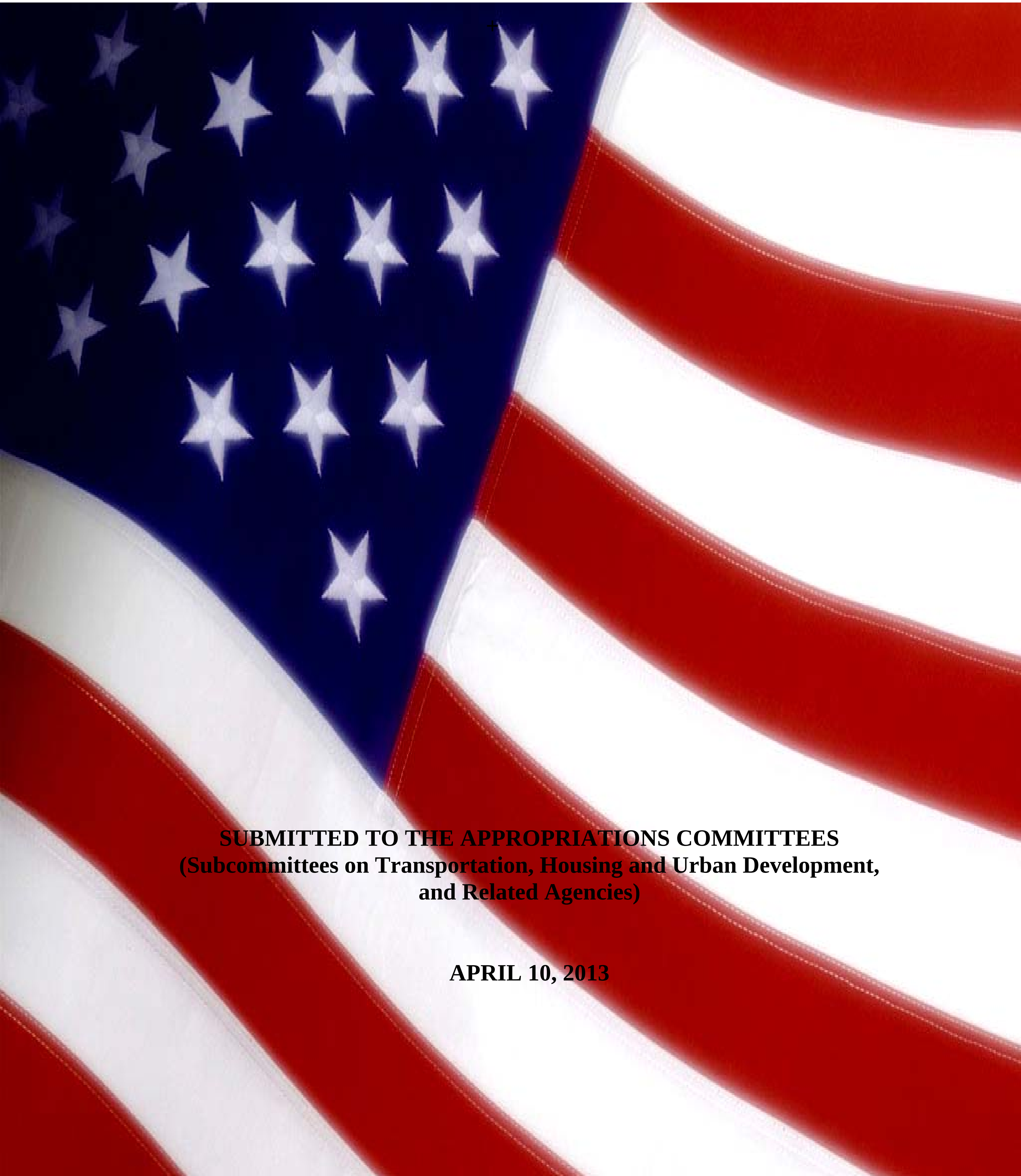
FEDERAL MARITIME COMMISSION

BUDGET ESTIMATES

Fiscal Year 2014



SUBMITTED TO THE APPROPRIATIONS COMMITTEES
(Subcommittees on Transportation, Housing and Urban Development, and Related Agencies)

APRIL 10, 2013

TABLE OF CONTENTS

Alphabetical Listing of Abbreviations

-#-

1920 Act	Section 19 of the Merchant Marine Act, 1920
1978 Act	Inspector General Act of 1978
1984 Act	Shipping Act of 1984

-A-

ACE	Automated Commercial Environment
ACE/ITDS	Automated Commercial Environment/International Trade Data System
ADR	Alternative Dispute Resolution
AES	Automated Export System
agency	Federal Maritime Commission
ALJ	Administrative Law Judge
AMS	Agriculture Marketing Service
AR	Area Representative

-B-

BCL	Bureau of Certification and Licensing
BOE	Bureau of Enforcement
BPD	Bureau of Public Debt
BTA	Bureau of Trade Analysis

-C-

CADRS	Office of Consumer Affairs and Dispute Resolution Services
CAO	Chief Acquisition Officer
CBP	U.S. Bureau of Customs and Border Protection
CCIG	Council of Counsels to Inspectors General
CCMP	Consolidated Chassis Management Pool Agreement
CFO	Chief Financial Officer
CFR	Code of Federal Regulations
CIGIE	Council of Inspectors General on Integrity and Efficiency
CIO	Chief Information Officer
COOP	Continuity of Operations
Commission	Federal Maritime Commission

-**D**-

DEEO	Director of EEO
DFI	Director of Field Investigations
DOC	Department of Commerce

-**E**-

ECM	Enterprise Content Management
EEO	Equal Employment Opportunity
EEOC	Equal Employment Opportunity Commission

eOPF	Electronic Official Personnel Folder
EU	European Union
EX-Im Bank	Export-Import Bank of the United States

-F-

FAEC	Federal Audit Executive Council
FBI	Federal Bureau of Investigation
FEVS	Federal Employee Viewpoint Survey
FISMA	Federal Information Security Management Act
FMC	Federal Maritime Commission
FMCSA	Federal Motor Carrier Safety Administration
FOIA	Freedom of Information Act
FPS	Federal Protective Service
FSPA	Foreign Shipping Practices Act of 1988
FTE	Full-time Equivalent
FY	Fiscal Year

-G-

GPO	Government Printing Office
GSA	General Services Administration

-H-

HMT	Harbor Maintenance Tax
HQ	Headquarters (FMC)
HR	Human Resources
HSPD-12	Homeland Security Presidential Directive 12

-I-

IAG	Interagency Agreement
ICE	Immigration and Customs Enforcement
ID	Initial Decision
IG	Inspector General
IPP	Internet Payment Platform
IT	Information Technology

-M-

MD	Managing Director
MD&A/PAR	Management's Discussion and Analysis/Performance and Accountability Report
MD-715	Management Directive 715
MOU	Memorandum of Understanding
MTO	Marine Terminal Operator

-N-

NFC	National Finance Center

NIST	National Institute of Standards and Technology
No Fear Act	Notification and Federal Employee Antidiscrimination and Retaliation Act of 2002
NOI	Notice of Inquiry
NPRM	Notice of Proposed Rulemaking
NRA	Negotiated Rate Arrangement
NSA	NVOCC Service Arrangement
NVOCC	Non-Vessel-Operating Common Carrier

-O-

OAGR	Office of Agreements
OALJ	Office of Administrative Law Judges
OBF	Office of Budget and Finance
OECA	Office of Economics & Competition Analysis
OFF	Ocean Freight Forwarder
OGC	Office of General Counsel
OHR	Office of Human Resources
OIG	Office of the Inspector General
OIT	Office of Information Technology
OMB	Office of Management and Budget
OMD	Office of the Managing Director
OMS	Office of Management Services
OPM	Office of Personnel Management
OPVIP	Office of Passenger Vessels and Information Processing
OS	Office of the Secretary
OSCAR	Ocean Shipping Container Availability Report
OSCT	Office of Service Contracts and Tariffs
OSRA	Ocean Shipping Reform Act of 1998
OTCnet	Over the Counter Channel Application
OTI	Ocean Transportation Intermediary

-**P**-

PAAT	Performance Appraisal Assessment Tool
PAR	Performance and Accountability Report
PAST	Performance Appraisal System Taskforce
PCC	Paper Check Conversion
PIO	Performance Improvement Officer
P.L.	Public Law
PSA	Public Service Announcement
PVO	Passenger Vessel Operator

-**Q**-

QI	Qualifying Individual

-**R**-

RPI	Regulated Persons Index
Reform Act	Inspector General Reform Act of 2008

-**S**-

SERVCON	Service Contract Filing System
SES	Senior Executive Service
Shipping Act	Shipping Act of 1984
SSE	Shanghai Shipping Exchange
SWAT	Rapid Response

-**T**-

Tober	Tober Group, Inc.
TRS	Transaction Reporting System
TSA	Transpacific Stabilization Agreement

-**U**-

UPR	Unearned Passenger Revenue
U.S.	United States of America
U.S.C.	United States Code

-V-

VOCC	Vessel-Operating Common Carrier

-W-

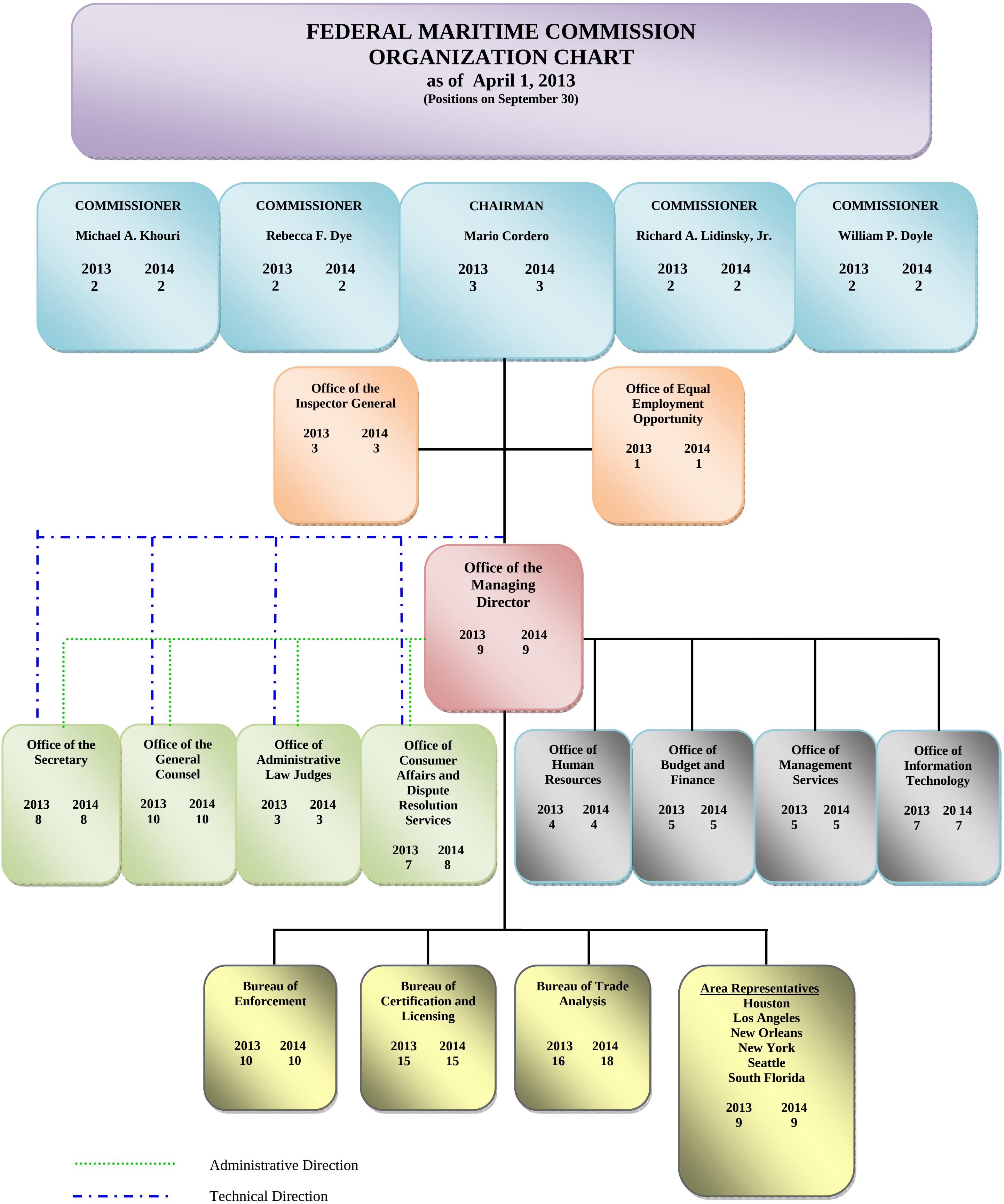
WTSA	Westbound Transpacific Stabilization Agreement

FMC Core Functions

The Federal Maritime Commission (FMC, agency or Commission) is an independent agency which regulates oceanborne transportation in the foreign commerce of the United States (U.S.). The Commission administers the Shipping Act of 1984 (1984 Act) as amended by the Ocean Shipping Reform Act of 1998 (OSRA); section 19 of the Merchant Marine Act, 1920 (1920 Act); the Foreign Shipping Practices Act of 1988 (FSPA); and sections 2 and 3 of Public Law (P.L.) 89-777 (46 U.S.C. §§ 44102 and 44103). The Commission monitors the activities of ocean common carriers, marine terminal operators (MTOs), ports and ocean transportation intermediaries (OTIs) (non-vessel-operating common carriers and freight forwarders) who operate in the U.S. foreign commerce to ensure that they maintain just and reasonable practices; maintains trade monitoring, enforcement and dispute resolution programs designed to assist regulated entities in achieving compliance and to detect and appropriately remedy malpractices and violations of the prohibited acts set forth in section 10 of the 1984 Act; reviews competitive activities of common carrier alliances and other agreements among common carriers and/or terminal operators; monitors the laws and practices of foreign governments which could have a discriminatory or otherwise adverse impact on shipping conditions in U.S. trades, and imposes remedial action, as appropriate, pursuant to section 19 of the 1920 Act or FSPA; enforces special regulatory requirements applicable to carriers owned or controlled by foreign governments; processes and reviews agreements, service contracts, and service arrangements pursuant to the 1984 Act for compliance with statutory requirements; and reviews common carriers' privately published tariff systems for accessibility, accuracy, and reasonable terms. The FMC also issues licenses to qualified OTIs in the U.S., ensures that all OTIs are bonded or maintain other evidence of financial responsibility, and, pursuant to 46 U.S.C. §§ 44102 and 44103, ensures that passenger vessel operators (PVO) demonstrate adequate financial responsibility to indemnify passengers in the event of nonperformance of voyages or passenger injury or death.

FMC Organization

The FMC is composed of five Commissioners appointed for five-year terms by the President with the advice and consent of the Senate. No more than three members of the FMC may belong to the same political party. The President designates one Commissioner to serve as Chairman, the Chief Executive and Administrative Officer of the agency. Effective January 31, 2010, the FMC's organizational units consist of: Offices of the Commissioners; Offices of the General Counsel (OGC); Secretary (OS); Consumer Affairs and Dispute Resolution Services (CADRS); Administrative Law Judges (OALJ); Equal Employment Opportunity (EEO); Inspector General (OIG); the Managing Director (OMD), Budget and Finance (OBF), Human Resources (OHR), Information Technology (OIT), and Management Services (OMS), the Bureaus of Certification and Licensing (BCL), Enforcement (BOE), and Trade Analysis (BTA); and Area Representatives (ARs). The majority of FMC personnel are located in Washington, D.C., with ARs stationed in New York, New Orleans, Los Angeles, Seattle, Houston and South Florida.


FEDERAL MARITIME COMMISSION
ORGANIZATION CHART
as of April 1, 2013
(Positions on September 30)
COMMISSIONER
Michael A. Khouri
2013 2014
2 2
COMMISSIONER
Rebecca F. Dye
2013 2014
2 2
CHAIRMAN
Mario Cordero
2013 2014
3 3
COMMISSIONER
Richard A. Lidinsky, Jr.
2013 2014
2 2
COMMISSIONER
William P. Doyle
2013 2014
2 2
Office of the Inspector General
2013 2014
3 3
Office of Equal Employment Opportunity
2013 2014
1 1
Office of the Managing Director
2013 2014
9 9
Office of the Secretary
2013 2014
8 8
Office of the General Counsel
2013 2014
10 10
Office of Administrative Law Judges
2013 2014
3 3
Office of Consumer Affairs and Dispute Resolution Services
2013 2014
7 8
Office of Human Resources
2013 2014
4 4
Office of Budget and Finance
2013 2014
5 5
Office of Management Services
2013 2014
5 5
Office of Information Technology
2013 20 14
7 7
Bureau of Enforcement
2013 2014
10 10
Bureau of Certification and Licensing
2013 2014
15 15
Bureau of Trade Analysis
2013 2014
16 18
Area Representatives
Houston
Los Angeles
New Orleans
New York
Seattle
South Florida
2013 2014
9 9
Administrative Direction
Technical Direction

Fiscal Year 2014 Policy and Funding Priorities

In fiscal year (FY) 2014, the Commission's policy and funding priorities will continue to center on fostering a viable and vibrant liner shipping environment, a critical part of our nation's international trade and economic growth. The FMC has a twofold strategic focus, as reflected in our Strategic Plan for 2010-2015, in both maintaining an efficient and competitive international ocean transportation system and protecting the public from unlawful, unfair, and deceptive ocean transportation practices. The accomplishment of these strategic goals is essential to the President's goals to encourage economic growth, invest in the future, and responsibly govern the nation. The smooth flow of international commerce is vital to the national economy in both providing access to foreign markets for our exports and ensuring the availability of imported goods for domestic production and consumption. The Commission is focused on ensuring that the ocean transportation system fully supports the President's National Export Initiative.

The regulatory scheme now in place at the FMC is under constant review, and as economic conditions alter the state of our trades, the FMC's regulations must continue to respond to those conditions. We have initiated a review of the Commission's regulations to ascertain their continued need and relevance to changing market conditions, while also responding to public requests for review of regulations on issues including tariff publication and agreements. This review will continue into fiscal year 2014. Evolving business models requiring Commission attention in the coming years are likely to include the increased use of MTO discussion agreements and OTI freight networks, and their impact on the shipping public. In protecting the public from harm, we will use an integrated approach stressing industry compliance with licensing and other requirements, providing a variety of services for quick and fair resolution of disputes, and, where necessary, vigorously enforcing the Commission's governing statutes and regulations. The use of technology in disseminating public information is of major importance; web-based and social media-based accessibility to Commission services and information will increasingly facilitate public interaction, while adding greater efficiencies to internal business processes. Overall, emphasis will be placed on facilitating the commercial flow of exports and imports, and the FMC will continue to provide services and outreach to the shipping public to assist in the implementing industry practices that can improve the ocean transportation system. These actions and more will provide the means for the FMC to accomplish its stated mission to foster a fair, efficient, and reliable international ocean transportation system and to protect the public from unfair and deceptive practices.

The Commission proposes to continue three important initiatives in fiscal year 2014 to address matters affecting the ability of importers and exporters to move their goods via ocean transport, which include consumer protection, increased public and international trade presence, and efficiencies. These important initiatives are challenged by a demand for additional human resources as well as ongoing budgetary constraints. Nonetheless, the Commission will continue its efforts to resolve household goods shipping issues, safeguarding small, one-time shippers from deceitful practices, while using innovative technology to achieve operational efficiencies and transparency.

First, the Commission will continue to provide *consumer protection* by integrating multiple tools to address shipping difficulties and malpractices in the ocean transportation system that are encountered by importers and exporters. The Commission's *ombuds* program and Rapid Response (SWAT) Teams will continue providing quick resolution of transportation impediments. At the same time, our enforcement activity will continue aggressive enforcement actions against those who pursue unlawful malpractices. The Commission will provide a variety of alternative dispute resolution (ADR) services to resolve disputes without encumbering commercial relationships with the time, expense, and acrimony of litigation or enforcement activity. Through the administrative process, the shipping public will be able to seek redress for Shipping Act violations and obtain reparations for actual damages incurred. Of course, our OTI licensing requirements will continue to provide bonds to assure the availability of financial assets to protect shippers.

Second, the Commission will continue to focus on an *increased public and international trade presence*. By statute, the Commission is charged with identifying, investigating, and addressing unfavorable conditions in foreign trade as well as foreign practices that harm the U.S. maritime industry. We will also continue an open dialogue with U.S. trading partners to ensure U.S. trade is not hampered by regulatory or non-regulatory actions by those trading partners. We will emphasize an open government, particularly utilizing improved technology.

Third, we will strive to achieve operating *efficiencies* for the Commission and users of Commission services through new, innovative technology solutions. Achieving our goal of operating an electronic submission and processing of license applications, agreements, and other filings will not only be more efficient for the public to use Commission services, but will also result in increased Commission productivity.

Highlights and Planned Activities Statements

Key Accomplishments in Fiscal Year 2012

As the economy slowly recovered in fiscal year 2012, the demand for ocean transportation paralleled the recovery. Capacity adjustments implemented by carriers resulted in avoiding the vessel capacity shortages experienced in fiscal year 2010. For much of the fiscal year, shippers were able to ship their goods at much lower cost than in 2011. Meanwhile, liner vessel operators reported sharply lower earnings resulting from lower rates across the board. In response, in the latter part of fiscal year 2012, carriers began implementing a series of general rate increases that were able to generate increased revenue. Looming over the industry during the latter quarter of fiscal year 2012 was the possibility of a strike by U.S. east coast dockworkers. That possibility led most carriers to publish significant congestion surcharges. As the fiscal year closed, the parties engaged in renewed talks to avoid a strike.

The Federal Maritime Commission's mission is to foster a fair, efficient, and reliable international ocean transportation system, and to protect the public from unfair and deceptive practices. The highlighted actions provide an overview of agency activities in pursuit of its mission. Central to all of these actions is recognition of the ever changing economic environment and avoiding reoccurrence of capacity issues and shipping difficulties encountered during the recovery from the severe maritime industry recession of fiscal year 2009.

Strategic Goal 1

Maintain an efficient and competitive international ocean transportation system

Competition in U.S. trades helps to foster competitive rates and encourage diverse service offerings for the benefit of U.S. exporters and importers, and ultimately consumers. The Shipping Act of 1984 grants ocean carriers and marine terminal operators limited antitrust immunity for activities pursuant to agreements they file with the Commission. The carriers and terminal operators are subject to the FMC's monitoring of their activities to guard against possible abuse of that limited immunity, to avoid unreasonable increases in transportation costs or decreases in transportation services, and to guard against other activities prohibited by the Shipping Act.

Fiscal year 2012 was an active year as the Commission continued to concentrate on facilitating U.S. exporters' access to foreign markets via ocean transportation, supporting the economic recovery, protecting American consumers, encouraging a sustainable ocean transportation industry, enhancing safety and security, and monitoring foreign practices to protect American jobs. Of significant note, the Commission's Bureau of Trade Analysis issued its *Study of the 2008 Repeal of the Liner Conference Exemption from European Union Competition Law*. The study collected and analyzed data on the impact of the October 2008 European Union repeal of its block competition law exemption for liner conferences. Data analyzed included information regarding changes in carrier market structures, competition, services, vessel capacity, rates, and surcharges. The study concluded that:

- The repeal of the block exemption did not appear to have caused any negative impact on US liner trades.
- The activities of carrier rate discussion agreements in the U.S. trades do not appear to have increased average rates relative to rates in European Union (EU) trades, but may have contributed to modestly reduced rate volatility.
- The repeal may have resulted in a modest increase in market concentration, but not such that would present problems.

The Commission will continue to closely monitor the impacts, if any, European Union repeal of its block competition law exemption for liner conferences. In addition, the Commission will review concerted activities of carriers, particularly in the transpacific trades, to ensure that agreement members did not cause unreasonable increases in rates or unreasonable reductions in service. In addition, the Commission monitored the availability of chassis as carriers decided to no longer provide chassis for their shippers.

Supporting U.S. exports and the economic recovery: During fiscal year 2012, exported goods continued to grow, on pace to exceed the National Export Initiative's goal of doubling U.S. exports by 2015. While vessel capacity and container availability met demand, the Commission continued to utilize recently established Rapid Response Teams to provide prompt solutions for commercial disputes between carriers and their customers.

The Commission also assisted the U.S. Department of Agriculture's Agricultural Marketing Service (AMS) with its exporters' project to give more transparency and visibility to the chronic problem of locating empty containers for exports. AMS' Ocean Shipping Container Availability Report (OSCAR) is published weekly and shows container availability at 18 U.S. port and inland locations, using data provided by nine leading ocean carriers. The report assists U.S. exporters in determining container availability each week, and contains projections two weeks in the future.

Economic Assistance to Small Businesses: In fiscal year 2011, the Commission approved a rule change to conditionally exempt more than 3,300 licensed non-vessel-operating common carriers (NVOCCs) from the costs and burdens of publishing in tariffs the rates they charge for cargo shipments. Most NVOCCs are small businesses who could see significant savings from such exemptions. The Commission followed up in fiscal year 2012 with an inquiry to solicit public comments on suggestions for further improvement.

Marine Environmental Committee and Clearinghouse: The FMC has seen environmental issues become increasingly central to the agreements and shipping practices it monitors. The Commission's Maritime Environmental Committee reviews filings at the agency for best environmental practices which can be put forward as models for adoption by other ports and companies. The Commission also has created a webpage to serve as an environmental issues clearinghouse for information on maritime environmental issues, news, resources, laws and regulations, and best practices.

Container Freight Rate Indices and Derivatives: The Commission amended its service contract regulations to enable shippers and carriers to provide that rates could be modified based on a container freight index, so long as the index is readily available to the parties and the Commission. As a result, service contracts have been filed that provide for periodic adjustment of freight rates according to an existing rate index. In addition, several large agricultural exporters requested that the Commission develop an index of ocean transportation charges for agricultural commodities. The Commission has published a Notice of Inquiry (NOI) seeking public comment on that issue.

Cargo Diversion: As a result of requests from two U.S. senators and several members of the House of Representatives, the Commission conducted a study of the impacts and the extent to which the Harbor Maintenance Tax (HMT), other U.S. policies, and other factors may incentivize inbound container cargo to shift from U.S. seaports to competing ports located in Canada and Mexico. Accordingly, the Commission published an inquiry soliciting public views and information concerning the factors that may cause or contribute to such a shift in cargo. The Commission's report was issued in the fourth quarter of fiscal year 2012 and presented the following conclusions:

- Carriers shipping cargo through Canadian and Mexican ports violate no U.S. law, treaty, agreement, or FMC regulation.
- Numerous factors account for why shippers elect to use ports in Canada or Mexico. They include overall shipment savings, risk mitigation through port diversification, perceived transit time benefits, avoidance of the HMT and rail rate disparities.
- Congress has many options to consider should it decide to revise or replace the current HMT structure in its goal of ensuring maximum competitive abilities for all U.S. ports.

Strategic Goal 2

Protect the public from unlawful, unfair and deceptive practices and resolve shipping disputes

The FMC has a wide variety of responsibilities to protect the public from financial harm, including assisting in the resolution of disputes related to the shipment of goods or the carriage of passengers, investigating and prosecuting unreasonable or unjust practices, and ruling on formal complaints alleging violation of the Shipping Act. The FMC contributes to the integrity and security of the nation's supply chain and transportation system by identifying unlicensed operations and licensing only those ocean transportation intermediaries with appropriate character, experience, and financial responsibility. The FMC also ensures financial coverage of passenger vessels to indemnify passengers in the event of nonperformance. Pursuant to these regulatory responsibilities the Commission undertook a number of significant actions during fiscal year 2012 to address issues affecting American consumers who ship their personal goods overseas or take cruises.

