



Maritime Administration

Strategic Plan for Fiscal Years 2003-2008

September 2003

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Memorandum

Subject:

Date:

From:

Reply to
Attn. of:

To:

My Fellow Employees,

Our Partners in Government and Industry,

and the American People:

The Maritime Administration's 2003-2008 Strategic Plan defines who we are and where we are headed in the near future. Our strategic plan is important because it spells out our mission, our cited achievements, and the specific strategies and actions that we plan to pursue in our quest for results that matter to the American people. We will continue to implement our statutory mandates to ensure the availability of efficient water transportation service to American shippers and consumers; an adequate shipbuilding and repair base; efficient ports; effective intermodal water and land transportation connections; and sufficient intermodal shipping capacity for use by the Department of Defense in times of national emergency.

This plan will help us meet the challenges and changes facing our transportation system, the U.S. maritime industry and the Federal Government. The Maritime Administration intends to focus its efforts through 2008 on the strategic areas of commercial mobility, national security, and environmental stewardship. As you will read in our strategic plan, the Maritime Administration also directly supports achievement of the strategic objectives of the Department of Transportation. One of our greatest challenges is to increase our national transportation options in order to support our Nation's economic growth. Greater use of the maritime transportation system, through elements like short sea shipping, offers the potential to reduce passenger and

freight congestion. In addition, we expect the U.S. military will increase its reliance on commercial transportation systems. These two factors are of such importance that we must plan wisely now to meet these needs. Our plan requires a more effective intermodal transportation system that serves our national need for personal mobility and for the safe and efficient movement of domestic and international freight.

Maritime Administration Strategic Objectives

Commercial Mobility: Promote and facilitate a United States maritime transportation system that improves the safe and efficient movement of goods and people.

National Security: Assure that sufficient sealift capability and intermodal transportation infrastructure exist to support vital homeland and national security interests.

Environment: Promote maritime and intermodal transportation solutions that enhance environmental stewardship.

The Maritime Administration also will seek continual improvement in our service to the U.S. maritime industry and to the public. Our organizational excellence objective is to advance the ability of the Maritime Administration to manage resources in order to accomplish measurable results and achieve the goals of the President's Management Agenda.

Our ability to achieve our mission and goals is dependent on our commitment, our ability to work well with all of our partners, and the skill and talents of our staff. I look forward to working with all of you to make the planned results in this document a reality.

Sincerely,

/signed/

Captain William G. Schubert

Maritime Administrator

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I. INTRODUCTION AND SCOPE

As the world's largest trading nation, the United States exports and imports about one-fourth of all global merchandise trade (\$1.9 trillion in 2001). The largest parts of this merchandise trade – over one billion tons of cargo – are moved by water. Another billion tons of cargo is carried in domestic waterborne movements, which serve over 90 percent of the U.S. population. By the year 2020, U.S. foreign trade in goods may grow by more than half its current tonnage, and inland waterway traffic will increase as well.

Within the United States, changing demographics and trading patterns, and advances in economic growth and consumer demand are straining the transportation infrastructure, intensifying congestion, and increasing transportation-related pollutants. Passenger vehicle travel on public road is expected to grow by 24.7 percent between 2000-2010. Expansion of waterborne services could relieve congestion and improve air quality. Strategic transportation planning at all levels of government, with greater emphasis on freight mobility, will be critical to addressing congestion and environmental issues within the transportation system as a whole.

The Department of Transportation (DOT) has complementary roles in ensuring that the marine transportation system will be able to meet the challenges ahead by assuring the safety and environmental soundness of marine transportation, and in supporting a strong U.S. maritime industry and an integrated marine transportation system nationwide. In the past, policy development and oversight of maritime commerce and industrial activities was shared within DOT among the U.S. Coast Guard (USCG), the Maritime Administration (MARAD), and the St. Lawrence Seaway Development Corporation. With the transfer of the USCG as an entity to the Department of Homeland Security (DHS) on March 1, 2003, MARAD will become the principal advocate within DOT for an integrated waterborne transportation system and Federal programs supporting the marine mode.

MARAD's mission is to strengthen the U.S. maritime transportation system - including infrastructure, industry and labor - to meet the economic and security needs of the Nation. MARAD seeks to promote the development and maintenance of an adequate, well-balanced United States merchant marine, sufficient to carry the Nation's domestic waterborne commerce and a substantial portion of its waterborne foreign commerce, as well as be capable of serving as a naval and military auxiliary in time of war or national emergency. MARAD also seeks to ensure that the United States maintains adequate shipbuilding and repair services, efficient ports, effective intermodal water and land connections, and reserve shipping capacity for use in time of national emergency.

Within this framework, MARAD has developed this strategic plan laying out our course of action and accomplishment for the fiscal years 2003 - 2008 in three strategic areas: commercial mobility, national security, and environment.

Commercial Mobility: Our commercial mobility strategic objective primarily addresses congestion reduction. Currently, the nation's inland waterway, marine and landside infrastructure is operating at or near capacity due to global industry changes. These changes are currently generating additional demand for more marine terminal capacity, more efficient landside access and better intermodal connections to the surface transportation system. Due to constraints on capital, environment and land use, it is uncertain whether sufficient new terminals and infrastructure will be added to meet projected demands on the transportation system. Solutions to prevent congestion of the existing system and to alleviate impediments will require a systemic

approach to moving freight as those who use the network demand more reliable door-to-door freight services. We will explore ways to develop the technology and infrastructure that will improve the use of the marine transportation system to alleviate congestion, e.g. establishment of a domestic short sea shipping system, and also improve waterside-landside connection points. Additionally, MARAD will continue to formulate and present the U.S. position on international maritime issues and actively participate in international activities to assist the U.S. maritime industry in achieving equitable and competitive maritime transportation operations worldwide.

National Security: We recognize that our transportation system must remain a vital link for mobilizing our armed forces for military contingencies and for supporting civilian emergency response. MARAD's national security strategic objective addresses these needs by continuing to support the transportation requirements of the Department of Defense (DOD) and through initiatives to make our ports and container shipping system more secure. In addition, we understand the urgency in securing our port facilities and waterborne commerce from terrorist attack. With funding from the DHS, MARAD has implemented port security grant activities that play a major role in the improvement of U.S. port security. The port security grant program allows ports throughout the U.S. to compete for federal security improvement funding. Projects funded by these grants increase the security of the U.S. port system.

Environment: MARAD expects to focus considerable attention on three critical maritime environment issues: ship disposal, marine air emissions and energy use, and ballast water management. We will lessen the risk of environmental contamination posed by MARAD-owned transportation assets, particularly the obsolete vessels in the National Defense Reserve Fleet. We will dispose of these ships in an environmentally responsible manner and assure that they do not contaminate the environment as they await disposal. At the same time, MARAD will implement President Bush's Executive Orders on environmental stewardship and leadership in environmental management. The Executive Order on environmental stewardship streamlines the environmental review process for development of transportation infrastructure projects. The Executive Order on leadership in environmental management requires the development of an environmental management system (EMS). We will formalize environmental considerations in our operations and in our partnerships with other agencies and private stakeholders to streamline processes that lead to environmentally friendly transportation improvements.

Each strategic objective area in the MARAD strategic plan includes the following sections:

- A statement of our strategic objective.
- Our perspective and outlook for the future. [i.e. a description of the context within which we expect to operate over the years of the strategic plan]
- A definition of our desired outcomes.
- A description of the means and strategies that we will use to achieve our outcomes.
- Identification of the specific key external factors that will heavily influence whether we achieve results, or not.
- A description of the relationship between our strategic objectives and outcomes and those of the Department.

- A description of the relationship between our strategic objectives, our desired outcomes, and the performance measures that we have chosen to demonstrate our success.

