

*Annual Report of the*

**FEDERAL MARITIME BOARD  
and  
MARITIME ADMINISTRATION**

*1957*



**UNITED STATES DEPARTMENT OF COMMERCE**

For sale by the Superintendent of Documents, U. S. Government Printing Office  
Washington 25, D. C. - Price 25 cents (paper cover)

UNITED STATES DEPARTMENT OF COMMERCE

SINCLAIR WEEKS, *Secretary*

Washington, D. C.

FEDERAL MARITIME BOARD

CLARENCE G. MORSE, *Chairman*

BEN H. GUILL, *Member*

THOS. E. STAKEM, *Member*

JAMES L. PIMPER, *Secretary*

MARITIME ADMINISTRATION

CLARENCE G. MORSE, *Maritime Administrator*

WALTER C. FORD, *Deputy Maritime Administrator*

# LETTERS OF TRANSMITTAL

UNITED STATES DEPARTMENT OF COMMERCE,  
FEDERAL MARITIME BOARD,  
MARITIME ADMINISTRATION,  
*Washington 25, D. C., October 21, 1957.*

To: *The Secretary of Commerce.*

FROM: *Chairman, Federal Maritime Board, and Maritime Administrator.*

SUBJECT: *Annual Report for fiscal year 1957.*

I am submitting herewith the report of the Federal Maritime Board and Maritime Administration covering their activities for the fiscal year ended June 30, 1957.

  
CLARENCE G. MORSE.

---

SECRETARY OF COMMERCE,  
*Washington 25, D. C.*

*To the Congress:*

I have the honor to present the annual report of the Federal Maritime Board and Maritime Administration of the Department of Commerce for fiscal year 1957.

  
*Secretary of Commerce.*



# CONTENTS

## Fiscal Year Activities

	Page
INTRODUCTION.....	1
AID TO SHIPPING.....	4
Construction-Differential Subsidy.....	4
Federal Ship Mortgage and Loan Insurance.....	6
Other Forms of Construction Aid.....	7
Operating-Differential Subsidy.....	8
Aid to Vessels Over 20 Years of Age.....	9
Trade Routes.....	10
SHIP OPERATIONS.....	10
Demand for Ocean Shipping.....	10
Charters.....	11
General Agency Activities.....	12
Grain Storage.....	12
Port Development.....	12
Ship Custody.....	13
Other Activities.....	13
SHIP CONSTRUCTION AND REPAIR.....	14
Nuclear Merchant Ship Program.....	14
Construction.....	15
Conversions.....	16
Technical Developments.....	17
Building Proposals.....	18
Ship Repair.....	19
SHIPPING STUDIES AND REPORTS.....	19
Special Studies.....	19
Ship, Cargo, and Labor Data.....	20
Labor-Management Relations.....	20
MARITIME TRAINING.....	21
United States Merchant Marine Academy.....	21
State Maritime Academies.....	22
SHIP SALES AND TRANSFERS.....	23
Ship Sales.....	23
Transfers to Foreign Ownership and/or Registry.....	23
PROPERTY AND SUPPLY.....	24
Shipyards.....	24
Terminals and Reserve Training Stations.....	25
Warehouses.....	26
Material Control, Inventory, and Disposal.....	26
Purchasing.....	27
ADMINISTRATIVE MANAGEMENT.....	27
Program and Defense Planning.....	27
Personnel.....	28
Organization and Methods.....	28
Security and Investigation.....	28
FINANCE.....	29
Financial Relationships With Contractors.....	29
Accounting.....	29
Audits.....	30
Internal Audits.....	31
Insurance.....	31
Notes and Accounts Receivable.....	32
Claims.....	32

	Page
LEGAL ACTIVITIES.....	33
Legislation.....	33
Contracts.....	33
Litigation.....	34
REGULATORY ACTIVITIES.....	36
Conferences and Other Agreements.....	37
Freight—Foreign.....	38
Freight—United States Territories and Possessions.....	38
Terminals.....	39
Freight Forwarders.....	39
PROCEEDINGS BEFORE HEARING EXAMINERS.....	40
Final Decisions of the Board and/or Administrator.....	40
Recommended Decisions of Hearing Examiners.....	42
Pending Proceedings.....	43
INTERNATIONAL MARITIME AFFAIRS.....	43

## FINANCIAL STATEMENTS

### EXHIBITS:

1. Balance Sheet—June 30, 1957 and 1956.....	46
2. Statement of Operations for the Years Ended June 30, 1957 and 1956.....	48
3. Statement of Equity of the United States Government for the Years Ended June 30, 1957 and 1956.....	49
4. Statement of Sources and Application of Funds for the Year Ended June 30, 1957.....	50
NOTES TO FINANCIAL STATEMENTS—June 30, 1957 and 1956.....	51
SCHEDULES:	
1. Statement of Operations of National Shipping Authority for the Years Ended June 30, 1957 and 1956.....	52
2. Statement of Operations of National Shipping Authority From Inception to June 30, 1957.....	53

## APPENDIXES

A. Employment of United States-Flag Merchant Ships as of June 30, 1957.....	54
B. Deliveries of New Merchant Ships During Fiscal Year 1957.....	56
C. Summary of Operating-Differential Subsidy Agreements on June 30, 1957.....	58
D. Ships Approved for Transfer to Alien Ownership and/or Registry and Flag, Fiscal Year 1957.....	58
E. New Ship Construction on June 30, 1957.....	59
F. Merchant Fleets of the World as of June 30, 1957.....	60
G. Cash and Approved Securities on Deposit in Statutory Capital and Special Reserve Funds of Subsidized Operators as at June 30, 1957.....	62

# FISCAL YEAR ACTIVITIES

## Introduction

Reorganization Plan No. 21 of 1950, effective May 24, 1950, abolished the United States Maritime Commission and established the Federal Maritime Board and the Maritime Administration in the Department of Commerce to perform the functions of the abolished agency.

The Federal Maritime Board is composed of three members, appointed by the President, by and with the advice and consent of the Senate. The President designates one of such members to be the Chairman of the Board, who also serves *ex officio* as Maritime Administrator.

The plan transferred to the Federal Maritime Board the regulatory functions of the United States Maritime Commission and the functions with respect to making, amending, and terminating subsidy contracts and with respect to conducting hearings and making determinations antecedent thereto, under the provisions of titles V, VI, and VIII, and sections 301, 708, 805 (a), and 805 (f) of the Merchant Marine Act, 1936, as amended.

The Board, in respect of the regulatory functions transferred to it by the plan, is independent of the Secretary of Commerce. In administering other functions transferred to the Board by the plan, the Board is guided by the general policies of the Secretary of Commerce with respect to such functions. The actions of the Board in respect of the subsidy functions transferred to it are final.

The Maritime Administration is charged with the administration and execution of shipbuilding, shipping, port development, and other programs authorized by law. Many of its actions are based on determinations made by the Federal Maritime Board. The Administration carries out its functions under a delegation of authority from the Secretary of Commerce.

The Federal Maritime Board and the Maritime Administration, during fiscal year 1957, continued to devote their resources to the accomplishment of their responsibilities under the maritime laws. This legislation provides for the development and promotion of an American merchant marine sufficient to carry the domestic waterborne commerce and a substantial portion of the foreign commerce of the country; capable of serving as a naval auxiliary in time of war; owned by, and operated under the United States flag by citizens of the United States, and composed of the best-equipped, safest, and most suitable types of vessels manned by a trained and efficient citizen personnel.

Principally, these efforts involved the administration of programs concerning the (1) planned construction of new and replacement ships, so phased as to meet the Nation's current and future requirements; (2) chartering of Government-owned vessels from the reserve fleet to private operators to furnish sufficient tonnage at reasonable rates to agriculture and industry in the expanded traffic market; (3) development of new ship designs and variations thereof, including those involving nuclear propulsion as well as those for conventional-type ships, to assure continued technological progress necessary to an efficient and modern American merchant marine; (4) administration of operating-differential and construction-differential subsidy, insurance of loans and mortgages, and other forms of Government-aid programs designed by the Congress to effectively promote and assist the American merchant marine; and (5) improvements in management and efficiency of the agency.

In meeting the objectives of these programs, the Federal Maritime Board/Maritime Administration continued to foster the basic principles of providing for maximum private ownership and operation of the merchant marine with full initiative in its own development of the shipping business and the solution of maritime problems, limiting Federal participation to the extent required to meet the country's economic and national security needs, and administering the country's maritime laws in an economical, efficient, and effective manner.

With respect to the ship construction program, there was a continued increase in the number of ships placed under contract for construction or conversion in United States shipyards. Continuation of this program was essential to provide a modern, balanced, privately owned merchant marine capable of transporting a substantial portion of the country's commerce, and assure the availability of a nucleus of ship construction knowledge and skills for utilization in event of mobilization. The progress of this program is exemplified by the following: (1) at the end of the fiscal year 1957 there was a total of 119 ships under construction, conversion, or on order in the United States shipyards, providing in excess of \$1,250 million worth of work to the industry; (2) contracts have been executed or are in process of negotiation with subsidized operators, which will result in the replacement construction of some 278 ships over a period of years at an estimated construction cost of \$3 billion (4 of these ships were under construction on June 30, 1957).

In connection with bareboat chartering activities, the Federal Maritime Board authorized the charter to United States-flag operators of up to 223 Government-owned ships in the National Defense Reserve Fleet. The Maritime Administrator, subsequent to Board action, allocated 138 Liberty- and Victory-type dry cargo ships to 27 different American-flag operators. The chartering of these ships, plus those previously chartered, furnished sufficient tonnage at reasonable rates to agriculture and industry in the expanded traffic movement of the year. In addition, the chartering of these vessels enabled the transportation in United States-flag vessels of a substantial portion, con-

sistent with the availability of United States-flag vessels, of the sizable tonnages involved in the aid programs of the Department of Agriculture and International Cooperation Administration, and cargoes financed under Export-Import Bank loans. This assured to the maximum extent possible compliance with respect to the 50-percent participation of United States privately owned vessels in movements of foreign aid cargoes as provided by Public Law 664, 83d Congress, and the exclusive requirements as to the use of American-flag ships in the movement of cargoes financed by Export-Import Bank loans as provided by Public Resolution No. 17, 73d Congress.

With respect to ship design activities, continued advance was made toward achieving a modern American merchant marine with increased efficiency and economy of operations through the development and utilization of new ship and propulsion designs. This progress was notable with respect to the following: (1) completion by the Maritime Administration of contract plans and specifications for 4 prototype cargo ships, the *Clipper*, *Seafarer*, *Freedom*, and *Bulk*; one *Pipeline* tanker was under construction, and consideration is being given by a number of American ship operators to the utilization of variations of the *Clipper*, *Freedom*, *Seafarer*, and the *Bulk* cargo ship design in future construction of ships under their replacement programs or under pending applications for ship mortgage insurance aid; (2) development of a number of plans and designs by subsidized operators under their replacement programs, and by applicants for Government aid covering a number of ships proposed to be constructed or converted, including cargo, passenger, combination passenger/cargo, and trailer ships; (3) development of plans, designs, and specifications for the construction of the first nuclear-powered merchant ship; and (4) completion of the program of experimental conversion of Liberty ships.

The nuclear ship program was materially advanced during the year with the substantial completion of feasibility studies to determine economic and technical applicability of various reactor concepts; establishment of the basic characteristics of the ship; awarding of a contract for the design, development, and fabrication of a pressurized water reactor propulsion system which is to be utilized in the ship; awarding a contract for the preparation of naval architectural and marine engineering contract plans and specifications for the ship, exclusive of the propulsion plant; and determination of the availability and capabilities of shipyards to construct the vessel. At the close of the fiscal year, plans were formulated to continue the technical, engineering, and scientific activities necessary to assure the commencement of construction of the ship during fiscal year 1958 and its completion during the winter of 1959-60.

The current Liberty ship conversion and engine improvement program was nearing completion, with the fourth such vessel scheduled for completion in September 1957. This program involved the (a) installation of new propulsion equipment, including steam, diesel, and gas turbines; (b) installation of modified cargo-handling gear;

and (c) modification of hull lines to increase speed. Although evaluation studies of these ships are to continue during their operation in regular North Atlantic service, indications were that the objectives of the program were being met in terms of increased speed (in excess of 15½ knots compared with a former speed of 10 knots), feasibility of ready upgrading, if required in an emergency, of some 1,500 Liberty-type ships now in the reserve fleet, and providing the basis of development of new types of propulsion equipment.

In the matter of administering operating-differential and construction-differential subsidy and other forms of Government-aid programs, continued emphasis was given to the negotiation of operating-differential subsidy agreements providing for phased ship replacements of subsidized operators' fleets, and contracting for Federal ship mortgage and loan insurance. During fiscal years 1956 and 1957, new operating-differential contracts were executed with five operators. These contracts, plus continuing contracts with 6 other operators, provide for the replacement of 175 ships during the period 1957-77 at a total estimated construction cost of \$1.9 billion. In addition, by the end of the year negotiations were in process or contemplated with six operators for the execution of new contracts or extension of old contracts, providing for the replacement of 103 additional vessels at an estimated construction cost of \$1.1 billion. There were executed during the fiscal year 10 contracts providing Federal insurance of construction and mortgage loans made by private lending institutions to private ship operators for the construction or reconstruction of 11 vessels at a total estimated construction cost of \$87.3 million.

Relating to the foregoing, there was 1 construction-differential subsidy contract executed with a subsidized operator for aid in the conversion of 1 Mariner cargo vessel to a passenger/cargo vessel at an estimated construction cost of \$11,885,000, and approval was given to the applications of 5 other subsidized operators, contracts to be executed in fiscal year 1958 subject to the availability of appropriated funds, for construction aid in building or converting 20 ships at an estimated collective cost of \$169 million.

The Federal Maritime Board and the Maritime Administration, in addition to administering the programs covered heretofore, continued to devote undiminished efforts to other programs and activities, including those involving the operation of ships under charter and general agency agreements; maintenance of the national defense reserve fleets; and the conduct of regulatory matters.

## **Aid to Shipping**

### ***Construction-differential subsidy***

During the fiscal year the Federal Maritime Board, with the concurrence of the Comptroller General and the Attorney General, effected a settlement with the American Export Lines, Inc., in the matter of the Comptroller General's exceptions to the construction subsidy al-

allowances granted that company in connection with the construction of the SS. *Independence* and SS. *Constitution*, and the reconditioning of the four combination ships (usually referred to as the FOUR ACES). This settlement provided for payment by the operator to the United States of the sum of \$2,791,501.28, in settlement of the claim of the United States in connection with the construction subsidy on the FOUR ACES, and a full release of claims of the United States regarding the construction subsidy allowance granted in connection with building of the SSs. *Independence* and *Constitution*.

The Federal Maritime Board during the fiscal year executed a construction-differential subsidy contract with the American Banner Lines, Inc., covering the conversion of one Mariner cargo vessel to a combination passenger/cargo vessel at a basic domestic contract price of \$11,885,000<sup>1</sup> for operation in the New York and Holland/Belgium service.

The Federal Maritime Board took action on the following, and it was anticipated that formal construction-differential subsidy contracts would be executed during the fiscal year 1958: (a) approved an application of American President Lines, Ltd., for construction-differential subsidy to aid in the construction and reconditioning of four Mariner-class vessels at an estimated construction cost of \$2,200,000 per ship, to be used in the company's Round-the-World and/or transpacific services; (b) agreed to pay construction subsidy to Lykes Bros. Steamship Co., Inc., to aid in building 5 cargo vessels at an estimated domestic construction cost of \$9 million per ship, to be operated in the Mediterranean service; (c) approved the application of Moore-McCormack Lines, Inc., for construction aid in building 5 or 7 cargo ships at an estimated domestic cost of \$10,500,000 per ship, to be operated in the American Republics and American Scantic services; and (d) agreed to pay construction-differential subsidy to the Pacific Far East Line, Inc., for reconstruction and reconditioning of the SS. *Golden Mariner* at an estimated total domestic cost of \$2,250,000 to be operated in the West Coast/Far East service.

The Board rescinded its action taken in fiscal year 1956 authorizing payment of construction-differential subsidy on the cost of reconstructing and reconditioning eight Mariners purchased by United States Lines Co.

Related to the foregoing, there were approved by the Federal Maritime Board and accepted by the respective operators, the following construction-differential subsidy determinations. The Pacific Far East Line, Inc., was authorized a construction-differential allowance of 45.6 percent of the domestic cost of the conversion of three Mariner-type vessels covered in their construction-differential contract executed in fiscal year 1953. The estimated foreign cost per vessel amounted to \$882,000 as compared to the established domestic west coast cost of \$1,621,000. The American Banner Lines, Inc., was authorized a construction-differential allowance of 40.6 percent of the domestic cost

---

<sup>1</sup> Cost figures quoted in this section of the report are exclusive of national defense allowances, if any.

of the conversion of a Mariner-type vessel to a passenger/cargo ship, covered in their construction-differential subsidy contract executed in fiscal year 1957. The estimated foreign cost for the vessel amounted to \$7,050,000 as compared to the lowest responsible domestic bid of \$11,866,000 (subsequently adjusted to \$11,885,000). The American President Lines, Ltd., was authorized construction-differential subsidy allowance of 39.6 percent of the domestic cost of reconditioning the passenger ships, the *President Cleveland* and the *President Wilson*, covered in their construction-differential subsidy contract executed in fiscal year 1956. The estimated foreign cost per vessel amounted to \$285,000 as compared with the lowest responsible domestic bid of \$466,500.

The following applications for construction-differential subsidy were pending as of June 30, 1957: (a) American Bulk Carriers, Inc., for construction of 4 combination bulk ore and petroleum carriers; (b) American Export Lines, Inc., for construction of 4 cargo vessels for operation on Line F; (c) American Mail Line, Ltd., for construction of 4 cargo vessels; (d) American President Lines, Ltd., for construction of a transpacific liner; (e) H. B. Cantor, New York, N. Y., for construction of 2 large passenger vessels to be operated in the transatlantic service; (f) Central Gulf Steamship Corp., for construction of 1 bulk dry-cargo vessel of Maritime design; (g) Clover Carriers Corp., for construction of 1 bulk cargo vessel of Maritime design; (h) Edison Steamship Corp., for construction of a bulk dry-cargo vessel of Maritime design; (i) Grainfleet, Inc., for construction of 1 combination oil and bulk dry-cargo carrier; (j) Ocean Transportation Co., for construction of a bulk dry-cargo vessel of Maritime design; (k) Ore Transport Inc., for construction of 1 combination tanker-ore carrier; (l) Penn Shipping Co., for construction of 1 bulk dry-cargo vessel of Maritime design; and (m) TMT Trailer Ferry, Inc., for conversion of SS. *TMT Florida Queen* to a roll-on/roll-off trailer ship.

### ***Federal ship mortgage and loan insurance***

The Maritime Administration during the course of the year executed contracts authorizing insurance of construction and mortgage loans made by banks and other lending agencies involving the companies listed and in the approximate amounts as follows: (a) American Banner Lines, Inc., a reconstruction loan of \$5 million and mortgage loan of \$5,500,000 for the reconstruction of a Mariner-type vessel; (b) College Point Dry Dock & Supply Co., Inc., a mortgage loan of \$106,500; (c) Eagle Carriers, Inc., a construction loan of \$6,363,750 and mortgage loan of \$7,875,000 for the construction of a tanker; (d) Terminal Transport Corp., a construction loan of \$6,363,750 and a mortgage loan of \$7,875,000 for the construction of a tanker; (e) Matson Navigation Co., a mortgage loan of \$13 million for reconstruction of the SS. *Matsonia*; (f) Textron, Inc., a mortgage loan of \$2,625,000 for the reconstruction of the SS. *Leilani* (ex-SS *LaGuardia*); (g)

Ocean Transportation Co., a construction loan of \$7,410,000 and a mortgage loan of \$10,500,000 for the construction of a tanker; (h) Sea Transport Corp., construction and mortgage loans of \$8,425,000 and \$10,500,000, respectively, on the construction of each of two tankers; (i) Coastwise Line, a mortgage loan of \$780,000 for the reconstruction of the SS. *Coast Progress* (ex-*Nevadan*); and (j) Red Hills Corp., a construction loan of \$3,187,500 and a mortgage loan of \$3,850,000 for the construction of a tanker.

