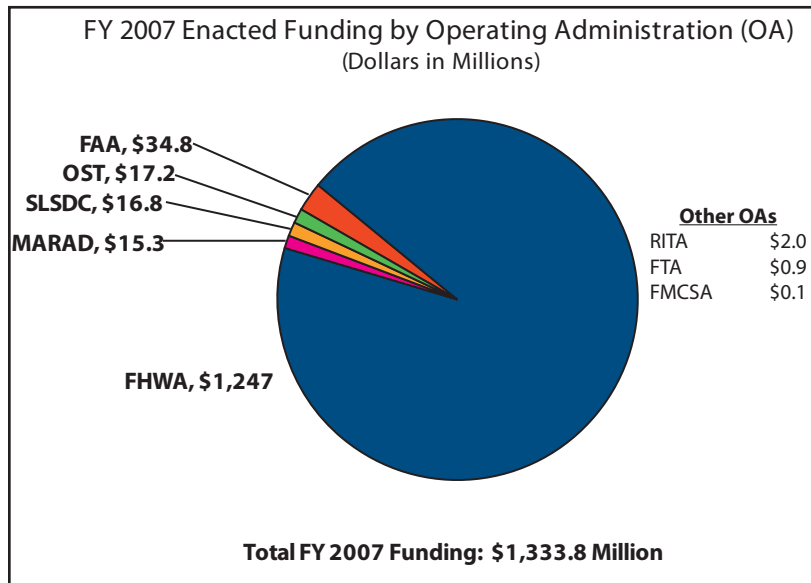




GLOBAL CONNECTIVITY STRATEGIC GOAL

FACILITATE A MORE EFFICIENT DOMESTIC AND GLOBAL TRANSPORTATION SYSTEM THAT ENABLES ECONOMIC GROWTH AND DEVELOPMENT



STRATEGIC OUTCOMES

- ✧ Reduced barriers to trade in transportation goods and services.
- ✧ More efficient movement of cargo throughout the supply chain.
- ✧ Enhanced international competitiveness of the U.S. transport providers and manufacturers.
- ✧ Harmonized and standardized regulatory and facilitation requirements.
- ✧ The most competitive, cost effective and efficient environment for passenger travel.
- ✧ Expanded opportunities for all businesses, especially small, women-owned and disadvantaged businesses.

PERFORMANCE MEASURES

- ✧ Percent share of the total dollar value of DOT direct contracts that are awarded to women-owned businesses.
- ✧ Percent share of the total dollar value of DOT direct contracts that are awarded to small disadvantaged businesses.
- ✧ Percent of days in shipping season that the U.S. portion of the St. Lawrence Seaway is available.
- ✧ Number of new or expanded bilateral aviation safety agreements implemented.
- ✧ Number of potential air transportation consumers (in billions) in international markets traveling between the U.S. and countries with Open Skies and open transborder aviation agreements.
- ✧ Number of international negotiations conducted annually to remove market distorting barriers to trade in air transportation (new measure in FY 2005).

Expanded Opportunities FY 2007 Enacted Funds: \$5.4 Million

Expanded opportunities for all businesses, especially small, women-owned and disadvantaged businesses, serve the economic interests of the United States, both nationally and globally. Small businesses routinely develop, manufacture and distribute quality products to the private sector, but continue to face significant hurdles participating in procurement opportunities with the Federal Government. To give these entrepreneurs a fair opportunity to compete, Congress and the Administration have established procurement goals for the Federal Government. In turn, each DOT Operating Administration (OA) develops targets consistent with legislative mandates and anticipated contracting and subcontracting opportunities.

2007 Results — Based on preliminary estimates, DOT met both of the small business related targets.

All of the OAs continue to seek new opportunities to engage the small disadvantaged business community and have done superbly in light of the fact that the Federal government has not finalized regulations to allow for set-asides to women owned businesses. DOT is one of the few Federal agencies surpassing the government-wide five percent statutory goal. The Office of Small and Disadvantaged Business Utilization (OSDBU) continues to work closely with all OAs to ensure that small businesses are afforded maximum practicable opportunities to participate in DOT direct procurement actions. OSDBU provided assistance to the OAs with their acquisition strategies, professional development and access to qualified small businesses. OSDBU also increased technical assistance and participation in outreach events.

