

## To Congress and Our Partners, Customers, and Employees



**Capt. William G. Schubert**  
Maritime Administrator

I am pleased to present the annual report of the Maritime Administration (MARAD) for Fiscal Year 2002, which ended on September 30, 2002. The report is submitted to Congress in accordance with Section 208 of the Merchant Marine Act of 1936, as amended.

Secretary Norman Y. Mineta responded to the tragic events of September 11, with leadership, effective management, and commitment. MARAD played an important part in the government's response to this national tragedy. MARAD's facilitation of the Port Security Grant Program meant that grant applications were solicited, reviewed, and grants awarded in less than five months. This was possible because all of the transactions were electronic, and the process was carefully set up and efficiently administered. During fiscal year 2002, our focus on security has not deterred my mission to enhance every segment of the American maritime industry.

I am pleased to report that opportunities abound in the U.S. maritime industry. One of the first announcements I was privileged to make as Maritime Administrator was about the "flagging in" of the M/V INDUSTRIAL CHALLENGER, a heavy-lift vessel that its owners transferred from the Bahamian flag to the U.S. flag. I hope that more American owners will follow suit. The decline of the U.S.-flag fleet is a major concern for MARAD, and we look forward to having more American owners decide to accept the privileges of U.S. protection and the honor of flying the American flag.

We have moved aggressively to meet the President's Management Agenda goals for streamlining the government and putting our people closer to their constituents and customers. We realigned 13 small divisions into larger organizational elements, which eliminated 13 supervisory positions. By taking away unnecessary layers within our organization, we have achieved a flatter and more responsive agency. MARAD also relocated the missions of the Office of Maritime Labor, Training, and Safety. Our manpower and labor force activities have been added to our national security responsibilities; our work on maritime safety has been joined to our research and Ship Operations Cooperative Program initiatives; and all maritime education and training matters are now part of MARAD's policy and international trade responsibilities.

We at MARAD have also embarked upon an ambitious Strategic Business Plan in order to meet the goals outlined in the President's Management Agenda. This plan has been developed by our employees and brings greater focus on and leverage to the work we do. Our Agency has made a

commitment to forge a new way of operating as one truly integrated team. I am confident that our employees' spirit of excellence, integrity, and teamwork will enable us to achieve impressive successes in our exciting journey ahead.

In the year 2003, we will continue to broaden our efforts to improve the marine transportation system, both domestically and internationally. The most urgent task for the U.S. maritime industry will be confronting the security challenges presented to our Nation since September 11, 2001, while simultaneously enhancing our commercial viability and presence across the globe. I am certain that our Nation's ability to overcome these dual challenges will shape the way the rest of the global economy conducts its business.

We believe that pilot short sea shipping initiatives, also known as coastwise shipping, will begin to take hold in 2003 in the northeastern part of the United States. The congestion along Interstate 5, the I-95 corridor, and other major interstate highways has forced transportation planners to look along the coasts, and consider moving the freight off the highways and railways and onto the waterways. Coastal shipping initiatives can guarantee the vibrancy of a national Marine Transportation System network.

On the international front, we intend to continue our discussions with the People's Republic of China to achieve a new Bilateral Maritime Agreement that reflects the expectations of the international transport community from carriers to non-vessel operating common carriers as well as freight forwarders and shipping agents. We recognize the importance of the U.S.-China trade for American companies, and we are committed to supporting international free trade and unrestricted access to China's markets.

Secretary Mineta has called upon the entire Department of Transportation Team to be architects of the future and to redefine our core mission in light of the challenges facing transportation, particularly the challenges of increasing security and reducing congestion. MARAD expects that its 2002 accomplishments will help guide it into a future envisioned by the Secretary where safer, simpler, and smarter transportation solutions will be applied to reduce or eliminate our transportation problems.

CAPTAIN WILLIAM G. SCHUBERT  
Maritime Administrator