorization measure - \$640B for regular defense programs and \$65B for overseas contingency operations.

The Seapower markup adds 5 new ships to the President's budget - 1 destroyer, 2 littoral combat ships (LCS), 1 amphibious ship, and 1 expeditionary support base (ESB) - funding a total of 13 ships. The Seapower Subcommittee mark can be read [HERE](#).  
Highlights

- Authorizes multiyear procurement for Icebreaker vessels, 13 Virginia-class submarines and 15 Arleigh Burke-Class Destroyers
- Increases minimum number of battle force ships to 355
- Expresses sense of Congress that the Navy should accelerate construction of aircraft carriers and obtain 12 aircraft carriers by 2023 and proposes buying aircraft carriers every three years

- Provides economic order quantity authority, enabling the Navy to "block buy" components for CVN-81 and CVN -82 (the next two Ford-class aircraft carriers)
- Enables incremental funding authority for the nuclear refueling and complex overhaul of four Nimitz-class carriers: CVN-74 (USS John Stennis), CVN-75 (USS Harry S. Truman), CVN-76 (USS Ronald Reagan) and CVN-77 (USS George H.W. Bush)
- Strikes the necessity of shock trial requirements for CVN-78, the USS Gerald Ford, but keeps the requirements for CVN-79, the USS John F. Kennedy (see below for further information)
- Deems certain Columbia-class ballistic missile submarine components critical technologies
- Requires certain ship components be manufactured in the national technology and industrial base
- Prohibits funds from being used to retire, prepare to retire or inactivate Ticonderoga-class carriers or dock-landing ships and legacy mine countermeasure platforms
- Requires a national security waiver from the Secretary of the Navy to overhaul and repair vessels in foreign yards for work that takes longer than 6 months
- Authorizes use of National Sea-Based Deterrence Fund (NSBDF) funds for procurement of critical components; amends definition of critical components.
- Authorizes \$537 million for MARAD including \$30 million for Small Shipyard Assistance Grants
- Directs the Navy to assess the cost-savings of accelerating LHA-9 to 2020
- Directs the Navy to assess the Navy's Columbia-class acquisition strategy including technology development, shipbuilder design products, program cost estimates, acquisition strategies, industrial base capacity and feasibility of on-time asset delivery.

In addition, during the markup, an amendment from [Rep. Duncan Hunter \(R-CA\)](#) and [Rep. John Garamendi \(D-CA\)](#) that authorizes funds from the National Defense Sealift Fund (NDSF) to be used for construction of icebreakers and an amendment by [Rep. Jim Bridenstine \(R-OK\)](#) exempting icebreakers from a requirement that certain ship components be manufactured in the national technology industrial base, passed by voice vote. The full committee markup is next Thursday, June 28. The Senate Armed Services Committee will consider its version of the NDAA next week.

Also See:

[HASC Adds 5 ships to Trump Request, But Where's the \\$\\$?](#)

[House's 2018 Defense Bill Would Increase DDG, SSN Production Rates; Buy Carriers Every 3 Years](#)

[Congress proposes defense budget \\$37 billion higher than Trump's](#)

[US Navy might get to skip Ford shock trials ahead of first deployment](#)

#### **HASC Chairman Announces Plans for \$705B Defense Budget**

HASC Chairman Mac Thornberry (TX) has indicated that he plans to write FY18 defense authorization measure at \$705B - including \$640B for regular defense programs and

\$65B for overseas contingency operations. The topline figure may change depending on agreements with the Appropriations and Budget Committees; the number is expected to be announced before the full house NDAA markup next week. If proposed, the \$640 billion baseline defense budget authorization is \$37 billion above President Trump's budget request of \$603B. That proposal would also exceed both congressional spending caps set by the Budget Control Act (sequestration) by \$91 billion and the reported [Budget Committee target of \\$621B](#). Read more [HERE](#).

