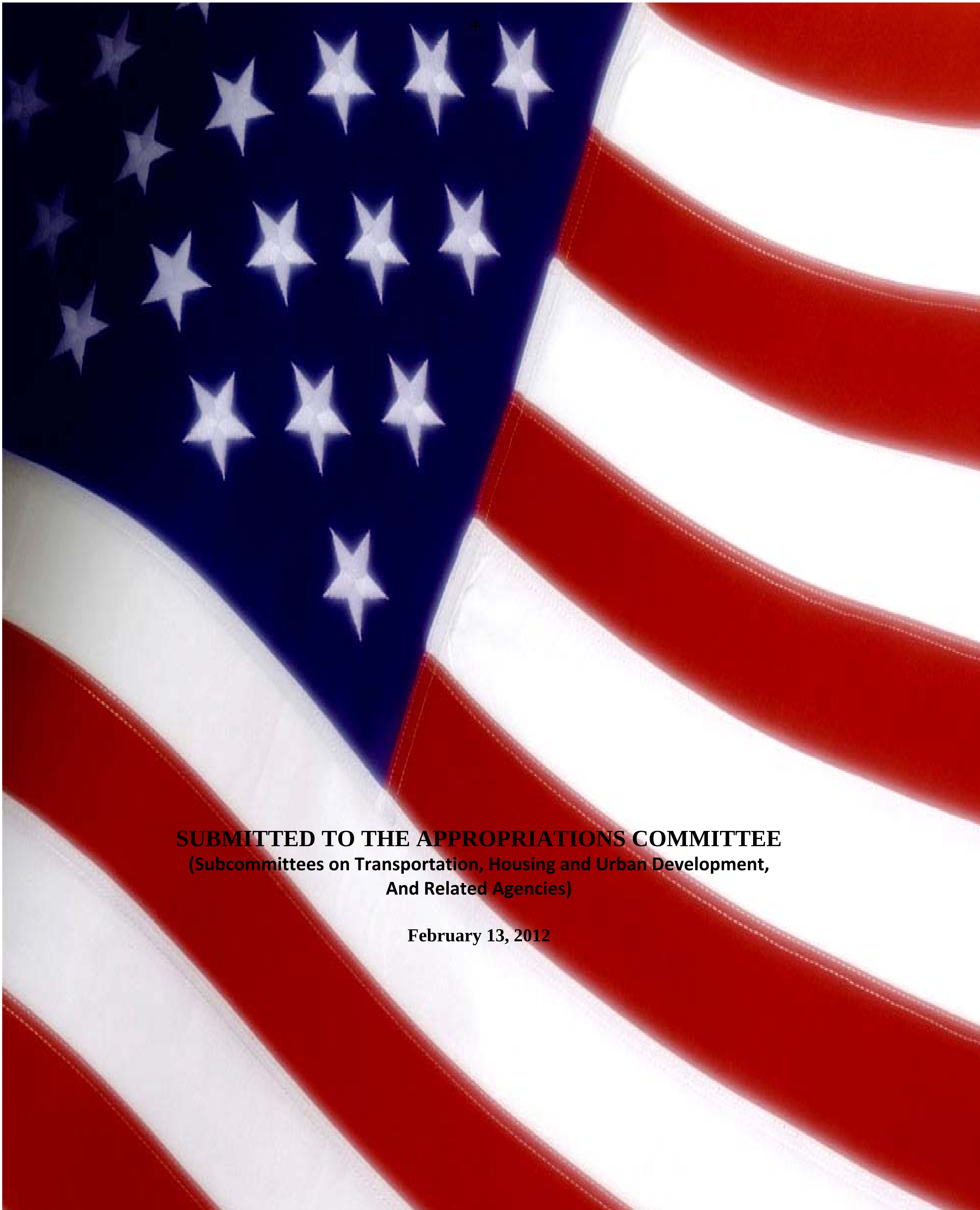
FEDERAL MARITIME COMMISSION

BUDGET ESTIMATES

Fiscal Year 2013



SUBMITTED TO THE APPROPRIATIONS COMMITTEE

(Subcommittees on Transportation, Housing and Urban Development,
And Related Agencies)

February 13, 2012

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
AED	Automatic External Defibrillator
agency	Federal Maritime Commission
ALJ	Administrative Law Judge
AR	Area Representative

-B-

BCL	Bureau of Certification and Licensing
BOE	Bureau of Enforcement
BPD	Bureau of Public Debt
BSC	Building Security Committee
BTA	Bureau of Trade Analysis

-C-

CADRS	Consumer Affairs and Dispute Resolution Services
CBP	U.S. Bureau of Customs and Border Protection
CCIG	Council of Counsels to Inspectors General
CFR	Code of Federal Regulations
CIGIE	Council of Inspectors General on Integrity and Efficiency
CIO	Chief Information Officer
COOP	Continuity of Operations

-D-

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

-E-

ECM	Enterprise Content Management
EC	European Commission
EEO	Equal Employment Opportunity
EEOC	Equal Employment Opportunity Commission
eOPF	Electronic Official Personnel Folder
EU	European Union

-F-

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

-G-

GPO	Government Printing Office
GSA	Government Services Administration

-H-

HQ	Headquarters (FMC)
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
ITA	International Trade Administration

-M-

MD-715	Management Directive 715
MD&A	Management's Discussion and Analysis
MOU	Memorandum of Understanding
MTO	Marine Terminal Operator

-N-

NFC	National Finance Center
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 Agreement
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
OEP	Occupant Emergency Plan
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
OSCT	Office of Service Contracts & 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-

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

-S-

SAC	Small Agency Council
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

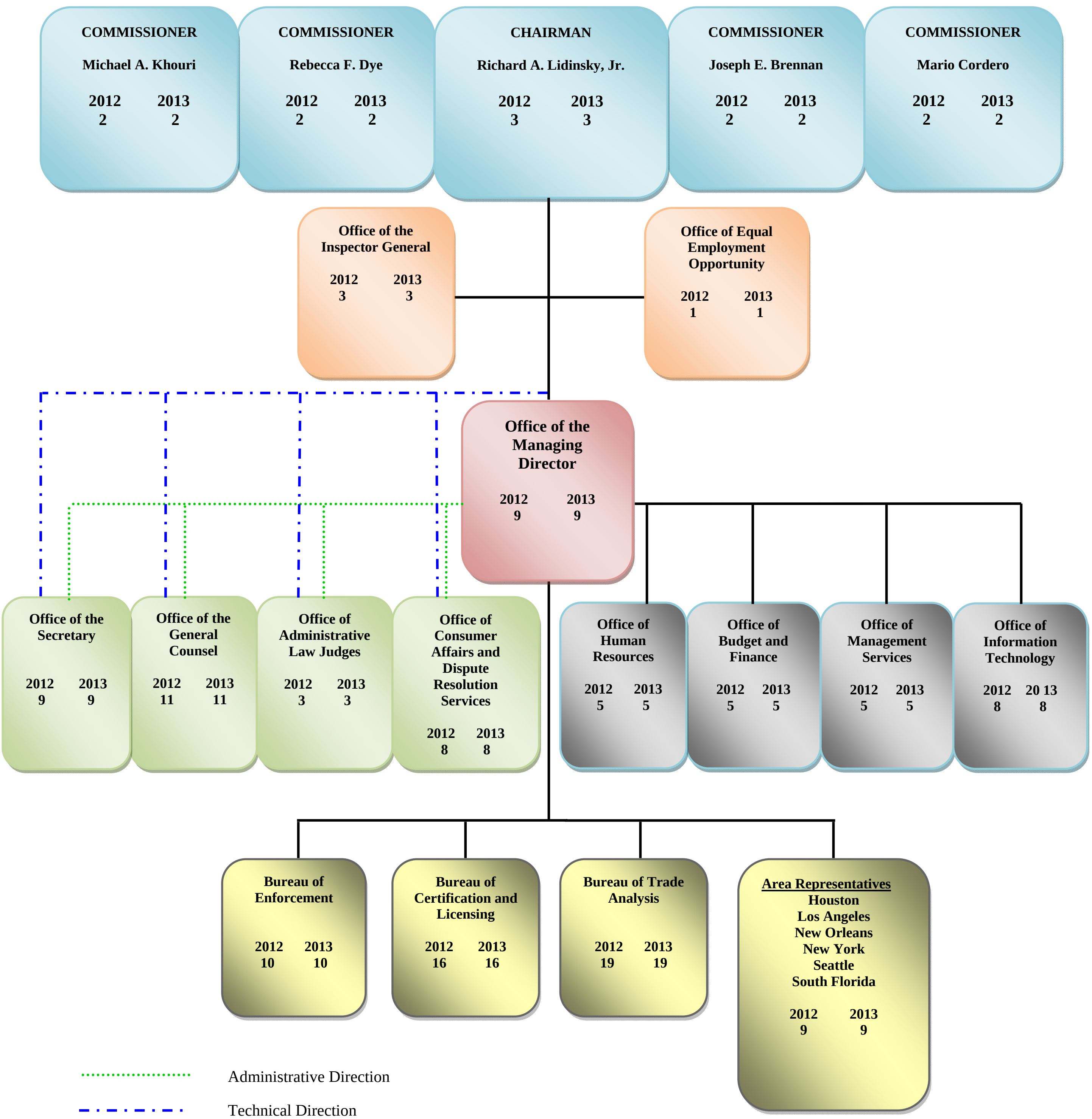
FMC Core Functions

The Federal Maritime Commission (FMC, agency or Commission) is an independent agency which regulates oceanborne transportation in the foreign commerce of the United States. 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; Office of the General Counsel (OGC); Office of the Secretary (OS); Office of Consumer Affairs and Dispute Resolution Services (CADRS); Office of Administrative Law Judges (OALJ); Office of Equal Employment Opportunity (EEO); Office of the Inspector General (OIG); Office of the Managing Director (OMD), including the Bureaus of Certification and Licensing (BCL), Enforcement (BOE), and Trade Analysis (BTA); the Offices of Budget and Finance (OBF), Human Resources (OHR), Information Technology (OIT), Management Services (OMS), 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 JANUARY 30, 2010
(Positions on September 30)



Fiscal Year 2013 Policy and Funding Priorities

In fiscal year (FY) 2013, 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. 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 critical 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 especially concerned 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. Soon the Commission will complete its study of the impact of the European Union's (EU) removal of its block exemption of antitrust immunity for ocean carriers. We have initiated a review of Commission regulations to ascertain their continued need and relevance to changing market conditions while also responding to public requests for review of regulations on issues such as tariff publication and agreements. This review will continue into fiscal year 2013. 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, fair resolution of disputes, and, where necessary, vigorously enforcing the Commission's governing statutes and regulations. The use of technology and dissemination of 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 implementation of 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 2013 to address matters identified through recent fact finding (FF) investigations into capacity and equipment constraints and household goods shipping issues. Investigations into both areas were completed and recommended actions initiated during fiscal year 2011.

The first initiative will provide *increased consumer protection* by integrating the use of various tools in order to address shipping difficulties and malpractices in the ocean transportation system that are encountered by importers and exporters. 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. Significantly, the Commission's *ombuds* program and Rapid Response Teams provide opportunity for quick resolution of transportation impediments. At the same time, we will strengthen our enforcement activity to provide deterrence by penalizing those who pursue unlawful malpractices. Through the administrative process, the Commission will also continue to provide a forum for adjudication of Shipping Act violations and redress through reparations. Finally, we will focus on achieving compliance with OTI licensing requirements.

The second initiative will target *operating efficiencies* for the Commission and users of Commission services through improved technology. Our goal will be to continue implementing technological advances that will increase Commission productivity and provide for electronic submission of license applications, agreements, and other filings.

The third initiative will see the Commission provide *increased public and international trade presence*. Not only will we continue striving for a more open government, but we will also continue to openly dialogue with U.S. trading partners to ensure U.S. trade is not hampered by regulatory or other actions of those trading partners. 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.

Highlights and Planned Activities Statements

Key Accomplishments in Fiscal Year 2011

The commercial ocean transportation system returned to a more normal state in fiscal year 2011, as vessel capacity was returned to service in the U.S. inbound and outbound trades, reflecting the recovery begun in fiscal year 2010 from the industry's worst recession in over 60 years. As additional vessel capacity was brought back on line, foreign container manufacturers also began to produce containers again, after being shut down as a result of the recession. The shortage of both vessel capacity and containers in fiscal year 2010 had severely impacted U.S. importers and exporters who as a result of the shortage encountered difficulty arranging for shipment of their cargo. In addition, shippers frequently faced substantial increases in transportation costs, often with little advance warning. Throughout the first three quarters of fiscal year 2011, carriers relieved that strain on our transportation system with additional vessels and containers. By the end of the fourth quarter of fiscal year 2011, however, carriers began again to scale back vessel capacity, stating that existing capacity exceeded demand. At the same time, alarms were sounded that soon shippers would again encounter significant container shortages. To more closely monitor concerted activity, the Commission in 2010 imposed additional reporting requirements on the major outbound and inbound transpacific rate discussion agreements and in early 2011 imposed additional reporting requirements on global alliances. The Commission then extended the reporting requirements for the transpacific rate discussion agreements through April 2012.

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 2011 was an active year for the Commission, which 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. The Commission's Bureau of Trade Analysis focused on collecting and analyzing data for the Commission's study of 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 Commission also established a dialogue with officials of the European Commission (EC), Directorate-General for Competition.

The Commission increased its monitoring of 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 assessed the impact of slow steaming practices in reducing carbon emissions, as well as the question of whether fuel costs savings accrued from slow steaming were passed on to the shipping public.

Supporting U.S. exports and the economic recovery: Following the worst year in the maritime industry since the invention of the containership, fiscal year 2010 began with a recovery in ocean trade that was stronger than many anticipated. Demand for cargo space and containers outstripped supply, and American exporters and importers saw supply chain disruptions such as abruptly cancelled bookings, cargo rolled to the next sailing, and successive surcharges and price increases. Early in the year 2010, President Obama also announced his National Export Initiative to double exports over the next five years, directing agencies "to use every available Federal resource" in pursuit of that goal. During fiscal year 2011, exports in goods continued to show strong growth, on pace to meet the National Export Initiative's goal, while vessel capacity and container availability met or exceeded demand.

The FMC conducted an aggressive search for solutions to supply chain problems that threatened to impede the growth of exports and the continued recovery. In fiscal year 2010, the Commission initiated Fact Finding Investigation No. 26, *Vessel Capacity and Equipment Availability in the United States Export and Import Liner Trades*, with the investigation continuing into fiscal year 2011. The fact finding team held more than 170 interviews with a wide variety of companies and organizations involved in international ocean shipping, led a series of best-practices discussion meetings between shippers and carriers, and began internet-based collaborative efforts to develop solutions to container availability issues. During fiscal year 2011, the fact finding officer issued the final report with recommendations. As a result, the Commission took several steps to implement the recommendations:

- **Rapid Response Teams:** The Commission established ongoing Rapid Response Teams to provide prompt solutions for commercial disputes between carriers and their customers. Major ocean carriers named high-level liaison officials to work with the Rapid Response Teams to cut through red tape and respond to specific shipper concerns within 24 hours. The Commission strongly encourages shippers, ocean transportation intermediaries, and ocean carriers to contact the Commission's Rapid Response Teams with commercial issues or disputes that need immediate attention.

- **Working Groups:** The Commission adopted the recommendation of the fact finding officer in Fact Finding 26 to form working groups to increase dialogue between shippers and carriers.

- **Service Contract Enhancement Project:** The Commission also determined to assist small U.S. exporters and importers to improve their service contracting practices through education and outreach.

- **Increased TSA and WTSA oversight:** Throughout fiscal year 2011, the Commission closely monitored activities of the rate discussion agreements in the United States' largest trade lane -- the inbound Transpacific Stabilization Agreement (TSA) and the outbound Westbound Transpacific Stabilization Agreement (WTSA). Verbatim transcripts of agreement meetings were required and reviewed by Commission staff. This transcript requirement enabled the Commission to better evaluate assertions by many shippers that member carriers were improperly discussing issues not authorized by their agreements.

- **Increased carrier alliance oversight:** In fiscal year 2011, the Commission increased its oversight of global vessel alliances, which have authority to set capacity collectively. The Commission required the major alliances to submit minutes of certain meetings, monthly capacity reports, and advanced notice of capacity changes. Staff reviewed the submissions for potential capacity shortages and to ensure compliance with agreement authority.

In addition to implementing these recommendations, the Commission has been assisting the U.S. Department of Agriculture's Agricultural Marketing Service with its exporters' pilot project to give more transparency and visibility to the chronic problem of locating empty containers for exports. The Agricultural Marketing Service completed its pilot project to show container availability at 18 U.S. port and inland locations. Beginning in February 2012, the Agricultural Marketing Service plans to collect container availability data from at least ten leading ocean carriers, which will assist U.S. exporters in determining container availability each week, along with 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.

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 Marine 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.

EU Study: The Commission was actively engaged in gathering and analyzing data for its study of the impact of the October 2008 EU repeal of its block competition law exemption for liner conferences. Data include information regarding changes in carrier market structures, competition, services, vessel capacity, rates and surcharges. A dialogue also was established with officials of the European Commission, Directorate-General for Competition.

Coordination with the International Trade Administration (ITA), U.S. Department of Commerce: Commission staff coordinated with the ITA regarding the economic impact of shippers' inability to obtain containers or vessel space for their shipments and to discuss means of addressing container availability issues.

Assessing Container Freight Rate Indices and Derivatives: In fiscal year 2011, the Commission began receiving service contracts with rates that adjusted based on container freight rate indices, and some players in the industry began engaging in derivative transactions based on those indices. In response, the Commission launched a Container Freight Index and Derivatives Working Group that studied how index-based contracts and derivatives impact the ocean transportation industry and comport with Commission statutes and regulations.