MARAD is also committed to the timely implementation of the President's Management Agenda (PMA). The PMA seeks to improve Federal government operations in five areas: human capital management, competitive sourcing for labor, financial management, the conduct of business by electronic means, and the integration of performance into the Federal budget process. Our new Organizational Excellence objective will focus our energies on implementation of the PMA and on continual improvement in our efforts to manage for results.

MARAD will take the steps necessary to strengthen our organizational structure and to ensure that we have continual access to a highly skilled talent pool from which current and future critical staffing needs will be filled. Having identified those critical needs, we will proceed to develop and implement sound strategies for addressing them through the full implementation of the five government-wide initiatives included in the PMA. We will assess our existing organizational structure and determine what approaches or combination of approaches will yield the most efficient and effective organization. Our recruitment strategies will be based upon sound workforce planning and strategic management of our human capital to ensure that the workforce is aligned to meet the critical mission-related needs of the agency. We will also inventory and study our positions to identify any potential opportunities to utilize competitive sourcing as a means of staffing certain agency functions. Improved accountability will occur as we integrate our budget with clearly defined performance measures that will allow us to measure the success of agency programs and activities. The introduction of sound financial management strategies, including the implementation of cost accounting, will further strengthen our ability to associate costs with specific activities and outcomes. Finally, the expanded use of information technology will enhance the agency's performance and make us more readily accessible to our customers.

I. THE MARITIME ADMINISTRATION

Our Mission

Improve and strengthen the U.S. maritime transportation system – including infrastructure, industry and labor – to meet the economic and security needs of the Nation.

II. MAJOR LEGISLATIVE AUTHORITIES

The primary legislative authority governing MARAD's current role in maritime transportation is the **Merchant Marine Act of 1936, as amended**. Section 101 of the Act declares that it is U.S. policy to foster the development and encourage the maintenance of a merchant marine that is (a) sufficient to carry its domestic water-borne commerce and a substantial portion of the water-borne export and import commerce of the United States..., (b) capable of serving as a naval and military auxiliary in time of war or national emergency, (c) owned and operated under the United States flag by citizens of the United States insofar as may be practicable, (d) composed of the best equipped, safest, and most

suitable types of vessels, constructed in the United States and manned with a trained and efficient citizen personnel, and (e) supplemented by efficient facilities for shipbuilding and ship repair.

Our other major existing authorities are as follows:

National Security

Maritime Transportation Security Act of 2002 (P.L. 107-295) - This Act imposed broad security requirements on the maritime industry by requiring comprehensive security plans for U.S. ports and mandated improved identification and screening of seaport personnel. The United States has 95,000 miles of coastline that must be protected and patrolled in addition to hundreds of ports and waterways that need to be secured. The goal of this port security legislation is to deter terrorist attacks against ocean shipping without adversely affecting the flow of U.S. commerce through U.S. ports.

Maritime Security Act of 1996 (P.L. 104-239) - The Maritime Security Act established the Maritime Security Program (MSP) under Title VI of the Merchant Marine Act of 1936. The MSP is intended to ensure that an active U.S. merchant fleet, and the trained personnel needed to operate both active and reserve vessels, will be available to meet U.S. military requirements for sealift capacity during conflict or in humanitarian and peacekeeping missions. The MSP will also ensure America's continued presence in the movement of U.S. import and export commerce.

The Defense Production Act of 1950 (DPA) and related Executive Orders provide authority to plan for defense mobilization and emergency preparedness of merchant shipping, including the establishment of priorities, allocations, and voluntary agreements. Under the DPA, MARAD identifies staging areas and berths in specific strategic defense ports, and ensures that a defense agency may use these facilities in a deployment of military forces. Under the DPA and **Executive Order 12919**, MARAD has entered into a Voluntary Intermodal Sealift Agreement and a Voluntary Tanker Agreement that allow the pooling of essential shipping-related resources for defense purposes. **Executive Order 12656** assigns emergency planning and preparedness function to the Secretary, and MARAD is delegated the authority to develop national emergency plans and preparedness programs for ocean shipping, ports and facilities.

The Merchant Ship Sales Act of 1946 authorizes MARAD to maintain a National Defense Reserve Fleet, of which the Ready Reserve Force is the vital surge component assuring the rapid ability to support military sealift requirements.

Movement of Government-Generated Cargo

The Cargo Preference Act of 1954 requires that at least 50 percent (by weight) of all Government-generated cargoes be shipped on privately owned, U.S.-flag commercial vessels to the extent such vessels are available at fair and reasonable rates. The **Food Security Act of 1985** increased the U.S.-flag requirement from 50 to 75 percent for shipments of certain agricultural foreign assistance cargoes: Titles I, II and III of P.L. 83-

480; Section 416 of the Agricultural Act of 1949; and, the Food for Progress Act of 1985.

Public Resolution 17 enacted in 1934 (73rd Congress) requires that all cargoes generated by agencies which provide loans to promote exports, such as the Export-Import Bank, be shipped on U.S.-flag vessels, unless a waiver is granted.

The Cargo Preference Act of 1904 requires that all items procured for or owned by U.S. military departments and defense agencies be carried exclusively on U.S.-flag vessels available at the same rates as commercial shippers and not otherwise unreasonable.

III.

IV. THE RELATIONSHIP BETWEEN THE DOT AND MARAD STRATEGIC OBJECTIVES

MARAD’s strategic objectives are an outgrowth of those of DOT, and as such, success in achieving MARAD’s strategic objectives and performance goals will have a direct bearing on the achievement of the Department’s objectives, as shown below:

DOT		MARAD
<p>Mobility: Advance accessible, efficient, intermodal transportation for the movement of goods and people.</p> <p>Global Connectivity: Facilitate a more efficient domestic and global transportation system that enables economic growth and development.</p>		<p>Commercial Mobility: Promote and facilitate a United States maritime transportation system that improves the safe and efficient movement of goods and people.</p>
<p>Security: Balance homeland and national security transportation requirements with the mobility needs of the Nation for personal travel and commerce.</p>	↔	<p>National Security: Assure that sufficient sealift capability and intermodal transportation infrastructure exists to support vital homeland and national security interests.</p>
<p>Environmental Stewardship: Promote transportation solutions that enhance communities and protect the national and built environment.</p>	↔	<p>Environment: Promote maritime and intermodal transportation solutions that enhance environmental stewardship.</p>
<p>Organizational Excellence: Advance the Department's ability to manage for results and achieve the goals of the President's Management Agenda.</p>	↔	<p>Organizational Excellence: Advance the ability of the Maritime Administration to manage resources to accomplish measurable results and to achieve the goals of the President's Management Agenda</p>

A specific example of the linkage between our strategic objectives, outcomes, and annual performance goals and targets is shown below:

DOT Security Strategic Objective: Balance homeland and national security transportation requirements with the mobility needs of the Nation for personal travel and commerce.

↑

DOT Outcome: The U.S. transportation system meets homeland and national security requirements.

↑

DOT FY 2004 Annual Performance Goal and Target: Availability of 94% of DOD's required shipping capacity [both commercial and government-owned], complete with crews, within mobilization timelines.

↑

MARAD National Security Strategic Objective: Assure that sufficient sealift capability and intermodal transportation infrastructure exist to support vital homeland and national security interests.

↑

MARAD Outcome: Sufficient surge and sustainment sealift [both commercial and government-owned] and shipyard capacity is available to support DOD deployment requirements.

↑

MARAD FY 2004 Annual Supplementary Performance Goal and Target: Availability of 165,000 [twenty-foot container equivalent units (TEUs)] of ship capacity to meet DOD's intermodal, commercial sealift requirement.

MARAD reports actual performance for Department-level performance targets annually in the Department's Performance and Accountability Report as well as in the annual MARAD budget request. MARAD reports actual performance for supplementary performance targets annually in the MARAD budget request. The actual performance information provides an indication of MARAD's success in achieving not only the specific targets, but progress towards the desired outcomes and strategic objectives of this strategic plan. MARAD will annually review its strategies for achieving the targets by taking into account actual performance, the availability of resources, and the influence of external factors.

