

point in an EU Member State or between any two points outside the U.S. for which a U.S. Government civilian Department, Agency, or instrumentality: (1) Obtains the transportation for itself or in carrying out an arrangement under which payment is made by the U.S. Government or payment is made from amounts provided for use of the U.S. Government; or (2) provides transportation to or for a foreign country or international or other organization without reimbursement.

The U.S. Government and the European Union amended the U.S.-EU Agreement with a Protocol signed on June 24, 2010. In the amended agreement, the U.S. further extended the rights of EU air carriers to transport cargo on scheduled and charter flights funded by the U.S. Government between any point in the United States and any point outside the United States, or between any two points outside the United States. Norway and Iceland joined the U.S.-EU Air transportation agreement as amended by the Protocol on June 21, 2011, granting carriers from those countries the same rights.

The U.S. Government has air transport agreements with Australia, Switzerland, and Japan, which allow carriers from those countries to transport cargo subject to the Fly America Act between their respective home countries and the United States and between two points outside the United States. The provisions in the agreements with Australia and Switzerland became effective on October 1, 2008. The provisions in the agreement with Japan took effect on October 1, 2011.

The U.S. Government previously entered into an agreement with Saudi Arabia regarding Federally-funded transportation services for cargo movements under which Saudi Arabian air carriers are permitted to transport cargo from Saudi Arabia to the United States and from the United States to Saudi Arabia when the transportation is funded by U.S. Government contractors providing services to Federal Government entities.

Accordingly, rather than amend the FMR to include language from agreements, and thereafter amending the FMR each time there is a change in air transport agreements that affect U.S. Government-funded cargo transportation, GSA is issuing this final rule that directs customers to the Department of State Internet-based source of information (<http://www.state.gov/e/eb/tra/ata/index.htm>) relating to such agreements. This approach will allow GSA to provide and quickly update relevant information as

new agreements are signed or current agreements are amended without invoking the regulatory process. In the future, if GSA were to determine that further guidance is necessary, GSA may issue FMR Bulletins, or involve the regulatory process, as appropriate.

Additionally, GSA is updating the FMR to include exceptions to the Fly America Act, such as cargo transportation services that are fully reimbursed by a third party, *e.g.*, a foreign government, an international agency, or other organization. As the Federal Government is not expending any of its own funds, such services are not covered by the Fly America Act.

Further, in accordance with 49 U.S.C. 40118(c), GSA is amending regulations under which agencies may expend appropriations for cargo transportation using foreign air carriers when it is deemed necessary. There have been limited circumstances in the past where the use of a foreign air carrier was deemed necessary. For example, when the Government Accountability Office (formerly the General Accounting Office), had responsibility for implementing the Fly America Act, the Comptroller General held that when time requirements could not be met the use of a foreign flag carrier was deemed necessary (See *The Honorable Norman Y. Mineta Chairman, Subcommittee on Aviation Committee on Public Works and Transportation, House of Representatives, Comptroller General, B-210293, June 13, 1983*).

The use of foreign carriers should be very limited and agency approval should only be granted after a determination that one or more of these circumstances exist: No U.S. flag air carrier can provide the specific air transportation needed; no U.S. flag air carrier can accomplish the agency's mission; no U.S. flag air carrier can meet the time requirements in cases of emergency; there is a lack of or inadequate U.S. flag air carrier aircraft, or to avoid an unreasonable risk to safety when using a U.S. flag air carrier.

Further, this final rule updates FMR section 102-117.135(b) to include the current telephone number, email address, and Web site for the Department of Transportation Maritime Administration (MARAD), Office of Cargo Preference and Domestic Trade. This final rule also identifies the Web site for agencies to go to for information that MARAD requires to be submitted by the shipping Department or Agency when cargo is shipped subject to 46 U.S.C. 55305, the Cargo Preference Act of 1954, as amended.

Finally, GSA is revising the language in FMR section 102-117.15 to state

clearly that this part applies to all agencies and wholly-owned Government corporations except as otherwise expressly provided.

B. Public Comments and Responses

In the proposed rule, GSA provided the public a 30-day comment period which ended on July 19, 2013. GSA received five recommendations from the National Air Carrier Association (NACA). NACA represents 16 member carriers who transport cargo and passengers on both scheduled and non-scheduled U.S. domestic and international flights. NACA comments related to the focus of the proposed change; how GSA will monitor and control compliance with the Fly America Act; and questioned how there will be consistency of interpretations by U.S. Government agencies for the exceptions listed.