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 and financial responsibility. The FMC also ensures financial coverage of passenger vessels to indemnify passengers in the event of non-performance. Pursuant to these regulatory responsibilities the Commission undertook a number of significant actions during fiscal year 2011 to address issues affecting American consumers who ship their personal goods overseas or take cruises.

Household Goods Shipments: The Commission conducted 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*, to determine issues that individual consumers have experienced when shipping their personal household goods overseas. Each year, the FMC receives a substantial number of complaints from individuals who have experienced problems with their international household goods shipments. Between 2005 and 2009, the Commission received over 2,500 such consumer complaints related to household goods moving companies transporting personal effects and vehicles. In fiscal year 2011, the fact finding officer concluded the investigation with a report containing a number of recommendations, which were adopted by the Commission, including:

- **Consumer education:** The Commission determined to upgrade its website to better assist customers shopping for international shipping options; engage in formal cooperation with other governmental agencies that protect consumers moving household goods; enhance cooperation with trade associations representing household goods movers; develop information for ocean transportation intermediaries to distribute to consumers moving household goods; target outreach to local communities that regularly ship household goods overseas; and encourage household goods movers to link their websites to the FMC's website for consumer information.

- **Industry best practices and model forms:** The Commission also voted to work with industry groups and consumers to develop a set of best practices and model shipping forms that address issues consumers have encountered when shipping household goods.

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

- **Enforcement:** Commission staff worked to enhance joint law enforcement efforts to protect consumers and address problem household goods movers. An interagency memorandum of understanding (MOU) was negotiated with the Federal Motor Carrier Safety Administration (FMCSA) to address household goods issues. The Commission also voted to develop enforcement strategies targeted to entities offering services related to household goods shipments.

- **Alternative Dispute Resolution (ADR):** The Commission determined to move forward with initiatives to better promote its *ombuds* and other ADR services to assist consumers who experience problems when moving their household goods overseas.

Cruise Lines: After considering extensive input from cruise lines, the Commission issued a proposed rule to increase protections available to passengers, while reducing the burden of Commission coverage requirements on smaller vessel operators. The Commission also worked to ensure compensation of passengers affected by the demise of Cruise West, a cruise line which had significant sailings from the Pacific Northwest to Alaska.

Encouraging an efficient, sustainable ocean transportation system: In fiscal year 2010, the Commission allowed TSA's member lines to work together to implement slow steaming and other environmental initiatives. Slow steaming, or operating at reduced speeds, allows vessels to save fuel, which reduces their emissions and affords substantial cost savings during this period of financial stress. In fiscal year 2011, the Commission reviewed the impact of these practices to ensure that they do not cause unreasonable constraints on the supply chain, and to determine whether fuel cost savings were passed on to shippers.

Preventing fraud and enhancing safety and security: The Commission's Bureau of Enforcement and Area Representatives continued their efforts to investigate and prevent practices that are unfair and deceptive. The targeted violations included misdescription of cargo, which also poses a serious safety and security risk because it could prevent vessel operators and port officials from knowing if dangerous goods are being transported on vessels into the United States. During 2011, the Commission collected $2.2 million in penalties for such violations.

Monitoring foreign practices to protect American jobs: The Commission also was vigorous in carrying out its charge to monitor and prevent practices by foreign governments or entities that adversely affect American commerce. Following concerns raised by U.S. shippers, the Chairman visited the Shanghai Shipping Exchange (SSE) to seek and obtain assurances regarding protections for confidential information of U.S. companies that must be filed with the Exchange. The Commission followed up by raising these issues and the concerns of U.S. NVOCCs in October 2010, as part of the U.S. delegation to bilateral consultations with the Chinese Ministry of Transport under the U.S.-China Maritime Agreement. A reciprocal visit of the SSE to the FMC is planned for early fiscal year 2012. The Commission will continue to follow developments in China closely to ensure that no unreasonable conditions exist that would impair U.S. commerce.

Dispute Resolution: During fiscal year 2011, 565 complaints were received that necessitated the opening of cases to provide dispute resolution services. This was a 33 percent increase over the volume of cases in fiscal year 2010 and included 127 passenger complaints about cruise line issues, 250 complaints with respect to household goods shipments, and 188 complaints involving other cargo shipment matters.

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.

Enforcement Actions to Address Market Distorting Activities: The Commission concluded a compromise agreement with a major Japanese-flag shipping line, resolving alleged violations affecting more than 1,000 shipments. Violations included providing transportation services to intermediaries that did not have the required tariff, license, or bond; misdescribing cargo on shipments; allowing shipment under service contracts by persons who were not parties to those contracts; and providing transportation that was not in accordance with the rates and charges set forth in published tariffs or a service contract. Two major, formal investigations were concluded during fiscal year 2011 when formal settlement agreements were approved in Docket Nos. 10-09, *Sinicway International Logistics Ltd.* and 11-04, *Worldwide Logistics Co., Ltd.* The investigation addressed whether certain Shanghai-based NVOCCs utilized intentional misdescriptions of commodities as an unfair device or means to obtain ocean transportation at less than the rates that would otherwise apply, in violation of section 10(a) of the 1984 Act. The settlement resulted in payment of substantial civil penalties by the NVOCC, and termination of alleged violative practices. In conjunction with formal proceedings instituted against an unlicensed freight forwarder in FMC Docket No. 11-06 (Indigo Logistics LLC, et al), the Commission also sought and obtained a Federal court order enjoining the Indigo Logistics defendants from further unlawful activities.

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 2011, it became apparent that significant systems are outdated and need substantial updating and revision to comply with government-wide standards and improve efficiency of operations. These systems are critical to the Commission's ability to carry out its mission, especially in an era of increasing demands but declining human resources. After reviewing its IT needs, the Commission determined to terminate an existing major IT contract and proceed to recompete to meet more defined needs, considering improved technologies. In addition, the Commission designed a new performance appraisal system for NON-Senior Executive Service (SES) personnel, obtained approval from OPM, provided training to all employees, and implemented the new system for the appraisal period beginning September 1, 2011. The revised system demands greater communication between staff and managers, explicitly identifying at least twenty standards of performance for each employee. It was developed by an internal taskforce composed of supervisory and non-supervisory personnel, equally distributed.

Fiscal Year 2012 and Beyond

In fiscal years 2012 and 2013, 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. Fiscal year 2011 ended with increasing signs that diminished capacity and equipment availability may again present difficulties in the transpacific trades. Some vessel capacity had already been removed. The Commission will monitor this situation closely, with particular emphasis on availability of service to exporters. We will emphasize the recently established Ready Response Teams and the Commission's role as an honest broker to resolve those and other issues faced by exporters and importers alike. The Commission will complete its review and issue a report on the impact of the October 2008 EU repeal of its block exemption for liner conferences. The report will most certainly result in an evaluation of current antitrust exemption authority for liner carriers. We will continue to evaluate industry OTI practices and their impact on the shipping public. We will use myriad 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 2012 and 2013 include: (1) increase assistance to importers and exporters through the Commission's ARs and 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 OTIs and passenger vessel operators (PVO).

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 Rapid Response 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.

- **Continue increased TSA, WTSA and carrier alliance oversight:** The requirement for verbatim transcripts of TSA and WTSA meetings will continue at least through the first half of fiscal year 2012, as will the increased reporting requirement on the major alliances.

- **International Ocean Transportation Working Group and Intermodal Container Availability Working Group:** The Commission plans to establish the International Ocean Transportation Working Group and the Intermodal Container Availability Working Group to develop best practices to facilitate the smooth flow of ocean transportation.

Dispute Resolution: In fiscal years 2012 and 2013, 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 more 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 number of consumers that are forewarned and thereby 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 2012 and 2013, major technological improvements will be explored to (1) develop new Enterprise Document Management technology; (2) adopt 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) system 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) upgrade the FMC Continuity of Operations (COOP) site to be a reliable, mirror image of the Commission's technology infrastructure for agency mission-critical applications and technology.

OHR 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, 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 our trades. This systematic review will continue through fiscal years 2012 and 2013. Initial focus of review will be 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 reduce restrictions in the case of rate increases in service contracts.

FMC Mission

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

FTE and Positions by Program

FY 2011 - FY 2013

Program/Office	FY 2011 Actual		FY 2012 Estimate		FY 2013 Request		Percent Difference From FY 12	
	FTE	Positions*	FTE	Positions*	FTE	Positions*	FTE	Positions*
Headquarters	**118.79**	**117.00**	**117.95**	**123.00**	**122.60**	**123.00**	**3.94%**	**0.00%**
Area Representatives	**9.00**	**9.00**	**8.57**	**9.00**	**9.00**	**9.00**	**5.02%**	**0.00%**
Agency Total	**127.79**	**126.00**	**126.52**	**132.00**	**131.60**	**132.00**	**4.02%**	**0.00%**
Formal Proceedings								
Office of the Chairman	2.71	2.00	2.38	3.00	3.00	3.00	26.05%	0.00%
Office of the Commissioners	6.32	7.00	7.33	8.00	8.00	8.00	9.14%	0.00%
Office of the Secretary	7.54	7.00	6.93	8.00	7.60	8.00	9.67%	0.00%
Library	1.00	1.00	1.00	1.00	1.00	1.00	0.00%	0.00%
Office of Consumer Affairs and Dispute Resolution Services	6.27	7.00	7.33	8.00	8.00	8.00	9.14%	0.00%
Office of the General Counsel	10.98	10.00	10.52	11.00	11.00	11.00	4.56%	0.00%
Office of Administrative Law Judges	3.00	3.00	3.00	3.00	3.00	3.00	0.00%	0.00%
Formal Proceedings Total	**37.82**	**37.00**	**38.49**	**42.00**	**41.60**	**42.00**	**8.08%**	**0.00%**
Office of Equal Employment Opportunity	**1.00**	**1.00**	**1.00**	**1.00**	**1.00**	**1.00**	**0.00%**	**0.00%**
Office of the Inspector General	**3.00**	**3.00**	**3.00**	**3.00**	**3.00**	**3.00**	**0.00%**	**0.00%**
Operational and Administrative								
Office of the Managing Director	9.12	8.00	8.69	9.00	9.00	9.00	3.57%	0.00%
Bureau of Trade Analysis								
Office of the Director	4.06	4.00	3.33	3.00	3.00	3.00	-9.91%	0.00%
Office of Service Contracts and Tariffs	5.00	5.00	4.58	5.00	5.00	5.00	9.17%	0.00%
Office of Economics and Competition Analysis	4.15	5.00	6.34	7.00	7.00	7.00	10.41%	0.00%
Office of Agreements	3.73	3.00	3.36	4.00	4.00	4.00	19.05%	0.00%
Bureau of Certification and Licensing								
Office of the Director	3.00	3.00	2.33	2.00	2.00	2.00	-14.16%	0.00%
Office of Passenger Vessels and Information Processing	5.96	6.00	6.00	6.00	6.00	6.00	0.00%	0.00%
Office of Transportation Intermediaries	8.17	8.00	7.82	8.00	8.00	8.00	2.30%	0.00%
Bureau of Enforcement	10.00	10.00	10.00	10.00	10.00	10.00	0.00%	0.00%
Area Representatives	9.00	9.00	8.57	9.00	9.00	9.00	5.02%	0.00%
Office of Information Technology	8.42	9.00	8.01	8.00	8.00	8.00	-0.12%	0.00%
Office of Human Resources	5.00	5.00	5.00	5.00	5.00	5.00	0.00%	0.00%
Office of Budget and Finance	4.97	5.00	5.00	5.00	5.00	5.00	0.00%	0.00%
Office of Management Services	5.39	5.00	5.00	5.00	5.00	5.00	0.00%	0.00%
Operational and Administrative Total	**85.97**	**85.00**	**84.03**	**86.00**	**86.00**	**86.00**	**2.34%**	**0.00%**
Total FTEs and Positions	**127.79**	**126.00**	**126.52**	**132.00**	**131.60**	**132.00**	**4.02%**	**0.00%**

* Denotes positions on September 30.

Obligations by Object Class

FY 2011 - FY 2013

Category	FY 2011 Actual	FY2012 Estimate	FY2013 Request
Personnel Compensation and Benefits			
(11.9) Full-time Permanent Employment	$ 14,066,051.42	$ 14,167,000.00	$ 14,902,000.00
(11.3) Part-time and Temporary Employees	$ 85,006.48	$ 74,000.00	$ 60,000.00
(11.7) Performance Awards	$ 214,175.00	$ -	$ -
(12.1) Civilian Personnel Benefits	$ 3,519,647.07	$ 3,617,000.00	$ 3,978,000.00
Total Personnel Compensation and Benefits	**$ 17,884,879.97**	**$ 17,858,000.00**	**$ 18,940,000.00**
Travel and Administrative Expenses			
(21.0) Travel and Transportation of Personnel	$ 208,289.99	$ 240,000.00	$ 230,000.00
(22.0) Transportation of Things (Express Mail)	$ 15,063.21	$ 22,000.00	$ 22,000.00
Rent, Communications and Utilities			
(23.1) Rental Payments to GSA	$ 3,124,241.38	$ 3,190,000.00	$ 3,317,000.00
(23.2) Rental Payments to Others	$ 27,893.06	$ 30,000.00	$ 11,000.00
(2.35) Telephones (Local, Long Distance, and Cellular)	$ 267,000.00	$ 276,000.00	$ 295,000.00
(28.3) Postage	$ 5,035.11	$ 9,000.00	$ 10,000.00
(24.0) Printing	$ 136,966.17	$ 116,000.00	$ 151,000.00
(25.1) Consulting	$ 92,927.19	$ 122,000.00	$ 135,000.00
(25.2) Purchase of Goods and Services from Commercial Accounts	$ 733,862.70	$ 611,000.00	$ 1,076,000.00
(25.3) Purchase of Goods and Services from Government Accounts	$ 1,209,985.56	$ 1,250,000.00	$ 1,413,000.00
(25.7) Equipment Maintenance	$ 56,970.81	$ 56,000.00	$ 62,000.00
(26.0) Supplies and Materials	$ 173,892.04	$ 195,000.00	$ 221,000.00
(31.0) Furniture and Equipment (Includes IT Hardware and Software)	$ 124,347.71	$ 125,000.00	$ 117,000.00
Travel and Administrative Expenses	**$ 6,176,474.93**	**$ 6,242,000.00**	**$ 7,060,000.00**
Spending Authority	**$ 24,061,354.90**	**$ 24,100,000.00**	**$ 26,000,000.00**

Average Salary and Grade (Excludes Benefit Costs) FY 2011 - FY 2013			
Category	FY 2011 Actual	FY 2012 Estimated	FY 2013 Request
Salaries			
Full-time Permanent GS	$10,582,947.42	$11,003,800.00	$11,582,072.00
Full-time Permanent GM	$136,771.00	$136,771.00	$137,455.00
Part-time and Temporary	$85,006.48	$74,396.00	$60,000.00
Other (Schedule-C, AL-3, ES, EX)	$3,346,333.00	$3,026,033.00	$3,182,473.00
Overall Average Salary	**$112,309.98**	**$107,886.36**	**$113,348.48**
Average Grade (Includes Part-time and Temporary Employees)			
General Schedule/Schedule-C Employees			
GS-04	0.00	0.00	0.00
GS-05	1.00	2.00	1.00
GS-06	0.00	1.00	1.00
GS-07	3.00	2.00	3.00
GS-08	6.00	6.00	5.00
GS-09	0.00	1.00	2.00
GS-10	0.00	0.00	0.00
GS-11	3.00	1.00	1.00
GS-12	21.00	25.00	24.00
GS-13	29.00	28.00	28.00
GS-14	23.00	26.00	27.00
GS-15	23.00	23.00	23.00
Average GS Grade	**12.87**	**12.79**	**12.83**
GM-14	1.00	1.00	1.00
ES	9.00	9.00	9.00
AL-3	2.00	2.00	2.00
Presidential Appointees (EX)	5.00	5.00	5.00
Total Employees	**126.00**	**132.00**	**132.00**