[Thornberry: \\$640 Billion Defense Topline Still Up for Negotiation](#)

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## Executive Branch Update

### **President Trump Announces Intent to Nominate Mark H. Buzby to be MARAD Administrator**

On Wednesday, June 21, 2017 President Trump announced his intent to nominate the following individuals to key positions in his Administration: Mark H. Buzby of Virginia to be Administrator of the Maritime Administration, Department of Transportation. Rear Admiral Buzby is a retired Navy Rear Admiral whose career spanned 34 years, serving in at sea billets, primarily in cruisers and destroyers. He commanded the USS CARNEY (DDG 64), Destroyer Squadron Thirty-One, Surface Warfare Officers School Command, Joint Task Force Guantanamo, and the Military Sealift Command. He also held key positions on the Navy Staff, the Joint Staff, and several fleet staffs. He is a recipient of the Navy Distinguished Service Medal, the Bronze Star, and numerous other personal and unit awards. Buzby is a 1975 graduate of Admiral Farragut Academy, and a 1979 graduate of the U.S. Merchant Marine Academy. He holds Masters degrees from the U.S. Naval War College and Salve Regina University. Rear Admiral Buzby currently serves as President and CEO of the National Defense Transportation Association, and sits on the boards of several maritime industry related corporations. He and his wife Gina reside in Norfolk, Virginia.

### **White House Posts Presidential Memorandum on US Policy Toward Cuba**

The White House posted the [National Security Presidential Memorandum](#) on Strengthening the Policy of the United States toward Cuba. The Office of Foreign Assets Control (OFAC) posted [frequently asked questions](#) regarding the new policy.

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## Congressional News

### **Wicker, Wittman to Unveil Legislation Aimed at Boosting Naval Fleet**

On Thursday, June 22, 2017, U.S. Senator Roger Wicker (R-MS) and Congressman Rob Wittman (R-VA) held a press conference to unveil new legislation aimed at building a larger naval fleet. The "Securing the Homeland by Increasing our Power on the Seas (SHIPS) Act" would make it the policy of the United States to achieve the Navy's requirement of 355 ships. Currently, only 276 ships are in the battle fleet. Wicker and Wittman serve as Chairmen of the Senate and House subcommittees that oversee the Navy and Marine Corps. The legislation mirrors the Navy's recent force-structure assessment that said it needed 355 ships to meet the demands on its forces. Official text of the bill is not yet available. To watch the press conference, click [HERE](#).

### **Congressional Steel Caucus to President: Support Domestic Steel for American**

## Naval Ships

On Wednesday, June 21, 2017, Congressional Steel Caucus Chairman Tim Murphy (R-PA) and Vice Chairman Peter J. Visclosky (D-IN), along with other members of Congress, sent a [bipartisan letter](#) to the President asking for full support for the use of American-made steel in any expansion of national naval shipbuilding. This letter follows a series of recent [proposals](#) to increase the size of the United States' naval fleet. As discussed at the Congressional Steel Caucus annual [hearing](#) in March, and as the letter states, the aircraft carriers and other naval ships produced by our domestic shipbuilding industry are a crucial element and strategic asset for our national defense. The letter reads:

*Dear Mr. President:*

*We write to you in support of the American naval shipbuilding industry, a strong component of our domestic manufacturing sector that depends on access to large quantities of the highest quality American-made steel.*

*As discussed at the most recent Congressional Steel Caucus hearing on March 29, 2017, aircraft carriers and other naval ships produced by our domestic shipbuilding industry are a vital element of our national defense. As threats to American interests continue to proliferate around the world, our nation increasingly relies on the inherent flexibility and capabilities of the United States Navy and its carrier strike groups comprised of an aircraft carrier, cruisers, destroyers, and submarines. That is why the Caucus strongly supports proposals to increase our fleet size.*

*Currently, the production of one aircraft carrier every five years injects more than three billion dollars into our nation's economy and directly supports thousands of high-skilled jobs in 43 states and more than 300 congressional districts. Moreover, American steel producers provide \$265 million worth of steel for the building of a single carrier. By reducing the time between carrier starts from five years to less than four years, the Navy could much more easily procure two carriers at a time, using a multi-ship purchase approach thereby improving construction efficiencies and enabling economic ordering of equipment and materials for each ship, including the domestic steel used in armor plating and shipboard equipment.*