Household Goods Shipments: The Commission undertook several actions as a result of the fiscal year 2011 Fact Finding Officer's report Fact Finding Investigation No. 27, *Potentially Unlawful, Unfair or Deceptive Ocean Transportation Practices Related to the Movement of Household Goods or Personal Property in U.S.-Foreign Oceanborne Trades*. Each year, the FMC receives several hundred complaints from individuals who have experienced problems with their international household goods shipments. To address this continuing issue, in fiscal year 2012, the Commission took the following actions:

Consumer education: The Commission upgraded its website to provide improved public information, including better assistance to customers shopping for international shipping options; entered into a formal Memorandum of Understanding with the Federal Motor Carrier Safety Administration (FMCSA) to conduct joint investigative operations against international and interstate movers with a history of chronic complaints and violations and to engage Commission *ombuds* support in resolving problems for consumers; developed relationships for enhanced cooperation with trade associations representing household goods movers; developed information for ocean transportation intermediaries to distribute to consumers moving household goods; targeted outreach to local communities, particularly certain ethnic communities that regularly ship household goods overseas; and encouraged household goods movers to link their websites to the FMC's website for consumer information.

- **Licensing issues:** As the Commission reviews its licensing regulations, it will pursue recommendations for adjustments that specifically address issues affecting household goods shipments.

Preventing fraud and enhancing safety and security: The Commission's Bureau of Enforcement (BOE) and the Area Representatives (ARs) continued their efforts to investigate and prevent practices that are unfair and deceptive. The targeted violations included, among others, misdescription of cargo. This violation poses a serious safety and security risk because it could prevent vessel operators and port officials from knowing whether dangerous goods are being transported on vessels into the U.S. During 2012, the Commission completed 12 cases by collecting $770,000 in penalties for such violations.

Monitoring foreign practices to protect American jobs: The Commission was vigorous in carrying out its charge to monitor and prevent practices by foreign governments or entities that adversely affect American commerce. The former Chairman hosted a visit from the Shanghai Shipping Exchange (SSE) to jointly discuss regulatory issues of China and the U.S. and create a climate of cooperation to overcome any barriers to international trade with China. The Commission continues to follow developments in China closely to ensure that no unreasonable conditions exist that would impair U.S. commerce.

Dispute Resolution: During fiscal year 2012, 668 complaints were received that necessitated the opening of cases to provide dispute resolution services. This was a 19 percent increase over the volume of cases in fiscal year 2011 and included 132 passenger complaints about cruise line issues, 274 complaints with respect to household goods shipments, 262 complaints involving other cargo shipment matters, and two mattes that involved other maritime related issues.

Participation of the parties in confidential ADR services can provide a means for immediate, cost-effective resolution through cooperation between parties. Confidentiality is essential to the success of such efforts, especially considering the confidential nature of service contracts. Cargo shipment complaints continued to be of increasing complexity. Problems involving ocean transportation intermediaries with overextended finances and inability to complete the ocean transportation continued to be an issue. In addition, many household goods complaints pertained to initial charges quoted vis á vis the actual charges billed, often due to measurement discrepancies.

Technology and Stewardship of Resources: Strategic management of the FMC's human resources, property management, financial and procurement practices and other vital support activities is essential to meet the agency's regulatory and programmatic goals. The FMC realizes the need to use new information technology (IT) as a means of improving agency business processes and augmenting the accessibility of the public conducting licensing or legal business with the agency. In fiscal year 2012, the Commission explored various means to update and revise its existing IT infrastructure to meet agency needs and government-wide standards, and to improve efficiency of operations. System improvements are critical to the Commission's ability to carry out its mission, especially in an era of increasing demands but declining human resources.

Fiscal Year 2013 and Beyond

In fiscal years 2013 and 2014, the Commission's policy and funding priorities will continue to center on fostering a viable and vibrant liner shipping environment critical to the nation's international trade and economic growth. We will emphasize the recently established SWAT Teams and the Commission's role as an honest intermediary to resolve issues faced by exporters and importers alike. We will use a myriad of tools in order to protect the shipping public, stressing voluntary dispute resolution techniques to resolve issues quickly with minimal cost, but vigorously enforcing the Commission's governing statutes and regulations when necessary. In the current climate of budgetary constraints, the Commission is mindful of the importance of investing in information technology that can improve efficiency and provide greater public access, while reducing costs over time.

Key objectives for fiscal years 2013 and 2014 include: (1) increase assistance to importers and exporters through the Commission's ARs and Office of Consumer Affairs and Dispute Resolution Services (CADRS); (2) modernize the Commission's technology to enhance the efficiency of Commission operations; (3) implement the agency's Human Capital Management Plan, particularly with respect to succession planning for the departure of highly skilled personnel; (4) increase the use of enhanced dispute resolution mechanisms to quickly address industry disputes; (5) continue to refine and enhance agency administrative programs and operations; and (6) review and update Commission regulations governing ocean transportation intermediaries (OTIs) and passenger vessel operators (PVOs).

Overall, the Commission will focus on actions that will facilitate efficient international transportation of the nation's exports and imports, to provide goods to U.S. consumers, while enabling the nation's exporters to compete in global markets. Those actions will include:

Continued Availability of Rapid Response Teams: The Commission will continue to provide SWAT Teams to quickly resolve issues affecting the nation's importers and exporters. These teams have been highly effective, and in a number of instances have successfully resolved matters that were affecting the receipt and delivery of cargo, without the impact of extensive costs on the parties.

Dispute Resolution: In fiscal years 2013 and 2014, the Commission will further expand awareness of its ADR program through education, training, and other efforts. We will promote and encourage the use of ADR and its various processes as alternatives to formal litigation processes, and encourage service contract dispute resolution clauses that provide for quick, effective resolution of disagreements among the parties. Further efforts will be made to increase shipping industry awareness of this less adversarial, more cost-effective and time efficient means of resolving disputes in a manner that enables the parties to control the outcome. Use of mediation, in particular, will be promoted to assist in resolving formal proceedings, service contract matters, and other significant disputes. CADRS will continue to make consumer protection information available and will expand its outreach with other Federal agencies through various websites and media sources. The value of these efforts will be the increased number of consumers that are forewarned and thereby can avoid problems. Through this means, assistance may be provided to many more consumers than could be possible through post-shipment problem resolution.

Technology Improvements: For fiscal years 2013 and 2014, innovative technological improvements will be explored to (1) develop a new enterprise content management (ECM) technology; (2) move the Commission's email system to a cloud environment and explore new cloud computing technology solutions where appropriate; (3) implement Pay.gov to enable electronic collections processing using Internet technologies; (4) upgrade the Service Contract Filing System (SERVCON) that receives service contracts, (5) automate much of the licensing review process to achieve greater efficiencies; (6) utilize technology for greater outreach and communication with the public; and (7) develop an appropriate disaster recovery and Continuity of Operations (COOP) plan.

Office of Human Resources Work Plans: The Commission will revise and update its Human Capital Plan, Workforce Plan, Accountability System, and Succession Management Plan in light of limited fiscal resources and a workforce with increasing numbers of skilled staff eligible for retirement. These will be accomplished in accordance with the Office of Personnel Management's (OPM) Human Capital Assessment and Accountability Framework and coordinated with OPM, Office of Management and Budget (OMB), and the Small Agency Human Resources Council on human capital and related initiatives.

Regulatory Review: We will continue to review Commission regulations to ensure their continued relevancy to economic conditions and other factors affecting the maritime industry. This systematic review will continue through fiscal years 2013 and 2014. Initial focus of review will be on proposed changes of Commission regulations governing OTI licensing and cruise line protection for passengers. In addition, the Commission's Rules of Practice and Procedure will be modified to improve the ability of the public to interact with the Commission and clarify and update existing rules. Also, proposed changes to Commission rules will provide transparency regarding certain questions posed about filed agreements.

FMC Mission

To foster a fair, efficient, and reliable international ocean transportation system and to protect the public from unfair and deceptive practices

FTEs and Positions by Program
FY 2012 - FY 2014

Program/Office	FY 2012 Actual		FY 2013 Estimate		FY 2014 Request		Difference From FY 13	
	FTEs	Positions*	FTEs**	Positions*	FTEs	Positions*	FTEs	Positions*
Headquarters	**115.14**	**116.00**	**110.29**	**114.00**	**117.00**	**117.00**	**6.71**	**3.00**
Area Representatives	**8.27**	**8.00**	**7.81**	**9.00**	**9.00**	**9.00**	**1.19**	**0.00**
Agency Total	**123.41**	**124.00**	**118.10**	**123.00**	**126.00**	**126.00**	**7.90**	**3.00**
Formal Proceedings								
Office of the Chairman	2.39	2.00	2.40	3.00	3.00	3.00	0.60	0.00
Office of the Commissioners	6.97	7.00	6.94	8.00	8.00	8.00	1.06	0.00
Office of the Secretary	6.27	7.00	6.72	7.00	7.00	7.00	0.28	0.00
Library	1.00	1.00	0.96	1.00	1.00	1.00	0.04	0.00
Office of Consumer Affairs and Dispute Resolution Services	7.07	8.00	7.69	7.00	8.00	8.00	0.31	1.00
Office of the General Counsel	10.42	11.00	10.18	10.00	10.00	10.00	(0.18)	0.00
Office of Administrative Law Judges	3.04	4.00	3.46	3.00	3.00	3.00	(0.46)	0.00
Formal Proceedings Total	**37.16**	**40.00**	**38.35**	**39.00**	**40.00**	**40.00**	**1.65**	**1.00**
Office of Equal Employment Opportunity	**1.00**	**1.00**	**0.96**	**1.00**	**1.00**	**1.00**	**0.04**	**0.00**
Office of the Inspector General	**3.00**	**3.00**	**2.67**	**3.00**	**3.00**	**3.00**	**0.33**	**0.00**
Operational and Administrative								
Office of the Managing Director	9.20	9.00	9.20	9.00	9.00	9.00	(0.20)	0.00
Bureau of Trade Analysis								
Office of the Director	3.35	3.00	2.88	3.00	3.00	3.00	0.12	0.00
Office of Service Contracts and Tariffs	4.78	5.00	3.66	3.00	5.00	5.00	1.34	2.00
Office of Economics and Competition Analysis	6.31	7.00	6.72	7.00	7.00	7.00	0.28	0.00
Office of Agreements	3.00	3.00	2.06	3.00	3.00	3.00	0.94	0.00
Bureau of Certification and Licensing								
Office of the Director	2.42	3.00	2.88	3.00	3.00	3.00	0.12	0.00
Office of Passenger Vessels and Information Processing	5.92	5.00	4.80	5.00	5.00	5.00	0.20	0.00
Office of Transportation Intermediaries	7.28	7.00	6.72	7.00	7.00	7.00	0.28	0.00
Bureau of Enforcement	10.00	10.00	9.61	10.00	10.00	10.00	0.39	0.00
Area Representatives	8.27	8.00	7.81	9.00	9.00	9.00	1.19	0.00
Office of Information Technology	6.99	6.00	6.71	7.00	7.00	7.00	0.29	0.00
Office of Human Resources	5.00	5.00	3.85	4.00	4.00	4.00	0.15	0.00
Office of Budget and Finance	4.73	4.00	4.42	5.00	5.00	5.00	0.58	0.00
Office of Management Services	5.00	5.00	4.80	5.00	5.00	5.00	0.20	0.00
Operational and Administrative Total	**82.25**	**80.00**	**76.12**	**80.00**	**82.00**	**82.00**	**5.88**	**2.00**
Total FTEs and Positions	**123.41**	**124.00**	**118.10**	**123.00**	**126.00**	**126.00**	**7.90**	**3.00**

* Denotes positions on September 30.

** Reflects 2013 reduced FTE levels due to agency-wide furlough necessitated by 2013 funding level.

Obligations by Object Class
FY 2012 - FY 2014

Category	FY 2012 Actual	FY2013 Estimate	FY2014 Request	Difference
Personnel Compensation and Benefits				
(11.9) Full-time Permanent Employees	$ 13,760,952.04	$ 13,501,000.00	$ 14,558,000.00	$ 1,057,000.00
(11.3) Part-time and Temporary Employees	$ 107,457.88	$ 57,000.00	$ -	$ (57,000.00)
(11.7) Performance Awards	$ 100,114.00	$ -	$ -	$ -
(12.1) Civilian Personnel Benefits	$ 3,595,475.24	$ 3,606,000.00	$ 3,920,000.00	$ 314,000.00
Employees Total Personnel Compensation & Benefits	**$ 17,563,999.16**	**$ 17,164,000.00**	**$ 18,478,000.00**	**$ 1,314,000.00**
Travel and Administrative Expenses				
(21.0) Travel and Transportation of Personnel	$ 203,867.48	$ 130,000.00	$ 170,000.00	$ 40,000.00
(22.0) Transportation of Things (Express Mail)	$ 28,610.02	$ 19,000.00	$ 19,000.00	$ -
Rent, Communications and Utilities				
(23.1) Rental Payments to GSA	$ 2,963,309.23	$ 3,200,643.00	$ 3,305,000.00	$ 104,357.00
(23.2) Rental Payments to Others	$ 31,671.62	$ 2,357.00	$ -	$ (2,357.00)
(2.35) Telephones (Local, Long Distance and Cellular)	$ 234,616.83	$ 260,000.00	$ 260,000.00	$ -
(28.3) Postage	$ 5,062.00	$ 5,000.00	$ 5,000.00	$ -
(24.0) Printing	$ 177,034.24	$ 115,000.00	$ 139,000.00	$ 24,000.00
(25.1) Consulting	$ 392,591.24	$ 283,000.00	$ 550,000.00	$ 267,000.00
(25.2) Purchase of Goods and Services from Commercial Accounts	$ 811,596.15	$ 406,000.00	$ 589,000.00	$ 183,000.00
(25.3) Purchase of Goods and Services from Government Accounts	$ 1,087,457.64	$ 1,050,425.00	$ 1,155,000.00	$ 104,575.00
(25.7) Equipment Maintenance	$ 77,763.94	$ 62,000.00	$ 62,000.00	$ -
(26.0) Supplies and Materials	$ 170,977.41	$ 117,000.00	$ 205,000.00	$ 88,000.00
(31.0) IT Hardware and Software	$ 264,790.62	$ 25,000.00	$ 63,000.00	$ 38,000.00
Travel and Administrative Expenses	**$ 6,449,348.42**	**$ 5,675,425.00**	**$ 6,522,000.00**	**$ 846,575.00**
Spending Authority	**$ 24,013,347.58**	**$ 22,839,425.00**	**$ 25,000,000.00**	**$ 2,160,575.00**

Average Salary and Grade (Excludes Benefit Costs) FY 2012 - FY 2014			
Category	**FY 2012 Actual**	**FY 2013 Request**	**FY 2014 Request**
Salaries			
Full-time Permanent GS	$10,742,476.00	$10,674,072.00	$11,652,852.00
Full-time Permanent GM	$136,771.00	$131,087.00	$138,050.00
Part-time and Temporary	$107,458.00	$57,000.00	$0.00
Other (Schedule-C, AL, ES, EX)	$2,881,705.00	$2,696,575.00	$2,767,098.00
Overall Average Salary	**$111,842.02**	**$110,233.61**	**$115,539.68**
Average Grade (Includes Part-time Positions)			
General Schedule / Schedule-C Employees			
GS-04	0.00	0.00	0.00
GS-05	2.00	0.00	0.00
GS-06	1.00	2.00	2.00
GS-07	2.00	3.00	5.00
GS-08	6.00	6.00	6.00
GS-09	1.00	2.00	3.00
GS-10	0.00	0.00	1.00
GS-11	1.00	1.00	1.00
GS-12	20.00	19.00	18.00
GS-13	28.00	23.00	22.00
GS-14	22.00	25.00	27.00
GS-15	24.00	26.00	25.00
Average GS Grade	**12.80**	**12.87**	**12.71**
GM-14	1.00	1.00	1.00
ES	8.00	8.00	8.00
AL	3.00	2.00	2.00
Presidential Appointees (EX)	5.00	5.00	5.00
Total Positions	**124.00**	**123.00**	**126.00**

Federal Maritime Commission
Request by Strategic Goal and Program
FY 2014

Program/Office	FY 2012 Actual	FY 2013 Estimate	FY 2014 Request: Strategic Goal # 1 Maintain an efficient and competitive international ocean transportation system	FY 2014 Request: Strategic Goal # 2 Protect the public from unlawful, unfair and deceptive practices and resolve shipping disputes	FY 2014 Request	Changes Over FY 2012 Actual	Changes Over FY 2013 Estimate
Formal Proceedings							
Office of the Chairman	$486,520.70	$448,434.88	$124,923.27	$499,693.10	$624,616.37	$138,095.67	$176,181.49
Office of the Commissioners	$1,705,289.44	$1,627,020.76	$385,975.95	$1,543,903.82	$1,929,879.77	$224,590.33	$302,859.01
Office of the Secretary	$1,153,277.22	$1,126,840.99	$240,764.03	$1,007,642.06	$1,248,406.09	$95,128.87	$121,565.10
Library	$326,344.11	$263,165.13	$147,085.31	$220,627.97	$367,713.28	$41,369.17	$104,548.15
Office of Consumer Affairs and Dispute Resolution Services	$1,163,894.57	$1,265,934.33	$160,417.67	$1,122,923.68	$1,283,341.35	$119,446.78	$17,407.02
Office of the General Counsel	$2,069,513.35	$2,007,642.07	$1,118,628.20	$896,918.10	$2,015,546.30	($53,967.05)	$7,904.23
Ethics	$0.00	$2,218.29	$346.28	$1,096.56	$1,442.84	$1,442.84	($775.45)
Office of Administrative Law Judges	$634,454.13	$688,256.46	$130,394.07	$521,576.27	$651,970.34	$17,516.21	($36,286.12)
Formal Proceedings Total	**$7,539,293.52**	**$7,429,512.91**	**$2,308,534.79**	**$5,814,381.55**	**$8,122,916.34**	**$583,622.82**	**$693,403.43**
Office of Equal Employment Opportunity	**$205,099.55**	**$190,286.27**	**$39,358.21**	**$157,432.84**	**$196,791.05**	**($8,308.50)**	**$6,504.78**
Office of the Inspector General	**$719,641.55**	**$663,693.37**	**$385,330.44**	**$385,330.44**	**$770,660.88**	**$51,019.33**	**$106,967.51**
Operational and Administrative							
Office of the Managing Director	$2,061,915.18	$2,114,106.92	$499,391.47	$1,640,857.67	$2,140,249.14	$78,333.96	$26,142.22
Bureau of Trade Analysis	$3,024,596.90	$2,718,464.44	$1,778,152.32	$1,226,148.04	$3,004,300.36	($20,296.54)	$285,835.92
Bureau of Certification and Licensing	$2,366,443.03	$2,204,875.58	$0.00	$2,335,393.79	$2,335,393.79	($31,049.24)	$130,518.21
Bureau of Enforcement	$1,822,310.68	$1,835,264.88	$0.00	$2,020,384.10	$2,020,384.10	$198,073.42	$185,119.22
Area Representatives	$1,651,296.53	$1,780,656.77	$0.00	$1,927,674.97	$1,927,674.97	$276,378.44	$147,018.20
Office of Information Technology	$2,381,090.80	$1,831,230.79	$455,843.24	$1,823,372.94	$2,279,216.18	($101,874.62)	$447,985.39
Office of Human Resources	$761,896.07	$631,060.59	$126,981.65	$507,926.59	$634,908.24	($126,987.83)	$3,847.65
Office of Budget and Finance	$737,607.62	$693,196.69	$153,911.12	$615,644.50	$769,555.62	$31,948.00	$76,358.93
Office of Management Services	$742,156.15	$747,075.79	$159,589.87	$638,359.46	$797,949.33	$55,793.18	$50,873.54
Operational and Administrative Total	**$15,549,312.96**	**$14,555,932.45**	**$3,173,869.66**	**$12,735,762.07**	**$15,909,631.73**	**$360,318.77**	**$1,353,699.28**
Totals	**$24,013,347.58**	**$22,839,425.00**	**$5,907,093.09**	**$19,092,906.91**	**$25,000,000.00**	**$986,652.42**	**$2,160,575.00**

Summary of Changes FY 2013 - FY 2014			
Category	FY 2013 Request	FY 2014 Estimate	Net Change
Spending Authority	$22,839,425.00	$25,000,000.00	$2,160,575.00
Full-time Equivalents	118.10	126.00	7.90
Positions	123.00	126.00	3.00
Explanation of Changes :			**Amount**
2014 Estimated Pay Raise @ 1.7 %			$184,000.00
Annualization of FY 2013 Salary Increases (includes adjustment for 2013 furloughs)			$597,000.00
2014 promotions and WIGs for Eligible Staff			$83,000.00
Performance Awards			$0.00
Additional Positions (3)			$136,000.00
Costs associated with Employee Benefits			$314,000.00
Total Personnel Compensation and Benefits			**$1,314,000.00**
Travel and Administrative Expenses			
(21.1) Travel and Transportation of Personnel			$40,000.00
(22.0) Transportation of Things (Express Mail)			$0.00
Rent, Communications and Utilities			
(23.1) Rental Payments to GSA			$102,000.00
(23.2) Rental Payments to Others			$0.00
(23.5) Telephones (Local, Long Distance and Cellular)			$0.00
(28.3) Postage			$0.00
(24.0) Printing			$24,000.00
(25.1) Consulting			$267,000.00
(25.2) Purchase of Goods and Services from Commercial Accounts			$183,000.00
(25.3) Purchase of Goods and Services from Government Accounts			$104,575.00
(25.7) Equipment Maintenance			$0.00
(26.0) Supplies and Materials			$88,000.00
(31.0) Furniture and Equipment (Includes IT Hardware and Software)			$38,000.00
Total Travel and Administrative Expenses			**$846,575.00**
Total Changes			**$2,160,575.00**

Appropriation Language

For necessary expenses of the Federal Maritime Commission as authorized by section 201(d) of the Merchant Marine Act, 1936, as amended (46 U.S.C. 307), including services as authorized by 5 U.S.C. 3109; hire of passenger motor vehicles as authorized by 31 U.S.C. 1343(b); and uniforms or allowances therefore, as authorized by 5 U.S.C. 5901-5902,
[$22,839,425/\]: *Provided*, That not to exceed $2,000 shall be available for official reception and $25,000,000 representation expenses (Consolidated and Further Appropriations Act, 2013).

FMC Fiscal Year 2014 Budget Request by Strategic Goal

The mission of the FMC is to foster a fair, efficient, and reliable international ocean transportation system and to protect the public from unfair and deceptive practices. The FMC is responsible for the regulation of oceanborne transportation in the foreign commerce of the U.S. pursuant to the provisions of the Shipping Act. The FMC has oversight of certain commercial activities of ocean common carriers, MTOs, ports, and OTIs operating in the U.S. foreign commerce. These activities include the filing of agreements, licensing of qualified OTIs, and overseeing the financial responsibility of both OTIs and PVOs. The FMC's oversight responsibilities have a direct impact on the financial well-being of every American who purchases goods which arrive in the U.S. through our ports.

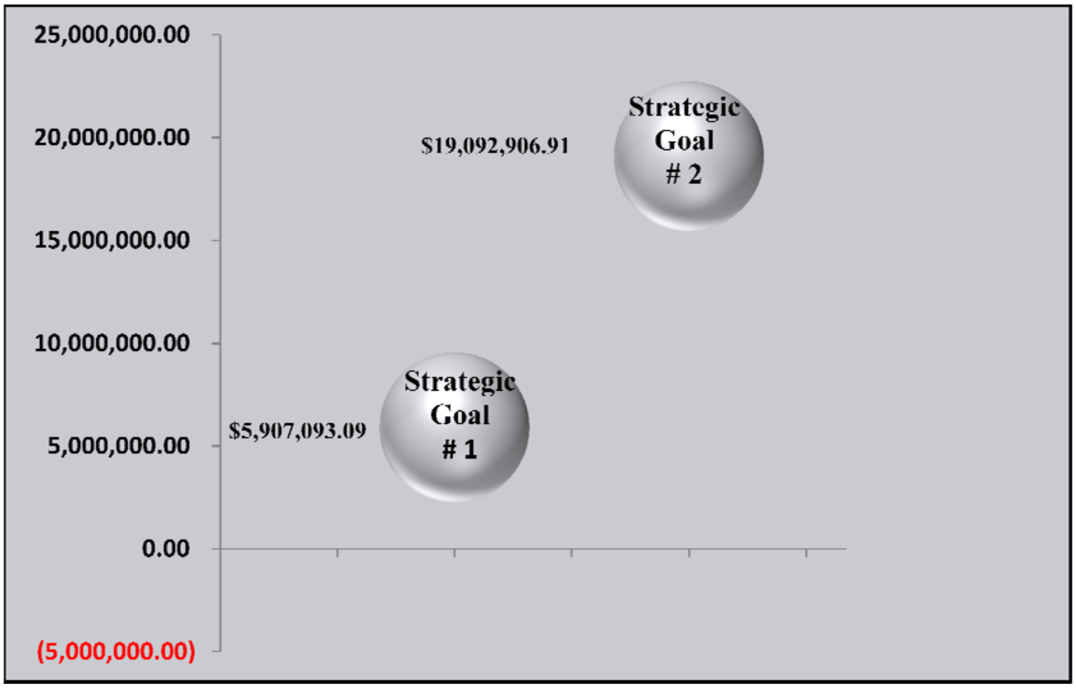
The FMC's budget is focused on achieving the goals and objectives identified in its strategic plan. The FMC's fiscal year 2014 budget request totals $25,000,000 and funds 126 full-time equivalents (FTEs). This represents an increase of $2,160,575 over the enacted Fiscal Year 2013 appropriation and is $1,000,000 less than requested in the President's budget for Fiscal Year 2013.

The request contains $18,478,000 for salaries and benefits to fund salaries and benefits for the 123 positions expected to be on board at the end of fiscal year 2013 and provides funding for three entry-level positions to backfill some critical vacancies. It also includes funding for the anticipated January 2014 pay increase of 1.7%.

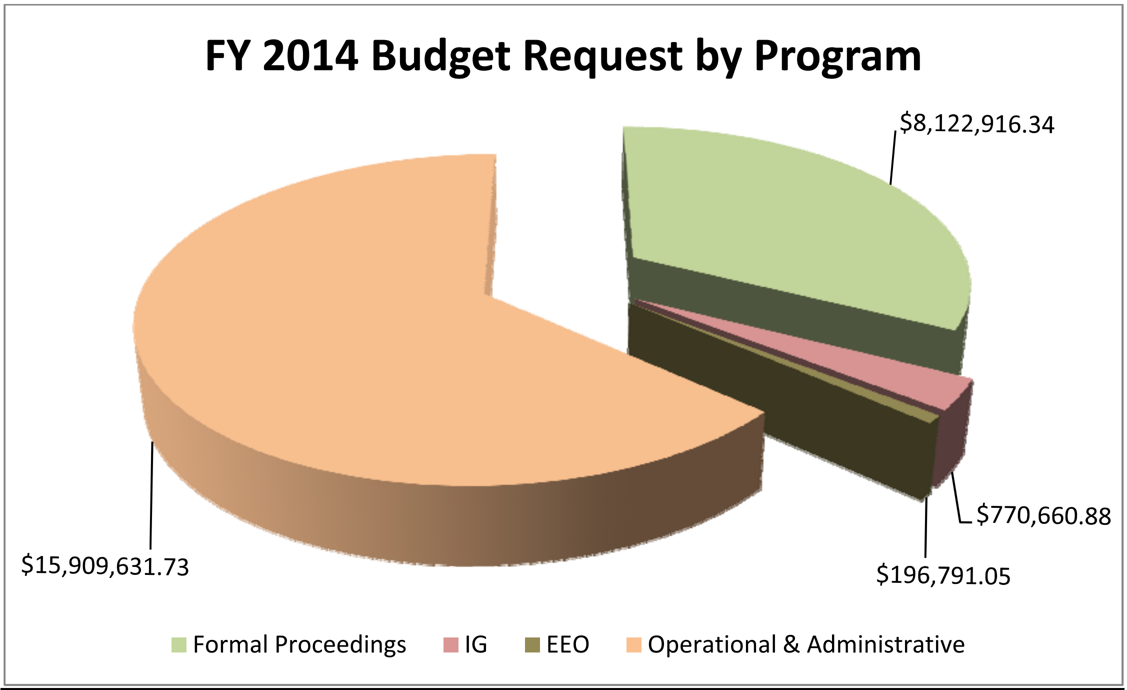
Official travel is funded at $170,000. This funding level is an increase of $40,000 above the Commission's post-sequestration 2013 funding level and represents a 17% reduction below the Commission's 2012 travel expenses.