V.

VI. COMMERCIAL MOBILITY STRATEGIC OBJECTIVE

Promote and facilitate a United States maritime transportation system that improves the safe and efficient movement of goods and people.

A. Perspective and Outlook:

The United States transportation system is a key element of our Nation's economic growth and the well being of our people. The confluence of geography and the demands of a growing nation heavily influenced the rapid growth of our marine transportation system over many decades. Our great ports became our great cities, and freight throughput grew quickly, aided by easy access to waterfront land and technology advances that expanded capacity and system efficiency. In the years ahead, America will continue to exhibit a strong demand for efficient capacity growth in the marine transportation system. Yet, the ability of the system to increase capacity will be constrained in built up urban areas, limited by federal budgets, will raise concerns over environmental hazards, and require the implementation of fully integrated new security mandates into our commercial activities. The great challenge we face is that of stimulating capacity growth through increased system efficiency, as infrastructure growth will likely be constrained.

The years covered by this strategic plan will carry us to the end of the first decade of the 21st Century. As U.S. trade increases and our population grows, the importance of an efficiently linked intermodal transportation system becomes more urgent. The recent U.S. Chamber of Commerce Report on North American port and intermodal systems cites a conservative estimate of a 67 percent increase in domestic shipments, and a doubling of international trade by the year 2020. This increase will place significant stress on an already overloaded landside transportation system. Marine freight, in particular, is growing at a fast pace because of market globalization brought about by innovations in both logistics and production patterns. One of the great challenges, and opportunities, for the marine transportation system is identifying new and better ways to team with the rail and truck industries to provide a true value-added modal shift (to water) to relieve congestion in the surface modes, add to their overall capacity, and speed delivery of their freight loads. We see this as the essential context for the emergence of new "all water," and land-water, short sea shipping services.

Continued movement of markets and shifts in primary facilities by operators will not only affect transportation patterns, but also shape or influence the available labor pools and introduce significant pressure on local infrastructures. Presently, major congestion occurs in and around marine ports and terminals at specific points and time. This includes loading and discharging cargo as ships arrive and depart terminal areas, which is complicated when freight is moved during peak travel times in and around urban areas. This compounds matters if the movement of cargo coincides with rush hour traffic for passengers in the same urban area. These conflicting priorities for the movement of people vs. freight, as business use vs. personal/private use of facilities, and the movement of goods vs. transit needs, effect both policymaking and the governance of infrastructure.

As an example of the trend toward increasing congestion, the MARAD publication "Intermodal Access to U.S. Ports - Report on Survey Findings" summarized that unacceptable conditions were more often found at the ports handling containerized cargo, particularly those situated in urban areas. The report also indicated that the ports located in key U.S. population centers face more congestion on landside transportation systems, but serve a critical need by directly supplying these areas.

Better use of the U.S. waterway system could help alleviate some congestion. Increased use of the waterway system would add much needed capacity without further expansion of infrastructure. The waterway system includes:

- 25,000 miles of inland and coastal waterways
- Waterways connections to 152,000 miles of rail
- Port connections to 45,000 miles of interstate highways
- Over 3,700 waterfront passenger and cargo terminals
- Extensive regional and local passenger ferry systems
- Waterway links to 460,000 miles of pipelines

The fiscal pressures on all levels of Government to fund the current defined transportation needs

are enormous. Many localities are already stretched beyond their means and unable to direct attention to the maritime arena in a meaningful way. To fully realize a multi-modal transportation system that allows for maximum personal mobility and economic growth, capital investments and management of marine transportation must be optimized. To some extent, this optimization could be assisted by continued Federal efforts to reduce red tape and eliminate excessive control and approval mechanisms. Infrastructure that is at capacity must be improved to assure the free flow of trade upon which the nation depends, without impairing personal mobility.

The U.S. maritime industry is challenged by the need to invest in new technologies, best practices and standards in the United States. Our trading partners have already adopted many of these technologies. Maritime industry has largely accepted trends from other industries. There are signs of change, but much more needs to be done to utilize technology to alleviate systemic congestion while minimizing expensive infrastructure projects.

The free flow of trade also depends on a modern fleet of ships. Recent trends indicate that there will be a need for the construction of environmentally responsible vessels over the coming years. First, due to the Oil Pollution Act, vessels will have to be retired. There will be a need to build replacement U.S.-flag tonnage to respond to market needs. Secondly, the emphasis on short sea shipping may create a need to build vessels to serve this trade. Finally, the increasing use of fast ferries for both passengers and car transportation is anticipated to continue. In order to meet the projected demand for these new vessels, U.S. shipyards will also have to upgrade and modernize their facilities.

Commercial mobility issues also reach beyond our concerns for the national transportation infrastructure and the renewal of our commercial fleet. The U.S. maritime industry continues to contend with barriers imposed by foreign governments that restrict market access. These restrictions impinge on United States maritime companies' access to foreign transportation markets, add to costs, limit revenues, and impede efficient operations of the U.S. maritime industry in international trade. Removal of such barriers would improve the operating efficiency of U.S. shipping companies. United States maritime policy will need to continue to preserve and expand opportunities that the market affords to United States carriers serving international trade.

B. Outcomes:

1. The U.S. maritime transportation system better meets customer needs and expectations.
2. Increased efficient transportation choices.
3. Enhanced marine and surface transportation linkages.
4. Improved safety in the maritime industry.

C. Means and Strategies:

1. Support compliance with mission-related Federal maritime laws, regulations, and standards and preserve U.S. cabotage laws. (supports outcome 1)
2. Support American maritime education institutions and the development of public-private

partnerships to expand maritime education and training. (supports outcome 1)

3. Work closely with state and local governments to implement programs to educate the public to the importance of the maritime transportation system and its impact on the nation's global connectivity, national security, and environment. (supports outcome 1)
4. Manage agency financial assistance programs in an effective and efficient manner to preserve and protect the interests of the government while maximizing flexibility and efficient operations for the private sector. (supports outcome 1 and 2)
5. Provide support for a fleet of commercial cargo vessels to sustain a U.S. presence in international commercial shipping. This will be done through pursuit of several activities desired by the Administrator, such as investigating the potential effects of tax regime changes on the competitive position of U.S.-flag ship operators. (supports outcomes 1 and 2)
6. Increase the identification, adoption, and implementation of technologies for dual commercial/military use. (supports outcomes 1 and 2)
7. Partner with public and private organizations to increase the use of waterborne transportation to relieve landside congestion, improve overall transportation safety and mitigate environmental problems. (supports outcomes 1, 2, and 3)
8. Partner with industry, state, and local governments, and other Federal agencies to assess the potential social, economic, and environmental advantages of increased maritime trade, to improve the existing network for shipping operations, and to identify new business opportunities for U.S. inland, domestic, and international maritime industries. (supports outcomes 1, 2, and 3)
9. Negotiate agreements, understandings, and arrangements to reduce barriers that restrict access to foreign transportation markets, add to costs, limit revenues, and impede efficient operations of the U.S. maritime industry in international trade. Negotiate reciprocal foreign market access treatment for U.S. carriers in worldwide commerce, including landside access to port facilities, the ability to establish connecting truck and rail services, and access to foreign trade cargoes. (supports outcomes 1, 2, and 3)
10. Foster public-private partnerships to improve land and waterside access to ports and marine terminals and transportation infrastructure, to move freight more efficiently in a safe, secure, and environmentally responsible manner. (supports outcomes 1, 2, 3, 4)
11. Partner with industry and other government organizations, both foreign and domestic, to reduce barriers to intermodal transportation through the adoption of safe and environmentally responsible national/international containerized and non-containerized standards. (supports outcomes 1, 2, 3, 4)
12. Provide technical expertise and leadership to assist U.S. efforts to positively influence international agreements that affect the safe, secure, and efficient transport of cargo and passengers. (supports outcomes 1, 2, 3, 4)

