Contents

Introduction V

Chapter 1—National Security

Maritime Security Program (MSP) 1
Voluntary Intermodal Sealift Agreement (VISA) 3
MSP/VISA Linkages 3
National Defense Reserve Fleet (NDRF) 4
Ready Reserve Force (RRF) 4
25th Anniversary of Ready Reserve Force 5
Implementation of New Ship Manager Contracts 5
A Systematic Ship Maintenance Program 5
Turbo Activations Show Readiness 7
Special Missions for RRF Vessels 8
Offshore Petroleum Discharge System 8
Modular Cargo Delivery System (MCDS) 8
Aviation Logistic Support Ship (T-AVB) 8
Lighter Aboard Ship (LASH) 9
State Maritime Academy Schoolship Maintenance and Repair (M&R) Program 9
RRF Operations 9
Breakout 2001 10
Logistics Support 10
RRF Claims Settlement 10
Ship Disposal Program for Disposition of Obsolete Vessels 10
War Risk Insurance 11
Title XI and Other Insurance Compliance 11
Emergency Operations 11

Chapter 2—Shipbuilding and Ship Conversion

Title XI Guarantees 13
MARITECH 13
MARAD MARITECH Projects 13
National Shipbuilding Research Program Advanced Shipbuilding Enterprise (NSRP-ASE) 14
National Maritime Resource and Education Center (NMREC) 14
Technology Center 14
Capital Construction Fund 14
Construction Reserve Fund 15
Shipyard Activity 15
Shipyard Improvements 15
Public, Private, and Intergovernmental Partnerships for Marine-Related Activities 16

Chapter 3—Port, Intermodal, and Environmental Activities

Ports 23
Port Facility Conveyance Program 23
CCDoTT 23
Public Port Financing 23
Port Capital Expenditures 23
Deep-draft 23
Risk Management 24
Port Readiness 24
Port and Cargo Security 24
Technical Assistance to Foreign Ports 24
Training 25
National Port Security Strategy Development 25
Inter-American Committee on Ports (CIP) 25
Marine Intermodal Freight Transportation/Intermodal Systems . .25
Departmental Intermodal Initiatives 26
Environmental Activities 27
Industry Support 27
Environmental Standards 28
Environmental Compliance and Compliance Management .28
Dredging and Dredged Material Management 29

Chapter 4—Domestic Operations

Marine Transportation System Initiative 31
An Assessment of the U.S. Marine Transportation System . .31
Implementation of MTS Recommendation 31
Domestic Shipping 32
Significant Activities 32
Technical Assistance 32
Rural Transportation Initiative 33
Jones Act 33
Assistance for Shippers 33
Small Passenger Vessel Waiver Authority 33
Industry Trends and Profile 33
Inland Waterways 33
Upper Mississippi River/Illinois Waterway Navigation Study .34
Ferry Services 34
Missouri River Master Control Revision 34
Deep-Sea Trades 34
Offshore Oil Support 34
Great Lakes
Domestic Carriers 34
Current Developments 35
Ballast Water Issue and Legislation 35
Maritime Promotion and Outreach 35

Chapter 5—Ship Operations

U.S.-Flag Fleet Profile 37
Operating-Differential Subsidy 37
Subsidy Rates 37
Section 804 Activities 37
Foreign Transfers 38
Ship Operations Cooperative Program (SOCP) 38

Chapter 6—Cargo Preference

Preference Cargo 47
Cargo Preference Act of 1954 47
Cargo Preference Act of 1904 47
The Maritime Security Act of 1996 47
Public Resolution 17 of the 73rd Congress 47
P.L. 105-383 47
Civilian Agencies 47
Israeli Cash Transfer (GOI) 47
Export-Import Bank (EXIMBANK) 47
Strategic Petroleum Reserve Military Cargoes 48
Military Cargoes 48
Defense Security Cooperation Agency 48
Agricultural Cargoes 49
Title I 49
Title II 49
Title III 49
Section 416(b) 49
Food for Progress 49
Ocean Freight Differential (OFD) 49
Minimum Tonnage 50
Fair and Reasonable Rates 50

