



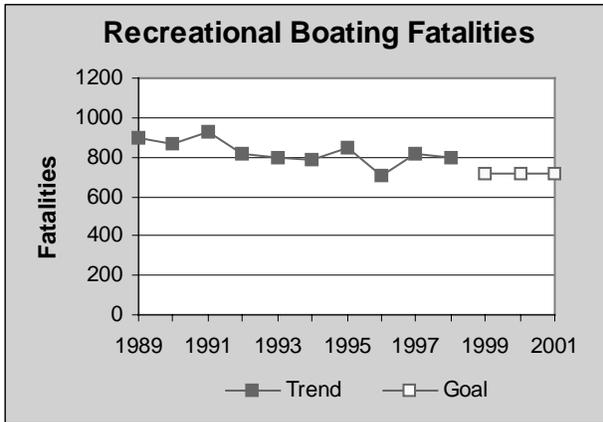
MAJOR PROGRAM PERFORMANCE

MARITIME

In the program performance area of maritime transportation, improvements of military readiness in working with the Department’s counterparts from Department of Defense were significant. Additionally, recreational boating fatalities decreased.

SAFETY

RECREATIONAL BOATING FACILITIES



Performance Measure: Number of recreational boating fatalities.
2001 Goal: 720
2000 Goal: 720
1999 Goal: 720
1998 Performance: 793

A growing U.S. population and a growing U.S. economy leads to growth in the number of recreational boats. Success of DOT’s efforts is, in part, dependent on the effectiveness of many individual State-run education and

enforcement programs. Also, boater behavior is often difficult to influence – for example, boaters tend to decline to wear life jackets, ignoring the risks associated with the nature of their boating activity.

There were 793 fatalities in 1998, above the Coast Guard target of 720, but a decrease from 821 fatalities in 1997. Over half of all fatalities were the result of capsizing or falls overboard – 80 percent of these victims drowned, and 80 percent of all drowning victims were not wearing personal flotation devices (PFDs).

Further evidence of PFD effectiveness in reducing fatalities comes from analysis of personal watercraft accidents. Personal Water Craft (PWC) are small sport craft commonly referred to as jet skis. Although PWC are involved in as many accidents as open motorboats – 4,099 and 4,025 respectively in 1996 – more than six times as many fatalities occur in open motorboats. Accident data suggests the greater use of PFDs by PWC operators and passengers results in the significantly lower number of fatalities.

The vast majority of fatalities are the result of accidents involving operator controllable factors; the remaining involve environmental factors. The Department’s educational outreach

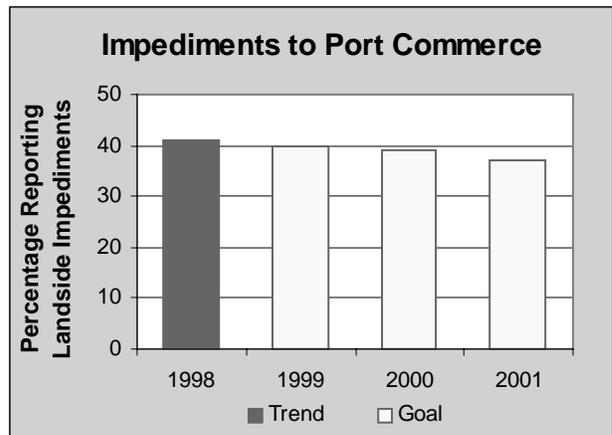
efforts, boating safety classes and safety enforcement seek to reduce operator-controllable factors, and also make boaters more aware of dangers they cannot control, but can avoid. The Coast Guard conducted a year-round safe boating campaign with the theme "Boat Smart from the Start. Wear Your Life Jacket." Multiple outreach initiatives to organizations, associations, industry and the public were also conducted throughout the year.

The Coast Guard Auxiliary was a vital part of boating safety efforts in 1998. This volunteer force conducted more than 141,000 Courtesy Marine Examinations of recreational craft, and provided instruction to 211,000 people who took recreational boating safety classes.

The Coast Guard also administered \$55 million in grants through the State Boating Safety Grant Program that helped State governments educate boaters and enforce safety requirements. All States have operating-under-the-influence laws pertaining to alcohol use and recreating boating. Nearly all States have specific requirements pertaining to Personal Water Craft operation. Five States have some form of boat operation licensing and 22 States mandate boating safety education.

MOBILITY

IMPEDIMENTS TO PORT



COMMERCE

Performance Measure: Percentage of ports reporting landslide impediments to the flow of commerce.

2001 Goal: 37

2000 Goal: 39

1999 Goal: 40

1998 Performance: 41

Ports play an essential role in the U.S. economy; over two billion tons of goods produced or consumed in the United States move through the nation's ports.

