



# **FEDERAL MARITIME COMMISSION**

## **STRATEGIC PLAN**

**FISCAL YEARS 2014-2018**

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## Table of Contents

Overview.....	3
Summary of Strategic Goals, Objectives, and Performance Measures .....	6
FMC Strategic Plan Fiscal Years 2014-2018.....	7
STRATEGIC GOAL 1 - Maintain an efficient and competitive international ocean transportation system. ....	7
<i>OBJECTIVE 1: ENHANCE EFFICIENCY IN THE TRADES THROUGH THE USE OF ASSET SHARING AUTHORITY UNDER THE SHIPPING ACT OF 1984.</i> .....	7
STRATEGIC GOAL 2 – Protect the public from unlawful, unfair and deceptive ocean transportation practices and resolve shipping disputes. ....	10
<i>OBJECTIVE 1: IDENTIFY AND TAKE ACTION TO END UNLAWFUL, UNFAIR AND DECEPTIVE PRACTICES.</i> .....	10
<i>OBJECTIVE 2: PREVENT PUBLIC HARM THROUGH LICENSING AND FINANCIAL RESPONSIBILITY REQUIREMENTS.</i> .....	11
<i>OBJECTIVE 3: ENHANCE PUBLIC AWARENESS OF AGENCY RESOURCES, REMEDIES AND REGULATORY REQUIREMENTS THROUGH EDUCATION AND OUTREACH.</i> .....	12
<i>OBJECTIVE 4: IMPARTIALLY RESOLVE INTERNATIONAL SHIPPING DISPUTES THROUGH ALTERNATIVE DISPUTE RESOLUTION AND ADJUDICATION.</i> .....	13
Administrative Strategies in Support of Agency Objectives .....	15
Factors Affecting the Achievement of Goals.....	17
Program Evaluation .....	18

## Overview

The Federal Maritime Commission (FMC) is pleased to issue this revision of its 2014-2018 Strategic Plan. This revision replaces one of the existing performance measures under Strategic Goal 2, Objective 4: *Impartially resolve international shipping disputes through alternative dispute resolution and adjudication*, with a new measure for FY 2017 – 2018. The current measure in place since FY 2010, captures the *number of cases opened and closed each fiscal year using ombuds and ADR services assisting consumers to recover goods or funds*. Such matters are opened upon the request of the public for assistance and are subject to the normal fluctuations in consumers seeking help from the Commission. The new measure will more accurately reflect the FMC's performance assisting the public through its *ombuds* and ADR services.

This updated plan retains previous strategic goals one and two, as well as a section on the Administrative Strategies in support of Agency Objectives. This latter section was established for administrative support functions such as human resources, information technology and financial management. Each of these important functions is subject to its own stringent planning and measuring regimes pursuant to various laws and executive mandates. Those related plans support this updated strategic plan and are referenced and described herein. This plan sets goals and objectives for each fiscal year through 2018 and contains targets and measures linked to objectives via strategies. These objectives, strategies, targets, and measures drive the agency's budgetary process. This strategic plan conforms with the spirit and letter of the *GPRA Modernization Act of 2010*; OMB Circular A-11 *Preparation of Submission of Strategic Plans, and Annual Program Performance Reports*; and Executive Order 13450 – *Improving Government Program Performance*.

### ***Mission***

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

### ***Strategic Goal 1***

Maintain an efficient and competitive international ocean transportation system.

### ***Strategic Goal 2***

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

### ***History***

The FMC was established as an independent regulatory agency by Reorganization Plan No. 7, effective August 12, 1961. Prior to that time, the Federal Maritime Board was responsible for both the regulation of ocean commerce and the promotion of the

United States Merchant Marine. Under the reorganization plan, the shipping laws of the U.S. were separated into two categories — regulatory and promotional. The responsibilities associated with the promotion of an adequate and efficient U.S. Merchant Marine were assigned to the Maritime Administration, now located within the Department of Transportation. The newly created FMC was charged with administering the regulatory provisions of the shipping laws.

The Commission is responsible for the regulation of oceanborne transportation in the foreign commerce of the United States. The passage of the Shipping Act of 1984 (Shipping Act) brought about major change in the regulatory regime applicable to shipping companies operating in the U.S. foreign commerce. The subsequent passage of the Ocean Shipping Reform Act of 1998 (OSRA), with its deregulatory amendments and modifications to the Shipping Act, further signaled a significant shift in shipping regulation.