Performance Measure				
Percent share of the total dollar value of DOT direct contracts that are awarded to woman-owned businesses.				
	2004	2005	2006	2007
Target	5.1	5.1	5.1	5.1
Actual	3.8	6.6	6.7	6.0*
* Preliminary estimate				
Associated FY 2007 Funding – \$ 2.7 million				

Performance Measure				
Percent share of the total dollar value of DOT direct contracts that are awarded to small disadvantaged businesses.				
	2004	2005	2006	2007
Target	14.5	14.5	14.5	14.5
Actual	15.6	12.7	15.0 (r)	14.5*
(r) Revised; * Preliminary estimate				
Associated FY 2007 Funding – \$ 2.7 million				

FY 2008 Performance Forecast — DOT expects to meet the targets for both measures.



More Efficient Movement Of Cargo

FY 2007 Enacted Funds: \$1.27 Billion

The bi-national St. Lawrence Seaway is the international shipping gateway to the Great Lakes, offering access and competitive costs with other routes and modes to the interior of the country. Commercial trade on the Great Lakes Seaway System annually sustains more than 150,000 U.S. jobs, \$4.3 billion in personal income, \$3.4 billion in transportation-related business revenue, and \$1.3 billion in federal, state, and local taxes. Since 1959, more than 2.4 billion metric tons of cargo estimated at more than \$350 billion has moved through the St. Lawrence Seaway to and from Canada, the United States, and nearly 50 other nations. Almost 50 percent of Seaway traffic travels to and from overseas ports, especially in Europe, the Middle East, and Africa. A recent analysis concluded that the economic impact of a shutdown of either of the two U.S. locks would range from \$1.3–\$2.2 million per day, depending on the length of the delay.

2007 Results — For FY 2007, DOT’s Saint Lawrence Seaway Development Corporation (SLSDC) met the performance target with a system availability rate of 99.4 percent. An analysis of system non-availability during FY 2007 indicates that the most common causes were weather and vessel-related incidents.

Performance Measure				
Percent of days in the shipping season that the U.S. portion of the St. Lawrence Seaway is available.				
	2004	2005	2006	2007
Target	99.0	99.0	99.0	99.0
Actual	99.1	99.7	99.0	99.4
Associated FY 2007 Funding – \$ 17 million				

Weather-related delays totaled 20 hours, 6 minutes of the total 40 hours, 28 minutes of delays or 50 percent. These weather delays are caused by poor visibility, high winds, fog, and other winter weather conditions.

Vessel incidents in FY 2007 accounted for 19 hours, 23 minutes of delays, or 48 percent. Vessel incidents involve ship operations, and are usually caused by human error on the part of a vessel’s crew. Incidents also include vessel breakdowns, which are caused by mechanical problems with a vessel.

Of the remaining factors that cause system non-availability, the SLSDC has the most control over the proper functioning of its lock equipment. During FY 2007, there were only 44 minutes of delays, or 2 percent, related to one lock equipment malfunctioning incident. Lock equipment delays represented one one-hundredth of 1 percent of the total navigation time during FY 2007.

In order to ensure that the two U.S. Seaway locks are in sound working condition, the SLSDC performs inspections, preventative maintenance, concrete rehabilitation, and repairs to lock equipment and parts. This program has been instrumental in the SLSDC's long-term success in providing a safe, efficient, secure, and reliable commercial waterway.

FY 2008 Performance Forecast — DOT expects to meet the FY 2008 target of 99.0 percent.

**Freight Travel (Measure Under Development)
FY 2007 Enacted Funds: \$1.25 Billion**

Freight transportation is a critical enabler of international economic activity and highways are a critical component of the freight transportation system. A doubling of international trade over the last decade placed a strain on many of the Nation's intermodal ports and gateways and contributed to an increase in traffic congestion. A further increase in freight activity on the Nation's highways is anticipated in this decade due to continued growth in international trade. Traffic congestion hinders freight movement and undermines business productivity and international trade. Development of this measure will be completed in early FY 2008 and the Department will begin reporting on this measure in the FY 2008 PAR.