Federal Maritime Commission
Request by Strategic Goal and Program
FY 2013

Program/Office	FY 2011 Actual	FY 2012 Estimate	FY 2013 Request: Strategic Goal # 1 Maintain an efficient and competitive international ocean transportation system	FY 2013 Request: Strategic Goal # 2 Protect the public from unlawful, unfair and deceptive practices and resolve shipping disputes	FY 2013 Request	Changes Over FY 2011 Actual	Changes Over FY 2012 Estimate
Formal Proceedings							
Office of the Chairman	$543,063.34	$608,232.13	$150,606.07	$602,424.28	$753,030.35	$209,967.01	$144,798.22
Office of the Commissioners	$1,577,368.10	$1,829,825.67	$392,568.25	$1,570,273.02	$1,962,841.27	$385,473.17	$133,015.60
Office of the Secretary	$1,330,306.15	$1,223,853.71	$249,563.13	$1,058,491.89	$1,308,055.02	($22,251.13)	$84,201.31
Library	$328,729.73	$337,574.16	$142,091.76	$213,137.65	$355,229.41	$26,499.68	$17,655.25
Office of Consumer Affairs and Dispute Resolution Services	$1,083,749.64	$1,199,790.80	$0.00	$1,333,841.12	$1,333,841.12	$250,091.48	$134,050.32
Office of the General Counsel	$2,102,016.33	$2,038,316.90	$1,230,166.91	$970,131.63	$2,200,298.54	$98,282.21	$161,981.64
Ethics	$1,260.65	$0.00	$2,042.55	$1,671.17	$3,713.72	$2,453.07	$3,713.72
Office of Administrative Law Judges	$621,522.16	$626,813.88	$0.00	$667,628.87	$667,628.87	$46,106.71	$40,814.99
Formal Proceedings Total	**$7,588,016.10**	**$7,864,407.25**	**$2,167,038.68**	**$6,417,599.62**	**$8,584,638.30**	**$996,622.20**	**$720,231.05**
Office of Equal Employment Opportunity	**$198,988.81**	**$196,915.07**	**$0.00**	**$212,193.42**	**$212,193.42**	**$13,204.61**	**$15,278.35**
Office of the Inspector General	**$690,961.18**	**$727,321.82**	**$76,412.73**	**$687,714.60**	**$764,127.33**	**$73,166.15**	**$36,805.51**
Operational and Administrative							
Office of the Managing Director	$2,004,971.84	$1,842,286.08	$583,560.09	$1,398,342.09	$1,981,902.18	($23,069.66)	$139,616.10
Bureau of Trade Analysis	$2,828,730.91	$3,021,544.36	$1,952,723.32	$1,306,540.58	$3,259,263.90	$430,532.99	$237,719.54
Bureau of Certification and Licensing	$2,550,101.49	$2,431,578.42	$0.00	$2,429,391.57	$2,429,391.57	($120,709.92)	($2,186.85)
Bureau of Enforcement	$1,853,604.01	$1,868,343.09	$0.00	$1,959,710.63	$1,959,710.63	$106,106.62	$91,367.54
Area Representatives	$1,843,413.52	$1,777,555.99	$0.00	$1,856,094.48	$1,856,094.48	$12,680.96	$78,538.49
Office of Information Technology	$2,211,256.24	$2,104,765.38	$522,112.29	$2,088,449.14	$2,610,561.43	$399,305.19	$505,796.05
Office of Human Resources	$729,597.05	$759,795.33	$156,553.64	$626,214.57	$782,768.21	$53,171.16	$22,972.88
Office of Budget and Finance	$706,334.34	$774,488.43	$159,554.47	$638,217.87	$797,772.34	$91,438.00	$23,283.91
Office of Management Services	$855,379.41	$730,998.78	$152,315.24	$609,260.97	$761,576.21	($93,803.20)	$30,577.43
Operational and Administrative Total	**$15,583,388.81**	**$15,311,355.86**	**$3,526,819.05**	**$12,912,221.90**	**$16,439,040.95**	**$855,652.14**	**$1,127,685.09**
Totals	**$24,061,354.90**	**$24,100,000.00**	**$5,770,270.46**	**$20,229,729.54**	**$26,000,000.00**	**$1,938,645.10**	**$1,900,000.00**

Summary of Changes
FY 2012 - FY 2013

Category	FY 2012 Estimate	FY 2013 Request	Net Change
Spending Authority	$24,100,000.00	$26,000,000.00	$1,900,000.00
Full-time Equivalents *	126.52	131.60	5.08
Positions *	132.00	132.00	0.00

Explanation of Changes :	Amount
2013 Estimated Pay Raise @ .5%	$56,000.00
Annualization of 2012 Salaries	$513,000.00
2013 Promotions and WIGs for Eligible Staff	$109,000.00
Additional Compensable Day	$57,000.00
Part-time and Temporary Employees	($14,000.00)
Performance Awards	$0.00
Costs Associated with Employee Benefits	$361,000.00
Total Personnel Compensation and Benefits	**$1,082,000.00**
Travel and Administrative Expenses	
(21.1) Travel and Transportation of Personnel	($10,000.00)
(22.0) Transportation of Things (Express Mail)	$0.00
Rent, Communications and Utilities	
(23.1) Rental Payments to GSA	$127,000.00
(23.2) Rental Payments to Others	($19,000.00)
(23.5) Telephones (Local, Long Distance, and Cellular)	$19,000.00
(28.3) Postage	$1,000.00
(24.0) Printing	$35,000.00
(25.1) Consulting	$13,000.00
(25.2) Purchase of Goods and Services from Commercial Accounts	$465,000.00
(25.3) Purchase of Goods and Services from Government Accounts	$163,000.00
(25.7) Equipment Maintenance	$6,000.00
(26.0) Supplies and Materials	$26,000.00
(31.0) Furniture and Equipment (Includes IT Hardware and Software)	($8,000.00)
Total Travel and Administrative Expenses	**$818,000.00**
Total Changes	**$1,900,000.00**

* Includes part-time and temporary employees.

Appropriation Language

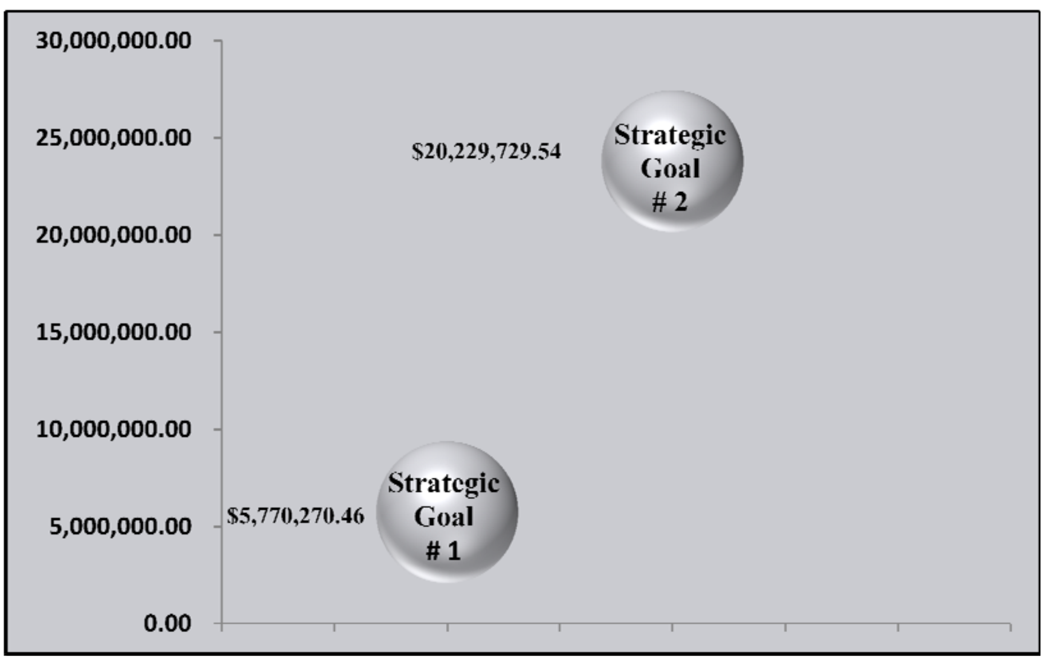
For necessary expenses of the Federal Maritime Commission as authorized by section 201(d) of the Merchant Marine Act, 1936, as amended (46 U.S.C. 307), including services as authorized by 5 U.S.C. 3109; hire of passenger motor vehicles as authorized by 31 U.S.C. 1343(b); and uniforms or allowances therefore, as authorized by 5 U.S.C. 5901-5902, [$24,100,000] $26,000,000**:** *Provided*, That not to exceed $2,000 shall be available for official reception and representation expenses. (Transportation, Housing and Urban Development, and Related Agencies Appropriations Act, 2012.)

FMC Fiscal Year 2013 Budget Request by Strategic Goal

The mission of the Federal Maritime Commission 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 United States 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 United States through our ports.

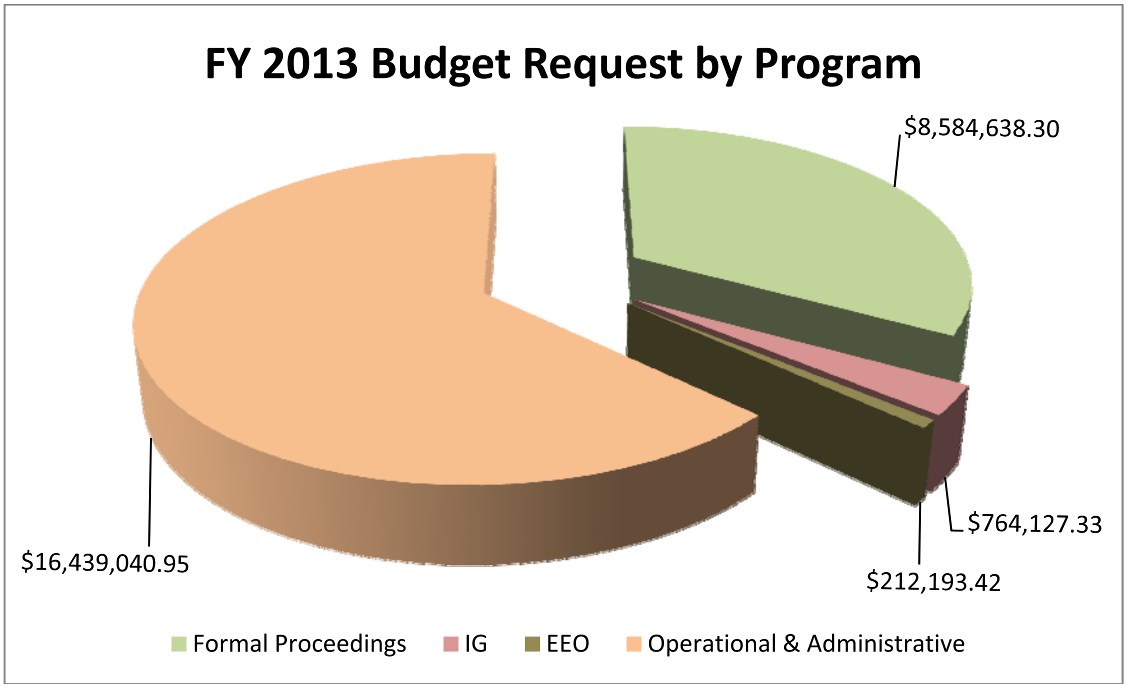
The FMC's budget is focused on achieving the goals and objectives identified in its strategic plan. The FMC's fiscal year 2013 budget request totals $26,000,000 and funds 131.6 full-time equivalents (FTEs). This is an increase of $1,900,000 over the agency's fiscal year 2012 appropriation level.

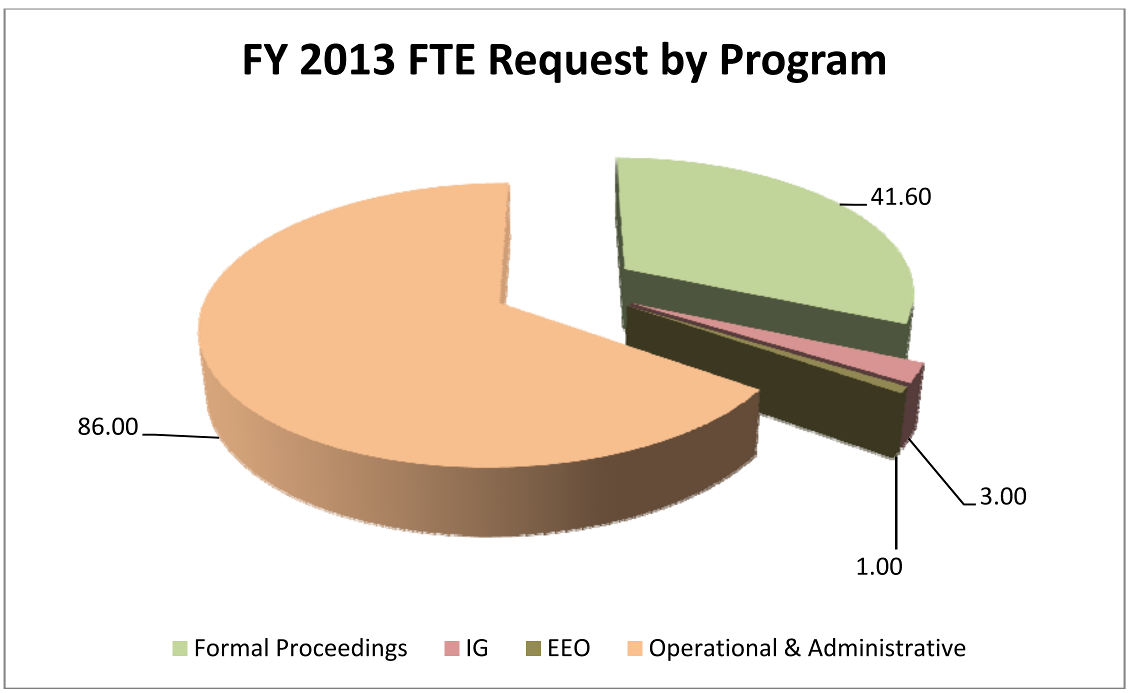
FY 2013 Request by Strategic Goal



- 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 2013 Budget Request by Program
$8,584,638.30
$764,127.33
$212,193.42
$16,439,040.95
Formal Proceedings
IG
EEO
Operational & Administrative


FY 2013 FTE Request by Program
41.60
86.00
3.00
1.00
Formal Proceedings
IG
EEO
Operational & Administrative

Relationship of Obligations to Outlays FY 2011 - FY 2013			
Program	FY 2011 Actual	FY 2012 Estimate	FY 2013 Request
Formal Proceedings	$7,588,016.11	$7,864,407.00	$8,584,638.00
Equal Employment Opportunity	$198,988.81	$196,915.00	$212,194.00
Inspector General	$690,961.18	$727,322.00	$764,127.00
Operational and Administrative	$15,583,388.80	$15,311,356.00	$16,439,041.00
Unobligated	$25,375.10	$0.00	$0.00
Budget Authority	**$24,086,730.00**	**$24,100,000.00**	**$26,000,000.00**
Obligations	**$24,086,730.00**	**$24,100,000.00**	**$26,000,000.00**
Outlays*	**$21,865,587.62**	**$21,877,980.00**	**$23,602,800.00**
Outlay Rate (Obligation to Outlay)**	**90.78%**	**90.78%**	**90.78%**
Obligation Rate	**100.00%**	**100.00%**	**100.00%**

Grosss Outlays for FY 2011	
Total outlays for fiscal year 2006 disbursed in fiscal year 2011	$0.00
Total outlays for fiscal year 2007 disbursed in fiscal year 2011	$0.00
Total outlays for fiscal year 2008 disbursed in fiscal year 2011	$288,804.02
Total outlays for fiscal year 2009 disbursed in fiscal year 2011	$270,935.34
Total outlays for fiscal year 2010 disbursed in fiscal year 2011	$2,610,965.73
Total outlays for fiscal year 2011	$21,865,587.62
Outlays	**$25,036,292.71**

* Represents Outlays for FY 2011 only
** Represents the percentage of FY 2011 obligations that were disbursed during FY 2011

Formal Proceedings Program

Federal Maritime Commission				
Formal Proceedings				
		FY 2011 Actual	FY 2012 Estimate	FY 2013 Request
FTE:	Chairman	2.71	2.38	3.00
	Commissioners	6.32	7.33	8.00
	Secretary	7.54	6.93	7.60
	Library	1.00	1.00	1.00
	CADRS	6.27	7.33	8.00
	General Counsel	10.98	10.52	11.00
	Administrative Law Judges	3.00	3.00	3.00
	Total FTEs	**37.82**	**38.49**	**41.60**
Cost:	Salaries & Benefits	$5,773,708.54	$5,966,398.89	$6,546,284.29
	Non-Personnel Expenses	$1,814,307.56	$1,898,008.36	$2,038,354.01
	Total Cost	**$7,588,016.10**	**$7,864,407.25**	**$8,584,638.30**

FY 2013 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
10.00	**30.60**

FY 2013 Cost by FMC Strategic Goal	
Strategic Goal 1	**Strategic Goal 2**
$2,167,038.68	**$6,417,599.62**

The Offices of the Commissioners, Secretary, Consumer Affairs and Dispute Resolution Services, General Counsel and Administrative Law Judges 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 2011 Actual	FY 2012 Estimate	FY 2013 Request
FTE:	**Chairman**	2.71	2.38	3.00
Cost:	**Salaries & Benefits**	$414,411.25	$443,350.65	$566,861.66
	Non-Personnel Expenses	$128,652.09	$164,881.48	$186,168.69
	Total Cost	**$543,063.34**	**$608,232.13**	**$753,030.35**

FY 2013 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	**1.60**

FY 2013 Cost by FMC Strategic Goal	
Strategic Goal 1	**Strategic Goal 2**
$150,606.07	**$602,424.28**

The Chairman of the Commission is designated by the President of the United States 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 2011, the Chairman sought to make the Commission more nimble and responsive to the millions of Americans who work in or rely on international trade and transportation. The Chairman recognized work accomplished and staff contributions during the Commission's fifty year history. 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.

Office of the Commissioners

Federal Maritime Commission				
Formal Proceedings Office of the Commissioners				
		FY 2011 Actual	FY 2012 Estimate	FY 2013 Request
FTE:	**Commissioners**	6.32	7.33	8.00
Cost:	**Salaries & Benefits**	$1,227,265.09	$1,422,905.33	$1,565,749.34
	Non-Personnel Expenses	$350,103.01	$406,920.34	$397,091.93
	Total Cost	**$1,577,368.10**	**$1,829,825.67**	**$1,962,841.27**

FY 2013 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 2013 Cost by FMC Strategic Goal	
Strategic Goal 1	**Strategic Goal 2**
$392,568.25	**$1,570,273.02**

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 OSRA, the 1920 Act, FSPA, and Sections 2 and 3 of P. L. 89-777 (46 U.S.C. §§ 44102 and 44103).

In 2011, the Commission implemented two significant initiatives into major areas of concern affecting shipping industry consumers. Fact Finding Investigation No. 26, *Vessel Capacity and Equipment Availability in the United States Export and Import Liner Trades,* led by Commissioner Dye, was initiated to determine then existing conditions and practices in the U.S. liner trades and impediments to U.S. oceanborne imports and exports. A final report and recommendations for action by the Commission were accepted at the December 8, 2010 Commission meeting. Activities conducted under Fact Finding 26 as well as actions adopted by the Commission also support President Obama's directive to use Federal resources to increase U.S. exports over the next five years.