Of the title XI applications pending at the close of the last fiscal year, the following applications have either been withdrawn or placed in an inactive status: Alaska Steamship Co., James M. Jackson, Pan-Atlantic Steamship Corp., Puerto Rico Railroad & Transport Co., and Trainships, Inc.

The following title XI applications were pending as of June 30, 1957: (a) American Eagle Tanker Corp. for 1 tanker; (b) American-Hawaiian Steamship Co. for 8 roll-on/roll-off special purpose vessels; (c) American-Liberty Steamship Corp. for 9 roll-on/roll-off vessels; (d) American Trading & Production Corp. for 2 tankers (reconstruction); (e) Black Ball Transport, Inc., for 1 combination passenger and auto ferry and roll-on/roll-off trailer ship; (f) The Bridgeport & Port Jefferson Steamboat Co. for 1 roll-on/roll-off trailer ship; (g) H. B. Cantor for 2 superliners; (h) Central Gulf Steamship Corp. for 1 bulk dry cargo; (i) Clover Carriers Corp. for 1 bulk dry cargo; (j) Galapagos, Inc., for 1 tuna clipper; (k) Nautilus Petroleum Carriers Corp. for 1 tanker; (l) New York Tankers Co., Inc., for 1 tanker; (m) New London Freight Lines, Inc., for 2 roll-on/roll-off ferries; (n) Ocean Transportation Co., Inc., for 1 bulk dry cargo; (o) Petrol Transportation Corp. for 1 tanker; (p) The Skouras Lines, Inc., for 1 tanker; (q) Transeastern Shipping Corp. for 1 tanker; (r) Transportation Utilities, Inc., for 2 trailer ships; (s) TMT Trailer Ferry, Inc., for reconstruction of the SS. *TMT Florida Queen*; (t) United Vintners Lines for 1 special products tanker; (u) World Wide Tankers for 1 tanker; and (v) TMT Trailer Ferry, Inc., for additional coverage on the SS. *TMT Carib Queen*.

### ***Other forms of construction aid***

As of June 30, 1957, the following applications were on hand for trade-in allowances on old vessels to be applied against the construction cost of new vessels: American Export Lines, Inc., for 4 old vessels against 4 new vessels; American Mail Line, Ltd., for 3 old vessels against 4 new vessels; Moore-McCormack Lines, Inc., for 7 old vessels against 7 new vessels; Ore Transport, Inc., for 1 old vessel against 1 new vessel.

In view of the fact that the Pan-Atlantic Steamship Corp. had not contracted for the building of seven new roll-on/roll-off vessels, in accordance with the terms of its trade-in and build contract which provided for trade-in allowance of \$950,000 on each vessel, the trade-in and build contract was deemed to be canceled.

As of June 30, 1957, balances in 13 construction reserve funds of nonsubsidized operators totaled \$18,801,089, compared with \$9,692,483 as of June 30, 1956, in 9 construction reserve funds. Five new funds were established during the fiscal year 1957, and deposits were made to such funds. However, the total deposits in one of the new funds were withdrawn prior to the close of the fiscal year. Deposits in the funds during the fiscal year amounted to \$12,935,770 and withdrawals totaled \$3,827,165. The latter amount included \$2,235,684 for purchase of vessels; \$250,281 withdrawn by three separate depositors for application to mortgage indebtedness, of which \$43,612 represented a reduction in the amount available under an irrevocable letter of credit; and \$1,341,200 withdrawn by four separate depositors for application to construction costs of new vessels.

In addition to mandatory deposits required by statute during fiscal year 1957, voluntary deposits of free earnings of subsidized operators were authorized in the total amount of approximately \$8,882,550 for six operators. As at the end of the fiscal year, there were pending applications from five subsidized operators for authority to make voluntary deposits totaling \$18,950,450.

### ***Operating-differential subsidy***

Operating-differential subsidy agreements with Pacific Argentine Brazil Line, Inc., and Seas Shipping Co., Inc., covering operations on trade routes Nos. 24 and 15-A, respectively, were terminated by mutual consent, and the operating-differential subsidy agreement with Moore-McCormack Lines, Inc., was amended to include these subsidized services. Operation of these services by Moore-McCormack Lines, Inc., is being performed with vessels purchased from these two operators.

An operating-differential subsidy contract was awarded to American Banner Lines, Inc., to cover operation of a combination passenger/cargo vessel, after completion of its conversion, on trade route No. 8 between New York and ports in Belgium and the Netherlands.

At the close of fiscal year 1957, applications for new operating-differential subsidy agreements were on file from the following companies: T. J. McCarthy Steamship Co., Isbrandtsen Co., Inc., United States Lines Co. (amendment of existing contract), and Corydon & Ohlrich Steamship Co., for operation on trade route No. 32 (Great Lakes to Europe); Isbrandtsen Co., Inc., for operation on Round-the-World service (eastbound); States Marine Corp. for operation on trade routes Nos. 13, 29, 30, and Tri-Continent services; Isthmian Lines, Inc., for operation on Round-the-World westbound service and trade route No. 18; Matson Orient Line, Inc., for operation on trade route No. 12; and Waterman Steamship Corp. for operation on four services.

As of the close of this fiscal year, continued progress had been made in negotiations with Lykes Bros. Steamship Co., Inc., and Mississippi Shipping Co., Inc., for execution of new operating-differential sub-

sidy agreements to become effective January 1, 1958, following the termination of their current subsidy agreements as of December 31, 1957. These contracts, when executed, will provide, among other things, for the replacement of each operator's current fleet of vessels, 53 and 14 ships, respectively. Progress had also been made with American Mail Line, Ltd., as to the termination by mutual consent of the company's current subsidy agreement (expiring December 31, 1960) and the execution of a new long-range subsidy agreement which, among other things, would provide for the replacement of six vessels over their existing replacement requirements. Negotiations were also in progress in the extension of Pacific Far East Line's contract providing for the replacement of seven ships over their existing contract requirements. In addition, consideration was being given to the application of (a) States Steamship Co., providing for the taking over of the subsidized service of its subsidiary, the Pacific Transport Lines, acquiring additional subsidized services, cancellation of Pacific Transport Line's old contract and the obtaining of a new contract effective January 1, 1958, which would provide for the replacement of 9 ships over PTL's contract requirement, and (b) Farrell Lines, Inc., for termination of their old contract and the execution of a new operating-differential contract providing for the replacement of 14 ships.

Progress continued to be made in clearing up the backlog of operating-differential subsidy rates applicable to the postwar period. Of the 520 rates applicable to the calendar years 1955-56, 238 were incomplete as of June 30, 1957 (all rates required for the calendar years 1947 through 1954 have been completed). As of June 30, 1957, \$568,143,195 net advance subsidy payments (subsidy less recapture) had been made. This amount represents payment on account from the date of postwar resumption of subsidized operations (January 1, 1947) through the calendar year 1956, and the first half of calendar year 1957. A summary of operating subsidy contracts is given in appendix C.

### ***Aid to vessels over 20 years of age***

The Federal Maritime Board having found it to be in the public interest under section 605 (b) of the Merchant Marine Act, 1936, as amended, had authorized formerly and in the current fiscal year, through issuance of formal order, the continued payment of operating subsidy on ships now over 20 years old, or which will become over age prior to the delivery of their scheduled replacements. The action of the Federal Maritime Board in this matter was predicated upon the ship replacement provisions of the new operating subsidy contracts entered into by these companies. Cumulative authorizations by the Board in this connection are tabulated on the following page.

Name of operator	Vessel	20 years of age	Scheduled replacement
Grace Line Inc.....	Santa Ana.....	1960	1963
	Santa Teresa.....	1960	1963
	Santa Juana.....	1962	1968
	Santa Adela.....	1962	1968
	Santa Cruz.....	1962	1969
	Santa Flavia.....	1963	1968
	Santa Ellana.....	1964	1968
	Santa Leonor.....	1964	1968
	Santa Mercedes.....	1964	1968
	Santa Fe.....	1964	1969
	Santa Anita.....	1964	1969
	Santa Paula.....	1952	1958
	Santa Rosa.....	1952	1959
	Moore-McCormack Lines, Inc.....	Argentina.....	1949
Brazil.....		1948	1958
American President Lines, Ltd.....	President Harrison.....	1963	1966
	President Johnson.....	1963	1966
	President Van Buren.....	1963	1966
	President McKinley.....	1966	1966
	President Monroe.....	1960	1963
	President Polk.....	1961	1963
	President Hoover.....	1959	1961

### *Trade routes*

Continued progress was made during the year in reviewing the essentiality and United States-flag requirements of United States foreign trade routes as provided for in sections 211 (a) and (b), Merchant Marine Act, 1936. Reviews of five trade routes (Nos. 5, 7, 8, 9—passenger services, and No. 20—passenger/freight service), which were first declared to be essential in 1946, were completed. In addition, trade route 33—United States Great Lakes/Caribbean was reviewed and declared to be essential to the foreign commerce of the United States. Limited review was also made on three other routes (Nos. 17, 24, and 29), resulting in minor modifications of liner service requirements.

## Ship Operations

### *Demand for ocean shipping*

The fiscal year embraced a period of exceptionally heavy traffic activity, with an increased demand for both United States-flag and foreign-flag vessels. Notable features were the accelerated movement of coal for commercial account, and the large export of grain, principally under the foreign-aid programs of the Department of Agriculture and the International Cooperation Administration. The increased tonnage requirements reached an acute stage in the fall of 1956, resulting in the development of shortages in United States-flag vessels. This was aggravated by the blockade and subsequent closing of the Suez Canal in the fall of 1956.

The Federal Maritime Board/Maritime Administration maintained constant surveillance over the situation and took appropriate action necessary to alleviate the shortage of shipping and the stabilization of

charter rates, as indicated under the section of this report titled "Charters."

Toward the end of the fiscal year there was a steadily decreasing volume of shipments and increasing availability of dry cargo tonnage materialized, resulting from expansion of ship capacities by the re-opening of the Suez Canal, introduction of fast new foreign-flag vessels, and the seasonal slump in demand for cargo space.

In compliance with the provisions of Public Resolution No. 17, 73d Congress, the Maritime Administration continued to advise the Export-Import Bank on shipping arrangements of exports financed under the bank's loan credits. In this connection a number of waivers were authorized to the exclusive requirements as to the use of United States-flag vessels, as provided by the law, so as to permit foreign-flag participation in the cargo movements. The countries involved included Japan, France, Germany, Italy, Chile, and Brazil. Similar assistance was furnished other Government agencies, and liaison was maintained with the shipping industry to assure the 50-percent participation of United States privately owned commercial vessels in movements of cargo financed by the Government as provided in Public Law 664, 83d Congress.

## *Charters*

The Federal Maritime Board during the period July 1956 through January 1957 held public hearings (13 in number) with respect to applications from American-flag operators for the bareboat charter of Government-owned dry cargo ships in the reserve fleets. The ships were to be utilized in the movement of Government-sponsored bulk cargoes and other approved bulk cargoes. As a result of these hearings, the Board authorized the charter of up to 223 ships, based upon its findings that (a) the services under consideration were required in the public interest, (b) such services were not being adequately served, and (c) privately owned American-flag vessels were not available for charter by private operators on reasonable conditions and at reasonable rates for use in such services. The Maritime Administrator, subsequent to Board action, allocated 138 Liberty- and Victory-type ships, and entered into bareboat charter agreements for such ships with 27 American-flag operators.

The operation of Government-owned ships under bareboat charter, those covered in the preceding paragraph and those previously chartered, increased from 22 to 151 in the fiscal year 1957. One hundred and forty of these ships, including 2 modernized Liberty-type ships, were in the offshore trade, 4 in the Alaska trade, 4 in the west coast-east coast intercoastal trade, and 1 in the transportation and storage of cable used in laying a submarine telephone system between the Pacific coast and Alaska and Hawaii; and 2 seagoing tugs were engaged in hauls between South Atlantic United States ports to Puerto Rico. In accordance with Public Law 591, 81st Congress, an annual review was made of all bareboat charters in effect as of June 30, 1956,

under authority of the Merchant Ship Sales Act of 1946, as amended, and it was found that the continuance of such charters was justified.

The increased traffic activities mentioned occasioned higher charter market rates during the year than had applied for several previous years. The upward tendency was arrested to a considerable extent by the allocation of additional Government-owned ships to bareboat charter operation, and by the issuance of fair and reasonable rate advices to other Government agencies to guide them as to rates which might justifiably be paid for the shipment of Government-financed cargoes. In the latter area there were issued fair and reasonable time charter rates for the several standard types of ships in the cargo fleet, and fair and reasonable voyage charter rates on grain, coal, and other bulk cargoes to the principal ports of 28 countries. At the close of the fiscal year there was a considerable drop in the charter market rates due to the increasing availability of tonnage.

### ***General agency activities***

Thirty-three general agency ships were in operation at the commencement of fiscal year 1957. These ships were assigned to 23 regularly approved general agents and represented the peak in general agency-operated ships in the fiscal year 1957. All general agency operations during the fiscal year 1957 were to meet requirements of the Military Sea Transportation Service, including their Dewline operation, except for one inbound sugar cargo from Puerto Rico requested by the Department of the Interior.

### ***Grain storage***

On June 30, 1956, there were at the various reserve fleets 330 idle Libertys loaded with grain for the account of the Commodity Credit Corporation, Department of Agriculture. During the fiscal year ending June 30, 1957, 28 light Libertys were withdrawn and loaded with storage wheat; additionally, 162 laden ships were discharged, and 34 of these were reloaded with new grain, thus leaving a balance of 230 grain-laden ships at the various reserve fleet sites, with approximately 53 million bushels of grain in storage. Since the inception of this program in 1953, the reserve fleet has been utilized for the storage of approximately 115 million bushels of grain.

### ***Port development***

As an aid to industry in its development of roll-on/roll-off and other special-purpose shipping, the Maritime Administration completed by contract a study entitled "Shoreside Facilities for Trailership, Trainship, and Containership Services." This study, which includes engineering and design criteria, suggested layouts, photographs, etc., was made available to the public, by sale, and met with widespread and favorable response.

The ports of Ashland and Superior, Wis., and Duluth, Minn., were

inspected at the request of local port authorities, and consultations were held with them with respect to future development plans of those ports. Additionally, conferences were held with other Great Lakes port authorities, and plans for port development were reviewed and commented upon in the light of future opening of the St. Lawrence Seaway.

In cooperation with the Department of the Army, Board of Engineers for Rivers and Harbors, studies were completed on *Port Series No. 7, The Port of Philadelphia, Pa., and Camden and Gloucester City, N. J.*; and *Port Series No. 8, The Port of Wilmington, Del. and Ports on Delaware River Below and Above Philadelphia, Pa.* Studies on the ports of Boston, San Diego, Los Angeles, Jacksonville, and Tampa were in process at the end of the fiscal year.

### **Ship custody**

At the close of the 1957 fiscal year, there were 1,889 ships in the reserve fleet. During the year, 238 ships were taken into the fleet and 410 were withdrawn, for a net decrease of 172 ships. The following table gives a breakdown of the ships at the various fleet sites:

Hudson River-----	147	Beaumont -----	181
James River-----	339	Suisun Bay-----	311
Wilmington -----	296	Astoria -----	200
Mobile -----	287	Olympia-----	128

The ship preservation program progressed to the extent possible within the limitations of appropriated funds, with approximately 100 percent of the basic lay-up and preservation of ships completed, and 68 percent of the year's scheduled workload of recurring preservation finished by the end of the fiscal year. By June 30, 1957, the program for the cathodic protection of the underwater surfaces of ships' hulls was in operation at all reserve fleets.

### **Other activities**

The acute tanker shortage caused by the closing of the Suez Canal resulted in the withdrawal of 29 tankers from the reserve fleet for assignment to the Navy Department, 17 of which were permanently transferred, and 12 transferred on a custody arrangement. Forty-eight Maritime Administration-owned ships were under custody of other Government agencies at the end of the year. These consisted of 23 dry cargo, 15 tankers, and 10 transports.

Through the cooperation of the Department of the Navy, training programs were established to indoctrinate merchant marine shoreside and seagoing personnel in defense against radiological hazards, and in damage control and firefighting. In addition, considerable progress was made on studies relative to the several recommendations of the Safety of Life at Sea study (H. R. 2969, January 3, 1957), including those toward the establishment of training for merchant marine officers in radar observation.

# Ship Construction and Repair

## *Nuclear merchant ship program*

Steady progress was made by the Maritime Administration and the Atomic Energy Commission with respect to the design and construction of a nuclear-powered merchant ship, as provided by Public Law 848, 84th Congress. The Congress appropriated \$21 million to the Atomic Energy Commission for the reactor and the propulsion and pressure components, and \$18 million to the Maritime Administration for ship construction, shore facilities, and basic crew training.

Pursuant to this legislation and subsequent directive of the President, the Maritime Administration and the Atomic Energy Commission entered into agreement as to each agency's sphere of responsibility and the integration of each in the construction of the total ship. The following reflects the progress that was made during the fiscal year:

1. The basic characteristics of the ship were established, which provide a length of 587 feet; beam, 78 feet; draft, 29½ feet; displacement, 21,840 tons; reactor, 35 feet in diameter and 51 feet in height; and passenger accommodations for 60.

2. A contract was executed with Babcock & Wilcox Co. for the design and fabrication of a pressurized water reactor nuclear propulsion system. This provided for a fixed price of \$9,872,000 for the basic plant, with cost of plant spares, installation, piping and wiring outside the containment vessel, and certain of the propulsion plant components to be negotiated as work proceeds.

3. A cost contract was entered into with George G. Sharp for the preparation of naval architectural and marine engineering contract plans and specifications of the nuclear ship, exclusive of the propulsion plant as covered in 2 above.

4. Surveys were made of the availability and capabilities of shipyards to construct the first nuclear ship.

5. Six outside design contracts were awarded for feasibility studies to determine economic and technical applicability of various reactor concepts to nuclear-powered merchant ships. These studies were substantially completed, and covered the gas-cooled, organic-cooled and moderated, boiling water and supercritical reactor systems.

At the close of the fiscal year, plans were crystallized for the accomplishment of objectives in fiscal year 1958. Those to be achieved are the completion and approval of plans and specifications for the ship, including its reactor, propulsion plant components and their systems; testing, evaluating, and selecting the most economical uranium fuel; awarding the ship construction contract; scheduling construction to assure completion of the ship in the winter of 1959-60; development of requirements for the review and approval of the ship by the American Bureau of Shipping, Coast Guard, and Public Health; operational plans of the ship, including its docking and load-

ing, and discharge of active fuel and spent fuel waste, and safety of crew, passengers, and dockside personnel.

It is generally recognized that the first ship will not be economically competitive with conventionally powered vessels. The ship, utilizing a pressurized water reactor system, however, will pioneer development of nuclear-powered merchant ships and be an extremely useful laboratory in which to learn and train for later vessels through practical experience, and provide the basis for competitive nuclear merchant ships to follow. However, work activities confirmed the assumption that competitive nuclear-powered merchant ships are technically feasible, and one of the more promising economic applications of atomic energy. Consequently, the Maritime Administration and the Atomic Energy Commission have undertaken study and development of other reactor systems to achieve the objective of competitive nuclear power for merchant ships. Work will be undertaken in fiscal year 1958 to develop engineering data on the particular problems of using the boiling water, the organic and advanced pressurized water systems in merchant ships, with particular attention devoted to plant optimization, pitch-and-roll considerations, and system component prototype development. It is expected that such systems could be economically utilized now for supertankers on long runs, or special-purpose vessels, such as whalers.

In addition to the above, studies indicated that a high-temperature gas-cooled reactor with a closed-cycle gas turbine offers great promise for eventual low-cost propulsive power from a compact plant of relatively light weight. To prove out the concept, it will be necessary to undertake work to resolve the technical problems of both the large-scale, closed-cycle gas turbine and the reactor system. Accordingly, the Maritime Administration and the Atomic Energy Commission jointly planned to solicit industrial firms to act as a single prime contractor for the program, with a contractor being selected in the second quarter of fiscal year 1958.

