

concept of independence implies. In such difficult matters, for example, as the determination of the scope of audit necessary, existence of such an agreement may easily lead to the use of less extensive or thorough procedures than would otherwise be followed. In other cases it may result in a failure to appraise with professional acumen the information disclosed by the examination. Consequently, the accountant cannot be recognized as independent for the purpose of certifying the financial statements of the corporation. (Emphasis added.)

*U.S. Securities and Exchange Commission; Office of the Chief Accountant: Application of the Commission's Rules on Auditor Independence Frequently Asked Questions; Other Matters—Question 4 (Issued December 13, 2004):*

Q: Has there been any change in the Commission's long standing view (Financial Reporting Policies—Section 600—602.02.f.i. "Indemnification by Client") that when an accountant enters into an indemnity agreement with the registrant, his or her independence would come into question?

A: No. When an accountant and his or her client, directly or through an affiliate, enter into an agreement of indemnity which seeks to provide the accountant immunity from liability for his or her own negligent acts, whether of omission or commission, the accountant is not independent. Further, including in engagement letters a clause that a registrant would release, indemnify or hold harmless from any liability and costs resulting from knowing misrepresentations by management would also impair the firm's independence. (Emphasis added.)

Dated: May 4, 2005.

**Tamara J. Wiseman,**  
*Executive Secretary, Federal Financial Institutions Examination Council.*

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BILLING CODE 6720-01-P, 6210-01-P, 6714-01-P, 7535-01-P, 4810-33-P

## FEDERAL MARITIME COMMISSION

### Controlled Carriers Under The Shipping Act of 1984

**AGENCY:** Federal Maritime Commission.  
**ACTION:** Notice.

**SUMMARY:** The Federal Maritime Commission is publishing an updated list of controlled carriers, *i.e.*, ocean common carriers operating in U.S.-foreign trades that are owned or controlled by foreign governments. Such carriers are subject to special regulatory oversight by the Commission under the Shipping Act of 1984.

**FOR FURTHER INFORMATION CONTACT:**  
Amy W. Larson, General Counsel,  
Federal Maritime Commission, 800  
North Capitol Street, NW., Washington,  
DC 20573. (202) 523-5740.

**SUPPLEMENTARY INFORMATION:** The Federal Maritime Commission is publishing an updated list of controlled carriers. Section 3(8) of the Shipping Act of 1984 ("Act"), 46 U.S.C. app. 1702(3), defines a "controlled carrier" as:

An ocean common carrier that is, or whose operating assets are, directly or indirectly, owned or controlled by a government; ownership or control by a government shall be deemed to exist with respect to any carrier if—

(A) a majority portion of the interest in the carrier is owned or controlled in any manner by that government, by any agency thereof, or by any public or private person controlled by that government; or

(B) that government has the right to appoint or disapprove the appointment of a majority of the directors, the chief operating officer, or the chief executive officer of the carrier.

As required by the Shipping Act, controlled carriers are subject to special oversight by the Commission. Section 9(a) of the Act, 46 U.S.C. app. 1708(a), states, in part:

No controlled carrier subject to this section may maintain rates or charges in its tariffs or service contracts, or charge or assess rates, that are below a level that is just and reasonable, nor may any such carrier establish, maintain, or enforce unjust or unreasonable classifications, rules, or regulations in those tariffs or service contracts. An unjust or unreasonable classification, rule, or regulation means one that results or is likely to result in the carriage or handling of cargo at rates or charges that are below a just and reasonable level. The Commission may, at any time after notice and hearing, prohibit the publication or use of any rates, charges, classifications, rules, or regulations that the controlled carrier has failed to demonstrate to be just and reasonable.

Congress enacted these protections to ensure that controlled carriers, whose marketplace decision making can be influenced by foreign governmental priorities or by their access to non-market sources of capital, do not engage in unreasonable below-market pricing practices which could disrupt trade or harm privately-owned shipping companies.

The controlled carrier list is not a comprehensive list of foreign-owned or -controlled ships or shipowners; rather, it is only a list of ocean common carriers (as defined in section 3(16) of the Act) that are owned or controlled by governments. Thus, tramp operators and other non-common carriers are not included, nor are non-vessel-operating common carriers, regardless of their ownership or control.

Since the last publication of this list on June 9, 2003 (68 FR 34388), the Commission has newly classified two

ocean common carriers as controlled carriers. On September 27, 2004, American President Lines, Ltd. and APL Co. Pte, Ltd. (one ocean common carrier designated "APL") was classified as a carrier controlled by the Government of the Republic of Singapore ("GOS"). The majority ownership of APL's parent company, Neptune Orient Lines ("NOL") had been purchased by a GOS controlled holding company. On November 29, 2004, the Commission classified China Shipping (Hong Kong), Ltd. ("CSHK") as a carrier controlled by the Government of the People's Republic of China. CSHK was a new entrant in the U.S.-foreign trades. Neither APL nor CSHK raised any objections to these classifications.

It is requested that any other information regarding possible omissions or inaccuracies in this list be provided to the Commission's Office of the General Counsel. See 46 CFR 501.23. The amended list of currently classified controlled carriers and their corresponding Commission-issued Registered Persons Index numbers is set forth below:

- (1) American President Lines, Ltd and APL Co., Pte. (RPI No. 000240)—Republic of Singapore;
- (2) Ceylon Shipping Corporation (RPI No. 016589)—Democratic Socialist Republic of Sri Lanka;
- (3) COSCO Container Lines Company, Limited (RPI No. 015614)—People's Republic of China;
- (4) China Shipping Container Lines Co., Ltd. (RPI No. 016435)—People's Republic of China;
- (5) China Shipping Container Lines (Hong Kong) Company, Ltd. (RPI No. 019269)—People's Republic of China;
- (6) Compagnie Nationale Algerienne de Navigation (RPI No. 000787)—People's Democratic Republic of Algeria;
- (7) Sinotrans Container Lines Co., Ltd. (d/b/a Sinolines)(RPI No. 017703)—People's Republic of China;
- (8) Shipping Corporation of India Ltd., The (RPI No. 001141)—Republic of India.

By the Commission.

**Bryant L. VanBrakle,**  
*Secretary.*

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## FEDERAL RESERVE SYSTEM

**Agency Information Collection Activities: Proposed Collection; Comment Request**

**AGENCY:** Board of Governors of the Federal Reserve System.