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*, led by Commissioner Khouri, sought to develop a record of the nature, scope and frequency of potentially unlawful, unfair or deceptive ocean transportation practices by household goods movers. This investigation will further the Commission's Strategic Goal to protect the public from unlawful, unfair or deceptive ocean transportation practices and resolve shipping disputes. A final report with recommendations for the Commission was unanimously approved at its May 11, 2011 meeting. Subsequently, staff teams were assigned to follow up on each motion. Substantial activity has taken place, including initial meetings and discussions with industry members, commencing development of best practices and model documents, enhancing community outreach, and strengthening relationships with other governmental entities involved in the transportation of household goods. The teams collectively-provided the Commission with a progress report on September 30, 2011.

Also during the fiscal year ending September 30, 2011, the Commission issued 86 orders and notices in docketed proceedings.

Office of the Secretary (OS)

Federal Maritime Commission				
Formal Proceedings Office of the Secretary				
		FY 2011 Actual	FY 2012 Estimate	FY 2013 Request
FTE:	**Secretary**	7.54	6.93	7.60
Cost:	**Salaries & Benefits**	$1,005,473.11	$919,119.44	$980,507.58
	Non-Personnel Expenses	$324,833.04	$304,734.27	$327,547.44
	Total Cost	**$1,330,306.15**	**$1,223,853.71**	**$1,308,055.02**

FY 2013 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
1.45	**6.15**

FY 2013 Cost by FMC Strategic Goal	
Strategic Goal 1	**Strategic Goal 2**
$249,563.13	**$1,058,491.89**

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 2011, 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 86 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.

During fiscal year 2011, the Secretary served as the agency's Performance Improvement Officer (PIO), and helped implement revisions to the 2010-2015 Strategic Plan. These revisions streamlined the Commission's plan to focus more clearly on mission oriented goals. The impact of potential budgetary reductions on the agency's ability to achieve annual performance targets was assessed by the PIO. While some reductions and shifts in contractor and staff resources occurred during the fiscal year, the Commission was able to meet its fiscal year 2011 performance targets.

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 2011, 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 late fiscal year 2011, the Office began working with an outside vendor to redesign the Commission's website. This will include a new graphic design and layout for the Homepage and interior pages, significantly improve content organization to render a more citizen-centered website, enhanced navigation, more social networking/communications capabilities, and further improvements in search engine optimization to improve public visibility of the Commission's website and services. During the latter part of fiscal year 2011, the Office developed and implemented the Commission's Plain Writing Plan, trained key Commission staff in best practices for plain writing and lead an agency-wide team to begin systematic review and enhancement of website content. These efforts will continue during fiscal year 2012.

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 continued to electronically compile contents of 28 bound volumes of historical Commission decisions issued between the years 1919 and 1987 into "electronic volumes." It is anticipated that these electronic volumes will be completed and ready for posting to the Commission's website during late fiscal year 2012. 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 will be 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 year 2011, the Office also completed scanning of FMC Annual Reports from 1917 to 1999, and they are now available to the public via the FMC website.

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 2011 the Office led an agency-wide team to begin 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. The team continued to meet and further develop revised rules for the Commission's consideration during the fiscal year 2012.

Library

Federal Maritime Commission				
Formal Proceedings Library				
		FY 2011 Actual	FY 2012 Estimate	FY 2013 Request
FTE:	**Library**	1.00	1.00	1.00
Cost:	**Salaries & Benefits**	$110,150.86	$110,621.04	$114,984.39
	Non-Personnel Expenses	$218,578.87	$226,953.12	$240,245.02
	Total Cost	**$328,729.73**	**$337,574.16**	**$355,229.41**

FY 2013 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 2013 Cost by FMC Strategic Goal	
Strategic Goal 1	**Strategic Goal 2**
$142,091.76	**$213,137.65**

The OS also oversees the Commission's Library. The Library serves the research and information needs of staff, and 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, videos, law encyclopedias, legal treatises, legislative materials, and selected titles of the National Reporter system. The Library also contains material on several related fields such as engineering, economics, political science, and a collection of legal publications. The Library's holdings consist of approximately 8,700 volumes and numerous microfiches, CD-ROMs, and on-line services.

Office of Consumer Affairs and Dispute Resolution Services (CADRS)

Federal Maritime Commission				
Formal Proceedings Office of Consumer Affairs and Dispute Resolution Services				
		FY 2011 Actual	FY 2012 Estimate	FY 2013 Request
FTE:	**CADRS**	6.27	7.33	8.00
Cost:	**Salaries & Benefits**	$863,944.75	$958,995.86	$1,053,989.77
	Non-Personnel Expenses	$219,804.89	$240,794.94	$279,851.35
	Total Cost	**$1,083,749.64**	**$1,199,790.80**	**$1,333,841.12**

FY 2013 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	**8.00**

FY 2013 Cost by FMC Strategic Goal	
Strategic Goal 1	**Strategic Goal 2**
$0.00	**$1,333,841.12**

CADRS is responsible for developing and implementing the Commission's ADR program. Through this program, the Commission provides services to assist parties in resolving shipping disputes. The Office provides a range of services designed to avoid the expense and delay inherent in litigation, and to facilitate the flow of U.S. ocean commerce. With respect to matters already in litigation, or moving toward litigation, parties to disputes are encouraged to avail themselves of mediation or other ADR processes to resolve their disputes. The Commission makes trained neutrals available to facilitate resolution at all stages. Outside neutrals also may be employed as needed. During fiscal year 2011, Commission mediators provided services in a number of matters, especially assisting parties in overcoming obstacles to delivery of transported goods.

CADRS also provides *ombuds* services to participants in ocean shipping transactions. Typical complaints 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. 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 complaints involving issues with cruise lines.

Another function of CADRS includes the adjudication of 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.

During fiscal year 2011, 565 complaints were received that necessitated the opening of cases to provide dispute resolution services. These included 127 passenger complaints about cruise line issues, 250 complaints with respect to household goods shipments, and 188 complaints involving other cargo shipment matters. 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.

The Commission concluded and issued a report of Fact Finding Investigation No. 26 regarding current conditions and practices in the U.S. liner trades, and into potential impediments to the flow of oceanborne import and export trades. This inquiry generated a number of complaints and concerns from both the import and export communities. CADRS has been involved in seeking resolution to individual concerns regarding booking cancellations, and equipment and space limitations. The Fact Finding resulted in the formation of the “Rapid Response” program. Twenty ocean carriers have designated contacts to respond within 24 hours to CADRS inquiries and issues raised by shippers regarding transportation services to better facilitate the resolution of problems. CADRS involvement in resolving service contract issues also has been promoted to further facilitate more responsive transportation services.

CADRS has also participated in the Commission’s Fact Finding Investigation No. 27 involving the review of potentially unlawful, unfair, or deceitful practices of the international shipment of household goods by water. A final report was issued which included many proposals for improvements with regard to the education of the public and the regulation of entities providing transportation services of household goods and package services. Complaints to CADRS were the basis for initiating the matter and CADRS is necessarily involved in efforts to resolve further disputes and to educate the public and industry with regard to appropriate practices and activities.

In fiscal years 2012 and 2013, CADRS intends to further expand awareness of the ADR program through education internally and externally, training and other outreach efforts. CADRS promotes and encourages the use of ADR and its various processes as alternatives to more formal litigation processes. 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 number of consumers that are forewarned and thereby avoid problems. Through this means, assistance may be provided to more consumers than could be possible through post-shipment problem resolution.

Office of the General Counsel (OGC)

Federal Maritime Commission				
Formal Proceedings Offie of the General Counsel				
		FY 2011 Actual	FY 2012 Estimate	FY 2013 Request
FTE:	**General Counsel**	10.98	10.52	11.00
Cost:	**Salaries & Benefits**	$1,659,616.88	$1,613,912.46	$1,742,324.43
	Non-Personnel Expenses	$442,399.45	$424,404.44	$457,974.11
	Total Cost	**$2,102,016.33**	**$2,038,316.90**	**$2,200,298.54**

FY 2013 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
6.15	**4.85**

FY 2013 Cost by FMC Strategic Goal	
Strategic Goal 1	**Strategic Goal 2**
$1,230,166.91	**$970,131.63**

The OGC 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 OGC also represents the Commission before the courts and Congress and administers the Commission's international affairs program.

Rulemaking and Decisions

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

(a) Rulemakings

NVOCC Negotiated Rate Arrangements [Docket No. 10-03], 31 S.R.R. 1724 (March 2, 2011)

A notice of proposed rulemaking was published in the Federal Register on May 7, 2010. 75 FR 25150, Commission Docket 10-03. A public meeting was requested and held on May 24, 2010. Written comments were received through June 4, 2010. The final rule was posted on the

Commission's website on February 25, 2011 and published in the Federal Register on March 2, 2011. On April 8, 2011, the Commission published a correction to the final rule in the Federal Register. The correction clarified that a negotiated rate agreement (NRA) could be agreed to on the day of receipt of the cargo and also eliminated the requirement that NVOCCs indicate on their Form FMC-1 that they were moving cargo pursuant to an NRA. The final rule became effective on 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 C.F.R. § 515.21(a)(3) but intends to issue a Notice of Inquiry requesting further information on ways to make the tariff filing exemption provided to licensed NVOCCS in 46 C.F.R. Part 532 more useful, including its possible extension to foreign-based NVOCCS not licensed by the Commission.

(b) Decisions

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 C.F.R. § 515.27 [Docket No. 06-06], 31 S.R.R. 1131 (January 7, 2010)

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 C.F.R. § 515.27, by knowingly and willfully accepting cargo from or transporting cargo for the account of an OTI that did not have a tariff and bond as required by sections 8 and 19 of the Act. With regard to EuroUSA, the Administrative Law Judge (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 NVOCCs, 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, and the Commission's decision is pending. 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. The case is currently pending before the Commission. The date for issuance of the Commission's final decision has been extended to February 29, 2012.

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 C.F.R., 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 C.F.R. Part 520 and 46 C.F.R. Part 515. On February 5, 2010, the Administrative Law Judge issued an Initial Decision finding that on 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 on 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 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 April 6, 2010, the Commission filed a notice indicating its intention to review the ALJ's Initial Decision. The case is currently pending before the Commission. The deadline for issuance of the Commission's final decision has been extended to February 29, 2012.

Anderson International Transport and Owen Anderson – Possible Violations of Sections 8(a) and 19 of the Shipping Act [Docket No. 07-02], 31 S.R.R. 1232 (February 23, 2010)

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 C.F.R. Part 515 and Part 520. On August 28, 2009, the Administrative Law Judge issued an Initial Decision finding that respondents violated section 19(a) of the Shipping Act by operating as an ocean transportation intermediary without obtaining a license, and also violated section 19(b) by operating as an ocean transportation intermediary 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 Bureau of Enforcement failed to introduce evidence regarding respondents' ability to pay a civil penalty. On December 8, 2009, the Bureau of Enforcement 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 to review the ALJ's decision, and on March 15, 2010, the Bureau of Enforcement filed exceptions to the ALJ's decision. The case is currently pending before the Commission. The deadline for issuance of the Commission's final decision has been extended to February 29, 2012.

Litigation

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 General Counsel 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:

Federal Maritime Commission v. Indigo Logistics, LLC; Liliya Ivanenko; and Leonid Ivanenko, U.S. District Court for the Northern District of Georgia, Case No. 1:11-cv-01134-TCB

On April 8, 2011, the Commission filed a Complaint and Motion for a Preliminary Injunction against Indigo Logistics, LLC; Liliya Ivanenko; and Leonid Ivanenko (Defendants) in U.S. District Court for the Northern District of Georgia requesting that the court enjoin Defendants from violating the Shipping Act by acting as an ocean freight forwarder without a Commission license and without providing proof of financial responsibility. In connection with a Commission investigation, the Commission is authorized by 46 U.S.C. § 41307 to bring a civil action to enjoin conduct in violation of the Shipping Act. Any injunction brought under this section remains in effect for a period not to exceed 10 days after the Commission has issued an order disposing of the issues under investigation. The basis for the Commission's injunction is Docket No. 11-06, Indigo Logistics, LLC; Liliya Ivanenko; and Leonid Ivanenko – Possible violations of Section 19 of the Shipping Act of 1984 and the Commission's regulations at 46 C.F.R. Part 515. The Order initiating Docket 11-06 alleges that Indigo Logistics, LLC has been providing services as an ocean freight forwarder since at least 2008 without a license issued by the Commission and without furnishing evidence of financial responsibility to the Commission.

On April 15, 2011, an order was issued granting the Commission's motion for a preliminary injunction. The order provides that Defendants, their agents, servants, employees, and attorneys, and those in active concert or participation with them, are restrained and enjoined from violating 46 U.S.C. §§ 40901(a) and 40902(a) by acting and operating as an ocean transportation intermediary without a valid Commission ocean freight forwarder license and without furnishing a bond, proof of insurance or other surety in the amount of $50,000. On October 20, 2011, the Administrative Law Judge assigned to Docket 11-06 approved a settlement agreement between the Commission's Bureau of Enforcement and the Defendants. On December 2, 2011, the Commission issued a notice not to review the Administrative Law Judge's decision and, in accordance with the settlement agreement, also issued a cease and desist order barring Defendants from acting as an ocean transportation intermediary, or as an agent of an ocean transportation intermediary, for a period of five years. On December 6, 2011, the District Court dissolved the preliminary injunction.

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 of 1984 by accepting cargo for transportation, and for advertising for or soliciting cargo while operating as an ocean transportation intermediary 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 Initial Decision 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 Initial Decision. The Commission determined to review the Initial Decision, and its final decision is pending.

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 2011, 105 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 2012 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 two nominees for confirmation hearings before the Senate Committee on Commerce, Science and Transportation. On April 14, 2011, the Senate confirmed those nominees.

In fiscal years 2012 and 2013, OGC will continue to lead in providing assistance and technical advice 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 Foreign Shipping Practices Act. 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 2011, the Commission continued to monitor potentially restrictive shipping practices of the Government of Japan, including the effects of amendments to the Port Transportation Business Law enacted in 2000 and 2005. On January 26, 2011, the Commission discontinued its proceeding and semi-annual reporting requirements from United States-flag and Japanese-flag vessels operating in the trades with Japan in Docket No. 96-20, Port Restrictions and Requirements in the United States/Japan Trade.

The OGC also 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 implementation by the People’s Republic of China of new requirements on carriers to file tariff and service contract rates with a quasi-governmental entity and for that entity to establish a freight index based upon information received. OGC served as a technical advisor to the U.S. delegation regarding rate filing at the quasi-governmental entity and related issues at the 4th U.S. - People’s Republic of China Consultations on the Maritime Bilateral Agreement held in Dalian, China in October 2010. The OGC also presented at a maritime experts group workshop relating to guidelines for the regulation of non-ratemaking agreements among vessel-operating common carriers for the purpose of discussion on behalf of the United States’ delegation at the Asian-Pacific Economic Cooperation meeting of the Maritime Experts Group at the Transportation Working Group meeting in Japan in October 2010.

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 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 will recommend Commission action.

Designated Agency Ethics Official

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.

Federal Maritime Commission				
Formal Proceedings Ethics				
		FY 2011 Actual	FY 2012 Estimate	FY 2013 Request
FTE:	**Ethics**	0.00	0.00	0.00
Cost:	**Salaries & Benefits**	$0.00	$0.00	$0.00
	Non-Personnel Expenses	$1,260.65	$0.00	$3,713.72
	Total Cost	**$1,260.65**	**$0.00**	**$3,713.72**

FY 2013 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	**0.00**

FY 2013 Cost by FMC Strategic Goal	
Strategic Goal 1	**Strategic Goal 2**
$2,042.55	**$1,671.17**

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 offers day-to-day advice and guidance to ensure compliance with the standards of ethical conduct that apply to Executive Branch officials.

Office of Administrative Law Judges (OALJ)

Federal Maritime Commission				
Formal Proceedings Office of Administrative Law Judges				
		FY 2011 Actual	FY 2012 Estimate	FY 2013 Request
FTE:	**Administrative Law Judges**	3.00	3.00	3.00
Cost:	**Salaries & Benefits**	$492,846.60	$497,494.11	$521,867.12
	Non-Personnel Expenses	$128,675.56	$129,319.77	$145,761.75
	Total Cost	**$621,522.16**	**$626,813.88**	**$667,628.87**

FY 2013 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 2013 Cost by FMC Strategic Goal	
Strategic Goal 1	**Strategic Goal 2**
$0.00	**$667,628.87**

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. ALJs 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 2011, thirteen formal proceedings were counted as pending (on hand) before OALJ (07-01, 08-03, 08-04, 08-06, 09-01, 09-08, 10-01, 10-05, 10-06, 10-07, 10-09, 1896(F), and 1898(F)). During the year, twelve new formal proceedings were added (10-10, 10-11, 11-04, 11-06, 11-07, 11-08, 11-11, 11-12, 11-13, 11-14, 11-15, and 1923(F)) and one formal proceeding was remanded pursuant to Commission Rule (08-04).

OALJ issued initial decisions or orders subject to review by the Commission in twelve proceedings: Initial decisions resolving three contested proceedings (08-04, 1896(F), and 1898(F)); initial decisions approving settlements in four proceedings (10-01, 10-09, 10-10 (two initial decisions approving two settlements), and 11-04); issued orders of voluntary dismissal of claims against respondents in two proceedings (10-07 (three respondents) and 10-10 (one respondent)); an order granting partial summary judgment for respondent in one proceeding (08-03); an order granting summary judgment for respondent in one proceeding (10-07); an initial decision on attorney's fees in one proceeding (08-04); an order granting a motion for leave to appeal an interlocutory order denying a motion to dismiss based on sovereign immunity in one proceeding (09-08); an order dismissing a claim for double damages in one proceeding (10-06); and an order dismissing a counterclaim in one proceeding (11-07).

