

**Chief of Naval Operations
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Adm. Greenert: It's a pleasure to be here today. Thanks Mr. Sharay. And my very good friend Mark Norman is here along with Admiral Paul Maddison.

But I want to talk Navy talk a little bit about today, a little bit about what I think -- How we put together where we are around the world today, how we kind of form that and determine where we send [inaudible].

The U.S. and Canada, [inaudible] maritime lines. This is where it [inaudible]. [Laughter]. A few years ago we made a big deal out of 1812. That's [inaudible]. Well, we're happy to have the Expos in Washington. [Laughter]. I think I've worn out my welcome.

But let me get down to business here. I want to talk about the importance of sea power and the maritime aspect of trade. As you all know, the U.S. and Canada are maritime trading nations and we have been for a long time. Trade is vital to the two of us for our economies and we have a long history as I referred to earlier. I think Ottawa roughly translated means "to trade". So our economic prosperity is linked to the security of the sea lanes. Freedom of the seas will get you flowing trade, will get you prosperity. I'll tell you, conversely, the reverse is true. If you don't have those you've got a problem. So just kind of bear with me and I'll start from the beginning.

There's a lot of water around the world. Seventy percent of this world of ours is covered with water. Eighty percent of the world's population lives near water. If you're not sure about that, any time in the Western Pacific or anywhere a typhoon comes by and you look at the devastation, the number of folks involved when it comes ashore, you get the picture on that.

So, the trade routes. We are dependent on the ocean.

Overall, 90 percent of the stuff -- this is volume of stuff, not dollar value. The dollar value is about three out of four, but

90 percent of the stuff we use travels by water. The world economy will flourish if the world's waterways are open and moving.

We read lots of books about it but the fact of the matter is folks, we are hyper-connected. If something happens somewhere else in the world, this economy, our economy is going to be affected by it.

Twenty-five years ago you may remember we had issues we called "The Tanker Wars". The Iranian Administration was putting mines out there [inaudible]. During that small period of six months it cost us \$11 billion in the United States. In 1990 when Iraq invaded Kuwait the oil price went up 50 percent on that alone. When we sent forces to the Gulf, we went in with a coalition and the price of oil dropped dramatically and it saved \$55 billion in just a matter of a few months that we were able to retain from that huge rise of the cost of oil.

Not long ago the United States, in Long Beach we had a strike. We had a longshoreman's strike and trade stopped in the port. It only stopped for eight days. It cost us \$9 billion in trade and we were backed up for a long time around there.

The other side of that is, you might recall Kim Jong-un decided last May that he was going to launch a ballistic missile and we weren't sure where it was going, really, and what it was meant to do. He said, well, we're going to go into outer space, but we weren't sure. There was a lot of nervousness in our markets. We were able to respond to that in a matter of 72 hours with putting afloat ballistic missile defense assets in place, a hierarchy, and reassure our folks and the market that in fact we could handle this and the market would be stable.

So my point is, we're hyper-connected. Those things that happen here or there, cause big changes elsewhere.

If you look out here at our life blood and where things are around the world, where things travel around the world. The question is, where are the cross roads? Where do things travel by boat, if you will? Well, you go to this slide on the left up here at Gibraltar. \$2 trillion a year goes through the Straits of Gibraltar. The Suez Canal, 17,000 vessels and 10 percent of the world's oil. Down there in Bab-el-Mandeb Strait, down there at the end of the Red Sea, you're talking about \$1.5 Trillion a year. Strait of Hormuz, 80,000 [tons] of Asia's oil goes through the Strait of Hormuz. It is the most important energy

crossroad in the world. The Strait of Malacca, 20 percent of global oil and three out of four of all of Japan's and Korea's and Taiwan's oil goes through the Strait of Malacca. Our little Panama Canal that we sometimes don't think much about, has about ten percent of global trade, and they're still working to widen it. They're working on their time, the Panama Canal. The question is, what does that Mean?

I didn't speak to this area up in here, that's a very very busy area here in the South China Sea. We can talk about that a little more if you want to in the Q&A. But this is, in my view, where our Navy needs to be. It's up in this area.

When I took the watch and as I've worked at what I do and as we work as coalition partners in where we distribute our forces around the world.

We have today in the U.S. Navy 283 ships, and we have deployed about 83. The average, this is a rolling average over the last 90 days. If you want to use round numbers, we're out there at about 100 ships on any given day around the world in the U.S. Navy. Most of them are here in the Asia Pacific region, you can see that here. A lot of them are non-rotational and that means we don't rotate these ships from the United States. They're home ported, home stationed or forward deployed out there and we live, the crews live out there among our allies and friends or we'll rotate the crews. Your ship, the Toronto, has done that recently and I'll talk about that a little bit more.

But you can see the distribution. Mostly the Asia Pacific, a bit in the Mideast and some in the Mediterranean and elsewhere.

Over here, and many of you may not be able to read this, but the point is this. If you need to go, if you're not there where it matters, when it matters, it's going to take you at least two weeks to get there from the East Coast, and that's to the Suez Canal; or three weeks from the West Coast, to the Strait of Hormuz; and three weeks is a lot of time when things are happening.