13. Transfer surplus Federal property to State or local ports to improve services at those facilities. (supports outcomes 1 and 3)
14. Support efforts to eliminate unnecessary U.S. regulatory standards, to reduce major bridge impediments that restrict full utilization of navigable waterways, and to assure effective solutions to environmental issues, including dredging, which inhibits the throughput of U.S. ports and waterways. (supports outcomes 1, 3, and 4)
15. Support and facilitate development of innovative, safe, secure, and environmentally sound vessel designs, technologies, shipbuilding processes, and consensus standards to improve U.S. maritime efficiency. (supports outcome 4)

D. Key External Factors

The external factors presented below may affect our ability to achieve our commercial mobility outcomes:

Disruptions in the transportation system could seriously impact freight and passenger movements as well as the economy. Ports and the maritime system have come under intense scrutiny in the aftermath of the September 11, 2001 terrorist attacks. Other examples, such as the September 2002 West Coast ports shutdown, demonstrated the disruption of, and impact on, the entire transportation system and the economy. Closure or disruption in any other modal segment would have a similar impact in slowing down freight movement and increasing costs to consumers. In addition, the transportation system continues to be impacted over the long term by congestion, the threat of terrorism, and the unexpectedly high cost of new security measures.

An efficient transportation system is essential for U.S. businesses to be competitive in the global marketplace. As 95 percent of all international seaborne commerce arrives via ships, there needs to be improved coordination and planning in making public-private sector investments to improve both domestic and international intermodal transportation connections. A loss of public support for global trade investments could lead to a decrease in the competitiveness of U.S. businesses in the global marketplace.

Continuing trade deregulation as well as horizontal integration of the global transportation system across all modes of transport will be important in developing and sustaining a transportation system that supports global economic activity. Transportation has become part of the supply chain management by allowing time optimization of shipments. This is done through reliable and flexible mixed modes of integrated transportation.

The development and adoption of IT. The United States has been lagging behind our trading partners in the area of research and development. While the U.S. has been accepting of these new trends, Americans are not currently leaders in transportation research and development.

Developing a transportation system that supports global economic activity. A change in the global regulatory climate towards favoring minimal national trade regulations would reduce barriers to international trade, and develop criterion to facilitate trade, which in turn would lead to an increase in global economic activity.

Commercial Viability of U.S. Maritime Industry is dependent on its ability and willingness to

invest/reinvest in capital improvements. The economic revitalization of the industry could make the shipbuilding infrastructure more competitive, which in turn could increase the inventory of U.S.-built and-flagged vessels.

E. Crosswalk to the DOT Strategic Plan:

MARAD's commercial mobility strategic objective ties to the Department's mobility and global connectivity strategic objectives. The mobility strategic objective seeks to advance accessible, efficient, intermodal transportation for the movement of goods and people. The global connectivity strategic objective is to promote and facilitate a more efficient domestic and global transportation system that enables economic growth and development. In the maritime arena, MARAD will play a key role in helping the Department to achieve a number of DOT outcomes. Of specific relevance to MARAD, the Department seeks reduced congestion, increased transportation system reliability, reduced barriers to trade, more efficient movement of cargo, enhanced international competitiveness for the U.S. transport industry, and harmonized international standards and regulations. The Department plans to pursue 26 specific strategies to achieve these desired outcomes and MARAD will have a role in many of them, particularly as they relate to the maritime transportation system.

F. Crosswalk between MARAD's strategic objectives, outcomes, & annual performance measures:

MARAD's commercial mobility strategic objective is to promote and facilitate a U.S. maritime transportation system that improves the safe and efficient movement of goods and people. The following table presents a crosswalk between our desired outcomes in this area and our candidate annual performance measures. Most of these measures are of an interim nature and indicate where we intend to go and how we plan to demonstrate our future success.

Outcomes	Candidate Performance Measures
The U.S. maritime transportation system better meets customer needs and expectations.	<ol style="list-style-type: none"> 1. Number of short sea shipping demonstration projects initiated. <i>New</i> 2. Number of ship design technologies developed that improve environmental soundness of vessels and their shipboard technologies. <i>New</i> 3. Number of ship design technologies developed that improve or streamline shipbuilding processes. <i>New</i> 4. Number of ship design technologies developed that improve consensus standards. <i>New</i> 5. Level of private sector investment in

	U.S. shipbuilding supported by financial assistance program. <i>New</i> 6. Default rate on Title XI loan guarantees. <i>New</i>
Increased efficient transportation choices.	1. Number of technologies/projects developed to increase maritime transportation efficiency. <i>New</i>
Enhanced marine and surface transportation linkages.	1. Number of technologies/projects developed to improve marine-surface linkages. <i>New</i>
Improved safety in the maritime industry.	1. Number of ship design technologies developed that improve the safety of vessels. <i>New</i>

I. NATIONAL SECURITY STRATEGIC OBJECTIVE

Assure that sufficient sealift capability and intermodal transportation infrastructure exist to support vital homeland and national security interests.

A. Perspective and Outlook:

Waterborne transportation provides a vital link for deploying our armed forces to defend our national interests. An important national security function is prioritizing and allocating civil transportation and infrastructure during wartime. A key element of the U.S. defense strategy is the capability for power projection – the ability to quickly move troops and supporting equipment worldwide and to sustain their presence if necessary.

Global deployments from bases in the continental United States increases the demand for surge transportation resources, compared to relying on overseas garrisons. The transition from routine operations to deploying heavy equipment in support of an overseas ground war requires greater use of sealift and the U.S. commercial maritime sector to meet DOD requirements. Thus, the ability of the United States to respond to major military contingencies in the future will continue to require: adequate U.S.-flagged active and reserve sealift resources, skilled U.S. maritime labor, and the associated infrastructure of America’s maritime industry.

Another critical element is security at commercial facilities. Keeping facilities secure while minimizing commerce flow disruptions is vital to national and international interests. By assisting with the administration of port security grants, funded by the Transportation Security Administration, MARAD will help to mitigate known security vulnerabilities at U.S. seaports. In addition, MARAD must develop standards and curriculum that provide for the effective training and certification of maritime security professionals. Also, to the extent funding is available, MARAD will provide security training to personnel of U.S. and selected foreign ports. MARAD will also work to identify and alleviate any adverse impacts that may result from the implementation of U.S. and international security requirements.

The challenges for maritime education and training have taken on a new focus, which spans several recent trends in the maritime industry not seen before in traditional seafaring. The concepts of intermodalism and national transportation systems continue to expand, and thus require the skills and services of an increasing number of qualified, well-trained professionals. The aging mariner workforce, additional safety and training related mariner qualifications, decline in the number of commercial sea-going billets, and attractive shore-side employment opportunities represent obstacles in adequately meeting demand for both licensed and unlicensed U.S. mariners in the future. Given this situation, establishing a mariner reserve system or service composed of qualified sailors who would be obligated to serve in the event of a national emergency is prudent to assure availability of a qualified mariner pool.

The existing fleet of readily available, government-owned ships need significant modernization or recapitalization within in the next decade. The same is true of the U.S.-flag commercial fleet. If this recapitalization does not occur in a timely manner, there could be a shortage of heavy-lift vessels to deliver smaller floating craft, and tankers needed to move petroleum or potable water for sea-based forces. Programs must be available to facilitate the building or re-flagging of ships under the U.S. flag.