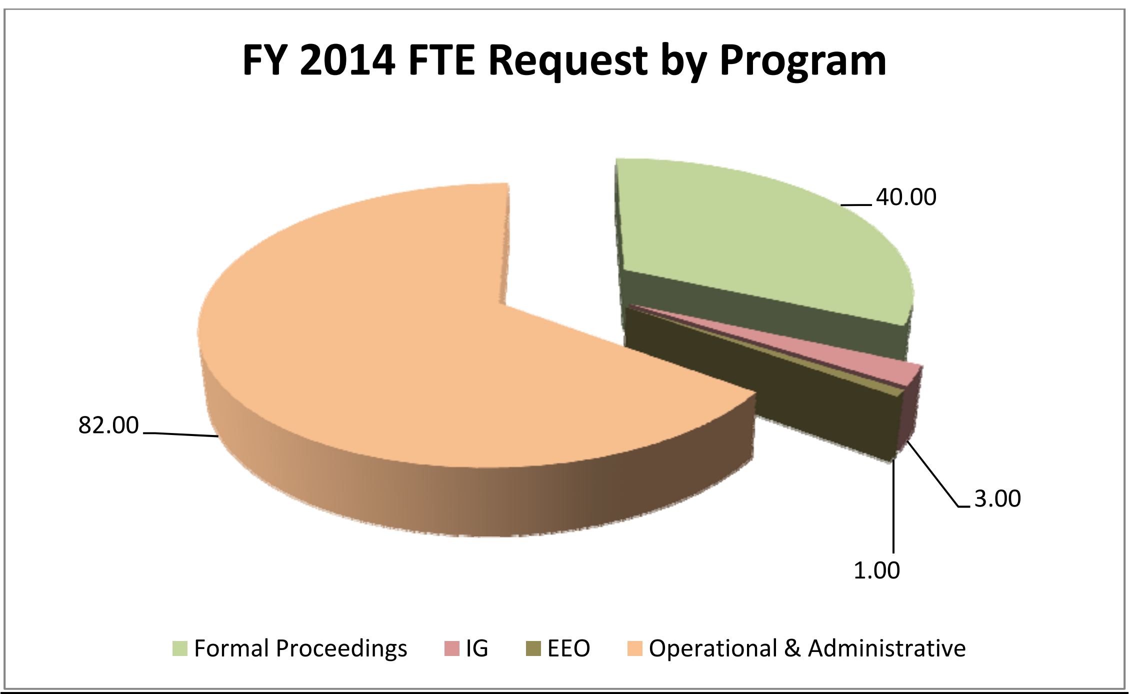
Administrative expenses to be funded in fiscal year 2014 to support our usual and customary business expenses, such as rent, security, telephones, postage, commercial and government contracts, and supplies, have increased to $806,475 from the enacted fiscal year 2013 funding level. This includes an increase of $102,000 associated with a new General Services Administration (GSA) lease for office space effective in November 2012. It also includes an increase of $24,000 for printing, including mandatory printing of Commission issuances in the Federal Register. It also includes very modest increases of $38,000 to acquire much-needed IT hardware and software, $40,000 to train current staff, and $88,000 for supplies and materials, most of which is to acquire materials that could not be purchased in FY 2013. The remaining $514,575 increase is required for government and commercial contracts, including the cost of facilities and data security, shared government services and technology investments to improve efficiencies and maintain mission-critical computer applications. The Commission is working on improving technology to disseminate public information efficiently at lower costs by providing increased web-based and social media-based accessibility.

FY 2014 Request by Strategic Goal



- Strategic Goal # 1: Maintain an efficient and competitive international ocean transportation system
- Strategic Goal # 2: Protect the public from unlawful, unfair and deceptive practices and resolve shipping disputes


FY 2014 Budget Request by Program
$8,122,916.34
$770,660.88
$196,791.05
$15,909,631.73
Formal Proceedings
IG
EEO
Operational & Administrative


FY 2014 FTE Request by Program
40.00
82.00
3.00
1.00
Formal Proceedings
IG
EEO
Operational & Administrative

Relationship of Obligations to Outlays

FY 2012 - FY 2014

Program	FY 2012 Actual	FY 2013 Estimate	FY 2014 Request
Formal Proceedings	$7,539,293.53	$7,428,512.91	$8,122,916.34
Equal Employment Opportunity	$205,099.55	$190,286.27	$196,791.05
Inspector General	$719,641.55	$663,693.37	$770,660.88
Operational and Administrative	$15,549,312.96	$14,555,932.45	$15,909,631.73
Unobligated	$86,652.41	$0.00	$0.00
Budget Authority	**$24,100,000.00**	**$22,838,425.00**	**$25,000,000.00**
Obligations	**$24,013,347.58**	**$22,838,425.00**	**$25,000,000.00**
Outlays*	**$21,370,315.40**	**$20,324,710.82**	**$22,248,371.79**
Outlay Rate (Obligation to Outlay)**	**88.99%**	**88.99%**	**88.99%**
Obligation Rate	**99.64%**	**100.00%**	**100.00%**

Grosss Outlays for FY 2012

Total outlays for fiscal year 2007 disbursed in fiscal year 2012	$764.05
Total outlays for fiscal year 2008 disbursed in fiscal year 2012	$1,731.28
Total outlays for fiscal year 2009 disbursed in fiscal year 2012	$3,835.28
Total outlays for fiscal year 2010 disbursed in fiscal year 2012	$84,922.94
Total outlays for fiscal year 2011 disbursed in fiscal year 2012	$2,072,237.13
Total outlays for fiscal year 2012	$21,370,315.40
Outlays	**$23,533,806.08**

* Represents Outlays for FY 2012 only

** Represents the percentage of FY 2012 obligations that were disbursed during FY 2012

Formal Proceedings Program

Federal Maritime Commission				
Formal Proceedings				
		FY 2012 Actual	FY 2013 Estimate	FY 2014 Request
FTE:	**Chairman**	2.39	2.40	3.00
	Commissioners	6.97	6.94	8.00
	Secretary	6.27	6.72	7.00
	Library	1.00	0.96	1.00
	CADRS	7.07	7.69	8.00
	General Counsel	10.42	10.18	10.00
	Administrative Law Judges	3.04	3.46	3.00
	Total FTEs	**37.16**	**38.35**	**40.00**
Cost:	**Salaries & Benefits**	$5,747,919.49	$5,793,826.83	$6,249,793.18
	Non-Personnel Expenses	$1,791,374.03	$1,635,686.08	$1,873,123.16
	Total Cost	**$7,539,293.52**	**$7,429,512.91**	**$8,122,916.34**

FY 2014 FTE by FMC Strategic Goal	
Strategic Goal 1	**Strategic Goal 2**
Maintain an efficient and competitive international ocean transportation system	Protect the public from unlawful, unfair and deceptive practices and resolve shipping disputes
11.10	**28.90**

FY 2014 Cost by FMC Strategic Goal	
Strategic Goal 1	**Strategic Goal 2**
$2,308,534.79	**$5,814,381.55**

The Offices of the Commissioners, OS, CADRS, OGC and OALJ comprise the Formal Proceedings Program. Within this program, the Commission conducts hearings, renders formal decisions in the disposition of docketed cases, maintains all official documents arising from proceedings, provides an ADR program to facilitate dispute resolutions, and conducts external representation activities before the Congress, courts of law, and other agencies.

Office of the Chairman

Federal Maritime Commission				
Formal Proceedings				
Office of the Chairman				
		FY 2012 Actual	FY 2013 Estimate	FY 2014 Request
FTE:	**Chairman**	2.39	2.40	3.00
Cost:	**Salaries & Benefits**	$373,298.37	$345,061.87	$477,175.98
	Non-Personnel Expenses	$113,222.33	$103,373.01	$147,440.39
	Total Cost	**$486,520.70**	**$448,434.88**	**$624,616.37**

FY 2014 FTE by FMC Strategic Goal	
Strategic Goal 1	**Strategic Goal 2**
Maintain an efficient and competitive international ocean transportation system	Protect the public from unlawful, unfair and deceptive practices and resolve shipping disputes
0.60	**2.40**

FY 2014 Cost by FMC Strategic Goal	
Strategic Goal 1	**Strategic Goal 2**
$124,923.27	**$499,693.10**

The Chairman of the Commission is designated by the President of the U.S. and serves as the agency's Chief Executive and Administrative Officer. As a result, the Chairman has exclusive authority over agency personnel matters, organization and supervision, distribution of business and use of funds for administrative purposes.

Throughout fiscal year 2012, Chairman Lidinsky continued to emphasize making the Commission more nimble and responsive to the millions of Americans who work in or rely on international trade and transportation. He has been responsive to Congress, as reflected in the Cargo Diversion study, and also to the needs of other Federal agencies, as demonstrated by FMC staff acquainting staff of agencies involved in ocean shipments with the practices of ocean carriers. He also has opened lines of communication with major trading partners of the U.S. to discuss related regulations. Through the past five decades, the Commission has adapted to, and evolved with, the dramatic changes in international ocean transportation, while continually playing a crucial role in protecting America’s ocean commerce for our importers, exporters and consumers.

President Obama designated Mario Cordero as Chairman of the Federal Maritime Commission effective April 1, 2013.

Office of the Commissioners

Federal Maritime Commission				
Formal Proceedings Office of the Commissioners				
		FY 2012 Actual	FY 2013 Estimate	FY 2014 Request
FTE:	**Commissioners**	6.97	6.94	8.00
Cost:	**Salaries & Benefits**	$1,359,888.24	$1,302,731.75	$1,559,441.46
	Non-Personnel Expenses	$345,401.20	$324,289.01	$370,438.31
	Total Cost	**$1,705,289.44**	**$1,627,020.76**	**$1,929,879.77**

FY 2014 FTE by FMC Strategic Goal	
Strategic Goal 1	**Strategic Goal 2**
Maintain an efficient and competitive international ocean transportation system	Protect the public from unlawful, unfair and deceptive practices and resolve shipping disputes
1.60	**6.40**

FY 2014 Cost by FMC Strategic Goal	
Strategic Goal 1	**Strategic Goal 2**
$385,975.95	**$1,543,903.82**

The Chairman and four Commissioners are responsible for making decisions and determinations in the disposition of docketed cases, and ensuring the efficient, equitable and expeditious resolution of all matters arising under statutes administered by the Commission. The Commission promulgates rules and regulations and issues decisions which interpret, enforce and assure compliance with the 1984 Act, as amended by the Ocean Shipping Reform Act of 1988 (OSRA), the 1920 Act, FSPA, and Sections 2 and 3 of P. L. 89-777 (46 U.S.C. §§ 44102 and 44103).

In 2012, the Commission released its Bureau of Trade Analysis's *Study of the 2008 Repeal of the Liner Conference Exemption from European Union Competition Law*. The primary issue addressed in the multi-year study was: What impact has the repeal of the liner conference block exemption in Europe had on U.S. liner trades? The study was launched in response to concerns that the EU's repeal might produce freight rate reductions in EU liner trades relative to U.S. liner trades. The study's primary finding is that through 2010, "The repeal of the block exemption does not appear to have resulted in any negative impact on U.S. liner trades." Rates "declined to the same degree in both U.S. and EU import trades," and "increased to a similar degree in both U.S. and EU export trades being compared."

During the fiscal year the Commission entered into a memorandum of understanding (MOU) with the U.S. Department of Transportation FMCSA to facilitate cooperation between the agencies in providing enhanced protection and assistance for consumers who move their household goods. The agreement leverages the efforts of FMCSA, which regulates interstate household goods moves, and the FMC, which regulates overseas household goods moves by water. This initiative follows through on a recommendation made by the Fact Finding Officer and adopted by the Commission in Fact Finding No. 27, *Potentially Unlawful, Unfair or Deceptive Ocean Transportation Practices Related to the Movement of Household Goods or Personal Property in U.S.-Foreign Oceanborne Trades*, and supports the Commission's Strategic Goal to protect the public from unlawful, unfair or deceptive ocean transportation practices and resolve shipping disputes.

The Commission also issued a final rule for freight index-based service contracts to provide flexibility and certainty to ocean carriers and their customers. The new rule clarified that service contracts can reference freight indices or other outside terms, as long as they are readily available to the contracting parties and the Commission.

Additionally, during the fiscal year ending September 30, 2012, the Commission issued 70 orders and notices in docketed proceedings.

Office of the Secretary

Federal Maritime Commission				
Formal Proceedings Office of the Secretary				
		FY 2012 Actual	FY 2013 Estimate	FY 2014 Request
FTE:	**Secretary**	6.27	6.72	7.00
Cost:	**Salaries & Benefits**	$859,661.71	$892,780.81	$950,406.39
	Non-Personnel Expenses	$293,615.51	$234,060.18	$297,999.70
	Total Cost	**$1,153,277.22**	**$1,126,840.99**	**$1,248,406.09**

FY 2014 FTE by FMC Strategic Goal	
Strategic Goal 1	**Strategic Goal 2**
Maintain an efficient and competitive international ocean transportation system	Protect the public from unlawful, unfair and deceptive practices and resolve shipping disputes
1.35	**5.65**

FY 2014 Cost by FMC Strategic Goal	
Strategic Goal 1	**Strategic Goal 2**
$240,764.03	**$1,007,642.06**

The Office of the Secretary (OS) serves as the focal point for matters submitted to and emanating from the Commission. It is the public's main contact point with the FMC. The Office receives and processes a variety of documents filed by the public, including: formal and informal complaints initiating adjudicatory proceedings for alleged violations of the shipping statutes and other applicable laws; special docket applications and requests to correct clerical or administrative errors in service contracts or NVOCC Service Agreements (NSAs); all communications, petitions, notices, pleadings, briefs, or other legal instruments in administrative proceedings; and subpoenas served on the FMC, its members, or employees.

The Office is responsible for organizing Commission Sunshine Act meetings, oral arguments and public hearings; preparing and submitting regular and notation agenda matters for consideration by the Commission, and preparing and maintaining the minutes of actions taken by the Commission on these matters; issuing orders and notices of actions of the Commission; maintaining official files and records of all formal proceedings and Commission regulations; maintaining historical Commission decisions;

issuing publications; and authenticating instruments and documents of the Commission. The Office also responds to information requests from Commission staff, the maritime industry, press, and the public; processes and administers the Freedom of Information, Government in the Sunshine, and Privacy Acts. The Office also maintains a public reference/law library and a Docket Activity Library; oversees the maintenance, organization, and content of the Commission's Internet website; develops, monitors, and reports on the agency's Strategic Plan; develops and implements the agency's Plain Writing Plan; manages the agency's document scanning program; and participates in the development and coordination of agency-wide public relations/education strategies and initiatives.

During fiscal year 2012, the OS continued to administratively process and direct all filings addressed to the Commission and its component offices, including agreements filed under section 5 of the 1984 Act. The Office also issued 66 orders and notices in docketed proceedings on behalf of the Commission.

The Office serves as the Commission's public information/press office. Accordingly, it prepares or coordinates the preparation of Commission news releases; responds to public and press inquiries or directs inquiries to the appropriate Commission bureau/office; and monitors the trade press for matters of agency interest for referral to the Chairman, Commissioners and staff.

The Office is significantly involved with the Commission's ongoing objective to enhance public awareness of the agency. The Office promotes transparency and accountability on behalf of the Commission by evaluating, developing and implementing improvements to the Commission's website. During fiscal year 2012, the Office increased the amount of information available on specific topics and agency-related issues. The Office worked with other Commission components and other agencies to provide information on such hot topics as moving personal household goods, cruise passenger information, passenger vessel financial responsibility, U.S. export and import capacity issues, China's new shipping policies, maritime environmental issues, and Negotiated Rate Agreement guidance. These informative online resources provide easy public access to useful information and resources, increase public awareness of how the FMC is involved with daily events and help to underscore our mission to oversee oceanborne transportation in the foreign commerce of the U.S.

In 2012, the Office completed work to redesign the Commission's website. This new graphic design and layout for the Homepage and interior pages significantly improved content organization to render a more citizen-centered website, enhanced navigation, added more social networking/communications capabilities, and further improved search engine optimization to improve public visibility of the Commission's website and services. The redesign followed a process of gathering valuable input from representatives of the shipping industry, intermediaries, the public, and the media, in an effort to improve the quality, clarity, and accessibility of information that the Commission provides to the shipping public. The process also included input from each of the

Commission's offices and bureaus. In addition to a new overall graphical layout and look, the new site incorporates recommendations for a more user-friendly structure and improved navigation pathways. This upgrade supports the goals of the agency's Plain Writing Act of 2010 Plan and President Obama's directive that government should be transparent, participatory, and collaborative.

The process of electronically scanning/imaging Commission records is an ongoing function of the Office. The Office electronically converts all official Commission files (both current and historical); and is responsible for planning, scheduling and systematically scanning documents for other agency components. This Document Management Program helps support the agency's initiatives for COOP by: improving preservation of, and staff access to Commission documents, improving staff response time to public inquiries, and providing direct public access to electronic files. As a result of its scanning program, the Office continued to make key documents filed in formal proceedings available through its website.

During the fiscal year, the Office completed compilation and website posting of contents of 28 bound volumes of historical Commission decisions issued between the years 1919 and 1987 into "electronic volumes." These historical decisions are no longer in publication in bound volume form, however with the completion of this project, the entire body of historical Commission decisions is now available on the FMC website. Making this information readily available to the public in electronic form has proven to be a useful and cost effective resource, especially for attorneys practicing before the Commission.

During fiscal years 2012 and 2013, the Office will work to develop an electronic, searchable database for the Commission's historical Informal Docket proceedings. The database will provide a more efficient research tool for historical cases and decisions related to informal docket proceedings filed with the Commission. The database will initially be available to staff attorneys, settlement officers, and the Office of Administrative Law Judges.

In support of the Commission's strategic goal to protect the public from unlawful, unfair and deceptive ocean transportation practices and resolve shipping disputes, during fiscal year 2012 the Office continued to lead an agency-wide team in the process of reviewing the Commission's Rules of Practice and Procedure. Emphasis is on evaluating the Commission's procedures against current Federal Rules of Civil Procedure and updating procedures where appropriate. A final rule was published in February 2011 which relieved some filing burdens on the public and parties to Commission proceedings, reduced the Commission's reliance on paper submissions, and enhanced privacy protections for the public. In February 2012, a proposed rule was published that would revise rules pertaining to proceedings, pleadings, and discovery. Revisions will continue through fiscal years 2013 and 2014 until all parts of the rules have been updated and streamlined. Also in 2014, the Office of the Secretary will begin to develop a plan for a fully-automated filing process in docketed cases and further automation of case file maintenance.

In fiscal year 2014, contingent on appropriate agency funding, the Commission will develop and implement a mobile-optimized version of the FMC's main website, which will be accessible on mobile devices such as smart phones and tablets. Development of a mobile-optimized FMC website will improve the public's ability to access critical FMC information, e.g., OTI searchable database.

The Commission will continue to increase the volume of documents accessible through its website in fiscal years 2013 and 2014, including information released under the Freedom of Information Act, and information currently available to the public only upon request or visit to the Commission's offices, such as meeting transcripts and pleadings filed in docketed proceedings.

Library

Federal Maritime Commission				
Formal Proceedings				
Library				
		FY 2012 Actual	FY 2013 Estimate	FY 2014 Request
FTE:	**Library**	1.00	0.96	1.00
Cost:	**Salaries & Benefits**	$111,521.83	$106,428.14	$115,512.30
	Non-Personnel Expenses	$214,822.28	$156,736.99	$252,200.98
	Total Cost	**$326,344.11**	**$263,165.13**	**$367,713.28**

FY 2014 FTE by FMC Strategic Goal	
Strategic Goal 1	**Strategic Goal 2**
Maintain an efficient and competitive international ocean transportation system	Protect the public from unlawful, unfair and deceptive practices and resolve shipping disputes
0.40	**0.60**

FY 2014 Cost by FMC Strategic Goal	
Strategic Goal 1	**Strategic Goal 2**
$147,085.31	**$220,627.97**

The OS also oversees the Commission's library. The library serves the needs of both the Commission and the public for research and information. It is a specialized repository of current and basic materials primarily covering the shipping industry, the history of shipping, and regulations covering all phases of shipping in the U.S. foreign trade. It contains a variety of books, directories, encyclopedias, journals, magazines, reports, microforms, and videos. The library also contains material on several related fields such as engineering, economics, political science, and a collection of legal publications. The library collection includes law encyclopedias, engineering textbooks, legal treatises, legislative materials, and selected titles of the National Reporter system. The library's holdings consist of approximately 8,700 volumes and numerous microfiches, CD-ROMs, and online services.

Office of Consumer Affairs and Dispute Resolution Services (CADRS)

Federal Maritime Commission				
Formal Proceedings				
Office of Consumer Affairs and Dispute Resolution Services				
		FY 2012 Actual	FY 2013 Estimate	FY 2014 Request
FTE:	**CADRS**	7.07	7.69	8.00
Cost:	**Salaries & Benefits**	$918,660.64	$1,008,868.65	$1,031,320.13
	Non-Personnel Expenses	$245,233.93	$257,065.68	$252,021.22
	Total Cost	**$1,163,894.57**	**$1,265,934.33**	**$1,283,341.35**

FY 2014 FTE by FMC Strategic Goal	
Strategic Goal 1	**Strategic Goal 2**
Maintain an efficient and competitive international ocean transportation system	Protect the public from unlawful, unfair and deceptive practices and resolve shipping disputes
1.00	**7.00**

FY 2014 Cost by FMC Strategic Goal	
Strategic Goal 1	**Strategic Goal 2**
$160,417.67	**$1,122,923.68**

CADRS is responsible for developing and implementing the Commission's alternative dispute resolution (ADR), small claims, and industry education programs. The Office provides a variety of ADR services including ombuds, mediation, facilitation, and arbitration to facilitate the flow of U.S. ocean commerce and to avoid the inherent expense, delay, and disruption associated with litigation. The Commission provides neutrals to assist parties in both the pre-litigation and post-filing phases of disputes. In addition to Commission staff, outside neutrals may also be employed as necessary.

Typical ADR matters include situations in which an NVOCC or vessel-operating common carrier (VOCC) has placed a hold on cargo in its possession, often for sums owed under a different contract of carriage. Other cases occur when an NVOCC has received cargo from its customer and taken payment for the transportation of the cargo, but failed to deliver the cargo. Urgent resolution may facilitate delivery of shipments to avoid the accrual of additional demurrage/detention/storage charges. CADRS also receives requests for assistance from VOCCs with respect to addressing various shipping issues encountered with NVOCCs and others in the logistics chain. An example of such request for assistance includes addressing challenges associated with the misdeclarations of cargo either by an NVOCC or its underlying customer. CADRS also receives requests for assistance from truckers with respect to various issues encountered with providing drayage services on through bills of lading. With respect to household goods shipments, consumers often use unlicensed entities that demand additional payment and/or abandon the goods and refuse to communicate with the consumer. Tracking the whereabouts of a shipment can be difficult, and often additional charges have accrued, necessitating payment of additional funds to obtain release of the shipment. CADRS also receives a significant number of requests for ADR for issues involving cruise lines.

In addition to providing ombuds services for disputes between regulated entities and the shipping public, CADRS also offers internal ombuds services. These services address disputes between a regulated entity and another Commission office. One example of this service is where a license applicant requests information or assistance in completing the license application process with the Commission's BCL.

CADRS staff also adjudicate small claims through informal proceedings under 46 Code of Federal Regulations (CFR) Part 502, Subpart S. Office personnel serve as Settlement Officers in such cases, which involve complainants seeking reparations up to $50,000 for violations of the shipping statutes. Those claims generally involve alleged prohibited acts in connection with the international transportation of goods, or the failure to establish, observe, and enforce just and reasonable regulations and practices.

Additionally, CADRS staff educates regulatory stakeholders and the shipping public regarding Commission programs, regulatory requirements, industry best practices, and the use of ADR to resolve disputes. CADRS utilizes various mediums to fulfill its mission including, but not limited to: consumer alerts, webinars, public speaking and teaching engagements, trade association meetings, participation in public stakeholder meetings, and other individualized meetings and educational sessions with stakeholders.

During fiscal year 2012, 670 requests for ombuds services were received that resulted in the opening of a dispute resolution proceeding. These included 132 passenger complaints about cruise line issues, 274 complaints with respect to household goods shipments, 262 complaints involving other cargo shipment matters, and 2 matters that involved other maritime-related issues. Cargo shipment complaints continued to be of increasing complexity. Problems involving OTIs with overextended finances and inability to complete the ocean transportation continued to be an issue. In addition, many household goods complaints pertained to initial charges quoted vis á vis the actual charges billed, often due to measurement discrepancies. In addition, CADRS convened 18 mediations involving various cargo and passenger concerns and closed 15 matters. It is anticipated that the complexity and number of ombuds and mediation cases will continue to increase in light of recent educational meetings with trade associations, regulatory stakeholders, and others in the logistics chain. In addition, the Commission recently entered into an MOU with the FMCSA to address household goods moving fraud. Through implementation of the MOU, FMCSA will refer to CADRS complaints received by FMCSA involving international ocean shipments. In addition, the MOU provides for mechanisms for joint educational initiatives such as placement of information regarding international moving and CADRS on the FMCSA's protectyourmove.gov website and the potential creation of an international complaints function on that website that will heighten CADRS' visibility to the shipping public.

It is also anticipated that during fiscal years 2013 and 2014, CADRS staff will undertake a greater role in advising agency management with respect to policies and practices that impact industry stake holders. In particular, CADRS will have a more prominent role in drafting agency policies and regulations. This is due to the fact that CADRS, as the office that addresses real time industry disputes and challenges, is uniquely positioned to identify industry trends and needs.

In addition to external ombuds and mediation functions, CADRS will be expanding its services in fiscal year 2013 and fiscal year 2014 to address intra-agency issues. In particular, CADRS staff is currently in the process of developing an internal ADR process to address employee disputes and grievances. It is anticipated that this service will utilize both internal staff and external contractors to meet agency needs.

In addition, CADRS anticipates that requests for facilitation and commercial arbitration will increase in fiscal year 2013 and 2014. This is in light of the fact that CADRS heightened presence at industry meetings and functions as well as the fact that parties have begun to include provisions within service contracts that identify CADRS as an ADR provider in the event of a dispute.