### *Functions*

The principal statutes administered by the Commission are the Shipping Act, the Foreign Shipping Practices Act of 1988 (FSPA), section 19 of the Merchant Marine Act, 1920 (1920 Act), and Pub. L. No. 89-777. Most of these statutes were amended by OSRA and are now codified in Title 46 of the U.S. Code at sections 40101 through 44106.

The Commission's principal regulatory responsibilities include:

- Reviewing agreements among ocean common carriers and marine terminal operators (MTOs) relating to service in the U.S. foreign oceanborne trades, to ensure that they do not cause substantial increases in transportation costs or decreases in transportation services.
- Maintaining the service contracts database and reviewing service contracts between ocean common carriers and shippers to guard against detrimental effects to shipping in the U.S. foreign trades.
- Providing a forum for exporters, importers and other members of the shipping public to obtain relief from ocean shipping practices or disputes that impede the flow of commerce and otherwise cause economic harm.
- Ensuring that common carriers' tariff rates and charges are accessible to the shipping public in private, electronically accessible systems.
- Monitoring rates, charges, and rules of foreign government-owned or controlled carriers to ensure that they are just and reasonable.
- Issuing passenger vessel certificates evidencing financial responsibility of vessel owners or charterers to pay judgments for personal injury or death, or to refund passenger fares for the nonperformance of a voyage or cruise.

- Licensing ocean transportation intermediaries (OTIs) in the U.S. to protect the public from unqualified, insolvent, or dishonest companies.
- Ensuring that OTIs maintain sufficient financial responsibility to protect the shipping public from financial loss.
- Protecting the shipping public against economic harm by investigating rates, charges, classifications, and practices of common carriers, MTOs, and OTIs operating in the foreign commerce of the U.S, and acting to stop unjust or unlawful practices.
- Taking action to address unfavorable conditions arising out of foreign government or business practices in the U.S. foreign shipping trades.

### ***Organization***

The Commission is composed of five commissioners appointed by the President with the advice and consent of the Senate. Commissioners serve five-year, staggered terms, and no more than three members of the Commission may belong to the same political party. The President designates one of the Commissioners to serve as Chairman. The Chairman is the chief executive and administrative officer of the agency.

The Commission's organizational units consist of: the Offices of the General Counsel, Secretary (including the Library), Consumer Affairs and Dispute Resolution Services, Administrative Law Judges, Equal Employment Opportunity, Inspector General, Managing Director, Budget and Finance, Human Resources, Information Technology, and Management Services; the Bureaus of Certification and Licensing, Enforcement, and Trade Analysis; and the Commission's Area Representatives.

## Summary of Strategic Goals, Objectives, and Performance Measures

### **STRATEGIC GOAL 1: Maintain an Efficient & Competitive International Ocean Transportation System**

**OBJECTIVE 1:** Enhance efficiency in the trades through the use of asset sharing authority under the Shipping Act of 1984.

<b>Performance Measure:</b> Percentage share of U.S. containerized cargo moving on other agreement parties' vessels in major U.S. trades.	<b>2012 Actual</b>	<b>2013 Target</b>	<b>2014 Target</b>	<b>2015 Target</b>	<b>2016 Target</b>	<b>2017 Target</b>	<b>2018 Target</b>
	N/A <sup>1</sup>	39%	39.5%	40%	40.5%	41%	41.5%

### **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 end unlawful, unfair and deceptive practices.

<b>Performance Measure:</b> Percentage of enforcement actions taken under the Shipping of 1984 Act successfully resolved through favorable judgment, settlement, issuance of default judgment, or compliance letter or notice.	<b>2012 Actual</b>	<b>2013 Target</b>	<b>2014 Target</b>	<b>2015 Target</b>	<b>2016 Target</b>	<b>2017 Target</b>	<b>2018 Target</b>
	88%	76%	76.5%	77%	77.5%	77.5%	77.5%

**OBJECTIVE 2:** Prevent public harm through licensing and financial responsibility requirements.

<b>Performance Measure:</b> Percentage of decisions on completed OTI license applications rendered within 60 calendar days of receipt, facilitating lawful operation of OTIs with the appropriate character and experience.	<b>2012 Actual</b>	<b>2013 Target</b>	<b>2014 Target</b>	<b>2015 Target</b>	<b>2016 Target</b>	<b>2017 Target</b>	<b>2018 Target</b>
	90.2%	75%	75%	75%	75%	75%	75%

<b>Performance Measure:</b> 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.	<b>2012 Actual</b>	<b>2013 Target</b>	<b>2014 Target</b>	<b>2015 Target</b>	<b>2016 Target</b>	<b>2017 Target</b>	<b>2018 Target</b>
	100%	93%	94%	95%	95%	95%	95%

**OBJECTIVE 3:** Enhance public awareness of agency resources, remedies and regulatory requirements through education and outreach.