During fiscal years 2012 and 2013, 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 2011 Actual	FY 2012 Estimate	FY 2013 Request
FTE:	**Headquarters**	1.00	1.00	1.00
Cost:	**Salaries & Benefits**	$158,383.63	$152,859.72	$154,927.81
	Non-Personnel Expenses	$40,605.18	$44,055.35	$57,265.61
	Total Cost	**$198,988.81**	**$196,915.07**	**$212,193.42**

FY 2013 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	**1.00**

FY 2013 Cost by FMC Strategic Goal	
Strategic Goal 1	**Strategic Goal 2**
$0.00	**$212,193.42**

The Federal Maritime Commission 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 of the Federal Maritime Commission is responsible for ensuring equal opportunity in the Commission. The Chairman has delegated this authority to the Director of Equal Employment Opportunity. Operational responsibility for compliance with EEO policies and programs lies with the Commission's front line managers. The Director of EEO (DEEO) works independently under the direction of the Chairman to provide advice to the Commission's senior staff and management in improving and carrying out its policies and programs of non-discrimination, workforce diversity and affirmative employment planning. The DEEO 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 DEEO represents the agency on several intergovernmental committees, coordinates all affirmative program planning efforts, directs programs of special emphasis, and coordinates the activities of the Selective Placement and Federal Equal Opportunity Recruitment Coordinators. The DEEO also supervises two collaterally-assigned EEO counselors.

The Office works closely with senior management and 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) provided "No FEAR Act" (Notification and Federal Employees Antidiscrimination and Retaliation Act of 2002) training for all current employees; (2) provided EEO and non-EEO related guidance to Commissioners, managers, supervisors and employees in addressing issues that arose; (3) collaborated with managers and supervisors in striving to maintain and effectively manage a diverse workforce; (4) 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; (5) held commemorative programs for all FMC employees for National Black History Month and Hispanic Heritage Month and while also recognizing National Women's History Month, Native American Indian Heritage Month, National Disability Awareness Month, and Gay and Lesbian Pride Month through electronic announcement; (6) conducted monthly Brown Bag Diversity sessions featuring guest speakers, educational documentaries, and round table discussion on various EEO and diversity related subject matter; (7) prepared all required EEO and Affirmative Employment Program accomplishment reports and plans; (8) collaborated with the Equal Employment Opportunity Commission (EEOC) management staff to discuss more effective approaches for meeting the Management Directive 715 (MD-715) goals and objectives; and (9) continued to administer the EEO process in support of the FMC goal of achieving and maintaining a model work environment in accordance with Federal EEO policy and affirmative employment goals and objectives.

During fiscal years 2012 and 2013, the Office of EEO 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, updating current status of barrier analysis goals and objectives as part of MD-715 requirements, and continue to provide interactive Brown Bag Diversity sessions for all interested FMC employees. MD-715 is the policy guidance which the Equal Employment Opportunity Commission provides to Federal agencies for their use in establishing and maintaining effective programs of equal employment opportunity under Section 717 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 2011 Actual	FY 2012 Estimate	FY 2013 Request
FTE:	Inspector General	3.00	3.00	3.00
Cost:	Salaries & Benefits	$488,987.73	$496,067.70	$531,726.74
	Non-Personnel Expenses	$201,973.45	$231,254.12	$232,400.59
	Total Cost	**$690,961.18**	**$727,321.82**	**$764,127.33**

FY 2013 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
0.30	**2.70**

FY 2013 Cost by FMC Strategic Goal	
Strategic Goal 1	**Strategic Goal 2**
$76,412.73	**$687,714.60**

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 Office 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 Memorandums of Understanding 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 2011, the OIG issued an audit of the FMC's fiscal year 2010 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), a review of agency implementation of the Privacy Act, an evaluation of informal docket processing in the Office of Consumer Affairs and Dispute Resolution Services and a review of the agency's financial responsibility (bond) program in the Bureau of Certification and Licensing. The OIG also began fieldwork on the fiscal year 2011 financial statement audit and the annual information security evaluation pursuant to FISMA.

The OIG investigations unit received 59 complaints in fiscal year 2011. The OIG responded to 31 of the complaints and forwarded 23 complaints to the appropriate FMC program area for disposition. Five complaints were forwarded to other agency OIGs or programs with jurisdiction over the subject matter of the complaint. The OIG opened no new investigations and referred no matters to prosecutorial authorities during this period.

In addition to these audit and investigative activities and outcomes, the OIG performed a peer review of the audit operations at another Federal OIG. OIG also began meetings with House and Senate staff with jurisdiction over the FMC to establish new relationships and maintain existing ones and continued to respond to consumers victimized by an internet scam operation using FMC indicia, assisted another Federal OIG to select financial statement auditors and FISMA evaluators, worked with the agency's OGC to develop coordination guidelines for investigation of ethics matters and to amend two Commission Orders dealing with OIG activities, and consulted with the agency about its proposed actions in response to an employee who alleged a privacy breach. Also, during the reporting period, in accordance with the Inspector General Reform Act, the OIG provided legal services, on a reimbursable basis, to both the Architect of the Capitol OIG and the United States Capitol Police OIG, pursuant to a Memorandum of Understanding.

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. The OIG Counsel/Chief Investigator participated in an OIG-community working group to develop and present training on IG legal authorities, which was sponsored by the Council of Inspectors General on Integrity and Efficiency (CIGIE) Training Institute to provide training to OIG attorneys to address the unique legal needs of the OIG community.

OIG staff participated in several activities associated with the CIGIE, including actively serving on the (1) Legislation Committee where OIG staff reviewed and commented on several legislative initiatives affecting the OIG community; and (2) Integrity Committee, which reviews allegations of administrative (non-criminal) misconduct against inspectors general and designated senior staff members of the OIG.

During fiscal years 2012 and 2013, 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 FISMA, 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 2011 Actual	FY 2012 Estimate	FY 2013 Request
FTE:	**Office of the Managing Director**	9.12	8.69	9.00
	Bureau of Trade Analysis	16.94	17.61	19.00
	Bureau of Certification and Licensing	17.13	16.15	16.00
	Bureau of Enforcement	10.00	10.00	10.00
	Area Representatives	9.00	8.57	9.00
	Office of Information Technology	8.42	8.01	8.00
	Office of Human Resources	5.00	5.00	5.00
	Office of Budget and Finance	4.97	5.00	5.00
	Office of Management Services	5.39	5.00	5.00
	Total FTEs	**85.97**	**84.03**	**86.00**
Cost:	**Salaries & Benefits**	$11,464,742.19	$11,242,673.69	$11,707,061.16
	Non-Personnel Expenses	$4,118,646.62	$4,068,682.17	$4,731,979.79
	Total Cost	**$15,583,388.81**	**$15,311,355.86**	**$16,439,040.95**

FY 2013 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
17.65	**68.35**

FY 2013 Cost by FMC Strategic Goal

Strategic Goal 1	Strategic Goal 2
$3,526,819.05	**$12,912,221.90**

Office of the Managing Director (OMD)

Federal Maritime Commission				
Operational and Administrative				
Office of the Managing Director				
		FY 2011 Actual	FY 2012 Estimate	FY 2013 Request
FTE:	**Office of the Managing Director**	9.12	8.69	9.00
Cost:	**Salaries & Benefits**	$1,448,173.84	$1,329,083.05	$1,397,006.36
	Non-Personnel Expenses	$556,798.00	$513,203.03	$584,895.82
	Total Cost	**$2,004,971.84**	**$1,842,286.08**	**$1,981,902.18**

FY 2013 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
2.65	**6.35**

FY 2013 Cost by FMC Strategic Goal	
Strategic Goal 1	**Strategic Goal 2**
$583,560.09	**$1,398,342.09**

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 Managing Director: Bureau of Certification and Licensing, Bureau of Enforcement, Bureau of Trade Analysis, ARs, Office of Budget and Finance, Office of Human Resources, Office of Information Technology, and Office of Management Services. The Managing Director also provides administrative direction to the Offices of the General Counsel, Secretary, CADRS and ALJ. OMD now also has responsibility for the Commission's strategic plan; the agency's PIO is located within the office. The MD works closely with the Chairman and the PIO to develop the Commission's strategic plan.

The Managing Director also serves as the agency's Chief Financial Officer, Chief Acquisition Officer, Senior Agency Official for Privacy, Audit Follow-up and Management (Internal) Controls Official, Forms Control Officer, and acts as the Commission's representative to the Small Agency Council (SAC). The Deputy Managing Director is the Commission's Competition Advocate. 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. The latter responsibility includes extensive coordination among ARs and the Bureau of Enforcement, 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 2011, the OMD coordinated with CADRS to explain compliance with reduced tariff publication requirements and implement Rapid Response Teams to quickly resolve shipping problems.

OMD staff participated directly in 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*, and OMD developed plans for implementation of the report's recommendations. The MD approved civil penalty compromises in a number of cases and established a system of Managing Directives to guide staff operations.

Also, the OMD established an Information Technology Advisory Board and initiated an assessment of the agency's IT program. The assessment was deemed necessary after reduced funding impeded the development of efforts to improve efficiency through the use of information technologies. The Chief information Officer (CIO), OIT and the Commission's operating programs will work closely together to plan IT initiatives.

The OMD's key objectives for fiscal years 2012 and 2013 include: (1) increasing the impact and availability of ARs in providing assistance to importers and exporters; (2) exploring ways to modernize technology with limited funds to enhance the efficiency of Commission operations; (3) implementing the agency's Human Capital Management Plan, particularly with respect to succession planning for the departure of highly skilled personnel; (4) increasing utilization of enhanced dispute resolution mechanisms to quickly address industry disputes; (5) continuing to refine and enhance agency administrative programs and operations, and (6) reviewing and updating Commission regulations governing OTIs and PVOs.

The MD will continue to provide leadership to all Commission programs and activities, directing Commission staff in accomplishing the agency's strategic goals using the appropriated funds.

Area Representatives (ARs)

Federal Maritime Commission				
Operational and Administrative				
Area Representatives				
		FY 2011 Actual	FY 2012 Estimate	FY 2013 Request
FTE:	**Area Representatives**	9.00	8.57	9.00
Cost:	**Salaries & Benefits**	$1,332,059.63	$1,300,373.08	$1,377,409.25
	Non-Personnel Expenses	$511,353.89	$477,182.91	$478,685.23
	Total Cost	**$1,843,413.52**	**$1,777,555.99**	**$1,856,094.48**

FY 2013 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 2013 Cost by FMC Strategic Goal	
Strategic Goal 1	**Strategic Goal 2**
$0.00	**$1,856,094.48**

The Commission's ARs represent the FMC in their respective areas. The Commission maintains a presence in Los Angeles, South Florida, New Orleans, New York, Houston and Seattle through ARs based in each of those cities. These representatives also serve other major port cities and transportation centers within their respective areas. In representing the Commission, ARs resolve complaints and disputes between parties involved in international oceanborne shipping (often coordinating with CADRS), investigate alleged violations of the shipping statutes, act as liaisons to the shipping public, provide information to the maritime industry, 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 regulatory 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 2011, 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 a large number of investigations in 2011 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 Bureau of Enforcement and resulted in civil penalties. Investigative activity by the ARs assists the FMC in ensuring fair competition by all participants in the trades to and from the United States.

The ARs were instrumental in the publication of public service announcements (PSAs) for each major port area in fiscal year 2011, warning consumers against the use of unlicensed OTIs. The ARs identified appropriate local publications, including 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 2011, 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 South Florida. In addition, the South Florida ARs provided 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 participated in taskforces and initiatives sponsored by local law enforcement agencies, the U.S. Department of Justice, the Department of Homeland Security including U.S. Customs and Border Patrol (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 provided valuable assistance in 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.* In the FF No. 27 proceedings, ARs assisted the Fact Finding Officer in arranging for the appearance of impacted witnesses, answered inquiries from shipping industry participants, and provided advice and suggestions through the Managing Director with respect to the conduct of the proceedings. The ARs have also been actively involved in carrying out the recommendations of FF No. 27 by 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.

In fiscal years 2012 and 2013, the ARs will continue to function in several key roles for the FMC by representing the agency, conducting liaison and activities to educate and assist the shipping public, facilitating the resolution of informal complaints and disputes, and investigating unlawful practices by carriers, 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 United States 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 2011 Actual	FY 2012 Estimate	FY 2013 Request
FTE:	**Office of the Director**	4.06	3.33	3.00
	OSCT	5.00	4.58	5.00
	OECA	4.15	6.34	7.00
	Agreements	3.73	3.36	4.00
	Total FTEs	**16.94**	**17.61**	**19.00**
Cost:	**Salaries & Benefits**	$2,145,511.05	$2,287,402.98	$2,470,109.29
	Non-Personnel Expenses	$683,219.86	$734,141.38	$789,154.61
	Total Cost	**$2,828,730.91**	**$3,021,544.36**	**$3,259,263.90**

FY 2013 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
10.40	**8.60**

FY 2013 Cost by FMC Strategic Goal	
Strategic Goal 1	**Strategic Goal 2**
$1,952,723.32	**$1,306,540.58**

BTA reviews agreements and monitors the concerted activities of ocean common carriers and marine terminal operators under the standards of the Shipping Act of 1984. The Bureau also reviews and analyzes service contracts, monitors rates of government-owned and controlled carriers, reviews carrier published tariff systems under the accessibility and accuracy standards of the Shipping Act of 1984 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 Shipping Act of 1984. 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 Foreign Shipping Practices Act of 1988 and Section 19 of the Merchant Marine Act.

Federal Maritime Commission				
Bureau of Trade Analysis Office of the Director				
		FY 2011 Actual	FY 2012 Estimate	FY 2013 Request
FTE:	**Office of the Director**	4.06	3.33	3.00
Cost:	**Salaries & Benefits**	$637,438.02	$499,363.09	$467,102.28
	Non-Personnel Expenses	$683,219.86	$734,141.38	$789,154.61
	Total Cost	**$1,320,657.88**	**$1,233,504.47**	**$1,256,256.89**

FY 2013 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 2013 Cost by FMC Strategic Goal	
Strategic Goal 1	**Strategic Goal 2**
$837,504.59	**$418,752.30**

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 individual and concerted carrier and MTO activity; (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) reviewing requests to correct clerical or administrative errors in service contracts; (8) ensuring that statements of certain essential terms associated with service contracts are published in tariffs and made available to the public; (9) auditing tariff publishing systems to ensure that tariffs are accessible and accurate; (10) processing FMC-1 registration forms submitted by carriers and conferences and posting and updating the location of carrier tariffs on the Commission’s website; (11) acting on special permission applications to deviate from tariff publishing rules; (12) monitoring the activities of state-controlled carriers; and (13) supporting other Commission components with regard to the Commission’s regulatory requirements.

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).

Office of Service Contracts and Tariffs

Federal Maritime Commission				
Bureau of Trade Analysis Office of Service Contracts and Tariffs (OSCT)				
		FY 2011 Actual	FY 2012 Estimate	FY 2013 Request
FTE:	**OSCT**	5.00	4.58	5.00
Cost:	**Salaries & Benefits**	$566,515.58	$511,567.06	$526,461.21
	Non-Personnel Expenses	$0.00	$0.00	$0.00
	Total Cost	**$566,515.58**	**$511,567.06**	**$526,461.21**

FY 2013 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 2013 Cost by FMC Strategic Goal	
Strategic Goal 1	**Strategic Goal 2**
$105,292.24	**$421,168.97**

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 in 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 2011, there were 49,103 service contracts and 467,169 contract amendments filed into the SERVCON system. OSCT also processed 1,264 original NSAs and 3,460 amendments filed by 83 NVOCCs. In fiscal year 2011, OSCT received, processed and reviewed 1,399 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 5,043 active/current tariff locations to the agency’s website.

The Commission implemented 46 C.F.R. Part 532 – NVOCC Negotiated Rate Arrangements on April 18, 2011 which allows NVOCCs to "opt out" of having to file rate tariffs so long as they use NRAs exclusively. NVOCCs are required to keep 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. It is expected that many NVOCCs will take advantage of this opportunity, thereby significantly reducing the number of rate tariffs that will have to be checked to ensure compliance with all applicable regulations.

Despite releasing 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 2012 and 2013. 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.

Office of Economics and Competition Analysis

Federal Maritime Commission				
Bureau of Trade Analysis				
Office of Economics and Competition Analysis (OECA)				
		FY 2011 Actual	FY 2012 Estimate	FY 2013 Request
FTE:	**OECA**	4.15	6.34	7.00
Cost:	**Salaries & Benefits**	$534,934.76	$903,003.98	$1,025,765.99
	Non-Personnel Expenses	$0.00	$0.00	$0.00
	Total Cost	**$534,934.76**	**$903,003.98**	**$1,025,765.99**

FY 2013 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
5.20	**1.80**

FY 2013 Cost by FMC Strategic Goal	
Strategic Goal 1	**Strategic Goal 2**
$761,997.59	**$263,768.40**

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, and advises the Commission on such economic matters accordingly. 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 797 sets of minutes, 365 monitoring reports and related reports, 104 voluntary service contract guidelines, and 3 applications for waivers to the minutes and/or monitoring report filing requirements.

In fiscal year 2011, OECA administered its agreement oversight responsibilities regarding ocean common carriers and marine terminal operators and prepared various reports and analyses. These included: (1) assisting in the preparation of Commission Orders for special reporting requirements from strategic discussion and alliance agreements in connection with *FMC Fact Finding Investigation No. 26, Vessel Capacity and Equipment Availability in the United States Export and Import Liner Trades*; (2) reviewing and monitoring the compliance of special reports submitted by agreements subject to the Commission's Orders; (3) providing presentations and reports to the Commission on the activities of the agreement parties subject to the Orders for special reports; (4) providing a memorandum and presentation to the Commission on whether to extend the special reporting from parties to certain discussion agreements past the initial deadline of the Commission's Order; (5) preparing a Notice of Inquiry (NOI) to invite public comments on the impact of slow steaming vessels by carriers in the U.S. liner trades and a memorandum to the Commission on the responses; (6) completing an NOI to invite public comments on the repeal by the EU of its block exemption regulations for liner conferences and a memorandum to the Commission on the responses; (7) completing a draft report on the Bureau's study of the repeal of the EU block exemption regulations, *A Study of the 2008 Repeal of the Liner Conference Exemption from European Union Competition Law*; (8) providing presentations to the Commission on the proposed increase in the fees of the PierPASS program under the *West Coast MTO Agreement* and participating in a public forum on the issue; (9) preparing any necessary competitive impact analyses, along with requests for additional information, of new agreement filings and amendments to agreements, including the *Port of NY/NJ - Port Authority/Marine Terminal Operators Agreement* to implement of a RFID system at the marine terminal facilities and an amendment to the *Consolidated Chassis Management Pool Agreement* to restructure the chassis pool operations of the parties; (10) conducting research for, and providing a presentation to, the Commission on the formulation and use of certain container freight indices; (11) providing the Commission with data and information on the extent of the diversion of U.S. container cargo through Canadian ports; (12) updating and expanding the BTA intranet website with trade and agreement profiles and other relevant information; (13) assisting with the computer programming of the SERVCON operating system to index and search service contracts; (14) participating in the Automated Commercial Environment (ACE) under the U.S. Customs and Border Protection; and (15) providing data and information on liner trade conditions and agreement matters in response to requests from within and outside the Commission.