In fiscal years 2013 and 2014, CADRS intends to continue its efforts further expand awareness of its ADR services through internal and external education programs, training, and other appropriate methods. As part of these efforts, CADRS in collaboration with other agency offices, will launch an educational webinar series to educate consumers and regulated entities regarding Commission regulations, shipping trends and best practices, and the effective use of CADRS' services to resolve on-going and real time shipping disputes. Use of mediation will be promoted to assist in resolving formal proceedings, service contract matters, and other significant disputes.

Office of the General Counsel (OGC)

Federal Maritime Commission				
Formal Proceedings Offie of the General Counsel				
		FY 2012 Actual	FY 2013 Estimate	FY 2014 Request
FTE:	**General Counsel**	10.42	10.18	10.00
Cost:	**Salaries & Benefits**	$1,619,020.48	$1,591,897.37	$1,605,450.36
	Non-Personnel Expenses	$450,492.87	$415,744.70	$410,095.94
	Total Cost	**$2,069,513.35**	**$2,007,642.07**	**$2,015,546.30**

FY 2014 FTE by FMC Strategic Goal	
Strategic Goal 1	**Strategic Goal 2**
Maintain an efficient and competitive international ocean transportation system	Protect the public from unlawful, unfair and deceptive practices and resolve shipping disputes
5.55	**4.45**

FY 2014 Cost by FMC Strategic Goal	
Strategic Goal 1	**Strategic Goal 2**
$1,118,628.20	**$896,918.10**

The General Counsel provides legal counsel to the Commission. This includes reviewing staff recommendations for Commission action for legal sufficiency, drafting proposed rules to implement Commission policies, and preparing final decisions, orders, and regulations for Commission review. In addition, the OGC provides written and oral legal opinions to the Commission, its staff, and the general public in appropriate cases. As described in more detail below, the General Counsel also represents the Commission before courts and Congress, and administers the Commission's international affairs program. The OGC has delegated authority to make determination of controlled carrier status.

Rulemakings and Decisions

The following are rulemakings and adjudications representative of matters prepared by the OGC:

(a) Rulemakings and Decisions

NVOCC Negotiated Rate Arrangements [Docket 11-22], 32 S.R.R. 350 (December 20, 2011)

On March 2, 2011, the Commission issued a final rule, promulgating 46 CFR Part 532, regulations which govern the exemption of licensed NVOCCs from their tariff rate publication obligations when entering into a "negotiated rate arrangement" (NRA). Commission Docket No. 10-03, 76 Fed. Reg. 11351, effective April 18, 2011. The regulation allows licensed NVOCCs to enter into NRAs with their shipper customers. An NRA is defined as "a written and binding arrangement between a shipper and an eligible NVOCC to provide particular transportation service for a particular shipment at a particular rate prior to the receipt of the cargo by the common carrier or its agent (including originating carriers in the case of rates for through transportation)." The regulation exempts licensed NVOCCs who enter into NRAs from the following requirements of the Shipping Act: the requirement in Section 8(a), codified at 46 U.S.C. §§ 40501(a)-(c) that each common carrier keep open to public inspection in an automated tariff system tariffs showing all its rates; Section 8(b), codified at 46 U.S.C. § 40501(d)(time volume rates); Section 8(d), codified at 46 U.S.C. § 40501(e) (tariff rate increase may not be effective on less than 30 days' notice but decrease effective immediately); Section 8(e), codified at 46 U.S.C. § 40503 (carrier application to grant refunds); and Section 10(b)(2)(A)'s requirement of adhering to the published tariff rate, codified at 46 U.S.C. § 41104(2)(A). Licensed NVOCCs entering into NRAs must still comply with the prohibitions contained in Section 10(b)(4) of the Shipping Act, codified at 46 U.S.C. § 41104(4)(prohibiting common carriers from unfair or unjustly discriminatory practices in service pursuant to a tariff), and Section 10(b)(8), codified at 46 U.S.C. § 41104(8)(prohibiting common carriers from undue or unreasonable preference or advantage or undue or unreasonable prejudice or disadvantage for tariff service). The Commission determined not to extend the ability to enter into NRAs to foreign-based NVOCCs who are unlicensed but bonded pursuant to 46 CFR § 515.21(a)(3).

On December 20, 2011, the Commission issued a Notice of Inquiry (NOI), Docket No. 11-22, seeking comments on ways to make NRAs more useful, including the possible extension of the ability to offer NRAs to foreign-based NVOCCs not licensed by the Commission. December 27, 2011 at 76 Fed. Reg. 80866. The comments were due by March 26, 2012. The Commission received 23 comments. An additional comment, that was not adverse, was received after the deadline. The Commission determined to issue a direct final rule revising 46 CFR Part 532 and adopting many of the suggestions of the commenters, but not expanding the exemption to foreign-based NVOCCs who are unlicensed but bonded.

(b) Decisions by the Commission

EuroUSA Shipping, Inc., Tober Group, Inc., and Container Innovations, Inc. – Possible Violations of Section 10 of the Shipping Act of 1984 and the Commission's Regulations at 46 CFR § 515.27 [Docket No. 06-06], 32 S.R.R. 578 (FMC 2012)

This proceeding was instituted by Order of Investigation and Hearing served May 11, 2006, to determine whether respondents violated section 10(b)(11) of the Shipping Act and the Commission's regulations at 46 CFR § 515.27, by knowingly and willfully accepting cargo from or transporting cargo for the account of an ocean transportation intermediary that did not have a tariff and bond as required by sections 8 and 19 of the Act. With regard to EuroUSA, the ALJ approved a Settlement Agreement between EuroUSA and the BOE on October 9, 2009. With regard to Tober Group (Tober), the ALJ issued an Initial Decision (ID) in which he concluded that BOE did not prove that the unlicensed intermediaries with whom Tober did business operated as non-vessel-operating common carriers, and therefore Tober did not violate section 10(b)(11) of the Shipping Act. The ALJ also concluded that Tober violated section 10(b)(2)(A) of the Act by providing service in the liner trade that was not in accordance with the rates and charges in its published tariff, but did not assess a penalty for these violations. BOE filed exceptions to the ALJ's ID. Finally, with regard to Container Innovations, the ALJ concluded that it violated section 10(b)(11) and should be subject to a civil penalty of $390,000 for 13 knowing and willful violations of the Shipping Act. The ALJ's decision regarding Container Innovations became administratively final on January 7, 2010.

On April 12, 2012, a majority of the Commission vacated the ALJ's ID in part, reversed in part, and remanded the proceedings. The Commission vacated conclusions in the ID that Tober did not violate section 10(b)(11) of the Shipping Act, and remanded to the ALJ for reconsideration consistent with the Commission's decision in Docket No. 06-01, *Worldwide Relocations, Inc. – Possible Violations of the Shipping Act*, 32 S.R.R. 495 (FMC 2012). The Commission also reversed the ALJ's denial of civil penalties and remanded for reconsideration consistent with the Commission's order. Finally, the Commission granted a Motion to Withdraw as Counsel. The ALJ's issued the Initial Decision on December 31, 2012, and the FMCs final decision is due by June 28, 2013.

Parks International Shipping Inc., Cargo Express International Shipping Inc., et al. – Possible Violations of Sections 8(a) of the Shipping Act and the Commission's Regulations at 46 CFR, Parts 515 and 520 [Docket No. 06-09], 31 S.R.R. 1166 (February 5, 2010)

This proceeding was instituted by Order of Investigation and Hearing served September 19, 2006, to determine whether respondents violated sections 8(a) and 19 of the Shipping Act and the Commission's regulations at 46 CFR Part 520 and 46 CFR Part 515. On February 5, 2010, the Administrative Law Judge issued an Initial Decision finding, as to twelve shipments, Parks International Shipping, Inc., violated section 8(a) by operating as a common carrier without publishing tariffs showing all of its active rates and charges and violated section 19 by operating as an ocean transportation intermediary without obtaining a license from the Commission and without providing proof of financial responsibility. The ALJ also found that, as to fourteen shipments, Cargo Express International Shipping, Inc., violated section 8(a) by operating as a common carrier without publishing tariffs showing all of its active rates and charges and violated section 19 by operating as an ocean transportation intermediary without obtaining a license and without providing proof of financial responsibility. The ALJ imposed civil penalties on both of these parties, and he ordered them to cease and desist from violating the Shipping Act. The ALJ dismissed Bronx Barrels & Shipping Supplies Shipping Center, Inc., and Ainsley Lewis a.k.a. Jim Parks from the proceeding. On March 4, 2010, the Commission filed a Notice indicating its intention to review the ALJ's Initial Decision.

On April 26, 2012, the Commission vacated the Initial and Supplemental Decisions and remanded the matter to the ALJ for further proceedings consistent with the Commission's holding in *Worldwide Relocations, Inc., et al. – Possible Violations of the Shipping Act*, FMC Docket No. 06-01, 32 S.R.R. 495.

The ALJ's issued the Initial Decision on December 31, 2012. The Commission's deadline for a final decision is extended from October 29, 2012 until June 28, 2013.

Anderson International Transport and Owen Anderson – Possible Violations of Sections 8(a) and 19 of the Shipping Act [Docket No. 07-02], 32 S.R.R. 568 (FMC 2012)

This proceeding was instituted by Order of Investigation and Hearing served March 22, 2007, to investigate whether respondents violated sections 8, 19(a), and 19(b) of the Shipping Act and the Commission's regulations at 46 CFR §§ 515 and 520. On August 28, 2009, the ALJ issued an ID finding that respondents violated section 19(a) of the Shipping Act by operating as an OTI without obtaining a license, and also violated section 19(b) by operating as an OTI without providing proof of financial responsibility. The ALJ ordered respondents to cease and desist from violating the Shipping Act. The ALJ did not impose a penalty, finding that the BOE failed to introduce evidence regarding respondents' ability to pay a civil penalty. On December 8, 2009, BOE filed a petition to reopen the proceeding for the purpose of taking further evidence regarding respondents' ability to pay. The Commission granted this request and remanded the case to the ALJ for further consideration. On February 23, 2010, the ALJ issued an order on remand imposing a penalty on respondents. On March 9, 2010, the Commission filed a notice that it would review the ALJ's decision, and on March 15, 2010, BOE filed exceptions to the ALJ's decision.

On April 26, 2012, the Commission vacated the Initial and Supplemental Decisions, and remanded the matter to the ALJ for further proceedings consistent with the its holding in Docket No. 06-01, *Worldwide Relocations, Inc. – Possible Violations of the Shipping Act*, 32 S.R.R. 495. The ALJ's Initial Decision on Remand is due by December 31, 2012, and the Commission's final decision is due by June 28, 2013.

Notice of Inquiry - Non-Vessel-Operating Common Carrier Service Arrangements, [Docket No. 12-05], (April 12, 2012)

On April 12, 2012, the Commission issued an NOI, Commission Docket No. 12-05, 77 Fed. Reg. 23202, seeking public comment on ways to make NSAs less burdensome and more effective and specifically requesting comments on extending the exemption to allow two or more unaffiliated NVOCCs to jointly offer NSAs. Comments were due by June 18, 2012 and the Commission received several comments. This matter is under review by the Commission.

<u>Litigation</u>

The General Counsel represents the Commission in litigation before courts and other administrative agencies. Although the litigation work largely consists of representing the Commission upon petitions for review of its orders filed with the U.S. Courts of Appeals, the OGC also participates in actions for injunctions, enforcement of Commission orders, actions to collect civil penalties, and other cases where the Commission's interest may be affected by litigation.

The following is representative of matters litigated by the Office:

City of Oakland v. Federal Maritime Commission, United States Court of Appeals for the District of Columbia Circuit, Case No. 12-1080

On February 9, 2012, the City of Oakland filed a petition for review of the Commission's Order in FMC Docket 09-08, *SSA Terminals, LLC, et al. v. The City of Oakland*, upholding the ALJ's denial of its motion to dismiss on the ground of Eleventh Amendment sovereign immunity. On March 26, 2012, the FMC filed the certified index to the record. The court granted SSA Terminals' Motion to Intervene on March 29, 2012. The Commission filed its brief July 5, 2012, and on July 18, 2012 the Intervenor filed its brief. The Commission filed its Final Brief on August 24, 2012. Oral argument was held on April 9, 2013.

Federal Maritime Commission v. All-In-One Shipping, Inc., et al., U.S. District Court for the Southern District of Florida, Case No. 06-60054

On January 12, 2006, the Commission filed a Complaint for Injunctive Relief with the U.S. District Court for the Southern District of Florida to enjoin four household goods moving companies and three individuals from operating as NVOCCs in violation of the Shipping Act by accepting cargo for transportation, and for advertising for or soliciting cargo while operating as an OTI without a valid license, bond or other security on file with the Commission. The District Court issued the requested preliminary injunction by order dated January 17, 2006. Specifically, the companies and individuals that are named and subject to the injunction are: All-In-One Shipping, Inc.; Around The World Shipping, Inc.; Boston Logistics Corp.; Global Direct Shipping; Daniel Cuadrado; Elizabeth F. Hudson; Joshua Morales. Injunctive relief remains in force pending conclusion of agency enforcement proceedings in FMC Docket No. 06-01.

On August 16, 2010, the ALJ issued an ID in Docket No. 06-01 finding violations of the Shipping Act and imposing civil penalties on the corporate and individual parties. No parties filed exceptions to the ID. The Commission determined to review the ID, and the Final Decision issued March 15, 2012, affirming the ALJ in part, reversing in part, and modifying in part. The Commission notified the District Court of the Final Decision on March 23, 2012, and the Court dissolved the preliminary injunction and terminated the case April 5, 2012.

Legislative Activities

The OGC represents the Commission's interests in all matters before Congress. This includes preparing testimony for Commission officials, responding to Congressional requests for information, commenting on proposed legislation, and responding to the OMB requests for views on proposed bills and testimony.

During fiscal year 2012, 115 bills, proposals, and congressional inquiries were referred to the OGC for review or comment. OGC prepared and coordinated testimony for the agency's fiscal year 2013 budget authorization hearing held before the U.S. House of Representatives' Committee on Transportation and Infrastructure's Subcommittee on Coast Guard and Maritime Transportation. In addition, OGC helped prepare three Presidential nominees for confirmation hearings before the Senate Committee on Commerce, Science and Transportation. On November 11, 2011, the Senate confirmed one of those nominees.

In fiscal years 2013 and 2014, OGC will continue to provide assistance to Congress regarding issues for possible legislative consideration. The Office may also recommend legislative amendments as necessary to ensure uniformity with other Federal initiatives to promote efficient and secure flow of ocean transportation.

Foreign Shipping Restrictions and International Affairs

The OGC is responsible for the administration of the Commission's international affairs program. The OGC monitors potentially restrictive foreign shipping laws and practices, and makes recommendations to the Commission for investigating and addressing such practices. The Commission has the authority to address restrictive foreign shipping practices under section 19 of the 1920 Act and the FSPA. Section 19 empowers the Commission to make rules and regulations governing shipping in the foreign trade to adjust or meet conditions unfavorable to shipping. The FSPA directs the Commission to address adverse conditions that affect U.S. carriers in foreign trade and that do not exist for foreign carriers in the U.S.

In fiscal year 2012, the OGC pursued informally several matters that involved potentially restrictive foreign practices including new legislation, new interpretations of existing legislation, new regulations of non-domestic carriers' terminal handling charges and a requested change by the Ministry of Transport of the People's Republic of China to revise the FMC's rules implementing a US-PRC bilateral understanding addressing the ability of U.S. NVOCCs to do business in China. The OGC served as a technical advisor to the U.S. delegation regarding Chinese requirements for rate-filing and related issues at the 5th U.S. - People's Republic of China Consultations on the Maritime Bilateral Agreement held in St. Louis, Missouri, in January 2012.

Another responsibility of the OGC is the classification of controlled carriers subject to section 9 of the Shipping Act. Common carriers that are owned or controlled by foreign governments are required to adhere to certain requirements under the Act, and their rates are subject to Commission review. The OGC investigates and makes appropriate recommendations to the Commission regarding the status of potential controlled carriers. The OGC, in conjunction with other Commission components, also monitors the activities of controlled carriers. The OGC republished the list of Controlled Carriers on August 22, 2012. 77 Fed. Reg. 51801 (August 22, 2012).

The OGC continues to take the lead in accomplishing the agency's performance goals relating to eliminating restrictions that unjustly disadvantage U.S. interests. OGC monitors foreign laws and practices to determine whether there are any unjust non-market barriers to trade. Where appropriate, the OGC recommends Commission action.

Designated Agency Ethics Official

Federal Maritime Commission				
Formal Proceedings				
Ethics				
		FY 2012 Actual	FY 2013 Estimate	FY 2014 Request
FTE:	**Ethics**	0.00	0.00	0.00
Cost:	**Salaries & Benefits**	$0.00	$0.00	$0.00
	Non-Personnel Expenses	$0.00	$2,218.29	$1,442.84
	Total Cost	**$0.00**	**$2,218.29**	**$1,442.84**

FY 2014 FTE by FMC Strategic Goal	
Strategic Goal 1	**Strategic Goal 2**
Maintain an efficient and competitive international ocean transportation system	Protect the public from unlawful, unfair and deceptive practices and resolve shipping disputes

FY 2014 Cost by FMC Strategic Goal	
Strategic Goal 1	**Strategic Goal 2**
$346.28	**$1,096.56**

The Ethics Official is designated by the Chairman and located in the OGC. The position is performed as a collateral duty by the attorney designated as Ethics Official.

The Commission's Ethics Official is responsible for administering public and confidential financial disclosure systems in order to prevent conflicts of interest from arising in the execution of the agency's regulatory functions. The Ethics Official also conducts annual training and provides day-to-day advice and guidance to ensure compliance with the Standards of Ethical Conduct that apply to Executive Branch employees. 5 CFR Part 2635.

Office of Administrative Law Judges (OALJ)

Federal Maritime Commission				
Formal Proceedings Office of Administrative Law Judges				
		FY 2012 Actual	FY 2013 Estimate	FY 2014 Request
FTE:	**Administrative Law Judges**	3.04	3.46	3.00
Cost:	**Salaries & Benefits**	$505,868.22	$546,058.24	$510,486.56
	Non-Personnel Expenses	$128,585.91	$142,198.22	$141,483.78
	Total Cost	**$634,454.13**	**$688,256.46**	**$651,970.34**

FY 2014 FTE by FMC Strategic Goal	
Strategic Goal 1	**Strategic Goal 2**
Maintain an efficient and competitive international ocean transportation system	Protect the public from unlawful, unfair and deceptive practices and resolve shipping disputes
0.60	**2.40**

FY 2014 Cost by FMC Strategic Goal	
Strategic Goal 1	**Strategic Goal 2**
$130,394.07	**$521,576.27**

OALJ regulates the course of proceedings, conducts hearings, approves settlements, and renders decisions in adjudicatory proceedings held after receipt of a private complaint or when instituted by the Commission. Administrative Law Judges (ALJ) have authority to administer oaths and affirmations; issue subpoenas; rule upon motions and offers of proof; receive evidence; authorize depositions; regulate the course of hearings; hold pre-hearing conferences for the settlement or simplification of the issues involved; refer matters to mediation when appropriate; dispose of procedural requests; act as settlement judges in particular cases; and take any other action authorized by agency rule or the Administrative Procedure Act.

The case load of the Office is governed by the number of complaints and applications filed, the number of formal proceedings instituted by the Commission on its own motion, and other matters assigned in furtherance of the Commission's regulatory functions. Proceedings that come before the Office include, but are not limited to, the adjudication of discriminatory or unfair and unreasonable practices between various parties subject to the shipping acts, and adjudication of shipper complaints. ALJs also can process special docket applications on an as-needed basis.

At the beginning of fiscal year 2012, sixteen formal proceedings were pending (on hand) before OALJ (07-01, 08-03, 09-01, 10-05, 10-06, 10-08, 10-11, 11-06, 11-07, 11-08, 11-11, 11-12, 11-13, 11-14, 11-15, and 1923(F)). During the year, six new formal proceedings were added (11-18, 11-21, 12-01, 12-02, 12-03, and 12-06) and four formal proceeding were remanded by the Commission (06-06, 06-09, 07-02, and 09-08).

OALJ issued fourteen initial decisions or orders subject to review by the Commission in twelve proceedings: Initial decisions resolving five contested proceedings (10-06, 10-08, 11-08, 11-13, and 11-14); initial decisions on default in two proceedings (10-11 and 11-14); issued orders of voluntary dismissal in two proceedings (11-08 and 1923(F)); and initial decisions approving settlements in five proceedings (10-05, 11-06, 11-15, 11-18, and 11-21).

During fiscal years 2013 and 2014, the Office will conduct hearings and render decisions on adjudicatory proceedings and on such rulemaking proceedings as may be referred to the Office.

Equal Employment Opportunity Program (EEO)

Federal Maritime Commission				
Equal Employment Opportunity Program				
		FY 2012 Actual	FY 2013 Estimate	FY 2014 Request
FTE:	**Headquarters**	1.00	0.96	1.00
Cost:	**Salaries & Benefits**	$155,238.56	$147,699.64	$154,561.05
	Non-Personnel Expenses	$49,860.99	$42,586.63	$42,230.00
	Total Cost	**$205,099.55**	**$190,286.27**	**$196,791.05**

FY 2014 FTE by FMC Strategic Goal	
Strategic Goal 1	**Strategic Goal 2**
Maintain an efficient and competitive international ocean transportation system	Protect the public from unlawful, unfair and deceptive practices and resolve shipping disputes
0.20	**0.80**

FY 2014 Cost by FMC Strategic Goal	
Strategic Goal 1	**Strategic Goal 2**
$39,358.21	**$157,432.84**

The Commission's Office of EEO follows Federal EEO and personnel management laws, concepts, procedures and regulations to develop, implement and manage a comprehensive program of equal employment opportunity. The program is statutorily mandated with required activities in complaints processing, adjudication, affirmative employment program planning, workforce diversity management, special emphasis programs, community outreach, monitoring and evaluation.

The Chairman is responsible for ensuring equal opportunity at the Commission. The Chairman has delegated this authority to the Director of Equal Employment Opportunity (DEEO). Operational responsibility for compliance with EEO policies and programs lies with the Commission's front-line managers. The DEEO works independently under the direction of the Chairman to provide advice to senior staff and management in improving and carrying out its policies and program of non-discrimination, workforce diversity and affirmative employment program planning. The Director arranges for EEO counseling or ADR for employees who raise allegations of discrimination; provides for the investigation, hearing, fact-finding, adjustment, or early resolution of such complaints of discrimination; accepts or rejects formal complaints of discrimination;

prepares and issues decisions for resolution of formal complaints; and monitors and evaluates the program's impact and effectiveness. In addition, the Director represents the agency on several intergovernmental committees, coordinates all affirmative program planning efforts, directs programs of special emphasis, coordinates the activities of the Selective Placement and Federal Equal Opportunity Recruitment Coordinators, and also supervises two collaterally-assigned EEO counselors.

The Office works closely with senior management and with the Commission's OHR to: (1) monitor affirmative employment programs; (2) expand outreach and recruitment initiatives; (3) improve the representation, career development and retention of women, minorities and persons with disabilities; (4) provide adequate career counseling; (5) facilitate early resolution of employment-related problems; and (6) develop program plans and progress reports.

Significant accomplishments include the following: (1) when necessary, provided EEO and non-EEO related guidance to Commissioners, managers, supervisors and employees in addressing issues that arose; (2) collaborated with managers and supervisors in striving to maintain and effectively manage a diverse workforce; (3) continued to administer an effective EEO complaint process that strives to attempt resolution of issues informally through collaborative ADR techniques at the lowest possible level; (4) held commemorative programs for all FMC employees for National Black History Month, Women's History Month, National Asian Pacific Heritage Month, National Hispanic Heritage, National Native American Heritage Month, while also recognizing Gay and Lesbian Pride Month through electronic announcement; (5) prepared all required EEO and affirmative employment program accomplishment reports and plans; (6) Collaborated with Equal Employment Opportunity Commission (EEOC) management staff to discuss more effective approaches for meeting the MD-715 goals and objectives; and (7) continued to administer the EEO process in support of the goal of achieving and maintaining a model work environment in accordance with Federal EEO policy and affirmative employment goals and objectives.

During fiscal years 2013 and 2014, the Office will continue all existing programs and initiate additional activities designed to increase an understanding of EEO concepts and principles, including monitoring workforce diversity, outreach, retention, career development initiatives, administering a barrier analysis as part of Management Directive 715 (MD-715) requirements, and providing interactive mediation training for all interested FMC employees. MD-715 is the policy guidance which the Equal Employment Opportunity Commission (EEOC) provides to Federal agencies for their use in establishing and maintaining effective programs of equal employment opportunity under Section 717 of Title VII of the Civil Rights Act of 1964 (Title VII), as amended, 42 U.S.C. § 2000e *et seq.*, and Section 501 of the Rehabilitation Act of 1973 (Rehabilitation Act), as amended, 29 U.S.C. § 791 *et seq*.

Inspector General Program (OIG)

Federal Maritime Commission				
Inspector General Program				
		FY 2012 Actual	FY 2013 Estimate	FY 2014 Request
FTE:	**Inspector General**	3.00	2.67	3.00
Cost:	**Salaries & Benefits**	$512,855.81	$484,033.66	$546,737.36
	Non-Personnel Expenses	$206,785.74	$179,659.71	$223,923.52
	Total Cost	**$719,641.55**	**$663,693.37**	**$770,660.88**

FY 2014 FTE by FMC Strategic Goal	
Strategic Goal 1	**Strategic Goal 2**
Maintain an efficient and competitive international ocean transportation system	Protect the public from unlawful, unfair and deceptive practices and resolve shipping disputes
1.50	**1.50**

FY 2014 Cost by FMC Strategic Goal	
Strategic Goal 1	**Strategic Goal 2**
$385,330.44	**$385,330.44**

The OIG operates pursuant to the Inspector General Act of 1978 (1978 Act) (5 U.S.C. App. § 3), as amended in 1988, and by the Inspector General Reform Act of 2008 (Reform Act) (5 U.S.C. app. § 8G). The 1988 amendments created additional statutory Offices of Inspector General at various designated Federal entities, including the FMC. The Reform Act further enhanced the independence of Offices of Inspectors General by adding Inspector General (IG) compensation, staffing and removal provisions.

The purpose of the 1978 Act, as amended, and as applicable to the FMC, is to create an independent and objective unit to conduct audits; review operations and programs; investigate possible fraud, waste and mismanagement of resources; and promote economy, efficiency and effectiveness in programs and operations administered by the FMC.

The OIG is staffed by an IG, an Assistant Inspector General for Audit and an OIG Counsel / Chief Investigator.

The IG works independently under the general supervision of the FMC Commissioners. The IG does not report to, and is not subject to supervision by, any other employee of the FMC. The OIG has MOUs with the Office of Inspector General at the U.S. Social Security Administration for investigative assistance and the Federal Trade Commission for audit quality assurance support. In addition, the Office utilizes the expertise of private sector accountants and information security analysts to assist in performing specialized audits and reviews.

During fiscal year 2012, the OIG issued an audit of the FMC's fiscal year 2011 Financial Statements and a companion report to management on financial-related findings and recommendations resulting from the audit. The OIG also issued an evaluation of information security pursuant to the Federal Information Security Management Act (FISMA), and audits/reviews of the Bureau of Enforcement's Compliance Audit Program and FMC Controls Over the Procurement, Lease and Use of the Agency's Vehicle. The OIG identified four management and performance challenges for inclusion in the FMC's fiscal year 2011 Performance and Accountability Report (PAR). These assessments were based on information derived from a combination of sources, including OIG audit and inspection work, Commission reports, and a general knowledge of the Commission's programs. The OIG also awarded a new contract to an independent public accounting firm to assist with the office's annual financial statement audit.