*Both the Virginia-Class Submarine (VCS) and DDG-51 destroyer programs currently benefit from multi-year procurement contracts allowing the Navy to buy two ships per year. These programs have seen substantial savings as a result of serial production and the inclusion of funding for economic order quantity purchases. Increasing procurement rates to three per year would again reduce their unit cost, and deliver those ships to the fleet more quickly. A heightened pace of procurement for these successful ship classes is absolutely essential to increasing the fleet's size, capability, and lethality. From the standpoint of the Congressional Steel Caucus, such an effort will safeguard and bolster our domestic steel industry - a strategic national asset.*

*There is no doubt that as a nation we face difficult choices in order to strengthen the economic health of the defense industrial base. We are united in the belief that a healthy domestic steel industry and a strong domestic steel workforce are vital to our nation's naval shipbuilding industry, our national security, and our economic well-being.*

*We look forward to your response to this letter and hope to work with you to advance the domestic steel and shipbuilding industries.*

*Thank you for your consideration.*

To view the press release, click [HERE](#).

### **Senate Armed Services Committee Hearing on Navy Shipbuilding Programs**

On Wednesday June 21, 2017 the Senate Armed Services Committee held a hearing on "Navy Shipbuilding Programs." Witnesses included: Ms. Allison F. Stiller, Performing The Duties Of Assistant Secretary Of The Navy For Research, Development, And Acquisition; Vice Admiral William K. Lescher, USN, Deputy Chief Of Naval Operations For Integration Of Capabilities And Resources (N8); Lieutenant General Robert S. Walsh, USMC; Deputy Commandant For Combat Development And Integration; Commanding General, Marine Corps Combat Development Command; And Commander, United States Marine Forces Strategic Command. Their testimony can be viewed, [HERE](#).

Hearing highlights:

#### **ALLISON STILLER (Opening Statement):**

Our 2018 president's budget submission is governed by secretary of Defense's priorities to improve warfighting readiness by addressing pressing programmatic shortfalls that have accrued from 15 years of wartime operational tempo. The budget maintains the operational effectiveness of our current force while also building a bridge to growing the future force starting in 2019.

Today there are 61 ships under contract and 44 are in construction. These include aircraft carriers, submarines, large surface combatants, small surface combatants, amphibious ships, and auxiliary ships. The shipyards constructing these vessels have a vast infrastructure supporting them and we are mindful of this industrial base as we build our budgets and recapitalize our force. I would like to briefly discuss a couple of items posed by our budget request.

First, as mentioned, we've requested multiyear procurement authority for the F.Y. '18 to F.Y. '22 DDG-51 Flight III. We have a handshake agreement with Huntington Ingalls Industries to introduce the Flight III capability on their F.Y. '17 ship, the last of this current multiyear. And we are also requesting multiyear procurement authority for the F.Y. '19 to F.Y. '23 Virginia-class which will introduce the Virginia Payload Module capability. In both cases, the multiyear criteria laid out by Congress is met.

Second, we have made a couple of adjustments to our five-year shipbuilding plan. We added a Virginia-class submarine in F.Y. '21 and we deferred the start of the frigate program from F.Y. '19 to F.Y. '20 while we revisit the ships' requirements

Our small surface combatant requirement remains at 52 ships and we desire to transition to the frigate as soon as possible. The administration supports funding a second LCS in F.Y. '18 and an amendment to the president's budget is expected to be delivered to the Congress very soon.

We note that our shipbuilding plan beyond F.Y. '18 may be adjusted in our PB-19 submission as a result of the defense strategic review that will complete later this summer, consistent with secretary of Defense's F.Y. '19 priority to grow a larger, more lethal force.

In summary, the Navy's 2018 budget is focused on improving the wholeness of our current forces. We greatly appreciate this subcommittee's strong and consistent support of your sailors and Marines.

...

#### **SENATOR SHAHEEN (D-NH):**

Well, and along -- given that, how important -- I guess this is for Ms. Stiller. How important is it that we maintain a robust industrial base?