2007 Results — The FY 2007 target, which was based on reducing the buffer index rating in 100 percent of the corridors under study, was not met. The annual average buffer index rating decreased in only two of five Interstate corridors under study; while the rating increased in three corridors. The largest increase was 16 percent along I-45. At the same time, the annual average travel speed for the five Interstate corridors remained constant when compared to the previous year. No corridor had a decline in average annual speed greater than 1 mph. FHWA will continue to work with partner agencies to encourage implementation of operational strategies and to execute infrastructure provisions of SAFETEA-LU related to freight projects. In 2008, comparative data will be available for 25 of the most freight significant interstate corridors.

FY 2008 Performance Forecast — It is unlikely that the FY 2008 target will be met since the current target is to reduce the buffer index rating in 100 percent of corridors under study. Using the data, we will establish a national average and revise the FY 2009 target to 50 percent or more of the 25 corridors perform better than the national average.

In-Depth Accomplishments Promoting Freight Travel

The DOT National Freight Policy provides a national framework that enables Federal, State, and local governmental organizations, along with the private sector, to coordinate their resources and efforts to improve multimodal freight mobility on the U.S. transportation network. FHWA contributed to the deployment of this policy in a variety of ways. A broad range of professional capacity building courses, seminars and workshops covering topics such as freight financing, engaging the private



PERFORMANCE AND ACCOUNTABILITY REPORT - FY 2007

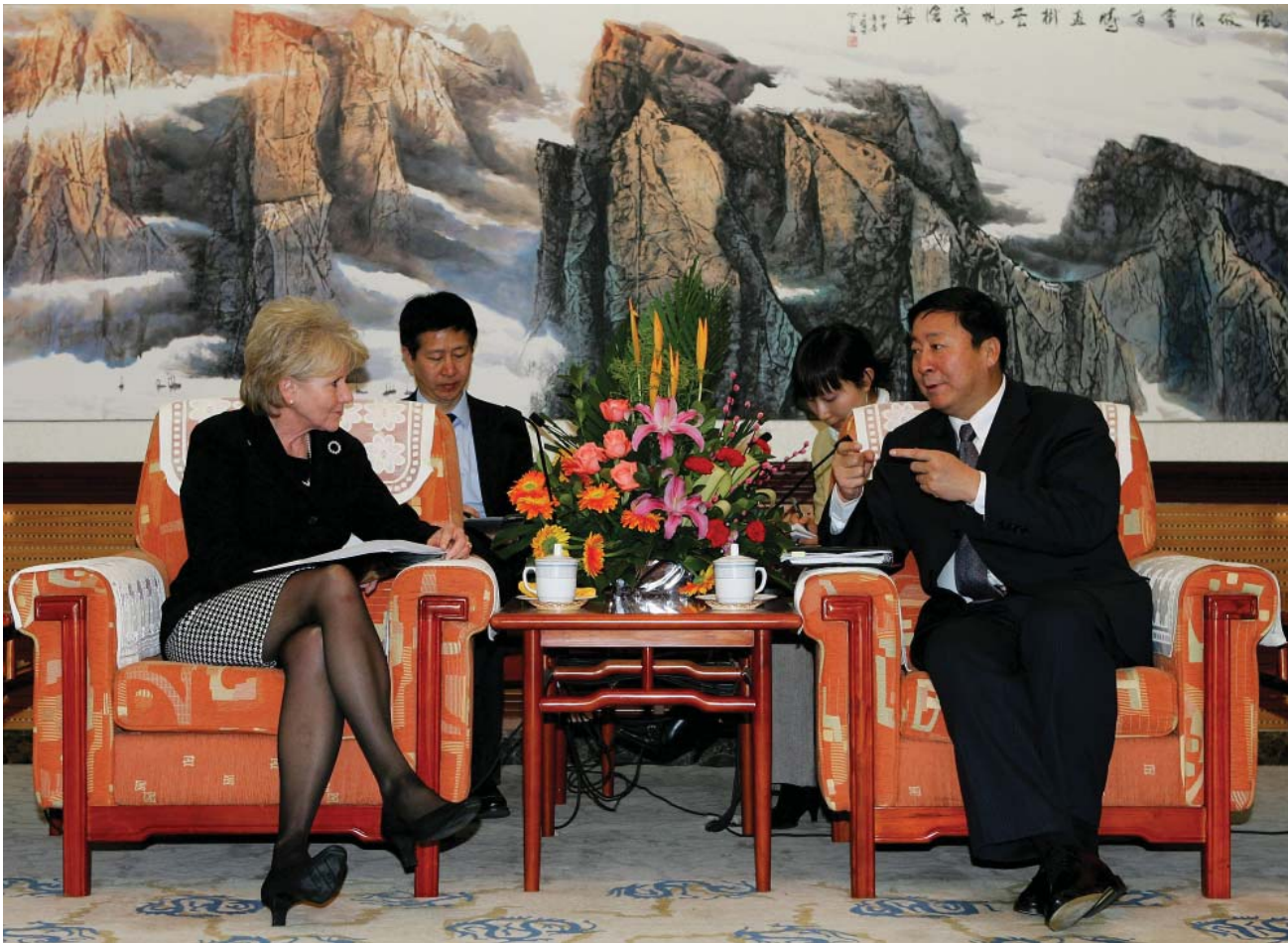
sector in transportation planning activities, and freight and the environment, were delivered. Numerous workshops designed to enable local transportation planners to integrate local data with national data to support freight investment decisions were completed with States and Metropolitan Planning Organizations (MPO). The results of these efforts, which will be catalogued as best practices, will be widely disseminated in the coming year. The Agency updated the *Quick Response Freight Manual*, a tool used extensively by transportation professionals to plan for predicted freight volumes on the transportation network.