The OIG investigations unit received twelve complaints in fiscal year 2012. The OIG responded to five of the complaints and forwarded seven complaints to the appropriate FMC program areas for disposition or to other agency OIGs or programs with jurisdiction over the subject matter of the complaint. The OIG opened one new investigation, one preliminary investigation and referred one matter to prosecutorial authorities during this period.

In addition to these audit and investigative activities and outcomes, OIG staff held information-sharing sessions with agency staff to identify and clarify the various OIG activities that assist in accomplishing the OIG's mission to prevent and eliminate waste, fraud, abuse and mismanagement, and to promote efficiency and effectiveness. OIG staff also visited FMC area representatives in South Florida to enhance its understanding of the functions and activities performed by FMC ARs and, while there, gave a presentation to several members of the Miami business community and local government leaders about the role of Federal inspectors general. The OIG continued to respond to consumers who were victimized as part of an internet scam operation using FMC indicia and worked with the agency's OGC to amend Commission regulations pertaining to IG reporting requirements as required by the Dodd-Frank Wall Street Reform and Consumer Protection Act (P.L.111-203).

During fiscal year 2012, in accordance with the 1978 Act, the OIG provided legal services, on a reimbursable basis, to the Architect of the Capitol OIG pursuant to an MOU.

The OIG responded to an OIG community-wide request for information from the Chairman of the House Committee on Oversight and Government Reform, regarding open (unimplemented) OIG recommendations, and a request from the Government Accountability Office pertaining to OIG independence and effectiveness.

OIG staff participated in several activities associated with the Council of Inspectors General on Integrity and Efficiency (CIGIE), including actively serving on the (i) Legislation Committee where OIG staff reviewed and commented on several legislative initiatives affecting the OIG community; and (ii) Integrity Committee, which reviews allegations of administrative (non-criminal) misconduct against inspectors general and designated senior staff members of the OIG.

During fiscal years 2013 and 2014, the OIG will continue to place a high priority on audits and reviews with the objective of improving agency programs and operations. The OIG will complete statutorily-required reviews to include separate audits of the FMC's 2012 and 2013 Financial Statements and an evaluation of the agency's information security program and privacy assurance controls, as required by the Federal Information Security Management Act, continue site visits to FMC area offices to better understand regulatory and program issues and concerns from a field office perspective and continue to focus on reviews of FMC mission-based programs.

The OIG will continue to actively participate in IG community activities and maintain membership in the CIGIE, the Council of Counsels to Inspectors General (CCIG) and the Federal Audit Executive Council (FAEC). The OIG will continue to work with the OMB, CIGIE, CCIG and FAEC on joint projects which affect the IG community. The Office will also continue to keep the Chairman, Commissioners, OMB and the Congress fully informed regarding its audit and investigative activities.

Operational and Administrative Program

Federal Maritime Commission				
Operational and Administrative				
		FY 2012 Actual	FY 2013 Estimate	FY 2014 Request
FTE:	**Office of the Managing Director**	9.20	9.20	9.00
	Bureau of Trade Analysis	17.44	15.32	18.00
	Bureau of Certification and Licensing	15.62	14.40	15.00
	Bureau of Enforcement	10.00	9.61	10.00
	Area Representatives	8.27	7.81	9.00
	Office of Information Technology	6.99	6.71	7.00
	Office of Human Resources	5.00	3.85	4.00
	Office of Budget and Finance	4.73	4.42	5.00
	Office of Management Services	5.00	4.80	5.00
	Total FTEs	**82.25**	**76.12**	**82.00**
Cost:	**Salaries & Benefits**	$11,147,985.29	$10,738,439.87	$11,526,908.41
	Non-Personnel Expenses	$4,401,327.67	$3,817,492.58	$4,382,723.32
	Total Cost	**$15,549,312.96**	**$14,555,932.45**	**$15,909,631.73**

FY 2014 FTE by FMC Strategic Goal	
Strategic Goal 1	**Strategic Goal 2**
Maintain an efficient and competitive international ocean transportation system	Protect the public from unlawful, unfair and deceptive practices and resolve shipping disputes
16.17	**65.83**

Office of the Managing Director (OMD)

Federal Maritime Commission				
Operational and Administrative Office of the Managing Director				
		FY 2012 Actual	FY 2013 Estimate	FY 2014 Request
FTE:	**Office of the Managing Director**	9.20	9.20	9.00
Cost:	**Salaries & Benefits**	$1,466,196.36	$1,550,479.58	$1,544,050.38
	Non-Personnel Expenses	$595,718.82	$563,627.34	$596,198.76
	Total Cost	**$2,061,915.18**	**$2,114,106.92**	**$2,140,249.14**

FY 2014 FTE by FMC Strategic Goal	
Strategic Goal 1	**Strategic Goal 2**
Maintain an efficient and competitive international ocean transportation system	Protect the public from unlawful, unfair and deceptive practices and resolve shipping disputes
2.10	**6.90**

FY 2014 Cost by FMC Strategic Goal	
Strategic Goal 1	**Strategic Goal 2**
$499,391.47	**$1,640,857.67**

As the Commission's Chief Operating Officer, the Managing Director (MD) is responsible for the management, direction and coordination of the Commission's operating programs and administrative functions. The following agency components report directly to the MD: BCL, BOE, BTA, ARs, OBF, OHR, OIT, and OMS. The MD also provides administrative direction to the OGC, OS, CADRS and ALJ. OMD now also has responsibility for the Commission's strategic plan; the agency's Performance Improvement Officer (PIO) is located within the office.

Among other duties, the MD also serves as the agency's Chief Financial Officer (CFO) and Chief Acquisition Officer (CAO). The Deputy MD is the Commission's Competition Advocate. The Director of Strategic Planning and Regulatory Review within OMD coordinates development of the Commission's strategic plan.

The Director of Field Investigations (DFI) is also located within OMD. The OMD oversees activities of the ARs and the DFI provides oversight, coordination, direction and monitoring of Commission investigative activities, including those of ARs. The

DFI's responsibility includes extensive coordination among ARs and the BOE, determining investigative priorities and goals and directly supervising all investigative cases.

In managing the day-to-day operations of the Commission, the OMD provides direction and coordination among Commission administrative and program components to assure synergism and cohesive efforts to achieve the Commission's strategic goals. The OMD initiates recommendations for long-range plans, new or revised policies and standards, and rules and regulations, while issuing internal directives to Commission staff.

During fiscal year 2012, OMD staff continued to coordinate plans to implement the recommendations of Fact Finding Investigation No. 27, *Potentially Unlawful, Unfair or Deceptive Ocean Transportation Practices Related to the Movement of Household Goods or Personal Property in U.S.-Foreign Oceanborne Trades.* The office was instrumental in pursuing and signing an MOU with the FMCSA agreeing to cooperate in providing enhanced protection and assistance for consumers who move their household goods.

OMD also initiated cooperation with other agencies to leverage existing government assets. The MD signed MOUs with the Surface Transportation Board and the Census Bureau to share trade data. In addition, the OMD oversaw coordination with Department of Defense agencies and U.S. Agency for International Development regarding issues affecting their ocean transportation costs.

The OMD coordinated efforts to study the diversion of U.S. cargo through Canadian and Mexican ports, pursuant to a congressional request. This involved extensive collection of information and input from various industry and government sources, and assessment by Commission staff.

During fiscal year 2012, the MD initiated an effort to develop a long-range strategic plan for IT. The focus of the plan is to improve internal efficiencies, while providing improved data to support Commission programs. As an initial step, the MD established an Information Technology Advisory Board. Second, the Director of Strategic Planning and Regulatory Review was tasked with coordinating program office needs with OIT and the Chief Information Officer (CIO). An assessment of the agency's IT program was initiated and a study made of Disaster Recovery options. The assessment has demonstrated the need for significant upgrades of existing systems. As funds become available, plans are being developed to make those needed upgrades.

To accomplish uniform internal processes, the MD also established a system of internal Managing Directives to guide staff operations. These primarily deal with the administrative operations of the Commission.

The OMD's key objectives for fiscal years 2013 and 2014 include: (1) identifying significant industry issues as they arise and utilize combined resources of investigative, enforcement and dispute resolution to resolve industry-wide problems; (2) providing a forum for importers, exporters, shippers, carriers, ports, marine terminal operators and OTIs to have significant issues addressed; (3) exploring ways to utilize modern technology to enhance the efficiency of Commission operations, within the constraints of limited funds availability; (4) implementing the agency's Human Capital Management Plan, particularly with respect to succession planning for the departure of highly skilled personnel; and (5) reviewing and updating Commission regulations governing OTIs and PVOs.

OMD will continue to provide leadership to all Commission programs and activities to accomplish the agency's strategic goals.

Area Representatives (ARs)

Federal Maritime Commission				
Operational and Administrative				
Area Representatives				
		FY 2012 Actual	FY 2013 Estimate	FY 2014 Request
FTE:	**Area Representatives**	8.27	7.81	9.00
Cost:	**Salaries & Benefits**	$1,275,770.14	$1,314,674.00	$1,442,219.86
	Non-Personnel Expenses	$375,526.39	$465,982.77	$485,455.11
	Total Cost	**$1,651,296.53**	**$1,780,656.77**	**$1,927,674.97**

FY 2014 FTE by FMC Strategic Goal	
Strategic Goal 1	**Strategic Goal 2**
Maintain an efficient and competitive international ocean transportation system	Protect the public from unlawful, unfair and deceptive practices and resolve shipping disputes
0.00	**9.00**

FY 2014 Cost by FMC Strategic Goal	
Strategic Goal 1	**Strategic Goal 2**
$0.00	**$1,927,674.97**

The Commission's ARs represent the FMC in their respective areas. The Commission maintains a presence in Southern California, South Florida, New Orleans, New York, Houston and Seattle through ARs based in each of those locales. These representatives serve major ports and transportation centers within their respective areas and beyond. In representing the Commission, ARs act as a conduit for information to and from the maritime industry and the shipping public, resolve complaints and disputes between parties involved in international oceanborne shipping (often coordinating with CADRS), investigate alleged violations of the shipping statutes, and function as an intelligence resource to Commission headquarters. They provide advice and guidance to the shipping public, collect and analyze information of regulatory significance, and assess industry conditions. The ARs frequently cooperate and coordinate with other governmental agencies and departments, including Federal, state and local, providing shipping expertise and information and relaying Commission policy. The ARs inform the public about Commission requirements and services through activities such as seminars, participating in various conferences and trade shows, making presentations, and through various local community contacts.

In fiscal year 2012, hundreds of informal complaints were handled by the ARs. These complaints often involved unlawful activity. Where possible, compliance with statutory and regulatory requirements was achieved informally. In other instances, investigative cases were opened and the ARs conducted thorough investigations to determine the extent of unlawful activity. The ARs conducted investigations in fiscal year 2012 of unlawful shipping practices, including unlicensed OTI activities, misdescription of commodities by shippers, and improper service contract rate application by ocean carriers. The investigative actions by the ARs led to the development of several enforcement cases that were referred to the BOE for pursuit of civil penalties. Investigative activity by the ARs assists the FMC in ensuring fair competition by all participants in the trades to and from the U.S.

The ARs were instrumental in the publication of public service announcements (PSAs) for each major port area in fiscal year 2012, warning consumers against the use of unlicensed OTIs. The ARs identified appropriate local publications, particularly those that would reach various ethnic communities that have been particularly vulnerable to fraudulent activity by unlicensed entities. The PSAs resulted in numerous inquiries and reports to the ARs regarding improper activity by both licensed and unlicensed OTIs, and appear to have helped educate consumers to be more alert to unlawful operators, saving many from potential losses.

During fiscal year 2012, the ARs made a number of presentations to interested industry audiences in their areas, explaining OTI licensing requirements and compliance with the new NRA Tariff Rate Exemption. ARs also worked closely with a number of law enforcement agencies, including local jurisdictions such as the New York City Police Department, New Jersey State Police, and Houston Police Department, as well as federal agencies, including the Federal Bureau of Investigation (FBI). In addition, the South Florida ARs continued to provide valuable expertise and assistance to the Export-Import Bank of the United States (Ex-Im Bank) to facilitate the investigation by Ex-Im Bank's IG Office of several cases of fraud against the U.S. government.

The ARs also participated in task forces and initiatives sponsored by local law enforcement agencies, the U.S. Department of Justice, the Department of Homeland Security including Customs and Border Protection (CBP) and Immigration and Customs Enforcement (ICE), the Department of Commerce (DOC) and the FMCSA. This assistance and sharing of information contributed to the investigation of a wide range of unlawful activities.

ARs continued to provide valuable assistance in implementing recommendations of Commission Fact Finding Investigation No. 27, *Potentially Unlawful, Unfair or Deceptive Ocean Transportation Practices Related to the Movement of Household Goods or Personal Property in U.S.-Foreign Oceanborne Trades*. The ARs have been actively involved in reaching out to the public, consumer groups, trade associations, and other government agencies in efforts to achieve regulatory compliance and protection for the shippers of household goods and personal effects. During fiscal year 2012, the Commission entered into an MOU with FMCSA to cooperate in providing protection to consumers moving household goods. The ARs joined with CADRS in providing a seminar to FMCSA staff on the Commission's investigatory processes and dispute resolution program. In addition, the ARs coordinated with FMCSA in investigating certain "rogue movers."

In fiscal years 2013 and 2014, the ARs will continue to represent the agency, educate and assist the shipping public, facilitate the resolution of informal complaints and disputes, and investigate unlawful practices by carriers, MTOs, OTIs and shippers. All of these activities by the ARs contribute to the FMC's objectives of ensuring that ocean transportation in the foreign trades of the U.S. is characterized by fair competition and the free flow of cargo.

Bureau of Trade Analysis (BTA)

Federal Maritime Commission				
Operational and Administrative Bureau of Trade Analysis				
		FY 2012 Actual	FY 2013 Estimate	FY 2014 Request
FTE:	**Office of the Director**	3.35	2.88	3.00
	OSCT	4.78	3.66	5.00
	OECA	6.31	6.72	7.00
	OAGR	3.00	2.06	3.00
	Total FTEs	**17.44**	**15.32**	**18.00**
Cost:	**Salaries & Benefits**	$2,311,188.63	$2,051,251.53	$2,282,952.79
	Non-Personnel Expenses	$713,408.27	$667,212.91	$721,347.57
	Total Cost	**$3,024,596.90**	**$2,718,464.44**	**$3,004,300.36**

FY 2014 FTE by FMC Strategic Goal	
Strategic Goal 1	**Strategic Goal 2**
Maintain an efficient and competitive international ocean transportation system	Protect the public from unlawful, unfair and deceptive practices and resolve shipping disputes
9.87	**8.13**

FY 2014 Cost by FMC Strategic Goal	
Strategic Goal 1	**Strategic Goal 2**
$1,777,660.71	**$1,226,639.65**

BTA reviews agreements and monitors the concerted activities of ocean common carriers and marine terminal operators under the standards of the 1984 Act. The Bureau also reviews and analyzes service contracts, monitors rates of government-owned and government-controlled carriers, reviews carrier published tariff systems under the accessibility and accuracy standards of the 1984 Act, and responds to inquiries or issues that arise concerning service contracts or tariffs. The Bureau also is responsible for competition oversight and market analysis, focusing on activity that is substantially anti-competitive under the standards of sections of 6(g) of the 1984 Act. BTA strives to be an expert organization on the economics of international liner shipping and maritime agreements, especially with respect to issues of competition and unfair trade practices as they may affect the interests of the shipping public and U.S. international trade according to the FSPA and Section 19 of the Merchant Marine Act.

Federal Maritime Commission				
Bureau of Trade Analysis Office of the Director				
		FY 2012 Actual	FY 2013 Estimate	FY 2014 Request
FTE:	**Office of the Director**	3.35	2.88	3.00
Cost:	**Salaries & Benefits**	$532,597.69	$445,812.03	$473,086.70
	Non-Personnel Expenses	$713,408.27	$283,764.83	$290,901.01
	Total Cost	**$1,246,005.96**	**$729,576.86**	**$763,987.71**

FY 2014 FTE by FMC Strategic Goal	
Strategic Goal 1	**Strategic Goal 2**
Maintain an efficient and competitive international ocean transportation system	Protect the public from unlawful, unfair and deceptive practices and resolve shipping disputes
2.00	**1.00**

FY 2014 Cost by FMC Strategic Goal	
Strategic Goal 1	**Strategic Goal 2**
$509,325.14	**$254,662.57**

As part of these responsibilities, BTA plans, develops, and conducts the following activities: (1) monitoring general trade conditions and economic developments in liner shipping; (2) overseeing concerted carrier and MTO activities; (3) developing economic studies and analyses in support of the Commission's regulatory responsibilities; (4) processing and analyzing carrier and marine terminal agreements; (5) providing expert economic testimony and support in formal proceedings, particularly regarding unfair foreign shipping practices; (6) processing, reviewing, and monitoring confidential service contracts and amendments (filed by ocean common carriers, conferences, and agreements), and NSAs; (7) providing regulatory guidance regarding NVOCC NRA; (8) reviewing requests to correct clerical or administrative errors in service contracts; (9) ensuring that statements of certain essential terms associated with service contracts are published in tariffs and made available to the public; (10) auditing tariff publishing systems to ensure that tariffs are accessible and accurate; (11) processing FMC-1 registration forms submitted by carriers and conferences, and posting and updating the location of carrier tariffs on the Commission’s website; (12) acting on special permission applications to deviate from tariff publishing rules; (13) monitoring the activities of state-controlled carriers; and (14) supporting other Commission components with regard to the Commission’s regulatory requirements.

The Bureau also furnishes support in formal Commission proceedings arising in the areas of its expertise. The Bureau provides analyses and recommendations on petitions, information demand orders, and Commission-initiated rulemakings, and provides expert witness testimony in investigations of potential statutory violations and unfair foreign shipping practices. Further, the Bureau prepares economic testimony in Commission investigations.

The three operating offices under the supervision of the Bureau Director are: the Office of Service Contracts and Tariffs (OSCT), the Office of Economics and Competition Analysis (OECA), and the Office of Agreements (OAGR).

<u>Office of Service Contracts and Tariffs</u>

Federal Maritime Commission				
Bureau of Trade Analysis Office of Service Contracts and Tariffs (OSCT)				
		FY 2012 Actual	FY 2013 Estimate	FY 2014 Request
FTE:	**OSCT**	4.78	3.66	5.00
Cost:	**Salaries & Benefits**	$546,098.96	$431,337.05	$475,129.85
	Non-Personnel Expenses	$0.00	$103,021.86	$113,031.07
	Total Cost	**$546,098.96**	**$534,358.91**	**$588,160.92**

FY 2014 FTE by FMC Strategic Goal	
Strategic Goal 1	**Strategic Goal 2**
Maintain an efficient and competitive international ocean transportation system	Protect the public from unlawful, unfair and deceptive practices and resolve shipping disputes
0.82	**4.18**

FY 2014 Cost by FMC Strategic Goal	
Strategic Goal 1	**Strategic Goal 2**
$96,554.95	**$491,605.97**

OSCT oversees the process by which service contracts between shippers and carriers are filed with the Commission. Under service contracts, shippers make a commitment to provide a certain volume or portion of cargo over a fixed period of time, and carriers commit to a specified rate and a defined service level. These confidential contracts are filed with the Commission in the automated SERVCON system. Beginning in January

2005, the Commission permitted NVOCCs to enter into NSAs with their shipper customers. NSAs also are filed into the SERVCON system.

Additionally, OSCT is responsible for maintaining an up-to-date electronic listing of tariff locations where carriers publish their publicly-available rules and rates for cargo carriage.

During fiscal year 2012, there were 47,664 service contracts and 498,727 contract amendments filed into the SERVCON system. OSCT also processed 1,435 original NSAs and 2,114 amendments filed by 75 NVOCCs. OSCT received, processed, and reviewed 1,395 Form FMC-1 filings, making the locations of those tariffs available to the public through the FMC website. At the end of the fiscal year, OSCT had posted 5,210 active/current tariff locations to the agency's website.

Also during fiscal year 2012, the Office conducted service contract research to develop data relevant to FMC Docket No. 11-19, *U.S. Inland Containerized Cargo Moving Through Canadian and Mexican Seaports*. OSCT also compiled service contract data for a feasibility analysis concerning the possible creation and maintenance of freight rate indices requested by several U.S. agricultural exporters. The Office assisted in the completion of the Bureau's study of the impact of the repeal of the EU's block exemption. The Office also participated in an inter-agency conference to identify best practices in ocean transportation procurement, and provided maritime pricing expertise to other Federal agencies and departments. OSCT conducted ongoing service contract and tariff research in support of the Commission's agreement monitoring program and *ad hoc* research to meet the agency's internal needs for information. The Office conducted statistical research and briefed the Commission regarding service contracts on file that reference container freight indices. OSCT also conducted extensive research regarding the use of NSAs and NRAs by NVOCCs since the inception of these filings, and provided a status report to the Commission. The Office conducted further research to assist in the development of the NOI in Docket No. 12-05, *Non-Vessel-Operating Common Carrier Service Arrangements,* to solicit public comment on ways to improve 46 CFR Part 531.

In addition, OSCT performed a review and update of Carrier Automated Tariff System information to facilitate the review of tariffs by Commission staff that investigate carrier activities, assess carrier compliance, or resolve shipping disputes. The Office also conducted extensive research to identify inactive VOCCs and provided additional support for Docket No. 11-20, *Publication of Inaccurate or Inactive Ocean Common Carrier Tariffs*. OSCT subsequently removed forty inactive ocean common carrier tariff locations from the active tariff list on the FMC's website. Additionally, the Office also conducted a compliance audit of NVOCC tariffs during the fiscal year. The Commission implemented 46 CFR Part 532 – NVOCC NRAs on April 18, 2011 which allows NVOCCs to "opt out" of publicly posting rate tariffs on the internet so long as they use NRAs exclusively. NVOCCs are required to keep records of their NRAs, which must be memorialized in writing, for a period of five years. Additionally, NVOCCs are required to maintain rules tariffs which must be made available free of charge. At the end of fiscal year 2012, 465 NVOCCs had filed prominent notices or a rule in their respective tariff indicating that they have invoked the exemption. Since the inception of NRAs, OSCT has participated in various seminars to educate NVOCCs regarding NRA compliance and will continue to inform the shipping public, including developing web-based training to facilitate full compliance with NRA requirements.

Despite relieving NVOCCs from the requirement to make available rate tariff locations through the Commission if they use NRAs only, OSCT does not predict a significant decrease in its work load through 2013 and 2014. NVOCCs will be required to publish, and OSCT will need to verify, the rules tariffs that will continue to be required under FMC regulations. Further, the continued entrance and exit of various OTIs to and from the market will require follow-up on the part of OSCT staff to ensure an accurate listing of tariff publication locations on the Commission's website and ensure that published tariffs meet the Commission's tariff publication requirements.

In fiscal year 2012, the Bureau issued its study of the impact of the repeal of the EU's block exemption covering the time period from 2006 through 2010. An update of the study to review trends in 2011 and 2012 is also planned.

Office of Economics and Competition Analysis

Federal Maritime Commission				
Bureau of Trade Analysis Office of Economics and Competition Analysis (OECA)				
		FY 2012 Actual	FY 2013 Estimate	FY 2014 Request
FTE:	**OECA**	6.31	6.72	7.00
Cost:	**Salaries & Benefits**	$894,236.90	$983,335.86	$1,038,683.61
	Non-Personnel Expenses	$0.00	$234,862.94	$245,898.02
	Total Cost	**$894,236.90**	**$1,218,198.80**	**$1,284,581.63**

FY 2014 FTE by FMC Strategic Goal	
Strategic Goal 1	**Strategic Goal 2**
Maintain an efficient and competitive international ocean transportation system	Protect the public from unlawful, unfair and deceptive practices and resolve shipping disputes
5.05	**1.95**

FY 2014 Cost by FMC Strategic Goal	
Strategic Goal 1	**Strategic Goal 2**
$926,733.89	**$357,847.74**

OECA analyzes and oversees the competitive impact of agreements on file at the Commission to ensure that the activities of the agreement parties remain in compliance with the U.S. shipping statutes and regulations. OECA also advises the Commission on various general economic topics as well as the competitive impact of carrier agreements. In this regard, OECA reviews agreement monitoring reports, prepares economic analyses, studies and profiles on agreements, carriers and market conditions, and conducts special projects to identify and track relevant competitive and economic activity in the U.S. liner trades.

In addition, OECA receives and reviews minutes of agreement meetings and reports filed by parties to agreements that are classified as potentially anti-competitive, such as agreements that contain authority to discuss and agree on rates, service contracts, the pooling of cargo or revenue, and/or capacity rationalization. During the fiscal year, OECA received 921 sets of minutes, 452 monitoring reports and related reports, 115 voluntary service contract guidelines, 49 sets of meeting transcripts, and 3 applications for waivers to the minutes and/or monitoring report filing requirements.

In fiscal year 2012, OECA administered its agreement oversight responsibilities regarding ocean common carriers and marine terminal operators and prepared various reports and analyses. These included: (1) completing the Bureau's study of the impact of the repeal of the EU's block exemption, *Study of the 2008 Repeal of the Liner Conference Exemption from European Union Competition Law*; (2) developing data sources for and researching economic factors relevant to FMC Docket No. 11-19, *U.S. Inland Containerized Cargo Moving Through Canadian and Mexican Seaports*, including signing an agreement with the Surface Transportation Board to access and analyze the carload waybill sample files for 1998 through 2010; (3) compiling data for, conducting economic research relevant to, and preparing a feasibility analysis concerning the possible creation and maintenance of a set of freight rate indices for a group of U.S. agricultural exports using service contract data filed with the Commission; and subsequently preparing an NOI to invite public comments on the likely utility and appropriateness of the proposed undertaking; (4) analyzing and making recommendations concerning the need for continuing or revising the Commission's requirement that the *Transpacific Stabilization Agreement* (TSA) and the Westbound Transpacific Stabilization Agreement (WTSA) file transcripts of meetings rather than meeting minutes with the FMC for agreement monitoring purposes; (5) preparing a memorandum to the Commission on proposed reporting requirements for an amendment to the *Consolidated Chassis Management Pool Agreement* (CCMP); (6) providing research assistance to the BCL with respect to possible adjustments in PVO financial responsibility coverage requirements, and providing economic analysis of the impact on small businesses of the resultant proposed rulemaking; (7) providing regular written reports and oral presentations to the Commission on international and national economic conditions and liner industry activities that are likely to affect U.S. liner trades in the near- and mid-term; (8) updating and expanding the BTA intranet website with trade and agreement profiles and other relevant information; (9) assisting with the computer programming of the SERVCON operating system to index and search service contracts; (10) participating in the Automated Commercial Environment (ACE) under the CBP; (11) providing data and information on liner trade conditions and agreement matters in response to requests from within and outside the Commission; (12) meeting separately with representatives of the TSA and WTSA pursuant to previous Commission investigations; and (13) preparing a quarterly economic and trade briefing paper for the Commission.

In fiscal years 2013 and 2014, OECA plans to continue to review and analyze the competitive impact of agreements and monitor the activities of agreement parties, particularly focusing on issues of adequate vessel capacity and equipment availability. In addition, OECA will remain a major contributor to the Commission's monitoring of changes taking place in the provision of chassis for the inland movement of containerized goods in the U.S. With the increasing use of container freight rate indices in service contracts and index-based derivative transactions, OECA expects to play a role in assessing the potential impact of this new commercial development on market structure, conduct, and performance.