#### **STILLER:**

Ma'am, it's vital that we have a robust industrial base. And we watch that very carefully. We

watch critical suppliers. We rely on our shipyards to identify critical suppliers that we might not see. So it's very important that we have that industrial base there, to be able to help us grow.

...

**SHAHEEN:**

And I appreciate the challenges that the Navy has given -- well, Congress's failure to address the budget issues. I remember being at the first Navy caucus, and Admiral Richardson pointed out that they've instructed agencies within the Department not to plan on doing anything in the first quarter because of the budget uncertainty, because we've had so many years of continuing resolutions and lack of budget certainty.

So I -- maybe you could speak to -- maybe you could all speak to what that means, as we're trying to address the challenges that we face around our national security.

**VICE ADMIRAL LESCHER:**

I'll start. It's -- so what we see under a continuing resolution, and, as you have precisely described, you know, every year for the last eight or nine years, we're starting with a continuing resolution. It's very inefficient. It constrains our ability to execute the program. The CNO has talked about essentially running the department on three-quarters, you know, of a year from a planning perspective.

The technical aspects of a continuing resolution, we can't do new starts. We can't do production rate increases, so from an industrial base, stability in the industrial base, we're talking a lot of churn in that. Our inability to execute the ship depot maintenance in the private shipyards on the scheduled plan means we took availability planned for the first quarter and we're pushing them into the second and third quarter, so churn, again, now in our private shipyards as we're trying to have a stable labor force.

It's very inefficient on the government work force. So instead of signing on a year-long contract, for example, to execute a service, it's broken down into multiple contract actions, at a same time as we're driving to a 25 percent reduction in management headquarters, at the same time as we're driving very strongly to auto-debility for the force. So it drives work load inefficiency and it costs -- actually costs the taxpayer money to do it that way.

**LIEUTENANT GENERAL WALSH:**

If I could, Senator, to add on to what Admiral Lescher said, is, like he said, I think nine to of the last 10 years we've been operating under CRs. I think we've had over 30 continuing resolutions. And it just gives us instability in our readiness and our modernization plans.

So if you kind of look at it, as Admiral Lescher kind of walked through and said, the secretary of Defense has a campaign plan in '17 to fix readiness, '18 to kind of continue to solve the readiness issues, fill those holes, increase some of that modernization capability. And then, now start to modernize and grow the force.

Without the stability, you could see that looks good from this plan, '17 on. But if we don't get the stability that we need, then we don't solve the readiness and therefore you can't have the stability you need to modernize.

**STILLER:**

I think they hit all the points.

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## Navy News

### Lawmakers Express Concerns Regarding Destroyer, Attack Submarine Design Upgrades Timing

In testimony before the Senate Armed Services Seapower subcommittee this week,

acting Navy acquisition chief Allison Stiller discussed the multiyear procurement authority for the Arleigh Burke-class DDGs and the Virginia-class SSNs and addressed concerns from lawmakers that design changes to the programs after funding is authorized could hurt the programs' stable cost and schedule. Read more [HERE](#).

### **CNO Richardson: Navy Considering Reactivating Ships Including Perry-Class Frigates; DDG Life Extension Study Underway**

In exploring all options to push the Navy to a 355-ship fleet, the service is looking at reactivating seven decommissioned Oliver Hazard Perry-class frigates (FFG-7) and exploring a DDG life extension plan. Since the new Force Structure Assessment (FSA) announcement at the end of 2016, some analysts have also called for reactivation of three older Ticonderoga-class cruisers (CG-47) or the *Kitty Hawk* (CV-63) aircraft carrier. The reactivation of older vessels was a strategy employed during the Reagan Administration's drive to a 600-ship Navy; the Navy has about 50 warships in the inactive fleet. The DDG life extension plan would look at key decisions the Navy has made over the last few years, including not electing to modernize the Aegis Combat Systems of some of the earlier Burkes as a cost savings measure. Read more [HERE](#).

