Admiral James Stavridis, BGS Advisory Board Member, Discusses The Need For The U.S. Government To Lease Icebreakers In The Arctic

A Quick Fix for the U.S. 'Icebreaker Gap'
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New U.S. icebreakers, the ships that "pave" sea lanes in the frigid polar regions, may soon be on the way. Last fall President Obama accelerated plans to buy at least one heavy icebreaker, moving the target from 2022 up to 2020. Now the U.S. Coast Guard has released requirements and an acquisition timeline for two such ships.

Nearly everyone in Washington agrees that the Arctic region is more important, commercially and strategically, than ever. The rub lies in the funding. Each heavy icebreaker is expected to cost around $1 billion. We are optimistic the administration will allocate sufficient funds in its 2017 budget. But given the stormy budget climate on Capitol Hill, there are no guarantees. And even with two new icebreakers, the U.S. will only have four active icebreakers in its fleet. Russia has 42, with another 12 planned or under construction.

Even in the best budget climate the acquisition process is painfully slow, and it could take decades to bridge the "icebreaker gap." Meanwhile, the U.S. government should explore private leasing mechanisms.

In a "dry lease," a private owner builds the vessel and contracts it out for a specified term to the government, which then mans and operates it.

In a “wet lease,” the owner builds the vessel but also provides the crew: Operations and maintenance costs are built into the contract.

Wet-lease arrangements aren’t uncommon in shipping. Oil companies lease specially designed shuttle tankers, owned and operated by shipping companies, to transport crude from offshore platforms to dry land. These vessels are expensive, costing about $200 million each to build. So oil companies lease them instead, at rates of roughly $50,000 a day depending on tanker size and market fluctuations. Long contracts for up to 12 years provide shipping companies sufficient incentive to participate.

Such arrangements also exist in aviation. One example is Omega Air Refueling Services, which operates three specially modified planes that conduct air-to-air refueling for the U.S. Navy and Marine Corps. Omega’s aircraft, under a wet lease, are operated and maintained by company personnel on an hourly basis pursuant to a sole-source contract, for which Omega bears the risk of performance.

Similar leases could be drawn up for heavy icebreakers. This would help meet the government’s needs much more quickly than the traditional acquisition process. One wrinkle is the Merchant Marine Act of 1920, better known as the Jones Act, which requires waterborne commerce between U.S. ports to be conducted by U.S.-made ships with American ownership and crews. But leased icebreakers could stay within the law if the contracts are carefully designed—for instance, if they include a cap on the number of days a year the icebreaker may service U.S. commercial entities.

We agree with Alaska Sen. Lisa Murkowski, who said last year: “Do we need icebreakers? Yes. Did we need them yesterday? Yes.” While we wait for a new fleet to be built and launched, leasing can help the U.S. meet its obligations to the safety and protection of the Arctic.