Office of Agreements

Federal Maritime Commission				
Bureau of Trade Analysis Office of Agreements (OAGR)				
		FY 2012 Actual	FY 2013 Estimate	FY 2014 Request
FTE:	**OAGR**	3.00	2.06	3.00
Cost:	**Salaries & Benefits**	$338,255.08	$190,766.59	$296,052.63
	Non-Personnel Expenses	$0.00	$45,563.28	$71,517.47
	Total Cost	**$338,255.08**	**$236,329.87**	**$367,570.10**

FY 2014 FTE by FMC Strategic Goal	
Strategic Goal 1	**Strategic Goal 2**
Maintain an efficient and competitive international ocean transportation system	Protect the public from unlawful, unfair and deceptive practices and resolve shipping disputes
2.00	**1.00**

FY 2014 Cost by FMC Strategic Goal	
Strategic Goal 1	**Strategic Goal 2**
$245,046.73	**$122,523.37**

OAGR is responsible for analyzing incoming carrier and terminal agreements to determine if they meet the guidelines set out in the FMC's regulations and to determine if their effect would be substantially anti-competitive as set out under section 6(g) of the Shipping Act of 1984 (Shipping Act).

During fiscal year 2012, OAGR received 153 agreement filings, including amendments to existing agreements. OAGR reviewed, evaluated, and processed 143 filings. Agreement filing activity was relatively unchanged from the previous year.

Parties to the CCMP Agreement filed their responses to the Commission's formal request for additional information concerning their pending amendment to change the business model for overseeing chassis pools to which the parties contribute chassis. The notice for additional information elicited comments from the Institute of International Container Lessors, the National Industrial Transportation League, and International Longshoremen's Association, and the Department of Justice. After a thorough analysis of the parties' responses, the comments submitted, and with some further changes in the proposed amendment, the Commission approved the staff recommendation and allowed the amendment to become effective. The Commission also agreed with the staff recommendation to monitor the parties' evolving business model to ensure that no issues arise that have anti-competitive implications.

While resources remain constrained and the Office is involved with other Bureau projects, the average processing time per agreement filing remains comfortably under the statutory 45-day time frame. During fiscal years 2013 and 2014, OAGR will support an initiative to update the regulations pertaining to agreements to improve transparency and, with OIT support, plans to provide for the electronic filing of agreements.

In fiscal years 2013 and 2014, the Bureau will continue to monitor service contract, tariff, and agreement activities, prepare reports and economic analyses on developments and issues in key U.S. trades, review the activities of controlled carriers, and respond to inquiries and informal complaints. BTA's support of formal proceedings during fiscal years 2013 and 2014 will depend on the number and subject matter of the proceedings initiated over the period. Staff will continue to monitor key U.S. trade lanes and report their findings to the Commission, as appropriate.

BTA will continue to assist the Commission's investigative and enforcement initiatives, and oversee international trade issues, including unfair foreign shipping practices. As a Commission representative, the Bureau will continue to participate with the CBP in development of the Automated Commercial Environment/International Trade Data System (ACE/ITDS). The Bureau will also continue to participate in the Maritime Data Working Group and the Interagency Action Team for the National Committee on the Marine Transportation System. BTA will continue to provide support for inter-agency initiatives requiring staff's maritime commercial and economic expertise, as well as agency-wide projects.

In fiscal years 2013 and 2014, the Bureau has program initiatives that are either directly related to newly automated functions and procedures or that involve the improvement or enhancement of current automation. These program initiatives must be accomplished in conjunction with OIT. OAGR will undertake a review of the existing agreement filing requirements in an effort to make the filing process more efficient and transparent, and less burdensome, resulting in the issuance of a notice of proposed rulemaking during fiscal year 2013.

OECA plans to further integrate its databases to facilitate efficient research and analysis capabilities. It will continue refining its tracking of operator vessel capacities, ship deployments, and changes in services by linking data made available by different providers, such as AXS Alphaliner, PIERS and IHS Fairplay Sea-Web, depending on budget constraints. Recently, for example, OECA obtained intermodal rail movement data, dating back to 1998, under an agreement with the Surface Transportation Board for use in research and analysis projects dealing with intermodal cargo movements.

OSCT plans to work with OIT to optimize the internal architecture of the SERVCON system to allow the search functionality to keep pace with the rapid accumulation of records in the system. OSCT also seeks to collaborate with OIT to improve automation of internal Form FMC-1 processes to increase Office efficiency. BTA also plans to review how information is provided to the public regarding NRAs to enhance NRA compliance. OSCT also will continue to maintain an accurate record of tariff publication locations and monitor tariff accuracy by conducting periodic compliance audits of carriers operating in the U.S. trades.

Bureau of Certification and Licensing (BCL)

Federal Maritime Commission				
Operational and Administrative				
Bureau of Certification and Licensing				
		FY 2012 Actual	FY 2013 Estimate	FY 2014 Request
FTE:	**Office of the Director**	2.42	2.88	3.00
	OTI	7.28	6.72	7.00
	OPVIP	5.92	4.80	5.00
	Total FTEs	**15.62**	**14.40**	**15.00**
Cost:	**Salaries & Benefits**	$1,906,671.48	$1,774,502.51	$1,891,202.69
	Non-Personnel Expenses	$459,771.55	$430,373.07	$444,191.10
	Total Cost	**$2,366,443.03**	**$2,204,875.58**	**$2,335,393.79**

FY 2014 FTE by FMC Strategic Goal	
Strategic Goal 1	**Strategic Goal 2**
Maintain an efficient and competitive international ocean transportation system	Protect the public from unlawful, unfair and deceptive practices and resolve shipping disputes
0.00	**15.00**

FY 2014 Cost by FMC Strategic Goal	
Strategic Goal 1	**Strategic Goal 2**
$0.00	**$2,335,393.79**

BCL has the responsibility for the Commission's OTI licensing program and passenger vessel certification program. The Bureau:

- Licenses and regulates OTIs, including ocean freight forwarders and NVOCCs.

- Issues certificates to owners and operators of passenger vessels that have evidenced financial responsibility to satisfy liability incurred for nonperformance of voyages or for death or injury to passengers and other persons.

- Manages programs assuring financial responsibility of OTIs and passenger vessel operators, by developing policies and guidelines, and analyzing financial instruments and financial reports.

- Develops and maintains information systems that support the Bureau's programs and those of other Commission entities.

The Bureau is organized into two offices: the Office of Transportation Intermediaries (OTI) and the Office of Passenger Vessels and Information Processing (OPVIP). The former reviews and approves applications for OTI licenses, and maintains and updates records about licensees. The latter reviews applications for certificates of financial responsibility with respect to passenger vessels, manage all activities with respect to evidence of financial responsibility for OTIs and passenger vessel owner/operators, and develop and maintain all Bureau databases and records of OTI applicants and licensees.

Federal Maritime Commission				
Bureau of Certification and Licensing				
Office of the Director				
		FY 2012 Actual	FY 2013 Estimate	FY 2014 Request
FTE:	**Office of the Director**	2.42	2.88	3.00
Cost:	**Salaries & Benefits**	$388,285.59	$454,206.32	$483,210.29
	Non-Personnel Expenses	$459,771.55	$115,029.51	$117,790.95
	Total Cost	**$848,057.14**	**$569,235.83**	**$601,001.24**

FY 2014 FTE by FMC Strategic Goal	
Strategic Goal 1	**Strategic Goal 2**
Maintain an efficient and competitive international ocean transportation system	Protect the public from unlawful, unfair and deceptive practices and resolve shipping disputes
0.00	**3.00**

FY 2014 Cost by FMC Strategic Goal	
Strategic Goal 1	**Strategic Goal 2**
$0.00	**$601,001.24**

Office of Ocean Transportation Intermediaries

Federal Maritime Commission				
Bureau of Certification and Licensing Office of Transportation Intermediaries (OTI)				
		FY 2012 Actual	FY 2013 Estimate	FY 2014 Request
FTE:	**OTI**	7.28	6.72	7.00
Cost:	**Salaries & Benefits**	$822,357.04	$765,662.76	$822,909.72
	Non-Personnel Expenses	$0.00	$182,873.23	$190,766.55
	Total Cost	**$822,357.04**	**$948,535.99**	**$1,013,676.27**

FY 2014 FTE by FMC Strategic Goal	
Strategic Goal 1	**Strategic Goal 2**
Maintain an efficient and competitive international ocean transportation system	Protect the public from unlawful, unfair and deceptive practices and resolve shipping disputes
0.00	**7.00**

FY 2014 Cost by FMC Strategic Goal	
Strategic Goal 1	**Strategic Goal 2**
$0.00	**$1,013,676.27**

OTIs are transportation middlemen for oceanborne cargo moving in the U.S.-foreign trades. There are two types: NVOCCs and ocean freight forwarders. NVOCCs are common carriers that do not operate the vessels by which transportation is provided. Ocean freight forwarders in the U.S. arrange for the transportation of cargo with a common carrier on behalf of shippers and process documents related to those shipments. Both NVOCCs and ocean freight forwarders must be licensed by the Commission if they are located in the U.S. NVOCCs doing business in the U.S. foreign trades but located outside the U.S. (foreign NVOCCs) may choose to become licensed, but are not required to do so. Whether licensed or not, foreign NVOCCs must establish financial responsibility. All NVOCCs must publish electronic tariffs, which contain the NVOCC's rates, charges, rules and practices.

To become licensed by the Commission, an OTI must establish that it has the necessary character to render OTI services as well as establish its financial responsibility by means of a bond, insurance, or other instrument and through its Qualifying Individual (QI), has a minimum of three years of experience in ocean transportation intermediary activities in the U.S. An investigation of the applicant's qualifications addresses such issues as accuracy of information provided in the application; integrity and financial responsibility of the applicant; character of the applicant and its QI; and length and nature of the QI's experience handling OTI duties. Licensed ocean freight forwarders must establish financial responsibility in the amount of $50,000, and licensed NVOCCs, $75,000. An additional $10,000 of coverage is required for each unincorporated branch office in the United States other than one used to establish a U.S. presence, for a foreign licensed NVOCC.

If an OTI is a licensed NVOCC, it must file a Form FMC-1 and publish a tariff. Furthermore, non-U.S.-based NVOCCs that do not wish to be licensed must provide the Commission with proof of financial responsibility in the amount of $150,000, file a Form FMC-1, and ensure a tariff is published at the site listed on the Form FMC-1. A non-U.S.-based NVOCC must list in its tariff an agent for service of process in the U.S., and it must use a licensed OTI for OTI services performed on its behalf in the U.S. The financial instrument must be available to pay claims against the OTI arising from its transportation-related activities, any order of reparation assessed under the Shipping Act, and any judgments for damages against an OTI arising from its transportation-related activities under the Shipping Act.

During fiscal year 2012, the Commission received 441 new OTI applications and 278 amended applications, issued 363 new OTI licenses, and revoked 261 licenses. At the end of the fiscal year, 1,030 Ocean Freight Forwarders (OFFs), 1,759 U.S. NVOCCs, 1,807 joint NVOCC/OFFs, and 70 foreign NVOCCs held active OTI licenses. An additional 1,233 foreign NVOCCs maintain proof of financial responsibility on file with the Commission, but choose not to be licensed. Overall, there are 200 more licensed and/or bonded OTIs, representing approximately a 3.5 percent increase from 5,699 OTIs in fiscal year 2011 to 5,899 in fiscal year 2012. U.S. NVOCCs may file riders to their existing NVOCC bonds to meet financial responsibility requirements imposed by the Chinese government. The Commission received 154 riders providing optional proof of financial responsibility for NVOCCs serving the U.S.-China trade last year; twenty-three riders were terminated. As part of its continuing outreach effort, the Bureau in fiscal year 2012 handled over 5,300 inquiries regarding licensing and related OTI issues.

The Bureau worked diligently during the fiscal year to streamline the OTI licensing process and reduce the time needed to reach a licensing decision. The Commission's goal was to complete 70 percent of all OTI license applications within 60 calendar days during fiscal year 2012. Despite reduced staffing, the Bureau completed over 90 percent of all OTI applications within 60 business days, exceeding the goal set by 20 percent. The Bureau continues to review its procedures in order to improve the timeliness of licensing determinations.

The automated Form FMC-18, *Application for an Ocean Transportation Intermediary License*, permits filers to complete an OTI application on-line, scan and attach required documents, and submit the application electronically. The filing system incorporates significant security features for the purpose of protecting applicant data, and detecting and preventing unauthorized system intrusion. The Bureau seeks additional efficiencies in its OTI licensing program through improvements to the automated Form FMC-18 system. In fiscal year 2012, 95 percent of all incoming OTI applications received are through the electronic system.

Office of Passenger Vessel and Information Processing

Federal Maritime Commission				
Bureau of Certification and Licensing Office of Passenger Vessels & Information Processing (OPVIP)				
		FY 2012 Actual	FY 2013 Estimate	FY 2014 Request
FTE:	**OPVIP**	5.92	4.80	5.00
Cost:	**Salaries & Benefits**	$696,028.85	$554,633.43	$585,082.68
	Non-Personnel Expenses	$0.00	$132,470.33	$135,633.60
	Total Cost	**$696,028.85**	**$687,103.76**	**$720,716.28**

FY 2014 FTE by FMC Strategic Goal	
Strategic Goal 1	**Strategic Goal 2**
Maintain an efficient and competitive international ocean transportation system	Protect the public from unlawful, unfair and deceptive practices and resolve shipping disputes
0.00	**5.00**

FY 2014 Cost by FMC Strategic Goal	
Strategic Goal 1	**Strategic Goal 2**
$0.00	**$720,716.28**

The Commission administers 46 U.S.C. §§ 44102-44103, which requires evidence of financial responsibility for vessels which have berth or stateroom accommodations for 50 or more passengers and embark passengers at U.S. ports and territories. At the end of fiscal year 2012, the program encompassed 205 vessels and 40 operators, which had aggregate evidence of financial responsibility coverage in excess of $323 million for nonperformance and over $678 million for casualty. Certificates of performance cover financial responsibility for the indemnification of passengers for nonperformance of transportation. This requirement also helps prevent unscrupulous or financially weak operators from operating from U.S. ports. The required levels of coverage for nonperformance are determined by Commission regulation, to a current required coverage not to exceed $15 million per entity. Even after an operator has ceased operations and dissolved its corporate existence, the evidence of financial responsibility is still valid and available to claimants. Certificates of casualty are required to cover liability that may occur for death or injury to passengers or other persons on voyages to or from U.S. ports. The law provides for $20,000 coverage per person for the first 500 passengers, and the scale decreases to $5,000 per person for passengers in excess of 1,500. U.S. CBP is directed to refuse clearance to any vessel which does not comply with the FMC's evidence of financial responsibility requirements for casualty and performance. During fiscal year 2012, the Commission approved and issued 13 casualty certificates and 15 performance certificates.

In conjunction with CADRS, the Bureau offers information and guidance to the cruising public throughout the year on passenger rights and obligations regarding monies paid to cruise lines that fail to perform voyages. Over the past few years, a number of cruise operators discontinued operations or filed for bankruptcy. When cruise lines fail to perform because of bankruptcies or other failures, the Commission works closely with the cruise line and the financial responsibility provider, if necessary, to facilitate the refund process. The public is kept informed through press releases posted on the Commission's website and advice given to passengers who contact Bureau staff. During fiscal year 2012, no cruise operator ceased operation with unperformed cruises.

The Bureau reviewed PVO activities and operations by monitoring current industry events and examining cruise lines' unearned passenger revenue (UPR) information. Oversight of cruise line operations and activities ensures compliance with applicable statutes and Commission regulations. No on-site review was conducted this fiscal year. A rulemaking, as approved by Commission vote on July 14, 2011, was initiated to strengthen protections for cruise line customer deposits and prepayments and to reduce financial responsibility requirements for small cruise lines. This Notice of Proposed Rulemaking (NPRM) was issued on September 13, 2011 providing for public comment by November 21, 2011. The NPRM proposed to double the maximum coverage requirement for larger cruise lines from $15 million to $30 million, with a two year phase-in period; adjust the maximum coverage requirement automatically to account for inflation, give relief to smaller vessel operators by reducing their coverage requirements to account for alternative forms of financial protections available to their customers, revise the application form, and add an expiration date to the Certificate (Performance); and make some technical adjustments to the regulations. Analysis of the comments to the NPRM and options for Commission action were presented to the Commission for consideration.

During fiscal year 2012, the agency contracted with a vender to develop an enterprise solution to improve the agency's database applications and to eliminate the need for duplicate data entry. BCL currently hosts two active databases, the Regulated Persons Index (RPI) and the FMC-18 for OTI applications. The RPI is a database containing up-to-date records of licensed OTIs, ocean common carriers, and other entities. A key function of the RPI is to display, on the Commission's website, a list of compliant OTIs so that carriers and others can ascertain whether an OTI is properly licensed, bonded, and if required, has posted the location of its automated tariff. The OTI list also indicates whether an NVOCC has filed an optional rider for additional proof of NVOCC financial responsibility for China activity. In fiscal year 2012, this list was enhanced to allow for geo-searching based on an OTI's location (e.g. city, state or zip code).

In fiscal year 2013 and 2014, the Bureau will continue to develop and present options to the Commission for consideration to ensure that passenger vessel financial responsibility requirements for nonperformance provide appropriate protection for the public. The Bureau will take necessary steps to implement a decision reached by the Commission, including initiation of rulemakings or adjustments in PVO monitoring procedures; circulate, for Commission deliberation, suggested amendments to the regulations regarding OTI licensing and financial responsibility requirements to ensure continued protection of the shipping public in light of changed industry circumstances; and continue efforts to advance the development and implementation of an enterprise solution to provide an improved electronic application process for both OTIs and PVOs.

Bureau of Enforcement (BOE)

Federal Maritime Commission				
Operational and Administrative				
Bureau of Enforcement				
		FY 2012 Actual	FY 2013 Estimate	FY 2014 Request
FTE:	**Office of the Director**	10.00	9.61	10.00
Cost:	**Salaries & Benefits**	$1,467,185.00	$1,458,909.15	$1,580,911.06
	Non-Personnel Expenses	$355,125.68	$376,355.73	$439,473.04
	Total Cost	**$1,822,310.68**	**$1,835,264.88**	**$2,020,384.10**

FY 2014 FTE by FMC Strategic Goal	
Strategic Goal 1	**Strategic Goal 2**
Maintain an efficient and competitive international ocean transportation system	Protect the public from unlawful, unfair and deceptive practices and resolve shipping disputes
0.00	**10.00**

FY 2014 Cost by FMC Strategic Goal	
Strategic Goal 1	**Strategic Goal 2**
$0.00	**$2,020,384.10**

The BOE has primary responsibility for ensuring compliance with shipping statutes administered by the Commission, principally the Shipping Act. The Bureau is actively involved in the Commission's outreach activities and interacts regularly with all segments of the ocean transportation industry. The Bureau is also active in maritime security and works closely with BCL to promote prompt licensing of all qualified OTIs, and with the CBP to ensure submission of complete and accurate shipping data. Bureau attorneys may be designated as Investigative Officers in nonadjudicatory fact finding proceedings. Additionally, Bureau attorneys work closely with the Commission's investigatory personnel and participate as trial counsel in formal adjudicatory proceedings. BOE monitors all other formal Commission proceedings and relevant court actions in order to identify major regulatory issues and to advise the OMD and the other Bureaus and Offices. The Bureau participates with other Bureaus and Offices in committees and taskforces in the development of Commission policies, rules, and regulations, and also intervenes in formal complaint proceedings where appropriate.

Through investigative personnel, the Bureau monitors and conducts investigations into the activities of ocean common carriers, OTIs (NVOCCs and OFFs), shippers, ports, MTOs, and other persons to ensure compliance with the statutes and regulations administered by the Commission, thereby providing maximum protection to all participants in the ocean transportation shipping industry. Activities include: (1)

monitoring tariffs, service contracts and NSAs to determine compliance with applicable statutes and regulations; (2) reviewing of VOCC and OTI operations, including monitoring OTI compliance with bonding requirements and post-licensing and routine compliance checks of licensees to determine whether operations conform with regulatory requirements; and (3) monitoring operation of carrier and MTO agreements, including review of minutes and quarterly reports. Investigations are conducted into alleged violations of the full range of statutes and regulations administered by the Commission, including: illegal or unfiled agreements; abuses of antitrust immunity; unlicensed OTI activity, including the provision of transportation services to noncompliant OTIs; illegal rebating; misdescriptions or misdeclarations of cargo; untariffed cargo carriage; unbonded passenger vessel operations; unlawful MTO activity and various types of consumer abuses, such as failure of carriers or intermediaries to carry out transportation obligations resulting in cargo delays and financial losses for shippers. Through these activities, the enforcement program supports the agency's objectives of obtaining statutory compliance and ensuring equitable and efficient trading conditions. Bureau enforcement efforts are typically focused upon activities which have market-distorting effects and those which impact most directly on the shipping public.

BOE prepares and serves notices of violations of the shipping statutes and Commission regulations and may compromise and settle civil penalty demands arising out of those violations. If settlement is not reached, Bureau attorneys act as prosecutors in formal Commission proceedings that may result in settlement or in the assessment of civil penalties. The Bureau also participates, in conjunction with other Bureaus, in special enforcement initiatives, fact finding investigations, ADR processes, rulemaking efforts, and homeland security issues.

During fiscal year 2012, the Bureau worked to obtain statutory compliance in all major trades and with all segments of the transportation industry, i.e., carriers, carrier agreements, MTOs, PVOs, and OTIs. The Bureau also initiated actions to address and seek compliance for market-distorting activities such as various forms of secret rebates and absorptions, misdescriptions of commodities and misdeclarations of measurements, illegal equipment substitution, unlawful use of service contracts, as well as carriage of cargo by and for untariffed and unbonded NVOCCs, and joint carrier activities outside the authority of existing agreements or pursuant to unfiled agreements. Particular emphasis was placed on industry service contracting activities to ensure fair trading conditions and protection of the public. Many malpractice investigations were resolved informally, resulting in compromise settlements and payment of civil penalties. Other reviews were treated primarily as compliance matters and closed upon completion of remedial action by the OTI parties involved. However, certain investigations of carrier and MTO practices required the institution of formal adjudicatory proceedings in order to pursue remedies under the Shipping Act.

Major investigations completed during fiscal year 2012 addressed investigations of household goods movers operating as unlicensed OTIs, including those VOCCs and licensed NVOCCs that provided service to unlicensed movers. Docket No. 11-06 (Indigo

Logistics LLC, et al) was discontinued upon approval of a formal settlement agreement, payment of substantial civil penalties by the unlicensed, unbonded operator and its principals, and issuance of a cease and desist order barring the company and individual respondents from operating as an OTI or agent of an OTI for a period of 5 years. The Commission also initiated a formal investigation of OMJ International, OC International and Mr. Omar Collado, Docket No. 12-01, to determine whether respondents violated section 10(a)(1) of the Shipping Act by providing service to an unlicensed, unbonded NVOCC, and whether respondents should still qualify to be licensed as an OTI. The Bureau completed the formal discovery process in June, and filed its prehearing statement in August 2012. In Docket No. 12-04, the Bureau submitted a memorandum of law and supporting affidavits seeking revocation of the OTI license of respondent Trans World Logistics Corp., for failure to report the resignation of the licensee's QI and failure to respond to lawful inquiries of the agency. The Commission issued an order in July 2012, directing Trans World to cease and desist from operating as an OTI. In Docket No. 11-20 (Publication of Inaccurate or Inactive VOCC Tariffs), BOE activities included formal proceedings instituted against numerous VOCCs to show cause why their published tariffs should not be cancelled. In March 2012, the Commission issued an order to 41 defaulting respondents, directing them to cease and desist all carrier activities and cancelling their tariffs. An additional 5 carriers were dismissed from the proceeding. BOE also submitted briefs on remand in 3 additional unlicensed OTI cases, Docket Nos. 06-06, 06-09 and 07-02 respectively, addressing evidentiary and civil penalty issues raised in the Commission's Orders in April 2012, vacating the initial decisions of the ALJ and remanding for further proceedings therein.

In fiscal year 2012, the compliance audit program continued as a major focus. This program, conducted from headquarters primarily by mail, e-mail and telephone, reviews the operations of licensed OTIs to assist them in complying with the statutory requirements and the Commission's rules and regulations. The audit program also reviews entities holding themselves out as VOCCs, where there is no indication of actual vessel operations. At the beginning of fiscal year 2012, 8 audits were pending. During the fiscal year, 96 audits were commenced, 94 audits were completed (including audits carried over from fiscal year 2011), and 10 remained pending in the Bureau on September 30, 2012. During this same period, the Bureau's compliance audit program was extensively reviewed by the agency's IG (Report OR12-01, issued March 2012), which reported findings that BOE's audit program works well, meets program objectives, and produces results towards ensuring compliance with the Commission's OTI regulations.

At the beginning of fiscal year 2012, 13 enforcement cases were pending final resolution by the Bureau, the Bureau was party to 8 formal proceedings, and there were 12 matters pending which the Bureau was monitoring or providing legal advice. During the fiscal year, 8 new enforcement actions were referred for enforcement action or informal compromise; 12 were compromised and settled, administratively closed, or referred for formal proceedings; and 9 enforcement cases were pending resolution at fiscal year's end. Also, 3 formal proceedings were initiated; 5 formal proceedings were completed, and 6 were pending at the end of the fiscal year. Additionally, the Bureau opened 7 matters involving monitoring or legal advice during the fiscal year, completed or closed 6 such matters, and 13 remained pending on September 30, 2012.

During fiscal year 2012, BOE successfully pursued a formal MOU with the Census Bureau, U.S. Department of Commerce, providing FMC for the first time with access to the Census' Automated Export System (AES) database. The completed MOU accommodates and respects Census' ongoing concerns for data security in any subsequent handling and use of otherwise confidential U.S. export shipment data. Such data may be used only for FMC law enforcement purposes. Interaction between the Bureau, the Commission's ARs, and CBP with respect to the exchange of investigative information also continues on an ongoing basis; the FMC also continues its longstanding participation in CBP's development of the new ACE/ITDS.

In fiscal years 2013 and 2014, the Bureau will continue to pursue market-distorting, fraudulent, and anticompetitive practices harmful to the industry and the public and to monitor U.S. trades, to the extent that resources permit. The Bureau will continue to pursue initiatives aimed at VOCCs and NVOCCs engaged in unfair service contracting practices, particularly those which permit improper entities to compete unlawfully with carriers and OTIs operating in compliance with U.S. laws, and will continue to expand the OTI monitoring and audit programs. The enforcement and monitoring activities will include focusing on the unlawful operations of household goods carriers - both licensed and unlicensed - which have increasingly caused economic harm to individual consumers, as well as competitive injury to those carriers operating lawfully.

Additionally, the Bureau continues to support and promote its compliance-focused program to review and audit ocean common carrier, NVOCC and freight forwarder operations. While well-received by the regulated industry, this program emphasizing correction of routine tariff matters and prompt compliance with the Commission's reporting, licensing and bonding requirements conducts 100-120 OTI audits each year. Compliance audits thus account for less than 2.5 percent annually of the approximately 5,400 licensed or bonded OTIs currently registered with the Commission.

During fiscal years 2013 and 2014, the Bureau will continue to review the operations of ratemaking and rate discussion agreements, including MTOs and, together with other Commission Bureaus and Offices, will monitor FMC-filed agreements to ensure compliance with the Shipping Act and Commission regulations. The Bureau will also continue its ongoing monitoring of NVOCC activity involving NSAs and new authority granted to NVOCCs with respect to employing NRAs. Public outreach efforts will continue to educate maritime transportation users and providers with regard to FMC statutes and regulations, and the program will continue to improve participation in security issues as they relate to U.S. ocean commerce, specifically to include efforts to coordinate the use of available database systems with other agencies engaged in homeland security to improve identification of entities providing and utilizing maritime transportation services.