### **NAVSEA 'Headed in the Right Direction' After Years of Maintenance Backlogs**

In an interview this week, Naval Sea Systems Command commander Vice Adm. Tom Moore addressed issues affecting the maintenance backlog and argued that 2017 would mark a turning point in how the Navy would be addressing those issues. He predicted that despite having a ten percent higher than average workload this year, the yards will end the year with about a quarter of the maintenance backlog they started with this year. In order to reduce the backlog, Adm. Moore discussed a renewed focus on work planning, making workers more productive, and getting the public yard workforce to 36,100 by 2020. Read more [HERE](#).

### **USS Fitzgerald Update**

Late last week, the crew of a guided-missile destroyer, the *USS Fitzgerald* (DDG-62) was struck by a merchant ship off the Coast of Japan, killing seven sailors. According to the current operational theory of Japanese investigators, the deadly collision between the *Fitzgerald* and the Philippine-flagged merchant ship *ACX Crystal* knocked out the destroyer's communications for an hour, while the four-times-larger merchant ship was unaware of what it hit until it doubled back and found the damaged warship. The investigation indicates *Fitzgerald* was operating normally when the collision occurred, raising questions about why commanding officer Cmdr. Bryce Benson, whose stateroom was destroyed in the crash, when a contact was so close to the destroyer. On Monday, U.S. 7th Fleet began a flag officer-led Judge Advocate General Manual (JAGMAN) investigation to determine the facts of the collision, as well as a separate U.S. Navy safety investigation. The U.S. Coast Guard will take lead in a maritime casualty investigation. Read more [HERE](#).

### **Navy Finds \$500 Million for a Second Littoral Combat Ship in '18**

After submitting its budget to Congress that included \$636M to purchase one littoral combat ship (LCS), the White House Office of Management and Budget (OMB) informed Navy officials it would support a second vessel if the Navy could find funding for it. The Navy has scrounged together \$500M by delaying the refueling overhaul of the *USS John C. Stennis* (CVN-74) finding \$325M; an additional \$100M will be shifted from the Navy's Infrared Search and Track program, the rest from smaller programs. The White House is expected to send the proposed budget amendment to Congress in the coming weeks.

Read more [HERE](#).

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## Jones Act

### **Jones Act Does More Than Protect Jobs, It Protects Us**

For some time now the Jones Act, a federal law requiring all cargo moved by water between two points in the United States be transported on ships built, owned, and crewed by Americans, has been on the list of items targeted for elimination by reformers looking to save money for the taxpayers. The argument opponents make, recently echoed in a study conducted by Thomas Grennes for the Mercatus Center, is the act raises the costs of any goods transported domestically by ship. In making the case against economic protectionism he and others neglect the significant national security implications inherent in the matter. To read the article, click [HERE](#).

### **Port: Dakota Creek Ship Mistake Unintended**

The Port of Anacortes commission passed a resolution last week supporting efforts to obtain a congressional waiver that would allow the new catcher processor being built by Dakota Creek Industries to fish in U.S. waters. The \$75 million vessel America's Finest needs a waiver approved by both houses of Congress before it can fish in the Bering Sea due to a construction error made by shipbuilder Dakota Creek. The port supports the waiver because of Dakota Creek's contribution to economic development and jobs at the port, in Anacortes and throughout the state, said Port Commission President John Pope. To read the article, click [HERE](#).

### **With New Neighbors and Less Demand, Small Yard Closes Up**

Zidell Marine yard in Portland, Oregon is closing, its yard hit by shrinking demand and hemmed in by an increasingly upscale neighborhood. About 50 jobs will be lost when it goes. The majority of this multi-billion-dollar development complex sits on brownfield land that once belonged to Zidell Ship Dismantling Company, a scrapping firm founded in 1946. That operation eventually grew to include Zidell Marine's small but successful barge-building yard, which produced hundreds of tank barges, deck barges and other vessels over the course of its six decades in business. Now, Zidell's last remaining 33 acres of land will become an urban development like the rest - a 15-20 building complex called "Zidell Yards," with housing, shopping, and offices. The city and the developers will collaborate on building a park and a small boat launch for kayaks where the slipway once was. To read the article, click [HERE](#).