### ***Construction***

At the beginning of the fiscal year, 15 ships were being constructed under Maritime Administration contracts. Of these, four tankers under construction for the Department of the Navy were completed and accepted by the Maritime Administration during the year. One roll-on/roll-off cargo vessel (originally scheduled for delivery in June 1957), one cargo ship (dock), two bulk petroleum carriers, and three small cargo ships being constructed for the Department of the Navy, were scheduled for delivery in fiscal year 1958. Two passenger/cargo ships for Moore-McCormack Lines, Inc., and two passenger/cargo ships for Grace Line Inc., being constructed under title V, sections 501 and 504, of the Merchant Marine Act, 1936, as amended, are scheduled for delivery in fiscal years 1958 and 1959.

During fiscal year 1957, a contract was awarded for the construction of one oil tanker for Government account, under title VII, Merchant Marine Act of 1936.

The ships being constructed under Maritime Administration contracts as of June 30, 1957, are given below:

Type	Name	Builder	Keel laid	Estimated delivery
C3-ST-14a.....	USNS Comet.....	Sun Shipbuilding & Dry Dock Co.	May 15, 1956	Nov. 29, 1957
S2-ST-23a.....	USNS Pt. Barrow.....	Maryland Shipbuilding & Dry Dock Co.	Sept. 18, 1956	Feb. 23, 1958
T1-MET-24a.....	USNS Alatna.....	Bethlehem Steel Corp.....	Mar. 16, 1956	July 17, 1957
T1-MET-24a.....	USNS Chattahoochee.....	.....do.....	May 1, 1956	Oct. 25, 1957
C1-ME2-13a.....	USNS Eltanin.....	Avondale Marine Ways, Inc.....	June 4, 1956	Sept. 20, 1957
C1-ME2-13a.....	USNS Mirak.....	.....do.....	July 5, 1956	Oct. 31, 1957
C1-ME2-13a.....	USNS Mizar.....	.....do.....	Jan. 21, 1957	Nov. 30, 1957
P2-S2-9a.....	Passenger-cargo.....	The Ingalls Shipbuilding Corp.	July 6, 1956	July 25, 1958
P2-S2-9a.....	.....do.....	.....do.....	Oct. 18, 1956	Nov. 21, 1958
P2-S2-11a.....	.....do.....	Newport News Shipbuilding & Dry Dock Co.	Jan. 15, 1957	May 29, 1958
P2-S2-11a.....	.....do.....	.....do.....	Apr. 9, 1957	July 18, 1958
T5-S-RM2a.....	Oil tanker.....	The Ingalls Shipbuilding Corp.	July 8, 1957	June 20, 1958

The Esso Shipping Co. had 4 tankers under construction in which the Maritime Administration had an interest by virtue of contracts for (a) the payment of national defense allowances totaling \$1,540,000 on 2; and (b) payment of national defense allowances of \$2,100,000 on the other 2, and trade-in allowance on 5 obsolete vessels in the total amount of \$5,458,379. Two of these tankers were completed during the fiscal year.

At the beginning of the fiscal year a critical condition existed with regard to the availability of shipbuilding types and grades of steel, and ship components to supply the proposed maritime shipbuilding programs. Extensive conferences were held with the major suppliers of ship-grade steel, which resulted in the development of plans to provide sufficient production capacity for all types of structural steel, with the possible exception of wide plates (not required for all ships), to meet the expanded shipbuilding program. However, a critical situation continues to exist with regard to many ship components. The delivery leadtime on main turbines and gear sets, cited last year as being 14 to 16 months, has increased to 20 to 22 months on non-priority orders and 16 to 18 months on priority orders, with little prospect of improvement in the immediate future.

Final preparatory work, in the form of an operating policy procedure, is in process for implementing Public Law 805, 84th Congress. This will embody the results of studies of mobilization requirements for ships, shipyards and manpower, and surveys of existing shipyards, their facilities, and shipyard employment. Near the close of the fiscal year, bidders were put on notice in invitations to bid on ship construction that the Federal Maritime Board reserves the right to award contracts by allocation under the provisions of this act.

A summary of new construction is contained in appendix E.

### **Conversions**

The last of 4 Mariner-type vessels under conversion by the Bethlehem Steel Co., Baltimore, Md., for the American President Lines

Round-the-World service, and 2 Mariners converted from cargo to passenger-type vessels for The Oceanic Steamship Co. by Willamette Iron & Steel Co., Portland, Oreg., were completed and delivered. A contract for the conversion of one Mariner from a cargo to a passenger-type vessel for American Banner Line, Inc., was awarded to Ingalls Shipbuilding Corp., Pascagoula, Miss., calling for completion early in calendar year 1958.

The Liberty ship conversion and engine improvement program, for which funds were approved by the 83d Congress under Public Law 663, was nearing completion. The conversions of the Liberty ships SS. *Benjamin Chew*, MS. *Thomas Nelson*, and GTV *John Sergeant* were completed and the ships were delivered to the Maritime Administration in July, August, and September 1956, respectively, and the GTV *William Patterson*, fourth Liberty ship in the conversion program, was scheduled for completion and sea trials in September 1957. Although evaluation studies of these ships were to continue during their operation in regular North Atlantic service under commercial operators, indications were that the objectives of the program were being achieved in terms of (a) increased speed (in excess of 15½ knots compared with a former speed of 10 knots); and (b) feasibility of the ready upgrading and utilization, in the event of national emergency, of some 1,500 Liberty-type ships in the reserve fleets. In addition, the program provided a basis for the development and comparison of new types of propulsion machinery and improved cargo-handling equipment.

The SS. *LaGuardia*, sold to the Hawaiian Steamship Co., subsequently acquired by Textron, Inc., and the SS. *Monterey*, sold to the Matson Navigation Co., during fiscal year 1956, pursuant to acts of Congress, were reconditioned and returned to their owners during fiscal year 1957 under the new names SS. *Leilani* and SS. *Matsonia*, respectively.

### **Technical developments**

Considerable efforts were devoted during the year to technical marine developments. In the area of propulsion systems, a study is being conducted to develop a new design for marine reduction gears which will reduce their overall size, weight, and cost, and permit production by an increased number of manufacturers. With respect to refinements to existing designs, a study was made to determine the feasibility of increasing the power output of the free-piston gas turbine propulsion plant presently installed in the converted Liberty Ship *William Patterson*, with a relatively small increase in the size, weight, and cost of the present plant.

Studies were conducted to determine the desirability of specifying damage control equipment and vessel "washdown" as a part of atomic, biological, and chemical warfare countermeasures. Designs for these countermeasures were developed for Liberty ships.

The Maritime Administration financially supported, as well as participated in, the technical activities of the Maritime Cargo Trans-

portation Conference of the National Academy of Sciences in a sustained effort to improve the cargo-handling efficiency of the American merchant marine.

With assistance from H. C. Downer and Associates, Inc., Cleveland, Ohio, the Maritime Administration was having prepared an engineering study of the effects of the opening of the St. Lawrence Seaway on the shipping industry. This study will develop valuable information bearing on the design of vessels for operation in and out of the Great Lakes through the Seaway.

Contract plans and specifications were completed for 4 new Maritime Administration cargo ship designs which were in process at the end of fiscal year 1956, and have been the basis of designs by operators for which construction is proposed during fiscal year 1958. These include the cargo designs: *Freedom* (8,650 deadweight tons, 16 knots); *Clipper* (10,870 deadweight tons, 18 knots); *Seafarer* (15,240 deadweight tons, 18 knots); and *Bulk Carrier* (26,186 deadweight tons, 16 knots). Three of these designs were handled by private naval architects under supervision of the Maritime Administration, and one by the Maritime Administration.

Public Law 947 directed the Maritime Administration, the Federal Communications Commission, and the United States Coast Guard to investigate and report on the need for and feasibility of installing automatic radiotelegraph call selectors or other such devices on board cargo ships of the United States carrying less than two radio operators. The Maritime Administration participated in the investigation and in the preparation of a joint report, which was submitted to Congress March 1, 1957. Further in the area of navigation and communication equipment, there were purchased 2 radar sets from the Sperry Gyroscope Co. for \$26,968 and 3 radar sets from Raytheon Manufacturing Co. for \$35,961, for placement aboard ships engaged in the Navy's Arctic operations. In addition, 51 portable lifeboat radio sets were purchased from Mackay Radio & Telegraph Co. at a cost of \$55,620, for placement aboard Government-owned ships in accordance with revised Coast Guard regulations.

### ***Building proposals***

In view of the large-scale replacement of cargo ships by subsidized operators, and in an effort to reduce the trend toward higher cost of ship construction, plans were crystallized which provided that builders be required, by contract provisions where possible, to employ value engineers whose duties are to effect all economies possible in materials, manufacture, or substitutions of equipment, etc. Invitations to bid were issued, but contracts were not awarded, during the fiscal year on the following building proposals: (a) construction by the United States Lines, under its operating subsidy agreement, of a replacement of the SS. *America*, nearing obsolescence; (b) construction by the American-Hawaiian Steamship Co. of 8 twin-screw, 25-knot ships, or 10 single-screw, 18-knot ships with Federal mortgage insurance aid; and (c) construction by the Central Gulf Steamship Corp. and

the Clover Carriers Corp. of 1 to 3 bulk carriers with construction-differential subsidy aid and Federal mortgage insurance aid. In addition, pursuant to a memorandum of agreement with the Coast and Geodetic Survey, a ship was designed for that service to their basic conception. Bids were received, but the contract award was held in abeyance pending supplemental appropriations by the Congress.

### ***Ship repair***

The bareboat chartering program also provided for the reactivation and repair of vessels in the reserve fleet, thereby improving their efficiency and making them more readily available for future emergencies. Under this program there were (a) surveys made of 138 ships to ascertain the condition of each vessel at time of delivery to the bareboat charterer; (b) contracts awarded for the account of the Maritime Administration on 111 of the 138 ships, at a cost aggregating approximately \$24 million (provisions were made in the charterer's agreement for recovery of this amount); and (c) contracts awarded for the account of the charterers on 27 ships, with review by the Maritime Administration for propriety and cost of reactivation and repair work.

The emergency ship repair program, authorized by Public Law 608, 83d Congress, was substantially completed during the fiscal year. The program, within the limitations of the \$18 million appropriation of the Congress, enabled 150 Navy auxiliaries to be placed in a state of greater readiness in the event of national emergency and provided work for ship repair yards, particularly during fiscal years 1955 and 1956.

During the fiscal year 1,841 inspections were made to verify subsidized repairs of the 301 ships operating under subsidy agreement, 78 of which were given full condition surveys at time of changes in status. Repair summaries submitted by 16 subsidized operators were reviewed for subsidy eligibility, and over \$4 million of a total of \$21.5 million was determined to be ineligible. Reports and classification documents on 575 ships on which the Maritime Administration holds mortgages were reviewed and, where appropriate, action was instituted to insure that the vessels were maintained in an adequate condition to protect the Government's interest. Fifty-nine specifications entailing a total cost of \$1,291,000 for major repairs to vessels under general agency agreements were reviewed for propriety of work and reasonableness of cost.

## **Shipping Studies and Reports**

### ***Special studies***

Continued efforts were directed toward the conduct of special studies and the preparation of numerous reports in connection with hearings before the Congress and the Federal Maritime Board. In addition, reports were also prepared for, among others, the Department of De-

fense, Planning Board for Ocean Shipping (NATO), and the National Petroleum Council. Two of such reports were occasioned by the nationalization and closing of the Suez Canal and covered (a) tanker availability and requirements, and (b) tankers under construction and/or on order.

### ***Ship, cargo, and labor data***

The processing of reports of ship operations in the foreign and domestic deep-sea trades of the United States continued on an increased scale. The increased foreign trade is reflected in the fact that more than 51,000 reports covering entrances and clearances of dry cargo ships and tankers were processed during the past year, which was approximately 11,000 more than the previous year. Data on foreign-flag competition encountered by United States steamship companies operating on 44 subsidized liner services during 1956 were prepared for use in calculating operating-differential subsidy rates. Statistical data were also developed for consideration of applications for operating-differential subsidy agreements that were pending before the Federal Maritime Board.

There was continued through the year the preparation of a number of reports reflecting cargo tonnages moving in United States foreign and domestic trades; foreign cargo tonnages moving in specific services; status and employment of the United States-flag fleet; inventory of the merchant fleets of the world by flag of registry; ships on order and under construction by type of ship in shipyards throughout the world; and deliveries of merchant tonnage by flag of registry and country in which built. Among the reports which are of a continuous nature are those shown in appendixes A, B, and F.

The trend of decreasing seafaring employment was reversed and the number of shipboard jobs on United States privately owned and operated ships (over 1,000 gross tons) increased from 57,200 on June 30, 1956, to 60,700 on June 30, 1957. Employment in shipyards capable of constructing ships over 400 feet increased from 40,900 to 53,300, with the number of production workers employed on projects for private account (ship construction, conversion, and repair) continuing its upward trend for an increase of 46.2 percent.

Labor data tabulations were prepared and made available, including: Seafaring Employment, 1925-57; Longshore Hourly Wage Rates, 1946-56 (various ports); Seafaring Overtime, Penalty Time, and Non-watchstanders Pay, 1946-56; Typical Manning Scales and Basic Wage Rates, 1939, 1945, and 1956; Wage Tabulations of Various Unions (17 tables); Employer Contributions for Pension and Welfare Plans, 1950-56. Supporting data and technical assistance are being furnished to the Bureau of Labor Statistics, which is initiating seafaring and longshore wage studies.

### ***Labor-management relations***

Comparatively harmonious labor-management collective bargaining negotiations were conducted between ship operators and the several

seafaring unions, resulting in general wage increases of 6 percent for merchant seaman. However, Atlantic and Gulf coast shipping was handicapped by union representation problems involving the AFL-CIO International Brotherhood of Longshoremen and the independent International Longshoremen's Association. Subsequent demands of the ILA for industrywide bargaining culminated in a 9-day strike in November 1956, effective in all major ports from Maine to Texas, involving an estimated 58,000 longshoremen and more than 300 ships. The Government was forced to exercise the national emergency provisions of the Taft-Hartley Labor-Management Act. During the 80-day, no-strike injunction period, negotiations continued, and employees and longshoremen in South Atlantic and Gulf ports signed collective bargaining agreements, but upon the termination of the injunction longshoremen from Maine to Virginia again went on strike for 10 days during February 1957. Shipyard union agreements were renegotiated without developing serious disputes.

## Maritime Training

### *United States Merchant Marine Academy*

During the reporting period, the United States Merchant Marine Academy completed its first full year of operation as a permanent institution under the provisions of Public Law 415, 84th Congress. During this time efforts were directed toward the issuance of administrative regulations and procedures incident to the operation of the Academy in accordance with the provisions of law, and the practices of the other service academies of the United States.

During the fiscal year there was an average of 887 cadets, including 7 Latin-Americans, enrolled in training at the Academy. Two hundred thirty-three cadets successfully completed the 4-year course of instruction, 76 graduating in February 1957, and 157 scheduled to be graduated in August 1957. Future graduations will be on an annual rather than a semiannual basis. All received United States merchant marine officer licenses, issued by the United States Coast Guard, as third mates or third assistant engineers of ocean ships. They also received bachelor of science degrees and, if qualified, commissions as ensigns in the United States Naval Reserve.

The 13th Congressional Board of Visitors was designated and its annual inspection was tentatively scheduled for the fall of 1957. The following were designated as members: Senators Warren G. Magnuson, Washington (*ex officio*); Frederick G. Payne, Maine; Frank J. Lausche, Ohio; and William A. Purtell, Connecticut; Representatives Herbert C. Bonner, North Carolina (*ex officio*); Leonor K. Sullivan, Missouri; T. Ashton Thompson, Louisiana; John H. Ray, New York; Lindley Beckworth, Texas; and Edwin B. Dooley, New York.

Pursuant to Public Law 691, 84th Congress, the first meeting of the Advisory Board to the United States Merchant Marine Academy was held in March 1957. The Board, which met at the Academy, was composed of the following members: Carl Bailey, dean of instruction,

Concordia College; John E. Burchard, dean, School of Humanities and Social Studies, Massachusetts Institute of Technology; Harvey H. Davis, provost, State University of Iowa; Martin A. Mason, dean, School of Engineering, George Washington University; Henry D. Mercer, chairman of the board, States Marine Corp.; Edward Reynolds, administrative vice president, Harvard University. The Board held discussions with the Maritime Administrator and the Superintendent of the Academy, held executive sessions, conducted hearings and visits, and otherwise made investigations upon which to base its reports.

The Board expressed satisfaction in connection with actions taken, as a result of the Ninth Academic Advisory Board report made March 28, 1956, that: annual graduation exercises have superseded the undesirable semiannual ones; considerable progress has been made in the matter of improving the conditions of faculty travel and study, including leaves of absence for constructive purposes; promotions in the faculty have been undertaken on the advice of a faculty committee; arrangements have been made with the Navy conducive to maintaining the Naval Reserve status of graduates of the Academy in very large measure, although a more formal arrangement should be incorporated in legislation; the Academy will undertake its own self-evaluation at least a year in advance of the scheduled reexamination by the Middle States Association of Colleges and Secondary Schools in the spring of 1960; effective exchange visits with other academies are being carried on, though this Board feels that a formal arrangement such as exists with the United States Military Academy should also be effected as soon as possible, and even more appropriately with the United States Naval Academy and perhaps with the United States Coast Guard Academy as well; and the new budget, if approved, will provide a more appropriate uniform and textbook allowance to the cadets. In addition, the Board recommended that (a) consideration be given to increasing enrollment to the point that there be an annual graduation of 240 cadets; and (b) opportunity be given to cadets to assume the responsibilities of licensed ships' officers during their 1-year-at-sea training, through the use of a small freighter-type ship and under the supervision of licensed personnel on the Academy's staff.

### *State maritime academies*

The State Maritime Academies at Vallejo, Calif., Castine, Maine, and Hyannis, Mass., and the New York State Maritime College at Fort Schuyler, N. Y., had an average of 710 cadets in Federal pay status during the fiscal year and 167 others in State pay status. There were 220 graduates who received their United States merchant marine officer licenses as third mates or third assistant engineers from the United States Coast Guard, and those who qualified received commissions as ensigns in the United States Naval Reserve.

# Ships Sales and Transfers

## *Ship sales*

A total of nine ships of the Mariner type were sold for an aggregate sum of \$49,189,719 to United States citizens for operation in the foreign commerce of the United States pursuant to the authority of the Merchant Marine Act of 1936, as amended. Three of the ships were sold to Pacific Far East Line, Inc.; 2 to American President Lines, Ltd.; 2 to Pacific Transport Lines, Inc.; 1 to United States Lines Co.; and 1 to American Banner Lines, Inc. These ships, plus 20 of the type previously sold (7 in fiscal year 1955, 13 in fiscal year 1956), provided the American-flag fleet with an addition of modern ships of a speed essential to meet foreign competition. This completes the disposition of the 35 Mariner ships constructed when authorized by the Congress to meet the shipping demands occasioned by the Korean emergency, as follows: 1 lost, 5 committed to the Department of the Navy, and 29 sold for a return in excess of \$146 million to the United States Treasury.

Title to six T2 tankers, previously sold to Niarchos-affiliated corporations under the Merchant Ship Sales Act of 1946, as amended, was revested in the United States by court decrees of forfeiture with direction for delivery and custody of the tankers to the Maritime Administration. In late 1956 the Maritime Administration sold these tankers, after competitive bidding pursuant to the provisions of the Merchant Marine Act, 1936, for the aggregate sum of \$13,458,426.

The SS. *Panama*, a passenger ship declared surplus by its owner, The Panama Canal Company (a Government-owned corporation), was sold by the Maritime Administration pursuant to authority of the Merchant Marine Act of 1920, as amended, for the sum of \$5,704,000 to American President Lines, Ltd.

As a result of the continuous survey of the ships in the reserve fleet, 17 overage former Army and/or Navy auxiliaries and 1 badly damaged Liberty ship, determined to lack sufficient value for commercial or national defense purposes to warrant retention, were sold for scrap under the Merchant Marine Act, 1936, resulting in a return of \$5,227,697 to the Government.