In fiscal years 2012 and 2013, OECA plans to continue to review and analyze the competitive impact of agreements and monitor the activities of agreement parties, particularly in what are likely to be rapidly changing economic circumstances. In addition, OECA will continue to be a major contributor to the Commission’s examination of trade conditions resulting from the EU’s repeal of its block exemption to endeavor to assess the impact of the repeal on industry stakeholders and evaluate market conditions in the international liner shipping trades. With the increasing use of container freight rate indices in service contracts and index-based derivative transactions, OECA expects to play a key 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 2011 Actual	FY 2012 Estimate	FY 2013 Request
FTE:	**Agreements**	3.73	3.36	4.00
Cost:	**Salaries & Benefits**	$406,622.69	$373,468.85	$450,779.81
	Non-Personnel Expenses	$0.00	$0.00	$0.00
	Total Cost	**$406,622.69**	**$373,468.85**	**$450,779.81**

FY 2013 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
2.20	**1.80**

FY 2013 Cost by FMC Strategic Goal	
Strategic Goal 1	**Strategic Goal 2**
$247,928.90	**$202,850.91**

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.

During fiscal year 2011, OAGR received 159 agreement filings, including amendments to existing agreements. OAGR reviewed, evaluated, and processed 158 filings. Breaking a four-year downward trend, fiscal year 2011 saw a 19 percent increase in agreement filings. This increase can be attributed to the uptick in the demand for ocean services in late 2010 and 2011 after the recessionary period in 2008 and 2009. The carriers have responded to the increase in shipments through new operational partnerships and increasing capacity and services under existing operational agreements.

OAGR also analyzed a number of significant agreement filings during fiscal year 2011. The Port of NY/NJ Sustainable Services Agreement, a discussion agreement among marine terminal operators at the Port of New York and New Jersey, filed an amendment to allow the parties to enter into a separate agreement with the Port Authority of New York and New Jersey to discuss and agree on matters relating to the Port Authority's implementation of its clean air strategy. The OAGR provided the Commission an extensive analysis of the potential competitive implications of the amendment and, based on the staff's finding of no adverse impact, the Commission allowed the amendment to become effective. After the foregoing amendment became effective, the Sustainable Service Agreement parties and the Port Authority of New York and New Jersey, as anticipated, filed a discussion agreement regarding implementation of the Port Authority's clean air strategy as well the ability to discuss operational issues in complying with Federal, state, and local regulations. In view of OAGR's position that the agreement would have no immediate competitive impact, the Commission allowed the discussion agreement to become effective. The parties to the South Africa/Oceania Agreement, a vessel-sharing, service rationalization, rate discussion, and revenue pooling agreement, filed an amendment to remove the rate discussion and revenue pooling authorities from the agreement. The amendment significantly reduced the likelihood that the agreement would be a source of highly anti-competitive behavior. Later in the year, the parties terminated the agreement and replaced it with a simple vessel-sharing agreement. The parties to the Consolidated Chassis Management Pool Agreement filed an amendment to change their business model and provide for the participation of non-regulated entities in the agreement's chassis pools. The Commission had various concerns with the proposed changes and formally requested additional information from the agreement parties. This action prevented the amendment from becoming effective until after the parties responded to the Commission's request for additional information. At the close of the fiscal year, the agreement parties had not responded to the information request, consequently the amendment remained pending final action. The parties to the South America Independent Lines Association, an ocean freight conference agreement in the West Coast of South America trades, terminated their agreement. With this termination, there remain only three ocean freight conference agreements on file, all of which are restricted to the movement of government cargoes.

While resources remain tight and are shared with other Bureau projects, the average processing time per agreement filing decreased slightly and remains comfortably under the statutory 45-day time frame. During fiscal years 2012 and 2013, OAGR will be pursuing IT initiatives aimed at reducing the average time spent on agreements. These include overhauling the existing agreement database to make it more useful for analysts and providing for the electronic filing of agreements.

<u>Formal Proceedings</u>

The Bureau 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.

In fiscal year 2011, Bureau staff: (1) assisted in the preparation and implementation of the Commission's final rule exempting licensed NVOCCs that enter into negotiated rate arrangements from the tariff rate publication statutes and regulations, FMC Docket No. 10-03, *Non-Vessel-Operating Common Carrier Negotiated Rate Arrangement*; (2) assisted in preparing Commission Orders subjecting the Transpacific Stabilization Agreement, the Westbound Transpacific Stabilization Agreement, and certain global Alliance agreements to special reporting requirements; (3) prepared Commission NOI to invite public comments on the impact of slow steaming vessels by carriers in agreements in the transpacific trade; (4) completed a Commission NOI to invite public comments on the impact of the repeal of the EU block exemption regulations for liner shipping conferences; and (5) met with representatives of the TSA pursuant to the terms of previous Commission investigations and the TSA Shipper Advisory Board.

BTA Program Objectives for Fiscal Years 2012 and 2013

In fiscal years 2012 and 2013, 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. At the start of fiscal year 2012, the Bureau was in the final phase of the EU study.

The Bureau will continue to assist the Commission's investigative and enforcement initiatives, and oversee international trade issues, such as unfair foreign shipping practices. As a Commission representative, the Bureau will continue to participate with the U.S. Customs and Border Protection in development of the Automated Commercial Environment/International Trade Data System (ACE/ITDS). The Bureau also will continue to participate in the Maritime Data Working Group and the Interagency Action Team for the National Committee on the Marine Transportation System.

BTA's support of formal proceedings during fiscal years 2012 and 2013 will depend on the number and subject matter of the proceedings initiated over the period, though staff will continue to monitor some of the more concerning trade lanes and report their findings to the Commission as appropriate.

In fiscal year 2013, the Bureau has several 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 expects to continue to enhance public access to agreements and to develop and implement procedures for the electronic filing of agreements and reports. OAGR also intends to upgrade its agreements database and develop links to other data sources to make it more useful in the review and analysis of agreements. Further, OAGR will undertake a review of the existing filing requirements in an effort to make the filing process more efficient and less burdensome, resulting in the issuance of a notice of proposed rulemaking during fiscal year 2013.

OECA plans to continue developing database integration solutions to facilitate in-depth analysis of issues concerning U.S. maritime commerce. It will, for example, refine its tracking of operator 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.

Subject to the availability of resources, 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 will continue to maintain an accurate record of tariff publication locations by conducting periodic compliance audits of NRAs and of the operating status of VOCCs engaged in the U.S. liner trades.

Bureau of Certification and Licensing (BCL)

Federal Maritime Commission				
Operational and Administrative Bureau of Certification and Licensing				
		FY 2011 Actual	FY 2012 Estimate	FY 2013 Request
FTE:	**Office of the Director**	3.00	2.33	2.00
	OPVIP	5.96	6.00	6.00
	OTI	8.17	7.82	8.00
	Total FTEs	**17.13**	**16.15**	**16.00**
Cost:	**Salaries & Benefits**	$2,056,318.00	$1,949,421.26	$1,946,823.17
	Non-Personnel Expenses	$493,783.49	$482,157.16	$482,568.40
	Total Cost	**$2,550,101.49**	**$2,431,578.42**	**$2,429,391.57**

FY 2013 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	**16.00**

FY 2013 Cost by FMC Strategic Goal	
Strategic Goal 1	**Strategic Goal 2**
$0.00	**$2,429,391.57**

BCL licenses U.S.-based OTIs, including ocean freight forwarders (OFFs) and NVOCCs; receives surety bonds and processes registrations for foreign-based (unlicensed) 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 PVOs by developing policies and guidelines, and analyzing financial documents; and 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 and the Office of Passenger Vessels and Information Processing. 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, manages all activities with respect to evidence of financial responsibility for OTIs and passenger vessel owner/operators, and develops and maintains all Bureau databases and records of OTI applicants and licensees.

Federal Maritime Commission				
Bureau of Certification and Licensing Office of the Director				
		FY 2011 Actual	FY 2012 Estimate	FY 2013 Request
FTE:	**Office of the Director**	3.00	2.33	2.00
Cost:	**Salaries & Benefits**	$490,995.88	$369,461.28	$318,673.95
	Non-Personnel Expenses	$493,783.49	$482,157.16	$482,568.40
	Total Cost	**$984,779.37**	**$851,618.44**	**$801,242.35**

FY 2013 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	**2.00**

FY 2013 Cost by FMC Strategic Goal	
Strategic Goal 1	**Strategic Goal 2**
$0.00	**$801,242.35**

Office of Passenger Vessels and Information Processing

The Commission administers 46 U.S.C. §§ 44102 and 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. The program now encompasses 199 vessels and 41 operators, which have aggregate evidence of financial responsibility coverage in excess of $321 million for nonperformance and over $656 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, which do not currently require coverage exceeding $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 against the guarantor. Certificates of casualty are required to meet liability that may occur for death or injury to passengers or other persons on voyages to or from U.S. ports in the amounts established by the statute. 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. Customs and Border Protection is directed to refuse clearance to any vessel which does not comply with the FMC's evidence of financial responsibility requirements for casualty and nonperformance. During fiscal year 2011, the Commission approved and issued 22 casualty certificates and 24 performance certificates.

Federal Maritime Commission				
Bureau of Certification and Licensing Office of Passenger Vessels & Information Processing (OPVIP)				
		FY 2011 Actual	FY 2012 Estimate	FY 2013 Request
FTE:	**OPVIP**	5.96	6.00	6.00
Cost:	**Salaries & Benefits**	$686,594.13	$700,671.01	$722,588.27
	Non-Personnel Expenses	$0.00	$0.00	$0.00
	Total Cost	**$686,594.13**	**$700,671.01**	**$722,588.27**

FY 2013 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	**6.00**

FY 2013 Cost by FMC Strategic Goal	
Strategic Goal 1	**Strategic Goal 2**
$0.00	**$722,588.27**

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 staff. During fiscal year 2011, one operator, West Travel, Inc. doing business as Cruise West (Cruise West) ceased operations in September 2010 with unperformed cruises and filed for bankruptcy in December 2010. BCL and CADRS worked closely with Cruise West's claims processor and the United States Tour Operators Association to oversee the disbursement of funds to Cruise West passengers and addressed concerns from the public regarding this situation. Staff also continued to assist passenger vessel operators and financial responsibility providers during the fiscal year to resolve passenger claims for several cancelled cruises of other cruise operators.

The Bureau reviews PVO activities and operations by monitoring current industry events and examining cruise lines' unearned passenger revenue (UPR) information. Oversight of cruise line operators' operations and activities ensures compliance with applicable statutes and Commission regulations. One component of the Bureau's PVO monitoring program is to perform on-site reviews of PVOs' financial responsibility. The on-site review confirms the passenger vessel operator's compliance with the Commission's reporting requirements relating to UPR and the appropriate amount of coverage required to ensure adequate financial responsibility.

During fiscal year 2011, staff was involved in analyzing comments and testimonies received in response to a Notice of Inquiry and a March 3, 2011 hearing on PVO matters. Based on the information received, the Commission voted on July 14, 2011 to initiate a rulemaking to strengthen protections for cruise line customer deposits and prepayments and to reduce financial responsibility requirements for small cruise lines. The Notice of Proposed Rulemaking (NPRM) was issued on September 13, 2011 with a deadline of November 21, 2011 to submit comments. The NPRM would 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, add an expiration date to the Certificate (Performance); and make some technical adjustments to the regulations. BCL will provide its analysis of the comments and present options for the Commission's consideration in early fiscal year 2012.

<u>Automated Database Systems</u>

During fiscal year 2011, BCL continued to modernize and expand the Regulated Persons Index (RPI), a database containing up-to-date records of licensed OTIs, ocean common carriers, and other entities. Among other data uses, the RPI is used to post 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 China bond rider. Additional report capabilities were implemented during the fiscal year to facilitate management of the OTI licensing program.

In fiscal year 2012, BCL will continue to work towards automating the PVO Application Form FMC-131, *Application for Certificate of Financial Responsibility*, and to gather requirement analysis to facilitate the filing of PVO applications and to increase accessibility to information, facilitate public search capability, and to make it more interactive for users. BCL will make further refinements to the OTI list as part of the FMC website redesign process in fiscal year 2012.

Office of Transportation Intermediaries

Federal Maritime Commission				
Bureau of Certification and Licensing				
Office of Transportation Intermediaries (OTI)				
		FY 2011 Actual	FY 2012 Estimate	FY 2013 Request
FTE:	**OTI**	8.17	7.82	8.00
Cost:	**Salaries & Benefits**	$878,727.99	$879,288.97	$905,560.95
	Non-Personnel Expenses	$0.00	$0.00	$0.00
	Total Cost	**$878,727.99**	**$879,288.97**	**$905,560.95**

FY 2013 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	**8.00**

FY 2013 Cost by FMC Strategic Goal	
Strategic Goal 1	**Strategic Goal 2**
$0.00	**$905,560.95**

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 who 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 the one used to establish a presence.

During fiscal year 2011, the Commission received 496 new OTI applications and 277 amended applications, issued 506 OTI licenses, and revoked 310 licenses. At the end of the fiscal year, 1,042 OFFs, 1,737 U.S. NVOCCs, 1,670 joint NVOCC/OFFs, and 60 foreign NVOCCs held active OTI licenses. An additional 1,190 foreign NVOCCs maintained proof of financial responsibility on file with the Commission, but chose not to be licensed. Overall, there has been a gain of 187 licensed and/or bonded OTIs, representing approximately a 3.4 percent increase from 5,512 OTIs in fiscal year 2010 to 5,699 in fiscal year 2011. U.S. NVOCCs may file riders to their existing NVOCC bonds to meet financial responsibility requirements imposed by the Chinese government. The Commission received 96 riders providing optional proof of financial responsibility for NVOCCs serving the U.S.-China trade.

During fiscal year 2011, the Bureau worked diligently to streamline the ocean transportation intermediary licensing process and reduce the time needed to reach a licensing decision. The Commission's goal was to complete 60 percent of all OTI license applications within 60 calendar days during fiscal year 2011. In spite of reductions in staffing, the Bureau completed over 75 percent of all OTI applications within 60 business days, exceeding the goal set by almost 20 percent. Additionally, BCL made significant progress in reducing the number of applications processed with incomplete data submissions from applicants.

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 future improvements in the automated Form FMC-18 system. At the present time, approximately 93 percent of all incoming OTI applications received are from the electronic system.

In fiscal year 2012 and 2013, BCL will continue to review its procedures in order to improve the timeliness of licensing determinations. BCL will also work to update the OTI regulations in 46 CFR Part 515

Bureau of Enforcement (BOE)

Federal Maritime Commission				
Operational and Administrative				
Bureau of Enforcement				
		FY 2011 Actual	FY 2012 Estimate	FY 2013 Request
FTE:	**Office of the Director**	10.00	10.00	10.00
Cost:	**Salaries & Benefits**	$1,490,068.59	$1,494,783.36	$1,539,470.14
	Non-Personnel Expenses	$363,535.42	$373,559.73	$420,240.49
	Total Cost	**$1,853,604.01**	**$1,868,343.09**	**$1,959,710.63**

FY 2013 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 2013 Cost by FMC Strategic Goal	
Strategic Goal 1	**Strategic Goal 2**
$0.00	**$1,959,710.63**

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 Managing Director 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 2011, 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 1984 Act.

Two major investigations, completed during fiscal year 2011, addressed whether certain Shanghai-based NVOCCs utilized intentional misdescriptions of commodities as an unfair device or means to obtain ocean transportation at less than the rates that would otherwise apply, in violation of section 10(a) of the 1984 Act. Docket Nos. 10-09 and 11-04 were discontinued upon approval of a formal settlement agreement, payment of substantial civil penalties by the NVOCC, and termination of alleged violative practices. BOE also completed a major investigation of an ocean common carrier in the inbound PRC-U.S. trades believed to be providing transportation services to intermediaries that did not have tariffs, licenses, or bonds as required by the statute; and allowing use of service contracts by persons who were not parties to those contracts. The Bureau also continued ongoing investigations of household goods movers allegedly operating as unlicensed OTIs, including investigation of the VOCCs and licensed NVOCCs that provided service to unlicensed movers. BOE activities included formal proceedings instituted against an unlicensed freight forwarder in Docket No. 11-06 (Indigo Logistics LLC, et al), undertaken in coordination with efforts by the Office of General Counsel requesting that the Federal courts enjoin the Indigo Logistics Defendants from further illegal activities. Judge Timothy C. Batten, Sr. issued the preliminary injunction order in the U.S. District Court for the Northern District of Georgia on April 15, 2011.

In fiscal year 2011, the compliance audit program continued as a major focus. This program, conducted from headquarters primarily by 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, but with no indication of actual vessel operations. At the beginning of fiscal year 2011, 15 audits were pending. During the fiscal year, 100 audits were commenced, 106 audits were completed (including audits carried over from fiscal year 2010), and 9 remained pending in the Bureau on September 30, 2011.