So we've got to be, in my view, where it matters, when it matters. We deploy from the [docks] up here, we in the U.S. Navy, at any given time, of the 283 ships around 200 are getting ready to deploy, deep maintenance, whatever, operating here around the U.S. But we also have places around the world where they're not U.S. bases, they are allies or friends. Some we have a treaty, some it's ad hoc. They allow us to refresh, to

resupply, to relax, do what we need to do. They're near these crossroads, these bow-ties or valves depending on whether you were a political science major or engineering. But the point is we have to be where it matters, when it matters, this is where we deploy.

Some say what about the Arctic?

We've taken a look at the Arctic. We've got some work to do. It's something I've been working on this year. I asked my oceanographer, what do you think about the ice? How will it look in the years to come? So that's laid out there. What are the sea routes that we believe will be feasible, and how feasible, what do you mean by feasible? Draft? And how long do you think it might be open? So there's a debate going on. I said quit debating, put it down and let's talk about it. He was nice enough to put the northwest route, I'll make no mistake on that today. It's there. [Laughter]. And by the way, it ain't all that deep.

The question is, simply put, when will it be open? How long will it be open? How deep is the water? Where is it going? Is there a threat up there? I've asked my naval intelligence people and they're looking at that. What is the threat if there's a threat there? Are there sovereignty claims that we would dispute? And with whom are there sovereignty claims? Who do we need to start talking to to sort this out so we can put something together in the future?

We put that together and we decide to ensure freedom of navigation, how often do we have to be where? Where it is we need to be? With what ships? What aircraft? What undersea? What airplanes? And how do we respond with our Coast Guard if there's a crisis out there? These are the things that we're putting together to work on that and other things looking at the Arctic in the future.

For us, for Canada and the United States, it's not just about importing oil, because we're, frankly very close, if not energy independent and can be, but we are interconnected around the world. The value of the Navy, of maritime forces of coalitions is to reassure freedom of navigation. That's what it's about. It's a deterrent. I would say, ladies and gentlemen, as I get around the world, as I talk, as I watch reactions from Iran, and North Korea, there's amazing value, an underestimated value in coalition operations to deter. Some folks say you don't deter unless you really show power and demonstrate, and that may be

true, but we have great empirical data on things that Iran did whenever we did coalition exercises in the Strait of Hormuz. Things that Korea does or doesn't do every time. Some say well look, they react, they'll do something forward or back as North Korea does when we have an exercise with South Korea. Also what they don't do is what is also measured in intelligence. So deterrence is huge. And of course, as necessary, we'll control conflict.

The underling piece is we've got to be where it matters, when it matters.

Our partnership, a little bit about that. Our navies have a common vision, our militaries have a common vision. Prosperity and security and collectively we've been able to achieve that. For us it's collectively freedom of navigation, counter-piracy, counter-terrorism, weapons of mass destruction, smuggling. These are the things that we work together on. Our future together is coalition ops, like I mentioned. It doesn't have to be a treaty. It can be ad hoc. And we, the heads of Navy, we talk about it, we figure out how do we come together quickly as necessary to work on things that are important worldwide?

Budget realities are such that we need innovative concepts with our partners and platforms.

Put the Mobile Landing Platform up please?

We built this ship from a tanker. We have the ship right now. We said hey, instead of putting tanks in here, we said can you put ballast tanks in here so this thing could ballast down, we could float things on it, and then move them ashore. We can transload on this thing. They said yeah, I can do this (a shipbuilder in San Diego). It cost us \$500 million which may sound pricey, but an amphibious ship costs \$2 billion.

So you take it out to sea and you say my God, it's sinking! No, it isn't. [Laughter]. You load things on and off. What you saw there is as big as a soccer field, or a football field, depending on how you look at it. A Canadian football field. [Laughter]. So this is able to stay at sea a long time. Innovative, different platform. Made from a tanker. It's not new, it's not high tech, very useful.

This is what it looks like. These are air cushion like things, those are trucks that just pulled into these ramps here, transload them. That can be a fleet hospital, it can be stuff that you're sending ashore. These are bumpers, so you put them along the side and you can bring vessels aside. Probably bring corvette sized things, 250 feet, 80 meters something like that. You can transload it.

I'm not here to sell them, I'm here to say there are innovative ways to build it. If I wanted to build a gray hull, like I said, they're 2 billion bucks.

So we said to them, hey look, taking that same concept, could you put a helo deck on there? For 100 million U.S. dollars, you betcha. [Laughter]. We have two of the previous type ships and we have two of these being built. That's our V-22 and it's been tested to that. We're working through all the designs. This is 50 percent done, built in San Diego. That same feature that is able to flood down and drive in here is there.

So the stuff we do today, humanitarian assistance, disaster relief, counter-piracy, counter-terrorism, special forces operating from the sea with a sea base. This is what I'm talking about. These are the sort of innovative things I would submit that we need to work and we as in the collective we.