Under the provisions of Public Law 114, 84th Congress, approved June 30, 1955, 5 small coastal cargo ships of the CI-M-AVI-type were sold for limited operation to Philippine companies—3 ships to Compania Maritima and 2 ships to Philippine Steam Navigation Company—for a total return of \$3,042,920 to the Government. Twelve additional CI-M-AVI-type cargo ships were sold for a total sales price of \$8,326,344 to the Government of Brazil for operation in its coastwise trade under authority of Public Law 496, 83d Congress, approved July 15, 1954.

## *Transfers to foreign ownership and/or registry*

During the fiscal year the policy with respect to approval of transfers of United States privately owned ships to foreign ownership

and/or registry was revised. The revised policy will: (a) be somewhat more restrictive on numbers of vessels traded out against commitment for new construction; (b) provide for continuation of transfer conditions as to use and subsequent transfer for the economic life of the ship (20 years); (c) continue the general terms and conditions as to subsequent sale or transfer, but application of such conditions pertains to vessels of 3,000 gross tons and over, instead of vessels of 1,000 gross tons; and (d) clarify other aspects of the transfer policy.

Appendix D summarizes applications approved pursuant to sections 9 and/or 37 of the Shipping Act, 1916, as amended, for transfer to foreign ownership and/or registry of ships owned by United States citizens. Of the total, 1,022 approved were ships of less than 1,000 gross tons, such as tugs, barges, fishing craft, and pleasure craft. The remaining 148 ships were of 1,000 gross tons and over. In connection with this latter group and pursuant to a condition of transfer, the Maritime Administration has approved the resale of 43 foreign-flag ships to other foreign nationals, subject to the same terms and conditions as those which governed the original transactions. Further, of the total United States-flag vessels of 1,000 gross tons and over approved for transfer to foreign ownership and registry, 72 were approved for transfer in consideration for the construction of new tonnage, or rebuilding of existing tonnage, in the United States. During the year two applications for approval to transfer United States privately owned ships of 1,000 gross tons and over were denied.

Forty-six charters of United States privately owned ships to aliens were approved by the Maritime Administration, including contracts of affreightment, and voyage and time charters, for periods ranging from 1 to 20 years.

## **Property and Supply**

At the close of the fiscal year, plans were formulated for the conduct, during fiscal year 1958, of a comprehensive survey of all real and personal property holdings of the Maritime Administration. This survey will be conducted of reserve shipyards, warehouses, terminals, reserve training stations, and the materials, equipment, and stock contained therein, for the purpose of determining: (a) real and personal property requiring retention to meet normal and emergency conditions; (b) property susceptible to disposition by sale, transfer to other Government agencies, or disposal by other means; (c) necessary repairs or replacements to real property, and measures to be applied in the preservation and custody of personal property.

### ***Shipyards***

The maintenance and security program was continued at the four Government-owned reserve shipyards at Wilmington, N. C.; Richmond and Alameda, Calif.; and Vancouver, Wash. At the North Carolina shipyard the lease of approximately 50 acres of open land to the North

Carolina State Ports Authority has continued. The State has constructed thereon a 3-berth marginal wharf, 2 large transit sheds, a large warehouse, and a 200,000-gallon elevated water tank. Certain portions of this shipyard continue to be used under permit by the Departments of the Army and Navy for reserve training, and by the Corps of Engineers for the purpose of overhauling its dredging equipment. A contract was awarded for the demolition of deteriorated piers and shipways.

At the Richmond shipyard licenses and permits were continued for the housing of the Contra Costa Junior College pending construction of its permanent campus, for the berthing of MSTs vessels, for the Travis Air Force Base for installation of a radio transmitter, by the American Red Cross and Public Housing Administration for storage of administrative equipment, the Administration being reimbursed for utilities furnished and Contra Costa Junior College maintaining the buildings used by it. The lease of the machine shop in this yard to the Kaiser Aircraft & Electronics Corp. (formerly the Chase Aircraft Co., Inc.) was continued. During the fiscal year a permit was granted to the Department of the Navy for the use and occupancy of a building for electronics training and storage purposes, the Administration being reimbursed for utilities supplied or services rendered.

At Alameda Reserve Shipyard the Coast and Geodetic Survey, under permit, berths its ships *Pioneer* and *Bowie* without cost except reimbursement to Maritime Administration for utilities used. During the fiscal year a portion of a building was leased to the Bethlehem Pacific Coast Steel Corp. for office purposes, and warehouse space to Encinal Terminals for the storage of sacked rice.

At the Vancouver shipyard the permits to the Bonneville Power Administration and the Department of the Air Force were continued, the Air Force permit covering a major portion of the shipyard land and some 35 buildings for the storage of Air Force vehicles and other material. The Administration was reimbursed for utilities used, and the permittees have assumed maintenance and security of property within their control. A contract was awarded for the demolition of deteriorated timber shipways and craneways, which work has been largely completed.

### ***Terminals and reserve training stations***

The major portion of the Norfolk, Va., terminal is occupied by the Departments of the Army and the Navy under permits from the Administration. These agencies cooperate in maintaining some movement of commercial ocean cargoes which are handled under a terminal operating contract supervised by the Maritime Administration. The Hoboken, N. J., terminal is under long-term lease to the Port of New York Authority. During the year the port authority completed pier A, which replaces piers 1 and 2, and completed their rehabilitation and construction program at a cost to them of \$17,683,742 in the 4 years the lease has been in effect.

The status of the reserve training stations follows: Maintenance and security programs are still in effect at the Alameda Reserve Training Station; and the Air Force and the city of St. Petersburg continued the control, occupancy, use, and maintenance of Sheepshead Bay Training Station and St. Petersburg Training Station, respectively.

### ***Warehouses***

The Administration continued the operation of the five Government-owned warehouses at Kearny, N. J., Baltimore, Md., Norfolk, Va., New Orleans, La., and Richmond, Calif. These warehouses provided facilities for the storage of vital marine equipment required in a national emergency for the reactivation of the vessels in the national defense reserve fleets, and the construction, repair, and operation of vessels in such emergency. At the end of the fiscal year the warehouse inventories, exclusive of administrative equipment stocks, totaled \$37,752,898, a decrease of \$1,939,732.

### ***Material control, inventory, and disposal***

There were 445 ship and related inventories accomplished, and inventory certificates for consumable stores were processed in the amount of \$945,016 as accounts receivable and \$58,682 as accounts payable. Certificates of overages and shortages were processed in the amount of \$74,854 as accounts receivable and \$78,957 as accounts payable.

At the beginning of the year there was \$178,719 worth of material for determination as to disposition. During the year \$4,194,941 was reported from offsite locations and warehouses to be identified, segregated, and processed for utilization, retention, or disposal. Of this, there remained \$604,243 at the close of the period.

Surplus and excess personal property, other than sunken ships, having a reported acquisition value of \$1,926,910 was disposed of by the Maritime Administration. This amount includes transfers and sales in foreign countries of property valued at \$17,383, for which there were received foreign currencies equivalent to \$1,714. Property having an acquisition value of \$1,909,527 was disposed of in the domestic market in the following manner, with the acquisition value as indicated: sold, \$1,518,978; transferred to other Government agencies, \$214,884; donated for health, education, and welfare purposes, \$172,660; abandoned or destroyed, \$3,004. The proceeds received from the above sales and transfers with exchange of funds amounted to \$249,950.

Passenger ship equipment was sold to Hawaiian Steamship Co. under authority of Private Law 361, 84th Congress, for a return of \$43,747; administrative and marine equipment was sold in accordance with the exchange sales provisions of the Federal Property and Administrative Services Act of 1949, as amended, with a return of \$18,034 for application against the purchase of replacement equipment.

Sunken ships which had previously been written off the books as constructive total losses were sold for a return of \$3,720.

A volume of 6,458 cubic feet of records was disposed of and 4,565 cubic feet of records were transferred to Federal records centers, releasing 1,456 file cabinets and units having a value in excess of \$51,611 and releasing over 8,500 square feet of space.

## ***Purchasing***

Materials, supplies, equipment, and services required in the repair, maintenance, and operation of the reserve fleets, reserve shipyards, and training vessels, and for the operation of administrative offices of the Administration were purchased.

In coordination with Department of Defense activities, procurement planning for ship construction and repair, ship operations, and shipyard mobilization components resulted in 276 production allocation agreements and renewals with manufacturing facilities for the fiscal year 1957. There were 321 major types of equipment included in these agreements. During the year 199 plant surveys and field conferences with industry officials were held to determine production capacity of industry and discuss manufacturing details of component schedules.

# **Administrative Management**

## ***Program and defense planning***

Planning was directed to meeting the demands placed upon the country's merchant marine during the fiscal year and the anticipated requirements of future years. Of particular significance were: (a) the continued efforts toward the achievement of a planned long-range shipbuilding program through the negotiation of new operating-differential subsidy contracts providing for phased long-range ship replacements; and (b) the establishment of an organized research and development program to assure, through participation of the Government and industry, the development and adaptation of new equipment, systems, and technological improvements in the construction and operation of merchant ships.

Mobilization planning projects that received attention during the year were: (a) development of operating instructions for utilization of ship repair facilities during an emergency under joint plans of the Department of Defense and the Department of Commerce; (b) production of two documents by the Joint Marad-Navy Planning Group, under the cochairmanship of the Deputy Maritime Administrator and the Deputy Commander, Military Sea Transportation Service, covering ship requirements and availabilities to meet sudden emergency conditions; (c) revision of the mobilization shipbuilding program based upon Joint Chiefs of Staff guidance; (d) development of maritime mobilization manpower requirements; (e) issuance, in cooperation with the Department of the Navy, of instructions and

procedures to be followed by masters of United States merchant ships to ensure a rapid and smooth transition in the event of war.

The Maritime Administration, as the delegate agency, recommended favorable action to the Office of Defense Mobilization on 31 applications for necessity certificates authorizing accelerated depreciation for tax purposes, as provided under section 124A of the Internal Revenue Code. The applications covered the proposed construction of a total of 52 ships, at aggregate estimated costs of \$619,179,000, and included 38 tankers, 13 roll-on/roll-off ships, and 1 tank barge.

### ***Personnel***

Ben H. Guill, of Texas, Vice Chairman of the Federal Maritime Board, was reappointed by the President on June 13, 1957, with the consent of the Senate, as a member of the Federal Maritime Board for a term of 4 years, expiring June 30, 1961.

The total number of personnel on the rolls of the Maritime Administration on June 30, 1957, was 3,233, which is a decrease of 8.4 percent under that reported for June 30, 1956. The major share of this reduction resulted from the completion of the emergency ship repair program.

### ***Organization and methods***

In the interest of providing for more efficient administration of its work programs during the fiscal year, the Maritime Administration effected, as were necessary, reorganizations and realignments of functions. The principal organizational changes were: (a) reorganization of the Office of the General Counsel, resulting in separate organizational entities for legal matters involving operating-type contracts as distinguished from construction-type contracts; and (b) establishment of a Nuclear Projects Office as a staff office responsible to the Maritime Administrator for activities relating to the application of nuclear propulsion to merchant ships.

During the past year there were conducted functional surveys of a number of our activities, including (1) personnel, accounting and purchasing methods and practices for the United States Merchant Marine Academy; (2) policies applicable to administrative enrollees at the Academy; (3) office services of the Washington office; (4) overall Maritime Administration purchasing and procurement policies and practices; and (5) combination of freight and passenger traffic activities of the agency.

### ***Security and investigation***

The security program, with respect to the internal management of the Maritime Administration, was continued in accordance with the provisions of Executive Orders 10450 and 10501. In addition, staff advice was given on the security aspects involved in the transfers of ownership of vessels, foreign and domestic, which required ap-

proval of the Maritime Administration, and on the approvals of operators of mortgaged vessels.

Investigation continued through the year to determine whether certain purchasers of ships under the Merchant Ship Sales Act of 1946, as amended, qualified as United States citizens. As a result of these and prior investigations, the Government realized \$200,000 in cash settlements, and \$147,905 in waiver of claims against the Government. In addition, investigations which were conducted involving alleged charters of United States-flag vessels to aliens without Maritime Administration approval resulted in cash settlements of \$20,000 through mitigation of forfeiture.

Thirty-four regulatory investigations were conducted involving activities of freight forwarders, false billings, terminal operations, alleged rebates on freight, and other regulatory matters.

## **Finance**

### ***Financial relationships with contractors***

Activities in connection with the establishment of financial requirements, and the obtaining of compliance therewith, for companies having contracts with the Federal Maritime Board and the Maritime Administration, reached the highest peak since 1950, when sales of vessels under the Merchant Ship Sales Act of 1946 were being accomplished. Directly related financial activities included the examination and analysis of corporate and personal financial statements, and the review and approval of financial plans, particularly with regard to new ship construction outlined by contractors and proposed contractors.

These increased financial activities, maintained on a current basis, resulted largely from applications received for ship loan and mortgage insurance under the provisions of Title XI, Merchant Marine Act, 1936, as amended, and included also trade-out and trade-in and build transactions. These activities were in addition to the analysis of financial statements submitted by applicants to (1) assume mortgages on war-built ships previously sold by the Government; (2) charter ships; (3) act as surety on bonds required by the Maritime Administration; (4) serve as repair contractors; and (5) serve as prime shipbuilding contractors.

### ***Accounting***

Accounting operations were maintained on a current basis and in accordance with principles and standards prescribed by the Comptroller General of the United States. The accounts provide for full disclosure of financial results, adequate financial reports for management purposes, effective accountability and internal audit, reliable accounting results and necessary controls for current budgeting practices, and suitable integration with the accounting of the Treas-

ury Department. A change in accounting policy was made during the year with respect to materials and supplies whereby a substantial portion of the inventories heretofore classified as current assets in preparation of financial statements are now classified as noncurrent assets—"Mobilization Inventories of Materials and Supplies." These inventories represent materials and supplies held for ships in the National Defense Reserve Fleet or vessels that would be requisitioned by the Maritime Administration in time of emergency. Financial statements of the Federal Maritime Board and Maritime Administration, including three revolving funds, are contained in the exhibits and schedules following the text of this report.

On June 30, 1957, there remained only 1 of the 206 War Shipping Administration agents with respect to which agreement has not been reached as to settlement of their reported agency transactions. Of the 51 agents under National Shipping Authority operations originating in 1951, 37 were inactive as of June 30, 1957. The accounts of 19 of the inactive agents have been closed and release agreements have been executed with 9; the accounts of the remaining 18 inactive agents are in the process of being closed, and few items will be outstanding for any length of time.

### ***Audits***

The principal audit activities resulted from operating-differential subsidy agreements, bareboat charter agreements, and construction reconversion and repair contracts. Audits of operating-differential subsidy agreements include the review of annual accountings filed by subsidized operators and the audit of vessel operating expenses eligible for operating-differential subsidy. Except for protection and indemnity insurance expense, audits of subsidizable expenses to permit payment up to 90 percent of accrued subsidy have been completed through the calendar year 1954. During the current fiscal year, audits of annual subsidy accountings were completed, including protection and indemnity expense if involved, to permit the payment of the final 10 percent of accrued subsidy covering a period of 10 calendar years with respect to 4 subsidized operators. Construction, reconversion, and repair contracts are being audited on a current basis. Audits under bareboat charter agreements have been deferred because of pending litigation with most of the charterers. To the audit workload of 404 existing on June 30, 1956, additional audit requirements totaling 551 have been added and 588 were completed, leaving a total workload of 367 audits on June 30, 1957. Additional recapture due the Government as a result of audits completed during the fiscal year amounted to \$1,406,801.

Appendix G, attached, sets forth by operators the balances in the statutory capital and special reserve funds on June 30, 1957, aggregating \$124,105,829 and \$97,909,311, respectively. At the beginning of the fiscal year, such balances aggregated \$139,356,953 and \$88,755,501, respectively.

In addition to mandatory deposits, on approval of the Maritime

Administrator, subsidized operators are permitted to make voluntary deposits into statutory reserve funds for new ship construction on a tax-deferred basis from profits otherwise available for dividends. During the fiscal year 1957, applications for making voluntary deposits were approved for 6 operators, in a total amount of \$8,882,550, and applications of 5 operators totaling \$18,950,450 were pending at the close of the fiscal year.

### ***Internal audits***

Internal audits of the financial aspects of the agency's program were conducted on a continuing basis as an essential part of the Maritime Administration's system of internal control. During fiscal year 1957, in addition to the performance of test audits of the books of account, special examinations were made of construction and operating-differential subsidy determinations, and of records and control techniques relating to warehousing activities.

### ***Insurance***

A new contract to furnish insurance against protection and indemnity risks was awarded as a result of competitive bids to the Continental Insurance Co. (Marine Office of America, agent) of New York, effective April 1, 1957, covering ships operated by general agents of the National Shipping Authority in the Military Sea Transportation Service program.

During fiscal year 1957, there was recovered from underwriters under the recapture provisions of the wartime protection and indemnity insurance agreement a total of \$275,000. As of June 30, 1957, the protection and indemnity underwriters are retaining as a reserve for the settlement of outstanding claims of record the sum of \$2,142,819, representing the minimum estimated requirement plus a small contingency. The hull underwriters have concluded settlement of the last outstanding case, and the account for recapture under the wartime hull insurance agreement was liquidated. To date, recoveries total \$61,294,024, representing \$47,750,000 from protection and indemnity, and \$13,544,024 from hull underwriters.

Under the Maritime Administration self-insurance program, hull marine and war risk insurance as well as second seamen's insurance continued to be assumed on its Government-owned vessels. Second seamen's insurance remained in effect on 73 Department of the Navy contract-operated tankers. On June 30, 1957, after 42 months under this arrangement, the net premium savings were estimated at \$25,000, after considering approximately \$70,000 set aside as a reserve for pending claims.

In accordance with authority contained in Title XII, Merchant Marine Act of 1936, the Maritime Administration continued to underwrite excess legal liability insurance, provided under a contract between the Department of the Army and a transportation contractor, which coverage could not be obtained in the domestic market except at

generally prohibitive rates. Under the terms of this agreement, it is provided that the Department of the Army will reimburse the Maritime Administration for any losses incurred; after 6 years of this arrangement, no claim has been filed.

Under the standby war risk insurance program as authorized under Title XII, Merchant Marine Act 1936, as amended, 932 new war risk insurance binders were issued. On June 30, 1957, binders reported outstanding were as follows: 1,045 war risk hull, 973 war risk protection and indemnity, and 892 war risk second seamen. Since the inception of the program, net binder fees and binder extension fees of \$304,687 were received, and a total of \$109,625 in expenses and fees was incurred, of which \$101,805 was paid to the underwriting agent.

The Maritime Administration continued during the fiscal year with the collection of monthly premiums on war risk builder's risk insurance underwritten as authorized under subpart E of General Order 75 (Revised), published in the Federal Register on February 28, 1957. From inception of the program to June 30, 1957, 22 war risk builder's risk policies had been issued and premiums totaling \$150,873 received.

In accordance with its insurance compliance responsibilities, the Maritime Administration approved original insurance or renewals thereof (generally on an annual or quarterly basis) obtained in commercial markets by mortgagors, charterers, and subsidized operators, in the following amounts:

Kind of insurance	Total amount	Percentage American	Percentage foreign
Marine hull.....	\$1,935,899,682	47	53
Marine protection and indemnity.....	2,384,889,544	39	61
War risk hull.....	3,046,088,458	5	95
War risk protection and indemnity.....	2,920,676,024	3	97

### ***Notes and accounts receivable***

Of the balance of notes and accounts receivable on June 30, 1957, totaling approximately \$15 million, an amount approximating \$550,000 represents items on which active collection efforts were required. The remainder of the balance was made up of additional charter hire to be collected at the time of final accountings, amounts referred to the Department of Justice, notes accepted in liquidation of open accounts (exclusive of mortgage loan notes), accrued construction costs to be settled upon completion of ship construction, matters pending in a claim or litigation status, and accounts on the books of the National Shipping Authority general agents. Of billings made during the fiscal year totaling approximately \$138 million, only \$1,026,221, or slightly less than 1 percent, was outstanding and due from miscellaneous debtors, exclusive of other Government agencies, at the end of the year.