Key to the recapitalization of the fleet is an efficient, effective, and modern American shipbuilding infrastructure and supporting workforce, available and positioned to build and maintain government-owned and commercial vessels designed to meet our national defense and commercial needs. Today, American shipyards are at a severe competitive disadvantage in the international commercial marketplace due, in part, to unfair foreign subsidies and pricing policies. As a consequence, shipyard jobs and skills have been declining steadily and investment in modern infrastructure has been drastically curtailed. In short, our national defense needs are at risk and will require government/private sector partnerships to reverse this condition.

Vigorous global competition is expected to continue to fuel the consolidation of today's international liner carriers into a few, but more cost-efficient mega-carriers. Commercial carriers will become components of integrated worldwide transportation providers whose services link land, sea, and air operations. To help maintain national and economic security, the U.S. must control a portion of the ships carrying U.S.-foreign trade and essential resources. Integrating the commercial and defense transportation systems will conserve Federal resources.

B. Outcomes:

1. Sufficient surge and sustainment sealift (both commercial and government-owned) and shipyard capacity is available to support DOD deployment requirements.
2. Sufficient, well-qualified U.S. maritime labor is available to support DOD deployment requirements while sustaining commerce.
3. Commercial ports are available when needed by DOD for deployments.
4. The security of the U.S. maritime transportation system is strengthened, while minimizing disruption to commerce.

C. Means and Strategies:

1. Maintain and/or enter into sealift agreements with DOD and the industry to enhance the delivery of equipment and intermodal and other transportation services to DOD by utilizing the best commercial practices to meet DOD's needs in a cost-effective manner. (supports outcome 1)
2. Continue the RRF maintenance and repair regime by awarding multi-year performance-based contracts to commercial ship maintenance and repair firms for all RRF vessels and by providing for berthing arrangements for each RRF ship according to its prescribed readiness. (supports outcome 1)
3. Increase the efficiency and security of the fleet sites to speed activations and protect assets. (supports outcome 1)
4. Devise a strategy to address re-capitalization of the Ready Reserve Force to meet future DOD requirements. (supports outcome 1)
5. Coordinate and facilitate efforts to revitalize U.S. shipbuilding and repair capacity, processes and procedures through the application of existing federal program assistance, government/industry partnerships in research and development, and support for other initiatives. (supports outcome 1)
6. Assure compliance with the cargo preference laws to provide an economic base to maintain U.S.-flag commercial vessels and crews are available for national security sealift. (supports outcomes 1 and 2)
7. Create effective plans for the smooth movement of DOD personnel and material from origin to destination by participating in joint mobilization exercises, strengthening cooperative partnerships and ensuring effective emergency planning and coordination with the North Atlantic Treaty Organization (NATO), DOD, the Federal Emergency Management Agency (FEMA), Regional Emergency Transportation Coordinators, commercial transportation providers, and other Federal agencies. (supports outcome 1 and 3)
8. Undertake joint initiatives with DOD, carriers and maritime labor to ensure rapid crewing of Ready Reserve Force (RRF) vessels during emergencies. This includes working with the Ship Operations Cooperative Program members and other industry partners to improve mariner recruitment and retention. (supports outcome 2)
9. Provide leadership in implementing education, safety, and training standards and ensuring the continuing renewal of the maritime industry workforce to meet the nation's economic and national security requirements. (supports outcome 2)
10. Provide leadership in the development and implementation of domestic and international standards and training curricula for maritime transportation professionals. (supports outcome 2)
11. Administer federal port controller contracts, issue port planning orders, and chair the National Port Readiness Network to ensure effective military deployments through U.S. ports. (supports outcomes 3)

12. Trains federal port controllers and conduct military deployment exercises at strategic commercial ports. (supports outcome 3)
13. Develop and support international, federal, state, and local maritime security initiatives that ensure effective flow of commerce. (supports outcome 4)
14. Administer the Title XII war risk insurance program to assure that adequate sealift is available to respond to major military contingencies, when commercial insurance is not available. (supports outcome 4)

D. Key External Factors:

How security issues will impact transportation has become a concern for the maritime industry. The factors listed below are likely to play a part in our ability to achieve our security outcomes.

Our security is dependent on many factors beyond our control. It is difficult for the U.S. to hold foreign countries to the same standards of security that we insist on within our borders. Some security measures may be easily implemented, while other more costly measures may not be adapted. The inability of the global community to resolve regional conflicts could lead to further attacks.

Combating the increased risk of terrorism. Since the incidents on September 11, 2001, improving the security of U.S. ships, shipyards, ports and supporting infrastructure systems has taken on new significance. Protecting 96,000 miles of coastline and waterways will require diligence and advances in technology to assure the safety of our waterborne transportation systems.

Maintaining flexibility and flow of information between Public Authorities and the Private Sector may prove essential in protecting seaports/lanes. Improving the flow of information, sharing of sensitive and propriety information between public and private entities may be increasingly important to meeting future transportation security challenges.

Public tolerance and industry response to security measures is a growing concern. Industry and the public expect reliability in the delivery of goods. Security measures that add on frequent and lengthy delays increasing the cost of transportation without adding to apparent security will not be well tolerated by the public or the transportation industry.

E. Crosswalk to the DOT Strategic Plan:

The Department's security strategic objective is to balance homeland and national security transportation requirements with the mobility needs of the Nation for personal travel and commerce. Specifically, the Department desires that the national transportation system meet both homeland and national security requirements. MARAD has a key role in this area. The Department plans to pursue 14 specific strategies to achieve this outcome. Three strategies are particularly pertinent to MARAD. The first is maintaining DOT responsibility for oversight of national security initiatives affecting the maritime transportation system within the Maritime Administration. The second is to develop, test, and evaluate plans for seaborne movement of personnel and material from origin to destination during military contingencies and disaster response. Third, maintain the resources and capacity to support national defense requirements

and assist in disaster response and recovery efforts.

MARAD plays an important role with other DOT Operating Administrations in working with other agencies to develop and implement improved transportation security initiatives, to provide financial assistance for security improvements and to develop new uses for technology to improve security. All of these activities are designed to maintain a seamless, but secure transportation system for all users of the maritime transportation network.

MARAD’s role is to address the national security requirements for waterborne transportation, particularly sealift from the United States mainland to other parts of the globe. Oceanborne transport is the prime method by which DOD moves material to overseas locations. For this reason, MARAD has a leadership role in developing, testing and evaluating plans for seaborne movement of personnel and material from origin to destination during military contingencies and disaster response. MARAD also has expertise in maintaining the maritime resources and capacity to support national defense requirements. Our success in both of these areas is measured by the Department's annual performance goal for Strategic Mobility.

F. Crosswalk between MARAD's strategic objectives, outcomes, & annual performance measures:

MARAD's national security strategic objective is to successfully maintain the resources and capacity needed each year to support national defense sealift and intermodal transportation requirements. The following table presents a crosswalk between our desired outcomes in this area and the candidate annual performance measures that we plan to use to demonstrate our success.