At the beginning of fiscal year 2011, 12 enforcement cases were pending final resolution by the Bureau, the Bureau was party to 7 formal proceedings, and there were 11 matters pending which the Bureau was monitoring or providing legal advice. During the fiscal year, 17 new enforcement actions were referred for enforcement action or informal compromise; 16 were compromised and settled, administratively closed, or referred for formal proceedings; and 13 enforcement cases were pending resolution at fiscal year's end. Also, 3 formal proceedings were initiated; 2 formal proceedings were completed, and 8 were pending at the end of the fiscal year. Additionally, the Bureau opened 5 matters involving monitoring or legal advice during the fiscal year, completed or closed 4 such matters, and 12 remained pending on September 30, 2011.

In fiscal years 2012 and 2013, 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 roughly 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 2012 and 2013, 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 2011 Actual	FY 2012 Estimate	FY 2013 Request
FTE:	**Office of Information Technology**	8.42	8.01	8.00
Cost:	**Salaries & Benefits**	$1,144,739.76	$1,073,314.60	$1,098,232.52
	Non-Personnel Expenses	$1,066,516.48	$1,031,450.78	$1,512,328.91
	Total Cost	**$2,211,256.24**	**$2,104,765.38**	**$2,610,561.43**

FY 2013 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 2013 Cost by FMC Strategic Goal	
Strategic Goal 1	**Strategic Goal 2**
$522,112.29	**$2,088,449.14**

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 Chief Information Officer.

The CIO 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 Director/CIO plans, coordinates, and facilitates the use of technology within the Commission.

During fiscal year 2011 important OIT activities included the following: (1) continued ongoing FMC-18 Application System and SERVCON System upgrade initiatives; (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; and (5) continued requirements review and planning to determine technology requirements for the adoption of new enterprise content management (ECM) technologies to consolidate FMC's fractured information applications and technology systems.

For fiscal years 2012 and 2013, major initiatives include plans to: (1) adopt new enterprise content management technology within the Commission; (2) evaluate use of cloud computing technology and services, and adopt new cloud computing technology solutions where appropriate; (3) implement Pay.gov to enable electronic collections processing using Internet technologies; (4) develop an FMC COOP site solution to mirror the FMC's technology infrastructure for agency mission-critical applications and technology; and (5) explore the possibility of leveraging an information technology shared services data center to deliver services across the agency.

Office of Human Resources (OHR)

Federal Maritime Commission				
Operational and Administrative Office of Human Resources				
		FY 2011 Actual	FY 2012 Estimate	FY 2013 Request
FTE:	**Office of Human Resources**	5.00	5.00	5.00
Cost:	**Salaries & Benefits**	$585,440.90	$601,851.55	$629,286.43
	Non-Personnel Expenses	$144,156.15	$157,943.78	$153,481.78
	Total Cost	**$729,597.05**	**$759,795.33**	**$782,768.21**

FY 2013 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 2013 Cost by FMC Strategic Goal	
Strategic Goal 1	**Strategic Goal 2**
$156,553.64	**$626,214.57**

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 2011 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) addressed talent/leadership management and succession planning by initiating individual development of those recruited and selected to participate in the Senior Executive Service Candidate Development Program and provided technical guidance regarding developmental activities, special projects, and training of candidates; (3) conducted a comprehensive training program in accordance with the agency's budget and strategic and performance plans, promoting e-learning and on-line training opportunities, continuing the college tuition reimbursement program, ensuring training for new employees on No Fear Act, participating in the SAC Training Program, and introducing more agency mission-critical training (e.g., *Bills of Lading Workshop);* (4) planned, implemented, and promoted new programs for Retirement-Readiness, Personal Financial Literacy Education, and Volunteer/Community Service Awareness and issued newsletters highlighting appropriate information and activities; (5) conducted a comprehensive personnel and information security program, including initiating and adjudicating security investigations for new and reinvestigated employees and incorporating new security regulations into agency policy; (6) worked with the Partnership for Public Service in connection with metrics and utilizing results of the *Best Places to Work* rankings*;* (7) 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; (8) coordinated with OPM, OMB, and the Small Agency Human Resources Council on human capital and related initiatives including, e.g., Hiring Reform, potential government shut-down and related furlough activities; Voluntary Early Retirement Authority, etc.; (9) conducted a comprehensive performance management and incentive awards program, including working with the agency Performance Appraisal System Taskforce (PAST) to document policy changes, obtain OPM approval, coordinate training, and otherwise ensure successful implementation of a revised performance appraisal system for non-SES; (10) conducted a comprehensive recruitment program; (11) maintained the partnership for acquisition of assistive devices through the Department of Defense's Computer/Electronic Accommodations Program; (12) 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); (13) promoted the Preventive Health and Awareness Program and OPM's *Healthier Feds* initiatives, publicized and hosted wellness seminars sponsored by the Employee Assistance and Federal Occupational Health Programs; (14) in concert with OPM's hiring reform initiative, established agency Rapid Response (SWAT) team and undertook activities to simplify the Federal application process and enhance recruitment efforts, including developing streamlined vacancy announcement templates, mapping agency hiring processes to reduce the time-to-hire, developing an action plan to identify and address required activities to implement and monitor hiring reform initiatives; (15) enhanced workplace flexibilities and provided recommendations to OPM regarding the agency's work/life program and best practices; (16) coordinated with other administrative units on matters pertaining to the Automatic External Defibrillator (AED) program and Health Unit (clinical) services; (17) 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, etc.; (18) 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 determining the need, requesting and receiving OPM approval, and informing the workforce regarding Voluntary Early Retirement Authority; (19) coordinated with other administrative units and the General Services Administration's 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; (20) conducted a comprehensive classification and position management program, including coordinating assignments and evaluating contractor performance; (21) participated in the online Federal Competency Assessment Tool for managers and HR staff to update FMC's skill gap analysis, identify gaps in leadership competencies, support mission accomplishment, and guide planning for training and development; (22) revised the agency Human Capital Plan to ensure consistency with revisions to the agency Strategic Plan's goals and objectives; and (23) continued work with information technology contractors to complete the design and agency-wide implementation of an automated training data management reporting system.

In fiscal years 2012 and 2013, OHR plans to: (1) implement pertinent portions of the agency's strategic, training and related performance plans, particularly performance goals related to the management of human resources; (2) advise agency management and staff on all human resources matters and maintain a sound and progressive human resources program; (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) evaluate the revised performance appraisal system 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 2011 Actual	FY 2012 Estimate	FY 2013 Request
FTE:	**Office of Budget and Finance**	4.97	5.00	5.00
Cost:	**Salaries & Benefits**	$572,105.62	$620,627.42	$640,458.27
	Non-Personnel Expenses	$134,228.72	$153,861.01	$157,314.07
	Total Cost	**$706,334.34**	**$774,488.43**	**$797,772.34**

FY 2013 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 2013 Cost by FMC Strategic Goal	
Strategic Goal 1	**Strategic Goal 2**
$159,554.47	**$638,217.87**

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 2011, OBF's important accomplishments include the following: (1) collected and deposited $2,446,630 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 2012 Congressional budget and fiscal year 2013 OMB budget; (3) prepared required external reports; (4) prepared monthly internal status reports on workyears, funding, travel, receivables, and budget allocation report 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 2010 and 2011 Financial Statements (an unqualified opinion was received for fiscal year 2010 and fiscal year 2011); (8) worked with the OMD to finalize the FMC's 2010 Managements Discussion and Analysis/Performance and Accountability Report (MD&A/PAR); (9) updated Commission Orders and procedural documents; (10) prepared official travel documents in accordance with applicable Federal Travel Regulations; (11) processed the Commission's accounts payable documents in accordance with the Prompt Payment Act; (12) began 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); and (13) began working with BPD to implement Treasury's Internet Payment Platform (IPP), which will create efficiencies in the Commission's accounts payables.

Goals for fiscal years 2012 and 2013 include: (1) facilitating implementation of Pay.gov for acceptance of electronic payments from the industry, thereby improving the agency's Cash Management Program; (2) continuing to pursue initiatives leading to economy and efficiency in budget and financial operations; (3) updating relevant standard operating procedures, Commissioner Orders and procedural documents; and (4) completing migration to OTCnet and IPP.

Office of Management Services (OMS)

Federal Maritime Commission				
Operational and Administrative Office of Management Services				
		FY 2011 Actual	FY 2012 Estimate	FY 2013 Request
FTE:	**Office of Management Services**	5.39	5.00	5.00
Cost:	**Salaries & Benefits**	$690,324.80	$585,816.39	$608,265.73
	Non-Personnel Expenses	$165,054.61	$145,182.39	$153,310.48
	Total Cost	**$855,379.41**	**$730,998.78**	**$761,576.21**

FY 2013 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 2013 Cost by FMC Strategic Goal	
Strategic Goal 1	**Strategic Goal 2**
$152,315.24	**$609,260.97**

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 2011, OMS: (1) coordinated with OHR on the close-out of the HR Consultant Services contract with Medlin for eOPF and other HR support; and awarded a new Inter-Agency Agreement with the General Services Administration (GSA) for HSPD-12, official Federal Government credential issuance program; (2) with support and assistance from the OMD and the OGC, terminated the ECM Integration contract with Momentum Systems Inc., for the convenience of the government; (3) continued coordination with GSA personnel and their contractor to acquire new or renew the lease for FMC's Headquarters (HQ) office space, to include (a) site surveys at three locations with the GSA team to review office space and facility availability, and (b) initiated the informational package to reestablish HQ office space and support space requirements; (4) continued coordination with the OMD and arranged for various administrative services support for Fact Finding 27, including: court reporting services, meeting space for industry interviews, and supply materials; (5) obtained approval and arranged through OHR for the hiring of an Administrative Support Assistant to perform the mail, delivery, supply issuance, and transportation services activities as necessary; (6) arranged for the printing of the Commission's 49th Annual Report through the Government Printing Office (GPO); (7) arranged for the continued expansion of the documents/materials shredding and disposal program to include providing service to the Area Representatives in field locations; (8) continued coordination with the Federal Protective Service (FPS), GSA, and the other Federal HQ building tenants to assess and update the building's Occupant Emergency Plan (OEP) and arranged for a variety of "emergency preparedness" seminars/training for the building's population through the Building Security Committee (BSC); (9) continued coordination with the other tenant agencies/members of the BSC to arrange for Health Services seminars and a bi-annual blood drive; (10) continued coordination with the Chairman and Managing Director to provide the logistics required for miscellaneous staff relocations and/or reassignments; (11) traveled to Los Angeles to facilitate the renovation of the San Pedro field office, including removal of old carpet and disposal of old furnishings to the installation of new carpet, furnishings and painting, as well as the coordination with GSA Real Estate officials on the renewal of the office space lease; (12) continued coordination with OMD on conducting a management evaluation & review of BTA's operations; (13) coordinated and arranged for Dell monitors to be transferred from the FBI to FMC for staff use at no cost; (14) continued coordination with the CIO/OIT and arranged through GSA to expand and upgrade the Video Conferencing System at FMC's HQ; and (15) continued coordination with OMD and arranged for the printing of Outreach program brochures for the FMC in general and the OCADRS in particular through GPO.

In fiscal years 2012 and 2013, OMS' objectives include: (1) continuing to work with GSA to provide the required information for HQ lease renewal and/or relocation effort; (2) continuing to work with GSA, FPS, and other tenant agencies at our HQ facilities and field locations to upgrade and/or improve the buildings' security measures and emergency preparedness; (3) in conjunction with the agency's other administrative offices, continuing the research methods and practices for the enhancement and improvement in support services; (4) continuing to work with BPD on streamlining the FMC's acquisition and procurement program for better efficiency; and (5) continuing to provide advice and assistance regarding innovative support-service approaches to FMC activities.

Fiscal Year 2013 Strategic Goals

Federal Maritime Commission

Federal Maritime Commission
Executive Summary

		FY 2011 Actual	FY 2012 Estimate	FY 2013 Request
FTE:	**Headquarters & Field**	**127.79**	**126.52**	**131.60**
Cost:	**Salaries & Benefits**	$17,885,822.09	$17,858,000.00	$18,940,000.00
	Non-Personnel Expenses	$6,175,532.81	$6,242,000.00	$7,060,000.00
	Total Cost	**$24,061,354.90**	**$24,100,000.00**	**$26,000,000.00**

FY 2013 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
27.95	**102.65**

FY 2013 Cost by FMC Strategic Goal

Strategic Goal 1	Strategic Goal 2
$5,770,270.46	**$20,229,729.54**

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.

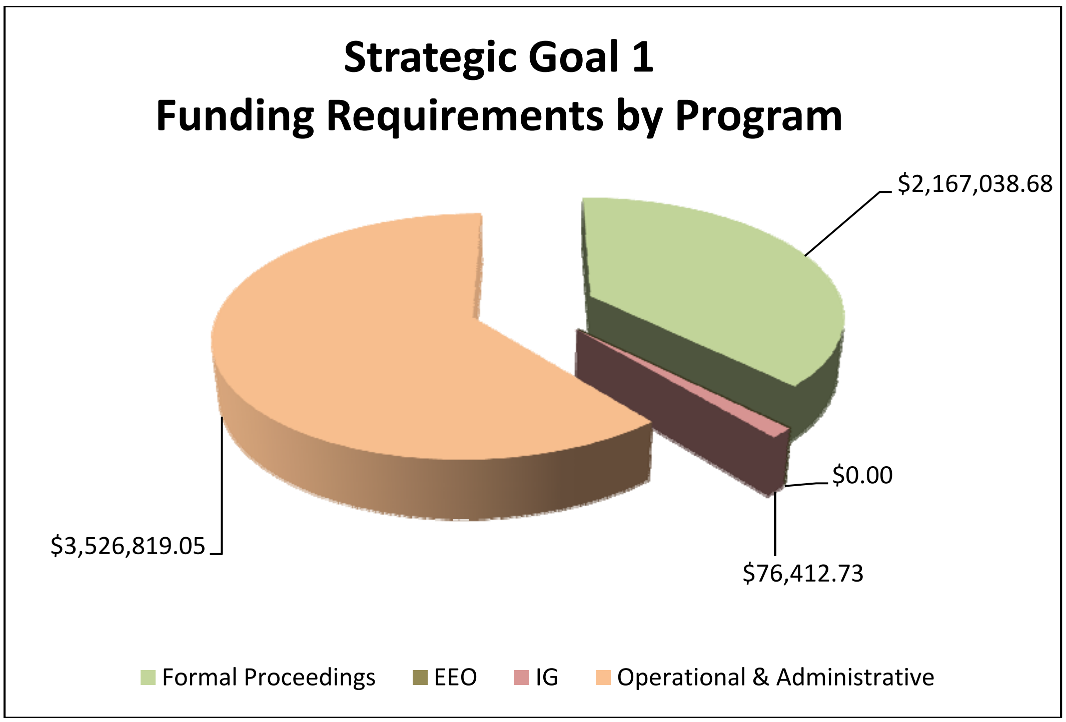
Finally, in recent years the FMC has witnessed the filing of new types of agreements -- especially marine terminal agreements -- that address nontraditional issues such as traffic congestion, environmental mitigation proposals, terminal operational efficiencies, and infrastructure funding. These nontraditional 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.

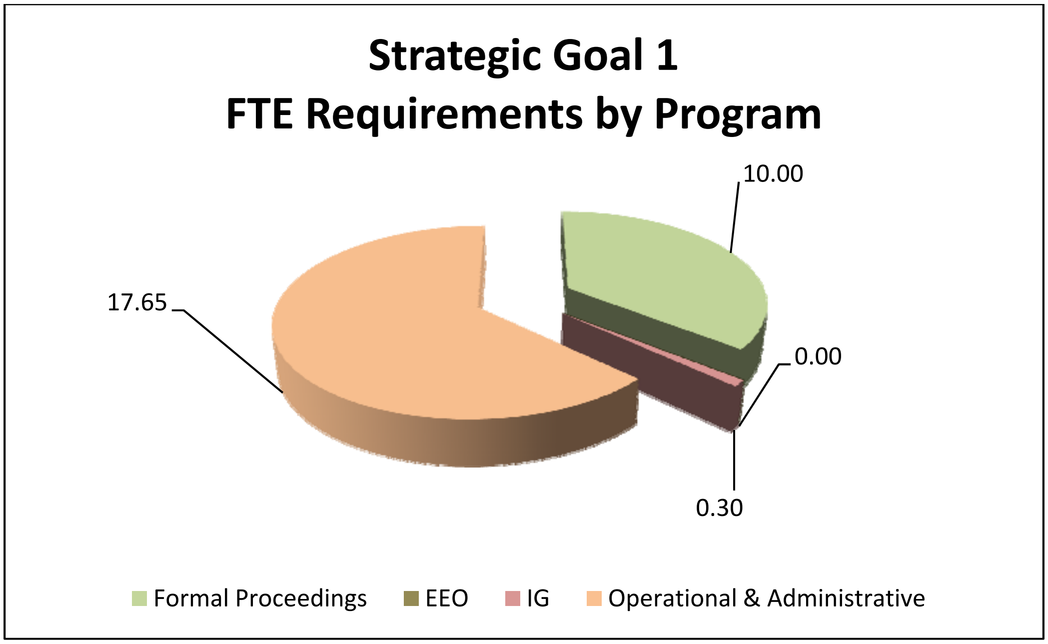
STRATEGIC GOAL 1

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 United States pursuant to the provisions of the Shipping Act. A stated policy objective of the Shipping Act is "to promote the growth and development of United States 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 United States. 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.

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 Foreign Shipping Practices Act of 1988, 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.

Strategic Goal 1: Maintain an efficient and competitive international ocean transportation system					
Objective 1: Identify and take action to address substantially anticompetitive 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
Plan	Achieved	Target	Achieved	Target	Target
18.00%	17.40%	18.5%	17.9%	19.00%	19.50%

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 appropriate injunction relief 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 marine terminal operator 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.