### ***Claims***

On June 30, 1957, there were on hand the following claims: (a) 185 unlitigated claims having a value of \$6,332,981 in favor of the Gov-

ernment; (b) 300 unlitigated claims having a value of \$6,069,990 against the Government; (c) 82 claims having a claimed value of \$12,558,425 in favor of the Government with the Department of Justice for litigation; and (d) 505 claims having a claimed value of \$181,105,293 against the Government with the Department of Justice for litigation. The following reflects those settled under the Suits in Admiralty Act during fiscal year 1957: 6 claims upon which \$653,237 was claimed were settled in favor of the Government for \$296,050; and 15 claims upon which \$1,093,296 was claimed were settled against the Government for \$104,259.

## **Legal Activities**

In addition to the specific legal activities that follow, advisory services and opinions were furnished to the Federal Maritime Board, the Maritime Administrator, other Government agencies, and to the various operating and administrative offices of the agency in connection with the legal aspects or problems involved in all of its activities.

### ***Legislation***

Testimony, statements, or reports to congressional committees, to the Secretary of Commerce, or the Bureau of the Budget were prepared on maritime legislation enacted into law as follows: Authority for the Defense Department to furnish terminal services to commercial steamship companies; Department of Commerce Appropriation Act for fiscal year ending June 30, 1958; authority for the Department of the Navy to sell degaussing equipment to privately owned, United States-flag merchant ships; extension of the War Risk Hazards Act of December 2, 1942, for employees of the contractors of the United States; and extension of war risk hazards compensation for employees of the United States.

Representatives of the Maritime Administration and the Federal Maritime Board testified at congressional hearings on the subjects of transfer of vessels foreign, trade-in on new construction, sale foreign of reserve fleet vessels, and on other maritime matters and bills. Formal reports were prepared and submitted to the Congress or the Bureau of the Budget on 135 bills and proposals, and program and information files were maintained on 365 bills and proposals which were examined. A number of special legislative studies, opinions, histories, and analyses were prepared, including those on the subject of tax deferment for earnings of unsubsidized companies for new construction, and investment of reserve funds of United States operators in common stocks under provisions of the Merchant Marine Act, 1936.

### ***Contracts***

A voluminous number of contracts, addenda, bonds, and other documents were executed, including addenda to operating-differential subsidized contracts. These included: 5 design and study contracts in

preparation for the construction of the first nuclear-powered merchant ship; 14 contracts of ship construction loan or mortgage insurance and 9 commitments to insure mortgage loans in connection with the conversion of the *Carib Queen* to a roll-on/roll-off type vessel; 3 Mariners to passenger-cargo vessels and a C-4-type ship to a liquid cargo carrier; construction of 6 tankers and a steel barge; jumboizing a tanker; reconstruction of the SS. *Leilani* to a passenger vessel, and the SS. *Matsonia* to a passenger ship; 1 new long-range, operating-differential subsidy agreement; charter agreements covering the SS. *Old Colony Mariner*, SS. *Schuyler Otis Bland*, and 2 V4 oceangoing tugs; purchase contracts, bills of sale, and mortgages covering the sale of 9 Mariners under the provisions of the 1936 act; 17 ships for scrap or nonoperational use under the 1936 act; 5 C1-M-AV1-type ships to Philippine companies under the provisions of Public Law 114, 84th Congress; 12 C1-M-AV1-type ships to the Government of Brazil, under Public Law 496, 83d Congress, and 6 tankers to American-flag companies under the 1936 act; construction-differential subsidy contracts for the conversion of 1 Mariner to a passenger-cargo ship; and the reconstruction of the SS. *President Wilson* and SS. *President Cleveland*.

Considerable additional efforts in the contracting field and the legal aspects related thereto were engaged in, among which were: (a) development of proposed general provisions for construction-differential, vessel construction and conversion contracts; (b) development of revisions to the standard portions of operating-differential subsidy agreements; (c) revision of the definition of the term "capital necessarily employed in the business" as it relates to operating subsidy contracts; (d) preparation of a pro forma amendment to section 9 of ship sales adjustment contracts; and (e) negotiations and conferences relative to pending applications which are covered specifically under other sections of this report.

### **Litigation**

A considerable amount of pending litigation was composed of claims against the Government under the Merchant Ship Sales Act of 1946. During the fiscal year, 45 petitions were dismissed by the Court of Claims involving refunds of additional charter hire under postwar charters of war-built vessels. As of the close of the fiscal year, 2 cases brought in the Court of Claims were pending, 24 cases were pending in the district courts of 7 States, and 14 cases were on appeal to the Circuit Court of Appeals (2d Circuit) from decisions favorable to the United States on the question of time bar with respect to litigation involving the validity of the Maritime Administration's computation of charter hire. In view of the foregoing, it is believed that, while an estimated \$40 million in claims was involved at the beginning of the fiscal year, considerably less will be involved in the ultimate settlement of these cases, if the court decisions of the past year are upheld in the pending litigation. In this area, the agency had an estimated \$4 million receivable from unpaid additional charter hire.

The Supreme Court of the United States held against the Government in the case of *United States v. California Eastern Line, Inc.* The Court held that the Red Sea charters between owners and the British Ministry of War Transport were not renegotiable. Accordingly, there are now being processed to the General Services Administration statements of account as a basis for refunds of excessive profits for payment to claimants involving an alleged \$13.4 million.

In addition to the foregoing, there were at the end of the fiscal year the following categories of pending claims under the Merchant Ship Sales Act of 1946: in excess of \$10 million claimed by 35 purchasers for alleged class deficiencies and failure to remove defense features; claims covering 30 vessels totaling \$1.2 million, on the ground of the invalidity of this agency's settlements for prior sales; 5 suits, involving 10 ships, in the amount of \$1.2 million covering the issue of whether the Maritime Administration could exact certain payments or promises as conditions to granting the privilege of transferring vessels to foreign registry; claims by 3 citizen purchasers totaling \$637,360, plus interest, which challenged the right of the agency to charge the floor price for ships when it was higher than the unadjusted statutory sales prices; 12 suits by citizen buyers amounting to \$197,843, which primarily cover refunds for desirable features payments (21 cases in this category were closed and some others are in process of settlement); and 4 similar suits by aliens in this category. Under the 1946 act, this agency has 106 receivables against foreign buyers for desirable features, totaling \$620,500, 32 of which have been referred to the Department of Justice.

In the area of just-compensation claims, only 7 suits were pending with a judgment in this category being awarded by the District Court (SDNY) in an amount totaling \$504,477, as interest for approximately 12 years on claims of the American Hawaiian Steamship Co.

The number of cases involving overtime-on-overtime and travel-time claims of longshoremen arising out of War Shipping Administration operations was markedly reduced, with proportionate decrease in the enormous potential liability which the Maritime Administration, as successor agency to the War Shipping Administration, initially faced under operating contracts with stevedoring and shipping companies

The following court decisions were rendered during the year having an effect upon claims litigation: (a) the *Esso Nederland* decision in the Court of Claims which held that desirable features charges could be added to the floor price under a contract of sale to a foreigner, and that the Government's opinion as to what were desirable features was an expert one and presumptively right, but reviewable by the courts for possible arbitrary action or action not based on substantial evidence; (b) the decision in the case of *Republic of China and the United States v. National Union Fire Insurance Company of Pittsburgh*, in which the United States District Court (Md.), held that the libelants were entitled to recover from the respondent approximately \$3 million for six vessels that were lost by the barratrous acts

of their crews, but held for the insurance company with respect to the seventh vessel, the *Hai Hsuan*, which the Court found had been "seized" by the crew. The policies covered loss caused by "barratry," but excluded loss caused by "capture or seizure." The subject vessels had been sold by the Maritime Commission in 1947 to the Republic of China, which executed mortgages in favor of the United States Government. The crews of the vessels defected to the Chinese Communists in January 1950, ran up the Red flag on the ships and held them for the Communist Government. They had previously disobeyed the shipowners' sailing orders. In *United States v. The Owners of the Hai Hsuan*, before the High Court of the Colony of Singapore, assistance was rendered to the Department of Justice in the prosecution of the case.

In addition to the foregoing, there was considerable litigation involving court review of the determinations and orders of the Federal Maritime Board in the regulatory and subsidy fields.

With respect to the regulatory field, there were before the courts, in addition to matters of litigation reflected in other sections of this report, five proceedings in review of Board orders which concerned dual rates, port equalization practices, and other agreements between carriers. In *Pacific Far East Line, Inc. v. United States*, the United States Court of Appeals for the District of Columbia upheld an order of the Federal Maritime Board involving port equalization practices; and in *Associated-Banning v. United States*, that court dismissed a petition to review a Board order approving an agreement under section 15 of the Shipping Act, 1916. In *Isbrandtsen v. United States*, the same court reversed a Federal Maritime Board order approving a dual rate system on the ground that the system, in the opinion of the court, is illegal per se. Subsequently, the Supreme Court of the United States granted the Board's petition for a writ of certiorari and the case was pending review by the Supreme Court at the close of the fiscal year. The same Court of Appeals held in abeyance the case of *Ezra Taft Benson v. United States*, which also involves the legality of the dual rate system, pending the Supreme Court's decision in the *Isbrandtsen* case.

There was also pending at the close of the year the case of *Anglo-Canadian Shipping Co., Ltd. v. United States*, in which the United States Court of Appeals for the 9th circuit was petitioned to review a Board order limiting the scope of petitioner's dual rate system.

In connection with the subsidy field, there was pending in the United States District Court for the District of Columbia the case of *Isbrandtsen v. United States*, in which plaintiff seeks declaratory judgment and injunctive relief as to the payment of operating-differential subsidy to American Export Lines.

## Regulatory Activities

During the fiscal year 1957, ship operating costs continued to rise, due in a large measure to increased labor costs, higher prices for fuel, and port delays in some trades. The result was another round of

ocean freight rate increases which might have been greater had not the carriers' revenues been above normal due to the high volume of cargo available for shipment in the early part of the year. At the end of the year, cargo offerings in many of the foreign trades were falling off and indications were that the booming freight market was ended. However, the increases in operating costs have remained, so that carriers in a number of trades will be faced with the difficult process of adjusting declining revenues to continued high operating costs. Under such circumstances much may depend upon the solidarity which the steamship conferences are able to maintain to avert a general freight market collapse with resulting rate wars in various trades. A strong conference system with publicized rates which are stable but reasonable is considered to be one of the essential factors to the maintenance of a strong foreign trade. In recognition of this, the Federal Maritime Board has continued to deal with the contract rate problem of steamship conferences in an effort to arrive at a permanent solution in the face of continued attacks before the courts, and in this connection has petitioned the United States Supreme Court for review of the decision of the Court of Appeals of the District of Columbia holding that the dual-rate system of the Japan-Atlantic and Gulf Freight Conference is illegal per se under section 14, Third Shipping Act, 1916. Further, the Board has long felt that a wider distribution of ocean freight tariffs will facilitate the conduct of trade, and with this in mind it has urged all steamship lines and conferences in the foreign trade to adopt systems whereby their freight tariffs will be made available for public distribution, either free or upon payment of a reasonable subscription fee. A number of conferences already maintain such distribution systems, and the Board is hopeful that other conferences will take voluntary steps to achieve the desired result.

### ***Conferences and other agreements***

The Federal Maritime Board approved 115 new agreements, 49 agreement modifications, and 32 agreement cancellations. Among the significant agreements approved were: (a) 3 rate-fixing or conference agreements covering household goods and personal effects of military and civilian personnel between Pacific coast and Alaska; tobacco from Greece, Turkey, and Syria to North Atlantic ports; general cargo from Hawaii to Far East; (b) 5 joint service agreements; (c) 3 terminal agreements; (d) 55 agreements between foreign freight forwarders, including a conference agreement between Pacific coast forwarders for the stated purpose of promoting sound, ethical and honorable dealings and practices between themselves and between themselves and exporters and common carriers by water; and (e) an agreement relating to coffee shipments from Brazil to Atlantic and Gulf ports which was entered into to prevent instability in the rate structure in that trade.

The Board, on its own motion, instituted an investigation with respect to the status of express companies, trucklines, and other non-

vessel carriers, and the lawfulness of agreements filed under Section 15, Shipping Act, 1916, in which any of said classes of carriers are parties. The purpose of the investigation is to determine whether such carriers are entitled to the status of common carriers by water; if not, and a need for such arrangements is shown to exist, enabling legislation may be sought.

### ***Freight—foreign***

A total of 28,284 rate filings covering freight and passengers in the foreign trade of the United States were received, representing an increase of nearly 4,000 over the previous fiscal year. Examinations were made for ambiguities in tariff descriptions and classifications, which lead to improper rate applications, and for potentially discriminatory rates and conditions and other unlawful tariff practices. There were increases in freight rates ranging from 5 to 20 percent in most trades, with increased operating costs being cited in support thereof.

The closing of the Suez Canal in early November necessitated alternate routing by those carriers whose normal route was via the Canal, causing increased operating costs with resulting freight rate increases of 15 to 20 percent. These increases have been eliminated or were substantially reduced upon reopening of the Canal during the latter half of the fiscal year.

The Federal Maritime Board, on its own motion, instituted an investigation with respect to (a) misclassification of empty glassware transported from the United States to Venezuela; and (b) the matter of absorption or equalization of inland freight charges in connection with the transportation by water of explosives from United States Pacific to Far East and west coast South and Central Africa.

### ***Freight—United States Territories and possessions***

Freight and passenger rate filings totaled 1,671, of which 18 carriers filed tariffs embracing 27 new services and covering rates for the water transportation of household goods and personal effects by highway motor carriers between points in the United States and its Territories. Upon showings of good cause, the Board approved 43 special permission applications to establish rates and rate changes on less than statutory notice.

Carriers in the trade between Atlantic, Gulf, and Pacific ports and Hawaii filed new tariffs to become effective January 26, 1957, reflecting increases ranging from 13 to 15 percent in practically all rates. The Board instituted an investigation into the lawfulness of such rates; suspended same until May 26, 1957; but in view of apparent financial needs authorized the carriers to publish interim increases amounting to 72 percent of the increases proposed pending its findings in such proceeding.

The Atlantic and Gulf-Puerto Rico Conference filed new tariffs to become effective January 5, 1957, reflecting increases in all rates

ranging from 15 to 125 percent depending upon the commodity. The Board, on its own motion, instituted an investigation into the lawfulness of such rates, and authorized increases of not more than 15 percent of the then current rates, or 6 cents per cubic foot or 12 cents per 100 pounds pending its finding in such proceeding, subject to agreement by the carriers to make adjustment to shippers of any rates collected in excess of the Board's final findings, for the period January 9 to May 5, 1957.

### ***Terminals***

A total of 2,033 tariff schedules were received and examined for compliance with formal rulings of the Federal Maritime Board, court decisions, and shipping laws.

The Board, on its own motion, instituted an investigation to determine whether the charges, regulations, and practices of terminal operators at Atlantic and Gulf ports are just and reasonable within the meaning of Section 17, Shipping Act, 1916, and not in violation of Section 15, Shipping Act, 1916. The Board also instituted a rulemaking proceeding for the purpose of prescribing uniform definitions of terminal services offered by all persons carrying on the business of furnishing wharfage, dock, warehouse, or other terminal facilities in connection with a common carrier by water at Atlantic and Gulf ports. Further, the Board instituted investigations to determine (a) whether the rates, charges, rules, and regulations, set forth in a tariff adopted by terminal operators, for truck loading and unloading waterborne freight in the port of New York area, are detrimental to the commerce of the United States; (b) whether the practices resulting from the adoption of said tariff are in violation of Section 17, Shipping Act, 1916; and (c) whether the modification of the agreement of said terminal operators to authorize the promulgation in the tariff of rules, regulations, and practices prohibiting the loading and/or unloading of trucks at piers or other waterfront terminals in the port of New York area by anyone other than the operators of said piers or waterfront terminals, is in violation of Sections 15, 16, and 17, Shipping Act, 1916.

The Board granted petition of Northwest Marine Terminal Association for reargument and reconsideration of its report and order in the proceeding involving the terminal rate structure, Pacific Northwest ports, but only for the purpose of clarifying that portion which held that terminal charges should be assessed against the party who was to bear them under the contract of affreightment with the carrier.

### ***Freight forwarders***

Certificates of registration were issued to 141 new registrants and certificates of 75 registrants were canceled, making a total of 1,567 registrants holding certificates issued pursuant to General Order 72. Twenty-one informal complaints relative to ocean freight forwarding were handled. During the year the provisions of General Order 70

were revoked with respect to the registration of forwarders for the movement of Government cargoes; however, with this revocation a statement of policy was issued which indicated the Maritime Administration would continue to provide a list of United States citizen forwarders to other Government agencies as required. There were 550 forwarders in the list at the close of the fiscal year.

Significant among the freight forwarder agreements filed for approval was an agreement among 61 freight forwarders providing for the creation of a conference for the stated purpose of providing a means of establishing charges to be assessed by ocean freight forwarders in connection with shipments moving via the port of New York, and to foster sound, ethical, and honorable dealings and practices between themselves and between themselves and exporters and common carriers by water. Such conference agreement is similar to the Pacific coast forwarders agreement among 20 freight forwarders, approved by the Board during the fiscal year.

Investigation of forwarders who may be acting as dummies for shippers, or who have been otherwise obtaining brokerage unlawfully, was continued. Four cases involving apparent violations were docketed for formal hearing and decision, and others are in process of preparation.

The Federal Maritime Board issued proposed revised rules and regulations under General Order 72 relating to the business practices of freight forwarders for comment of interested parties. In preparing these rules and regulations the Board took into consideration the recommendations made by the House Committee on Merchant Marine and Fisheries in its report on investigation of foreign freight forwarders and brokers, dated July 26, 1956, as well as information developed through the Board's own inquiries.

## **Proceedings Before Hearing Examiners**

At the beginning of the fiscal year, 48 complaints or other proceedings were pending. During the fiscal year 1957, 29 regulatory, 14 subsidy, and 16 charter or miscellaneous cases were filed or reopened, a total of 59 cases. The examiners conducted 35 hearings and issued 27 recommended and/or initial decisions. The Board and/or Administrator heard oral argument in 12 cases and issued final reports in 27 cases. Final orders were issued by the Board and/or Administrator in 11 cases without hearing and report.

### ***Final decisions of the Board and/or Administrator***

Docket No. 723—*Portland, Oregon, and Seattle, Washington v. Pacific West-bound Conference, American Hawaiian Steamship Company, et al.* Scheduled steamship services found inadequate for shipment of explosives from Puget Sound direct to Philippines, but such traffic would be adequately served by a proposed monthly direct service. Equalization on explosives permitted to meet special needs of shippers when direct sailings are not available. Board's prior report and order modified to accord with above findings.

Docket No. 758—*American Union Transport, Inc. v. River Plate & Brazil Conference and Member Lines*. Respondents found to have violated Section 15, Shipping Act, 1916, in failing to file with the Board for approval an agreement prohibiting payment of brokerage on locomotives shipped from New York, N. Y., to Rio de Janeiro, Brazil. Complainant not entitled to reparation as brokerage was not earned by complainant, and such payment would result in an indirect rebate to the consignee in violation of Section 16, Shipping Act, 1916. There was pending before the United States Court for the District of Columbia a suit for review of the Board's order.

Docket No. 767—*Agreement and Practices Pertaining to Brokerage Pacifico Coast European Conference*. Rule in respondents' tariff prohibiting payment of brokerage to any broker who solicits for, or receives brokerage from, a non-conference line competitor found unjustly discriminatory and unfair as between carriers and shippers and detrimental to the commerce of the United States.

Docket No. 771—*Banana Distributors, Inc. v. Grace Line Inc.*; and Docket No. 775—*Arthur Schwartz v. Grace Line Inc.* Respondent found to be a common carrier of bananas and the contracting of all of its refrigerated space to three shippers to the exclusion of all others found to be unjustly discriminatory in violation of Sections 14 and 16, Shipping Act, 1916. Forward-booking arrangements for 2-year periods under which refrigerated space would be equitably prorated among existing shippers, complainants, and their supporting interveners would be consistent with common carriage and not unjustly discriminatory.