Comment: There must be a mechanism to ensure U.S. Government agencies arrange flights using foreign flag air carriers *only when it is a matter of necessity*, on a case-by-case basis, according to the exceptions listed in the amendment.

Response: Regulatory and other guidance already exists that allows agencies to use foreign flag air carriers only when it is a matter of necessity. These include the Comptroller General Decision B-138942, issued March 31, 1981, requiring agency decision and certifications to be attached to the voucher; the Federal Acquisition Regulation (FAR) that governs Federal contracts for civilian agencies in Part 47, Transportation, which contains guidance for the implementation of the Fly America Act (48 CFR 47.403 and 47.404); the Federal Travel Regulation (FTR) which addresses Federal travel and relocation (41 CFR 301-10.141, *et seq.*), and agency policy that regulates the use of foreign flag carriers.

Comment: Each of the exceptions is subject to interpretation, but the one referring to “. . . an unreasonable risk to safety” appears to be particularly questionable. Which U.S. Government agency will be responsible to make the determination that the flight is too risky for an U.S. flag carrier? U.S. flag carriers must be included in the risk assessment.

Response: Additional language for clarification regarding “an unreasonable risk to safety” has been incorporated into this final rule. An agency decision must be supported by an advisory alert issued by the Federal Aviation Administration, Department of State, or the Transportation Security Administration.

Comment: There must be *proof supplied in every case* by agencies

arranging flights using foreign flag air carriers.

Response: As identified in the response to the first comment above, regulatory and other guidance already exists for agencies to follow for flights using foreign flag air carriers.

Comment: GSA should announce to the public, in advance, all flights proposed by U.S. Government agencies that would use foreign flag air carriers in accordance with this amendment, including the proof as to why a foreign flag air carrier is proposed to be used. This will allow U.S. air carriers the opportunity to comment, object, and appeal the intent to use a foreign flag carrier. GSA should propose a simple method to announce these flights to the public.

Response: The comments are outside the scope of this rule.

Comment: Note following (3)(v) of this amendment: *The use of foreign flag air carriers should be rare.* NACA urges GSA to replace this note with: (1) A transparent mechanism to allow advance notice of proposed use of foreign carriers, (2) an appeal process for U.S. flag carriers to object, and (3) a commitment to continue monitoring use of foreign flag air carriers by U.S. Government agencies. Only then will it be possible to ensure strict compliance with all provisions of the Fly America Act.

Response: The proposed amendment “note” text following (3)(v) has been placed into the regulation at section 102–117.135(a), Air Cargo. GSA agrees that the use of foreign-flag air carriers should be rare.

The comments regarding the three steps are outside the scope of this rule. It is each agency’s responsibility to procure and manage their foreign air carrier transportation requirements.

C. Changes

This final rule—

- Applies to all agencies and wholly owned Government corporations as defined in 5 U.S.C. 101, *et seq.*, and 31 U.S.C. 9101(3), except as otherwise expressly provided.

- Updates current provisions pertaining to the use of U.S. air carriers for cargo under the provisions of 49 U.S.C. 40118, commonly referred to as the “Fly America Act,” and the 46 U.S.C. 55305, the Cargo Preference Act of 1954, as amended.

- Clarifies the exceptions to the requirement of using U.S. flag air carriers.

- Revises contact information and Web sites for the Department of Transportation, Maritime Administration (MARAD).

D. Executive Orders 12866 and 13563

Executive Orders (E.O.) 12866 and 13563 direct agencies to assess all costs and benefits of available regulatory alternatives and, if regulation is necessary, to select regulatory approaches that maximize net benefits (including potential economic, environmental, public health and safety effects, distributive impacts, and equity). E.O. 13563 emphasizes the importance of quantifying both costs and benefits, reducing costs, harmonizing rules, and promoting flexibility. This is not a significant regulatory action, and therefore, would not be subject to review under Section 6(b) of E.O. 12866, Regulatory Planning and Review, dated September 30, 1993. This rule would not be a major rule under 5 U.S.C. 804.

E. Regulatory Flexibility Act

While these revisions are substantive, this final rule will not have a significant economic impact on a substantial number of small entities within the meaning of the Regulatory Flexibility Act, 5 U.S.C. 601, *et seq.* This final rule is also exempt from the Regulatory Flexibility Act per 5 U.S.C. 553(a)(2) because it applies to agency management or personnel.