Today, many U.S. ports are not able to handle the large, modern cargo ships, "megaships," that may become the norm in the world fleet in the 21st century. Increased bottlenecks will potentially degrade the efficient movement of goods through ports.

During FY 1998, a weighted average 41 percent of the top U.S. ports, including the top 50 U.S. – the top 25 container

ports and the 14 strategic ports, with some ports in more than one category – reported landside access impediments to the flow of commerce through ports and terminals.

The most reported landside access impediments were:

- Traffic impediments on local truck routes – 59 percent of respondents reported this as a problem
- Limited availability and location of turning lanes and multiple access routes – 50 percent of respondents
- Bridge impediments pertaining to highway access and load bearing capacity – 41 percent of respondents
- Lack of near-dock rail terminals that would ease transfer of containers from rail to vessel – 38 percent of respondents

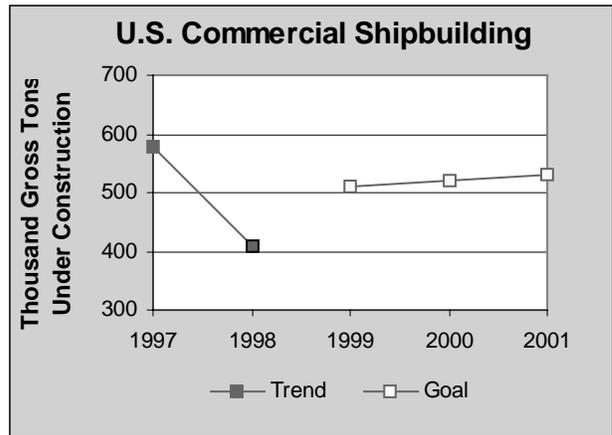
In 1998, MARAD joined FHWA in evaluating the NHS connections to terminals and their related investments. The scope of this effort was developed to meet the requirements in TEA-21, Section 1106(d) that directs FHWA to conduct a freight connectors study.

During 1998, MARAD also promoted public-private partnerships with the American Association of Port Authorities (AAPA); the Intermodal Association of North America (IANA); the American Waterways Organization (AWO); the American Association of State Highway and Transportation Officials (AASHTO); USCG; FHWA; and other organizations to determine how to improve landside and waterside access to ports and marine terminals.

MARAD is continuing to foster public-private partnerships to provide a more comprehensive database of impediments to be corrected; improve cargo handling, maritime systems and intermodal standards; and implement the National Dredging Policy in order to better maintain and improve ports and harbors and eliminate a key impediment to the flow of commerce through ports and terminals.

ECONOMIC GROWTH & TRADE

COMMERCIAL SHIPBUILDING



Performance Measure: Gross tonnage, in thousands, of commercial vessels under construction in U.S. shipyards.
2001 Goal: 530
2000 Goal: 520
1999 Goal: 510
1998 Performance: 407

Like other industries that depend upon defense contracting, major U.S. shipyards need to transition to

commercial production while maintaining a U.S. shipbuilding capability sufficient for national and economic security. Major barriers have impeded the U.S. shipbuilding industry from competing in the international market, including substantial shipbuilding subsidies by foreign governments and greater economies of scale and efficiencies in foreign shipyards derived through series production of standardized vessels. U.S. government action is necessary to help the U.S. shipbuilding industry compete in the international market.

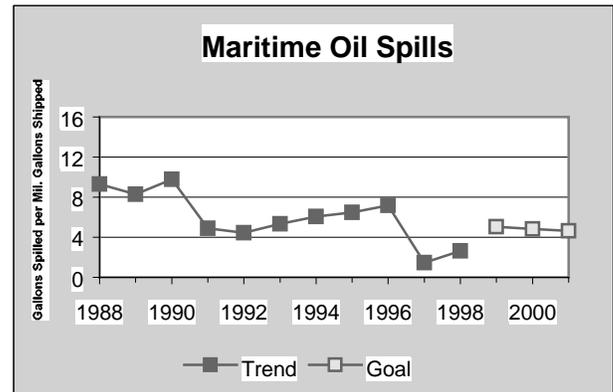
At the end of 1998, the U.S. commercial shipbuilding orderbook stood at 407,312 gross tons (GT), or approximately 93,000 GT short of the target of 500,000 GT. Overall, there was a net drop in the orderbook of 171,332 GT during the course of the year. During 1998, 115,899 GT in new orders were placed, including one crude tanker, 10 offshore supply vessels, four liftboats, one Roll-on/Roll-off ship and other smaller vessels. In contrast, 287,231 GT were delivered from U.S. shipyards, including five commercial oceangoing ships, one oceangoing ferry, two non-oceangoing ferries and other smaller vessels.