Chapter 7—Maritime Labor, Training, and Safety

Training 55
U.S. Merchant Marine Academy 55
State Academies 55
Supplemental Training 56
Garrett A. Morgan Technology and Transportation Futures Program 56
Merchant Marine Awards 56
Labor 56
Seafaring Labor 56
Annual Crewing Assessment of U.S. Merchant Mariners . . 56
Longshore 57
Safety 57

Chapter 8—International Activities

Secretary Signs New Maritime Pact with Russia 59
NATO Planning Board for Ocean Shipping (PBOS) Participation 59
Opening Ports in Japan Still a Concern 59
Contacts with China 59
Organization for Economic Cooperation and Development (OECD) 59
Maritime Services in the World Trade Organization (WTO) and Free Trade Negotiations 60

Chapter 9—Administration

Strategic and Performance Planning 61
Maritime Subsidy Board 61
Customer Satisfaction Program 61
Legal Services and Agency Decisions 62
Rulemaking 62
Freedom of Information Act (FOIA) 62
International 62
Ship Scrapping 62
Maritime Assistance 62
Ship Financing 63
Legislation 63
Litigation 64
Information Resources Management 64
Safety Program 65
Human Capital 65
Installations and Logistics: Real Property 65
Budget 65
Accounting 66
Acquisition 66
Audits 66
Office of the Inspector General 66
General Accounting Office 67

Financial Statements:

Exhibit 1: Statement of Financial Condition September 30, 2000 and September 30, 2001
Assets 68
Liabilities 69
Exhibit 2: Statement of Operations September 30, 2000 and September 30, 2001 70
Notes to Financial Statements September 30, 2000 and September 30, 2001 71

Appendices

I: Maritime Subsidy Outlays--1937-2001 73
II: Combined Financial Statement of Companies with ODS 75
III: Reports Released or Updated in FY 2001 77

Figures

1. Maritime Security Program Participants as of Sept. 30, 2001 1
2. MSP Operators and Vessels as of Sept. 30, 2001 2
3. VISA Participants as of Sept. 30, 2001 3
4. National Defense Reserve Fleet 1945-2001 4
5. National Defense Reserve Fleet-Sept. 30, 2001 4
6. RRF Ship Managers 6
7. Marine and War Risk Insurance Approved in FY 2001 11
8. T-Ships on Order or Under Construction as of Sept. 30, 2001 .15
9. Federal Ship Financing Guarantee (Title XI) Program Summary Principal Liability (Statutory Limit $11.15 Billion) Sept. 30, 2001 15
10. Worldwide Ship Deliveries - Calendar Year 2001 17
11. Capital Construction Fund Holders-Sept. 30, 2001 18
12. Construction Reserve Fund Holders-Sept. 30, 2001 19
13. Commercial Shipbuilding Orderbook (1,000 GT and Over) - Sept. 30, 2001 20
14. Commercial Shipbuilding Orderbook History (As of Dec. 31) Ships of 1,000 GT and Over 21
15. Capital Investments-U.S. Shipbuilding and Repair Industry 22
16. U.S. Port Capital Expenditures for 2000 (Thousands of Dollars) 24
17. U.S. Port Capital Expenditures Projected for 2001-2005 (Thousands of Dollars) 24
18: Cargo-Carrying U.S.-Flag Fleet by Area of Operation-July-December 2000 39
19. U.S.-Flag Fleet of Passenger Vessels, Tugs/Towboats, and Other Work Boats as of January 1, 2001 40
20. Major Merchant Fleets of the World October 1, 2001 41
21. U.S. Waterborne Commerce-2000 Data 42
22. ODS Accruals and Outlays January 1, 1937 to September 30, 2001 43
23. ODS Accruals and Outlays by Shipping Lines January 1, 1937 to September 30, 2001 44
24. Foreign Transfers and Other Section 9 Approvals FY 2001 45
25. Government-Sponsored Cargoes-2001 51
26. Performance Plan Summary 61

Maritime Administration Organizational Chart 78

Maritime Administration Field Organizational Chart 79

MARAD Report Acronyms 81

National Maritime Day White House Message (May 2001) 85