F. Paperwork Reduction Act

The Paperwork Reduction Act does not apply because the changes to the FMR would not impose recordkeeping or information collection requirements, or the collection of information from offerors, contractors, or members of the public that require the approval of the Office of Management and Budget (OMB) under 44 U.S.C. 3501, *et seq.*

G. Small Business Regulatory Enforcement Fairness Act

This final rule is also exempt from Congressional review prescribed under 5 U.S.C. 801 since it relates to agency management or personnel.

List of Subjects in 41 CFR Part 102–117

Air Cargo, International Transportation, Ocean Cargo, Transportation Management, U.S. flag carriers.

Dated: April 3, 2014.

Dan Tangherlini,

Administrator of General Services.

For the reasons set forth in the preamble, 41 CFR Part 102–117 is amended as follows:

PART 102–117—TRANSPORTATION MANAGEMENT

■ 1. The authority citation for 41 CFR Part 102–117 continues to read as follows:

Authority: 31 U.S.C. 3726; 40 U.S.C. 121(c); 40 U.S.C. 501, *et seq.*; 46 U.S.C. 55305; 49 U.S.C. 40118.

■ 2. Revise § 102–117.15 to read as follows:

§ 102–117.15 To whom does this part apply?

This part applies to all agencies and wholly-owned Government corporations as defined in 5 U.S.C. 101, *et seq.* and 31 U.S.C. 9101(3), except as otherwise expressly provided.

■ 3. Revise § 102–117.135 to read as follows:

§ 102–117.135 What are the international transportation restrictions?

Several statutes mandate the use of U.S. flag carriers for international shipments, such as 49 U.S.C. 40118, commonly referred to as the “Fly America Act”, and 46 U.S.C. 55305, the Cargo Preference Act of 1954, as amended. The principal restrictions are as follows:

(a) *Air cargo:* The use of foreign-flag air carriers when funded by the U.S. Government should be rare.

International movement of cargo by air is subject to the Fly America Act, 49 U.S.C. 40118, which requires the use of U.S. flag air carrier service for all air cargo movements funded by the U.S. Government, including cargo shipped by contractors, grantees, and others at Government expense, except when one of the following exceptions applies:

(1) The transportation is provided under a bilateral or multilateral air transportation agreement to which the U.S. Government and the government of a foreign country are parties, and which the Department of Transportation has determined meets the requirements of the Fly America Act.

(i) Information on bilateral or multilateral air transport agreements impacting U.S. Government procured transportation can be accessed at <http://www.state.gov/e/eb/tra/ata/index.htm>; and

(ii) If determined appropriate, GSA may periodically issue FMR Bulletins providing further guidance on bilateral or multilateral air transportation agreements impacting U.S. Government procured transportation. These bulletins may be accessed at <http://www.gsa.gov/bulletins>;

(2) When the costs of transportation are reimbursed in full by a third party, such as a foreign government, an

international agency, or other organization; or

(3) Use of a foreign air carrier is determined to be a matter of necessity by your agency, on a case-by-case basis, when:

(i) No U.S. flag air carrier can provide the specific air transportation needed;

(ii) No U.S. flag air carrier can meet the time requirements in cases of emergency;

(iii) There is a lack of or inadequate U.S. flag air carrier aircraft;

(iv) There is an unreasonable risk to safety when using a U.S. flag carrier aircraft (e.g., terrorist threats). Written approval of the use of foreign air carrier service based on an unreasonable risk to safety must be approved by your agency on a case-by-case basis and must be supported by a travel advisory notice issued by the Federal Aviation Administration, Department of State, or the Transportation Security Administration; or

(v) No U.S. flag air carrier can accomplish the agency's mission.

(b) *Ocean cargo*: International movement of property by water is subject to the Cargo Preference Act of 1954, as amended, 46 U.S.C. 55305, and the implementing regulations found at 46 CFR Part 381, which require the use of a U.S. flag carrier for 50% of the tonnage shipped by each Department or Agency when service is available. The Maritime Administration (MARAD) monitors agency compliance with these laws. All Departments or Agencies shipping Government-impelled cargo must comply with the provisions of 46 CFR 381.3. For further information contact MARAD, Tel: 1-800-996-2723, Email: cargo.marad.dot.gov. For further information on international ocean shipping, go to: <http://www.marad.dot.gov/cargopreference>.