During 1998, MARAD continued to implement the National Shipbuilding Initiative, emphasizing timely and effective management of the Maritime Guaranteed Loan, Title XI, program to enable U.S. shipyards to increase productivity, reduce costs and stimulate the construction of vessels in U.S. shipyards. MARAD approved 12 Title XI applications totaling \$734 million in loan guarantees, including the refinancing of an existing Title XI transaction.

As a member of the International Organization for Standardization and the American Society for Testing and Materials, MARAD also participated in the development of more than seven commercial shipbuilding standards and marine-related national standards involving mechanical aspects of shipboard installations. Uniform standards worldwide help to improve the competitiveness of U.S. shipbuilding.

HUMAN & NATURAL ENVIRONMENT

MARITIME OIL SPILLS



Performance Measure: Number of gallons spilled per million gallons shipped, by maritime sources.

2001 Goal: 4.62

2000 Goal: 4.83

1999 Goal: 5.04

1998 Performance: 2.63

A large share of the U.S. economy is fueled by oil. Over half of the oil that is used in the U.S. today is imported, and most of the imported oil is carried aboard tankships. While the design of these ships has improved substantially

over the past few decades, accidents like the *Exxon Valdez* oil spill in Alaska illustrate the enormous magnitude of the environmental effects and potential economic effects when there is an accident.

The oil spill rate has been variable over the long term, rising in 1993-1996 but dropping significantly in 1997 and 1998. The number of major and medium – 10,000 to 100,000 gallon – oil spills has decreased significantly since 1990. Historically, major and medium oil spills are few in number, but account for 97 percent of the total volume of oil spilled in any given year.

DOT partnerships with American Waterways Operators (barges), the International Association of Independent Tanker Owners (INTER-TANKO) and the Baltic and International Maritime Council (BIMCO) to reduce tank and barge spills. These partnerships focused on the benefits of accident prevention and sought to reduce the role of human error in accidents.

As a result of reducing tank and barge spills, the overall average number of oil spills over 10,000 gallons has dropped by about 50 percent from pre-1991 levels. The rate has been reduced from an annual average of 10 gallons spilled per million shipped for the years 1987 to 1990 to five gallons spilled per million shipped during the years 1991 to 1997 which also results in a 50 percent decrease.

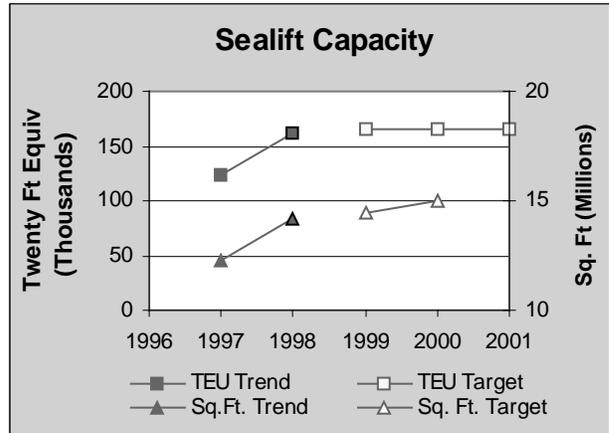
During 1998, the Coast Guard engaged in several initiatives aimed at eliminating the discharge of oil into the water. The Coast Guard implemented the International Safety Management Code

that established a safety-based management code for all vessels and set a zero tolerance policy toward non-compliance with the code for vessels calling on U.S. ports.

The Coast Guard also developed a national Streamline Inspection Program that allowed vessel operators and owners to perform many tests currently done by inspectors in an effort to raise safety awareness through industry participation.

NATIONAL SECURITY

SEALIFT CAPACITY



Performance Measure: Number of ship capacity in twenty-foot container equivalent units, or TEUs, available to meet the Department of Defense requirements for intermodal sealift capacity.

2001 Goal: 165,000
2000 Goal: 165,000
1999 Goal: 165,000
1998 Performance: 161,258

Performance Measure: Number of ship capacity in million square feet available to meet the Department of Defense requirements for intermodal sealift capacity.

2001 Goal: measure discontinued after 2000

2000 Goal: 15

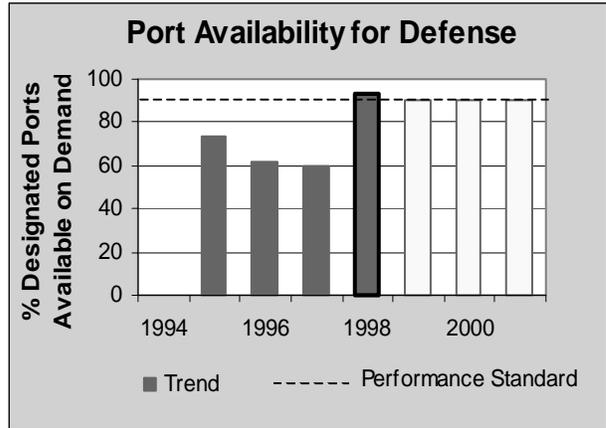
1999 Goal: 14.5

1998 Performance: 14.2

The sealift capacity enrolled under the Voluntary Intermodal Sealift Agreement increased by 37,106 twenty-foot equivalents in 1998. Of the total militarily useful VISA capacity, 114,597 TEUs of capacity were from the Maritime Security Program (MSP) and the remaining 46,661 TEUs were non-MSP capacity enrolled in VISA.

