

**NARRATIVE SUPPORTING STATEMENT  
FOR 46 CFR part 515 – Registration of Foreign-Based Unlicensed NVOCCs**

**A. Justification**

1. The Shipping Act of 1984 requires any person acting as an ocean transportation intermediary to furnish a bond, proof of insurance, or other surety in a form and amount determined by the Federal Maritime Commission (Commission). 46 U.S.C. § 40902. The Shipping Act further requires each common carrier to keep open to public inspection in an automated tariff system, tariffs showing all its rates, charges, classifications, rules, and practices. 46 U.S.C. § 40501-40503. The Commission's regulation also requires each common carrier to submit to the Commission information containing its organization number, home office address, name and telephone number of firm's representative, and the online location of its tariffs. 46 C.F.R. § 520.3(d).

To better ensure compliance with the above-referenced requirements of the Shipping Act and the Commission's regulation, the Commission proposes to require foreign-based, unlicensed non-vessel-operating common carriers (NVOCCs) to be registered with the Commission. The registration form is attached hereto.

2. Foreign-based, unlicensed NVOCCs must be registered with the Commission in accordance with § 515.19 of the Commission's proposed rule. Foreign-based, unlicensed NVOCCs are not subject to licensing. Without the collection of the information obtained through registration of foreign-based, unlicensed NVOCCs, however, the Commission basically has only the name and address of such NVOCCs. Those concerns brought to light the need for a registration process for foreign-based, unlicensed NVOCCs. The registration process requires such NVOCCs submit a registration form to the Commission that identifies the NVOCCs' legal name, trade name(s), principal address, contact information, including name and address of a contact person, and the name and address of the contact person for the designated legal agent for service of process in the United States. And the Commission proposes that the registration be renewed every three years so that the Commission can maintain accurate and updated information on foreign-based, unlicensed NVOCCs. With the information newly-collected from foreign-based, unlicensed NVOCCs, the Commission proposes that it will be able to better protect the shipping public in the United States.

3. Registration form may be submitted electronically.

4. Currently, the Commission has the name and address of foreign-based, unlicensed NVOCCs, which sometimes are outdated. The Commission proposes to collect more detailed information from such NVOCCs, which must be updated every three years through a renewal of registration.

5. The Commission believes that foreign-based, unlicensed NVOCCs may be primarily small entities, as that term is defined by the Regulatory Flexibility Act, 5 U.S.C. § 601. However, the Commission proposes to collect additional basic contact information of such NVOCCs and its legal agent for service of process in the United States. The registration form can be filled out easily without any outside assistance and may be submitted to the Commission electronically, which will minimize any possible burden to such NVOCCs.

6. The collection of the new information through registration of foreign-based, unlicensed NVOCCs (presently, the Commission knows only the name and address of such NVOCCs) will enable the Commission to identify the NVOCCs' legal name, trade name(s), principal address, contact information, including the name and address of a contact person and the name and address of the designated legal agent for service of process in the United States. The Commission proposes that the registration be renewed every three years so that it can maintain accurate and updated information.

7. There are no special circumstances. The collection of information is conducted in a manner consistent with the guidelines in 5 C.F.R. § 1320.6.

8. In accordance with the requirements of the Administrative Procedure Act, 5 U.S.C. § 553, this proposed rule will be published in the Federal Register for public comment. The Commission will review comments responding to the proposed rule and issue a final rule reflecting the comments.

9. Not applicable - the Commission does not provide any payments or gifts to respondents.

10. None of the information contained in the NVOCC's registration form is confidential. The registration form only collects contact information of foreign-based unlicensed NVOCCs and their legal agent for service of process in the United States.

11. Not applicable - there are no questions of a sensitive nature.

12. The estimated reporting respondent universe (foreign-based, unlicensed NVOCCs) at the end of FY 2013 will be 1,283. The total estimated hour burden for this information collection is 119.5 person-hours, as set forth below:

| <b>Requirements</b>       | <b>Annual Respondents</b> | <b>Annual Instances</b> | <b>Average Person-hours Per Response</b> | <b>Total Person-hours</b> |
|---------------------------|---------------------------|-------------------------|--|---------------------------|
| Registration Requirements | 1,283                     | 478                     | 0.25                                     | 119.5                     |
| <b>TOTALS</b>             | 1,283                     | 478                     | 0.25                                     | 119.5                     |

The annual cost to respondents is estimated at \$7,726.87. The cost has been calculated in consideration of the time to gather information and furnish it to the Commission. It also includes clerical time as well as overhead and operational expenses.

13. There are no capital or start-up costs associated with this regulation, nor are there any operational, maintenance, or purchase of service components.

14. Total estimated annual cost to the Federal Government, including overhead and operational expenses, for this rule is 39.7 person-hours, at an estimated cost of \$2,247.93.

The annual salary calculations were formulated using the Federal Government's January 2013 salary table (overhead of \$20.10 per hour and benefits of 24.23% per year were added to the basic salary).

The formula used was:  $\text{annual salary} + (\text{annual salary} \times \text{benefits rate}) = \text{adjusted annual salary} / 2,087 + \text{overhead} = \text{adjusted hourly salary}$

The adjusted hourly salary of each employee is then multiplied by the number of hours annually that each employee spends on the information collection (see below chart). Once all of the calculations are done, the total number of person hours for the government is 39.7 and the total federal cost to the government is \$2,247.93.

| <b>Employee</b>                   | <b>Hourly Salary</b> | <b>Number of Hours</b> | <b>Total</b> |
|-----------------------------------|----------------------|------------------------|--------------|
| Program Assistant(GS-6)           | \$42.71              | 19.8                   | \$847.24     |
| Transportation Specialist (GS-12) | \$70.61              | 19.8                   | \$1,400.69   |
| <b>TOTALS</b>                     |                      | 39.7                   | \$2,247.93   |

15. The Commission proposes to require foreign-based, unlicensed NVOCCs to be registered with the Commission. Currently, there are 1,229 foreign-based, unlicensed NVOCCs. It is estimated that by the end of FY 2013 there will be 1,283 such NVOCCs. Under the proposed rule, all such NVOCCs must be registered with the Commission by submitting the registration form. The registration must be renewed every three years. Further, any changes to the submitted information must be reported to the Commission.

16. Not applicable – the Commission does not plan on performing analyses and developing statistics, reports, or other items.

17. Not applicable – the Commission plans to display OMB approval of the information on the registration form.

18. Not applicable – there are no exceptions to the certification statement.

**B. Collections of Information Employing Statistical Methods**

This collection of information does not employ statistical methods.