The *Freight Analysis Framework*, an analytic tool used extensively in both the public and private sector, was recalibrated using data from the 2002 Commodity Flow Survey and integrated with key international gateway data. In addition to the recalibration, the FHWA updated the highway network with 2002 freight flows, generated forecasts of freight movement to 2035, completed current year estimate methodologies, and began comparing prior survey data with current data so an accurate trend line can be developed.

The Border Information Flow Architecture (BIFA), which maps systems and information flow between stakeholders, was widely disseminated to stakeholders. On the northern U.S. border, the Ontario Ministry of Transportation and the Michigan Department of Transportation signed a memorandum of understanding to exchange information using ITS technology. As part of the agreement, information will be shared to improve border operations in the Detroit-Windsor region and give passengers and commercial vehicle operators the timely information they need when planning their trip. The agreement was driven by Ontario's *Action Plan for the Intelligent Border Crossings*: the U.S.-Canada BIFA was a foundational element used to develop this action plan.

Harmonized & Standardized Regulatory and Facilitation Requirements FY 2007 Enacted Funds: \$36.9 Million

With the increasing globalization of aircraft manufacturing and air carrier operations, the interdependency between the U.S. and the foreign aviation sector is outpacing FAA's ability to conduct oversight throughout the globe. Since Bilateral Aviation Safety Agreements (BASA) are based on the recognition of comparability between U.S. and foreign oversight systems, they allow FAA to rely on the safety oversight capabilities and technical expertise of other civil aviation authorities, thereby minimizing duplication of efforts as well as freeing resources to support U.S. safety priorities. BASAs promote aviation safety and environmental quality, enhance cooperation, and increase efficiency in civil aviation matters. By building a network of competent civil aviation authorities and concluding agreements with additional countries and/or regional authorities, FAA increases safety globally.