<b>Performance Measure:</b> Percentage of key Commission issuances, orders and reports are available through the Commission's website within 5 working days of receipt.	<b>2012 Actual</b>	<b>2013 Target</b>	<b>2014 Target</b>	<b>2015 Target</b>	<b>2016 Target</b>	<b>2017 Target</b>	<b>2018 Target</b>
	79%	76%	76%	78%	80%	82%	84%

**OBJECTIVE 4:** Impartially resolve international shipping disputes through alternative dispute resolution and adjudication.

<b>Performance Measure:</b> Number of cases opened and closed each fiscal year using <i>ombuds</i> and ADR services assisting consumers to recover goods or funds. <sup>2</sup>	<b>2012 Actual</b>	<b>2013 Target</b>	<b>2014 Target</b>	<b>2015 Target</b>	<b>2016 Target</b>	<b>2017 Target</b>	<b>2018 Target</b>
	893	800	825	825	825	N/A	N/A

<b>Performance Measure:</b> Percentage of <i>ombuds</i> and ADR matters closed within 6 months of request for assistance. <sup>3</sup>	<b>2012 Actual</b>	<b>2013 Target</b>	<b>2014 Target</b>	<b>2015 Target</b>	<b>2016 Target</b>	<b>2017 Target</b>	<b>2018 Target</b>
	N/A	N/A	N/A	N/A	N/A	60%	60.5%

<b>Performance Measure:</b> Percentage of formal complaints or Commission initiated orders of investigation completed within two years of filing or Commission initiation.	<b>2012 Actual</b>	<b>2013 Target</b>	<b>2014 Target</b>	<b>2015 Target</b>	<b>2016 Target</b>	<b>2017 Target</b>	<b>2018 Target</b>
	73%	56%	58%	58%	60%	62%	64%

<sup>1</sup> This is a new Objective and Measure for FY 2013, therefore there is no actual FY 2012 performance data.

<sup>2</sup> This Measure was replaced in FY 2017.

<sup>3</sup> This is a new Measure for FY 2017 and 2018 that more accurately reflects the FMC's performance in this area.

## **FMC Strategic Plan Fiscal Years 2014-2018**

### **STRATEGIC GOAL 1 - Maintain an efficient and competitive international ocean transportation system.**

The Federal Maritime Commission (FMC) or (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 of 1984 (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: ENHANCE EFFICIENCY IN THE TRADES THROUGH THE USE OF ASSET SHARING AUTHORITY UNDER THE SHIPPING ACT OF 1984.***

The agency will achieve this objective through a number of strategies (as indicated below) aimed at using its statutory authority in a fair and expeditious manner to readily permit use of asset sharing agreements.

The FMC is also 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.

The Shipping Act requires that vessel operating common carriers (VOCCs) and marine terminal operators (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 on-going 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 Foreign Shipping Practices Act of 1988 (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 foreign government-owned or -controlled carriers to ensure that they are just and reasonable.

## **1. Strategies**

The Commission's performance measure tracking the use of asset sharing agreements will be achieved through the following strategies. These strategies cover a broad range of Commission activities, all using agency resources to foster the purposes of the Shipping Act, particularly with regard to the asset sharing agreements under this objective:

- 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 anti-competitive conduct with respect to transportation costs or services.
- Review, on a regular, on-going basis, the data and information provided in standard reports and special reporting measures to assess the existence or likelihood of substantially anti-competitive conduct or unfavorable trade conditions.
- Initiate meetings with representatives of the FMC's various stakeholder industries to help determine whether anti-competitive 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.

- Ensure 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, pursuant to the 1920 Act, 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 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. Five-Year Performance Measure**

- Percentage share of U.S. containerized cargo moving on other agreement parties' vessels in major U.S. trades.

## **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.***

This objective will be met through agency strategies including gathering intelligence, monitoring OTI activity, audits, effective prosecution and dealing with complaints on violations.

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**

The following strategies are specifically aimed at achieving the five year performance measure of successfully resolving enforcement actions through various means.

- 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. Five-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.***

To prevent public harm the Commission has developed the following four strategies: OTI licensing, issuing PVO certificates, monitoring PVO unearned passenger revenue and updating bond and coverage amounts.

The FMC licenses and regulates ocean transportation intermediaries (OTIs), including ocean freight forwarders and NVOCCs, and ensures that OTIs have sufficient financial responsibility. As well, the FMC issues certificates to owners and operators of passenger vessels (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

The following strategies support the Commission's five year performance measures of tracking the expeditious review of OTI licensing applications and assuring cruise line operator compliance with FMC financial responsibility requirements.