Outcomes	Candidate Performance Measures
Sufficient surge and sustainment sealift (both commercial and government-owned) and shipyard capacity is available to support DOD mobilization requirements.	<ol style="list-style-type: none"> <li data-bbox="883 1171 1422 1346">1. Percentage of DOD-required shipping capacity [both commercial and government-owned] complete with crews available within mobilization timelines. <i>Existing</i> <li data-bbox="883 1381 1435 1482">2. Percent of Ready Reserve Force (RRF) no-notice activations that meets assigned readiness timelines. <i>Existing</i> <li data-bbox="883 1518 1377 1619">3. Percent of days that RRF ships are mission capable while under DOD control. <i>Existing</i> <li data-bbox="883 1654 1425 1829">4. Ship capacity (in thousands of twenty-foot container equivalent units, or TEUs) available to meet DOD’s requirements for intermodal, commercial sealift capacity. <i>Existing</i> <li data-bbox="883 1864 1279 1894">5. Shipyard capacity (graving

	docks/drydocks, etc.) to meet DOD's requirements for sealift capacity. <i>New</i>
Sufficient, well-qualified U.S. maritime labor is available to support DOD mobilization requirements while sustaining commerce.	<ol style="list-style-type: none"> <li data-bbox="885 304 1437 478">1. Of the mariners needed to crew the combined RRF sealift and commercial fleets during national emergencies, the percent of the total that are available. <i>Existing</i> <li data-bbox="885 510 1437 724">2. Percentage of U.S. Merchant Marine Academy (USMMA) and the State Maritime Academies (SMA) Student Incentive Payment (SIP) program graduates who obtain an afloat position in the U.S. maritime industry. <i>New</i> <li data-bbox="885 751 1437 926">3. Percentage of USMMA and SMA SIP program graduates who are commissioned as an active duty officer in the armed forces of the United States. <i>New</i> <li data-bbox="885 957 1437 1104">4. Percentage of USMMA and SMA SIP program graduates receiving a determination to work ashore in maritime-related employment. <i>New</i> <li data-bbox="885 1136 1437 1310">5. Percentage of USMMA and SMA SIP program graduates who have received a service obligation deferral to attend graduate school in a maritime-related program. <i>New</i> <li data-bbox="885 1341 1437 1556">6. Percentage of USMMA midshipmen who have received a general deferral to complete coursework after the time when they were expected to graduate and SMA SIP cadets who take longer than four years to graduate. <i>New</i> <li data-bbox="885 1587 1437 1696">7. Percentage of USMMA and SMA SIP program graduates who have not achieved appropriate employment. <i>New</i> <li data-bbox="885 1728 1437 1864">8. Percentage of USMMA and SMA SIP program graduates who successfully complete their service obligation according to MARAD policies. <i>New</i>

	<p>9. Percentage of USMMA-admitted plebe candidates who graduate with a Coast Guard license and a commission qualified to serve the nation in the merchant marine and in the armed forces of the United States. <i>New</i></p>
<p>Commercial ports are available when needed by DOD for deployments.</p>	<p>1. Percentage of DOD-designated commercial ports available for military use within DOD established readiness timelines. <i>Existing</i></p>
<p>The security of the U.S. maritime transportation system is strengthened, while minimizing disruption to commerce.</p>	<p>1. Number of security training courses approved by MARAD under the Marine Transportation Security Act (MTSA) of 2002. <i>New</i></p> <p>2. Percentage of preference cargo carried. <i>New</i></p>

I. ENVIRONMENT STRATEGIC OBJECTIVE

Promote maritime and intermodal transportation solutions that enhance environmental stewardship.

A. Perspective and Outlook:

Over the past five years, the impact of maritime transportation on the human and natural environment has become more evident particularly in areas such as aquatic nuisance species and air quality. In the Great Lakes and other important watersheds the introduction of nuisance species has severely degraded native species in the aquatic environment. In port communities, in particular, the adverse contribution of maritime transportation activities to air quality has become more evident. Yet as we move into the 21st Century, landside congestion, the expected growth in the volume of cargo moved through the Nation's transportation system, and the need for energy efficiency will place tremendous pressure on the nation's already stressed transportation system and the environment. As Marine Transportation responds to this projected growth and increasingly serves as a relief valve to congested highway and rail transportation corridors, marine-related environmental impacts will become more profound. Unless these impacts are anticipated and addressed, they could impede the nation's economic growth and quality of life.

At the same time, the government, like the private sector, is challenged with new trends in environmental accountability that involve top to bottom management in the form of integration of environmental management systems (EMS) to provide organizations of all types with a structured approach for managing environmental and regulatory responsibilities to improve overall environmental performance. There is also the increasing attention paid to environmental compliance issues in maritime industry sectors on such issues as storm water runoff from

shipbuilding, ship repair and ship recycling facilities. This trend will continue. These factors will drive MARAD's environmental agenda through 2008.

B. Outcome:

1. Reduced pollution and other adverse environmental effects of transportation and transportation facilities.

C. Means and Strategies:

1. Exercise leadership in working with national and international partners to develop and implement marine transportation related national and international environmental standards and requirements.
 2. Provide leadership within the maritime community to support the President's Hydrogen Fuel initiative through cooperative research on marine applications of hydrogen technologies.
 3. Act as a catalyst in moving ballast water treatment technologies from the laboratory to the ship through a cooperative partnership with other federal agencies and stakeholders to test and evaluate ballast water treatment technologies aboard MARAD vessels and platforms and aboard commercial vessels.
 4. Adopt transportation policies and promote marine related technologies and systems that reduce degradation of environmental quality.
 5. Serve as a catalyst with federal and state agencies and stakeholders to conduct research and identify, demonstrate, and promote energy efficient, alternative fuels, and air pollution reduction technologies for maritime applications.
 6. Work proactively with our transportation partners to implement integrated multi-modal approaches to resolving transportation challenges that harmonize transportation and environmental protection goals and enhance intermodal transportation planning tools through the development and use of multi-modal models that incorporate environmental impact considerations.
 7. Provide leadership in partnering with federal, state, and local government agencies and the private sector to encourage the identification and use of brownfields for port and intermodal development.
 8. Support research on connections among transportation, energy and the environment.
 9. Collaborate with federal, state, and local emergency response organizations to improve prevention and response measures for hazardous materials releases at MARAD facilities.
 10. Improve MARAD-owned facilities for the benefit of host communities by recycling, using recycled products, and preventing pollution.
- MARAD's obsolete vessels pose a significant challenge to the Agency. In this regard, MARAD will:

Reduce the environmental risk associated with its obsolete vessels at fleet sites by: (a) Disposing of high-risk vessels first; (b) Evaluating vessel conditions quarterly, unless circumstances warrant more frequent evaluation; (c) Exploring innovative approaches to oil and oily-water removal and remediation; (d) Testing and improving emergency response procedures and capabilities at the fleets; and (e) Exploring and implementing the most expedient cost effective combination of disposal options consistent with appropriate environmental and worker protections; and (f) Participating actively in international efforts (including those at the IMO, ILO and Basel Convention) to address issues of environmental and worker protection in ship recycling.

- MARAD will also review its procedures, training, and responses related to hazardous materials handling and release response.
- 1. Partner with federal and state environmental regulatory agencies and the private sector to develop guidelines and best management practices to assist maritime industry partners in improving environmental stewardship and compliance.
- 2. Continue to partner with other federal agencies and stakeholders to establish appropriate testing protocols and test and verify ballast water treatment technology to reduce the introduction of aquatic nuisance species.

D. Key External Factors:

MARAD's ability to achieve its environmental outcomes will depend in large part on the continued recognition of marine transportation as an integral part of our nation's transportation system affecting the environment, quality of life, and economic well being of the nation. That recognition is central to the establishment of the public/private partnerships that will be necessary to achieving our goals. Other important factors affecting the outcomes include:

Transportation faces significant challenges to control environmental degradation and energy consumption. Those same challenges affect marine transportation. Addressing those challenges in the maritime sector, however, has taken on new significance. As marine transportation grows in response to increases in global trade and landside congestion, its environmental impacts and benefits are being more fully recognized. Properly assessing those benefits and mitigating environmental impacts will be critical to an integrated national transportation system that considers environmental benefits of multi-modal planning.

Landside congestion and air quality require new approaches to transportation. Short sea shipping and passenger ferry operations are viable options for addressing congestion and the resulting air quality issues along major transportation corridors.

New local, national, and international regulatory requirements and standards will play a pivotal role in marine transportation, particularly as they relate to air emissions and ballast water protection. Regional air quality (non-attainment) and global climate change are demanding cleaner emissions from marine power plants.

Technology transfer and adaptation of advanced air pollution control and alternative fuel technologies to the marine transportation industry will be key factors. Historically, investment in research, development, and deployment of air pollution reduction technologies in the maritime

sector (including port equipment and vessels) has been minimal. As a result, while landside transportation has seen vast improvements in pollution control technologies and processes, marine transportation has advanced slowly. Emphasis must be given to identifying technology transfer and adaptation opportunities along with significant public/private investment to narrow the gap. That effort will require the cooperation of multiple federal agencies and stakeholders.

Moreover, the extent to which energy efficient and clean emission power plants are adopted by the maritime transportation industry will depend upon the demonstrated availability of marine power systems that are economically viable as well as clean.

The role of MARAD is changing with respect to marine transportation. Today there is growing recognition that ports and marine transportation are vital to the national interests. Given the global nature of marine transportation, environmental issues related to marine transportation, such as air emissions and aquatic nuisance species, require national and international attention. Transportation congestion mitigation and air quality require regional and national approaches so as not to create new barriers to smart growth and passenger and goods movement. With the transfer of the Coast Guard to the Department of Homeland Security, the maritime responsibilities of the Department now fall on MARAD. While the focus on decentralized government control over transportation will continue, MARAD, as an integral part of the Department, must act as catalyst for regional transportation thinking and national and international standardization of marine environmental requirements.

The growing emphasis on the integration of environmental management continues to challenge government agencies. The development and implementation of environmental management systems and procedures for streamlining environmental review processes require changes in legislative and regulatory authorities.

The proliferation of aquatic nuisance species poses a particularly difficult challenge for marine transportation because of the global nature of marine transportation. Scientific uncertainty and the lack of standards and protocols against which to test potential ballast water treatment systems continue to make progress on technological solutions difficult. Efforts by the International Maritime Organization and individual states are other factors that will affect the advancement of viable technological solutions.

The international nature of marine transportation makes international standards vital to the continued free flow of goods to and from our nation. Unilateral actions of governments adversely affect this flow by creating market disparities and shifts transportation patterns. Actions of international organizations will be important factors to the achievement of MARAD goals.

The lack of domestic disposal opportunities and international concerns over environmental and worker protections in ship recycling facilities is a dominant factor in MARAD's ability to dispose of obsolete vessels. Existing domestic ship recycling capacity is very limited and what exists must serve both MARAD and Navy needs. Other options, such as artificial reefing and deep sinking of vessels are also limited, in part by the cost of preparing a ship for those activities. Foreign disposal remains a challenge because of concerns over environmental and worker protections in developing countries. Numerous international efforts are underway to address those problems; however, they continue to inhibit MARAD's ability to develop a robust foreign recycling component for the ship disposal program.

E. Crosswalk to the DOT Strategic Plan:

The Department's environment strategic objective is to promote transportation solutions that enhance communities and protect the natural environment. Of specific relevance to MARAD, the Department seeks to achieve an outcome of reduced pollution and other adverse environmental effects attributable to transportation and transportation facilities. The Department will pursue 15 specific strategies to achieve this outcome.

MARAD will play a lead role in the pursuit of the Departmental strategy to improve DOT-owned or controlled facilities for the benefit of host communities primarily by preventing pollution at its National Defense Reserve Fleet sites and by disposing of obsolete vessels in an environmentally responsible manner.

MARAD maintains a large, government-owned reserve fleet at three sites. These fleet sites currently hold over 130 obsolete ships that are awaiting proper disposal. MARAD seeks to keep these obsolete ships safe and the environment around them clean while they wait for disposal. MARAD has an ongoing ship disposal program pursuing cost-effective ship disposal through several means that presently include domestic scrapping and the creation of artificial reefs. In the near future, MARAD hopes to also expand the scrapping program to include environmentally responsible scrap yards overseas.

F. Crosswalk between MARAD's strategic objectives, outcomes, & annual performance measures:

MARAD's environment strategic objective is to promote maritime and intermodal transportation solutions that enhance environmental stewardship. The following table presents a crosswalk between our outcome in this area and the annual performance measure that we will use to demonstrate our success.

Outcome	Performance Measure
Reduced pollution and other adverse environmental effects of transportation and transportation facilities.	1. Number of obsolete vessels removed from the National Defense Reserve Fleet (NDRF) sites for subsequent disposal. <i>Existing</i>

I. ORGANIZATIONAL EXCELLENCE OBJECTIVE

Advance the ability of the Maritime Administration to manage resources to accomplish measurable results and to achieve the goals of the President's Management Agenda.

A. Perspective and Outlook:

The Maritime Administration recognizes the need to adopt a culture of continuous improvement if we are to be successful in managing for results and meeting the future marine transportation needs of the nation. As stated by the Department of Transportation, full implementation of the President's Management Agenda (PMA) will be our central strategy for achieving necessary

improvements. The current and future status of our workforce demands that we seize the opportunity now to begin to strengthen our existing organizational structure in order to achieve our present strategic objectives, while concurrently positioning ourselves to effectively meet our longer-term objectives over the next 5-10 years.

One key issue confronting the agency, of major significance, is our ability to ensure continued organizational excellence with an aging senior level workforce. Currently, approximately 53 percent of our SES workforce have already reached age eligibility for retirement, and that number will increase to over 90 percent within the next 5 years. Likewise, approximately 35 percent of our GS-13 through GS-15 workforce are currently age eligible and that number increases to as much as 60 percent within a 5 year period. Clearly, the impending likelihood for significant loss of experience and talent reflects the need to move decisively to achieve the goals under the PMA. Strategic management of our human capital and sound workforce planning will allow MARAD to seize an opportunity to recruit personnel with broad knowledge of, and links to, the entire transportation industry. Budget and performance integration coupled with sound financial management will facilitate the linkage between resources and results, thereby improving performance and accountability. By leveraging the expanded usage of information technology under the e-government goal, we can potentially ease the burden resulting from reduced staffing, as well as, improving customer service delivery. Finally, pursuing competitive sourcing goals can also potentially mitigate the impact of significant talent loss, while achieving organizational and economic efficiencies vital to the effective management of agency resources.

B. Outcomes:

1. Achieved strategic management of human capital.
2. Achieved competitive sourcing goals.
3. Achieved financial performance goals.
4. Achieved budget and performance integration goals.
5. Achieved e-government goals.

C. Means and Strategies:

1. The human resource office will consult with managers to develop an explicit workforce planning strategy that identifies current and future human capital needs including the size of the workforce, deployment across the organization, and the knowledge, skills, and abilities needed for MARAD to achieve its shared vision. (supports outcome 1)
2. Integrate MARAD's human capital strategies with the other President's Management Agenda initiatives, particularly e-government and competitive sourcing strategies. (supports outcome 1)
3. Sustain a learning environment that drives continuous improvements in performance through knowledge management, performance feedback, training, coaching and mentoring. (supports outcome 1)

4. Complete or initiate public/private competitions of MARAD's commercial activity full time equivalents (FTEs) by conducting an annual inventory of Federal Activities Inventory Reform (FAIR) Act positions and developing and implementing a long-term competitive sourcing plan. (supports outcome 2)
5. Develop a real property management program that is both mission effective and economically well justified. (supports outcome 3)
6. Migrate MARAD's accounting records to an enhanced accounting system or structure that will provide accurate and timely output, and produce meaningful financial reports developed in collaboration with MARAD program managers. (supports outcome 3)
7. Develop a cost accounting system. (supports outcome 3)
8. Utilize e-government initiatives to improve financial management. (supports outcome 3)
9. Improve collaboration between all offices involved in creating the budget by aligning and harmonizing all MARAD program management, planning, budgeting and financial management efforts that lead to creation of the MARAD budget request. (supports outcome 4)
10. Link general outcome goals and performance goal output targets by making relationships between organizations, programs and performance outcomes explicit and transparent. (supports outcome 4)
11. Align budget costs to goals by harmonizing budget accounts not only with organizations that receive budgetary resources [and transform these resources into program outputs], but also to the agency's strategic and performance goals. (supports outcome 4)
12. Determine the full budgetary cost for all MARAD objectives and goals by creating a consistent, accurate methodology to calculate the true cost [not merely the direct cost] of program outputs. (supports outcome 4)
13. Document program effectiveness by validating that the MARAD performance measurement system accurately captures program performance. (supports outcome 4)
14. Build and maintain an interoperable IT infrastructure to assist and strengthen the U.S. maritime transportation system. (supports outcome 5)
15. Enhance automated service delivery to citizens, businesses, industry, personnel, and other government entities. (supports outcome 5)
16. Achieve maritime information dominance through the use of technology to enhance mission effectiveness and improve productivity. (supports outcome 5)

D. Crosswalk to the DOT Strategic Plan:

The Department has a keen interest in implementing the PMA and MARAD will play a significant support role, along with the other Operating Administrations, in helping the Department to achieve the five desired outcomes in this area. The Department intends to pursue

nine specific strategies to achieve these outcomes.