One of the strategies intended by MSP was to create additional flexibility to maintain ships under U.S. flag, with U.S. crews, for use during national emergencies, while recognizing that U.S. operators must be able to compete in a global trade environment. These reflaggings are an example of the stimulus to become more efficient that the MSP contemplated.

DOD-DESIGNATED PORT FACILITIES



Performance Measure: Increase the percentage of DOD-designated primary or alternate port facilities that are available when requested by DOD.

2001 Goal: 90

2000 Goal: 90

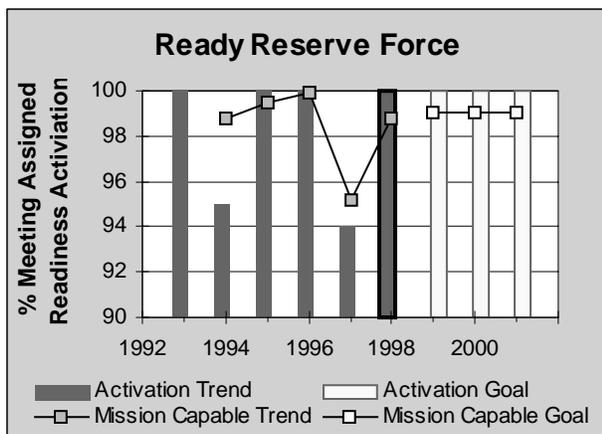
1999 Goal: 90

1998 Performance: 93

An evaluation showed that 13 of 14 Department of Defense designated primary ports for military use (93 percent) were considered able to meet DOD readiness requirements on 48-hour notice.

This met the performance target of 90 percent. The jump in port readiness from 60 percent in 1996 to 93 percent in 1998 reflects steps taken by MARAD to improve the measurement of port readiness and a greater awareness by port officials of the actions necessary for increasing port readiness.

**READY RESERVE FORCE
ACTIVATION**



within DOD-assigned readiness timeliness, averaging 1.8 days earlier than scheduled.

The reliability of the RRF ships once activated under Military Sealift Command control in 1998 was 98.8 percent, covering 1,630 ship-operating days. In 1998, 57 sea trials for RRF vessels were completed.

Within a nine-day period in mid-September 1998, 29 RRF ships were activated on a no-notice basis, which represented the largest RRF series of test activation exercises ever conducted by DOD.

Performance Measures: Provide reserve strategic sealift resources to meet DOD surge and other National security requirements by:

1. Percentage of Ready Reserve Force non-notice activations which meet assigned readiness activation, and
2. Percent of days that RRF ships are mission-capable while under the Department of Defense control.

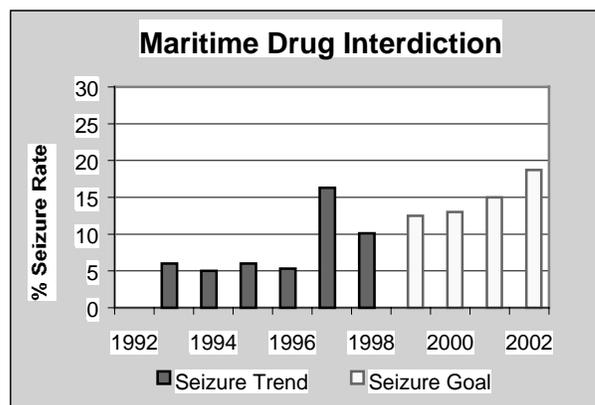
2001 Goal: 1. 100
2. 99

2000 Goal: 1. 100
2. 99

1999 Goal: 1. 100
2. 99

1998 Performance: 1. 100
2. 98.8

DRUG INTERDICTION



Performance Measure: Number of seizure rates for cocaine that is shipped through the transit zone.

2001 Goal: 15

2000 Goal: 13

1999 Goal: 12.5

1998 Performance: 10.1

During 1998, all 36 Ready Reserve Force (RRF) ships ordered activated by the Department of Defense (DOD) without advance notice were delivered

Although the target of 11 percent was not achieved in 1998, the 10.1 percent seizure rate for the year was the second highest and continues a positive trend. 1998 also brought an increase in the number of smuggling events to Puerto Rico. The Coast Guard expended 113,513 cutter hours and 17,272 aircraft hours for counter-drug operations. The Coast Guard seized 82,623 pounds of cocaine, the equivalent of 370 million cocaine hits.