- 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 unearned passenger revenue (UPR) reports and conduct on-site review of PVOs' UPR receipts.
- Review and update OTI bonds and coverage amount.

## 2. Five-Year Performance Measures

- Percentage of decisions on completed OTI license applications rendered within 60 calendar days, facilitating lawful operation of OTIs with the appropriate character and experience requirements.
- 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.

### ***OBJECTIVE 3: ENHANCE PUBLIC AWARENESS OF AGENCY RESOURCES, REMEDIES AND REGULATORY REQUIREMENTS THROUGH EDUCATION AND OUTREACH.***

The Commission developed various educational and outreach strategies in support of this objective in assuring that the public is fully aware of their regulatory responsibilities and how the agency can be of service to them.

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

The following strategies aimed at enhancing public awareness include a specific focus on the performance measure of posting certain actions on the agency website within 5 days.

- Maintain an accessible presence in local regulated communities.
- Proactively educate regulated parties of regulatory requirements.

- 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.
- Make available to the public key documents in all Commission formal proceedings through the Commission website.
- Create and produce brochures to educate industry and public about FMC requirements and services.
- 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. Five -Year Performance Measures**

- 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.***

The following strategies carry out this objective of fostering ADR and adjudication as an efficient and least costly and contentious means of resolving shipping disputes. These strategies concern *ombuds* services, facilitating ADR, arbitration, and timely conduct of proceedings.

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**

The following strategies were developed to timely resolve international shipping complaints using both formal and informal options at the Commission.

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

- Provide facilitative ADR services to parties who request services of a trained neutral in timely resolving disputes and shipping problems that affect international ocean shipping.
- Adjudicate disputes under the jurisdiction of the agency through the administrative law judge (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. Five -Year Performance Measures**

- For FY 2012 - 2016: Number of cases opened and closed each fiscal year using *ombuds* and ADR services assisting consumers to recover goods or funds.
- For FY 2017 - 2018: Percentage of *ombuds* and ADR matters closed within 6 months of request for assistance.
- Percentage of formal complaints or Commission initiated orders of investigation will be completed within two years of filing or Commission initiation.

## **Administrative Strategies in Support of Agency Objectives**

In pursuing its strategic goals of maintaining an efficient and competitive international transportation system and protecting the shipping public from unlawful, unfair and deceptive ocean transportation practices, the FMC recognizes the critical importance of providing effective, performance-oriented management and of ensuring that all resources allocated to its mission are wisely employed. Separate but linked plans and measurement mechanisms are in place for human capital, information technology and financial management at the Commission.

The Commission's ability to carry out its mission and serve its customers depends on having a well-trained, highly skilled, and flexible workforce. Critical to accomplishing the agency mission is a commitment to the principles of Equal Employment Opportunity (EEO), diversity and the implementation of EEO policies and objectives to enhance the quality of our work life and productivity of our workforce. The Commission's Office of Equal Employment Opportunity effectively carries out this mission.

The Commission's Human Capital Plan (for FY 2012 – 2017) aligns our human capital with our operational, information technology, and support processes in order to develop a performance-based organization. FMC's Human Capital Accountability Plan guides human capital decisions using data-driven information and results-oriented planning techniques. It will ensure human capital needs are carefully considered as part of the Commission's strategic planning and budgeting processes and will contribute to our mission success by monitoring and evaluating the progress and results of human capital goals, programs, and activities.

Planning is ongoing for use of information technology (IT) resources necessary to drive accomplishment of the Commission's strategic goals. Upon the publication of this plan in final, the Commission will have in place a 2014-2018 IRM Strategic Plan. The Commission is committed to an integrated approach to IT capital planning and investment control — both of which are driven by the Commission's Strategic Plan and its need to meet mission objectives in an efficient, transparent, and effective manner. Information technology planning is driven by programmatic needs of the Commission.