E. Crosswalk between MARAD's objective, our desired outcomes & annual performance measures:

MARAD's organizational excellence objective is to manage for results and implement the PMA. The following table presents a crosswalk between our desired outcomes in this area and the candidate annual performance measures that we plan to use to demonstrate our success.

Outcomes	Candidate Performance Measures
Achieved strategic management of human capital.	<ol style="list-style-type: none"> 1. Percentage of total human resource action items achieved. <i>New</i> 2. Percentage increase of all hires, including minorities, across all grade levels that are specifically linked to the targeted critical occupations included in MARAD's strategic recruitment plan. <i>New</i> 3. Percentage of employees, including senior executives, who participate annually in specific types of learning and development opportunities. <i>New</i> 4. Percentage of employees having access to and responding to HR surveys. <i>New</i>
Achieved competitive sourcing goals.	<ol style="list-style-type: none"> 1. Percent of MARAD's commercial activity FTEs competed. <i>New</i> 2. Percentage of total competitive sourcing action items achieved. <i>New</i>
Achieved financial performance goals.	<ol style="list-style-type: none"> 1. Percentage of total financial performance action items achieved. <i>New</i> 2. Percent reduction in accounting system corrective entries. <i>New</i>
Achieved budget and performance integration goals.	<ol style="list-style-type: none"> 1. Percentage of total budget-performance action items achieved. <i>New</i>
Achieved e-government goals.	<ol style="list-style-type: none"> 1. Percentage of total e-government action items achieved. <i>New</i> 2. Percentage of employees receiving upgraded IT equipment, software, and

	<p>training. <i>New</i></p> <p>3. Number of agency-wide IT investment policies, procedures, and standards developed and implemented. <i>New</i></p> <p>4. Percentage of all IT business cases supporting Enterprise Architecture (EA) initiatives. <i>New</i></p>
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I. CROSSCUTTING ACTIVITIES WITH OTHER FEDERAL AGENCIES

MARAD has recurrent contact with other Federal agencies in program areas of mutual interest. These interactions range from the sharing of information and data to program coordination. Federal agencies with whom we have regular contact were consulted on our goals and targets, and it was determined that no overlaps or inconsistencies were identified in the comments that we received. Nonetheless, we will continue to coordinate with other agencies to prevent conflicting goals, eliminate any overlapping activities, and find new opportunities to increase program efficiency and effectiveness.

The following summarizes significant MARAD interactions with other Federal agencies on major crosscutting functions:

Commercial Mobility

MARAD is working with the Department of Defense and the commercial sector to develop technologies and intermodal systems that will improve the efficiency and performance of the existing U.S. transportation system. Two of the major tasks are to: (1) investigate technologies and infrastructure opportunities which will improve inland freight transfer and lead to an efficient connection between ports and land transportation systems to serve both commercial and military logistics requirements, and (2) establish goals and carry out demonstration projects that integrate both the military and the commercial requirements for strategic port planning and design to create terminal facilities based on a "dual use" concept.

MARAD is also actively working with the U.S. Coast Guard, and the U.S. Army Corps of Engineers [COE]) to streamline the dredging process to reduce constraints to water and landside access. These efforts will enable metropolitan planning organizations to coordinate needed improvements and funding priorities. MARAD is also working jointly with the Saint Lawrence Seaway Development Corporation, as DOT representatives on a COE assessment of the commercial marine navigation infrastructure along the Great Lakes St. Lawrence Seaway. Transport Canada is also participating in this bi-national project.

In its international commerce activities, MARAD frequently works with other federal agencies charged with foreign trade and policy responsibilities, such as the Department of

State and the U.S. Trade Representative (USTR). MARAD personnel contribute their expertise by serving on U.S. delegations seeking to negotiate multilateral agreements through the World Trade Organization. During the Uruguay Round trade talks, MARAD provided expertise to develop the U.S. positions in maritime transportation. This was done in conjunction with other U.S. agencies, such as USTR, and the State, Commerce, and Treasury Departments. MARAD works closely with other government agencies (Agriculture, Export-Import Bank, USAID and DOD) to assist in implementing U.S. laws governing the ocean carriage of government cargoes in the foreign trade.

A parallel working relationship exists between MARAD and the Federal Maritime Commission (FMC), which is an independent regulatory agency. One of the goals of the FMC is to resolve U.S. shipping industry problems abroad. Using its expanded trade authority, the FMC has been able to act effectively in opening markets on behalf of U.S. shipper and carrier interests.

MARAD also works with the Ship Operations Cooperative Program (SOCP), with added support from Departments of Labor and Education, to establish a mariner recruitment program to address the issue of increasing the number of individuals interested in a maritime career.

In addition, MARAD works with the Cargo Handling Cooperative Program (CHCP), along with the Defense Advanced Research Programs Agency (DARPA) and industry members, to actively pursue industry-driven enhancements to cargo handling that increase productivity and improve customer service.

National Security

The SOCP is a maritime cooperative comprised of industry, labor, and government. Government members include the U.S. Coast Guard, National Oceanic and Atmospheric Administration, Naval Sea System Command, Military Sealift Command (MSC), and the U.S. Merchant Marine Academy. The SOCP helps support sealift ship readiness in times of national emergencies by addressing a variety of ship operations issues. Most recently, the SOCP has promoted shipboard security awareness for commercial-type vessels.

Under a 1984 Memorandum of Understanding (MOU) on Port Readiness, MARAD, Military Traffic Management Command, the U.S. Army Corps of Engineers, the U.S. Coast Guard, the Military Sealift Command, the U.S. Army Forces Command, USTRANSCOM, and the U.S. Northern Command, agreed to jointly support efficient movement of military forces and supplies through U.S. ports. The MOU established a National Port Readiness steering group and a working group; both chaired by MARAD. The steering group provides policy direction and sets broad priorities for accomplishing the objectives set forth in the MOU which the working group then implements.

Environment

MARAD's ship disposal program is similar to that of the U.S. Navy in that both programs pay for scrapping services, both programs offer economies associated with repeat business, and both programs were designed to reduce an increasing quantity of obsolete vessels. However, these are two parallel programs that do not overlap, and do not share

program management responsibilities. MARAD's program addresses disposal of noncombatant/merchant-type vessels. The Navy's scraps combatant vessels and their weapons systems it is a much more complicated elimination process.

MARAD is working with the SOCP to establish and implement a National Ballast Water Technology Testing Program. This program would test and evaluate technologies to determine their effectiveness in filtering out potential invasive species. Currently this effort is being lead by the federal agencies participating in SOCP. They are providing coordination and funding in cooperation with ship owners, technology providers, and State and local governments.

II.

III. FUTURE PLANNED PROGRAM EVALUATIONS

<u>Program Name</u>	<u>Planned Completion Year</u>	<u>Evaluation Type</u>
Ship Disposal	2004	Combination