Next, this is the Joint High Speed Vessel.

A place in Hobart, Australia, builds ferries, they do it well. They're catamarans, they move a lot of people very fast. We said hey, Austal U.S., can you build this? They're built in Mobile, Alabama. They said yeah, we can do that. So we can move close, and we can do, like I said, different auxiliary, lower end operations and it relieves the pressure off an amphibious ship, maybe a cruiser or destroyer. That thing is certified. You can drive a tank across that bridge.

So working together, we have a pretty bright future ahead. Today the Royal Canadian Navy, the Toronto just returned from operations. I've got to tell you, for the last year when she was out there operating, rotating through the concepts we're working on and we're grateful for the lessons learned. It seemed like every time I turned around I read a report about another drug bust that they were able to do, over eight months the good ship Toronto. So hopefully you're very proud of her.

Today as I look around the world I showed you 100, I showed you we're about 100 ships around the world. We have about 160 coalition ships, including us, operating. There are 60 additional ships operating on set coalitions, from the Eastern Mediterranean, so I'm talking about the removal of chemical weapons supporting and defending that, I'm talking about counter-piracy in the Mediterranean; security operations, Gulf of Aden counter-piracy operations, Strait of Hormuz, the Arabian Gulf to the Asia Pacific. The concept you might remember of a thousand ship Navy. Well, keep to keep one ship forward it takes about four in the inventory. One is forward, one's coming back, one's getting ready to go over and one's probably in deep maintenance. About 160 ships out there today in the coalition operation times four is about the collective contribution or investment of the maritime security of the world, is what we have out there today. And your Navy is an important part of that. Both, as I mentioned, the Strait of Hormuz, the Arabian Gulf, a big part of the Caribbean where the [inaudible] was the flagship of UNITAS recently and where the JIATF, The Joint InterAgency Task Force South has been a big big part of the Royal Canadian Navy. So we're very very proud to work with them.

There's an element in the undersea domain which is incredibly important. In my Navy, my President turned to me, when I interviewed, about the only thing he really said specifically to me was how are we doing on the undersea? I said we're doing very good, Mr. President. We own it. He said, you better make sure we do because that's a very important part. It's not joint, it's ours to own, and the lethality, the ability to deliver effects from the undersea is incredibly important. Your good ship the Victoria demonstrated that in RIMPAC 12 in 2012 with heavy weight torpedo delivery.

The fact is, we have a lot of commonality in some very asymmetric ways to deliver.

A little work on our rebalance in the Asia Pacific and then I'd love to take questions. For me, the way I could describe that rebalance is we have four key areas to that. One is force structure. I showed you where most of our ships are, in the Asia Pacific. That will grow from almost 50 to almost 60 by 2020. A lot of it is movement of ships forward stationed out there, but also a few more rotating out there.

The Joint Strike Fighter, the F-35. Our first deployment will be in the Asia Pacific. We have a feature, it's a Global Hawk, but

we have marinized, if you will, sensors on it. So we don't call it the Global Hawk, we call it the Triton, because that's a proper (nautical) name. [Laughter]. It's got maritime features. That will deploy to the Western Pacific and that will dramatically expand from maybe 1000 to 4000 miles if you take that circle of range that it can cover. So we are moving, our highest, if you will, end forces to the Western Pacific.

Two is home porting. We have migrated our ships towards the West, our home porting. So we'll have 60 percent home ported, if you will, in the Western regions. That would be the West Coast and Hawaii, 40 percent East Coast, by 2020.

Number three is our capability. Antisubmarine warfare, electronic attack, expeditionary warfare. We benchmark all the capabilities to the Western Pacific.

Lastly, I call it intellectual capacity. That's about, if you will, refreshing and revising, some of our exercises, some of our relationships, spending much more time in conversation with allies, nurturing new allies. A lot of what I talked about before, the kinds of ships you saw up there, moving and working in and around the Asia Pacific region. That to me is the most important aspect of this rebalance. To recognize the area, to reassure the allies and develop new allies as the case may be.

So we'll work to strengthen the protocols out there. The South China Sea is an area I think we all understand that could be fraught with danger of miscalculation. One way to prevent that is to know what people are going to say when they meet on the high seas, what our young commanding officers, 35 year old people, leading ships of various sizes, meeting in a hazy or foggy area, how do you open a conversation? If it's aggressive and belligerent, that's risky. If we know what each other will say because we've signed up to a common set of protocols and conduct, then you can approach it in a much more deliberate manner. That's the key. We have to manage the South China Sea.

That relationship building is a major, major piece of the rebalancing. Underlying it all is a term that we use a lot, you can't surge trust and confidence. You have to build it over time, for years and years at a time, and that's what we've been doing for quite some time.

Out there what we call the global commons of the high seas, especially the Pacific, it's almost critical that we have security so that we can have prosperity. We share a border, but

we also share the maritime security interests of our two countries. We've got a long history of working together and I look forward to continuing it.

I'll be happy to take your questions.

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