Financial systems are monitored and audited annually as required by the Federal Manager's Financial Integrity Act of 1982, the Chief Financial Officers Act of 1990 (CFO Act), as amended, and the Government Management Reform Act (GMRA) of 1994 and reported annually through the Performance and Accountability Report. The Federal Managers' Financial Integrity Act (FMFIA) of 1996 requires that agencies establish controls that reasonably ensure that obligations and costs comply with applicable law; assets are safeguarded against waste, loss, unauthorized use, or misappropriation; and revenues and expenditures are properly recorded and accounted for. It requires the agency head to provide an assurance statement of the adequacy of management controls and conformance of financial systems with Government standards. As well, the CFO Act mandates annual audits of the Commission's internal controls systems. The Commission is committed to maintaining an unqualified audit opinion on audits of its Annual Financial Statements. Further, the Commission is committed to addressing matters identified through the Financial Statement Audits involving internal controls and operations considered material weaknesses. By carefully and closely monitoring all of its operational programs, personnel needs, planning

processes, financial and procurement practices, and vital support activities, the agency strives to ensure that its strategic goals are not only being met – but being advanced in ways that make the most productive, efficient, and sustainable use of the scarce resources with which it has been entrusted.

## **1. Strategies**

The FMC realizes the critical importance of the administrative component of the agency in support of agency strategic goals, objectives and performance measures. The following strategies addressing budget, planning, human resources, procurement and IT were developed to assure an effective administrative support program within the FMC.

- Develop annual budget directly linked to strategic and annual performance plans for submission to the Congress and OMB.
- Annually measure performance as established in the strategic plan and assess the efficacy of performance measures for preparation of the annual performance plan.
- Identify and alleviate current and future skill gaps by fostering human resources management principles, including recruitment and placement, position classification and pay administration, occupational safety and health, employee assistance, employee relations, workforce discipline, performance management and incentive awards, employee benefits, career transition, retirement, employee development and training, personnel security, and equal employment opportunity.
- Promote economy and efficiency by detecting waste, fraud and abuse in the agency's programs via auditing agency operations.
- Increase energy efficiency by implementing environmental programs throughout agency operations, including reducing green house gases, recycling waste and conservation of resources.
- Ensure program compliance with various rules and regulations regarding such areas as forms clearance, Paperwork Reduction, Small Business Paperwork Reduction Act, and other federally required reports and submissions.
- Execute financial management policies and programs, manage agency appropriations, administer internal control systems for agency funds, travel and cash management, and coordinate with contractors who provide accounting and payroll services.
- Monitor performance to ensure the agency's program operations are effectively, efficiently, and sustainably supported via telecommunications, procurement of administrative goods and services, property management, space, printing and copying, mail and records services, facilities and equipment maintenance, and transportation.
- Provide guidance to staff regarding administrative matters, including procurement, personnel and contracting issues.

- Utilize technology and IT expertise to streamline the agency's work processes and enhance the productivity and efficiency of the workforce to support the needs of the Commission.

## 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 inter-modal 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.

A significant challenge facing the agency is the potential reduction in its operating budget. Given that the predominant portion of the agency's costs is salaries, reductions in payroll through attrition or furloughs (as is the case in FY 2013) may be inevitable. The agency will continue to be seriously hampered in making necessary IT improvements.

In spite of the above fiscal austerity, 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.

Addressing 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 and 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 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, as was the case in Europe beginning in late 2008 with the FMC's publication of its *Study of the 2008 Repeal of the Liner Conference Exemption from European Union Competition Law*, the agency will continue to monitor such changes and the likely effect 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.

## **Program Evaluation**

In general, the FMC will continue to evaluate its programs, both that address industry competition and those designed to protect the public from unlawful, unfair and deceptive practices, to ensure that they focus on the areas of greatest concern as determined by the analysis of required and special reporting requirements, stakeholder outreach discussions, and informal complaints. In addition, the agency will evaluate the extent to which its compliance activities are effectively addressing identified problem areas, and will implement any changes needed to improve compliance targeting.

The FMC will periodically review its initial agreement review process and on-going monitoring programs to determine whether the current reporting requirements continue to provide adequate information in light of changing industry conduct and new types of agreements being filed. In particular, the process for monitoring non-traditional agreements, and ensuring oversight of agreement implementation activities, will be assessed.

Taking into account the discussions with stakeholder industries, the agency will regularly assess which research study topics likely will best address the competitive effects, in the U.S. trades, of changing industry operations and business practices, foreign government regulatory changes, and controlled carrier activity.

The agency will, on an on-going basis, continue to assess the effectiveness of its auditing, investigatory and information gathering procedures with respect to unlawful, unfair and deceptive transportation practices. Particular attention will be given to ways to efficiently and accurately identify, and take appropriate compliance action with respect to, unlicensed ocean transportation intermediaries, including foreign-based intermediaries.

Educational and stakeholder outreach activities will be tracked and periodically evaluated to ensure their effectiveness in reaching targeted audiences on specific topics. Possible alternative activities and approaches will be considered as part of each periodic evaluation. These evaluations will also include the educational material provided via the FMC website.