Docket No. 772—*United States Atlantic & Gulf-Puerto Rico Conference et al. v. American Union Transport, Inc.*; and Docket No. 784—*American Union Transport, Inc. v. United States Atlantic & Gulf-Puerto Rico Conference et al.* American Union Transport, Inc., found to be a common carrier of property between United States North Atlantic ports and Puerto Rico ports. Its Tariff FMB-F No. 1 failed to reflect the obligations of a common carrier required by Section 18, Shipping Act, 1916, or Section 2, Intercoastal Shipping Act, 1933. Alleged agreement under Section 15, Shipping Act, 1916, not shown to exist.

Docket No. 790—*Encinal Terminals et al. v. Pacific Westbound Conference et al.* Conference action preventing common carriers from serving complainant ports at the same rates as San Francisco found to result in violation of Section 205, Merchant Marine Act, 1936.

Docket No. 792—*Agreement and Practices Pertaining to Limitation on Membership—Pacific Coast European Conference*. Agreement to impose condition on admission to conference membership that applicant withdraw from litigation before the Board in which applicant's position is opposed to position of conference, found to be a new agreement, or modification to an agreement, effectuated prior to approval in violation of Section 15, Shipping Act, 1916.

Docket No. S-52—*American President Lines, Ltd.—Application for Permission Under Sections 805 (a) and 605 (c), Merchant Marine Act, 1936, To Call Its Transpacific Vessels at Hawaii*; and Docket No. S-55—*Pacific Far East Line, Inc.—Application for Permission Under Section 805 (a), Merchant Marine Act, 1936, To Call Its Transpacific Vessels at Hawaii*. American President Lines withdrew its application subsequent to hearing. To permit Pacific Far East Line, Inc., to carry cargoes between ports in Hawaii and ports in California, Oregon, and Washington on unsubsidized transpacific voyages with cargo vessels would result in unfair competition to an operator engaged exclusively in the coastwise or intercoastal service, and would be prejudicial to the objects and policy of the Merchant Marine Act, 1936. Application denied. There was pending before the United States Court for the District of Columbia a suit for review of the Board's action.

Docket No. S-56—*States Steamship Company—Application for Operating-Differential Subsidy in the U. S. Pacific Coast/Far East Service*. Section 605 (c), Merchant Marine Act, 1936, does not interpose a bar to the granting of an operating differential subsidy contract to States Steamship Co. for the operation of cargo vessels between Pacific coast and Far East and Pacific Northwest and Far East.

The Federal Maritime Board recommended that the following applications to charter Government-owned vessels be granted after it made the following findings and certifications to the Secretary of Commerce, pursuant to Public Law 591, 81st Congress: that the services were required in the public interest; that such services were not adequately served; and that privately owned, United States-flag vessels were not available for charter from private operators on reasonable conditions and at reasonable rates for use in such services; Docket No. M-69—*Marine Transport Lines, Inc., et al.—Applications to Bareboat Charter Government-Owned Vessels*, from 15 companies for bareboat charter of 87 dry cargo vessels for use in worldwide trade for the carriage of International Cooperation Administration and other Government-sponsored cargoes; Docket No. M-69 (Sub. 1)—*Pacific Far East Line, Inc.—Application to Bareboat Charter Two Victory-Type Vessels*, for 1 voyage each to carry wheat from the Pacific Northwest to Pakistan beginning in July 1956; Docket No. M-69 (Sub. 2)—*Pacific Far East Line, Inc., et al.—Applications to Bareboat Charter Vessels for Carriage of Bulk Cargoes, Government-Sponsored and for Others*, for 30 vessels for carriage of outbound Government-sponsored bulk cargoes for foreign aid and other approved bulk cargoes in the transpacific trade; Docket No. M-69 (Sub. 3)—*American Export Lines, Inc., et al.—Applications to Bareboat Charter Vessels for Carriage of Government-Sponsored Bulk Cargoes*, not to exceed 40 vessels for carriage of Government perishable bulk cargoes outbound for aid programs; Docket No. M-70—*American Coal Shipping, Inc.—Application to Charter 30 Liberty-Type Dry Cargo Vessels for Carriage of American Coal*, for use in worldwide trade principally to carry American-produced coal and other bulk cargoes to foreign ports; Docket No. M-71—*Grace Line Inc.—Application to Bareboat Charter Two Victory Vessels for Operation on Trade Route No. 25, Service B*; Docket No. M-72—*Isbrandtsen Company, Inc., et al.—Applications to Bareboat Charter Government Vessels*, for use in worldwide bulk commodity trade, principally for the carriage of coal to foreign ports and other bulk cargo; Docket No. M-73—*States Steamship Company—Application to Bareboat Charter One Victory-Type Dry Cargo Vessel for Operation on Trade Routes Nos. 29-30*; Docket No. M-74—*Lykes Bros. Steamship Co., Inc., et al.—Application to Bareboat Charter Dry Cargo Vessels for Operation in Berth Services*; Docket No. M-75—*Coastwise Line—Application to Charter One Government-Owned Vessel*, to operate for a period of 1 year between California, Pacific Northwest, British Columbia, and Alaska; Docket No. M-76—*Terminal Steamship Company, Inc.—Application to Bareboat Charter One Liberty-Type Dry-Cargo Vessel*, to be operated for 1 year for carrying sulfur from United States ports on the Gulf of Mexico to ports in the Pacific Northwest, and lumber from Pacific Northwest to North Atlantic ports; Docket No. M-77 (Sub. 1)—*Isthmian Lines, Inc.—Application to Bareboat Charter 8 War-Built Dry-Cargo Vessels*, to be operated interchangeably in berth services Atlantic-Gulf/India, Pakistan, and Ceylon, and Atlantic-Gulf/Persian Gulf; Docket No. M-78—*Grace Line Inc., et al.—Application to Bareboat Charter Dry-Cargo Vessels*. Vessels chartered on an interim basis, of the N3-S-A2 type, for employment in general cargo carriage between ports of the Great Lakes and the Caribbean area and the United Kingdom and continent of Europe; Docket No. M-79—*Grace Line Inc.—Application to Bareboat Charter Dry-Cargo Vessel*, application to shift the chartered ship *Cuba Victory* from Line B, Trade Route 25, for unsubsidized operation on Line A, Trade Route 2.

Docket No. M-77—*Prudential Steamship Corporation et al.—Applications to Bareboat Charter Dry-Cargo Vessels*. All applications except West Coast Steamship Co., Mathiasen Steamship Corp., Pope & Talbot, Inc., and Mississippi Shipping Co., Inc., were withdrawn, due to changed conditions. The record established that under changed conditions there was no need for additional ships and the pending applications were denied.

### **Recommended decisions of hearing examiners**

Docket No. 785—*D. J. Roach, Inc. v. Albany Port District, Port District Commission, and Cargill, Inc.* Employment by Cargill, Inc., of a competitor

as the sole supplier of labor for stevedoring services at the public grain terminal facility in the port of Albany, N. Y., found not to be in violation of Sections 15, 16 (1), and 17, Shipping Act, 1916. Complainant not shown to have been legally injured and not entitled to reparation.

Docket No. 788—*Associated-Banning Company et al. v. Matson Navigation Company et al.*; Docket No. 796—*Howard Terminal v. Matson Navigation Company et al.*; and Docket No. 798—*In the Matter of Agreement No. 8095 Between the City of Oakland and Encinal Terminals and Agreement No. 8095—A Between Encinal Terminals and Matcinal Corporation*. These related proceedings were consolidated for hearing and report. Involved were agreement between Matson Navigation Co., and Encinal Terminals for formation of Matcinal Corp.; agreement between Encinal Terminals and port of Oakland; and agreement between Howard Terminals and port of Oakland, all of which were found to have been carried out in whole or in part before approval of the Board in violation of Section 15, Shipping Act, 1916. Sections 14 (1), 16, 17, and 20 of the Shipping Act, 1916, as amended, not shown to be violated, as alleged.

Docket No. 793—*Alaska Freight Lines, Inc.—Proposed Revised Tariff*; and Docket No. 793 (Sub. 1)—*Alaska Freight Lines, Inc.—Tariff F. M. B.—F No. 4 and Southbound Rates*. Tariff of Alaska Freight Lines, Inc., found not to be violative, except in two particulars, of either Section 16 or 18, Shipping Act, 1916.

Docket No. 795—*In the Matter of Agreement and the Statement by the Great Lakes-Bordeaux/Hamburg Range Westbound Conference Filed Pursuant to Section 236.3 of General Order 76*. Approval of agreement between members of the Great Lakes-Bordeaux/Hamburg Range Westbound Conference to initiate an exclusive patronage contract/noncontract rate system should be denied under Section 15, Shipping Act, 1916, as unjustly discriminatory and unfair as between shippers and carriers, and detrimental to commerce of the United States.

Docket No. 808—*Pacific Coast/Hawaii and Atlantic-Gulf/Hawaii General Increase in Rates*. General rate increase in the Pacific-Atlantic-Gulf/Hawaii trades found not to be unlawful except as to canned pineapple and canned pineapple juice from Hawaii to the Pacific coast.

Docket No. S-61—*American President Lines, Ltd., and Lykes Bros. Steamship Co.—Agreement—Apportionment of Rubber Shipments Originating in Siam*. Continuation by these two United States-flag carriers as parties to an agreement providing for apportionment of rubber shipments originating in Siam and destined to United States Atlantic and Gulf ports, not shown to contravene the purposes, policies, or provisions of the Merchant Marine Act, 1936.

## ***Pending proceedings***

At the close of the fiscal year there were 72 pending proceedings, of which 22 were initiated on the Federal Maritime Board's own motion and the remainder were instituted by conferences, trade associations, shippers, individual steamship operators, and others.

## **International Maritime Affairs**

The eighth meeting of the Planning Board for Ocean Shipping of the North Atlantic Treaty Organization was held in Washington during October 1956. The Maritime Administrator, as United States representative on the Planning Board, served as chairman of the meeting, which was attended by maritime representatives of all the NATO governments. The Board set up a Special Working Group to evaluate international mobilization planning already accomplished and to make recommendations to the Board for further action. The

Maritime Administration was represented at these working group meetings, held in London in February and May 1957. The Maritime Administrator, as Washington chairman of PBOS, attended a meeting of the Senior Civil Emergency Planning Committee of NATO held in Paris, January 1957.

The Maritime Administration, in consultation with the Department of State and other interested Government agencies, participated in the preparation of United States positions on maritime matters included on the agenda of the Transport and Communications Commission of the United Nations which met in New York, January 1957.

A member of the staff was designated as the United States representative on an Ad Hoc Committee of Specialists to study the existing system of freight and insurance rates within the American Republics. This committee, set up by the Inter-American Economic and Social Council in November 1955, completed its work by May 1957, and issued a report with recommendations for consideration by the member governments of the council.

A Technical Maritime Conference was convened in London in September 1956, under the auspices of the International Labor Organization, to consider recommendations to the ILO concerning various matters affecting seamen. The United States delegation, on which the agency was represented, consisted of personnel from the fields of Government, labor, and shipowners.

The Maritime Administration continued to work closely with the Department of State in providing supervision and instructional programs for foreign nationals training in this country as United Nations fellows or trainees of the International Cooperation Administration. Programs were developed with Federal agencies and industry to provide the best possible experience for foreign trainees responsible for maritime policies and operations in their respective national governments. In addition, there was continued cooperation with the Department of State in negotiations with foreign governments on foreign actions deemed to be discriminatory against United States shipping.

---

---

# **FINANCIAL STATEMENTS**

---

---

**FEDERAL MARITIME BOARD AND MARITIME ADMINISTRATION**  
**DEPARTMENT OF COMMERCE**  
*Balance Sheet—June 30, 1957 and 1956*

ASSETS	JUNE 30		LIABILITIES	JUNE 30	
	1957	1956		1957	1956
<b>CASH:</b>					
Fund balances with U. S. Treasury:					
Operating funds.....	\$245,757,566	\$180,892,417			
Trust and deposit funds.....	19,707,120	20,612,104			
Allocations from other agencies.....	17,825,508	61,133,354			
	283,290,194	262,637,875			
Cash in banks.....	2,015,994	1,998,149			
Cash on hand and in transit.....	1,858,520	1,443,369			
	287,164,708	266,079,393			
<b>NOTES AND ACCOUNTS RECEIVABLE (note 2):</b>					
Domestic firms and individuals.....	11,059,309	14,737,304			
U. S. Government agencies.....	2,850,578	2,936,185			
Foreign governments and nationals.....	1,471,771	1,703,549			
	15,381,658	19,377,038			
<b>ACCRUED INTEREST (note 2):</b>					
On mortgage loans receivable.....	3,043,291	2,848,008			
On notes and accounts receivable.....	65,791	60,489			
	3,109,082	2,908,497			
<b>AGENTS' ADVANCES TO BRANCH HOUSES, SUBAGENTS, AND OTHERS.....</b>	<b>143,694</b>	<b>545,539</b>			
			<b>ACCOUNTS PAYABLE AND OTHER LIABILITIES:</b>		
			Accrued estimated operating-differential subsidies less estimated recapturable subsidies of \$157,317,052, 1957; \$134,207,539, 1956 (note 6).....	\$110,958,321	\$112,528,354
			Advances from other U. S. Government agencies - Amounts due shipbuilders for construction of vessels.....	108,946,290	117,359,299
			Other accounts payable and accrued accounts.....	10,609,057	18,155,045
			Deposits by contractors, amounts related to un- consummated transactions and unallocated collections.....	8,464,000	6,123,622
			Amounts withheld from employees for purchase of savings bonds and payment of taxes.....	2,064,731	2,247,453
			Tanker trade-in allowances payable.....	612,499	585,373
			Miscellaneous deferred credits.....	73,380	3,849,082
				11,511	27,221
				241,729,789	260,875,449
			<b>NET UNTERMINATED VOYAGE REVENUES (untermi- nated voyage revenue less unterminated voyage ex- pense totaling \$1,221,525, 1957; \$1,405,517, 1956).....</b>	<b>11,238</b>	<b>327,487</b>
			<b>RESERVES:</b>		
			For estimated claims in connection with vessels sold under the Merchant Ship Sales Act of 1946..	5,543,503	6,795,740
			For estimated liabilities under assumed insurable risks on operated vessels.....	465,377	469,578

MATERIALS AND SUPPLIES (note 3).....	8,192,355	42,063,313	For estimated expense of restoring vessels to the reserve fleet.....	277,799	277,899
MORTGAGE LOANS RECEIVABLE (note 2):					
Domestic firms.....	218,564,944	221,014,114		6,286,679	7,543,217
Foreign governments and nationals.....	51,883,053	55,055,052			
	270,447,997	276,069,166	EQUITY OF THE UNITED STATES GOVERNMENT (exhibit 3).....	4,846,556,102	4,961,859,271
VESSLS OWNED (at cost or assigned amounts) (note 4) ..	4,188,604,780	4,364,021,976			
VESSLS UNDER CONSTRUCTION (note 5).....	112,360,633	83,778,494			
LAND AND SITE DEVELOPMENT, STRUCTURES AND EQUIPMENT (at cost, estimated cost, or assigned amounts) (note 4):					
Reserve shipyards.....	80,175,368	82,287,945			
Marine terminals.....	44,762,522	36,825,240			
Maritime service training facilities.....	23,695,719	23,534,299			
Reserve fleet sites.....	17,908,034	15,714,552			
Warehouses.....	3,761,598	3,706,498			
Administrative offices.....	1,745,614	1,649,332			
	172,048,855	163,767,866			
Construction in progress.....	2,331,685	8,559,373			
	174,380,540	172,327,239			
OTHER ASSETS:					
Mobilization inventories of materials and supplies (note 3).....	33,326,572	1,461,890			
Deferred charges and other miscellaneous items....	1,353,413	1,144,114			
Advances to other U. S. Government agencies....	118,376	823,765			
	34,798,361	3,434,769			
	<u>\$5,094,583,808</u>	<u>\$5,230,605,424</u>		<u>\$5,094,583,808</u>	<u>\$5,230,605,424</u>

The notes to financial statements are an integral part of this statement.

**FEDERAL MARITIME BOARD AND MARITIME ADMINISTRATION**  
**DEPARTMENT OF COMMERCE**

*Statement of Operations for the Year Ended June 30, 1957 and 1956*

	YEAR ENDED JUNE 30	
	1957	1956
<b>CURRENT YEAR OPERATIONS:</b>		
Operating activities:		
Revenues and reimbursements:		
Operations of National Shipping Authority.....	* \$24, 129, 918	\$26, 309, 332
Chartering of vessels to others (all chartering after 6/30/56 included in operations of National Shipping Authority).....		1, 632, 947
Maintenance of reserve fleet vessels.....	1, 117, 290	1, 924, 728
Maritime training program.....	13, 681	15, 179
Operation of warehouses.....	53, 280	45, 750
Maintenance of reserve shipyards.....	207, 244	270, 215
Total revenues and reimbursements.....	25, 521, 413	30, 198, 151
Costs and expenses:		
Operations of National Shipping Authority.....	45, 487, 318	23, 136, 675
Chartering of vessels to others (all chartering after 6/30/56 included in operations of National Shipping Authority).....		8, 267
Maintenance of reserve fleet vessels.....	8, 246, 477	8, 429, 535
Maritime training program.....	2, 946, 043	2, 857, 265
Operation of warehouses.....	665, 896	648, 059
Maintenance of reserve shipyards.....	662, 747	615, 217
Total costs and expenses.....	58, 008, 481	35, 695, 018
Net costs and expenses (-income):		
Operations of National Shipping Authority.....	21, 357, 400	-3, 172, 657
Chartering of vessels to others (all chartering after 6/30/56 included in operations of National Shipping Authority).....		-1, 624, 680
Maintenance of reserve fleet vessels.....	7, 129, 187	6, 504, 807
Maritime training program.....	2, 932, 362	2, 842, 086
Operation of warehouses.....	612, 616	602, 309
Maintenance of reserve shipyards.....	455, 503	345, 002
Total net costs and expenses.....	32, 487, 068	5, 496, 867
Direct subsidies and cost of national defense features:		
Estimated operating-differential subsidies (note 6).....	129, 831, 753	140, 640, 664
Adjustment of estimated recapturable subsidies.....	-23, 109, 512	-27, 239, 272
Construction-differential subsidies.....	106, 722, 241	113, 401, 392
Cost of national defense features.....	<sup>b</sup> 17, 496, 769	<sup>b</sup> 15, 982, 405
Cost of national defense features.....	377, 350	653, 970
Total direct subsidies and cost of national defense features.....	124, 596, 360	130, 037, 767
Excess of recorded cost of vessels sold over proceeds of sale, and vessels lost and abandoned.....	62, 146, 214	68, 091, 630
Administrative expenses—amount allocated to N. S. A. excluded.....	7, 173, 554	6, 923, 061
Cost of repairing reserve fleet vessels.....	544, 851	10, 263, 070
Other income and adjustments (-income):		
Interest earned on notes and mortgages receivable.....	-9, 847, 066	-9, 331, 507
Inventory and other property adjustments.....	-1, 024, 228	-59, 878
Loss on sale of surplus material and scrap.....	378, 466	470, 499
Loss on fixed assets, other than vessels, sold, abandoned or scrapped.....	2, 536, 124	724, 164
Net income from War Risk Insurance Program.....	-143, 678	-39, 857
Premiums and fees on insured ship mortgages.....	-340, 328	-91, 489
Miscellaneous.....	90, 131	332, 940
Total other income and adjustments.....	-8, 350, 579	-7, 995, 128
Net cost of current year operations (note 4).....	218, 597, 468	212, 817, 317
<b>ADJUSTMENTS APPLICABLE TO PRIOR YEARS:</b>		
Net charges arising from adjustments and settlements related principally to World War II activities.....	* 1, 046, 303	19, 022, 703
Participation in profits of World War II insurance syndicates.....	-294, 025	-725, 000
Total adjustments.....	752, 278	18, 297, 703
<b>NET COST OF OPERATIONS (note 4).....</b>	<b>\$219, 349, 746</b>	<b>\$231, 115, 020</b>

\* See note (a) on schedule 1.

<sup>b</sup> Includes reconstruction-differential subsidy of \$1,117,694 and \$14,368,668.

The notes to financial statements are an integral part of this statement.