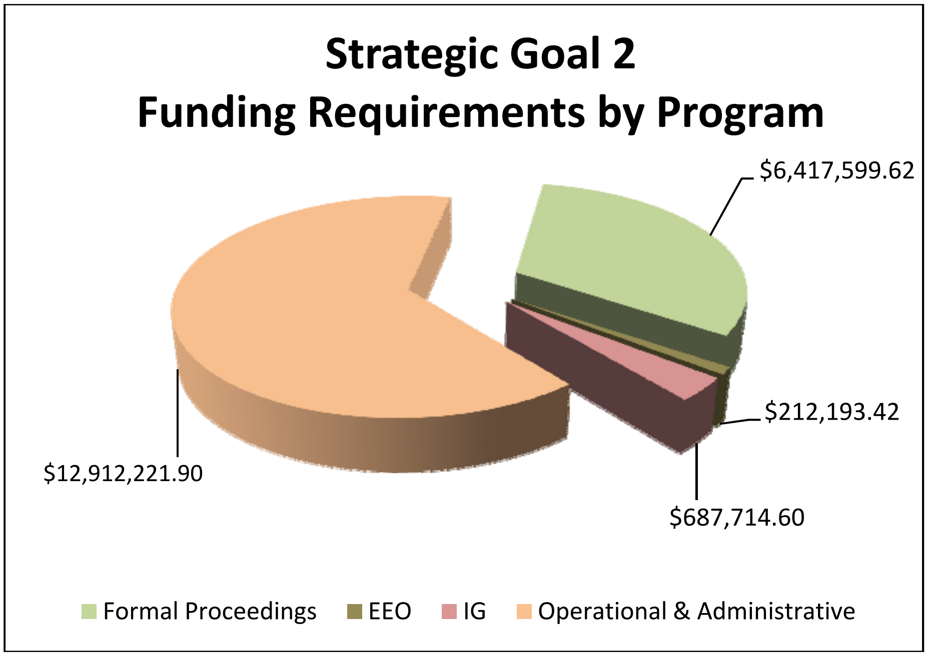
- Maintain and keep up-to-date an electronic library, accessible from the FMC’s website, of agreement documents so as to allow interested parties to easily search for and download those documents.

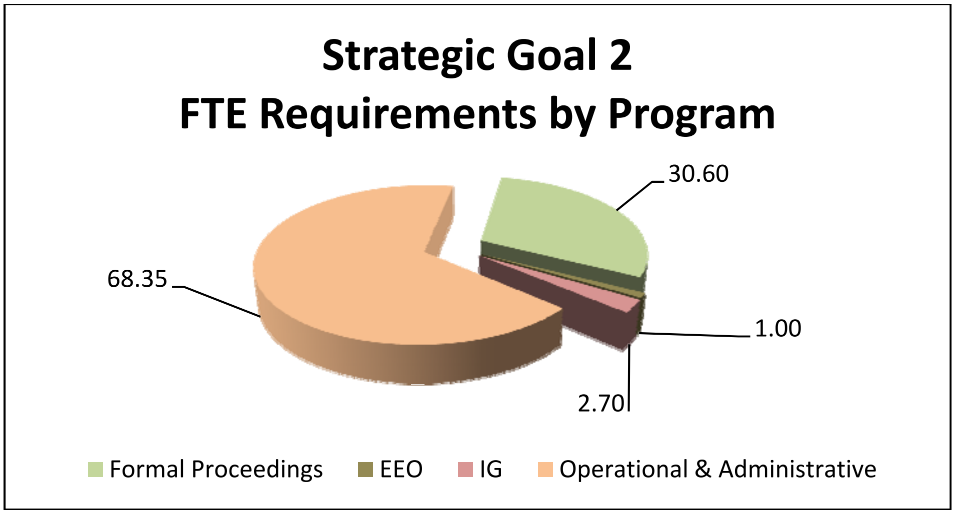
2. Six-Year Performance Measure

- 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 marine terminal operators 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 ocean transportation intermediaries 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 area representatives 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
Plan	Achieved	Target	Achieved	Target	Target
70.00%	72.90%	72%	82%	74.00%	76.00%

The FMC is responsible for ensuring that individual carriers and marine terminal operators, 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
Plan	Achieved	Target	Achieved	Target	Target
55.00%	65.00%	60%	77%	70.00%	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
Plan	Achieved	Target	Achieved	Target	Target
90.00%	90.00%	91%	91%	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.
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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 attendees at agency sponsored outreach presentations that rate the program as "Useful" in their compliance efforts						
FY 2010		FY 2011		FY 2012	FY 2013	
Plan	Achieved	Target	Achieved	Target	Target	
70.00%	N/A	N/A	N/A	N/A	N/A	

Note: In consultation with OMB, this outcome goal was removed for FY 2011 – 2015: "Percentage of attendees at agency sponsored outreach presentations that rate the program as 'Useful' or 'Extremely Useful' in their compliance efforts." The measure is not reflective of current agency outreach practices. It also proved logistically difficult to execute because most outreach is performed by FMC staff as invitees at non-FMC sponsored events.

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 2: Percentage of key Commission issuances, orders and reports that are available through the Commission's website within 5 working days of receipt					
FY 2010		FY 2011		FY 2012	FY 2013
Plan	Achieved	Target	Achieved	Target	Target
70.00%	77.10%	72%	72%	74.00%	76.00%

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	
Plan	Achieved	Target	Achieved	Target	Target	
550	556	625	631	700	800	

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
Plan	Achieved	Target	Achieved	Target	Target
50.00%	56.00%	52%	60%	54.00%	56.00%

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 Office of Consumer Affairs and Dispute Resolution Services and its Area Representatives. Formal complaints of alleged Shipping Act violations may be filed for adjudication by an administrative law judge. 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 2011 Actual			Fiscal 2012 Estimate			Fiscal 2013 Estimate		
	On Hand 09/30/10	Receipts	Output	On Hand 09/30/11	Receipts	Output	On Hand 09/30/12	Receipts	Output	On Hand 09/30/13
Decisions, Reports, in Docketed Proceedings Before the Commission*	15	46	41	20	46	46	20	50	50	20
Commission Inquiries, Information Requests, or Demand Orders *	1	0	1	0	2	2	0	3	3	0
Administrative Notices Issued in Proceedings *	0	43	43	0	45	45	0	48	48	0
Docketed Informal Complaints	19	12	19	12	11	20	2	13	13	2
Agenda Items*	0	100	100	0	100	100	0	110	110	0
Pages of Minutes*	0	133	133	0	130	130	0	140	140	0
Federal Register Notices	0	149	149	0	200	200	0	200	200	0
FOIA Requests	20	38	23	35	40	30	30	45	32	43
Certifications	0	25	25	0	50	50	0	60	60	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 (CADRS)

Formal Proceedings Program
Consumer Affairs and Dispute Resolution Services

Statistical Workload Summary

Workload Units		FY 2011 Actual			FY 2012 Estimate			FY 2013 Estimate		
	On Hand 09/30/10	Receipts	Output	On Hand 09/30/11	Receipts	Output	On Hand 09/30/12	Receipts	Output	On Hand 09/30/13
Informal Complaints	93	565	634	24	575	575	24	575	575	24
ADR Matters	1	12	9	4	10	10	4	10	10	4
Informal Docket Decisions	26	12	22	16	12	18	10	12	14	8

Office of the General Counsel

Formal Proceedings Program
Office of the General Counsel

Statistical Workload Summary

Workload Units		FY 2011 Actual			FY 2012 Estimate			FY 2013 Estimate		
	On Hand 09/30/10	Receipts	Output	On Hand 09/30/11	Receipts	Output	On Hand 09/30/12	Receipts	Output	On Hand 09/30/13
Litigation	3	4	2	5	2	2	5	2	2	5
Legislation	0	105	105	0	115	115	0	125	125	0
Legal Opinions, Recommendations, Case Summaries, Decisions and Final Orders	5	172	172	5	135	135	5	130	130	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	40	0
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 2011 Actual			FY 2012 Estimate			FY 2013 Estimate		
	On Hand 09/30/10	Receipts	Output	On Hand 9/30/11	Receipts	Output	On Hand 09/30/12	Receipts	Output	On Hand 09/30/13
Formal Proceedings	13	12*	13**	16***	12	17	11	12	13	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 one proceeding (08-04) returned by rule after unreviewed initial decision for decision on attorney's fees.
** Includes one proceeding (08-04) resulting in two initial decisions (one finding liability, one awarding attorney's fees) and one proceeding (10-10) with three initial decisions (one dismissing respondent, two approving settlements).
*** One proceeding in which OALJ issued an initial decision not resolving all claims (08-03) is counted as "output" and "on hand."

Bureau of Trade Analysis

Operational and Administrative Program
Bureau of Trade Analysis

Statistical Workload Summary

Workload Units		FY 2011 Actual			FY 2012 Estimate			FY 2013 Estimate	
	On Hand 09/30/10	Receipts	Output	On Hand 09/30/11	Receipts	Output	On Hand 09/30/12	Receipts	Output	On Hand 09/30/13
Agreements Filed	4	159	158	5	170	165	10	170	170	10
Rulemakings, Proceedings, Petitions,Demand Orders*	0	0	0	0	2	2	0	1	0	1
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	7	797	625	179	825	996	8	850	850	8
Monitoring	9	365	308	66	382	446	2	401	401	2
VSCG	1	104	77	28	110	133	5	116	116	5
Service Contracts	0	49,103	49,103	0	48,960	48,960	0	49,700	49,700	0
Contract Amds	0	467,169	467,169	0	391,680	391,680	0	372,750	372,750	0
Special Permissions	0	7	7	0	7	7	0	7	7	0
NVOCC Service Arangements	0	1,264	1,264	0	1,300	1,300	0	1,325	1,325	0
Arrangement Amendments	0	3,460	3,460	0	3,500	3,500	0	3,500	3,500	0
FMC-1 Form	0	1,399	1,399	0	1,425	1,425	0	1,450	1,450	0
Informal Inquiries ***	0	2,715	2,715	0	3,500	3,500	0	3,600	3,600	0

* Rulemakings: FY 2012 E-filing of Reports and User Fees.
FY 2013 Update of Agreement Rules and E-filing of Agreements.

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

*** These numbers are higher than in previous years due to a change in the tracking system for informal inquiries and the types of inquiries included in this figure.

Bureau of Certification and Licensing

Operational and Administrative Program
Bureau of Certification and Licensing

Statistical Workload Summary

Workload Units		FY 2011 Actual			FY 2012 Estimate			FY 2013 Estimate		
	On Hand 09/30/10	Receipts	Output	On Hand 09/30/11	Receipts	Output	On Hand 09/30/12	Receipts	Output	On Hand 09/30/13
OTI Applications New *	62	496	506	52	465	470	47	465	470	42
OTI Applications Amended *	27	277	262	42	285	290	37	285	290	32
OTI License Terminations **	0	310	310	0	300	300	0	300	300	0
Passenger Vessel Applications (Performance)	3	22	22	3	15	15	3	15	15	3
Passenger Vessel Applications (Casualty)	10	26	24	12	20	15	17	20	15	22

* OTI application output figures include the number of: (1) approvals for license; (2) voluntary w ithdraw als; (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 2011 Actual			FY 2012 Estimate			FY 2013 Estimate		
	On Hand 09/30/10	Receipts	Output	On Hand 09/30/11	Receipts	Output	On Hand 09/30/12	Receipts	Output	On Hand 09/30/13
Audits and Monitoring Activities	15	100	106	9	130	130	9	130	130	9
OTI Applicant and License Checks	0	620	620	0	625	625	0	650	650	0
Formal Proceedings	7	3	2	8	6	8	6	7	7	6
Civil Penalty Cases	12	17	16	13	23	20	16	22	22	16
Staff Legal Advice	11	5	4	12	11	10	13	12	12	13

Appendix B

Certification of the Office of Inspector General's Fiscal Year 2013 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 2011:

- The aggregate budget request for the operations of the OIG is $764,127
- The portion of this amount needed for OIG training is $6,500, and
- The portion of this amount needed to support the CIGIE is $2,000

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 2013.

Inspector General
Federal Maritime Commission

Appendix C

Employee Satisfaction and Wellness

Over the last several surveys of employee satisfaction and engagement conducted by the U.S. OPM, the FMC has received overwhelmingly positive feedback. Surveys in 2008 and 2010 resulted in FMC being recognized as one of the Federal Government's Best Places to Work.

Analysis of the components of employee satisfaction and wellness measured in the 2010 Federal Employee Viewpoint Survey (FEVS) underscored the overall high level of satisfaction among FMC employees. The Commission ranked fifth out of 30 small agencies in the areas of work/life balance and family friendly culture and benefits. However, employees noted some areas where continued management attention would be desirable. Based on that feedback, the FMC expanded its offerings of information about Federal benefits and work/life programs, and worked to increase organizational awareness about telework as a valuable tool to improve productivity and enhance work/life balance.

- The Commission used its employee financial education plan to increase employee awareness about their benefits.
    - The Social Security Administration has helped educate FMC employees about how their benefits fit into Federal retirement planning at annual Open Season Benefits Fairs since 2009.
    - An information session was hosted for FMC employees about the Federal Long Term Care Insurance Program's Open Season in May 2011. Attendance was open to other Small Agency Human Resources Council members.
    - The Commission's Employee Assistance Program contract provides access to a financial consultant via telephone at no cost.
    - Membership in the U.S. Government Printing Office's (GPO) Federal Credit Union is open to all FMC employees and their dependants. Credit union staff attended the Commission's Open Season Benefits Fair in 2011 to discuss the benefits of membership and accept new applications.
    - The Commission purchases a subscription each open season for its employees to use Consumers' CHECKBOOK Guide to Health Plans for Federal Employees and Annuitants. This online publication helps employees compare features of the various health plans offered through the Federal Employees Health Benefits Program (FEHB).
    - Asparity Design Solutions sent a representative to the Commission's Open Season Benefits Fair in December 2010 and 2011 promoting PlanSmartChoice, a decision tool that ranks FEHB plans according to value and quality.
    - The Federal Thrift Retirement Investment Board presented a pre-separation briefing at the FMC's headquarters in November 2011. Attendance was open to employees who were retirement eligible or would become eligible within the next five years. Twenty-seven FMC employees and fourteen employees from other agencies that share office space with the Commission attended. A Thrift Savings

Plan Overview Briefing for new and mid-career employees has been tentatively scheduled for March 2012.

- The Commission offers three employee newsletters on an ongoing basis that target wellness and benefits information to employees at various career and life stages. Weekly Retirement Readiness NOW Tips prepared by OPM's Retirement Services staff are distributed to FMC employees.

- The Commission partners with Blue Cross and Blue Shield and Virginia Hospital Center to present lunch and learn seminars to FMC employees about health and wellness topics. An April 2011 seminar on strategies for naturally increasing metabolism was attended by 20 FMC employees and 8 employees of other Federal agencies that are located within our headquarters building.

The Commission's 2011 FEVS Action Plan included a focus on increasing employee awareness of child care and elder care work/life programs. During fiscal year 2011, the Commission communicated with employees through e-mail and newsletter articles about elder care resources and support available through the EAP, government agencies, and other partners. The 2011 FEVS results showed an 11 percent increase in employee satisfaction with the Commission's elder care program.

Over the last year, FMC also worked to increase organizational awareness about telework as a valuable tool for effectiveness and a way to enhance work/life balance by benchmarking best practices and adapting them to FMC's mission and culture. The 2011 FEVS results showed that 52 percent of employees were satisfied with the FMC's telework program, a 5 percent increase from the 2010 results.

The Commission announced a revised employee telework policy in June 2011, which incorporated changes required by the Telework Enhancement Act of 2010. As part of these policy changes, the Commission designated an executive champion for telework, established mandatory training for supervisors and managers, as well as employees who had never teleworked, and revised the Commission's telework agreement to better clarify expectations. Telework has been used successfully at the Commission to maintain operations during periods of inclement weather and road closures along major commuting routes in the Washington, DC Metro Area.

In October 2011, the Commission completed an updated needs assessment of health and wellness services available to employees who work at its headquarters. The assessment was conducted using the WellCheck online tool made available by OPM. Similar assessments were conducted in 2009 and 2010. WellCheck scored the Commission on each of the five elements identified by the U.S. Department of Health and Human Services as being part of a comprehensive worksite wellness program. The Commission received a rating of "very good" on four of the elements, including health education, supportive social and physical environments, screenings, and integration of the worksite wellness program into the organizational structure. The Commission was rated "outstanding" on the remaining element, which involved linkages between worksite wellness and the related program.

The Commission will continue to participate in WellCheck or other worksite wellness program assessment tools provided by the U.S. Office of Personnel Management on an annual basis to gauge the effectiveness of its investment in worksite wellness. The Commission's senior management uses the results of WellCheck in conjunction with FEVS survey responses to identify action items for creating a culture of worksite wellness at the FMC.

Based on the 2010 FEVS results, the Commission also ranked fifth out of 30 small agencies in the area of creativity and innovation. Senior management remains committed to encouraging creativity and finding innovative ways to improve employee satisfaction and engagement, particularly in a time of fiscal restraint. About 45 percent of the FMC's workforce will be eligible for voluntary retirement by September 2016. Fostering an engaged workforce is essential to ensure the Commission is well positioned to recruit and retain talent.

The Commission conducted a detailed analysis of responses to the 2011 Federal Employee Viewpoint Survey to identify areas where the FMC should focus its improvement efforts during the coming fiscal year. Employees once again indicated their high level of commitment to achieving FMC's mission. However, they also identified rewards and recognition as needing improvement. A major priority in 2012 will be to identify ways that we can better align and strengthen the linkage between our rewards and recognition programs with the accomplishment of goals and objectives identified in the FMC's Strategic Plan. These efforts should help to reinforce overall employee satisfaction, commitment, and engagement.