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## Regulatory, Health and Safety News

### **OSHA Issues Proposed Rule on Beryllium Standard**

Today, Friday, June 23, 2017, OSHA today [announced a proposed rule](#) that would modify its standard on occupational exposure to beryllium that was published on January 9, 2017. That rule consisted of three separate standards: one for general industry, one for construction, and one for shipyards. Representatives of the shipyards and construction industries raised concerns that they had not had a meaningful opportunity to comment on the application of the rule to their industries when the rule was developed in 2015-16. This proposal provides a new opportunity to comment on the rule for those industries and the public. The new proposal would make changes to the rule only for the shipyard and construction sectors. The general industry standard is unaffected by the proposal. OSHA

will not enforce the construction and shipyard standards without further notice while determining whether to amend those standards. A [public inspection version](#) of the proposed rule is now available. The proposed rule will be published in the Federal Register on June 27, 2017. OSHA encourages the public to [participate in this rulemaking](#) by submitting comments during the 60-day comment period.

#### **OSHA Announces Public Meeting on VPP**

The Occupational Safety and Health Administration will hold a stakeholder meeting July 17, 2017, in Washington, D.C., to discuss the future direction of the agency's Voluntary Protection Programs (VPP). The discussion will include comments and suggestions from the public on potential avenues for action. The meeting will be held July 17, 9 a.m. to 5 p.m. in the Frances Perkins Building, U.S. Department of Labor, 200 Constitution Ave., N.W., Washington, DC 20210. Those wishing to attend must register by July 10 at [VPP Stakeholder Meeting Registration](#). Attendees can choose from several levels of participation in the discussion.

#### **USCG Updated BWMS Type Approval Certificate Issued**

The US Coast Guard issued a [bulletin](#) stating that an updated Ballast Water Management System (BWMS) type approval certificate has been issued to Sunrui Environmental Engineering Co., Ltd to clarify the hazardous location installation requirements onboard foreign flag vessels.

#### **DOJ Issues \$1.9 Million Fine for Dumping and Cover-Up**

The Department of Justice (DOJ) issued a [news release](#) stating that the owner and operator of the tanker ETC Mena pleaded guilty in federal court to violating the Act to Prevent Pollution from Ships (APPS) and obstruction of justice for covering up the illegal dumping of oil-contaminated bilge water and garbage from the tanker. They have agreed to pay a fine totaling \$1.9 million.

#### **Court Rules Vessel Not In Navigation**

Over a vigorous [dissent](#), the Texas Supreme Court ruled that a vessel taken out of service, subjected to a 20-month conversion process, and unable to engage in transportation for the entirety of the claimant's onboard employment is not a 'vessel in navigation' for purposes of the Jones Act. Thus, claimant's cause of action for personal injury is not cognizable under that law. [Helix Energy Solutions Group v. Gold](#), No. 16-0075.

#### **IWUB Meeting Scheduled For 19 July**

The Inland Waterways Users Board (IWUB), sponsored by the US Army Corps of Engineers, will meet on 19 July in Portland, Oregon. Topics on the agenda include FY 2017 funding and the Lock Performance Monitoring System. [82 Fed. Reg. 28306](#).

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## **LNG News**

#### **US Built Refrigerated Liquefied Gas Carrier Launched**

U.S. shipbuilder Vigor has launched *The Harvest*, the first complex liquefied ammonia transport barge built in the U.S. for Jones Act trade since 1982. The vessel was constructed to support the operations of The Mosaic Company, an integrated producer and marketer of concentrated phosphate and potash. The Harvest will be operated by a subsidiary of Savage Companies as part of an articulated tug and barge (ATB) unit. Over

the last 23 months, the project supported approximately 1,500 American jobs and involved close to a million labor hours at Vigor facilities in Oregon and Washington and subcontractors throughout the region. Teams used 9,000 tons of American rolled steel to complete the 508' x 96' ATB tank barge. To read the article, click [HERE](#).

### **New Vessel Class: The Floating LNG Power Plant**

On Wednesday, June 21, 2017 firm Chiyoda Corporation [announced](#) that it has received approval in principle from ABS for a new, unique vessel class: the floating LNG-fueled power plant. The new design would reuse existing ship. Chiyoda proposes to convert surplus LNG carriers into floating electrical generating stations with a capacity of 70 to 400 megawatts. The power would be run onto shore with heavy electrical cables.