Office of Information Technology (OIT)

Federal Maritime Commission				
Operational and Administrative Office of Information Technology				
		FY 2012 Actual	FY 2013 Estimate	FY 2014 Request
FTE:	**Office of Information Technology**	6.99	6.71	7.00
Cost:	**Salaries & Benefits**	$920,640.96	$920,896.49	$1,000,331.43
	Non-Personnel Expenses	$1,460,449.84	$910,334.30	$1,278,884.75
	Total Cost	**$2,381,090.80**	**$1,831,230.79**	**$2,279,216.18**

FY 2014 FTE by FMC Strategic Goal	
Strategic Goal 1	**Strategic Goal 2**
Maintain an efficient and competitive international ocean transportation system	Protect the public from unlawful, unfair and deceptive practices and resolve shipping disputes
1.40	**5.60**

FY 2014 Cost by FMC Strategic Goal	
Strategic Goal 1	**Strategic Goal 2**
$455,843.24	**$1,823,372.94**

OIT is dedicated to providing and supporting reliable information and information-based technology services in a timely and high-quality manner in support of the administrative operations of the Commission, and is responsible for ensuring that the Commission's technology program is conducted in a manner consistent with applicable laws, regulations and guidelines and is aligned with the overall goals of the Commission. OIT receives program direction from the agency's CIO.

The OIT serves as the Commission's information technology officer, telecommunications manager, help desk, database administration manager, records management officer, and oversees the IT security program. The OIT also plans, coordinates, and facilitates the use of technology within the Commission.

During fiscal year 2012, important OIT activities included the following: (1) continued ongoing FMC-18 Application System and SERVCON System enhancements; (2) managed FMC's technical assistance and support contracts; (3) provided ongoing advice and coordination on electronic document and records management system databases and applications; (4) provided security awareness training throughout the agency; (5) continued requirements review and planning to determine technology requirements for the adoption of new ECM technologies to consolidate FMC's fractured information applications and technology systems; and (6) partnered with the Department of Health and Human Services to study the Agency's disaster recovery capabilities.

The Commission is also reviewing its compliance with governing IT statutes and regulations, as well as developing plans for improving its IT applications and systems to increase overall staff efficiency and productivity, particularly in the licensing process, as well as making the Commission's processes more accessible to the public.

Subject to adequate funding, the Commission plans to move forward with the following in fiscal years 2013 and 2014:

- Migrating FMC data and applications to an Enterprise Platform Service, consolidated database and ECM architecture;

- Developing and implementing a system for electronic filing of OTI license applications;

- Automating the filing and processing of applications for certificates by PVOs;

- Modernizing and expanding the RPI, a central Commission database that contains up-to-date records of licensed OTIs, ocean common carriers and other entities;

- Developing a system with integrated search functionality to allow users to work in a web-based collaborative environment;

- Continuing migration of FMC services into cloud architectures, taking advantage of managed services where applicable;

- Continuing modernization of FMC IT infrastructure and applications;

- Completing implementation of Pay.gov for accepting electronic payments from the public; and

- Implementing of recommendations to fully comply with FISMA and NIST security standards for information technology systems.

Office of Human Resources (OHR)

Federal Maritime Commission				
Operational and Administrative Office of Human Resources				
		FY 2012 Actual	FY 2013 Estimate	FY 2014 Request
FTE:	**Office of Human Resources**	5.00	3.85	4.00
Cost:	**Salaries & Benefits**	$610,024.95	$507,534.12	$514,603.10
	Non-Personnel Expenses	$151,871.12	$123,526.47	$120,305.14
	Total Cost	**$761,896.07**	**$631,060.59**	**$634,908.24**

FY 2014 FTE by FMC Strategic Goal	
Strategic Goal 1	**Strategic Goal 2**
Maintain an efficient and competitive international ocean transportation system	Protect the public from unlawful, unfair and deceptive practices and resolve shipping disputes
0.80	**3.20**

FY 2014 Cost by FMC Strategic Goal	
Strategic Goal 1	**Strategic Goal 2**
$126,981.65	**$507,926.59**

OHR plans and administers a complete human resources management program including: recruitment and placement, position classification and pay administration, occupational safety and health, employee assistance, workforce discipline, performance management and incentive awards, employee benefits, retirement, employee development and training, and personnel and information security.

Major accomplishments during fiscal year 2012 include the following: (1) monitored activities of the agency's payroll/personnel service provider, the National Finance Center (NFC), and worked with administrative staff to ensure security, continuity and accuracy of payroll and personnel services; (2) continued to provide technical oversight of the Senior Executive Service (SES) Candidate Development Program and guidance to participants and mentors concerning developmental activities, special projects, and training, as well as monitor participants' progress towards meeting program requirements and coordinate submission of requests to OPM for Qualifications Review Board (QRB) certification following program completion; (3) conducted a comprehensive training program in accordance with the agency's strategic and performance plans, and, in spite of severe budget limitations, promoted e-learning and on-line training opportunities, continued the college tuition reimbursement program, ensured training for new employees on the Notification and Federal Employee Antidiscrimination and Retaliation Act of 2002 (*No Fear Act)*, participated in the Small Agency Council Training Program, introduced more agency mission-critical training (e.g., *Conflict Resolution* and *COTR* training*),* and conducted Hiring Reform training for managers*;* (4) issued newsletters highlighting appropriate information and activities related to Retirement-Readiness, Personal Financial Literacy Education, and Volunteer/Community Service Awareness; (5) conducted a comprehensive personnel and information security program, including initiating and adjudicating security investigations and incorporating new security regulations into agency policy; (6) coordinated with OPM in the administration of the Federal Employee Viewpoint Survey (FEVS), analyzed results, prepared interpretation and trend analysis, and worked with senior management to identify and reinforce successful activities and develop strategies to address areas of improvement; (7) worked with the Partnership for Public Service in connection with metrics and utilizing results of the *Best Places to Work* rankings; (8) coordinated with OPM, OMB, and the Small Agency Human Resources Council on human capital and related initiatives including Hiring Reform, Voluntary Early Retirement Authority, etc.; (9) conducted a comprehensive performance management and incentive awards program and ensured successful implementation of the revised performance appraisal system for non-SES employees through the agency Performance Appraisal System Taskforce (PAST); (10) maintained the partnership for acquisition of assistive devices through the Department of Defense's Computer/Electronic Accommodations Program; (11) continued to administer E-gov initiatives and implementation of the Enterprise Human Resources Integration Project and worked with the Small Agency Human Resources Consortium, OPM and Northrop Grumman Integic officials to complete program activities to implement the electronic Official Personnel Folder (eOPF); (12) promoted the Preventive Health and Awareness Program and OPM's *Healthier Feds* initiatives, and publicized and hosted wellness seminars sponsored by the Employee Assistance and Federal Occupational Health Programs; (13) in concert with the President's hiring reform initiative, conducted a comprehensive recruitment program, including continuing activities through the agency SWAT team to simplify the Federal application process and reduce the time-to-hire, as well as establish an interagency agreement with OPM to provide staffing services in the new recruitment environment; (14) enhanced workplace flexibilities and provided recommendations to OPM regarding the agency's work/life program and best practices; (15) managed and conducted employee benefits and charitable contributions programs and Open Seasons, such as the Combined Federal Campaign, Long-Term Care Insurance Program, Flexible Spending Accounts, the annual Benefits Open Season and FMC Health Fair; (16) conducted a proactive retirement program that included computing benefits, providing access to retirement seminars, related training and one-on-one counseling, and timely processing all retirements, as well as informing the workforce regarding the agency's Voluntary Early Retirement Authority; (17) coordinated with other administrative units and the General Services Administration's (GSA) Managed Service Office on matters pertaining to Homeland Security Presidential Directive 12 (HSPD-12) and the issuance of Federal employee credentials, including activities to implement logical access provisions; (18) conducted a comprehensive classification and position management program, including coordinating assignments and evaluating contractor performance; (19) continued work with respect to closing competency gaps identified last fiscal year through the online Federal Competency Assessment Tool for managers and Human Resource (HR) staff to update FMC's skill gap analysis, identify gaps in leadership competencies, support mission accomplishment, and guide planning for training and development; (20) revamped and updated the agency Human Capital Plan to ensure consistency with revisions to the agency Strategic Plan's goals and objectives; and (21) continued to work with information technology staff to ensure timely transmittal of training data to OPM.

In fiscal years 2013 and 2014, OHR plans to continue to: (1) advise agency management and staff on all human resources matters and maintain a sound and progressive human resources program; (2) implement pertinent portions of the agency's strategic, training and related performance plans, particularly performance goals related to the management of human resources; (3) explore and implement simplification, flexibility, and accountability of human resources management programs, and explore high-tech solutions to address program requirements, including, e.g., a fully automated training evaluation system and automated staffing system; (4) partner with agency officials in concert with the Administration's goal to build a transparent, high-performance government specifically with respect to Federal hiring reform and improving employee satisfaction and wellness; (5) continue with eOPF implementation and conversion of performance, payroll, benefits and other HR records to electronic format, and execute action plan for full production and employee roll-out; (6) continue to monitor database modernization efforts of the NFC in conjunction with e-Governance and ensure timely and accurate payroll and personnel services; (7) continue to review and update various policy statements to implement Executive Orders and related regulatory requirements; (8) continue to administer and assess results from the FEVS to gauge employee satisfaction with work/life and benefits programs, agency leadership, developmental opportunities, etc., and use these metrics to strategically implement, monitor, measure, assess progress in achieving, ensure accountability, and report on human capital management goals pursuant to the agency's Human Capital, Workforce, Succession and Accountability Plans; and (9) obtain approval and implement OPM's basic performance appraisal system for senior executives; evaluate the revised performance appraisal system for non-SES employees against OPM's Performance Appraisal Assessment Tool (PAAT); and monitor employee perceptions regarding performance management through continued analysis of the FEVS.

Office of Budget and Finance (OBF)

Federal Maritime Commission				
Operational and Administrative Office of Budget and Finance				
		FY 2012 Actual	FY 2013 Estimate	FY 2014 Request
FTE:	**Office of Budget and Finance**	4.73	4.42	5.00
Cost:	**Salaries & Benefits**	$595,875.50	$558,350.51	$623,637.48
	Non-Personnel Expenses	$141,732.12	$134,846.18	$145,918.14
	Total Cost	**$737,607.62**	**$693,196.69**	**$769,555.62**

FY 2014 FTE by FMC Strategic Goal	
Strategic Goal 1	**Strategic Goal 2**
Maintain an efficient and competitive international ocean transportation system	Protect the public from unlawful, unfair and deceptive practices and resolve shipping disputes
1.00	**4.00**

FY 2014 Cost by FMC Strategic Goal	
Strategic Goal 1	**Strategic Goal 2**
$153,911.12	**$615,644.50**

OBF administers the Commission's financial management program and is responsible for offering guidance on optimal use of the Commission's fiscal resources. OBF's main responsibilities are to: (1) produce, submit and support annual budget justifications and estimates to OMB and the Congress; (2) execute annual budgets to ensure that appropriated funds are properly expended; (3) review audited financial reports; (4) administer a control system over workyears of employment; (5) collect and deposit all fees and forfeitures due the Commission and pursue collections of debts; (6) process accounts payable documents; (7) verify financial, accounting and payroll reports generated by the agency's fiscal services agents; (8) prepare and process travel orders and vouchers; and (9) manage the Commission's Travel Charge Card and Cash Management Programs.

The Commission has an interagency agreement (IAG) with the Bureau of Public Debt (BPD) to provide travel, procurement, and financial reporting. OBF serves as the Commission's primary contact with BPD and verifies all accounting transactions, oversees the accurate and timely submission of quarterly financial statements to OMB, annual and semi-annual report submissions to the U.S. Treasury and works to ensure that an unqualified opinion is received on the annual financial statement audit. The NFC provides the Commission with payroll services through an IAG. OBF serves as the primary contact with NFC regarding time card transmission and verifies all payroll disbursement costs. NFC transmits documentation of payroll costs directly to BPD for inclusion in the agency's accounting records.

During fiscal year 2012, OBF's important accomplishments include the following: (1) collected and deposited $1,006,298 to the U.S. Treasury from fines and penalty collections, publications, reproductions, and user fees; (2) coordinated and prepared budget justifications and estimates for the fiscal year 2013 Congressional budget and fiscal year 2014 OMB budget; (3) prepared required external reports; (4) prepared monthly internal status reports on workyears, funding, travel, receivables, and budget allocations to provide management with meaningful, timely expense data by program; (5) revised calculations used to estimate the cost of annual performance goals; (6) captured receivables by user fee type and pursued delinquent receivables; (7) worked with BPD staff and independent auditors regarding the audits of the fiscal years 2011 and 2012 Financial Statements (an unqualified opinion was received for fiscal year 2011 and fiscal year 2012); (8) worked with the OMD to finalize the FMC's 2011 Management's Discussion and Analysis/Performance and Accountability Report (MD&A/PAR); (9) updated Commission Orders and procedural documents; (10) prepared and processed official travel documents in an E-travel system in accordance with applicable Federal Travel Regulations and agency policy; (11) processed the Commission's accounts payable documents in accordance with the Prompt Payment Act and worked with BPD to implement Treasury's Internet Payment Platform (IPP) to process the electronic payment of invoices received from commercial vendors; (12) completed migration from the current Paper Check Conversion (PCC) system of depositing remittances received from FMC customers to the new Over the Counter Channel Application (OTCnet) and Transaction Reporting System (TRS); (13) identified a new procedure for calculating user fees and recalculated the fees based upon fiscal year 2011 costs; and (14) assisted with the review and cost analysis of the draft occupancy agreement between the FMC and GSA for HQ office space.

Goals for fiscal years 2013 and 2014 include: (1) improving the agency's Cash Management Program, such as assisting with implementation of Pay.gov for acceptance of electronic payments from the public; (2) continuing to pursue initiatives leading to economy and efficiency in budget and financial operations; (3) updating relevant standard operating procedures, Commission Orders and procedural documents; and (5) recalculating biennial user fee costs based upon 2012 costs.

Office of Management Services (OMS)

Federal Maritime Commission				
Operational and Administrative Office of Management Services				
		FY 2012 Actual	FY 2013 Estimate	FY 2014 Request
FTE:	**Office of Management Services**	5.00	4.80	5.00
Cost:	**Salaries & Benefits**	$594,432.27	$601,841.98	$646,999.62
	Non-Personnel Expenses	$147,723.88	$145,233.81	$150,949.71
	Total Cost	**$742,156.15**	**$747,075.79**	**$797,949.33**

FY 2014 FTE by FMC Strategic Goal	
Strategic Goal 1	**Strategic Goal 2**
Maintain an efficient and competitive international ocean transportation system	Protect the public from unlawful, unfair and deceptive practices and resolve shipping disputes
1.00	**4.00**

FY 2014 Cost by FMC Strategic Goal	
Strategic Goal 1	**Strategic Goal 2**
$159,589.87	**$638,359.46**

OMS procures and furnishes all services, office equipment and supplies necessary to support the day-to-day operations and performance goals of the Commission. To accomplish this, OMS administers a variety of management service functions, including: (1) administering Commission procurement and contracting; (2) controlling and administering the Commission's property utilization, maintenance, inventory and disposition programs; (3) planning and administering programs for improvement of the workplace environment and other space utilization operations for all Commission locations, including office space and provision of office furnishings; (4) managing the receipt, storage, distribution and inventory of all supplies, forms and accessories; (5) coordinating and fulfilling all printing, copying, and graphic service requirements; (6) coordinating the use of the building's physical facilities with respect to maintenance, security, and parking; (7) conducting safety inspections and coordinating the Commission's emergency planning and evacuation plan; and (8) directing the Commission's participation, development and goal-setting efforts under the Small Business Act.

During fiscal year 2012, OMS: (1) coordinated with OMD and OBF to achieve substantial savings by reducing the fiscal year 2012 IAA with BPD by utilizing OMS staff; (2) worked with GSA and FMC management officials to identify the Commission's Headquarter (HQ) space needs for a new ten year occupancy agreement to begin November 2012; (3) coordinated the re-arrangement of the Los Angeles Field Office to accommodate regular visits by the Chairman and other Commissioners; (4) in conjunction with the Chairman and OMD, provided physical security and logistical support for the Shanghai Shipping Exchange delegation during their visit to the FMC; (5) arranged for the design and printing of both a new "Household Goods" brochure and the Commission's EU Study as well as the special printing of the Commission's 50th Annual Report through the Government Printing Office (GPO); (6) facilitated the evaluations of solicitations, including developing source selection determinations based on best value for needed HR services; (7) developed the solicitation for the OIG's Financial Audit Services and executed the award to a new contractor; (8) coordinated with the Chairman and MD to provide the logistics needed for miscellaneous staff relocations and/or reassignments; (9) prepared guidance and instructions for Technical Evaluation Panels for new solicitations for: Financial Audit Services, EEO Investigative and Counseling Services, Global Business Information Services, Court Reporting and Transcription Services, and GeoSearch IT Services; and (10) initiated dialog with GSA for the possible relocation of the Commission's New York Field Office to northern New Jersey.

In fiscal years 2013 and 2014, OMS' objectives include: (1) continuing to work with GSA, Federal Protective Service (FPS), and other tenant agencies at our HQ facilities and field locations to upgrade and/or improve the buildings' security measures and emergency preparedness; (2) in conjunction with the agency's other administrative offices, continuing to research methods and practices for the enhancement and improvement in support services; and (3) continuing to provide advice and assistance regarding innovative support-service approaches to FMC activities.

Fiscal Year 2014 Strategic Goals

Federal Maritime Commission				
Federal Maritime Commission Executive Summary				
		FY 2012 Actual	FY 2013 Estimate	FY 2014 Request
FTE:	**Headquarters & Field**	**123.41**	**118.10**	**126.00**
Cost:	**Salaries & Benefits**	$17,563,999.15	$17,164,000.00	$18,478,000.00
	Non-Personnel Expenses	$6,449,348.43	$5,675,425.00	$6,522,000.00
	Total Cost	**$24,013,347.58**	**$22,839,425.00**	**$25,000,000.00**

FY 2014 FTE by FMC Strategic Goal	
Strategic Goal 1	**Strategic Goal 2**
Maintain an efficient and competitive international ocean transportation system	Protect the public from unlawful, unfair and deceptive practices and resolve shipping disputes
28.97	**97.03**

FY 2014 Cost by FMC Strategic Goal	
Strategic Goal 1	**Strategic Goal 2**
$5,906,601.49	**$19,093,398.51**

Factors Affecting the Achievement of Goals

The FMC is a small agency that has established considerable in-house expertise in the legal, economic and organizational aspects of international liner shipping and the intermodal movement of ocean cargo. That expertise allows the FMC to effectively pursue its goals of maintaining a competitive international ocean transportation system and protecting the public from unlawful, unfair and deceptive practices efficiently at a very modest cost to the taxpayer and with a minimum regulatory burden on stakeholder industries.

To continue to accomplish its goals, the agency will need to maintain its relevant expertise through the recruitment, training and retention of highly qualified attorneys, economists, industry specialists, and information technology experts. The importance of the recruitment and retention issue is likely to increase as the agency’s experienced personnel reach retirement age, and in the face of competition from other Federal agencies seeking to replace their retiring personnel.

Expanding and enhancing the use of information technologies is one way in which the FMC is able to do more with less. The increasing importance of information technologies results not only from its contribution to the agency's ability to collect and process information more efficiently and accurately, but also because of the agency's need to keep up with the electronic business practices of the industries it regulates. Greater use of information technology also helps make many of the aspects of licensing, certification and information filing simpler and easier to accomplish for the agency's stakeholders. IT is critical to the maintenance and effective use of various key agency databases.

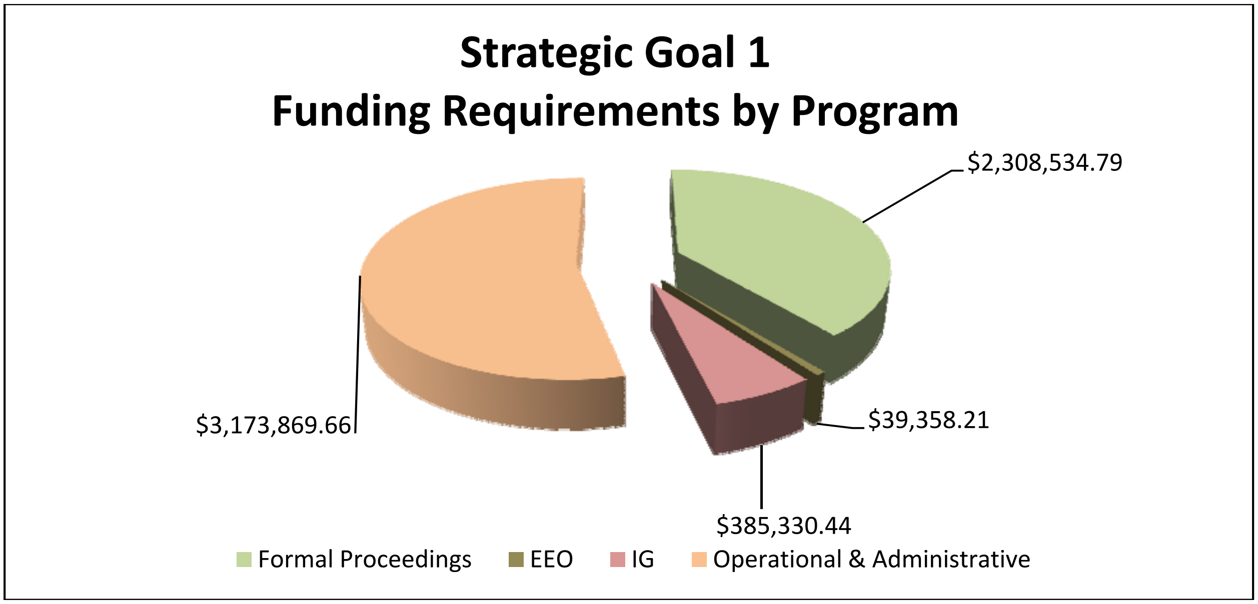
The security of agency databases, confidential business reports, and associated documents filed with the FMC has received increasing attention in recent years. Enhanced and extended applications of information technologies helps to ensure that security.

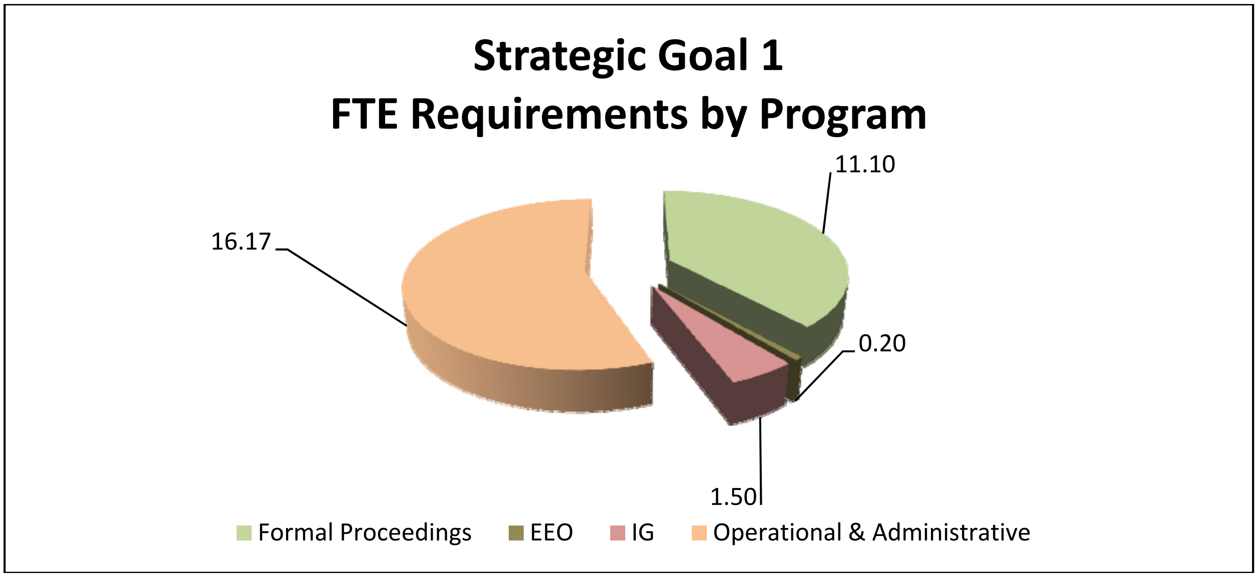
The FMC regulates international ocean liner transportation, and is also involved, through its regulation of marine terminal operators, with aspects of the intermodal movement of ocean cargo in the U.S. In addition, foreign-based ocean transportation intermediaries are subject to statutory bonding requirements under FMC jurisdiction. To the extent that there are changes in the regulatory treatment of international liner operations by foreign governments, the FMC will need to conduct research to determine the likely affect of such changes on U.S. trades. Over time, and depending on their actual impacts, regulatory changes in other regions could also provide a possible impetus for a review of U.S. statutes or regulations on liner shipping. Consequently, FMC analyses of possible future proposals for statutory revisions may be required.

Finally, in recent years the FMC has witnessed the filing of new types of agreements -- especially marine terminal agreements -- that address nontraditional issues such as traffic congestion, environmental mitigation proposals, terminal operational efficiencies, and infrastructure funding. These nontraditional agreements tend to involve industries (drayage trucking and rail service), operations (pooling of chassis), and issues (air pollution, public health, infrastructure finance) that require the development by agency staff of additional information sources and areas of expertise. Not infrequently, these nontraditional agreements have potentially significant pricing and service consequences. To the extent that the filing of nontraditional agreements increases in coming years – which seems to be the likely trend – they will continue to weigh heavily on the agency's limited resources.

STRATEGIC GOAL 1

Maintain an efficient and competitive international ocean transportation system.





The Commission is responsible for the regulation of oceanborne transportation in the foreign commerce of the U.S. pursuant to the provisions of the Shipping Act. A stated policy objective of the Shipping Act is "to promote the growth and development of U.S. exports through competitive and efficient ocean transportation and by placing a greater reliance on the marketplace." The Commission's oversight of carrier and terminal operator antitrust immunity as part of a non-discriminatory regulatory process works to provide an efficient and economic transportation system in the ocean commerce of the U.S. In addition the Commission addresses unfavorable conditions affecting U.S. carriers in U.S. oceanborne trades when such conditions do not exist for foreign carriers.

Following the global economic downturn and during this time of recovery, the Commission's oversight is of key importance. Efficiency and competition in the transportation system are essential to the re-growth of trade and the creation of jobs.

OBJECTIVE 1:

Identify and take action to address substantially anticompetitive conduct or unfavorable trade conditions in U.S. trades.

Strategic Goal 1: Maintain an efficient and competitive international ocean transportation system							
Objective 1: Identify and take action to address substantially anti-competitive conduct or unfavorable trade conditions in U.S. trades.							
Performance Measure 1: Percentage share of total U.S. international oceanborne trade moved by containership, as an indicator of liner efficiency.							
FY 2010		FY 2011		FY 2012		FY 2013	FY 2014
Target	Achieved	Target	Acheived	Target	Acheived	Target	Target
18.00%	17.40%	18.50%	17.90%	19.00%	18.70%	19.50%	20.00%

The FMC is charged with protecting the shipping public, and ultimately American exporters and consumers, from possible abuse of the limited antitrust immunity granted by Congress to international liner carriers and domestic marine terminal operators under the Shipping Act. In addition, the FMC is responsible, under the FSPA, for investigating whether laws, rules, regulations or practices of foreign governments, or the practices of foreign carriers result in the existence of unfavorable conditions in U.S. trades.