FEDERAL MARITIME BOARD AND MARITIME ADMINISTRATION  
DEPARTMENT OF COMMERCE

Statement of Equity of the United States Government for the Years Ended  
June 30, 1957 and 1956

	YEAR ENDED JUNE 30	
	1957	1956
BALANCE, BEGINNING OF YEAR.....	\$4,961,859,271	\$5,135,237,965
ADDITIONS:		
Funds appropriated by the Congress.....	242,910,000	250,170,500
Recorded value of 2 vessels transferred from the Department of the Navy in fiscal year 1957 and 6 vessels in fiscal year 1956.....	12,861,672	16,942,548
Leasehold improvements to Hoboken Terminal by the Port of New York Authority (net).....	2,894,275	6,009,850
Expenditures from funds appropriated to the Secretary of the Treasury for liquidation of obligations incurred against funds of the War Shipping Administration prior to January 1, 1947.....	2,846,875	21,653,146
Inventories of materials and supplies recovered from the Grain Storage Program for the Department of Agriculture, Production and Marketing Administration, exclusive of expenditures of \$3,292,401 in 1957 and \$3,277,998 in 1956 which were reimbursed.....	399,869	1,440,366
Payment of prior year obligations from lapsed appropriations.....	343,014	155,116
Equipment and land received from other U. S. Government agencies (net).....	43,814	179,998
Settlement of account payable by the Treasury Department, income tax assessment, \$75,704, payment from funds appropriated to settle judgments, \$61,691.....		137,395
Contributions received toward the construction of a Chapel at the United States Merchant Marine Academy, Kings Point, N. Y.....	38,778	6,345
Adjustment of cost of vessels transferred to the Department of the Navy in prior years.....	9,032	575
	262,347,329	296,695,839
	5,224,206,600	5,431,933,804
REDUCTIONS:		
Net cost of operations (exhibit 2).....	219,349,746	231,115,020
Payments into the General Fund of the U. S. Treasury including \$10 million of National Shipping Authority appropriated funds returned in fiscal year 1956.....	100,182,070	114,226,837
Recorded cost of 12 vessels transferred to the Department of the Navy in fiscal year 1957 and 45 vessels in fiscal year 1956.....	46,335,662	120,905,460
Recorded cost of 5 vessels transferred to the Department of the Air Force.....	9,904,045	
Mortgage loans receivable transferred to the Department of Justice.....		1,931,502
Proceeds of ship sales in foreign areas deposited in Treasury symbol 20FT3186.....	903,681	
Unobligated balance of appropriations transferred to Treasury Department in fiscal year 1957; lapsed appropriations less \$63,719 subject to refund in fiscal year 1956 and refunded in 1957.....	728,374	764,627
Materials, supplies and accounts receivable transferred to State and other U. S. Government agencies (net).....	246,920	783,912
Adjustment of reserve established to reduce the value of vessels by the cost of the original complement of outfitting items and spare parts that were removed during prior years.....		347,175
	377,650,498	470,074,533
BALANCE, CLOSE OF YEAR.....	\$4,846,556,102	\$4,961,859,271

**FEDERAL MARITIME BOARD AND MARITIME ADMINISTRATION**  
**DEPARTMENT OF COMMERCE**

*Statement of Sources and Application of Funds for the Year Ended June 30,  
1957*

<b>SOURCES:</b>	
Funds appropriated by the Congress.....	\$242,910,000
Proceeds from the sale of vessels owned.....	79,908,382
Collections on mortgage loans receivable.....	56,970,449
Funds provided by the Secretary of the Treasury for liquidation of obligations incurred against funds of the War Shipping Administration prior to January 1, 1947.....	2,846,875
Funds provided from lapsed appropriations for payment of prior year obligations.....	343,014
Proceeds from sale of fixed assets other than vessels.....	102,759
Materials, supplies and accounts receivable transferred from other U. S. Government agencies (net).....	42,481
Contributions received for construction of Chapel.....	38,778
<b>Total funds provided.....</b>	<b>\$383,162,738</b>
<b>APPLICATION:</b>	
Net cost of operations (per Statement of Operations).....	\$219,349,746
Items considered in net cost of operations:	
Loss on sale of vessels.....	-62,146,214
Loss on fixed assets, other than vessels, sold, abandoned or scrapped.....	-2,536,124
Loss from adjustment of vessel sales in prior years.....	-150,055
	<b>\$154,617,353</b>
Payments into General Fund of U. S. Treasury.....	100,182,070
Funds applied to mortgage loans receivable.....	51,499,335
Expenditures for vessels owned and under construction.....	38,588,542
Reclassification of mobilization inventories of materials and supplies as non-current assets.....	33,326,572
Expenditures for land and site development, structures and equipment, including construction in progress.....	1,643,627
Proceeds of ship sales in foreign areas deposited in Treasury symbol 20FT3186.....	903,681
Unobligated balance of appropriations transferred to U. S. Treasury.....	728,374
Increase in working capital during the year (per summary below).....	1,773,184
<b>Total funds applied.....</b>	<b>\$383,162,738</b>

*Summary of Changes in Working Capital*

	YEAR ENDED JUNE 30		CHANGES IN WORKING CAPITAL	
	1957	1956	Increase	Decrease
<b>ASSETS:</b>				
Cash.....	\$287,164,708	\$266,079,393	\$21,085,315	-----
Notes and accounts receivable.....	15,381,658	19,377,038	-----	\$3,995,380
Accrued interest.....	3,109,082	2,908,497	200,585	-----
Agents' advances.....	143,694	545,539	-----	401,845
Material and supplies.....	8,192,355	42,063,313	-----	33,870,958
Other assets.....	1,471,789	3,434,769	-----	1,962,980
<b>Total.....</b>	<b>315,463,286</b>	<b>334,408,549</b>	-----	-----
<b>LIABILITIES:</b>				
Accounts payable and other liabilities.....	241,729,789	260,875,449	19,145,660	-----
Reserves.....	6,286,679	7,543,217	1,256,538	-----
Net untermintated voyage revenue.....	11,238	327,487	316,249	-----
<b>Total.....</b>	<b>248,027,706</b>	<b>268,746,153</b>	-----	-----
<b>WORKING CAPITAL.....</b>	<b>67,435,580</b>	<b>65,662,396</b>	-----	-----
<b>Increase in working capital.....</b>	-----	-----	-----	<b>1,773,184</b>
			<b>\$42,004,347</b>	<b>\$42,004,347</b>

**FEDERAL MARITIME BOARD AND MARITIME ADMINISTRATION**  
**DEPARTMENT OF COMMERCE**

*Notes to Financial Statements—June 30, 1957 and 1956*

1. The balance sheets and the statements of operations include transactions recorded in the accounts of certain steamship companies which operated vessels for the Administration under General Agency agreements.

2. No provision for loss has been made in connection with any notes or accounts receivable which may prove to be uncollectible. Notes and accounts receivable and accrued interest from domestic firms and individuals and foreign nationals included \$3,683,039 at June 30, 1957, and \$5,750,901 at June 30, 1956, which had been referred to the Department of Justice for collection. Mortgage loans receivable at June 30, 1957, also included the following amounts with respect to mortgages which had been declared in default on or before that date:

	<i>Number of vessels</i>	<i>Mortgage balance</i>	<i>Accrued interest</i>
Domestic.....	2	\$471,150	\$20,913
Foreign.....	5	1,517,813	692,698
Total.....	7	\$1,988,963	\$713,611

3. Inventories of materials and supplies are valued at stock catalog prices which represent cost or estimated cost to the Administration. No consideration was given to the physical condition of the inventories in establishing these prices. A change in accounting policy was made during the current fiscal year with respect to materials and supplies whereby a substantial portion of the inventories heretofore classified as current assets in the preparation of financial statements are now classified as non-current assets—"Mobilization Inventories of Materials and Supplies". The inventories represent materials and supplies that are either component parts of vessels held in the National Defense Reserve Fleet or are held primarily for mobilization use in connection with such vessels and other vessels that would be requisitioned by the Maritime Administration in time of war or other national emergency.

4. In accordance with generally accepted accounting practices of noncorporate Federal agencies the financial statements do not include an allowance for depreciation of vessels or other tangible fixed assets. With respect to sales of fixed assets this practice results in larger recorded losses, and with respect to other current year operations, the recorded net costs and expenses are less than would have been the case had depreciation been recognized in the accounts.

5. Included in Vessels Under Construction at June 30, 1957, are seven vessels with accrued construction costs of \$74,120,513 and at June 30, 1956, one vessel with accrued construction cost of \$17,727,468, which have been delivered to the Department of the Navy. The value of these vessels will be transferred when total actual construction costs have been determined.

6. The net operating-differential subsidies payable to each subsidized operator are determinable only after the completion of the recapture period provided by the individual contracts, generally a ten year period. Therefore, the estimated recapturable amount of \$157,317,052 at June 30, 1957, and \$134,207,539 at June 30, 1956, will be revised subsequently in the light of operating revenues or losses during the later years of the contracts. The provisions for estimated operating-differential subsidies of \$129,831,753 for the year ended June 30, 1957, and \$140,640,664 for the year ended June 30, 1956, include credit adjustments of approximately \$8 million and debit adjustments of \$17 million, respectively, applicable to prior years.

7. The Maritime Administration was contingently liable under agreements insuring mortgages payable to lending institutions totaling \$36,285,266 at June 30, 1957, and \$11,368,624 at June 30, 1956. Applications were approved at June 30, 1957, for insurance of an additional amount of \$35,092,500 for construction loans which will be converted to mortgage loans of \$44,442,500 after delivery of ships to be constructed.

8. The Maritime Administration was contingently liable for undetermined amounts in connection with settlements to be made under 743 claims against the Administration aggregating \$186,460,907 at June 30, 1957, and 946 claims aggregating \$231,233,000 at June 30, 1956. These unrecorded liabilities were partially offset by unrecorded assets and claims receivable in connection with settlements to be made under 172 claims in favor of the Administration aggregating \$15,751,978 at June 30, 1957, and 258 claims aggregating \$13,437,000 at June 30, 1956. Many of the claims, both against or in favor of the Administration, represent adjustments of preliminary settlements and others require original determinations to be made. Based on previous experience, it is anticipated that settlements of these claims will be made for amounts substantially less than the gross amounts of the claims. In addition to the foregoing there were outstanding at June 30, 1957, approximately 98 continuing seamen's disability payment claims under the provisions of Public Law 449—78th Congress for which the annual liability for payment is approximately \$200,000. There were also 5 outstanding cases under the Second Seaman's War Risk Policies for which the final adjustment obligations at June 30, 1957, amounted to a total of \$15,295. Included among the funds available for payment of claims was an unexpended balance of \$9,997,805 at June 30, 1957, and \$79,724,438 at June 30, 1956, in a fund appropriated to the Secretary of the Treasury for payment of obligations incurred by the War Shipping Administration prior to January 1, 1947. This fund, which was continued available during the fiscal year 1958, is not included in the accounts of the Administration.

9. The Administration had an obligation at June 30, 1957, to return to owners United States Government securities in the amount of \$4,678,000 and municipal bonds in the amount of \$335,000. At June 30, 1956, the obligation was United States securities in the amount of \$5,848,500 and municipal bonds in the amount of \$310,000. These securities had been accepted from vessel charterers, subsidized operators, and other contractors to assure performance under contracts, and are held for safekeeping in the United States Treasury.

**FEDERAL MARITIME BOARD AND MARITIME ADMINISTRATION**  
**DEPARTMENT OF COMMERCE**

*Statement of Operations of National Shipping Authority for the Years Ended  
June 30, 1957 and 1956*

	YEAR ENDED JUNE 30	
	1957	1956
<b>SHIPPING OPERATIONS:</b>		
Vessels operated by general agents:		
Terminated voyage results (terminated voyages: 157, 1957; 134, 1956):		
Revenue.....	\$12,025,611	\$15,865,874
Expenses.....	11,775,063	14,410,002
Gross profit from vessel operations.....	250,548	1,455,872
Chartering of vessels to others.....	<sup>a</sup> 7,900,572	3,297,563
Total gross income from shipping operations.....	8,151,120	4,753,435
<b>NONSHIPPING OPERATIONS:</b>		
Vessel reactivation costs.....	<sup>b</sup> 32,105,750	6,500,258
Vessel deactivation costs (expense of restoring vessels to the reserve fleet).....	152,695	527,399
Miscellaneous expenses.....	<sup>c</sup> 216,175	<sup>c</sup> 878,549
	32,474,620	7,906,206
Less:		
Reimbursement of vessel reactivation costs.....	3,360,570	6,162,233
Reimbursement of vessel deactivation costs.....	152,695	527,399
Miscellaneous income.....	690,470	456,132
	4,203,735	7,145,895
Net cost of nonshipping operations.....	28,270,885	760,311
	-20,119,765	3,993,124
<b>ADMINISTRATIVE EXPENSES.....</b>	<b>1,237,635</b>	<b>820,467</b>
<b>NET INCOME (-LOSS) FROM OPERATIONS.....</b>	<b>-\$21,357,400</b>	<b>\$3,172,657</b>

<sup>a</sup> Excludes \$3,840,421 transferred to General Fund Receipts Symbol 131734(17) to cover charter hire receipts determined to have been erroneously deposited to the Vessel Operations Revolving Fund during the fiscal years 1952 to 1956.

<sup>b</sup> It is believed that a substantial portion of the vessel reactivation costs, which were incurred to alleviate the shortage of shipping and stabilization of charter rates aggravated by the blockade and subsequent closing of the Suez Canal in the fall of 1956, will be offset by future revenue from charterers of the reactivated vessels.

<sup>c</sup> Includes expenditures in connection with the repossession or seizure of mortgaged vessels—\$14,169, 1957; \$158,624, 1956.

**FEDERAL MARITIME BOARD AND MARITIME ADMINISTRATION**  
**DEPARTMENT OF COMMERCE**

*Statement of Operations of National Shipping Authority From Inception to  
June 30, 1957*

	<i>Vessels operated by general agents</i>					<i>Chartering of vessels to others</i>
	<i>Total</i>	<i>International Cooperation Administration</i>	<i>Military Sea Transporta- tion Service</i>	<i>Miscella- neous</i>	<i>Total</i>	
<b>SHIPPING OPERATIONS:</b>						
Revenue.....	\$436,526,632	\$192,197,429	\$190,342,639	\$2,545,328	\$385,085,396	\$51,441,236
Expenses.....	357,189,585	171,846,409	184,177,050	971,324	356,994,783	<sup>a</sup> 194,802
Gross income from shipping operations.....	79,337,047	20,351,020	6,165,589	1,574,004	28,090,613	51,246,434
<b>NONSHIPPING OPERATIONS:</b>						
Vessel reactivation costs.....	140,689,716	78,209,031	29,199,674	550,003	107,958,708	<sup>a</sup> 32,731,008
Vessel deactivation costs (expense of restoring vessels to the reserve fleet).....	16,812,327	7,942,594	8,419,020	247,807	16,609,421	202,906
Miscellaneous expenses.....	2,386,622	261,026	793,636	525,862	1,580,524	806,098
	159,888,665	86,412,651	38,412,330	1,323,672	126,148,653	33,740,012
<b>LESS:</b>						
Reimbursement of vessel reactivation costs.....	78,680,302	48,162,578	27,827,042	-----	75,989,620	<sup>b</sup> 2,690,682
Reimbursement of vessel deactivation costs.....	8,420,533	-----	8,420,533	-----	8,420,533	-----
Nonshipping income.....	<sup>c</sup> 15,839,595	7,178,343	5,166,263	-205,221	12,139,385	3,700,210
	102,940,430	55,340,921	41,413,838	-205,221	96,549,538	6,390,892
Net cost (-income) of nonshipping operations.....	56,948,235	31,071,730	-3,001,508	1,528,893	29,599,115	27,349,120
	22,388,812	-10,720,710	9,167,097	45,111	-1,508,502	23,897,314
<b>ADMINISTRATIVE EXPENSES (tentative proration)....</b>						
	10,164,607	3,164,511	5,604,070	94,070	8,862,651	1,301,956
<b>NET INCOME (-loss) FROM OPERATIONS.....</b>						
	\$12,224,205	<sup>d</sup> -\$13,885,221	\$3,563,027	-\$48,959	-\$10,371,153	\$22,595,358

<sup>a</sup> Vessel reactivation costs applicable to vessels chartered to others include all vessel repair expenses not chargeable to charterers. (See note (e) to schedule 1.)

<sup>b</sup> The acute tanker shortage caused by the closing of the Suez Canal resulted in the reactivation of 12 tankers that were transferred to the Navy Department on a custody arrangement. Under this arrangement the Navy Department reimburses the Maritime Administration for one-twelfth (1/12) of the reactivation costs (\$4,826,718) for each month the tankers are in the custody of the Navy until either the costs are recovered or the tankers returned to the Maritime Administration.

<sup>c</sup> Credits for materials and equipment removed from vessels and returned to warehouses are reflected in nonshipping income at standard catalog prices which are greatly in excess of amounts realized upon disposition.

<sup>d</sup> Net loss from operations for account of International Cooperation Administration resulted from the program being terminated on such an early date that revenues from shipping services were not sufficient to amortize ship reactivation and other expenses. The Comptroller General of the United States in a ruling B-101798 dated July 8, 1953, held that no statutory provisions were violated and that under the terms of an agreement dated October 25, 1951 (amended), there was no obligation upon the Foreign Operations Administration (predecessor organization) to reimburse the Maritime Administration for unamortized costs in excess of the monetary limitations contained in Clause 3 (b) of the agreement.

## APPENDIXES

## APPENDIX A

**Employment of United States-Flag Merchant Ships as of June 30, 1957, Seagoing Ships of 1,000 Gross Tons and Over**

(Excludes ships on the inland waterways, the Great Lakes, and those owned by the U. S. Army and Navy and special types, such as cable ships, tugs, etc.)

(Tonnage in thousands)

Status and area of employment	Total			Combination passenger and cargo			Freighters			Tankers		
	Number	Gross tons	Dead-weight tons	Number	Gross tons	Dead-weight tons	Number	Gross tons	Dead-weight tons	Number	Gross tons	Dead-weight tons
<i>Total all ships</i> <sup>1</sup> .....	2,984	23,038	32,398	<sup>2</sup> 221	2,048	1,520	<sup>3</sup> 2,426	17,396	25,194	<sup>4</sup> 337	3,594	5,684
<i>Active ships</i> .....	1,151	9,895	14,371	41	538	393	798	5,934	8,561	312	3,423	5,418
United States foreign trade.....	740	6,129	8,580	38	483	363	637	4,808	6,886	65	838	1,330
Maritime Administration ships.....	152	1,142	1,580	2	41	33	150	1,100	1,547	-----	-----	-----
Chartered.....	134	1,033	1,423	2	41	33	132	991	1,390	-----	-----	-----
General agency agreement.....	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----
For United States agency operations.....	18	109	157	-----	-----	-----	18	109	157	-----	-----	-----
Panama Canal Company.....	2	20	13	2	20	13	-----	-----	-----	-----	-----	-----
Privately owned.....	586	4,968	6,987	34	421	317	487	3,708	5,339	65	838	1,330
For commercial operations.....	573	4,826	6,773	34	421	317	479	3,652	5,259	60	753	1,196
For United States agency operations.....	13	142	214	-----	-----	-----	8	56	80	5	85	134
United States domestic trade.....	399	3,642	5,595	3	56	30	161	1,125	1,675	235	2,462	3,891
Maritime Administration ships.....	7	41	60	-----	-----	-----	7	41	60	-----	-----	-----
Chartered.....	7	41	60	-----	-----	-----	7	41	60	-----	-----	-----
General agency agreement.....	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----
Privately owned.....	392	3,601	5,535	3	56	30	154	1,084	1,615	235	2,462	3,891

Foreign to foreign—privately owned.....	12	124	197							12	124	197
<i>Inactive ships</i> .....	1,833	13,143	18,027	180	1,510	1,127	1,628	11,462	16,634	25	171	266
Temporarily inactive.....	38	295	437				27	179	250	11	116	187
Maritime Administration ships.....	12	84	123				12	84	123			
Chartered.....	3	19	27				3	19	27			
General agency agreement.....	8	58	84				8	58	84			
Shipyard custody.....	1	7	11				1	7	11			
Privately owned.....	26	211	314				15	95	127	11	116	187
Maritime Administration reserve fleet.....	1,795	12,848	17,590	180	1,510	1,127	1,601	11,283	16,384	14	55	79

<sup>1</sup> Excludes the following Government owned ships originally constructed as merchant types but not available for commercial purposes since they are under the custody of the Defense, State and Interior Departments:

	48	430	502	9	134	74	24	160	218	15	136	210
--	----	-----	-----	---	-----	----	----	-----	-----	----	-----	-----

<sup>1</sup> Excludes the following United States Government owned tonnage transferred to:

U. S. S. R. (lend-lease).....	83	518	785
-------------------------------	----	-----	-----

<sup>2</sup> Includes ships originally constructed as combination passenger and cargo ships and freighters, later converted to troop transports, hospital ships, etc., and not reconverted to their original types.