### [First Small-Scale LNG Reload at Singapore Terminal](#)

### **Qatar Tells US It Will Maintain Stable LNG Exports**

[Reuters](#) are reporting that Qatar's finance minister has informed US Treasury Secretary Steven Mnuchin during a trip to Washington that Qatar was committed to maintaining stability around its exports of LNG to the global energy market. *"They discussed Qatar's efforts to counter terror financing ... and Qatar's commitment to maintaining stability around its exports to the global energy market,"* the statement said. Saudi-led sanctions imposed two weeks ago on Qatar have raised concerns about the Gulf state's energy output but officials have said Qatar's LNG exports have not been affected.

### [US LNG Going Global](#)

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## **International News**

### **World's First Remotely-Controlled Commercial Vessel Put to the Test in Copenhagen**

Rolls-Royce and global towage operator Svitzer have demonstrated what is believed to be the world's first remotely operated commercial vessel, Svitzer Hermod, in Copenhagen, Denmark, Rolls-Royce said Tuesday. During the demonstration earlier this year, the 28-meter-long tugboat safely conducted a number maneuvers in Copenhagen harbor while controlled by a Captain ashore. From the quayside in Copenhagen harbor, Svitzer Hermod's captain, stationed at a remote base at Svitzer headquarters, berthed the vessel alongside the quay, undocked, turned 360 degrees, and piloted it back to the Svitzer headquarters, before docking again. To read the article, click [HERE](#).

### **Northrop Grumman Demonstrates Unmanned Mine-Hunting Capabilities in Belgium**

On June 19, 2017, Northrop Grumman announced the successful demonstration of unmanned mine-hunting capabilities using the high-speed AQS-24B sensor during the Belgian Defense Technology & Industry Day trials at the Naval Base at Zeebrugge, Belgium. This effort, which is a follow-on to the successful operation during Unmanned Warrior in Scotland, in October 2016, demonstrated the high area coverage rate achievable through combining the Atlas Elektronik UK ARCIMS unmanned surface vessel and Northrop Grumman's AQS-24B mine hunting system. The ARCIMS USV has proven to be an extremely stable platform ideally suited for towing the high-speed AQS-24B in rough seas. The exercise not only demonstrated the modularity and ease of integration of the AQS-24B payload, but also the importance of the laser line scan sensor which serves as a gap filler for the high speed synthetic aperture sonar. To view the full

announcement, click [HERE](#).

### **Danish Researchers Developing Modular Offshore Robot**

The Technical University of Denmark (DTU) has inaugurated a laboratory for the development of a modular robot for use in offshore wind turbine platforms, the oil and gas industry and fish farming. The robot will be used for inspection initially, with the long-term vision that it will be able to carry out underwater repairs on foundations and rigs. Currently, a remotely operated vehicle (ROV) with relevant personnel must be hired to perform such tasks. These operations are both costly and weather-dependent. To read the article, click [HERE](#).

[DNV GL, Goldwind in Wind Power Pact](#)

### **Norway Opens Arctic Lease Sale**

Norway's Ministry of Petroleum and Energy has announced its 24th offshore licensing round consisting of 102 blocks, nine in the Norwegian Sea and 93 in the Barents Sea. The 93 blocks proposed in the Barents Sea exceed the previous record of 72 blocks offered in Norway's 22nd round, and production licenses are expected to be awarded in the first half of 2018. To read the article, click [HERE](#).

[Expert: Russian Military Industrial Complex Struggling to Develop New Technology](#)

[Call to Rethink Private Investment in Canadian Ports](#)

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## **Reports, Studies and Publications**

CRS: [Navy Ford \(CVN-78\) Class Aircraft Carrier Program: Background and Issues for Congress](#). June 16, 2017.

CRS: [Defining Readiness: Background and Issues for Congress](#). June 14, 2017.

CRS: [U.S. Military Presence on Okinawa and Realignment to Guam](#). June 14, 2017.

Lake Carriers Association: [May 2017 Cargo Reports](#)

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