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Defence Policy and Planning Division

Enablement & Resilience Section

NATO Transport Group (Ocean Shipping)



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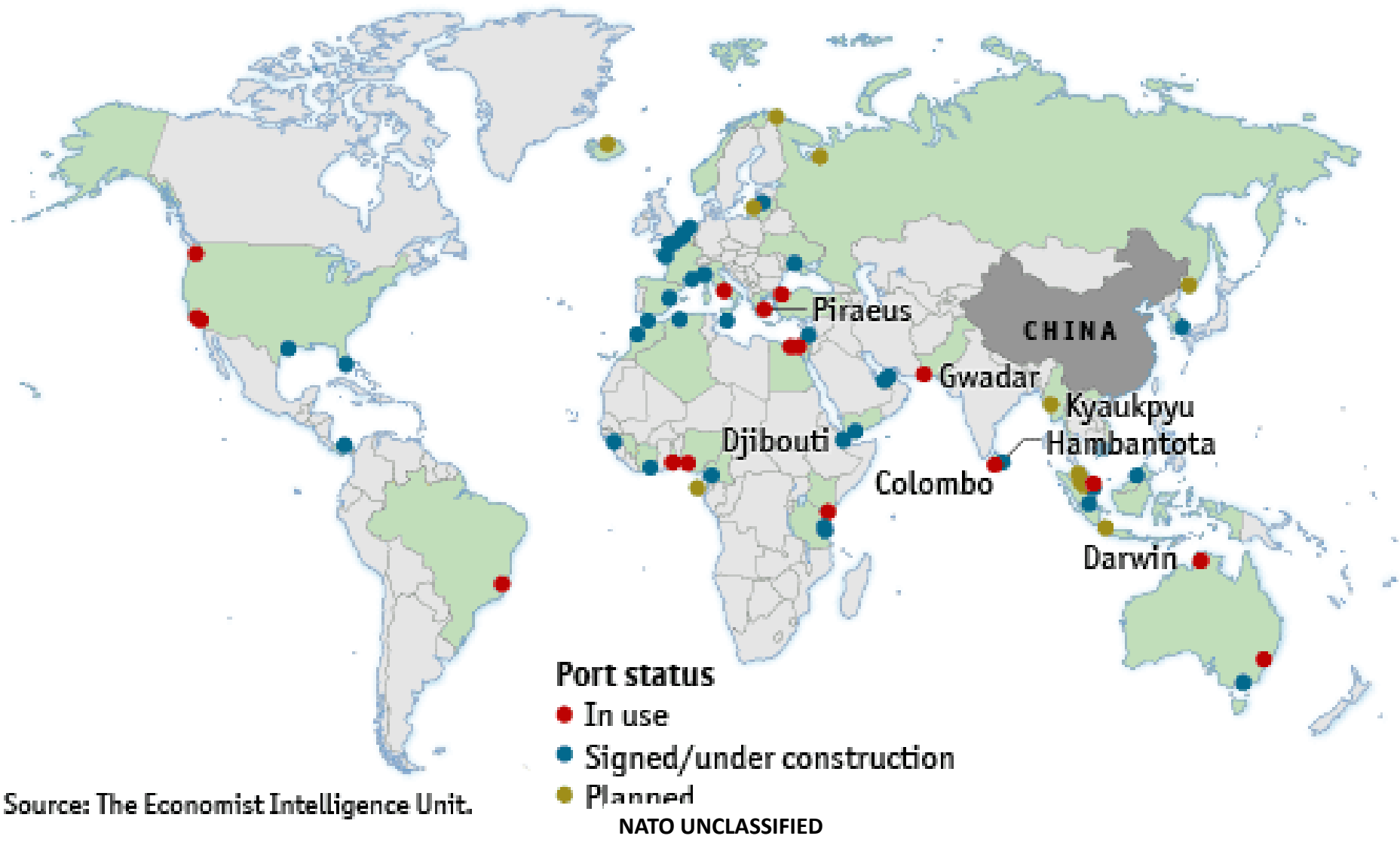
RORO Market



- All RORO vessels are fully chartered at increasing T/C rates and for longer periods. This tight market situation is expected to continue through 2022.
- There continues to be a decline in number of smaller ROROs as smaller vessels are scraped w/o replacement
- Newly constructed vessels are purpose-built, and very large (5,000+ LnM).
- Very little availability for spot charters



Chinese Port Investments





Assured Access to Sealift

- Without “Assured Access” charter agreements, during a hybrid conflict Nations will compete against each other—and commercial industry—to obtain a limited number of vessels on the spot market
- Competition and a crisis environment will increase charter rates dramatically
- The number of ROROs in the market is going to continue to decline for the foreseeable future
- Competition for vessels will disrupt SACEUR deployment plans as unit arrival times will be decided by the market, not the force commander



Strategic Importance of War Risk Insurance (WRI)

The insurance industry's response to a crisis will be....

- Within 24 hours of a crisis, new commercial War Risk Insurance policies will become unavailable for vessels that had planned to enter high risk areas.
- Within 48 hours, vessels currently sailing in high risk areas will be *notified* that their WRI policy will be *terminated* after 7 days (allowing vessels time to depart the high risk area).



Strategic Importance of War Risk Insurance (WRI)

- Only a small number of NATO nations have existing programs capable of providing rapid access (7 days) to WRI during the first few days of a crisis.
- Nations without a WRI program will be unable to charter commercial sealift vessels to move military supplies and equipment into or through high risk areas.
- The lack of NATO or nationally-sponsored WRI programs could result in significant damage to Allied economies, as vessels without WRI will refuse enter threatened waterways



Dangerous Misconceptions

- “Everything can go by rail”
- “There are plenty of commercial ROROs that can be chartered quickly and easily”
- “During a crisis we can simply seize any commercial vessels we need”
- “The US has plenty of spare cargo vessels”
- “War risk insurance won't matter during a war”
- “During a crisis we will have plenty of time to fix any transportation problems we encounter”



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Questions