<sup>3</sup> Includes ships converted to store ships, repair ships, cargo attack, etc.

<sup>4</sup> Includes tankers converted to distilling ships.

NOTE.—Tonnage figures are not additive since the detailed figures have been rounded to the nearest thousand.

## APPENDIX B

*Deliveries of New Merchant Ships During the Fiscal Year Ended June 30, 1957**Seagoing Steam and Motor Ships of 1,000 Gross Tons and Over by Ship Type, Country in Which Built and for Whom Built*

(Excludes ships built for operation on the Great Lakes, inland waterways; Armed Forces; and special types such as tugs, ferries, cable ships, etc.)

(Tonnage in thousands)

Registry for which built	Total		Country in which built															
			United States		United Kingdom		Sweden		Netherlands		France		Japan		Germany		All others	
	Number	Dead-weight tons	Number	Dead-weight tons	Number	Dead-weight tons	Number	Dead-weight tons	Number	Dead-weight tons	Number	Dead-weight tons	Number	Dead-weight tons	Number	Dead-weight tons	Number	Dead-weight tons
SUMMARY—FREIGHTERS AND TANKERS																		
Total.....	711	9,309	10	304	139	1,765	54	739	44	461	46	519	155	2,990	126	1,152	137	1,379
United States.....	6	193	6	193														
United Kingdom.....	113	1,328			98	1,211	1	19	2	5	2	24			7	45	3	24
Sweden.....	32	313					16	202			1	3			6	30	9	78
Netherlands.....	39	436			1	6			28	327	2	14			7	71	1	18
Norway.....	96	1,243			8	124	31	451	2	38	5	64	1	20	23	239	26	307
Denmark.....	30	313					1	19	1	1			4	77	8	61	16	155
France.....	28	205									27	203			1	2		
Italy.....	30	384																
Japan.....	61	722											61	722			30	384
Germany.....	44	376													44	376		
Liberia.....	112	2,730	3	104	13	234	1	40	4	58	3	158	78	1,995	8	109	2	32
All others.....	120	1,066	1	7	19	190	4	8	7	32	6	53	11	176	22	219	50	381
FREIGHTERS																		
Total.....	570	5,328	1	7	109	1,009	39	375	37	291	38	268	109	1,398	124	1,100	113	880
United States.....																		
United Kingdom.....	90	785			77	705			2	5	2	24			7	45	2	6
Sweden.....	29	245					13	134			1	3			6	30	9	78
Netherlands.....	35	335			1	6			25	244	2	14			7	71		
Norway.....	74	725			7	89	22	233	1	7	5	64			22	219	17	113
Denmark.....	23	161							1	1					8	61	14	99
France.....	24	123									23	121			1	2		
Italy.....	25	263															25	263
Japan.....	54	517											54	517				
Germany.....	43	344													43	344		
Liberia.....	65	1,022			8	96			1	2			47	802	8	109	1	13
All others.....	108	808	1	7	16	113	4	8	7	32	5	42	8	79	22	219	45	308

TANKERS

Total	141	3,981	9	297	30	756	15	364	7	170	8	251	46	1,592	2	52	24	499
United States	6	193	6	193														
United Kingdom	23	543			21	506	1	19									1	18
Sweden	3	68					3	68										
Netherlands	4	101							3	83							1	18
Norway	22	518			1	35	9	218	1	31			1	20	1	20	9	194
Denmark	7	152					1	19					4	77			2	56
France	4	82																
Italy	5	121																
Japan	7	205											7	205				5
Germany	1	32													1	32		
Liberia	47	1,708	3	104	5	138	1	40	3	56	3	158	31	1,193			1	19
All others	12	258			3	77					1	11	3	97			5	73

COMBINATION PASSENGER AND CARGO SHIPS

	Number	Gross tons																
Total	26	253			5	97			6	44	1	13			2	12	12	87
United States																		
United Kingdom	5	97			5	97												
Sweden	1	23															1	23
Netherlands	2	34							2	34								
Norway	1	2																
Denmark																		
France	1	13									1	13						
Italy	5	24															5	24
Japan																		
Germany																		
Liberia																		
All others	11	60							4	10					1	10	6	40

## APPENDIX C

### Summary of Operating-Differential Subsidy Agreements as of June 30, 1957

Name of operator	Expiration date of agreement	Number of ships assigned on June 30, 1957	
		Passenger and combination	Cargo
American Banner Lines, Inc. <sup>1</sup> .....	Dec. 31, 1977	1 0	-----
American Export Lines, Inc.....	Dec. 31, 1965	6	24
American Mail Line, Ltd.....	Dec. 31, 1960	-----	9
American President Lines, Ltd.....	Dec. 31, 1976	5	16
Bloomfield Steamship Co.....	Dec. 31, 1963	-----	4
Farrell Lines, Inc.....	Dec. 31, 1959	2	14
Grace Line Inc.....	Dec. 31, 1977	11	16
Gulf & South American Steamship Co., Inc.....	Dec. 31, 1963	-----	4
Lykes Bros. Steamship Co., Inc.....	Dec. 31, 1957	-----	54
Mississippi Shipping Co., Inc.....	Dec. 31, 1957	3	11
Moore-McCormack Lines, Inc.....	Dec. 31, 1977	2	43
The Oceanic Steamship Co.....	Dec. 31, 1972	2	4
Pacific Far East Line, Inc.....	Dec. 31, 1962	-----	9
Pacific Transport Lines, Inc.....	Dec. 31, 1962	-----	5
United States Lines Co.:			
Cargo Service.....	Dec. 31, 1965	-----	54
SS. <i>AMERICA</i> .....	Aug. 1, 1958	1	-----
SS. <i>UNITED STATES</i> .....	June 19, 1967	1	-----

<sup>1</sup> One Mariner vessel now being converted to a combination vessel will commence operation during the first half of 1958 upon delivery by the shipbuilder.

## APPENDIX D

### Ships Approved for Transfer to Alien Ownership and/or Registry and Flag, Fiscal Year 1957

	Number	Total gross tonnage	Average age
<b>PRIVATELY OWNED</b>			
Ships under 1,000 gross tons:			
Commercial craft (tugs, barges, etc.).....	484	99, 007	5.9
Pleasure craft (over 5 tons).....	127	2, 991	6.7
Undocumented motorboats (5 tons and less).....	411	2, 055	3.3
Total.....	1, 022	104, 963	4.2
Ships of 1,000 gross tons and over:			
Tankers.....	53	499, 773	13.2
Cargo.....	45	298, 124	14.3
Cargo/passenger.....	3	16, 877	44.0
Miscellaneous (schooners, dredges, barges, etc.).....	11	33, 869	11.6
New construction by United States shipyards for foreign-flag operation.....	36	1, 671, 400	-----
Total.....	148	2, 520, 043	10.7
<b>GOVERNMENT OWNED</b>			
Cargo ships.....	16	113, 781	12.5
Grand total.....	164	2, 633, 824	10.9

## APPENDIX E

### New Ship Construction on June 30, 1957

	Number of ships	Type	Gross tonnage	Estimated or actual date of completion	Estimated construction cost	Cost chargeable to Maritime Administration	Owner	Cost chargeable to owner
<b>Ships under construction:</b>								
Title VII of Merchant Marine Act of 1936.....	1	T5-S-RM2a.....	1 15,600	June 20, 1958	\$11,000,000	\$11,000,000	Maritime Administration.....	-----
Title V of Merchant Marine Act of 1936.....	2	P2-S2-9a.....	1 18,200	Nov. 21, 1958	51,435,972	* 20,652,047	Moore-McCormack.....	\$30,783,925
Do.....	2	P2-S2-11a.....	1 15,000	July 18, 1958	47,969,360	* 20,459,240	Grace Line.....	27,510,120
Economy Act of 1932.....	1	C3-ST-14a.....	1 9,400	Nov. 29, 1957	11,094,800	-----	Department of Defense.....	11,094,800
Do.....	1	S2-ST-23a.....	1 8,500	Feb. 28, 1958	10,278,661	-----	do.....	10,278,661
Do.....	2	T1-MET-23a.....	1 3,200	Oct. 25, 1957	7,841,103	-----	do.....	7,841,103
Do.....	3	C1-ME2-13a Design 782	1 2,100	Nov. 30, 1957	10,661,297	-----	do.....	10,661,297
National defense features (Esso Shipping Co.)	2	Tanker.....	* 75,600	Mar. 21, 1958	24,940,000	1,540,000	Esso Shipping Co.....	23,400,000
Conversion under Title V.....	1	P2-S1-1n.....	9,217	Mar. 14, 1958	13,977,298	5,725,935	American Banner Line.....	8,251,363
Conversion under Title VII.....	1	EC2-G-8g.....	7,500	July 30, 1957	2,261,514	2,261,514	Maritime Administration.....	-----
Total ships under construction.....	16	-----	164,317	-----	\$191,460,005	\$61,638,736	-----	\$129,821,269
<b>Design and service contracts:</b>								
Conversion plans EC2-G-8g.....	-----	-----	-----	July 30, 1957	78,850	78,850	-----	-----
Bidding plans C4-S-RM19a.....	-----	-----	-----	Sept. 30, 1957	133,100	133,100	-----	-----
Bidding plans C5-S-RM20a.....	-----	-----	-----	Sept. 30, 1957	60,000	60,000	-----	-----
Free piston gas turbine propulsion unit (EC2-G-8g).	-----	-----	-----	July 30, 1957	1,334,749	1,334,749	-----	-----
Controlled cargo handling study.....	-----	-----	-----	Dec. 31, 1957	10,000	10,000	-----	-----
St. Lawrence Seaway study.....	-----	-----	-----	Sept. 30, 1957	21,400	21,400	-----	-----
Automatic call selector study.....	-----	-----	-----	Sept. 30, 1957	800	800	-----	-----
Material handling study.....	-----	-----	-----	Dec. 31, 1957	25,000	25,000	-----	-----
Purchase of umbrella-type marine antenna for radio communications.	-----	-----	-----	Oct. 30, 1957	7,600	7,600	-----	-----
Space-speed cost study of roll-on/roll-off ships.....	-----	-----	-----	Dec. 6, 1957	10,700	10,700	-----	-----
Total design and service contracts.....	-----	-----	-----	-----	\$1,682,199	\$1,682,199	-----	-----
Total construction, design, and service contracts.	-----	-----	-----	-----	\$193,142,204	\$63,320,935	-----	\$129,821,269

<sup>1</sup> Approximate.

<sup>2</sup> Deadweight capacity.

<sup>3</sup> Includes \$176,772 National Defense Features Allowance.

<sup>4</sup> Includes \$475,360 National Defense Features Allowance.

## APPENDIX F

## Merchant Fleets of the World

## Seagoing Steam and Motor Ships of 1,000 Gross Tons and Over as of June 30, 1957

(Excludes ships on the Great Lakes and inland waterways, and special types such as channel ships, icebreakers, cable ships, etc., and merchant ships owned by any military force)

(Tonnage in thousands)

Country of registry	Total			Type of vessel																			
				Combination passenger and cargo			Combination passenger and cargo—refrigerated			Freighters			Freighters—refrigerated			Bulk carriers—(including ore/oil carriers)			Tankers (including whaling tankers)				
	Number	Gross tons	Dead-weight tons	Number	Gross tons	Dead-weight tons	Number	Gross tons	Dead-weight tons	Number	Gross tons	Dead-weight tons	Number	Gross tons	Dead-weight tons	Number	Gross tons	Dead-weight tons	Number	Gross tons	Dead-weight tons		
Total—all flags.....	15,916	101,017	141,666	1,219	9,341	6,686	50	736	474	10,657	55,506	81,342	358	2,210	2,366	730	3,559	5,582	2,902	29,665	45,216		
United States.....	3,032	23,468	32,900	230	2,183	1,594	-----	-----	-----	2,363	16,974	24,586	48	291	282	39	290	544	352	3,730	5,894		
The British Commonwealth of Nations.....	3,080	20,448	26,703	262	2,410	1,588	37	646	421	1,754	9,505	13,577	142	1,286	1,467	287	977	1,390	598	5,624	8,260		
United Kingdom.....	2,506	17,945	23,342	175	2,067	1,362	34	629	408	1,352	7,816	11,112	136	1,248	1,417	247	821	1,170	562	5,364	7,873		
Canada.....	79	328	364	29	90	27	-----	-----	-----	32	119	155	-----	-----	-----	3	6	9	15	113	173		
Australia.....	119	454	600	12	73	45	-----	-----	-----	79	257	381	-----	-----	-----	28	124	174	-----	-----	-----		
New Zealand.....	55	205	234	5	34	9	2	10	7	45	154	210	-----	-----	-----	2	4	5	1	3	3		
India.....	108	551	799	11	52	63	-----	-----	-----	95	483	713	-----	-----	-----	-----	-----	-----	-----	2	16	23	
Union of South Africa.....	20	110	153	3	4	4	-----	-----	-----	16	90	124	-----	-----	-----	-----	-----	-----	-----	1	16	25	
Pakistan.....	22	127	174	3	20	12	-----	-----	-----	17	96	145	-----	-----	-----	1	5	8	-----	-----	1	6	9
Others.....	171	728	1,037	24	70	66	1	7	6	118	490	737	6	38	50	6	17	24	16	106	154		
Argentina.....	145	900	1,171	19	112	88	4	46	33	66	382	558	6	18	18	3	4	6	47	338	468		
Belgium.....	79	520	696	11	107	97	-----	-----	-----	57	296	429	2	6	6	-----	-----	-----	9	111	164		
Brazil.....	195	759	1,072	28	113	112	-----	-----	-----	132	455	678	-----	-----	-----	8	32	46	27	159	236		
Chile.....	50	205	277	5	19	21	-----	-----	-----	30	119	159	-----	-----	-----	14	56	81	1	11	16		
China.....	155	473	653	18	41	25	-----	-----	-----	109	357	520	-----	-----	-----	5	12	20	23	63	88		
Costa Rica.....	121	504	785	-----	-----	-----	-----	-----	-----	108	464	721	-----	-----	-----	12	32	52	1	8	12		
Denmark.....	324	1,723	2,466	23	74	59	1	1	2	232	1,007	1,426	8	24	26	7	18	26	53	599	927		
Egypt.....	23	113	129	11	60	60	-----	-----	-----	10	37	43	-----	-----	-----	-----	-----	-----	2	16	26		
Finland.....	235	713	1,095	7	15	7	-----	-----	-----	194	507	801	-----	-----	-----	17	47	71	17	144	216		
France.....	582	3,761	4,699	70	717	404	2	25	10	322	1,447	2,024	28	115	89	37	122	166	123	1,335	2,006		

Germany	772	3,089	4,661	21	150	155	1	2	1	655	2,343	3,644	18	54	60	34	183	271	43	357	530
Greece	243	1,453	2,104	22	113	67	1	3	2	191	1,127	1,710				9	33	52	20	177	273
Honduras	54	319	447							28	120	185	17	73	64				9	126	198
Israeli	30	164	206	5	44	24				21	86	128							4	34	54
Italy	675	4,311	5,898	79	702	433				420	2,143	3,244	10	33	30	28	147	230	138	1,286	1,961
Japan	692	4,063	5,924	23	113	119				570	2,973	4,337	7	47	52	12	83	132	80	847	1,284
Korea	31	102	155	2	3	4				24	85	131				1	2	3	4	12	17
Liberia	817	8,400	13,172	7	54	35				458	3,260	4,837	1	3	3	39	431	891	312	4,652	7,406
Mexico	27	142	203							6	14	15	2	5	5	1	5	8	18	118	175
Netherlands	573	3,853	5,077	86	713	617				350	1,953	2,729	2	13	12	4	48	69	131	1,126	1,650
Norway	1,180	8,149	12,130	32	147	90	2	9	3	666	2,950	4,441	20	64	61	29	263	365	431	4,716	7,170
Panama	542	4,100	6,192	19	150	92				302	1,619	2,445	4	10	11	38	220	368	179	2,101	3,276
Peru	24	88	128	1	5	7				18	68	100				1	3	4	4	12	17
Philippines	22	82	112	4	9	8				16	71	101				1	1	2	1	1	1
Poland	73	319	445	2	23	15				58	248	366	3	10	9	7	14	20	3	24	35
Portugal	80	409	490	19	170	126				53	170	261							8	69	103
Spain	306	1,223	1,579	50	286	215				202	642	956	3	8	11	14	41	57	37	246	340
Sweden	575	2,861	4,145	31	205	168				382	1,236	1,915	24	99	102	49	402	555	89	919	1,405
Turkey	138	530	690	33	143	95				95	322	495				2	4	5	8	61	95
U. S. S. R. <sup>1</sup>	727	2,580	3,525	71	360	268				539	1,717	2,559	9	34	42	20	48	73	88	421	583
Venezuela	44	191	293							11	41	62				5	17	37	28	133	194
Yugoslavia	73	315	482	6	23	28				62	267	414				5	10	17	3	15	23
All others	197	687	962	22	77	65	2	4	2	153	501	745	4	17	16	5	14	21	11	74	113

<sup>1</sup> Includes the following U. S. Government-owned ships transferred to U. S. S. R. under lend-lease agreement and still remaining under that registry:

83	518	785	1	5	5					79	495	752				2	11	17	1	7	11
----	-----	-----	---	---	---	--	--	--	--	----	-----	-----	--	--	--	---	----	----	---	---	----

## APPENDIX G

### *Cash and Approved Securities on Deposit in the Statutory Capital and Special Reserve Funds of Subsidized Operators as of June 30, 1957*

Operator	Capital reserve funds	Special reserve funds	Total
American Export Lines, Inc.....	\$13,487,350	\$6,165,695	\$19,653,045
American Mail Line Ltd.....	4,548,393	5,610,471	10,158,864
American President Lines, Ltd.....	1,908,606	4,001,452	5,910,058
Farrell Lines, Inc.....	3,837,447	4,645,847	8,483,294
Grace Line Inc.....	19,826,273	13,701,531	33,527,804
Gulf & South American Steamship Co., Inc.....	627,541	1,671,727	2,299,268
Lykes Bros. Steamship Co., Inc.....	53,794,741	30,090,004	83,884,745
Mississippi Shipping Co., Inc.....	4,783,308	3,658,356	8,441,664
Moore-McCormack Lines, Inc.....	9,494,545	16,101,518	25,596,063
Oceanic Steamship Co., The.....	444,404	1,436,232	1,880,636
Pacific Argentine Brazil Line, Inc. <sup>1</sup> .....	242,736	150,023	392,759
Pacific Far East Line, Inc.....	1,261,153	1,278,610	2,539,763
Pacific Transport Lines, Inc.....	15,087	218,239	233,326
Seas Shipping Co., Inc. <sup>2</sup> .....	6,494,307	2,499,428	8,993,735
United States Lines Co.....	3,339,938	6,680,178	10,020,116
Total.....	124,105,829	97,909,311	222,015,140

<sup>1</sup> Operating-Differential Subsidy Agreement terminated on December 31, 1956.

<sup>2</sup> Operating-Differential Subsidy Agreement terminated on the date of termination of the last voyage in progress on April 30, 1957.

NOTE.—Accrued mandatory deposits applicable to the resumption period (generally Jan. 1, 1947, to Dec. 31, 1956), not included in the above, amount to approximately \$27,297,720, comprised of \$5,082,886 applicable to the capital reserve funds (depreciation) and \$22,214,834 applicable to the special reserve funds (excess profits).