Minister of the Civil Aviation Authority of China (CAAC) Yang Yuanyuan, right, meets with U.S. Secretary of Transportation Mary E. Peters on Friday April 13, 2007 in Beijing, China. Peters, on her visiting from April 12 to 14 in Beijing, said the United States is discussing a deal with China to liberalize air travel and hopes for a framework “open skies” agreement. (AP Photo/Guang Niu/POOL)

2007 Results — In FY 2007, FAA achieved its performance target and concluded three new or expanded Bilateral Aviation Safety Agreements (BASAs). These agreements lay the essential groundwork for cooperation between the United States and the respective target country’s aviation authority and facilitate an increase in the ability to exchange aviation products and services. This year, the U.S. negotiated agreements with Singapore, Japan, and Mexico.

Performance Measure				
Number of new or expanded bilateral aviation safety agreements implemented.				
	2004	2005	2006	2007
Target	2	2	2	3
Actual	3	2	4	3
Associated FY 2007 Funding – \$ 35 million				



PERFORMANCE AND ACCOUNTABILITY REPORT - FY 2007

FAA is collaborating with partners in Europe, Asia, and the Americas to negotiate executive agreements and associated implementation procedures that will improve the safety of the international aviation environment for U.S. travelers.

FY 2008 Performance Forecast — In FY 2008 FAA expects to meet its target of two bilateral safety agreements concluded.

**Reduced Barriers To Trade
FY 2007 Enacted Funds: \$5.0 Million**

The Office of the Assistant Secretary for Aviation and International Affairs carries a broad portfolio of responsibilities covering domestic and international aviation, international trade, and a range of other international cooperation and facilitation issues. The Office contributes directly to DOT’s global connectivity strategic goal by: 1) increasing economic growth and trade; 2) advancing America’s economic growth and competitiveness domestically and internationally by negotiating liberalized aviation agreements worldwide and ensuring the benefits of a deregulated, competitive domestic airline industry; and 3) working with international organizations to foster the development of transportation infrastructure globally.

2007 Results — DOT met the target for 2007. On April 30, 2007, after more than four years of negotiations, the United States and the European Community and its member states have achieved a historic pact on Open Skies. Beginning on March 30, 2008, the agreement will open up transatlantic air transportation, a market that represents about 60 percent of international travel. The agreement would replace existing bilateral agreements between the United States and the member states. The benefits to this agreement are numerous and include allowing every U.S. and European Union (EU) airline to:

Performance Measure				
Number of international negotiations conducted annually to remove market-distorting barriers to trade in air transportation.				
	2004	2005	2006	2007
Target	N/A	10	10	12
Actual	N/A	10	10	23 *
* Preliminary estimate				
Associated FY 2007 Funding – \$ 4.1 million				

- ✧ Fly between every city in the EU and every city in the United States;
- ✧ Operate without restriction on the number of flights, aircraft, and routes; and,
- ✧ Set fares according to market demand.

The agreement is welcomed news for the more than 25 million passengers who will enjoy new transatlantic flights at lower prices, according to EU estimates.

FY 2008 Performance Forecast DOT expects to meet the target for FY 2008.

Enhanced Competitive Environment For Passenger Travel FY 2007 Enacted Funds: \$21.3 Million

Since the 1940s, international air transportation has been subject to restrictive bilateral agreements that limit price and service options and artificially suppress aviation growth. DOT’s policy is to negotiate bilateral agreements to open international air travel to market forces, thereby removing limitations on the freedom of U.S. and foreign airlines to increase service, lower fares, and promote economic growth. These “Open Skies” agreements have made it possible for the airline industry to provide the opportunity for better quality, lower priced, more competitive air service in thousands of international city-pairs to an increasing portion of the world’s population.

2007 Results — DOT met the target for FY 2007. DOT has successfully negotiated over 80 Open-Skies agreements, including several important new agreements in FY 2007. Having 3.8 billion people under the Open Skies umbrella will provide more economical and abundant options for the traveling and shipping public world-wide.

Performance Measure				
Number of potential air transportation consumers (in billions) in international markets traveling between the U.S. and countries with open skies and open transborder aviation agreements.				
	2004	2005	2006	2007
Target	1.51	1.53	2.99	3.05
Actual	1.72	2.97	3.01	3.83 *
* Preliminary estimate				
Associated FY 2007 Funding – \$ 2.0 million				

FY 2008 Performance Forecast — DOT expects to meet the FY 2008 target.