The Shipping Act requires that VOCCs and MTOs that wish to establish agreements that would benefit from antitrust immunity file copies of their agreements with the FMC. FMC staff review these proposed agreements when they are initially filed, and before they take effect. The FMC allows agreements to proceed when they do not cause competitive harm. The FMC is authorized pursuant to section 6(g) of the Shipping Act to seek an appropriate injunction against any agreement which is likely to result in a reduction in competition of the sort that could be expected to unreasonably raise transportation costs or reduce transportation service.

The Shipping Act and implementing regulations also authorize the FMC to require that agreement parties (a) provide accompanying information needed to assess certain categories of agreements upon request; (b) file certain standard types of reports — including quarterly economic data and/or minutes of meetings held by the agreement parties — depending on the authorities sought in the agreement; and (c) submit special informational reports, if the FMC requires them, once the agreement comes into effect. These reporting requirements, and the economic data and information about agreement activities they provide, allow the FMC to initially evaluate, and continue to monitor on an ongoing basis, the conduct of the parties to VOCC and MTO agreements with limited antitrust immunity.

In recent years, the FMC has seen an increase in operational VOCC and MTO agreements, many of which allow cooperation to improve efficiency, allow sustainable growth, or respond to new or imminent environmental regulations. The FMC gives consideration to likely efficiency, sustainability, and environmental benefits when evaluating their net impact on competition, transportation cost, and transportation service.

Under the FSPA, the Commission can address adverse conditions affecting U.S. carriers in the U.S. oceanborne trades when such conditions do not exist for foreign carriers or others providing maritime or maritime-related services in the U.S. Section 9 of the Shipping Act also charges the Commission with regulating the rates, charges, and rules of government-owned or -controlled carriers to ensure that they are just and reasonable.

1. Strategies

- Review initial agreements and amendments, including any additional information requested by the FMC, to determine the likelihood that the agreement parties could engage in substantially anticompetitive conduct with respect to transportation costs or services.

- Review, on a regular, ongoing basis, the data and information provided in standard reports and special reporting measures to assess the existence or likelihood of substantially anticompetitive conduct or unfavorable trade conditions.

- Initiate meetings with representatives of the FMC’s various stakeholder industries to help determine whether anticompetitive behavior or unfavorable trade conditions exist in U.S. trades.

- Conduct research studies on current competition issues with respect to U.S. trades.

- Actively monitor for and record the presence of all foreign controlled carriers in U.S. trades, and regularly review their pricing practices.

- Obtain information via inquiries and/or complaints about conduct or conditions that impede the efficient movement of cargo.

- Assure competitive conditions in the U.S. foreign oceanborne trades by working with agreement parties on an informal basis to negotiate changes in agreements that raise competitive concerns.

- Preserve competition and efficiency in ocean transportation by seeking appropriate injunctive relief under section 6 of the Shipping Act for agreements likely, by a reduction in competition, to produce an unreasonable reduction in transportation service or an unreasonable increase in transportation cost.

- Assess, acknowledge and promote environmentally sustainable shipping practices and environmentally protective agreement activities.

- Address disruptions in the ocean transportation marketplace by investigating carrier and MTO violations of the Shipping Act.

- Take action under the FSPA to address adverse conditions affecting U.S. carriers in the U.S. oceanborne trades, when such conditions do not exist for foreign carriers or others providing maritime or maritime-related services in the U.S.

- Make rules and regulations affecting shipping in the foreign trade not in conflict with law in order to adjust or meet general or special conditions unfavorable to shipping in the foreign trade.

- Ensure timely action on formal proceedings undertaken to protect competition.

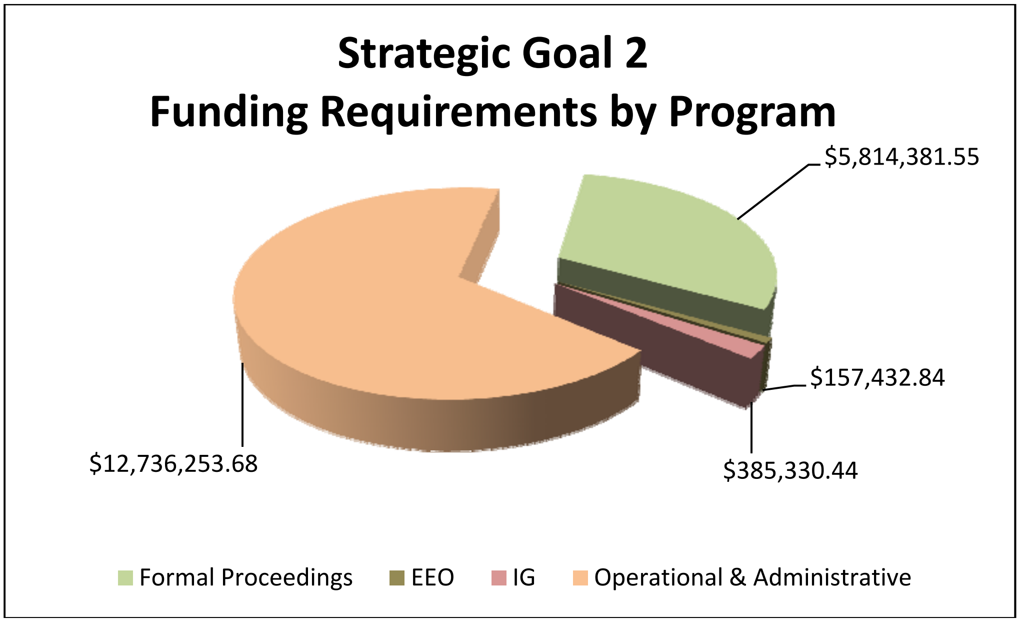
- Maintain and keep up-to-date an electronic library, accessible from the FMC's website, of agreement documents so as to allow interested parties to easily search for and download those documents.

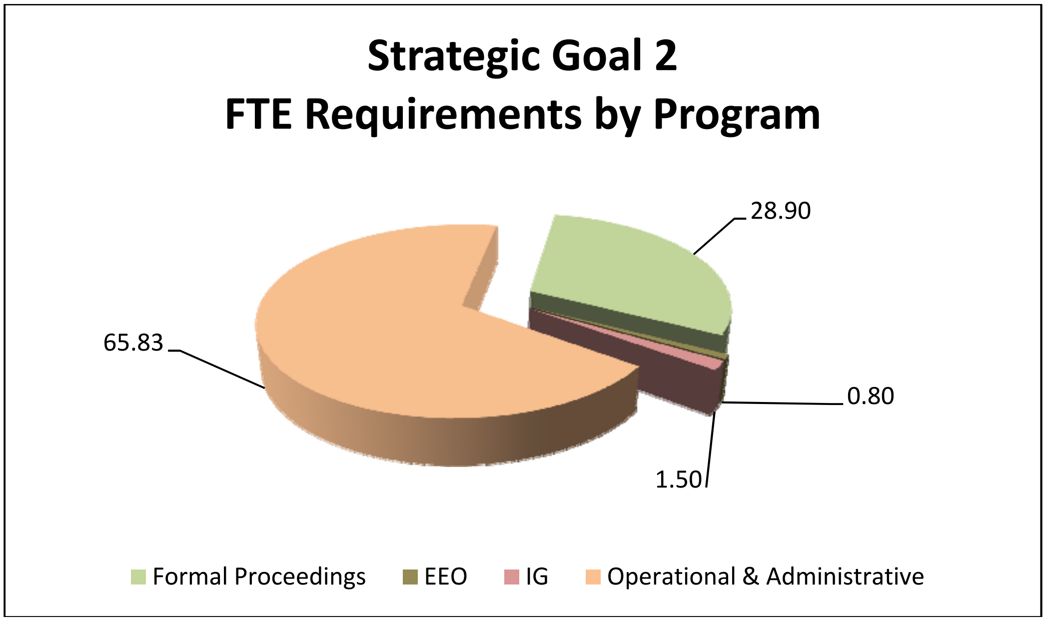
2. Six-Year Performance Measure

- Percentage share of total U.S. international oceanborne trade moved by containership, as an indicator of liner shipping efficiency.

STRATEGIC GOAL 2

Protect the public from unlawful, unfair and deceptive ocean transportation practices and resolve shipping disputes.





The FMC has jurisdiction over activities of ocean carriers and MTOs in a variety of their commercial activities in international ocean commerce. The FMC has a wide variety of responsibilities in protecting the shipping public from financial harm.

Those responsibilities include the licensing of OTIs that serve U.S. trades; assisting the public in the resolution of informal complaints related to the shipment of goods or to passenger vessel cruises; the identification and prosecution of unreasonable or unjust practices by carrier or marine terminals; and the investigation and satisfaction of formal complaints alleging violation of the Shipping Act. To carry out its broad mission, the FMC uses various means including monitoring, investigation, education, enforcement, and *ombuds* services.

The Commission and its regional ARs also have a role in the education of the public and of industry groups involved in U.S. international trade with respect to their rights and/or responsibilities under the Shipping Act – including informing them of available Commission resources that might be of use to them.

OBJECTIVE 1:

Identify and take action to end unlawful, unfair and deceptive practices.

Strategic Goal 2: Protect the public from unlawful, unfair and deceptive ocean transportation practices and resolve shipping disputes							
Objective 1: Identify and take action to address substantially anticompetitive conduct or unfavorable trade conditions in U. S. trades							
Performance Measure 1: Percentage of enforcement actions taken under the Shipping Act of 1984 successfully resolved through favorable judgment, settlement, issuance of default judgment or compliance letter or notice.							
FY 2010		FY 2011		FY 2012		FY 2013	FY 2014
Target	Achieved	Target	Acheived	Target	Acheived	Target	Target
70.00%	72.90%	72.00%	82.00%	74.00%	88.00%	76.00%	78.00%

The FMC is responsible for ensuring that individual carriers and MTOs, as well as those permitted by agreement to act in concert, treat shippers and other members of the shipping public fairly by not engaging in prohibited acts set out in the Shipping Act. In the effort to identify such practices, the FMC maintains a visible presence amongst regulated entities, collects intelligence in a variety of ways and exchanges intelligence with other regulatory and law enforcement agencies.

In order to ensure compliance with laws and regulations under the jurisdiction of the FMC, various formal and informal actions may be taken by the Commission. Formal investigations are initiated when violations are discovered, though often the Commission enters into settlement agreements ending violative activities.

1. Strategies

- Gather intelligence through visible and accessible presence in the regulated community in order to identify unlicensed OTIs and other violations.
- Monitor advertising in print, television, radio and online to identify illegal practices.
- Gather information related to potential unlicensed OTIs.
- Receive and respond to complaints regarding egregious violations and practices.
- Identify subjects who offer, advertise or provide passage on vessels having berths or staterooms to accommodate 50 or more passengers and have not met FMC financial requirements.
- Audit ocean carriers and OTIs based upon information received and on a random basis.
- Exchange information and liaise with other Federal, state and local investigative and regulatory agencies and bureaus.
- Review tariffs for accessibility and accuracy.
- Investigate allegations of unlawful, unfair and deceptive practices.
- Efficiently prosecute alleged violations of the Shipping Act.
- Reach voluntary agreement with alleged violators to cease unlawful, unfair and deceptive practices.
- Respond to inquiries regarding complaint history of transportation providers and advise consumer of means to protect themselves.

2. Six-Year Performance Measures

- Percentage of enforcement actions taken under the Shipping Act successfully resolved through favorable judgment, settlement, issuance of default judgment, or compliance letter or notice.

OBJECTIVE 2:

Prevent public harm through licensing and financial responsibility requirements.

Strategic Goal 2: Protect the public from unlawful, unfair and deceptive ocean transportation practices and resolve shipping disputes.							
Objective 2: Prevent public harm through licensing and financial responsibility requirements.							
Performance Measure 1: Percentage of decisions completed OTI license applications rendered within 60 calendar days of receipt, facilitating lawful operation of OTIs with the appropriate character and experience requirements.							
FY 2010		FY 2011		FY 2012		FY 2013	FY 2014
Target	Achieved	Target	Achieved	Target	Achieved	Target	Target
55.00%	65.00%	60.00%	77.00%	70.00%	90.20%	75.00%	75.00%

Strategic Goal 2: Protect the public from unlawful, unfair and deceptive ocean transportation practices and resolve shipping disputes							
Objective 2: Prevent public harm through licensing and financial responsibility requirements							
Performance Measure 2: Percentage of cruise line operators examined during the year that have the full financial coverage required by regulation to protect against loss from non-performance or casualty.							
FY 2010		FY 2011		FY 2012		FY 2013	FY 2014
Target	Achieved	Target	Achieved	Target	Achieved	Target	Target
90.00%	90.00%	91.00%	91.00%	92.00%	100.00%	93.00%	94.00%

The FMC licenses and regulates OTIs, including ocean freight forwarders and NVOCCs, and ensures that OTIs have sufficient financial responsibility. As well, the FMC issues certificates to PVOs that have evidenced financial responsibility to satisfy liability incurred for nonperformance of voyages and for death or injury to passengers and other persons.

1. Strategies

- License OTIs with the requisite character, experience and financial responsibility.
- Issue PVO certificates to cruise line operators that have met regulatory requirements for proof of financial responsibility.
- Monitor PVO UPR reports and conduct on-site review of PVOs' UPR receipts.
- Review and update OTI bonds and coverage amount.

2. Six-Year Performance Measures

- Percentage of decisions on completed OTI license applications rendered within 60 business days, facilitating lawful operation of OTIs with the appropriate character requirements.
- Percentage of cruise line operators examined during the year that have the full financial coverage required by regulation to protect against loss from nonperformance or casualty.

OBJECTIVE 3:

Enhance public awareness of agency resources, remedies and regulatory requirements through education and outreach.

Strategic Goal 2: Protect the public from unlawful, unfair and deceptive ocean transportation practices and resolve shipping disputes.							
Objective 3: Enhance public awareness of agency resources, remedies and regulatory requirements through education and outreach.							
Performance Measure 1: Percentage of key Commission isusnacwes, orders and reports are available through the Commission's website within 5 working days of receipt.							
FY 2010		FY 2011		FY 2012		FY 2013	FY 2014
Target	Achieved	Target	Achieved	Target	Achieved	Target	Target
70.00%	0.00%	72.00%	72.00%	74.00%	79.00%	76.00%	80.00%

Protection of the public requires knowledge on the part of regulated parties and users of their services as to FMC regulatory requirements. As well, the public needs to be well informed of the services offered by the FMC and the remedies available in the event of noncompliance, injury or unresolved disputes.

1. Strategies

- Maintain an accessible presence in local regulated communities.
- Proactively educate regulated parties of regulatory requirements through educational presentations.
- Maintain VOCC and NVOCC tariff location information on the agency website.
- Emphasize OTI requirements to new licensees by letter.
- Promote awareness of FMC licensing and financial requirements by conference participation and seminars.
- Make available to the public key documents in all Commission formal proceedings through the Commission’s website.
- Create and produce brochures to educate industry and public about FMC requirements and services.

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- Promote general awareness of resources available through Commission’s website.
- Continuously expand and update information available to the public through the website, including list of licensed OTIs.

2. Six-Year Performance Measures

- Percentage of attendees at agency-sponsored outreach presentations that rate the program as “Useful” or “Extremely Useful” in their compliance efforts.

- Percentage of key Commission issuances, orders and reports that are available through the Commission’s website within 5 working days of receipt.

OBJECTIVE 4:

Impartially resolve international shipping disputes through alternative dispute resolution and adjudication.

Strategic Goal 2: Protect the public from unlawful, unfair and deceptive ocean transportation practices and resolve shipping disputes.									
Objective 4: Impartially resolve international shipping disputes through alternative dispute resolution and adjudication.									
Performance Measure 1: Number of cases opened and closed each fiscal year using *ombuds* man ADR services assisting consumers to recover goods or funds.									
FY 2010		FY 2011		FY 2012		FY 2013		FY 2014	
Target	Achieved	Target	Achieved	Target	Achieved	Target		Target	
550	556	625	631	700	893	800		900	

Strategic Goal 2: Protect the public from unlawful, unfair and deceptive ocean transportation practices and resolve shipping disputes.									
Objective 4: Impartially resolve international shipping disputes through alternative dispute resolution and adjudication.									
Performance Measure 2: Percentage of formal complaints or Commission initiated orders of investigation will be completed within 2 years of filing or Commission initiation.									
FY 2010		FY 2011		FY 2012		FY 2013		FY 2014	
Target	Achieved	Target	Achieved	Target	Achieved	Target		Target	
50.00%	56.00%	52.00%	60.00%	54.00%	73.00%	56.00%		58.00%	

The Commission has several means by which the public or entities in the shipping industry may seek resolution of disputes or complaints. The Commission provides *ombuds* services to assist parties in resolving complaints informally through its CADRS and its ARs. Formal complaints of alleged Shipping Act violations may be filed for adjudication by an ALJ. Parties may seek the assistance of a trained neutral at any stage in a formal proceeding or in the first instance for resolution using ADR processes.

1. Strategies

- Provide *ombuds* services to informally resolve passenger vessel, household goods and other shipper complaints.

- Encourage the use of and provide facilitative ADR services to parties who request services of a trained neutral in resolving disputes and shipping problems that affect international ocean shipping.

- Adjudicate disputes under the jurisdiction of the agency through the ALJ, with the possibility of appeal to the Commission, use of settlement officers and through arbitration.

- Timely conduct Commission proceedings so that litigants and industry can adjust behavior accordingly.

2. Six-Year Performance Measures

- Number of cases opened and closed each fiscal year using *ombuds* and ADR services assisting consumers to recover goods or funds.

- Percentage of formal complaints or Commission initiated orders of investigation will be completed within two years of filing or Commission initiation.

Appendix A

Workload Statistics

Office of the Secretary

Formal Proceedings Program
Office of the Secretary

Statistical Workload Summary *

Workload Units		**Fiscal 2012 Actual**			**Fiscal 2013 Estimate**			**Fiscal 2014 Estimate**		
	On Hand 09/30/11	Receipts	Output	On Hand 09/30/12	Receipts	Outputs	On Hand 09/30/13	Receipts	Outputs	On Hand 09/30/14
Decisions, Reports, in Docketed Proceedings Before the Commission*	20	35	37	18	40	36	22	40	40	22
Commission Inquiries, Information Requests, or Demand Orders*	0	1	1	0	1	1	0	1	1	0
Adminstrative Notices Issued in Proceedings*	0	32	32	0	35	35	0	35	35	0
Docketed Informal Complaints	12	7	12	7	14	12	9	14	14	9
Agenda Items	0	100	100	0	100	100	0	110	110	0
Pages of Minutes	0	140	140	0	130	130	0	140	140	0
Federal Register Notices	0	158	158	0	155	155	0	160	160	0
FOIA Requests	36	30	50	16	25	27	14	25	27	12
Certifications	0	5	5	0	3	3	0	3	3	0

* Previously, Commission workload statistics for these 3 categories were reported under "Commission Docketed Proceedings (Formal, Special & Informal)", and "Commission Non-Docketed Proceedings". Workload statistics for this area of the Commission's Formal Proceeding Program have been separated into 3 categories to more efficiently track and report these Commission statistics.

Office of Consumer Affairs and Dispute Resolution Services

Formal Proceedings Program

Office of Consumer Affiars and Dispute resolutions

Statistical Workload Summary

Workload Units		FY 2012 Actual			FY 2013 Estimate			FY 2014 Estimate		
	On Hand 09/30/11	Receipts	Output	On Hand 09/30/12	Receipts	Output	On Hand 09/30/13	Receipts	Output	On Hand 09/30/14
OMBUDS	24	670	649	45	700	700	45	730	730	45
ADR Matters	4	18	15	7	30	30	7	40	40	7
Informal Docket Decisions	16	8	5	19	10	25	4	10	10	4

Office of the General Counsel

Formal Proceedings Program
Office of the General Counsel

Statistical Workload Summary

Workload Units		FY 2012 Actual			FY 2013 Estimate			FY 2014 Estimate		
	On Hand 09/30/11	Receipts	Output	On Hand 09/30/12	Receipts	Output	On Hand 09/30/13	Receipts	Output	On Hand 09/30/14
Litigation	5	5	3	7	6	6	7	6	6	7
Legislation	0	105	105	0	115	115	0	125	125	0
Legal Opinions, Recommendations, Case Summaries, Decisions and Final Orders	5	201	201	5	160	160	5	165	165	5
Sec. 19/sec. 13 (b)(5) FSPA Proceedings	1	0	1	0	2	1	1	1	1	1
International Affairs Reports, Policy Papers, Briefings, Controlled Carrier Recommendations	0	30	30	0	35	35	0	40	0	40
Speeches, Articles, Presentations	0	15	15	0	20	20	0	25	25	0
Interagency & International Group Participation	0	30	30	0	35	35	0	40	40	0
Response to Requests for Information, Oral & Written	0	275	275	0	280	280	0	285	285	0

Office of the Administrative Law Judges

Formal Proceedings Program
Office of Administrative Law Judges

Statistical Workload Summary

Workload Units		FY 2012 Actual			FY 2013 Estimate			FY 2014 Estimate		
	On Hand 09/30/11	Receipts	Output	On Hand 9/30/12	Receipts	Output	On Hand 09/30/13	Receipts	Output	On Hand 09/30/14
Formal Proceedings	16	10*	14**	14	10	13	11	10	11	10
Special Proceedings	0	0	0	0	0	0	0	0	0	0
Informal Proceedings	0	0	0	0	0	0	0	0	0	0

A decision counted as "Output" may or may not completely resolve a proceeding.

* Includes four proceedings (06-06, 06-09, 07-02, and 09-08) remanded by the Commission for further proceedings.
** Includes two proceedings with two decisions: 11-08 (one dismissing a respondent, one on the merits) and 11-14 (one entering decision on default against one party and one granting the claim and assessing damages against two parties)

Bureau of Trade Analysis

Operational and Administrative Program
Bureau of Trade Analysis

Statistical Workload Summary

Workload Units		FY 2012 Actual			FY 2013 Estimate			FY 2014 Estimate	
	On Hand 09/30/11	Receipts	Output	On Hand 09/30/12	Receipts	Output	On Hand 09/30/13	Receipts	Output	On Hand 09/30/14
Agreements Filed	5	153	143	15	170	175	10	170	170	10
Rulemakings, Proceedings, Petitions,Demand Orders*	0	0	0	0	1	1	0	0	0	0
Waiver Requests	0	3	3	0	5	5	0	5	5	0
Bureau Reports **	0	104	104	0	104	104	0	104	104	0
Agreement Reports										
Minutes	179	921	1,002	98	921	920	99	948	948	99
Monitoring	66	452	468	50	492	492	50	507	506	51
VSCG	28	115	124	19	128	128	19	132	132	19
Service Contracts	0	47,664	47,664	0	50,000	50,000	0	52,500	52,500	0
Service Contract Amendments	0	498,727	498,727	0	475,000	475,000	0	490,000	490,000	0
Special Permissions	0	14	14	0	7	7	0	7	7	0
NVOCC Service Arangements	0	1,435	1,435	0	1,125	1,125	0	1,100	1,100	0
Arrangement Amendments	0	2,114	2,114	0	2,500	2,500	0	2,425	2,425	0
FMC-1 Form	0	1,395	1,395	0	1,494	1,494	0	1,510	1,510	0
Informal Inquires	0	2,103	2,103	0	3,300	3,300	0	3,450	3,450	0

* Rulemaking: FY 2013 Update of Agreement Rules.

** Bureau Reports - include w eekly reports to Commissioners on agreements filed and w eekly Federal Register Notice reports.

Bureau of Certification and Licensing

Operational and Administrative Program
Bureau of Certification and Licensing

Statistical Workload Summary

Workload Units		FY 2012 Actual			FY 2013 Estimate			FY 2014 Estimate		
	On Hand 09/30/11	Receipts	Output	On Hand 09/30/12	Receipts	Output	On Hand 09/30/13	Receipts	Output	On Hand 09/30/14
OTI Applications New *	62	441	429	74	455	450	79	465	460	84
OTI Business Change Applications *	27	278	284	21	280	285	16	285	285	16
OTI License Terminations **	0	261	261	0	275	275	0	300	300	0
Passenger Vessel Applications (Performance)	4	11	15	0	12	12	0	13	13	0
Passenger Vessel Applications (Casualty)***	12	11	13	10	15	16	9	17	16	10

* OTI application output figures include the number of: (1) approvals for license; (2) voluntary withdrawals; (3) closing of applications; and (4) other changes not requiring the issuance of a license.

** Revoked or surrendered licenses not subsequently re-issued.

Bureau of Enforcement

Operational and Administrative Program
Bureau of Enforcement

Statistical Workload Summary

Workload Units		FY 2012 Actual			FY 2013 Estimate			FY 2014 Estimate		
	On Hand 09/30/11	Receipts	Output	On Hand 09/30/12	Receipts	Output	On Hand 09/30/13	Receipts	Output	On Hand 09/30/14
Audits and Monitoring Activities	8	96	94	10	120	120	10	120	120	10
OTI Applicant and License Checks	0	574	574	0	625	625	0	650	650	0
Formal Proceedings	8	3	5	6	6	8	4	7	7	4
Civil Penalty Cases	13	8	12	9	23	20	12	22	22	12
Staff Legal Advice	12	7	6	13	11	10	14	12	12	14

Appendix B

Certification of the Office of Inspector General's Fiscal Year 2014 Budget Request

FEDERAL MARITIME COMMISSION
Office of Inspector General
Washington, DC 20573-0001

Office of Inspector General

The Inspector General Reform Act (P. L. 110-149) was signed by the President on October 14, 2008. Section 6(f) (1) of the Inspector General Act of 1978, 5 U.S.C. app. 3, was amended to require certain specifications concerning Office of Inspector General (OIG) budget submissions each fiscal year.

Each inspector general (IG) is required to transmit a budget request to the head of the establishment or designated Federal entity to which the IG reports specifying:

- The aggregate amount of funds requested for the operations of the OIG,
- The portion of this amount requested for OIG training, including a certification from the IG that the amount requested satisfies all OIG training requirements for the fiscal year, and
- The portion of this amount necessary to support the Council of the Inspectors General on Integrity and Efficiency (CIGIE).

The head of each establishment or designated Federal entity, in transmitting a proposed budget to the President for approval, shall include:

- An aggregate request for the OIG,
- The portion of this aggregate request for OIG training,
- The portion of this aggregate request for support of the CIGIE, and
- Any comments of the affected IG with respect to the proposal.

The President shall include in each budget of the U.S. Government submitted to Congress:

- A separate statement of the budget estimate submitted by each IG,
- The amount requested by the President for each OIG,
- The amount requested by the President for training of OIGs ,
- The amount requested by the President for support of the CIGIE, and

- Any comments of the affected IG with respect to the proposal if the IG concludes that the budget submitted by the President would substantially inhibit the IG from performing duties of the OIG.

Following the requirements as specified above, the Federal Maritime Commission inspector general submits the following information relating to the OIG's requested budget for fiscal year 2014:

- The aggregate budget request for the operations of the OIG is $770,661
- The portion of this amount needed for OIG training is $2,554, and
- The portion of this amount needed to support the CIGIE is $2,121.

I certify as the IG of the Federal Maritime Commission that the amount I have requested for training satisfies all OIG training needs for fiscal year 2014.

Inspector General
Federal Maritime Commission