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GENERAL SERVICES ADMINISTRATION

41 CFR Part 102-192

[Change 2014-02; FMR Case 2008-102-4;
Docket 2008-0001; Sequence 7]

RIN 3090-A179

Federal Management Regulation (FMR); Mail Management; Requirements for Agencies

AGENCY: Office of Asset and Transportation Management (MA), Office of Government-wide Policy (OGP), GSA.

ACTION: Final rule.

SUMMARY: The U.S. General Services Administration (GSA) is amending the Federal Management Regulation (FMR) by revising its mail management policy. This amendment revises the term “commercial payment process” and removes the requirement that agencies pay the United States Postal Service (USPS) using only commercial payment processes. This final rule changes the date of the annual mail management report, removes the description of facility and program mail manager responsibilities, and requires all agencies to expand existing mail security policy to include guidance for employees receiving incoming and sending outgoing official mail at alternative worksites. Finally, this final rule encourages agencies to implement the process of mail consolidation, increase sustainable activities in their mail programs, and makes editorial and technical corrections. This case is included in GSA’s retrospective review of existing regulations under Executive Order 13563.

DATES: *Effective:* August 11, 2014.

ADDRESSES: Additional information is available at www.gsa.gov/improvingregulations.

FOR FURTHER INFORMATION CONTACT: For clarification of content, contact Linda Willoughby, Office of Government-wide Policy, Mail Management Policy, at 202-219-1083, or by email at linda.willoughby@gsa.gov. Please cite FMR case 2008-102-4. For information pertaining to status or publication schedules, contact the Regulatory Secretariat (MVCB), 1800 F Street NW., Washington, DC 20405, 202-501-4755.

SUPPLEMENTARY INFORMATION:

A. Background

GSA is amending this regulation to reverse an interim rule first issued on June 6, 2002, in the **Federal Register** (67 FR 38896) that required all payments to the United States Postal Service (USPS) to be made using commercial payment processes, not the Official Mail Accounting System (OMAS). As a result of agency comments and waiver requests received, it became clear that many agencies were unable to move to commercial payment. Additionally, enhancements in OMAS allowed for accountability to agencies at the program level, which is important for cost containment. This rule allows agencies to pay the USPS using commercial payment processes, their existing OMAS account, or a combination of the two. This approach is consistent with comments received on the proposed rule published in the **Federal Register** on January 9, 2009 (74

FR 870). In addition, this rule incorporates several changes that GSA drafted in conjunction with the Federal Mail Executive Council.

A proposed rule was published in the **Federal Register** on May 13, 2013 (FMR Case 2008-102-4 at 78 FR 27908), that received 11 comments. Of these, 9 comments recommended keeping the annual reporting threshold for agencies with mail expenditures of \$1 million or more (“large agencies”). GSA concurs with these comments and kept the reporting requirement for large agencies for two reasons. First, the current reporting from large agencies is thought to represent over 95 percent of mail expenditures. This is sufficient for the development of data-driven policy. Second, the reporting requirement would be too burdensome for small agencies and would be costly. Members of the Small Agency Council (SAC) submitted 7 of 9 comments requesting to retain the large agency reporting requirement. SAC members have 6,000 or fewer employees. According to SAC, about 33 percent of the 90 agencies are micro-agencies with less than 100 employees and have mail expenditures under \$20,000. Thus, GSA agrees that the proposed, expanded reporting requirement would be too burdensome on small agencies with low mail expenditures.

Three comments were received on commercial payment. As the proposed change was to allow payment to the USPS from either commercial or through OMAS, the request for GSA to continue accepting deviation requests for OMAS is unnecessary. The definition of payment to non-USPS service providers was expanded in response to one comment received that the current definition was too limited.

One commenter requested that GSA retain roles and responsibilities of the mail program and center managers in the regulation. GSA does not adopt this request as the information was duplicative and best used as a guide, as the requestor indicated. Lastly, GSA adopted some editorial comments and has addressed these comments below in the “Changes to the Current FMR” section.

Two comments received were in support of keeping the consolidation of internal and external mail operations, as well as, supporting the sustainability activities in the mail program by incorporating strategies in accordance with Executive Order 13514. GSA appreciates these comments.

B. Changes to the Current FMR

This final rule: