

Annual Report of the

**FEDERAL MARITIME BOARD
and
MARITIME ADMINISTRATION**

1960



UNITED STATES DEPARTMENT OF COMMERCE

For sale by the Superintendent of Documents, U.S. Government Printing Office
Washington 25, D.C. - Price 30 cents (paper cover)

UNITED STATES DEPARTMENT OF COMMERCE

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Washington, D.C.

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MARITIME ADMINISTRATION

RALPH E. WILSON, *Maritime Administrator*

WALTER C. FORD, *Deputy Maritime Administrator*

LETTERS OF TRANSMITTAL

U.S. DEPARTMENT OF COMMERCE,
FEDERAL MARITIME BOARD,
MARITIME ADMINISTRATION,
Washington 25, D.C., October 19, 1960.

To: *The Secretary of Commerce.*

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

SUBJECT: *Annual Report for Fiscal Year 1960.*

I am submitting herewith the report of the Federal Maritime Board and Maritime Administration covering their activities for the fiscal year ended June 30, 1960.



RALPH E. WILSON.

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 1960.



Secretary of Commerce.

TABLE OF CONTENTS

	Page
INTRODUCTION.....	1
AID TO SHIPPING.....	3
<i>Construction-differential subsidy</i>	3
<i>Federal ship mortgage and loan insurance</i>	5
<i>Other forms of construction aid</i>	7
<i>Operating-differential subsidy</i>	7
<i>Aid involving vessels over 20 years of age</i>	8
<i>Trade routes</i>	8
SHIP OPERATIONS AND REPAIR.....	8
<i>Oceangoing traffic</i>	8
<i>Charters and general agency operations</i>	9
<i>Ship custody</i>	9
<i>Ship repair</i>	10
RESEARCH AND DEVELOPMENT.....	11
SHIP CONSTRUCTION.....	14
<i>NS "Savannah"</i>	14
<i>Advanced ship concepts</i>	15
<i>Other construction</i>	15
<i>Ship conversion and reconstruction</i>	16
MARITIME TRAINING.....	16
<i>United States Merchant Marine Academy</i>	16
<i>State maritime academies</i>	18
<i>Other activities</i>	18
SHIP SALES AND TRANSFERS.....	19
<i>Ship sales</i>	19
<i>Transfers to foreign ownership and registry</i>	19
SHIPPING STUDIES AND REPORTS.....	20
<i>Ship and cargo data</i>	21
<i>Port development</i>	21
<i>Labor data and labor-management relations</i>	21
PROPERTY AND SUPPLY.....	22
<i>Real property</i>	22
<i>Warehouses</i>	23
<i>Material control, inventory and disposal</i>	23
ADMINISTRATIVE MANAGEMENT.....	24
<i>Defense planning</i>	24
<i>Personnel</i>	25
<i>Organization</i>	25
<i>Investigations and security</i>	26
FINANCE.....	26
<i>Financial relationships with contractors</i>	26
<i>Accounting</i>	27
<i>Audits</i>	27
<i>Insurance</i>	28
<i>Notes and accounts receivable</i>	29
<i>Claims</i>	29

	Page
LEGAL ACTIVITIES	29
<i>Litigation</i>	30
<i>Legislation</i>	32
<i>Contract administration</i>	32
INTERNATIONAL MARITIME AFFAIRS	32
REGULATORY ACTIVITIES	34
<i>Conference and other agreements</i>	35
<i>Rates—foreign</i>	36
<i>Rates—U.S. offshore domestic</i>	36
<i>Freight forwarders</i>	37
<i>Terminal tariffs</i>	37
PROCEEDINGS BEFORE HEARING EXAMINERS	38
<i>Final decisions of the Board and/or Administrator</i>	38
<i>Recommended decisions of Hearing Examiners</i>	42
<i>Pending Proceedings</i>	45

FINANCIAL STATEMENTS

EXHIBITS:

1. Balance Sheet—June 30, 1960 and 1959	48
2. Statement of Operations for the Years Ended June 30, 1960 and 1959	50
3. Statement of Equity of the U.S. Government for the Years Ended June 30, 1960 and 1959	51
4. Statement of Sources and Application of Funds for the Year Ended June 30, 1960	52

NOTES TO FINANCIAL STATEMENTS—JUNE 30, 1960 and 1959	52
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SCHEDULE:

1. Statement of Operations of National Shipping Authority for the Years Ended June 30, 1960 and 1959	53
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APPENDIXES

A. Summary of Operating Differential Subsidy Contracts as of June 30, 1960	57
B. Aid to Vessels Over 20 Years of Age Approved by the Federal Maritime Board Under Section 605(b), Merchant Marine Act, 1936, as Amended	58
C. New Ship Construction on June 30, 1960	61
D. Employment of U.S.-flag Merchant Ships as of June 30, 1960	62
E. Deliveries of New Merchant Ships During Fiscal Year 1960	64
F. Merchant Fleets of the World as of June 30, 1960	66
G. Cash and Approved Securities on Deposit in the Statutory Capital and Special Reserve Funds of Subsidized Operators as of June 30, 1960	68

FISCAL YEAR ACTIVITIES

Introduction

The Federal Maritime Board and the Maritime Administration were established in the Department of Commerce by Reorganization Plan No. 21, effective May 24, 1950, to fully accomplish the objectives of the maritime laws, and more effectively administer the programs prescribed by such laws. The plan simultaneously abolished the U.S. Maritime Commission. The 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.

Under the plan the Federal Maritime Board is responsible for the administration of the statutory regulatory functions, which include the regulation and control of rates, services, practices, and agreements of common carriers by water and of other persons, under provisions of the Shipping Act, 1916, as amended, and rates, fares, classifications, tariffs, and practices of common carriers by water under provisions of the Intercoastal Shipping Act, 1933, as amended; making rules and regulations affecting shipping in the foreign trade; and investigating discriminatory practices in such trade. In addition, the Board is charged with the responsibility 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, 703, 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 by the plan, the Board is guided by the general policies of the Secretary of Commerce. However, the actions of the Board in regard to the subsidy functions transferred to it are final.

The Maritime Administration, under delegation of authority by the Secretary of Commerce, is responsible for the administration and execution of programs for the construction, operation and repair of merchant ships; administration of operating-differential and construction-differential subsidies, Federal ship construction loan and mortgage insurance and other forms of Government aid to the U.S. shipping and shipbuilding industries; maintenance of the National Defense Reserve Fleet and reserve shipyards; training of merchant marine officers; and the institution and maintenance of maritime research and development programs.

During fiscal year 1960 the Federal Maritime Board and the Maritime Administration continued their efforts to effectuate the principles of the Federal Government with respect to the American merchant marine as established in the Merchant Marine Act, 1936, as amended, and related maritime laws. These principles basically provide 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 U.S. flag by citizens of the United States, and composed of the best equipped, safest, and most suitable types of ships manned by a trained and efficient citizen personnel. The decline evidenced in fiscal year 1959 in both U.S.-flag shipping and shipbuilding continued throughout fiscal year 1960. The problems encountered necessitated continued diligence by the agency to: (1) encourage a planned shipbuilding program without Government assistance if possible, but with Government assistance where necessary in the form of construction-differential subsidy, insurance of ship construction loans and mortgages, and trade-in allowances on old ships in the construction of new ships; and (2) promote and assist the American merchant marine by enabling it to meet foreign-flag competition through Government operating-differential subsidy aid. By the end of fiscal year 1960 a substantial beginning had been made on the initial post-war replacement programs of the subsidized operators. This progress was evidenced by the fact that 6 ships had been delivered and were in service, 40 were under construction and it was planned to award contracts for the construction of 31 additional ships in fiscal year 1961. The construction of these 77 ships will leave a remainder of 209 ships, exclusive of certain ships constructed since 1950 not covered in the initial replacement program, to be constructed between the years 1962 and 1979. The total construction program involved in the initial replacement of the current subsidized fleet will cost in excess of \$4 billion.

Of particular importance to the Federal Maritime Board and the Maritime Administration, together with the Government aid programs, was the establishment of an enlarged research and development program to promote efficiency and to foster more rapid technical advancement in the maritime field. The program envisioned will include as its primary objective the improvement in the earning capacity of U.S. merchant ships through technological advances. To achieve this major objective, the direction and administration of all research functions of the agency were centralized in a single organizational unit with responsibility for achieving a sound and progressive research and development program through (a) developing and employing improved and advanced hull concepts, propulsion systems, auxiliary machinery and equipment, providing for the maximum in efficiency and economy, and utilizing the principles of automation to the extent practical; (b) providing improved means for handling, stowing, and transporting cargo, including the utilization of automated handling of unitized cargo; (c) providing improved means of

managing and navigating vessels; and (d) conducting design studies of hull forms, arrangements, materials and oceanographic studies, laboratory research, and development and field testing prior to prototype construction.

The Federal Maritime Board and the Maritime Administration, in addition to administering the foregoing programs, continued to devote undiminished efforts, through its staff of approximately 2,900 employees in 28 installations, to other programs and activities which include the operation of Government-owned ships under charter and general agency agreement; conduct of regulatory activities; maintenance of the national defense reserve fleets; operation of warehouses; the custody and maintenance of reserve shipyards and other facilities; administration of the provisions of Public Law 664, 83d Congress (sec. 9.01(f) of the 1936 Act), relating to 50-percent participation by American-flag operators in the movement of Government cargoes; furnishing of advisory services to the Export-Import Bank on shipping arrangements of exports financed under the Bank's loan credits pursuant to the provisions of Public Resolution 17, 73d Congress; investigation of discriminatory practices of foreign governments against American-flag shipping; and administration of the U.S. Merchant Marine Academy and the program for Federal aid to State maritime schools.

Aid to Shipping

The adverse conditions existing throughout fiscal year 1959 continued unabated during fiscal year 1960, both with respect to the volume of traffic being moved by the American merchant marine, and in the number of ships under construction or on order in U.S. yards. The Government aid programs continued to meet the objectives of the shipping statutes by assisting American-flag operators in maintaining their services on essential U.S. foreign trade routes, and providing the assistance necessary to assure the replacement of at least some of the obsolete ships in the American merchant marine with new and modern types of ships. These programs were of material importance in serving the national interest in maintaining an adequate U.S. flag fleet, with trained personnel, to meet normal trade requirements or emergency requirements. Further, these programs continued to contribute materially to providing the minimum mobilization base of ship construction capabilities, including shipbuilding know-how in the form of management and labor.

Construction-differential subsidy

During the fiscal year the Federal Maritime Board executed construction-differential subsidy contracts with the following companies for the number of ships indicated: American Mail Line Ltd., for three cargo ships; Grace Line Inc., for three combination ships; Moore-McCormack Lines, Inc., for one cargo ship; Pacific Far East Line, Inc., for two cargo ships, and States Steamship Co. for four cargo

ships. These new ships will be built at a total estimated domestic cost of \$186 million, including estimated escalation and cost of national defense items, changes and extras. Against this construction there were approved for trade-in nine obsolete vessels for a total allowance of credit on new construction of \$5,691,500.

In the detailed estimates which follow, the maximum construction-differential subsidy has been limited to 50 percent of the construction cost of the commercial vessel. In view of the provisions of Public Law 86-607, however, it may be that, upon application of the operators in some of these cases, the Board will raise the maximum to the actual difference in cost, not to exceed the 55 percent authorized in this law.

The total estimated construction cost of the three American Mail Line ships, which are being constructed on an adjusted-price basis by Todd Shipyards Corp., San Pedro, Calif., will approximate \$39,700,000. This figure includes the estimated cost of escalation, changes, and national defense features. The construction-differential subsidy allowance on these vessels is estimated at \$19,724,750, and the Government will also pay the cost of national defense features amounting to approximately \$250,500. Three old vessels were traded in against this construction for a total allowance of \$2,349,000; these ships have been chartered back to the operator for use during the construction period of the new vessels.

The total estimated construction cost of the three combination cargo/passenger-container ships of Grace Line, which are being constructed on a fixed-price-bid basis by the Bethlehem Steel Co., Shipbuilding Division, Sparrows Point, Md., will approximate \$55,650,000. This figure includes the estimated cost of escalation, changes, and national defense features. The construction-differential subsidy allowance on these vessels is estimated at \$27,751,500, and the Government will also pay the cost of national defense features estimated at \$147,000. Two vessels were traded in against this new construction for a total allowance of \$1,002,500, and were chartered back to the operator for use while the new vessels are being built.

The estimated cost of the cargo vessel for Moore-McCormack Lines, which is being constructed by the Sun Shipbuilding and Dry Dock Co. on an adjusted-price basis, will approximate \$10,300,000. This figure includes an approximation for cost of escalation, changes, and national defense features. The construction-differential subsidy allowance is estimated at \$5,120,000, and the Government will also pay for national defense features estimated at \$60,000. No vessels were traded in on the new construction.

The total cost of the two ships for the Pacific Far East Line which are under construction at the Bethlehem Steel Co., San Francisco, Calif., on an adjusted-price basis, will approximate \$30,800,000. This figure includes the estimated cost of escalation, changes, and national defense features. The construction-differential subsidy allowance is estimated at \$15,290,000 and the Government will also pay the cost of national defense features estimated at \$220,000. No vessels were traded in on the new construction.

The four cargo ships for the States Steamship Co., which the Newport News Shipbuilding and Dry Dock Co. is building on an adjusted-price basis, will total approximately \$49,850,000. This figure includes the estimated cost of escalation, changes, and national defense features. The construction-differential subsidy allowance is estimated at \$23,600,000, and the Government will also pay the cost of national defense features amounting to about \$600,000. Four vessels were traded in, for a total allowance of \$2,340,000, and chartered back to the operator for use during the construction of the new vessels.

The Federal Maritime Board, in addition to the foregoing, authorized a construction-differential subsidy to American Export Lines, Inc., for reconstruction of the SS *Atlantic*, a passenger ship purchased from American Banner Lines, Inc. The domestic fixed price was \$1,871,687, and the construction-differential subsidy allowance was 33½ percent, subject to later adjustment. The construction contract was awarded to Sun Shipbuilding and Dry Dock Co., Chester, Pa.

The Board also authorized a construction-differential subsidy to American President Lines, Ltd., with respect to the reconstruction and reconditioning of the SS *President Cleveland* and SS *President Wilson*, at a fixed price of \$343,000 for each vessel, providing for a construction-differential subsidy of 50 percent. The contract for the work was executed with Moore Dry Dock Co., Oakland, Calif.

On June 30, 1960, there were pending from 6 American-flag operators applications for construction-differential subsidy in the construction of 28 cargo ships and in the reconstruction of 1 C4-type cargo ship to a roll-on/roll-off-type ship. An application for construction-differential subsidy in the construction of one passenger liner was not being actively processed at the close of the fiscal year due to the fact that no appropriation for this construction was available.

Federal ship mortgage and loan insurance

The Maritime Administration during the fiscal year 1960 executed contracts of insurance for construction loans aggregating \$87,935,808, and mortgage commitments or loans totaling \$155,159,400, made by banks and other lending agencies, covering the construction or reconstruction of 19 ships having a total estimated construction cost of \$188,893,773, as follows: (a) Rye Marine Corp., a mortgage loan of \$10,511,000 for construction of a tanker; (b) Newport Tankers Corp., a mortgage loan of \$10,792,900 for construction of a tanker; (c) Containerships, Inc., construction loans of \$4,477,500 and mortgage commitments of \$6,684,900 for two containerships; (d) American President Lines, Ltd., construction loans of \$14,400,000 and mortgage commitments of \$14,400,000 for two Mariner type cargo vessels; (e) J. M. Carras, Inc., a construction loan of \$6,553,308 and a mortgage commitment of \$11,500,000 for a tanker; (f) Pacific Far East Line, Inc., construction loans of \$12 million and mortgage commitments of \$12 million for two Mariner type cargo vessels; (g) The Cabins

Tanker, Inc., a mortgage loan of \$2,250,000 for reconstruction of a jumboized tanker; (h) Albatross Tanker Corp., a mortgage loan of \$8,903,600 for construction of a tanker; (i) Penn Tanker Corp., a mortgage loan of \$9,117,000 for construction of a tanker; (j) States Steamship Co., construction loans of \$20,200,000 and mortgage commitments of \$20,200,000 for construction of four cargo vessels; (k) 1671 Corp., a construction loan of \$7,500,000 and a mortgage commitment of \$12 million for the construction of a tanker; (l) 1672 Corp., a construction loan of \$7,500,000 and a mortgage commitment of \$12 million for the construction of a tanker; and (m) 1681 Corp., a construction loan of \$15,300,000 and a mortgage commitment of \$24,800,000 for the construction of a tanker. In addition, a mortgage loan was executed with Moore-McCormack Lines, Inc., in the amount of \$10 million on an existing vessel (SS *Argentina*) to aid in financing the construction of seven cargo vessels.

As of June 30, 1960, there were pending from 8 American-flag operators applications under Title XI of the act for Federal ship mortgage insurance aid covering the construction of 103 ships (including 70 small barges) at a total estimated cost to the applicants of approximately \$342,428,798, on which insurance has been requested covering estimated construction loans of \$184,108,460 and estimated mortgage loans of \$277,906,597.

During the fiscal year 1960, there were no defaults involving Title XI loan and mortgage insurance. However, payments were deferred with respect to two companies, Coastwise Line and Red Hills Corp. In the case of Coastwise, the mortgagee bank with Maritime approval granted a moratorium on four quarterly installments of principal aggregating \$136,000 and provided for payment of this amount on the maturity date of the mortgage, in consideration of additional restrictive covenants running to Maritime and aimed at conserving company assets. In the Red Hills Corp. case, the Maritime Administration made advances of two quarterly principal payments of \$65,165 each. A second mortgage on the vessel was required as security for the first advance and an unsecured note was given for the other advance. The company notes covering these advances bear interest at the rate of 6 percent per annum plus 1 percent per annum as consideration for making these advances. Subsequent to the aforementioned advances, the mortgagee bank and the company worked out an arrangement approved by Maritime under which the bank deferred eight quarterly principal payments at a deferral fee of ½ percent per annum during the remaining mortgage period on the outstanding mortgage balance, which deferral fee is not covered by Title XI insurance.

During the year, mortgage insurance on the SS *Aquarama*, a converted passenger and freight vessel, owned by Sand Products Corp., was terminated by the mortgagee, and College Point Dry Dock & Supply Co. paid the mortgage balance on its steel cargo barge, thus terminating the insurance.

Other forms of construction aid

As of June 30, 1960, balances in 10 construction reserve funds totaled \$13,758,878 compared with \$14,037,734 as of June 30, 1959, in 9 construction reserve funds. Four additional funds were established during the fiscal year 1960, and deposits were made therein. Two funds were closed by withdrawal and one by transfer into another fund. Deposits in the construction reserve funds amounted to \$2,072,421.38, and withdrawals totaled \$2,351,277.74.

In addition to mandatory deposits required by statute, voluntary deposits, on a tax-deferred basis, of free earnings of subsidized operators were authorized for two operators in the total amount of \$575,000. As at the close of the fiscal year 1959, there were pending applications from four subsidized operators for permission to make voluntary deposits from 1959 free earnings of approximately \$2,720,000.

Operating-differential subsidy

During the fiscal year new operating-differential subsidy contracts were executed with 2 operators providing for the replacement of 36 vessels. The new operating-differential subsidy contracts were executed with American Export Lines, Inc., and Prudential Steamship Corp., the former being effective January 1, 1960, and the latter April 1, 1960. The expiration date of both agreements is December 31, 1979. The new contract with American Export Lines replaces its old subsidy contract, which was originally scheduled for termination on December 31, 1965, but was terminated by mutual consent as of December 31, 1959.

The operating-differential subsidy contract with American Banner Lines, Inc., covering the operation of one vessel, the SS *Atlantic*, was terminated as of November 5, 1959. This ship was subsequently sold to the American Export Lines, Inc., with Government approval.

The operating-differential subsidy agreement with United States Lines Co., with respect to the SS *America*, which was scheduled to expire as of December 31, 1960, was extended to December 31, 1961, with the provision that if prior to this date funds are available for the Government's share of the cost of a replacement of the ship, and the operator fails to contract therefor within 120 days thereafter, the operating-differential subsidy contract will terminate. No change was made with regard to the subsidized operations of the company's cargo vessels for which the operating-differential subsidy contract is scheduled to expire December 31, 1969, or the SS *United States*, for which the operating-differential subsidy contract is scheduled to expire on June 20, 1967, subject to extension to June 20, 1972.

There were pending applications for operating-differential subsidy contracts from nine American-flag operators involving services on essential trade routes of the United States, including those for Round-the-World Service, Europe, the Near East and the Far East. Also, at the close of the fiscal year, there was one application on file from an existing subsidized operator for authority to extend a present service and to make additional sailings in the proposed revised service.

All operating-differential subsidy rates required for the calendar years 1947 through 1957 have been completed with the exception of four wage rates, four subsistence rates and seven P&I Insurance rates, all applicable to calendar year 1957. Of a total of 3,200 rates required for the years 1947 through 1959, 2,872 were completed as of June 30, 1959.

As of June 30, 1960, \$968,623,923 net advance subsidy payments (subsidy less recapture) had been made. This amount represents payments on account to subsidized operators applicable to the period from the date of postwar resumption of subsidized operations (Jan. 1, 1947) through the first half of the calendar year 1960. Of this amount, \$152,756,155 was paid during fiscal year 1960. A summary of operating-differential subsidy contracts is given in Appendix A.

Aid involving 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 orders, the continued payment of operating-differential subsidy on ships now over 20 years old, or which will become overage prior to the delivery of their scheduled replacements. The actions of the Federal Maritime Board were predicated upon the ship replacement provisions of the new operating-differential subsidy contracts entered into by these companies. Cumulative authorizations by the Board in this connection are shown in Appendix B.

Trade routes

The essentiality and U.S. flag service requirements of six U.S. foreign trade routes were studied, and limited reviews were also made of the service requirements of several other essential routes. These reviews, made in accordance with section 211 (a) and (b) of the Merchant Marine Act, 1936, resulted in a reaffirmation of essentiality on five routes; the sixth route studied was found to be not essential. At the end of the fiscal year there were a total of 33 trade routes and 3 services described as essential to the foreign commerce of the United States.

Ship Operations and Repair

Oceangoing traffic

Throughout the fiscal year the volume of oceangoing traffic was insufficient to provide for full employment of the world's ship tonnage. The surplus of vessels, both dry cargo and tanker, continued to depress the highly competitive world-wide charter rates and resulted in the lay-up of a large number of vessels, both U.S.-flag and foreign-flag. The volume of U.S. waterborne trade (export and import) during the first 9 months of fiscal 1960 totaled 174.7 million

tons, or 2.2 million tons below the 176.9 million tons for the corresponding period in fiscal year 1959. This decline was attributed to the export bulk commodities of coal and grain, the aggregate movement of which was 3.4 million tons below the previous year. However, the overall U.S.-flag participation in the total U.S. trade showed an improved position over the like period in the previous fiscal year. More specifically, during the first 9 months of fiscal year 1960 U.S.-flag vessels moved 20.2 million tons of the country's total export and import trade or 11.6 percent of the total movement, compared with 18.8 million tons or 10.6 percent of the total movement during the corresponding period in fiscal year 1959. Other factors which continued to cause concern to U.S.-flag dry cargo operators was the continued availability of large, modern and fast foreign-flag freighters and foreign and U.S.-flag tankers adaptable to handling bulk grain or petroleum, with the ability to fix rates with which most U.S. dry cargo operators could not compete.

The Maritime Administration continued to maintain liaison with other U.S. Government agencies in order to assure compliance with the requirements of the Cargo Preference Act, Public Law 664, 83d Congress. In the administration of Public Resolution 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. A number of waivers of the exclusive U.S.-flag requirement were authorized, as provided by the law, permitting foreign-flag vessel participation in cargo movements generated by Export-Import Bank loans.

Charters and general agency operations

As of the end of the fiscal year there were 33 Government-owned ships under bareboat charter, the same number as at the start. Thirty of these were traded in on construction of new vessels and continued to be employed by the former owners to maintain their services until the new ships are completed. The three remaining ships were in the Alaskan trade. During the year there were redelivered two experimental Libertys (*John Sergeant* and *Thomas Nelson*), and the *Schwuyler Otis Bland* which was engaged in the offshore trade, and one of the four ships in the Alaska trade.

At the beginning of the fiscal year there were four ships on assignment to two general agents to meet requirements of the Military Sea Transportation Service. Three of these were refrigerated ships employed in the Pacific area and the other, the *William Patterson*, an experimental Liberty, was employed in the Atlantic area. These ships remain in MSTS service, although the *Patterson* was immobilized from January 28 because of a shipyard strike.

Ship custody

At the close of the 1960 fiscal year there were 2,000 ships in the reserve fleets. During the year 168 ships were taken into the fleets

and 228 were withdrawn, a net decrease of 60 ships. These ships were assigned to the various fleets as follows:

Hudson River.....	179	Beaumont	218
James River.....	337	Suisun Bay.....	356
Wilmington	245	Astoria.....	209
Mobile	289	Olympia.....	167

In accordance with section 11(a) of the Merchant Ship Sales Act of 1946, a review of the ships in the reserve fleets was conducted, and with the approval of the Secretary of the Navy, 891 ships were selected for continued retention and use in a national emergency. The non-priority ships, mostly of the Liberty type, will be disposed of by scrapping over a period of years. The current status of this disposal program is reflected under the section of this report titled, "Ship Sales and Transfers."

Funds appropriated by the Congress for fiscal year 1960 permitted the completion of 53 percent of the required preservation workload on the 891 priority ships being held for mobilization purposes. The funds appropriated allowed adequate measures to be applied only to the first five of the six priority groups of ships. The sixth priority group received no preservation treatment, for the second consecutive year.

At the end of the 1960 fiscal year 102 ships, loaded with grain for the account of the Commodity Credit Corporation, Department of Agriculture, were moored in 3 of the reserve fleets. This amounted to a net decrease of 78 grain-laden ships. Since the inception of the program the reserve fleets have been utilized for the storage of approximately 136 million bushels of grain.

Ship repair

There were conducted during the fiscal year, 2,711 shipboard inspections to verify the necessity for and the satisfactory completion of repairs to subsidized ships. In addition, 113 full condition surveys were made to determine ship condition at time of changes in status under subsidy agreements. There was a review for subsidy eligibility of repair summaries from 15 subsidized operators, and of the \$39.5 million submitted for subsidy participation, \$4 million of repair work performed was found to be ineligible.

Approximately 700 other surveys, inspections, and repair cost estimates were made to assure compliance with contractual requirements on ships which were: (a) sold for dismantling and scrapping; (b) traded in and returned to the former owners for operation under Use Agreement; (c) redelivered from Use Agreement and prepared for lay-up; (d) operated under preferred mortgage or Title XI mortgage insurance contracts; and (e) operated for the Maritime Administration under General Agency Agreement.

Research and Development

The importance of research and development and the application of scientific advances to improve maritime technology have been recognized by the agency as a way by which U.S. merchant ships could be made more competitive in the world market. Early in fiscal year 1960 a major effort was undertaken to unify Maritime Administration's research and development activities into a single office and to reorient the program to accelerate work aimed at improving the earning capacity of U.S. merchant ships. In addition, the Maritime Administration had previously, on May 1, 1958, entered into a contract with the National Academy of Sciences-National Research Council to review maritime research requirements and to formulate a planned program which would: (1) determine the most profitable short-and-long-range research objectives of the Maritime Administration; (2) translate these objectives into specific suggestions for research and development, indicating relative importance and priorities; (3) delineate methods by which the research and development indicated can be carried out effectively.

Under this contract the Academy-Research Council formed the Maritime Research Advisory Committee which brought together an objective group of engineers and scientists whose background and experience encompassed virtually every aspect of merchant shipping. The committee formed 7 advisory panels and, all told, 55 individuals served on the committee or its panels; all were from private industry, universities and Government, including the military departments. The committee issued a number of interim reports on various phases of its study, including the report issued on November 6, 1959, entitled "The Role of the U.S. Merchant Marine in National Security," which stemmed from Project WALRUS, the 1959 summer study session at Woods Hole, Mass. The final consolidated report of the committee was expected to be published in August 1960 under the title of *Proposed Program for Maritime Administration Research, Volume I: Summary, and Volume II: Contributing Studies*.

In essence the conclusions and recommendations of the committee were:

1. The U.S. merchant marine would be benefited and strengthened by a greatly enlarged program of research and development supported by Government and industry, as supplemented by improvements in such nonresearch areas as regulatory requirements and labor-management relationships.

2. The principal aim of Maritime Administration research should be to assist in providing a strong U.S. maritime industry which can compete in the world market with a minimum of subsidy; subsidy reduction can be accomplished through developments, including automation techniques and improved cargo handling systems, which obtain maximum productivity and efficient use of highly paid labor.

3. Most national security demands on ocean shipping can be met through a healthy peacetime U.S. merchant fleet.

4. One of the most serious problems of the U.S. merchant marine is the high cost of U.S. shipbuilding; savings can be made through simplification and standardization in design; Government policies leading to more efficient shipyards should also be fostered.

5. Immediate priority should be placed on the development of currently available technologies which can be exploited in time to increase the commercial competitiveness of the replacement fleet.

6. The Maritime Administration should frequently sponsor the construction and operation of advanced concept ships which can demonstrate the feasibility of new developments and should feature austerity in the nonessentials and incorporate the following: (a) automation of most shipboard operation; (b) unitized cargo operation; (c) more economic machinery with developmental emphasis on oil-fired gas turbines and advanced steam turbines.

7. The physical characteristics of ship designs, including speed, should be based on operational studies which delineate the ship's functional requirements. The more important areas of long-range research which should receive immediate support include hull form, structures, materials and propulsion machinery.

8. The Maritime Administration should request an annual non-nuclear research appropriation of not less than \$10 to \$12 million for at least the next 10 years, exclusive of funding for prototype ships, with approximately 15 percent of such appropriation devoted to basic research in such maritime related areas as hydrodynamics, propellers and foils, atmosphere-ocean interactions, structures and materials; the bulk of research should be carried out through outside contractors.

9. The Maritime Administration should promote maritime related education through: (a) emphasis on university research; (b) fellowships for advanced study; (c) assistance in the construction of university laboratories.

The Maritime Administration, guided by the foregoing conclusions and recommendations, as supported by detailed contributing studies of the Maritime Research Advisory Committee, instituted during the latter part of fiscal year 1960 a review of research activities. This review resulted in (a) acceptance in principle of the conclusions and recommendations of the Committee; (b) formulation of initial plans to revitalize and implement a research and development program consistent with the recommendations of the Committee, and (c) centralization in a single organizational unit of the responsibility for the direction and administration of the research and development program. These actions were taken with due consideration to the policies, programs, and recommendations contained in the report of the Secretary of Commerce to the President, dated March 1960, titled "Federal Transportation Policy and Programs." The Maritime Administration, in carrying out its research and development program, will utilize to the major extent outside engineering and research firms

for conduct of development work. Planning and direction of the program will be carried out by the professional and technical staff of the agency.

In the nonnuclear field, the following contracts were awarded during the year: Dynamic Developments Inc., for the construction of a hydrofoil test vehicle (details and characteristics of this vehicle given under the section of this report titled "Ship Construction"); United Aircraft Corp. (Norden Division), for a feasibility study of ship automation, including the application of automation to navigation, ship control, communication, signaling, and operation of the propulsion equipment and other machinery; University of Michigan, for correlation tests of hull forms in preparation of a study of the effect of variation of vertical prismatic coefficient in ship propulsion; Wm. F. Clapp Lab. Inc., and Marine Advisors, for control of fouling and corrosion of ships' hulls; Engineering Science Inc., for a study of sewage treatment and disposal from ships operating on the Great Lakes; Bethlehem Steel Corp., for a paint testing machine; Murray and Trezurtha Inc., for purchase of a Harbormaster (auxiliary steering unit). In addition, the Maritime Administration is utilizing the research facilities of the Department of the Navy and the National Bureau of Standards.

Other significant studies being made or completed, utilizing the facilities of contractors through contracts awarded in previous years, included a study of marine collisions, procurement of a set of sea-keeping instruments, study of shipboard organization and activities, development of vessel rat-proofing techniques, construction of a gas turbine ship's service generator set, and engineering service and facilities for studying the hydrodynamic characteristics of surface and underwater bodies.

In the nuclear ship field, the Maritime Administration and the Atomic Energy Commission continued engineering and development work aimed at achieving the design and construction of nuclear-powered merchant ships which would be economically competitive in foreign commerce. During the year contracts were awarded as follows: Todd Shipyards Inc., for the construction of a shipside servicing vessel and for the maintenance, servicing and repair of the NS *Savannah*.

Contracts initiated in prior years on which work continued or was completed in fiscal year 1960 included the design and model testing of a nuclear-powered submarine tanker, study of nuclear prototype powerplant installations in merchant ships, study of the application of petroleum and petroleum products to the shielding and operation of nuclear powerplants, and containment optimization and development of methods for shielding, safety and accident considerations.

The Maritime Administration participated with the Atomic Energy Commission in the conduct of a design study of a prototype nuclear plant for tanker application which considered an advanced pressurized water reactor and the direct and indirect boiling water reactor concepts in a 45,000 DWT tanker. A detailed report of this study

was submitted to the Joint Committee on Atomic Energy in accordance with section 113 of Public Law 86-50.

The General Atomic Division of the General Dynamics Corp. continued work toward the development of an advanced marine nuclear propulsion system. During the past fiscal year work on the nuclear portion of the project centered around the development of a beryllium oxide moderated reactor system using metallic clad uranium construction. The results of this work are being checked in a critical facility as part of the development program.

Ship Construction

NS Savannah

The *NS Savannah*, the world's first nuclear-powered merchant ship, being constructed under Public Law 848, 84th Congress, was launched on July 21, 1959. A satisfactory rate of construction progress has been achieved since that date and at the close of the fiscal year the hull was 98 percent complete, machinery 88 percent complete, and electrical 74 percent complete.

The Maritime Administration and the Atomic Energy Commission, acting within their respective areas of responsibility, continued their efforts to accomplish the placement of the *NS Savannah* in limited commercial service by the fall of 1961.

Major accomplishments during the year included the following: (a) design, development, and installation of the nuclear powerplant equipment in the ship; (b) completion of reactor core and satisfactory testing at zero power in a critical facility at the manufacturer's plant (the core is now ready for installation in the ship); (c) development of test procedures and conduct of ship system and component testing; (d) finalization of plans for conducting trials and placing the ship in service.

During fiscal year 1961 the following activities will be accomplished: (a) nuclear fuel loading of the reactor; (b) low power tests extending over several months designed to prove out basic characteristics of the nuclear plant; (c) graduated increased power tests of the reactor to its designed level, to be continued for such time as is necessary to provide thorough testing at dockside under full power conditions; (d) extensive tests and trials during the period January to June 1961; and (e) operation of the vessel in limited commercial service by the States Marine Lines, appointed by the Maritime Administration as its general agent for this purpose.

A number of activities aimed at facilitating the operation of the *NS Savannah* and subsequent nuclear vessels have been carried out concurrently with its design and construction. During the past fiscal year, prospective *Savannah* engineering officers completed intensive training in reactor engineering and operation. Senior deck officers received training in nuclear engineering and in problems associated with the management of nuclear facilities. This training was carried out under a contract with the Babcock and Wilcox Co., designers and

builders of the *Savannah's* nuclear plant, and included academic training followed by on-the-job training at AEC reactor sites at Hanford, Wash., Fort Belvoir, Va., and the National Reactor Testing Station, Idaho Falls, Idaho. As part of this training, a simulator which duplicates the *Savannah* control console was placed in operation. NS *Savannah* engineers will be trained on the simulator during fiscal year 1961. Concurrently with officer training, great emphasis was given toward further enhancing the safe operation of the *Savannah* and other nuclear ships. In this connection the Maritime Administration has worked closely with the Atomic Energy Commission, Public Health Service, American Bureau of Shipping, and the Coast Guard in the conduct of environmental surveys and other development work aimed at providing standards, criteria and ground rules to assure the maximum degree of operating safety.

The acceptance of the NS *Savannah* and subsequent nuclear-powered merchant ships in international commerce was of prime importance to the Maritime Administration and the activities of the agency in this area are reflected in the section of this report titled "International Maritime Affairs."

Advanced ship concepts

As part of the research and development effort, a contract for the design, development, and construction of a hydrofoil seacraft was awarded on January 12, 1960, to Dynamic Developments, Inc., an affiliate of Grumman Aircraft Engineering Corp. The contract provides for construction of a craft with advanced hydrofoil systems, hull construction, propulsion machinery and transmission systems. As a carrier on short voyages, the test vehicle will be capable of carrying about 70 passengers. The principal characteristics of the hydrofoil seacraft are as follows: Length—104 feet; beam—22 feet; displacement—80 tons; propulsion engines—gas turbine; speed—60 knots.

Other construction

During the year the total number of merchant ships under construction, conversion, reconstruction or on order in U.S. privately owned shipyards decreased from 72 to 69. Of the 72 reported at the beginning of the year, 21 new ships, and 13 being converted or reconstructed, were completed. During the same period contracts were awarded for 18 new vessels and 13 conversions and reconstructions. Hence, at the end of the year there were 69 vessels under construction, conversion, or reconstruction having a contract value of approximately \$732.8 million. Of this number, 40 ships, having a contract value of approximately \$458.1 million, were under the subsidized operators' replacement program.

At the beginning of the fiscal year 32 ships were being constructed under Federal Maritime Board or Maritime Administration contracts. Of these, four were completed during the year, namely, two cargo vessels for Lykes Bros. Steamship Co., Inc., constructed under Title V, Merchant Marine Act, 1936; one prototype tanker constructed for

Maritime Administration account under Public Law 121, 84th Congress, 1st Session; and a hydrographic survey ship constructed for the Coast and Geodetic Survey under Public Law 85-115.

During the reporting period Federal Maritime Board or Maritime Administration contracts were awarded under normal contracting procedures for the construction of a shipside nuclear servicing vessel and a hydrofoil seacraft for the account of the Maritime Administration, and 13 cargo vessels for subsidized operators' replacement programs. Further details are reflected in the section of this report titled "*Construction-differential subsidy*." All contract awards were considered as to the applicability of Public Law 805, 84th Congress (amending sec. 502 (f) of the Merchant Marine Act, 1936, as amended) but none were made under provisions of this contract allocating authority. A summary of new ship construction as of June 30, 1960, is contained in Appendix C.

Ship conversion and reconstruction

Contracts were awarded during the fiscal year under Title V, Merchant Marine Act, 1936, for reconstruction of three vessels, namely, two passenger vessels, the SS *President Cleveland* and SS *President Wilson*, for American President Lines, Ltd., and one passenger vessel, the SS *Atlantic*, for American Export Lines, Inc. These three vessels, as well as two cargo vessels converted to container service for Grace Line and one cargo vessel reconstructed for American President Lines (contracted for previously), were completed and redelivered to the owners during the year.

Maritime Training

United States Merchant Marine Academy

The U.S. Merchant Marine Academy, a permanent institution under the provisions of Public Law 415, 84th Congress, had in training during the fiscal year an average of 898 cadets with 224 successfully completing the 4-year course of instruction. All graduates received U.S. Merchant Marine officer licenses, issued by the U.S. Coast Guard, as third mates (98 in number) or third-assistant engineers (126 in number) of ocean ships; they also received bachelor of science degrees and, if qualified, commissions as ensigns in the U.S. Naval Reserve.

There were 2,400 candidates for the 1960 incoming class nominated by Members of Congress, 340 of whom will be admitted upon passing the entrance and physical examinations. The nomination of cadets by Members of Congress pursuant to Public Law 415, 84th Congress, has, since this practice was instituted in 1957, resulted in improving the national representation by State in the student body.

On March 29, 1960, the Thirteenth Meeting of the Academic Advisory Board to the U.S. Merchant Marine Academy was convened at the Academy. The Advisory Board, authorized under Public Law 691, 84th Congress, was composed of the following members: Carl L.

Bailey, dean of instructions, Concordia College; John E. Burchard, dean, School of Humanities and Social Studies, Massachusetts Institute of Technology; Guy R. Cowing, president, General Motors Institute; Harvey H. Davis, provost, State University of Iowa; Lewis A. Lapham, chairman, executive committee, Bankers Trust Co.; Martin A. Mason, dean, School of Engineering, George Washington University; Edward Reynolds, administrative vice president, Harvard University. Discussions were held with the Maritime Administrator, the Superintendent of the Academy, heads of instructional departments, and staff officials. At the conclusion of its meeting the Board, among other things, (a) reiterated its previous recommendations that the entering class be increased to 400; (b) recommended full consideration be given to modernization of the engineering, mathematics, and science laboratories; (c) urged continued efforts be made to establish a program under which each faculty member and other staff officials would have opportunity for an occasional voyage should they so desire, with those holding licenses working as officers on a temporary employment arrangement; (d) expressed opinion that it is very appropriate that cadets and postgraduates be given training and experience on the operation of nuclear-powered vessels, utilizing where possible the NS *Savannah* for this purpose; (e) endorsed testimony given in behalf of the Board by Dean Martin A. Mason of George Washington University on February 17, 1960, before the House Committee on Merchant Marine and Fisheries in connection with pending legislation affecting the status of the faculty and administrative personnel at the Academy.

The 16th Congressional Board of Visitors conducted its annual inspection of the Academy on June 12, 1959, with membership consisting of: Senators Warren G. Magnuson, Washington (*ex officio*); Norris Cotton, New Hampshire; Clair Engle, California; Hugh Scott, Pennsylvania; and Representatives Herbert C. Bonner, North Carolina (*ex officio*); Victor L. Anfuso, New York; Paul A. Fino, New York; Thomas N. Downing, Virginia; John H. Ray, New York; and Herbert Zelenko, New York. The Congressional Board of Visitors called attention to recommendations of previous Boards and asked for prompt and favorable action by all concerned. In addition, the Board's recommendations included the following: (1) legislation is definitely needed to clarify the status of the personnel at Kings Point; (2) a member of both the House and Senate Appropriations Committees should attend the annual meeting of this Board, *ex officio*; (3) Kings Point cadets should be paid allowances similar in amount to that provided for the cadets of other Federal academies; (4) a public information service be provided in the best interests of the Academy and the public; (5) there should be established constant communication between the faculty-staff or Academy officials and the Maritime Administration on matters affecting the Academy and the faculty-staff; (6) the Director of Selective Service issue an overall directive on general policy which would remedy the present situation of cadets being drafted into the armed services while in training at the Academy; (7) adequate appropriations be provided to establish

training in nuclear engineering at the earliest possible time and not later than the next budget year; (8) a basic annual budget be provided of upwards of \$4 million, exclusive of special projects such as modernization of the plant and rehabilitation of property, in order that the Academy can be operated and maintained at a level comparable to the other Federal academies.

The construction of a memorial chapel at the Academy was completed, with the exception of interior furnishings, at a cost of approximately \$600,000; about \$200,000 of this was derived from profits from the operation of ship service stores at training stations during World War II, and the remainder was obtained from public donations under the provisions of Public Law 485, 80th Congress. During the fiscal year \$100,000 was appropriated by the Congress for interior furnishings and other necessary equipment. The chapel, a place of worship for all religious denominations, will be ready for use by the end of the current fiscal year and will be a national memorial for all American seamen lost during wartime.

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 a combined average enrollment of 1,143 cadets for the fiscal year. Pursuant to Public Law 85-672, approximately 1,090 of these cadets received a Government allowance of \$600 each for the purpose of defraying the cost of uniforms, textbooks, and subsistence, and each school received an annual Federal assistance payment of \$75,000 for use in the maintenance and support of the school. There were 293 graduates who received their U.S. Merchant Marine officer licenses as third mates or third assistant engineers of ocean ships from the U.S. Coast Guard, and those who qualified received commissions as ensigns in the U.S. Naval Reserve. In addition, the graduates of the New York State Maritime College (107) received bachelor of science degrees.

Other activities

The Maritime Administration's radar observer training program was continued with three radar observer schools operating in New York, New Orleans, and San Francisco. This training program was initiated pursuant to the recommendations of the Safety of Life at Sea Study of the House Merchant Marine and Fisheries Committee (H.R. 2969, January 3, 1957). Since inception of the program in November 1957, there have been issued to seagoing personnel in excess of 4,000 certificates of successful completion of the course, covering radar fundamentals, operation and use, and the interpretation and analysis of radar information. Training of licensed U.S. merchant marine officers in atomic, biological, and chemical warfare, defense fire-fighting, and damage control was also continued. This training, supported jointly by the Maritime Administration and the Military Sea Transportation Service, is available at three centers—New York, New Orleans, and San Francisco. A total of 2,419 officers, 366 unli-

censed personnel, and 981 others have completed the training course since it was inaugurated in September 1956.

Ship Sales and Transfers

Ship sales

During fiscal year 1958, there was initiated, with the approval of the Department of the Navy, a program to scrap the least desirable of the World War II Liberty-type ships in the National Defense Reserve Fleet. Subsequent reviews and approvals of the Department of the Navy provided for the cumulative scrapping of 758 Liberty-type ships and 39 other types as of June 30, 1960. Under authority of the Merchant Marine Act, 1936, 120 of these ships, having a collective sales price of \$8,684,158, were sold during fiscal year 1960 (119 ships were sold for scrap, and 1 was sold for nonoperational purposes). The sale of these ships, plus the sale of 129 vessels during fiscal years 1958 and 1959, has resulted in a total monetary return to the Government of \$18 million.

Upon declaration of the Department of the Navy, two Navy Amphibious Force flagships were sold for scrap for \$270,053. These ships, which were converted C-2 Maritime hulls, capable of reconversion for civilian use, were sold under the provisions of Public Law 152, 84th Congress, 2d Session.

Transfers to foreign ownership and registry

On January 25, 1960, a change in policy was approved with respect to transfers of U.S.-owned ships to foreign ownership and/or registry. Prior to this action the policy provided that no U.S.-flag Liberty dry cargo vessels would be approved for transfer to foreign ownership or registry unless the U.S. owner made a commitment to construct a replacement vessel, or unless the vessel involved was a constructive total loss; further, all transfers of registry of that type of vessel were required to be to the flag of Liberia, Panama, or Honduras, with ownership being vested in either a U.S. corporation, or a corporation of Panama, Liberia, or Honduras which is U.S.-citizen controlled through stock ownership. Under the revised policy, U.S.-flag Liberty ships were classified as "overage" vessels which are permitted to be transferred to foreign ownership and registry without limitation as to the nationality of the foreign buyer, or country of registry, except that the foreign buyer and country of registry must be acceptable to the Maritime Administration, and the foreign buyer must agree to all of the terms and conditions of transfer. This revised policy was based upon a consideration that Liberty vessels are at least 15 years of age, are of slow speed, have doubtful commercial and national defense values, and are considered to be noncompetitive and inadequate from a commercial standpoint in relation to newer, faster and larger vessels now in worldwide operation.

In view of the adoption of the policy referred to above, foreign transfer activities greatly increased over the preceding fiscal year.

On the other hand, there was a noted decrease in the number of foreign-flag vessels approved for redocumentation under U.S. laws, and there was only one trade-out-and-build proposal approved, which involved construction of two tankers of 41,000 deadweight tons for U.S.-flag operation and the transfer of four T2 type tankers to foreign ownership and registry. There was an increased tendency to sell ships to aliens for scrapping in foreign yards; all approvals granted for such sales were subject to the foreign buyer executing a contract, secured by a performance bond, guaranteeing to scrap the ship within 18 months and not to sell the resultant scrap to citizens of countries within the so-called "Soviet Bloc."

Approvals of applications for the transfer to foreign ownership and/or registry of 990 vessels owned by U.S. citizens were granted, pursuant to sections 9 and 37 of the Shipping Act, 1916. In addition, approval was given for the construction of a ship in a U.S. shipyard for foreign-flag operation. Of the total approved, 60 ships, including the 1 constructed for foreign-flag operation, were of 1,000 gross tons and over, and consisted of 19 tankers, 22 dry cargo vessels, and 19 miscellaneous types (schooners, dredges, barges, etc.). The remaining 931 were of less than 1,000 gross tons such as tugs, barges, fishing craft, and pleasure craft.

Forty-four charters of U.S. 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.

With respect to transfers previously approved with conditions providing for continuing contractual control by the Maritime Administration, there were authorized the: (a) transfer of ownership and flag of 67 ships (63 from foreign ownership and flag to foreign ownership and flag and 4 from foreign ownership and flag to U.S. ownership and flag); (b) sale of 28 from 1 alien to another alien without transfer of flag; (c) sale by alien for scrapping 16 ships in foreign countries; (d) transfer between aliens of stock ownership in 2 ships; and (e) approval of 3 transactions resulting in acquiring 3 ships under effective U.S. control.

Shipping Studies and Reports

A considerable number of studies were made throughout the agency and a variety of reports prepared of national and international significance in the fields of shipping and ship construction. These reports were utilized in hearings before the Congress and the Federal Maritime Board. Special reports also were prepared for submission to international bodies or were utilized in meetings of such bodies, such as the Permanent Technical Committee on Ports, Organization of American States, Planning Board for Ocean Shipping, NATO, Intergovernmental Maritime Consultative Organization, and the International Atomic Energy Agency.

Of particular note was a continuing study having as its objective the simplification of shipping documentation which is of national and international concern. As an adjunct to this study the Maritime Administration chaired the Subcommittee on Shipping Documentation which conducted a preliminary review and submitted a report on the subject to the Intergovernmental Maritime Consultative Organization Council at its meeting in London on March 1-4, 1960.

Ship and cargo data

There were collected and processed 58,000 reports of entrances and clearances of ships operating in oceanborne foreign trade of the United States, both United States and foreign flag. This was 2,000 less than those received in the previous year and reflected the reduced oceangoing traffic. Data on foreign-flag competition encountered by U.S. steamship companies operating on 43 subsidized lines during 1959 were prepared for use in calculating rates for operating-differential subsidy purposes.

"The Handbook of Merchant Shipping Statistics" and "A Statistical Analysis of the World's Merchant Fleets" were published during the year. Among the regular reports which continued to be issued are those shown in Appendixes D, E and F.

Port development

In cooperation with the Department of the Army, Board of Engineers for Rivers and Harbors, a study was completed on Port Series No. 20, the port of New Orleans, La.; No. 23, the port of Galveston and Texas City, Tex.; No. 24, the port of Houston, Tex.; and No. 25, the port of Corpus Christi, Tex.

At the close of the fiscal year, the format of the port series was under revision, with the Maritime Administration engaged in the processing of material on port administration and port operation into a single volume for each of three coastal areas and the Great Lakes. Two volumes dealing with the Atlantic and Pacific coastal areas are scheduled for completion in fiscal year 1961. These volumes, which will be confined to the economic aspects of port operations, will be published by the Maritime Administration and will replace the port series heretofore published through the joint effort of Maritime and the Board of Engineers.

Labor data and labor-management relations

Seafaring employment opportunities aboard oceangoing U.S.-flag merchant ships of 1,000 gross tons or over decreased by approximately 1,000 jobs during the fiscal year to an estimated 49,200 as of June 30, 1960. In only 2 instances has lower seafaring employment been recorded since 1925, once when neutrality restrictions on U.S.-flag shipping in the closing months of 1940 reduced seafaring jobs to an estimated 48,500, and again in the midyear of 1942 when the job total was recorded as 44,330. Shipyard employment in the 21 commercial yards capable of constructing ships 475 by 68 feet showed an increase

of almost 3 percent in production workers, who numbered 56,965 on June 30, 1960, as against 55,254 on June 30, 1959. Ship construction generated by the Maritime Administration in its subsidized ship replacement program showed a gain in production workers from 5,248 to 9,565, or an increase of 82 percent. Ship construction for private industry reflected a loss of 6,191 production workers, or a decrease of 45 percent.

In contrast to the relatively harmonious and constructive labor-management relations existing in fiscal year 1959, the past year saw discord in both shipyard and longshore personnel areas. Prolonged strikes handicapped ship construction and repair in eight large yards. Longshore unions and stevedore employers in ports from Maine to Texas were involved in a strike requiring: (a) a court injunction which ordered resumption of work and continuation of negotiations during an 80-day "cooling off" period, (b) a Presidential appointed board of inquiry, and (c) a sustained effort by the Federal Mediation and Conciliation Service to resolve successfully this dispute within the period covered by the injunction. A 3-week stevedore strike in the major U.S. Great Lakes ports was concluded with agreement on a 3-year contract practically equalizing wage and fringe benefits throughout the area.

The collective bargaining agreements of the seafaring unions will not terminate until 1961. Accordingly, wage reviews were settled by arbitration proceedings, as provided in the agreements, when negotiations failed to resolve the issues. Other actions of U.S. seafaring unions created complicated international problems by closer affiliation and increased activities in the affairs of the worldwide International Transport Workers' Federation, particularly in the areas of boycotts, picketing, and organizing foreign-flag ships.

Property and Supply

Real property

The real property holdings of the Maritime Administration include reserve shipyards at Richmond, Calif., and Wilmington, N.C.; terminals at Hoboken, N.J., and Norfolk, Va.; warehouses at Kearny, N.J., Baltimore, Md., Norfolk, Va., New Orleans, La., Richmond, Calif., and Yokosuka, Japan; reserve training station at St. Petersburg, Fla., and the Merchant Marine Academy at Kings Point, N.Y.; reserve fleet sites at Tomkins Cove, N.Y., Wilmington, N.C., Mobile, Ala., Lee Hall, Va., Beaumont, Tex., Benicia, Calif., Astoria, Oreg., and Olympia, Wash.

The Maritime Administration continued its program of reevaluating its real property holdings from the standpoint of immediate and future need and maintenance costs, with the following results: (a) a major portion of the reserve shipyard at Vancouver, Wash., was sold for a return to the Government of \$3,279,000, plus annual savings in maintenance costs of \$192,591; (b) the principal area of the reserve shipyard at Richmond, Calif., was leased at an annual

rental of \$200,000, plus an annual savings in maintenance costs of \$40,000; and (c) certain other leases to private interests of real property were continued with a return of \$244,000 in rentals in addition to maintenance of the property by the lessees without cost to the Government.

Warehouses

In fiscal year 1960 the Maritime Administration promulgated a revised warehousing policy, having as its objective the maintenance of a program primarily for mobilization purposes, and only secondarily to provide services for operating ships and programs. The revised policy recognized: (a) outfitting requirements for reactivation of the priority ships in the reserve fleets for mobilization purposes; (b) necessity to retain machinery and spare parts currently held for use on privately owned ships in operation which might be required for mobilization purposes, and (c) need to retain certain minimum quantities of ship repair and maintenance items currently in the warehouses which may be required for reactivation of mobilization base ships or for emergency installation aboard the more important types of ships in current operation. Pursuant to the establishment of the new policy, plans were instituted to effect a sizable reduction in the warehouse stock levels; to reduce the number of warehouse installations from 5 to 3; to accelerate the program for assembling and storing at the reserve fleet sites of outfitting ship sets for the mobilization base ships in the reserve fleets (at the end of the fiscal year 180 ship sets were contemplated to be spread between 7 reserve fleet installations), and to place certain ship components in the custody of private repair yards, to the maximum feasible, at a minimum storage cost to the Government. At the end of the fiscal year the warehouse inventories, including administrative equipment stocks, totaled \$40,789,975, a decrease of \$632,570 from the previous year.

Material control, inventory and disposal

A number of contracts were executed with private industry for the lease of Government-owned machine tools and equipment to be used in defense contracts, or in support of merchant marine programs. In addition to the leasing fees, the contracts provide for insurance coverage or bonding to assure that tools will be returned in as good condition as received, less ordinary wear and tear, with all transportation costs borne by lessees. Revenue from tool rentals was approximately \$200,000 for the fiscal year.

Marine equipment on loan to steamship operators and other Government agencies at the beginning of the fiscal year was valued at \$513,575. Equipment was loaned during the year to the value of \$104,825, and at the end of the fiscal year equipment still on loan was valued at \$148,167. User charges collected from steamship operators during the year amounted to \$8,449.

Excess and surplus personal property having a reported original acquisition value of \$4,598,341 was disposed of by the Maritime Administration. This amount includes transfers in a foreign country

of property valued at \$1,160 and sales in a foreign country of property valued at \$236. Property having an original acquisition value of \$1,082,213 was disposed of domestically by donation and transfer without exchange of funds and property having a value of \$2,800 was destroyed or abandoned. Property having an acquisition value of \$3,511,932 was sold or transferred to other Government agencies with exchange of funds, for a return of \$670,967.

There were 85 ship and related inventories accomplished and inventory certificates for consumable stores were processed in the amount of \$14,948 as accounts receivable, and \$25,152 as accounts payable. Certificates of overages and shortages were processed in the amount of \$260,393 as accounts receivable and \$96,985 as accounts payable.

Administrative Management

Defense planning

Continued efforts were directed to various aspects of defense planning. In this connection the Maritime Administration, the Department of Defense, the Atomic Energy Commission and certain defense supporting agencies continued their participation in the Industrial Readiness Planning Program designed to equate the supply and demand levels of defense materials essential for survival and retaliation in times of grave emergency. The program, which is coordinated by the Assistant Secretary of Defense for Supply and Logistics, visualizes and authorizes planning for two types of emergencies: First, an emergency resulting from nuclear attack and, secondly, one related to a fringe-type war in which the mobilization base would be relatively undamaged. The program within the Maritime Administration enlists the active participation of 1,100 privately owned factories as well as 140 privately owned shipping lines.

In another area the agency proceeded with basic planning activities under formal delegation from the Office of Civil and Defense Mobilization of responsibilities for emergency control of ocean ports. These activities included the preparation of a basic manual, concurred in by the Department of Defense and approved by OCDM, containing port control functions and authorities, an emergency port control organization, and emergency action plans—preattack and postattack. This "Manual for the Emergency Utilization and Control of United States Ports," primarily prepared for use by the Maritime Administration, was distributed to all interested Government agencies and to those segments of industry for which a requirement has been demonstrated.

In addition to the foregoing, continued efforts were directed to other phases of defense planning; however, these activities are so integrated into the Maritime Administration/Federal Maritime Board assigned responsibilities with respect to development and maintenance of a U.S.-flag merchant fleet as to make a distinct reference and identification of all such items unfeasible for purposes of this report. Accordingly, most activities in this regard are covered in other sections of the

report as appropriate. A detailed account of all such activities is incorporated in the Annual Report of the Joint Committee on Defense Production.

Personnel

The composition of the three-member Federal Maritime Board was affected by two voluntary resignations and two new appointments during the year. On April 14, 1960, Mr. Clarence G. Morse of California, Chairman/Administrator, submitted his resignation to the President, which was accepted and became effective May 1, 1960. Vice Admiral Ralph E. Wilson, USN (retired), was nominated by the President on May 2, 1960, as a member of the Federal Maritime Board, for a 4-year term from July 1, 1960 to June 30, 1964. He was confirmed by the Senate on June 23, 1960, and was designated Chairman of the Federal Maritime Board by the President effective July 1, 1960, and on that date became, *ex officio*, Maritime Administrator. Ben H. Guill of Texas, who had been appointed for the 4-year term expiring June 30, 1961, resigned effective December 31, 1959. Mr. Sigfrid B. Unander of Oregon, who was nominated by the President as Mr. Guill's successor, effective January 1, 1960, was approved by the Senate on April 18, 1960, for the remainder of the term expiring June 30, 1961. Mr. Thomas E. Stakem of Virginia, who was reappointed by the President on May 15, 1958, with the consent of the Senate, as a member of the Federal Maritime Board for the 4-year term expiring June 30, 1962, was designated as Vice Chairman.

During the year ending June 30, 1960, total employment changed by a net reduction of 1 position from a total of 2,922 on July 1, 1959, to 2,921 on June 30, 1960. Although overall employment figures thus appear stable, there were employment adjustments in several program areas throughout the year, the more significant being increased activity in Reserve Fleet programs, up 68 jobs by year-end; planned attrition in administrative expenses, down 46 positions; reduction of staff at Vancouver Reserve Shipyard, eliminating 30 positions; and increased level of activity in Maritime training programs accounted for an increase of 10 positions. The temporary upsurge in the Reserve Fleet program was primarily due to additional work caused by the lay-up of vessels for the account of the Department of the Navy.

Organization

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) establishment of the position of Assistant Deputy for Administration, with responsibility for the direction and administration of joint management programs and activities of the Federal Maritime Board and the Maritime Administration covering the fields of personnel, budget, management, internal audits, property and supply, ship statistics,

and investigation and security; (b) establishment of a new Office of Research and Development, centralizing in a single organizational unit all research and development activities of the Maritime Administration; (c) reorganization of the Office of Regulations, with realignment of functions so as to place greater emphasis upon compliance of common carriers by water in the domestic offshore trade and the foreign trade of the United States, and freight forwarders and terminal operators, with the regulatory requirements of the shipping statutes; and (d) reorganization of the Office of General Counsel, resulting in the establishment of separate organizational entities for legal matters involving Federal ship mortgage insurance and operating-type contracts as distinguished from construction-type contracts, and regulatory matters as distinguished from other legal fields.

Investigations and security

The Federal Maritime Board continued to emphasize its regulatory activities during the fiscal year, resulting in a substantially increased investigative workload. The continued excess of cargo space over available cargo brought about an ever-increasing number of complaints of malpractices on the part of carriers, shippers, freight forwarders and other persons subject to the Shipping Acts. Congressional hearings relative to the shipping industry resulted in referrals to the Board of disclosed malpractices. The presence of newly acquired investigators in the field encouraged receipt of complaints direct from the industry. It is anticipated that there will be an ever-growing number of such complaints due to the show of industry interest, and because of the results which will be achieved through the investigators assigned to the New York, San Francisco, and New Orleans areas. During the fiscal year 55 cases were closed where it was determined that no violation existed, or compliance with the regulations was obtained administratively, or else hearings were held and Board Orders were issued or are pending issuance. At the close of the fiscal year the pending investigative case load amounted to 119 cases, of which 78 cases were awaiting action by the various offices of the Board to determine their ultimate disposition. In three cases where violations were found of Section 16, Shipping Act of 1916, the Board's findings were referred to the Department of Justice for prosecution. The Department of Justice was proceeding with action in another referred matter of alleged violations.

The Security Program with respect to the internal management of the Federal Maritime Board/Maritime Administration continued in accordance with the provisions of Executive Orders 10450 and 10501.

Finance

Financial relationships with contractors

Activities in this area increased due to the generally depressed conditions in the shipping industry, particularly in connection with tankers having mortgages insured by the Government under Title

XI of the Merchant Marine Act, 1936, as amended. The increase arose primarily from more frequent detailed analyses being required for protection of the Government's interest as insurer, which in turn necessitated considerable negotiations and correspondence to develop past, present and future statistics and financial projections particularly in determination of ability of mortgagor-owners to meet debt burdens insured by the Government.

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. Financial statements of the Federal Maritime Board and Maritime Administration are contained in the exhibits and schedules following the text of this report.

Of the 51 agents under National Shipping Authority operations originating in 1951, 48 were inactive as of June 30, 1960, and the accounts of 37 had been closed. Release agreements have been executed with 23 of the closed agents. In addition, as of June 30, 1960, the Maritime Administration had one active general agent for the operation of the nuclear ship NS *Savannah*.

Audits

Under operating-differential subsidy contracts, audits of annual subsidy accountings were completed during the current fiscal year for 9 subsidized operators covering 16 subsidy periods from 1948 through calendar year 1956, resulting in payments to the operators of the final 10 percent of accrued operating-differential subsidy. Expenses eligible for subsidy, except for wages and protection and indemnity insurance, have been audited generally through the calendar year 1958. Wage expenses for 15 subsidized operators have been audited for calendar years 1957 through 1959, and protection and indemnity insurance expenses for calendar years 1955 through 1957. These audits permitted payments of up to 90 percent of accrued operating-differential subsidy covering such expenses. Audits of bareboat charter agreements have in many instances been deferred awaiting settlement of litigated matters. Audit functions with respect to ship construction and related contracts are being performed on a current basis. Audits completed during the current fiscal year disclosed approximately \$300,000 in additional recapture due the Government.

The balances in the statutory Capital and Special Reserve Funds as of June 30, 1960, aggregated \$163,814,376 and \$131,989,929, respectively, and are set forth, by operators, in appendix G. Such balances amounted to \$169,000,888 and \$130,040,121, respectively, as of the beginning of fiscal year 1960.

In addition to mandatory deposits, subsidized operators are permitted, with approval of the Maritime Administrator, to make voluntary deposits from earnings otherwise available for dividends into the statutory reserve funds on a tax-deferred basis. During the fiscal

year voluntary deposits aggregated \$575,000, and applications approximating \$2,720,000 were pending at the close of the fiscal year.

Insurance

The war risk insurance program authorized by Title XII of the Merchant Marine Act, 1936, as amended, was extended for an additional 5 years to September 7, 1965, by Public Law 86-120, approved July 31, 1959. During the fiscal year 1960 under the stand-by war risk insurance program 380 new war risk insurance binders were issued. On June 30, 1960, binders reported outstanding were as follows: 1,322 war risk hull; 1,196 war risk protection and indemnity; and 1,015 war risk second seamen. Since the inception of this program net binder fees and binder extension fees of \$403,537 were received, and a total of \$162,422 in expenses and fees was incurred, of which \$129,954 was paid to the underwriting agent.

During the fiscal year, the Maritime Administration continued to collect monthly premiums on war risk builder's risk insurance underwritten as provided by regulations. From the inception of the program to June 30, 1960, 92 war risk builder's risk policies had been issued and premiums totaling \$1,332,850 were received. War risk insurance on cargoes in the event of war is also provided should commercial insurance not be available on reasonable terms and conditions. Of the 27 contracts executed with cargo underwriting agents, 21 remain in effect.

At the request of the Secretary of the Army (Office of the Chief of Transportation), legal liability insurance was provided, without premium, to a maritime contractor with a limit of \$10 million for the aggregate of all claims arising from the same event. This insurance has been in effect continuously since July 1, 1951, when commercial insurance in the required amount could not be obtained, and has been renewed for another year commencing July 1, 1960. The arrangement provides for indemnification by the Department of the Army for all losses paid by the Maritime Administrator. To date, no claims have been reported.

Under the Maritime Administration self-insurance program, hull marine and war risk insurance and second seamen's insurance continued to be assumed on its Government-owned vessels. Second seamen's insurance written at the request of the Department of the Navy, without premium and on a reimbursable basis, remained in effect on 20 Navy contract-operated tankers. As of June 30, 1960, after 78 months under this arrangement, claim payments totaling \$33,419 were made and approximately \$51,500 set aside as a reserve for pending claims; no claim payments were made during the fiscal year. Under this plan a net premium saving to the Department of the Navy was estimated at \$58,100.

As a result of negotiation, insurance against protection and indemnity risks was renewed with the National Automobile and Casualty Insurance Co. of Los Angeles, effective April 1, 1960, covering ships

operated by general agents of the National Shipping Authority for the Military Sea Transportation Service.

During fiscal year 1960, under the recapture provisions of the war-time protection and indemnity insurance agreement, \$50,000 was recovered from underwriters; to date recoveries total \$48 million. As of June 30, 1960, the commercial underwriters are retaining \$1,264,227 as a reserve for the settlement of outstanding claims.

The Maritime Administration approved original insurance or renewals thereof 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, 818, 877, 835	38	62
Marine Protection and Indemnity.....	1, 836, 179, 225	55	45
War Risk Hull.....	2, 903, 903, 976	3	97
War Risk Protection and Indemnity.....	2, 986, 826, 754	3	97

Notes and accounts receivable

Of the balance of accounts receivable on June 30, 1960, totaling approximately \$18 million, an amount approximating \$514,938 represents items on which active collection efforts are being required. The remainder was made up of additional charter hire to be collected at the time of final accountings, amounts referred to the Department of Justice, 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 \$27,555,863, only \$193,101, or less than 1 percent, was outstanding and due from miscellaneous debtors, exclusive of other Government agencies, at the end of the year. This outstanding balance does not include items totaling \$3,547,796 on which collection efforts must await legal and other basic determinations.

Claims

The following reflects the claims settled under the Suits in Admiralty Act during the year: seven claims, upon which \$8,643,280 was claimed, were settled in favor of the Government for \$501,000, and seven claims, upon which \$1,862,319 was claimed, were settled against the Government for \$72,884.

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, and to the various operating and administrative offices of the agency in connection with the legal aspects or problems involved in all of its operations. Discussions and contacts were maintained with representatives of the shipping industry and

other Government agencies with respect to legal matters involved in the administration of the maritime laws, the formulation of policy and the administration of programs related thereto; and negotiations and liaison were conducted with representatives of foreign governments on matters of international maritime law.

Litigation

During the fiscal year there was increased activity in litigation involving determinations and orders of the Federal Maritime Board in its regulation of rates, charges, and practices of carriers and others in the foreign commerce of the United States, as well as the offshore domestic trades, and in the administration of the operating-differential subsidy program under the Merchant Marine Act, 1936. Forty-six such cases were before the courts, including 34 filed toward the close of the period which challenge the validity of certain orders entered by the Board under section 21 of the Shipping Act, 1916. These orders call upon carriers to file certain documents and records with the Board. Cases before the courts which were disposed of included the following: *Continental Can Co., Inc. v. United States and Federal Maritime Board*, in which the court sustained the Board's decision that petitioner misclassified shipments, but set aside the Board's decision that the misclassification was wilfully committed in violation of section 16, Shipping Act, 1916; *Pacific Far East Line and United States v. Federal Maritime Board* (Matson Navigation Co. intervenor), in which the Court of Appeals (D.C. Cir.) reversed the district court and set aside a Board order denying to Pacific Far East Line, a subsidized carrier, permission to carry cargo between U.S. Pacific coast ports and Hawaii, and remanded the case to the Board for further proceedings on the question whether the grant of permission to Pacific Far East Line would be prejudicial to the object and policy of the Merchant Marine Act, 1936. (The Supreme Court later denied petitions for certiorari filed in this case by the Board and Matson); and *Empire State Highway Transportation Association, Inc., v. United States and Federal Maritime Board*, in which the Court of Appeals (D.C. Cir.) dismissed, with petitioner's consent, the petition for review of a Board Order finding lawful certain truck-loading and unloading regulations adopted by ocean terminal operators in the port of New York.

Claims under the Merchant Ship Sales Act of 1946 continued to comprise a substantial portion of pending litigation. The number of charterer's claims against the Government increased with the filing of seven new libels during the year, principally for disallowed ship reactivation expenses incurred incident to 1956 and 1957 charters. These, plus 13 libels carried over from the previous fiscal year, involved \$2,385,452 in claims against the Government. In another category of claims 1 new suit was filed, raising the total to 43 pending cases against the Government for the refund of additional charter hire under postwar charters of war-built ships. One suit was also instituted by the Government for the recovery of additional charter hire. Charter hire claims totaled an estimated \$40 million against

the Government and an estimated \$4 million due the Government. In 14 of these cases the U.S. Supreme Court decided on June 20, 1960, that a retired judge had no right to participate in a 3 to 2 decision en banc adverse to the Government, and the cases accordingly were remanded to the Court of Appeals (2d Cir.) for rehearing. A new suit was also filed for refund of additional charter hire under the Merchant Marine Act, 1936, involving a controversy similar to one of the principal issues in the 1946 Act cases, with appeal being taken from a decision in favor of the Government, which held that a payment under protest does not furnish the basis for recovery in the absence of conditions making the payment involuntary. One new libel was filed claiming refund of contingent charter hire under the Domestic Trade Addendum.

With respect to ship sales litigation under the 1946 Act, following the adverse decision to the Government in the *New York & Cuba Mail Steamship Co.* case involving the validity of this agency's prior sales settlements, the Government asserted therein a charter-hire counterclaim for \$5,317,724 which is now pending. This, plus the other six remaining undecided at the end of the fiscal year, involve claims totaling \$1,390,980. A decision granting recovery of \$20,000 was rendered by the court of claims on June 8, 1960, in which it held invalid the conditions imposed by this agency on foreign transfers of vessels; two similar suits were pending involving a total of \$866,258. Decisions against the Government were rendered by the court of claims in 3 of the 14 suits by citizens for desirable feature refunds in an amount totaling \$21,939; 7 cases in that category were administratively settled by the agency on the basis of such decisions for \$112,015; 1 suit of this type was voluntarily dismissed without payment; and 3 similar cases amounting to \$4,100 were pending. One out of three cases in the court of claims involving desirable-feature claims by foreigners was voluntarily dismissed without payment, leaving a total of \$2,417 in the two pending cases. The Appellate Division, New York Supreme Court, reversed a lower court decision adverse to the Government in a suit to collect for desirable features from a foreign buyer, and the Government thereafter was able to collect in full similar claims totaling \$56,668.96 pertaining to 12 ships. Approximately 75 claims in this category are still open.

Significant developments in other areas of litigation included the following settlements: (a) closing of the Sword Line, Inc., reorganization proceedings resulting in the Government receiving in settlement of its claims a final payment of \$1,250,000; (b) termination of the Government's suit to foreclose mortgages on the SS *Leilani*, the vessel having been recovered by the Government and a payment of \$100,000 having been made to the Government by Hawaiian Textron, Inc., former owner of the vessel; and (c) settlement of the case of *United States v. Merritt-Chapman & Scott Corp.* for recovery of the value of the Government-owned troop transport *George Washington* which was destroyed by fire, by payment of \$500,000 to the Government. The case of *United States v. Amtorg Trading Corp.*, a

suit for freight and general average claims against Amtorg as agent for the Soviet Government, was also settled, as were all wartime shipping, maritime, admiralty, and related claims between the two governments arising during the years 1941 to 1946, inclusive, by payment to the United States of \$1,100,000. The settlement excluded all accounts pertaining to the transfer of vessels under Lend-Lease to the Soviet Government.

Legislation

Testimony, statements, and/or reports to congressional committees and/or reports and recommendations to the Secretary of Commerce and the Director, Bureau of the Budget were prepared on maritime legislation enacted into law. The more significant of these were: Resale of ships to China (P.L. 86-473); amendment of the Merchant Marine Act, 1936, to extend the life of vessels from 20 to 25 years (P.L. 86-518); extension of temporary dual rate legislation to June 30, 1961 (P.L. 86-542); authorization for the exchange of nonsubsidized war-built vessels for more modern reserve fleet vessels (P.L. 86-575); prohibition of the operation in coastwise trade of vessels rebuilt with foreign-built midbodies (P.L. 86-583); increase of the maximum construction-differential subsidy to 55 percent of domestic cost (P.L. 86-607). Similarly, the Federal Maritime Board/Maritime Administration, through its representatives, testified or submitted statements or reports on some 200 bills and proposals, including those relating to licensing of freight forwarders; establishment of a joint board (Interstate Commerce Commission, Federal Maritime Board and the Civil Aeronautics Board) and permission for through routes and joint rates for Alaska, Hawaii, and other States; authorization of advances by the Secretary of Commerce to cure defaults in Government insured ship mortgages; clarification of the status of administrative enrollees at the Merchant Marine Academy.

Contract administration

A voluminous number of contracts, addenda, bonds, and other documents were drafted and executed, the details of which are described in other sections of this report. These matters involved considerations of executive and administrative policy and the application and interpretation of statute and judicial decisions.

International Maritime Affairs

The Council of the Intergovernmental Maritime Consultative Organization (IMCO), a 16 nation body charged with the responsibility of carrying on the functions of the organization between the biennial sessions of the Assembly, met in London on July 6, 1959, and March 1, 1960. These meetings, attended by the Maritime Administrator acting as the U.S. member to the Council, were convened for the purpose of resolving certain administrative and financial problems and relationships with other international organizations.

Members of the Maritime Administration staff served on technical panels set up under the Commandant of the U.S. Coast Guard preparatory to the Safety of Life at Sea Conference, which met in London during May-June 1960, under the auspices of IMCO and the British Government. The staff attended the conference and served as delegates and advisors to the U.S. delegation on matters concerning construction, lifesaving equipment, communications, navigation, nuclear power and the Load Line Convention. Final action taken by the Conference will be reflected in revisions to the International Convention for the Safety of Life at Sea, 1948, and International Regulations for Preventing Collisions at Sea, 1948, and will be submitted for ratification of the same 70 member nations as an international treaty.

The Maritime Administration collaborated with the Department of State in the preparation of briefs, oral argument and rebuttal presented before the International Court of Justice at The Hague during April-May, 1960, with respect to the request by the Intergovernmental Maritime Consultative Organization for an advisory opinion concerning the constitution of the IMCO Maritime Safety Committee. The Court rendered its decision on June 8, 1960, confirming the position taken by the United States and some other member nations that the Maritime Safety Committee, elected on January 15, 1959, was not constituted in accordance with the IMCO Convention. It ruled that under the Convention provisions Liberia and Panama should have been elected to that Committee, instead of France and the Federal Republic of Germany, as two of "the eight largest ship-owning nations."

With respect to the operation of nuclear-powered merchant ships in international commerce, the Maritime Administrator, representing the United States, attended meetings of a Panel sponsored by the International Atomic Energy Agency convened in Vienna in March and August 1960 for the purpose of conferring with representatives of other governments on the principles to be embodied in an international convention covering third party liability arising out of nuclear incidents. In addition, representatives of the Maritime Administration (a) participated in the work of the International Maritime Committee in developing a proposed international convention governing third party liability of operators of nuclear-powered vessels; and (b) attended a number of informal conferences and meetings with representatives of European governments for the purpose of developing bilateral agreements covering the operation of the NS *Savannah* in their national ports.

The 12th Meeting of the Planning Board for Ocean Shipping of the North Atlantic Treaty Organization met in Washington during April 1960. The Maritime Administrator was Chairman of the meeting, while the Deputy Maritime Administrator headed the U.S. delegation. The meeting was attended by shipping representatives of all the NATO nations, as well as observers from the various NATO Naval Commands and the international secretariat of NATO. The Maritime Administration was represented on the Special Working

Group of PBOS which met in London in November 1959, and the meeting of the Senior Civil Emergency Planning Committee of NATO in Paris in November 1959.

The Maritime Administration, in conjunction with the Department of State, continued to combat discriminatory actions by foreign governments which deny equality of opportunity to American merchant shipping. In this connection, the Federal Maritime Board issued a proposed order establishing an equalization fee to offset the discriminatory differential established by the Ecuadoran government on commercial cargoes shipped on vessels under Ecuadoran or Colombian flag. Before this proposed order was issued in final form, however, the Government of Ecuador rescinded its discriminatory differential.

In other areas of international significance, (a) the Maritime Administration, representing the United States on the Permanent Technical Committee on Ports, submitted periodic technical reports of international interest to the Committee Secretariat for distribution to member nations of the Organization of American States; (b) at the request of the Secretary of Commerce, the Secretary of State appointed a Maritime official as a member of the United States National Commission (and Permanent International Commission) of the Permanent International Association of Navigation Congresses; (c) the agency continued to work closely with the Department of State in providing supervision and instruction programs for foreign nationals training in this country as United Nations fellows or trainees of the International Cooperation Administration; and (d) as requested by the International Cooperation Administration, the agency is currently participating in two joint projects, one for the reorganization of the Merchant Marine Training Academy of the Republic of Indonesia, as well as a similar project with the Maritime Academy of the Republic of Turkey.

Regulatory Activities

The Federal Maritime Board intensified its efforts to regulate the rates, services, practices, and agreements of common carriers by water in the domestic and foreign commerce of the United States, terminal operators, freight forwarders, and other persons subject to the shipping statutes. Added impetus was given to its endeavor by the many alleged violations of the shipping statutes developed by the hearings of the Antitrust Subcommittee, Committee on Judiciary of the House of Representatives, and the increased number of complaints and reports of alleged use of unfair practices, such as cutting of established tariffs, misbilling and misclassification of freight, and unlawful rebating—a result of the intensified drive, generally legitimate, of steamship lines to obtain a share of available cargo in a declining market.

In this connection, the Board issued orders pursuant to section 21 of the Shipping Act, 1916, requiring the submission of copies of cer-

tain types of agreements and documents by common carriers in the foreign commerce of the United States. It also adopted proposed rules (a) requiring terminal operators to file tariffs with the Board, (b) requiring common carriers by water in the foreign commerce of the United States to file inbound freight rates and establish a system of public distribution of freight tariffs, and file passenger fares and reports with respect to any person(s) carried free, or at fares and charges less than those assessed other persons for like accommodations, and (c) prescribing a number of requirements with respect to agreements entered into by persons subject to the shipping statutes and the Board's approval under section 15 of the Shipping Act, 1916. The Board's authority to issue these orders and proposed rules was challenged by many United States and foreign carriers in the form of protests through diplomatic channels, institution of judicial proceedings, and requests for formal hearings. At the close of the year these matters were unresolved.

The Board/Administration, in conjunction with the foregoing took action to strengthen internally the administration of its regulatory responsibilities. This action included (a) reorganization of the Office of Regulations and expansion of its staff; (b) appointment of District Regulations Representatives at New York, New Orleans and San Francisco, and expansion of its investigative staff in these cities in order to assure closer surveillance over the activities of persons and organizations subject to the shipping statutes. Further, studies were instituted of policy, functional and procedural nature, the results of which will produce future improvements in the administration of the Board's regulatory responsibilities.

Conference and other agreements

The Federal Maritime Board approved, pursuant to section 15 of the 1916 Shipping Act, 60 new agreements, 64 agreement modifications, and 17 agreement cancellations, and denied approval of 1 agreement modification. Among the significant agreements approved were three terminal conference agreements covering activities in three areas, i.e., South Atlantic ports, Norfolk port area, and the Philadelphia port area, and one steamship conference agreement in the trade between U.S. Great Lakes and St. Lawrence River ports and Caribbean ports.

The Board, on its own motion, instituted investigations of (a) travel agents connected with Atlantic Passenger Conferences; (b) the joint agreement between the member lines of the Far East Conference and Pacific Westbound Conference, to determine whether said agreement is true and complete and whether it is being carried out in a manner conforming to the provisions of the Shipping Act, 1916; (c) an agreement of the member lines of the Japan-Atlantic and Gulf Freight Conference for establishment of a fidelity commission system, to determine whether such agreement may be approved under existing law; and (d) an agreement between Mystic Terminal Company and The Boston Marine Terminal Corporation, to determine whether certain terminal operators may have carried out an unap-

proved agreement in violation of section 15 of the Shipping Act, 1916, and whether such agreement should be approved or disapproved under the provisions of section 15.

Orders were issued to three steamship conferences and the members thereof to show cause why the conference agreements should not be canceled, it appearing that only one conference member was active in each of the trades. Two of the agreements were canceled, and the time for response to the other was extended to August 8, 1960.

Rates—foreign

A total of 32,503 rate filings covering freight and passengers was received, representing an increase of 10,000 over the previous fiscal year. There were general increases in freight rates ranging from 5 to 10 percent in most trades, with increased operating costs being cited in support thereof. Examinations, to the extent possible with available manpower resources, were made for ambiguities in tariff descriptions and classifications which led to improper rate applications, and for potentially discriminatory rates and conditions and other unlawful tariff practices. A review of inbound and outbound freight rates for competitive commodities and areas was initiated in connection with a study of ways and means for improving the world market status of American manufacturers, producers, and shippers. A number of rate studies were made to develop information for formal proceedings before the Board or for informal complaints. The Board, on its own motion, instituted formal investigations with respect to misclassification of diatomaceous or infusorial earth transported from New Orleans to Europe and South Africa (Docket 868), and paper products shipped from the United States to Puerto Rico, Cuba and/or Venezuela (Docket 912).

Rates—U.S. offshore domestic

A total of 3,675 freight and passenger tariff filings was received during the year. Thirty-five tariff filings were rejected for failure to comply with the appropriate statute or the Board's tariff regulations. Eighty-seven applications were filed by carriers in the domestic offshore trades for special permission to establish changes in rates and fares, to make other tariff changes on less than 30 days' statutory notice, or to waive certain Board rules and regulations. The Board found good cause for, and approved, 75 of these special permissions while 12 of them were denied by the Board or withdrawn by the applicant.

The Board, on its own motion, instituted a number of rate investigations in order to determine whether certain rate increases filed during the year were just and reasonable. These involved trade between Atlantic, Gulf and Pacific Coasts and Hawaii, U.S. West Coast and Alaska, Atlantic and Pacific Coast and Guam, and the Pacific Coast and Puerto Rico. The Board, in instituting each of the foregoing rate investigations, ordered that no changes should be made in the rates under investigation during the pendency of the proceeding unless special permission therefor was granted by the Board.

Furthermore, in instances where the increased rates were not suspended, the Board ordered the carriers to keep account of all monies collected under the rate increases, and to refund to the person who paid the freight any portion thereof which the Board may later find to be unjust or unreasonable. The Board further instituted, on its own motion, an investigation and hearing into the reasonableness and lawfulness of single factor container freight tariffs which include pickup within port areas in the United States (Docket 912).

Freight forwarders

The number of ocean freight forwarders registered pursuant to existing requirements increased during the year to 1,585. Issuance of the annual publication of registered ocean freight forwarders has been held in abeyance in the interest of economy due to the imminence of new legislation and/or independent Board action, either of which may require each registered forwarder to apply for a license or re-register in accordance with new regulations to be established by the Board.

Proposed legislation requiring the Federal Maritime Board to license and further regulate ocean freight forwarders (H.R. 5068) passed the House of Representatives August 17, 1959. On June 24, 1960, the Senate Interstate and Foreign Commerce Committee ordered an amended version of the bill reported to the Senate. This legislation was on the Senate Calendar for consideration at the end of the fiscal year.

Terminal tariffs

A total of 2,459 tariff filings was received and examined, to the extent possible with available manpower resources, an increase of 364 over the previous year. There were 14 informal complaints pending at the beginning of the year, and 55 more were received; 56 of these were brought to a satisfactory conclusion during the year, and there are now 13 pending.

Of particular significance was the Port of Philadelphia Marine Terminal Association Terminal Tariff No. 1, filed pursuant to an approved agreement, which included a provision which required that all truck loading and unloading be performed exclusively by the terminal operators. This provision was the subject of a formal complaint (Docket 902) with the Board on the basis that it constitutes a separate agreement which has not been approved pursuant to section 15 of the Shipping Act. Further, the U.S. District Court for the Eastern District of Pennsylvania granted a preliminary injunction against enforcement of the provision. The terminal association modified its exclusive truck loading and unloading rule and it is expected that the court injunctions and Board proceeding will be dismissed. Also of importance was the *Empire State Highway Transportation Association, Inc., and New Jersey Motor Truck Association, Inc. v. American Export Lines, Inc., et al.*, in Docket No. 894, in which it was alleged that the reissuance of a tariff constitutes a new unapproved agreement. In the dismissal of this complaint the Board

stated that it and its predecessors consistently have held that the issuance and modifications of tariffs pursuant to an approved basic agreement are not new agreements, or modifications of agreements requiring prior section 15 approval. The Empire State Highway Transportation Association, Inc., has filed an exception to this decision with the U.S. Court of Appeals, which is pending.

The Board initiated, on its own motion, investigations (Dockets 871 and 879) into the practices of allowing free storage by Pacific Far East Line, Trans-Oceanic Agencies, States Steamship Co. and Howard Terminals at the ports of Stockton and Oakland, Calif., respectively, and allowing free storage by the port of Longview Commission at the port of Longview, Wash.

The Board's investigation (Docket 816) of the general practices, charges, services, definitions, and agreements of terminal operators at Atlantic and Gulf ports was pending at the close of the fiscal year.

Proceedings Before Hearing Examiners

At the beginning of the fiscal year, 795 formal proceedings were pending, and there were filed during the fiscal year 131 regulatory and 24 subsidy cases; 1 case was returned to the docket for further proceeding by court remand; in addition, 3 cases were appealed to the court, 1 is pending decision under section 805(a), Merchant Marine Act, 1936, 1 is pending clarification of Board's decision, and 1 case is pending reconsideration of Board's decision, making a total of 957 cases. The Board and/or Administrator heard oral argument on 15 cases, the Administrator or Deputy Administrator held 11 hearings, and final reports were issued in 36 cases. Twenty cases were disposed of by the Board without report. The examiners conducted 36 hearings and issued 23 recommended and/or initial decisions.

Final decisions of the Board and/or Administrator

Docket No. 807—*Atlantic & Gulf-Puerto Rico General Increase in Rates & Charges*. The Board found the rates between North Atlantic and Gulf ports of the United States and Puerto Rico, as increased 15 percent with minimum increase of 6 cents per cubic foot or 12 cents per 100 pounds in January 1957, and as further increased by 12 percent in January 1958, to be just and reasonable.

Docket No. 827—*Philip R. Consolo v. Flota Mercante Grancolombiana, S.A.*—Docket No. 835—*Flota Mercante Grancolombiana, S.A.—Carriage of Bananas from Ecuador to the United States*—Docket No. 841—*Banana Distributors, Inc. v. Flota Mercante Grancolombiana, S.A.* It was found that respondent, in the operation of vessels between ports on the west coast of South America and ports on the north Atlantic coast of the United States and between ports on the west coast of South America and U.S. Gulf of Mexico ports, was a common carrier by water, and therefore subject to the provisions of the 1916 Shipping Act. Respondent's practice of contracting all of its refrigerated space on its vessels operating between ports in Ecuador and ports on the north Atlantic coast of the United States to one banana shipper to the exclusion of other qualified banana shippers, found to be unjustly discriminatory in violation of section 14 Fourth, Shipping Act, 1916, and unduly and unreasonably prejudicial and disadvantageous in violation of section 16 First of the Act. Forward

booking arrangements of periods not to exceed 2 years, entered into pursuant to just and reasonable regulations and practices relating to the receiving, handling, stowing, transporting, and discharging of bananas, under which respondent's refrigerated space would be equitably prorated among qualified banana shippers, found not to be unjustly discriminatory in violation of sections 14 Fourth and 16 First, Shipping Act, 1916. Docket Nos. 827 and 841 were held open on question of reparation.

Docket No. 830—*Agreements Nos. 8225 and 8225-1, Between Greater Baton Rouge Port Commission and Cargill, Inc.* Agreement No. 8225 between Greater Baton Rouge Port Commission and Cargill, Inc., which leases the port's grain elevator to operate as a public terminal facility, and under which it is granted certain exclusive and preferential rights, was found subject to the filing and approval requirements of section 15 of the Shipping Act, 1916. Cargill effectuated Agreement No. 8225 prior to filing with, and approval by, the Board in violation of section 15, Shipping Act, 1916, but upon finding Agreement 8225 not unjustly discriminatory or unfair or detrimental to the commerce of the United States, or in violation of the Shipping Act, 1916, the Board approved said Agreement. Agreement No. 8225-1, a modification of Agreement No. 8225, creating a monopoly in grain stevedoring in respondent Cargill, would operate to the detriment of the commerce of the United States, and would be an unjust and unreasonable practice relating to the receiving, handling, and storing of property in violation of section 17, Shipping Act, 1916, and was not approved by the Board.

Docket No. 833—*Maatschappij "Zeetransport" N. V. (Oranje Line) et al. v. Anchor Line Limited et al.*—Docket No. 834—*Agreement No. 8400, Between Anchor Line, Limited, The Bristol City Line of Steamships Ltd., et al.*—Docket No. 840—*Petition of Anchor Line Ltd., et al.—Parties to Agreement No. 8400*—Docket No. 843—*In the Matter of Agreement No. 8440, Between Anchor Line Ltd., The Bristol City Line of Steamships Ltd., et al., and the Protest of Oranje Line, et al., Against Approval Thereof.* The Board dismissed the complaint in Docket No. 833 upon finding that respondents have not been shown to have engaged in concerted rate action, cooperative pooling and sailing arrangements, or a conspiracy to drive complainants from the United States Great Lakes-United Kingdom trade, in violation of sections 14 Second and 15, Shipping Act, 1916. In Dockets Nos. 834 and 843, it was found that approval of Agreements Nos. 8400 and 8440 in substantially the same trade areas as is covered by existing approved agreements would be detrimental to the commerce of the United States. The agreements were not approved and the proceedings were discontinued. In Docket No. 840, upon petition, it was found that the Board has power to act, under the 1916 Shipping Act with respect to Agreements Nos. 8130 and 8140 covering the trades between United States and Canadian Great Lakes ports and ports on the St. Lawrence River, Nova Scotia, Newfoundland, and New Brunswick, on the one hand, and ports of the United Kingdom on the other, notwithstanding that the agreements embrace also the foreign commerce of nations other than the United States; and that the subject agreements have not been shown to be detrimental to the commerce of the United States or otherwise in contravention of the Shipping Act. The petition was denied.

Docket No. 867—*Proportional Commodity Rates on Cigarettes and Tobacco.* Upon finding proposed proportional commodity rates on cigarettes, cigars, and tobacco from New York, N.Y. (Port Newark, N.J.), to Ponce and San Juan, P.R., to be unduly preferential of the port of New York, and unduly prejudicial to the port of Baltimore, in violation of section 16 of the Shipping Act, the Board ordered the proposed rates canceled, and the proceeding discontinued.

Docket No. S-57—*States Marine Corp. & States Marine Corp. of Delaware—Application for Operating-Differential Subsidy in the Tri-Continent Service, United States Pacific Coast/Far East Services and United States Gulf Coast/Mediterranean Service.* Petitions for reconsideration of the decision made by the Board on February 18, 1959, in this proceeding filed by Pacific Far East Line, Inc., U.S. Lines Co., American President Lines, Ltd., Lykes Bros. Steam-

ship Co., Inc., and the Commission of Public Docks of the city of Portland, Oreg., were denied by the Board in a supplemental report.

Docket No. S-57 (Sub. No. 3)—*States Marine Lines, Inc.—Wavier Under Section 804, Merchant Marine Act, 1936.* Special circumstances and good cause shown under section 804, Merchant Marine Act, 1936, to permit (1) ownership and/or operation by Global Bulk Transport Corp. of 21 specified vessels in specified bulk trades; (2) ownership and operation by Navegacion del Pacifico of certain Mexican-flag vessels to provide lighter services at Guaymas and La Paz, Mexico; (3) chartering by Isthmian Lines, Inc., of foreign-flag vessels for use as lighters in the Persian Gulf; and (4) Global Bulk Transport Corp. to act as husbanding agent in the United States for Reardon Smith & Sons, Ltd. The Board granted waivers of 2 years subject to cancellation upon 90 days' notice to the operator.

Docket No. S-57 (Sub. No. 4)—*States Marine Lines Inc.—Applications Under Section 805(a).* The Board on February 4, 1960, granted written permission under section 805(a) of the Act to States Marine Lines, Inc., permitting continuance, in the event an operating-differential subsidy is awarded States Marine Lines, Inc., for the operation of the SS *Tewan*, a tanker owned by Oil Transport, Inc., in the transportation of chemicals, petro-chemicals and lubricating oil in domestic commerce between U.S. Pacific ports on the one hand and U.S. Gulf and Atlantic ports on the other. Granting of the permission found not to result in unfair competition to any person, firm or corporation operating exclusively in the coastwise or intercoastal service, and not prejudicial to the objects and policy of the Act.

Docket No. S-67—*T. J. McCarthy Steamship Co.—Application for Section 805(a) Permission.* The Board found that the continuation of an automobile carrying service between Detroit and Cleveland and between Detroit and Buffalo by T. J. McCarthy Steamship Co., in the event it is awarded an operating-differential subsidy contract, does not constitute unfair competition to any person, firm, or corporation operating exclusively in the coastwise or intercoastal service, or is prejudicial to the objects and policy of the Act, and written permission for the continuation of such service, in the event subsidy is awarded, was granted. Continuation of a bulk cargo service, relating to ore and coal as presently constituted, between United States ports on the Great Lakes, in the event an operating-differential subsidy contract is awarded, was found to be prejudicial to the object and policy of the Act, and written permission for the continuation of such service in the event subsidy is awarded was denied. In a supplemental report, the Board granted written permission for the continuation of bulk service limited to coal and ore, between U.S. ports on the Great Lakes, until December 31, 1961.

Docket No. S-72—*Isthmian Lines, Inc.—Application for Operating-Differential Subsidy Agreement*—Docket No. S-74—*American President Lines, Ltd.—Application for Increase in Subsidized Sailings, Round-The-World-Service*—Docket No. S-75—*American Export Lines, Inc.—Application for Increased Sailings on Trade Route 18; Central Gulf Steamship Corp. Application for Operating-Differential Subsidy.* The Board concluded that section 605(c), Merchant Marine Act, does not interpose a bar to the award of subsidy to Isthmian Lines, Inc., for the operation of up to a maximum of 28 sailings a year in its proposed Westbound Round-the-World service. Subsidy for operation of more than 28 sailings per year was barred. Upon analysis of the present and authorized service on American President Lines Westbound Round-the-World route, it was concluded that service by vessels of U.S. registry was adequate and that in the accomplishment of the purposes and policy of the Act additional vessels should not be operated thereon. Section 605(c) was found to bar award of an operating-differential subsidy contract to American President Lines for operation of additional vessels on such service. Inbound service provided by vessels of U.S. registry from the Red Sea and Gulf of Aden to U.S. North Atlantic and California ports was found inadequate and 605(c) of the Act is not a bar to modification of American President Lines operating-differential subsidy contract for the operation of its existing Westbound Round-the-World vessels in such service. U.S. flag service to India, Pakistan, and Ceylon provided by the 16 annual sail-

ings in the existing service of Isthmian Lines, Inc., was found inadequate to the extent of 8 sailings per year, and that in the accomplishment of the purposes and policy of the Act, additional vessels should be operated thereon. Section 605(c) of the Act does not interpose a bar to the award of subsidy to Isthmian for its existing India, Pakistan, and Ceylon service, but does bar subsidy for the operation of additional vessels thereon for service in excess of 24 sailings per year. Section 605(c) does not interpose a bar to the award of subsidy to Isthmian for its existing Persian Gulf service of 14 sailings per year. Neither Central Gulf Steamship Corp. nor American Export Lines is operating an existing service in the Persian Gulf service, and service already provided by U.S.-flag vessels is inadequate to the extent of 20 sailings per year over Isthmian's existing 14 sailings. Section 605(c) of the Act does not interpose a bar to the award of subsidy for the operation of such additional vessels thereon. Determination of which of the three applicants may be granted subsidy contracts for the additional 20 sailings must be made under sections of the Act other than 605(c). Permission under section 805(a) of the Act was granted for continuation of Isthmian's Atlantic-Gulf/Hawaii service, and States Marine's Pacific Coast to Atlantic Coast lumber service, they being found not prejudicial to the objects and policy of the Act.

Docket No. S-73—*Waterman Steamship Corp.—Application for Operating-Differential Subsidy (Section 605(c) Issues Only)*. On four services the Board found that section 605(c), Merchant Marine Act, 1936, does not interpose a bar to the granting of an operating-differential subsidy contract to Waterman Steamship Corp. for the operation of vessels in the following services: (1) U.S. Gulf/U.K. and Continent service between U.S. ports (Key West to Mexican border) and ports in the United Kingdom, Eire, and continental Europe north of Portugal, with the privilege of calling approximately 1 sailing per month outbound only at North Atlantic ports for cargo destined to continental Europe north of Portugal (but not including Baltic and Scandinavian ports)—30 to 42 sailings per year; (2) Gulf-California/Far East—Westbound from U.S. Gulf ports (Key West/Mexican border) via Panama Canal, completing at California ports, to Far East (Japan, Formosa, the Philippines, and the continent of Asia from Union of Soviet Socialist Republics to Siam, inclusive); eastbound from Far East to U.S. Atlantic and Gulf ports—18 to 30 sailings per year; (3) Pacific coast/Far East service between California, Washington, and Oregon ports and ports in the Far East, with approximately 1 sailing per month last from California ports and 1 sailing per month last from Washington and Oregon ports, the third monthly sailing usually calling at both California, Washington, and Oregon ports, alternating each month its last call at such areas—30 to 42 sailings per year; (4) U.S. North Atlantic/Continent service between U.S. North Atlantic ports (Maine-Virginia inclusive) and ports in continental Europe north of Portugal (but not including Baltic and Scandinavian ports)—18 to 30 sailings per year.

Docket No. S-78—*American President Lines, Ltd.—Application Under Section 805(a), Merchant Marine Act, 1936*. Written permission under section 805(a) was granted American President Lines by the Board to operate its proposed "superliner" SS *President Washington* (and in the interim the SS *President Hoover*) in the California-Hawaii passenger trade, subject to certain limitations; and "grandfather rights" of American President Lines, under the proviso of section 805(a), regarding the operations of its transpacific passenger vessels in the California-Hawaii passenger trade, were determined.

Docket No. S-81—*Prudential Steamship Corp.—Application for Operating-Differential Subsidy on Trade Route No. 10*. It was found that the present service on Trade Route No. 10 by vessels of U.S. registry is inadequate, within the meaning of section 605(c), Merchant Marine Act, 1936, and in the accomplishment of the purposes and policy of the Act additional vessels of U.S. registry should be operated thereon. Section 605(c) does not interpose a bar to the granting of an operating-differential subsidy contract to Prudential for the operation of vessels on Trade Route No. 10 between North Atlantic ports and ports in Mediterranean Sea, Black Sea, Portugal, Spain South of Portugal, and Spanish and French Morocco.

Docket No. S-83—*Gulf & South American Steamship Co., Inc.—Application Under Section 605(c), Merchant Marine Act, 1936.* The Board found that (1) the additional service proposed by Gulf & South American Steamship Co., Inc., between U.S. Gulf ports other than New Orleans and the Panama Canal Zone should be permitted since the service provided by vessels of U.S. registry between Gulf ports other than New Orleans on the one hand, and the Panama Canal Zone on the other, and in the northbound service from the Panama Canal Zone to New Orleans, was found inadequate and section 605(c) does not interpose a bar to the granting of the permission requested by Gulf & South American Steamship Co., Inc., for such services; and (2) the service already provided by vessels of U.S. registry in the southbound service from New Orleans to the Panama Canal Zone, except for cargoes which United Fruit Co. refuses to carry in its refrigerated vessels, was adequately served, and in the accomplishment of the purposes and policy of the Act the additional service proposed by Gulf & South American Steamship Co., Inc., should not be permitted; however, section 605(c) does not interpose a bar to the carriage of cargoes which United Fruit Co. refuses to carry in its refrigerated vessels, southbound from New Orleans to the Panama Canal Zone, provided that special permission for such cargo movement is granted by the Maritime Administrator.

Applications under section 805(a), Merchant Marine Act, 1936: Docket No. S-88—*Oceanic Steamship Co.*; Docket No. S-96—*Moore-McCormack Lines, Inc.*; Docket No. S-97—*American President Lines, Ltd.*; Docket No. S-99—*Farrell Lines, Inc.*; Docket No. S-100—*Moore-McCormack Lines, Inc.*; Docket No. S-102—*Farrell Lines Inc.*; Docket No. S-107—*Moore-McCormack Lines, Inc.*; Docket No. S-108—*Moore-McCormack Lines, Inc.*; Docket No. S-109—*Farrell Lines, Inc.*; Docket No. S-110—*Pacific Far East Line, Inc.*; Docket No. S-111—*Moore-McCormack Lines, Inc.*; and Docket No. S-112—*Moore-McCormack Lines, Inc.* The foregoing dockets all involved subsidized operators applications for permissions, under section 805(a), to engage in the coastwise or intercoastal trade; each operator's application requested permission for one voyage, except in docket S-110 which covered one and possibly two voyages. Permissions were granted, since it was found that under each specific circumstance the granting of the permission was found not to result in unfair competition to any person, firm, or corporation engaged exclusively in the coastwise or intercoastal trade and not to be prejudicial to the objects and policy of the Merchant Marine Act, 1936.

Docket No. S-105—*American President Lines, Ltd.—Application Under Section 805(a), Merchant Marine Act, 1936, as Amended.* The Board accepted the examiner's decision as its final decision and granted written permission under section 805(a) for the operation or charter (upon time or bareboat terms) of tanker vessels by Signal Oil & Gas Co., or by any division or subsidiary thereof, for the carriage of petroleum products in the domestic intercoastal or coastwise service, since granting of permission was found not to result in unfair competition to any person, firm, or corporation operating exclusively in the coastwise or intercoastal service, and not prejudicial to the objectives and policy of the Merchant Marine Act, 1936.

Special Docket No. 242—*Ketchikan Spruce Mills v. Coastwise Line.* The examiner's decision became the final decision of the Board, denying the application of respondent to pay reparation to complainant since it was found that the rate charged by respondent on a shipment of insulating material from Long Beach, Calif., to Seward, Alaska, destined to Fairbanks, Alaska, was not shown to be unreasonable.

Recommended Decisions of Hearing Examiners

Docket No. 765—*Investigation of Practices, Operations, Actions, and Agreements of Ocean Freight Forwarders and Related Matters, and Proposed Revision of General Order 72 (46 CFR 244)*—Docket No. 831—*Investigation of Practices and Agreements of Common Carriers by Water in Connection With Payment of Brokerage or Other Fees to Ocean Freight Forwarders and Freight Brokers.* It was found in these proceedings, which were consolidated for hearing, that

performance by forwarders of forwarding services free or at noncompensatory charges to shippers, and receipt of fees or commissions from carriers on the shipments, constitute indirect rebating in violation of section 16 of the Shipping Act, 1916; that performance by carriers of forwarding services free or at noncompensatory charges to shippers constitutes direct rebating in violation of section 16, Second, of the Act; and that forwarders, in assessing charges to shippers in varying amounts, adding disguised markups to accessorial charges in some cases and not in others, and performing forwarding services free or at noncompensatory charges for some shippers and not others, give undue or unreasonable preference to some shippers and subject others to undue or unreasonable prejudice or disadvantage in violation of section 16, First, of the Act, and engage in unjust and unreasonable practices in violation of section 17 of the Act. Violations of the Act, as found, occurred regularly in the performance of forwarding services, and regulations to prevent the continuance and recurrence of such violations are proposed for adoption. In addition, forwarders and carriers were found to have entered into, and conducted operations under, agreements or arrangements providing for the regulation of competition, pooling or apportioning of earnings, or cooperative working arrangements, without prior approval of the Board, in violation of section 15 of the Act, and a cease and desist order should be entered. The findings in prior decisions, cited in order No. 831, that agreements between carriers prohibiting payment of brokerage, or limiting brokerage to less than 1¼ percent of freight charges, are or would be detrimental to the commerce of the United States, found no longer valid, and orders in prior decisions should be vacated.

Docket No. 802—*Misclassification and Misbilling of Glass Tumblers and Other Manufactured Glassware Items as Bottles or Jars, Empty, Glass*. Respondents Bartlett-Collins Co. and Houston Freight Forwarding Co. found to have knowingly and wilfully misclassified shipments of glass tumblers and other glassware items, obtaining transportation by water from the United States to Venezuela at rates less than otherwise would have been applicable, in violation of section 16 of the Shipping Act, 1916, and this matter should be referred to the Department of Justice for appropriate action. Respondents Lykes Bros. Steamship Co., Inc., Royal Netherlands Steamship Co., and Compania Anonima Venezolana de Navegacion, not shown to have allowed persons to obtain transportation for property at less than the regular rates by means of false classification, in violation of section 16, Second, of the Act, and the proceeding as to these respondents should be dismissed.

Docket No. 815—*Common Carriers by Water—Status of Express Companies, Truck Lines and Other Non-Vessel Carriers*. It was found that any person who holds himself out by the establishment and maintenance of tariffs, by advertisement and solicitation, and otherwise, to provide transportation for hire by water in interstate or foreign commerce, as defined in the Shipping Act, 1916; assumes responsibility for safe water transportation of shipments; and arranges in his own name with underlying water carriers for the performance of such transportation, whether or not owning or controlling the means by which such transportation is effected, is a common carrier by water as defined in the above Act, and as such is eligible to enter into agreements, as contemplated in section 15 of the Act, with other common carriers by water and with other persons subject to the Act. Status of individual respondents determined in accordance with the above conclusion.

Docket No. 819—*Absorption or Equalization of Inland Freight Charges in Connection With Transportation By Water of Explosives*. In this proceeding, it was found that respondent E. I. du Pont de Nemours & Co. knowingly obtained transportation by water for certain shipments of explosives at less than the rates or charges otherwise applicable, by means of an unjust or unfair device, in violation of section 16 of the 1916 Shipping Act. Respondents, Pacific Far East Line, Inc., and Grace Line Inc., found not shown to have allowed the shipper to obtain transportation of explosives for less than the regular rates by means of an unjust or unfair device or means, or to have given undue or unreasonable preference or advantage to shipper or subjected other shippers of explosives to undue or unreasonable prejudice or disadvantage, or to have unjustly dis-

criminated between shippers of explosives, in violation of sections 16 and 17 of the Shipping Act, 1916, and the proceeding as to these respondents should be dismissed.

Docket No. 848—*Classification of Paper Products by Rubin, Rubin & Rubin Corp., N. N. Serper & Co., and Academy Forwarding Corp.* Respondents Rubin, Rubin & Rubin Corp. and N. N. Serper & Co., shippers, found to have falsely classified, knowingly and wilfully, shipments of paper products to obtain transportation by water at less than the rates or charges which otherwise would be applicable, in violation of section 16 of the 1916 Shipping Act. Respondent Academy Forwarding Corp., a forwarder, was not shown to have falsely classified, knowingly and wilfully, shipments of paper products to obtain transportation by water at less than the rate or charges which otherwise would be applicable.

Docket No. 849—*Agreement and Practices Pertaining to Freightage Agreement Gulf and South Atlantic Havana Steamship Conference (Agreement No. 4188)*; Docket No. 851—*In the Matter of Approval of Article 1 of Freightage Agreement (G-13) of Gulf and South Atlantic Havana Steamship Conference (Agreement No. 4188)*—Docket No. 854—*Swift & Co. and Swift and Co. Packers v. Gulf and South Atlantic Havana Steamship Conference, et al.* The attempt of Gulf and South Atlantic Havana Steamship Conference to impose routing restrictions on shipments to Cuba from inland river ports (St. Louis, Mo.), which it does not serve, through application of a dual rate system, was found illegal. Such use of a dual rate system found unauthorized by existing agreements, and therefore in violation of section 15 of the Shipping Act; such use or proposed use found not only in contravention of section 15, but also illegal on other grounds. Reparation should be awarded on certain shipments, and denied on others.

Docket No. 853—*Raymond International, Inc. v. Venezuela Line.* It was not shown that the rate charged on a shipment of fibre concrete forms from the port of New York, N.Y., to Las Piedras, Venezuela, was in violation of sections 15, 16, or 17 of the Shipping Act, 1916; found that reparation should be denied, and the complaint dismissed.

Docket No. S-60 (Sub. No. 2)—*Isbrandtsen Co., Inc.—Waiver Under Section 804 Merchant Marine Act*—Docket No. S-64 (Sub. No. 1)—*Isbrandtsen Co., Inc.—Waiver Under Section 804 Merchant Marine Act, 1936.* Special circumstances and good cause are shown to permit continuance of a stock interest held by Jakob Isbrandtsen, president of applicant, in Canadian Foreign Steamship Co. Ltd., and the waiver therefor sought by Isbrandtsen Co., Inc. should be granted.

Docket No. S-73—*Waterman Steamship Corp.—Application for Operating-Differential Subsidy (As to Section 805(a) Issues Only).* It was found (1) that Waterman (Puerto Rico) should be given permission to continue to operate in the U.S. Gulf/Puerto Rico trade subject to certain limitations; Waterman (P.R.) and its predecessor in interest also found to have certain "grandfather rights" in the operations of this service; and certain charter and agency agreements between Waterman and Waterman (P.R.) approved; (2) Waterman Steamship Corp. given permission to operate its New York/Puerto Rico trailer-ship service of Pan Atlantic; certain financial arrangements between and among McLean, Waterman, Pan-Atlantic, Coastal, Beauregard, and Sea-Land approved; (3) Waterman Steamship Corp. given permission to continue its Jacksonville/Puerto Rico service and its Jacksonville/New York service of Pan-Atlantic; (4) Waterman Steamship Corp. given permission to continue to operate its New York/New Orleans Southbound service of Pan-Atlantic, it having been found to have "grandfather rights," its Northbound service was voluntarily abandoned 1955-58, and no "grandfather rights" found to exist; permission granted covering weekly service to Miami, Tampa, and Jacksonville by Pan-Atlantic vessels serving the New York/New Orleans trade; and (5) Waterman Steamship Corp. granted permission to continue to operate its New York/Houston service of Pan-Atlantic. Further, it was held that intervening railroads have no standing as competitors in this proceeding to challenge the requested permissions. It was found that the granting of such permissions did not result in unfair competition to any person operating exclusively in the coastwise or intercoastal

trade and was not prejudicial to the objects and policy of the Merchant Marine Act of 1936.

Docket No. S-89—*American Mail Line Ltd., et al.—Applications for Cross-Trading Privileges on the Pacific Coast.* It was found that American Mail Line Ltd., American President Lines, Ltd., and Pacific Far East Line, Inc., are not operating existing services on Trade Route 29 in the manner proposed in their applications. Existing U.S.-flag service on Trade Route 29 is adequate, and section 605(c) of the Act is a bar to the extension of applicants operating-differential subsidy contracts to cover the proposed services. U.S.-flag service from the Pacific coast to Indonesia-Malaya has not been shown to be inadequate, and section 605(c) of the Act is a bar to the modification of American Mail Line's subsidy contract for the proposed service between such areas.

Docket No. S-91—*Grace Line Inc.—Application to Serve Port-Au-Prince, Haiti, from U.S. Atlantic Ports.* Since intervener Panama Line is not a citizen of the United States under section 605(c), Merchant Marine Act, 1936, and the service currently provided by vessels of U.S. registry in the North Atlantic/Port-au-Prince trade is adequate, and in the accomplishment of the purposes and policy of the Act, additional vessels should not be operated thereon.

Examiners also issued decisions in Dockets Nos. 807, 867, S-57 (Sub. No. 3), S-57 (Sub. No. 4), S-73 (605(c)), S-81, S-105 and Special Docket No. 242 described above under "Final decisions of the Board and/or Administrator."

Pending Proceedings

At the close of the fiscal year there were 901 pending proceedings, of which 50 were initiated on the Board's own motion, and the remainder were instituted by formal complaints and applications filed by conferences, trade associations, shippers, individual steamship operators and others.

FINANCIAL STATEMENTS

FEDERAL MARITIME BOARD AND MARITIME ADMINISTRATION
DEPARTMENT OF COMMERCE

Balance Sheet—June 30, 1960 and 1959

ASSETS	JUNE 30		LIABILITIES	JUNE 30	
	1960	1959		1960	1959
CASH:			ACCOUNTS PAYABLE AND OTHER LIABILITIES:		
Fund Balances with U.S. Treasury:			U.S. Government agencies:		
Operating funds.....	\$305,944,729	\$281,559,503	Advances.....	\$64,438,635	\$88,729,599
Trust and deposit funds.....	9,740,474	13,870,263	Accounts payable and accrued liabilities.....	107,574	323,340
Allocations from other agencies.....	9,849,443	10,947,712		64,546,209	89,052,939
	325,534,646	306,377,478	Accrued estimated operating-differential subsidies less estimated recapturable subsidies of \$184,503,-195, 1960; \$184,352,785, 1959 (note 6).....	133,554,410	128,207,408
Cash in banks.....	926,425	726,906	Amounts due shipbuilders for construction of vessels.....	20,370,200	11,725,569
Cash on hand and in transit.....	650,670	41,947	Unclaimed wages of seamen and others.....	7,369,880	311,546
	327,111,741	307,146,331	Vessel trade-in allowances payable.....	3,640,095	14,748,446
ADVANCES:			Other accounts payable and accrued accounts.....	4,425,889	3,060,986
U.S. Government agencies.....	762,225	1,321,899	Accrued annual leave.....	2,693,258	2,764,494
Others.....	28,070	30,672	Amounts withheld from employees for purchase of savings bonds and payment of taxes.....	697,704	691,467
	790,295	1,352,571	Deposits by contractors, amounts related to un-consummated transactions and unallocated collections.....	494,541	1,111,446
NOTES AND ACCOUNTS RECEIVABLE:			Miscellaneous deferred credits.....	290,563	8,955
U.S. Government agencies.....	411,799	1,468,717		238,082,749	251,683,256
Domestic firms and individuals.....	19,092,602	17,065,506	NET UNTERMINATED VOYAGE REVENUE (unterminated voyage revenue less untermi-nated voyage expense totaling \$61,420, 1960; \$278,920, 1959).....	26,042	20,261
Foreign governments and nationals.....	552,324	639,936			
	20,056,725	19,174,159	FUNDS BORROWED FROM U.S. TREASURY BY THE FEDERAL SHIP MORTGAGE INSURANCE REVOLVING FUND.....	1,400,000	1,400,000
Less allowance for doubtful notes and accounts.....	1,878,550	1,957,555			
	18,178,175	17,216,604			
ACCRUED INTEREST (note 2):					
On mortgage loans receivable.....	1,488,997	1,829,760			
On notes and accounts receivable.....	99,362	78,332			

	1,588,359	1,908,092
MATERIALS AND SUPPLIES (note 3)-----	9,652,915	9,247,009
MORTGAGE LOANS RECEIVABLE (note 2):		
Domestic firms-----	154,402,119	172,342,431
Foreign governments and nationals-----	23,961,745	34,210,654
	178,363,864	206,553,085
VESSELS OWNED (at cost or assigned amounts) (note 4):	4,297,106,474	4,440,077,162
Less allowance for losses from scrapping of obsolete vessels-----	1,845,312,430	1,895,000,000
	2,451,794,044	2,545,077,162
VESSELS UNDER CONSTRUCTION (note 5)-----	87,217,299	99,762,791
LAND AND SITE DEVELOPMENT, STRUCTURES AND EQUIPMENT (at cost, estimated cost or assigned amounts) (note 4):		
Reserve shipyards-----	63,127,577	79,239,102
Marine terminals-----	44,239,206	44,235,749
Maritime service training facilities-----	23,575,181	24,244,322
Reserve fleet sites-----	20,674,491	20,621,696
Warehouses-----	3,790,707	3,731,468
Administrative offices-----	1,849,492	1,864,031
Closed installations--permitted or leased-----	1,152,615	59,432
	158,409,269	174,045,800
Construction in progress-----	4,969,840	2,429,998
	163,379,109	176,475,798
OTHER ASSETS:		
Mobilization inventories of materials and supplies (note 3)-----	33,271,974	35,344,872
Deferred charges and other miscellaneous items---	603,482	1,218,293
	33,875,456	36,563,165
	<u>\$3,271,951,257</u>	<u>\$3,401,302,608</u>

EQUITY OF THE UNITED STATES GOVERNMENT (exhibit 3)----- 3,032,442,466 3,148,199,091

\$3,271,951,257 \$3,401,302,608

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 Years Ended June 30, 1960 and 1959

OPERATIONS OF MARITIME ADMINISTRATION:	YEAR ENDED JUNE 30	
Operating activities:	1960	1959
Revenue and reimbursements:		
Maintenance of reserve fleet vessels.....	\$1,791,308	\$2,294,128
Maritime training program.....	49,891	71,894
Operation of warehouses.....	80,578	123,114
Maintenance of reserve shipyards.....	532,016	203,468
	2,453,793	2,692,604
Costs and expenses:		
Maintenance of reserve fleet vessels.....	6,663,829	8,004,869
Maritime training program.....	3,082,101	2,740,496
Operation of warehouses.....	732,044	777,983
Maintenance of reserve shipyards.....	714,459	786,579
	11,192,523	12,309,877
Net costs and expenses:		
Maintenance of reserve fleet vessels.....	4,872,521	5,710,741
Maritime training program.....	3,032,300	2,668,602
Operation of warehouses.....	651,466	654,819
Maintenance of reserve shipyards.....	182,443	583,111
	8,738,730	9,617,273
Direct subsidies and costs attributable to national defense:		
Estimated operating-differential subsidies (note 6).....	158,254,696	149,271,496
Adjustment of estimated recapturable subsidies.....	-342,483	4,908,306
	157,912,213	154,179,802
Construction-differential subsidies.....	* 73,985,021	* 28,827,262
Cost of national defense features.....	1,326,176	334,513
Cost of national defense allocations.....	2,531,726	863,306
	235,755,136	184,204,883
Financial assistance to State Marine Schools.....	1,223,913	746,294
Administrative expense.....	10,054,987	9,642,265
Other costs and expenses:		
Provision for estimated losses on scrapping of obsolete vessels.....	147,774,350	185,509,214
Loss on vessels sold, lost, or abandoned.....	310,365	-
Loss on sale of fixed assets, other than vessels.....	12,838,745	505,347
Loss on sale of surplus material and scrap.....	1,165,437	481,860
Inventory and other property adjustments.....	262,094	-1,345,157
Research and tests.....	1,351,964	1,544,654
Provision for uncollectible accounts and notes receivable.....	72,484	-
Miscellaneous.....	227,141	153,462
	163,503,580	186,849,380
Other income:		
Interest earned on notes and mortgages receivable.....	6,778,984	7,514,647
Recoveries for use of national defense features on vessels sold.....	418,927	-
Miscellaneous.....	722,413	519,579
	7,918,324	8,034,226
Other costs and expenses (net).....	155,585,256	178,815,154
Net cost of current year operations (note 4).....	411,358,022	383,025,869
ADJUSTMENTS APPLICABLE TO PRIOR YEARS:		
Net charges arising from adjustments and settlements related principally to World War II activities.....	-815,717	1,730,887
Participation in profits of World War II insurance syndicates.....	-50,000	-125,000
Write off of reserve for estimated claims in connection with vessels sold under Merchant Ship Sales Act of 1946.....	-	-4,859,445
Adjustment of charter hire revenue of years prior to 7/1/56.....	-	-6,685,857
	-865,717	-9,839,415
NET COST OF MARITIME ADMINISTRATION OPERATIONS.....	410,492,305	373,186,454
Net income (-loss) from National Shipping Authority operations (schedule 1).....	-948,811	339,178
Net income from War Risk Insurance Program.....	548,229	351,681
Net income from Federal Ship Mortgage Insurance Program.....	2,038,417	629,459
	1,637,835	1,320,318
NET COST OF COMBINED OPERATIONS.....	\$408,854,470	\$371,866,136

* Includes reconstruction-differential subsidy of \$4,828,227, 1960 and \$7,065,416, 1959.

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, 1960 and 1959**

	YEAR ENDED JUNE 30	
	1960	1959
BALANCE, BEGINNING OF YEAR.....	\$3,148,199,091	\$4,856,044,174
ADDITIONS:		
Funds appropriated by the Congress (funds for fiscal year 1959 exclude \$371,500 transferred to the Department of Commerce).....	301,039,400	286,908,118
Recorded value of 9 vessels transferred from the Department of the Navy in fiscal year 1960 (net of \$20,320,375 loss on transferred vessels sold for scrap) and 70 vessels in fiscal year 1959.....	67,943,415	341,186,244
Equipment transferred from U.S. Government agencies (net).....	418,448	837,194
Capitalization of dredging costs charged to cost of operations in previous years.....		1,030,20
Contributions received for construction of chapel at the U.S. Merchant Marine Academy, Kings Point, N.Y.....	25,446	72,783
Adjustment of accounts payable from prior year appropriations.....	14,283	
Expenditures from funds (—adjustment of) appropriated to the Secretary of the Treasury for liquidation of obligations incurred against funds of the War Shipping Administration prior to January 1, 1947.....	—157	1,498,732
Settlement of accounts payable by the General Accounting Office.....		9,355
	369,440,835	631,542,626
	3,517,639,926	5,487,586,800
REDUCTIONS:		
Net cost of operations (exhibit 2).....	408,854,470	371,866,136
Payments into General Fund of the U.S. Treasury.....	52,625,987	49,286,520
Liability for wages of seamen and others, transferred from the General Accounting Office.....	6,990,521	
Recorded cost of 5 vessels transferred to the Department of the Navy in fiscal year 1960 and 1 vessel in fiscal year 1959.....	6,781,532	10,082,427
Unobligated balance of appropriations transferred to Treasury Department (net of restoration of \$2,126 in fiscal year 1960 and \$11,899 in fiscal year 1959).....	6,438,929	112,304
Provision for estimated losses on scrapping of obsolete vessels.....		1,895,000,000
Recorded cost of 1 vessel transferred to the Department of the Air Force.....	2,854,098	1,971,590
Part of the cost of the S.S. <i>Tulane</i> , MA Hull 32, constructed for and delivered to the Department of the Navy.....		8,881,482
Equipment donated to state agencies.....	360,937	300,198
Provision for estimated losses on doubtful notes and accounts receivable not previously recorded.....		1,957,555
Materials and supplies donated to state agencies.....	153,591	119,986
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.....		94,297
Accounts receivable transferred to or (—) from U.S. Government agencies.....	67,431	—138,447
Inventories of materials and supplies used in (—recovered from) the Grain Storage Program for the U.S. Department of Agriculture, Production and Marketing Administration, exclusive of expenditures of \$1,460,508 in fiscal year 1960 and \$2,103,583 in fiscal year 1959 which were reimbursed.....	60,127	—3,797
Materials and supplies transferred to or (—) from U.S. Government agencies (net).....	9,837	—142,542
	485,197,460	2,339,387,709
BALANCE, CLOSE OF YEAR.....	\$3,032,442,466	\$3,148,199,091

FEDERAL MARITIME BOARD AND MARITIME ADMINISTRATION
DEPARTMENT OF COMMERCE

*Statement of Sources and Application of Funds for the Year Ended
June 30, 1960*

SOURCES:		
Funds appropriated by the Congress.....		\$301,039,400
Collections on mortgage loans receivable.....		28,254,386
Proceeds from sale of vessels owned.....		8,954,316
Funds advanced by other Government agencies.....		5,748,061
Proceeds from sale of fixed assets other than vessels.....		3,814,220
Mobilization inventories transferred to warehouse stock.....		2,192,537
Contributions received for construction of chapel.....		25,446
Total funds provided.....		\$350,028,366
APPLICATION:		
Net cost of operations (per Statement of Operations).....	\$408,854,470	
Items considered in net cost of operations:		
Provision for estimated losses on scrapping of obsolete vessels....	-147,774,350	
Loss on fixed assets sold, lost or abandoned:		
Vessels.....	-310,365	
Other.....	-12,338,745	
Payments into general fund of U.S. Treasury.....		\$248,431,010
Expenditures for vessels owned and under construction.....		52,625,987
Liability for wages of seamen and others, transferred from General Accounting Office....		21,511,345
Unobligated balance of appropriations transferred to U.S. Treasury.....		6,990,521
Expenditures for land and site development, structures and equipment including construction in progress.....		6,438,929
Working capital transferred to other U.S. Government agencies (net).....		3,118,403
Loan made by Federal Ship Mortgage Insurance Revolving Fund.....		276,861
Increase in working capital (per summary below).....		65,165
Total funds applied.....		\$350,028,366

Summary of Changes in Working Capital

	YEAR ENDED JUNE 30		CHANGES IN WORKING CAPITAL	
	1960	1959	Increase	Decrease
ASSETS:				
Cash.....	\$327,111,741	\$307,146,331	\$19,965,410	
Advances.....	790,295	1,352,571		\$562,276
Notes and accounts receivable.....	18,178,175	17,216,604	961,571	
Accrued interest.....	1,588,359	1,908,092		319,733
Materials and supplies.....	9,652,915	9,247,009	405,906	
Other assets.....	603,482	1,218,293		614,811
Total.....	357,924,967	338,088,900		
LIABILITIES:				
Accounts payable and other liabilities.....	* 183,011,522	* 173,751,381		9,260,141
Net unterminated voyage revenue.....	26,042	20,261		5,781
Total.....	183,037,564	173,771,642		
WORKING CAPITAL.....	174,887,403	164,317,258		
INCREASE IN WORKING CAPITAL.....				10,570,145
			\$21,332,887	\$21,332,887

* Disbursements of \$55,071,227 in 1960 and \$77,931,875 in 1959 for vessel construction cost for other Government agencies offset against liabilities for advances received.

FEDERAL MARITIME BOARD AND MARITIME ADMINISTRATION
DEPARTMENT OF COMMERCE

Notes to Financial Statements—June 30, 1960 and 1959

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. Mortgage loans receivable at June 30, 1960, included two mortgages with principal balance of \$259,050 and accrued interest of \$16,787 and at June 30, 1959, one mortgage with principal balance of \$157,050 and accrued interest of \$3,195, which had been declared in default on or before those dates.

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.

4. In accordance with generally accepted accounting practices of noncorporate Federal agencies the financial statements do not include allowances for depreciation on tangible fixed assets. As a result of this practice recorded losses on sales of fixed assets are greater, and other recorded net costs and expenses are less than they would have been if depreciation were recognized in the accounts.

5. Included in vessels under construction at June 30, 1960, are 7 vessels with accrued construction costs of \$43,558,688, and at June 30, 1959, 11 vessels with accrued construction costs of \$72,685,824 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 termination of the recapture period provided by the individual contracts, generally a 10-year period. Therefore the estimated recapture amount of \$184,503,195 at June 30, 1960, and \$184,352,785 at June 30, 1959, will be revised subsequently in the light of operating revenues or losses during the later years of the contracts. The provision for operating-differential subsidies of \$158,254,686 for the year ended June 30, 1960, and \$149,271,496 for the year ended June 30, 1959, includes debit adjustments of approximately \$1 million for each period applicable to prior years.

7. The Maritime Administration was contingently liable under agreements insuring mortgages, construction loans and accrued interest payable to lending institutions totaling \$313,931,943 at June 30, 1960, and \$190,808,188 at June 30, 1959. Commitments to insure additional loans and/or mortgages amounted to \$135,058,354 at June 30, 1960, and \$66,310,942 at June 30, 1959. At June 30, 1960, cash and U.S. Government securities of \$48,378,200 were held in escrow by the Government in connection with insurance of loans and mortgages which were financed by the sale of bonds to the general public. This program was instituted during fiscal year 1960. There were also conditional liabilities for pre-launching War Risk Builders Risk Insurance of \$110,297,885 at June 30, 1960, and \$70,876,590 at June 30, 1959.

8. The Maritime Administration was contingently liable for undetermined amounts in connection with settlements to be made under 362 claims against the Administration aggregating \$97,666,261 at June 30, 1960, and 448 claims aggregating \$100,499,131 at June 30, 1959. These unrecorded liabilities were partially offset by unrecorded assets and claims receivable in connection with settlements to be made under 123 claims in favor of the Administration aggregating \$5,176,553 at June 30, 1960, and 157 claims aggregating \$15,190,097 at June 30, 1959. 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.

9. The Administration has been granted authority by the Congress to enter into contracts for training of cadets at State Marine Schools prior to the appropriation of funds for that purpose. The total contractual obligation under this program was \$2,488,603 including unfinanced contract authorization of \$1,528,603 at June 30, 1960. This program began in fiscal year 1960.

10. The Administration was obligated to return to their owners U.S. Government securities amounting to \$2,697,000 at June 30, 1960, and \$4,142,000 at June 30, 1959. 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 U.S. Treasury.

Schedule 1

FEDERAL MARITIME BOARD AND MARITIME ADMINISTRATION DEPARTMENT OF COMMERCE

Statement of Operations of National Shipping Authority for the Years Ended June 30, 1960 and 1959

SHIPPING OPERATIONS:	YEAR ENDED JUNE 30	
	1960	1959
Vessels operated by general agents:		
Terminated voyage results (terminated voyages: 26, 1960; 36, 1959):		
Revenue.....	\$3,233,250	\$5,265,583
Expenses.....	3,459,833	5,313,497
Gross profit from vessel operations.....	-226,583	-47,914
Chartering of vessels to others.....	270,172	849,320
Total gross income (-loss) from shipping operations.....	43,589	801,406
NONSHIPPING OPERATIONS:		
Vessel reactivation costs.....	360,809	164,682
Vessel deactivation costs (expense of restoring vessels to the reserve fleet).....	34,031	386,927
Costs of testing and operation of NS SAVANNAH.....	636,055	86,758
Miscellaneous expenses.....	332,786	76,124
	1,363,681	714,491
Less:		
Reimbursement of vessel reactivation costs.....	139	140,152
Reimbursement of vessel deactivation costs.....	723	404,085
Reimbursement of costs of testing and operation of NS SAVANNAH.....	433,926	17,212
Miscellaneous income.....	799,660	774,492
	1,234,448	1,335,941
Net cost of nonshipping operations.....	129,233	-621,450
	-85,644	1,422,856
ADMINISTRATIVE EXPENSES.....	863,167	1,083,678
NET INCOME (- LOSS) FROM OPERATIONS.....	-\$948,811	\$339,178

APPENDIXES

APPENDIX A

Summary of Operating-Differential Subsidy Contracts as of June 30, 1960

Name of operator	Expiration date of agreement	Number of ships assigned as of June 30, 1960	
		Passenger and cargo combination	Cargo
American Export Lines, Inc.-----	Dec. 31, 1979	5	24
American Mail Line Ltd.-----	Dec. 31, 1978		9
American President Lines, Ltd.-----	Dec. 31, 1976	5	19
Bloomfield Steamship Co.-----	Dec. 31, 1963		4
Farrell Lines, Inc.-----	Dec. 31, 1977		14
Grace Line Inc.-----	Dec. 31, 1977	10	19
Gulf & South American Steamship Co., Inc.-----	Dec. 31, 1978		5
Lykes Bros. Steamship Co., Inc.-----	Dec. 31, 1977		53
Mississippi Shipping Co., Inc.-----	Dec. 31, 1977	3	10
Moore-McCormack Lines, Inc.-----	Dec. 31, 1977	2	40
The Oceanic Steamship Co.-----	Dec. 17, 1972	2	4
Pacific Far East Line, Inc.-----	Dec. 31, 1978		9
Prudential Steamship Corp.-----	Dec. 31, 1979		5
States Steamship Co.-----	Dec. 31, 1977		13
U.S. Lines Co.:			
Cargo service-----	Dec. 31, 1969		53
SS <i>AMERICA</i> -----	Dec. 31, 1961	1	
SS <i>UNITED STATES</i> -----	June 20, 1967	1	

APPENDIX B

Aid to Vessels Over 20 Years of Age Approved by the Federal Maritime Board Under Section 605(b), Merchant Marine Act, 1936, as Amended

Company	Vessel	20 years of age	Scheduled replacement
APPROVED DURING FISCAL YEAR 1960			
American Export Lines, Inc.-----	EXPLORER.....	1959	1963
	EXCHANGE.....	1960	1963
	EXHIBITOR.....	1960	1963
	EXCELLENCY.....	1960	1963
	EXEMPLAR.....	1960	1965
	EXCELSIOR.....	1963	1965
	EXCHEQUER.....	1963	1965
	EXILONA.....	1963	1967
	EXMINSTER.....	1964	1967
	EXPEDITOR.....	1963	1967
	EXPRESS.....	1964	1967
	EXCHESTER.....	1965	1969
	EXECUTOR.....	1965	1969
	EXPORTER.....	1965	1969
	EXBROOK.....	1966	1969
	EXFORD.....	1966	1971
	EXTAVIA.....	1961	1971
	EXIRIA.....	1962	1971
Prudential Steamship Corp.-----	MOLINE VICTORY.....	1965	1966
	ATTLEBORO VICTORY.....	1965	1966
	NEWBERRY VICTORY.....	1965	1968
	BIDDEFORD VICTORY.....	1965	1968
	SAN ANGELO VICTORY.....	1965	1968
U.S. Lines Co.-----	AMERICA.....	1960	1961
Moore-McCormack, Inc.-----	MORMACSWAN.....	1960	1961

APPROVED IN PRIOR FISCAL YEARS

American Mail Line, Ltd.-----	AMERICAN MAIL.....	1965	1968
	OREGON MAIL.....	1965	1968
	INDIA MAIL.....	1963	1965
	CANADA MAIL.....	1964	1965
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
	PRESIDENT TAFT.....	1965	1966
Farrell Lines, Inc.-----	AFRICAN PILOT.....	1964	1964
	AFRICAN PATRIOT.....	1964	1964
	AFRICAN GLEN.....	1965	1965
	AFRICAN PLANET.....	1966	1967
	AFRICAN RAINBOW.....	1966	1967
	AFRICAN CRESCENT.....	1966	1967
	AFRICAN LIGHTNING.....	1967	1969
	AFRICAN MOON.....	1967	1969
Grace Line Inc.-----	SANTA MALTA.....	1964	1967
	SANTA MARIANA.....	1964	1967
	SANTA REGINA.....	1963	1964
	SANTA CRISTINA.....	1965	1966
	SANTA ALICIA.....	1965	1966
	SANTA JUANA.....	1962	1967
	SANTA ADELA.....	1962	1967
	SANTA FLAVIA.....	1963	1967
	SANTA ELIANA.....	1964	1969
	SANTA ANITA.....	1964	1968
	SANTA LEONOR.....	1964	1969
	SANTA FE.....	1964	1968
	SANTA ANA.....	1960	1964
	SANTA TERESA.....	1960	1964
Gulf & South American Steamship Co., Inc.----	GULF BANKER.....	1964	1965
	GULF SHIPPER.....	1964	1965
	GULF MERCHANT.....	1964	1965
Lykes Bros. Steamship Co., Inc.-----	SUE LYKES.....	1965	1966
	FREDERICK LYKES.....	1960	1966
	ALMERIA LYKES.....	1965	1966
	TILLIE LYKES.....	1965	1966
	DOCTOR LYKES.....	1965	1966
	NORMAN LYKES.....	1965	1967
	LIPSCOMB LYKES.....	1965	1967

Aid to Vessels Over 20 Years of Age Approved by the Federal Maritime Board Under Section 605(b), Merchant Marine Act, 1936, as Amended—Continued

Company	Vessel	20 years of age	Scheduled replacement
APPROVED IN PRIOR FISCAL YEARS—Continued			
Lykes Bros. Steamship Co., Inc.—Continued	HOWELL LYKES.....	1960	1967
	MALLORY LYKES.....	1963	1967
	HELEN LYKES.....	1964	1967
	SYLVIA LYKES.....	1965	1968
	GIBBES LYKES.....	1964	1968
	FRANK LYKES.....	1964	1968
	GENEVIEVE LYKES.....	1964	1968
	MASON LYKES.....	1964	1968
	BRINTON LYKES.....	1964	1969
	SHIRLEY LYKES.....	1963	1969
	MARION LYKES.....	1964	1969
	FRED MORRIS.....	1964	1970
	GEORGE LYKES.....	1964	1970
Mississippi Shipping Co., Inc.....	ADABELLE LYKES.....	1964	1970
	DEL VALLE.....	1964	1965
	DEL ORO.....	1964	1966
	DEL SANTOS.....	1964	1965
	DEL MUNDO.....	1964	1965
	DEL ALBA.....	1964	1964
	DEL SOL.....	1964	1964
Moore-McCormack Lines, Inc.....	ROBIN LOCKSLEY.....	1961	1962
	MORMACSEA.....	1961	1962
	MORMACTIDE.....	1961	1962
	ROBIN SHERWOOD.....	1961	1962
	MORMACTERN.....	1962	1963
	MORMACMAR.....	1963	1963
	MORMACREED.....	1963	1963
	MORMACSUN.....	1963	1963
	ROBIN TRENT.....	1963	1964
	ROBIN GRAY.....	1963	1964
	ROBIN KIRK.....	1963	1964
	ROBIN MOWBRAY.....	1963	1965
	MORMACTEAL.....	1964	1965
	MORMACDOVE.....	1964	1965
	MORMACOWL.....	1964	1965
	MORMACWIND.....	1964	1966
	MORMACWREN.....	1964	1966
	MORMACOAK.....	1964	1966
	MORMACWAVE.....	1964	1966
	MORMACREY.....	1964	1967
	MORMACSURF.....	1964	1967
	ROBIN GOODFELLOW.....	1965	1968
	MORMACGUIDE.....	1965	1968
	MORMACPINE.....	1965	1968
	ROBIN HOOD.....	1965	1968
	MORMACHAWK.....	1965	1969
	MORMACELM.....	1965	1969
	MORMACRIO.....	1965	1969
	MORMACPIR.....	1965	1970
	MORMACGULF.....	1966	1970
	MORMACISLE.....	1966	1970
	MORMACDAWN.....	1966	1970
	MORMACLAND.....	1966	1971
	MORMACMAIL.....	1966	1971
	MORMACPENN.....	1966	1971
	MORMACSAGA.....	1967	1971
Pacific Far East Line, Inc.....	GOLDEN MARINER.....	1974	1974
	KOREAN BEAR.....	1975	1975
States Steamship Co.....	CHINA TRANSPORT.....	1963	1966
	JAPAN TRANSPORT.....	1961	1966
	AMERICA TRANSPORT.....	1961	1967
	PHILIPPINE TRANSPORT.....	1964	1967
	PACIFIC TRANSPORT.....	1965	1967
	C. E. DANT.....	1973	1973
U.S. Lines Co.....	AMERICAN PRODUCER.....	1963	1964
	AMERICAN PLANTER.....	1963	1964
	AMERICAN MILLER.....	1963	1965
	AMERICAN SCIENTIST.....	1963	1965
	AMERICAN PACKER.....	1963	1965
	AMERICAN CHIEF.....	1964	1965
	AMERICAN BUILDER.....	1965	1966
	AMERICAN VETERAN.....	1965	1966
	AMERICAN PRESS.....	1965	1966
	AMERICAN FLYER.....	1965	1966
	AMERICAN MANUFAC- TURER.....	1965	1966

Aid to Vessels Over 20 Years of Age Approved by the Federal Maritime Board Under Section 605(b), Merchant Marine Act, 1936, as Amended—Continued

Company	Vessel	20 years of age	Scheduled replacement
APPROVED IN PRIOR FISCAL YEARS—Continued			
U.S. Lines Co.—Continued	AMERICAN FORESTER.....	1965	1966
	PIONEER TIDE.....	1966	1966
	PIONEER COVE.....	1966	1968
	PIONEER REEF.....	1963	1968
	PIONEER SURF.....	1964	1968
	PIONEER ISLE.....	1964	1968
	AMERICAN PILOT.....	1965	1968
	PIONEER GLEN.....	1965	1968
	PIONEER STAR.....	1965	1968
	PIONEER GEM.....	1965	1969
	AMERICAN MERCHANT.....	1965	1969
	AMERICAN SHIPPER.....	1965	1969
	AMERICAN FORWARDER.....	1966	1969
	AMERICAN IMPORTER.....	1966	1969
	AMERICAN CLIPPER.....	1966	1969
AMERICAN SCOUT.....	1966	1969	
AMERICAN TRAVELER.....	1966	1969	

APPENDIX C

New Ship Construction on June 30, 1960

	Number of ships	Type	Shipyard	Gross tonnage	Estimated completion date	Estimated construction cost	Estimated cost to Maritime Administration (including national defense allowance)	Owner	Estimated cost to owner
Ships under construction:									
Title V Merchant Marine Act of 1936.	2	C3-S-38a.....	New York S/B Corp..	20,000	October 1960....	\$24,900,000	\$12,000,000	American Export.....	\$12,900,000
Do.....	2	C3-S-38a.....	Nat. Steel & S/B.....	20,000	January 1961....	24,500,000	11,600,000	American Export.....	12,900,000
Do.....	4	C3-S-46a.....	Nat. Steel & S/B.....	43,348	June 1962.....	46,000,000	22,450,000	American Export.....	23,550,000
Do.....	2	C4-S-1q.....	Bethlehem Steel.....	25,000	April 1961.....	34,300,000	17,150,000	American Pres. Line.....	17,150,000
Do.....	3	C3-S-37a.....	Ingalls S/B Corp.....	27,000	October 1960....	31,100,000	13,900,000	Lykes Bros. SS Co.....	17,200,000
Do.....	4	C3-S-37a.....	Bethlehem Steel.....	36,000	January 1962....	41,400,000	20,300,000	Lykes Bros. SS Co.....	21,100,000
Do.....	2	C3-S-33a.....	Sun S/B & DD Co.....	18,400	October 1960....	23,200,000	11,050,000	Moore-McCormack.....	12,150,000
Do.....	2	C3-S-33a.....	Todd Shipyards.....	18,400	May 1961.....	24,230,000	11,760,000	Moore-McCormack.....	12,470,000
Do.....	3	C3-S-33a.....	Sun S/B & DD Co.....	27,600	September 1961..	32,960,000	16,480,000	Moore-McCormack.....	16,480,000
Do.....	1	C3-S-33a.....	Sun S/B & DD Co.....	9,200	January 1962....	10,300,000	5,180,000	Moore-McCormack.....	5,120,000
Do.....	3	C3-S-43a.....	Avondale Marine.....	28,044	August 1961....	31,800,000	16,100,000	Mississippi Shpg.....	15,700,000
Do.....	3	C4-S-1s.....	Todd Shipyards.....	37,800	June 1962.....	39,700,000	19,975,250	Amer. Mail Line.....	19,724,750
Do.....	2	C4-S-1t.....	Bethlehem Steel.....	25,400	January 1962....	30,800,000	15,510,000	Pac. Far East Line.....	15,290,000
Do.....	3	C4-S1-49a.....	Bethlehem Steel.....	42,300	November 1962..	55,650,000	27,898,500	Grace Line.....	27,751,500
Do.....	4	C4-S-1u.....	Newport News.....	50,800	July 1962.....	49,850,000	24,200,000	States S/S Co.....	25,650,000
Public Law 848-84th Congress.....	1	P2-N1-MA 40(a)	New York S/B Corp..	12,220	August 1960....	*30,900,000	30,900,000	Maritime Admin.....	-----
Conversion under Title V.....	1	P2-S1-1v.....	Sun S/B & DD Co.....	14,136	February 1961....	2,130,000	1,065,000	American Export.....	1,065,000
Title VII Merchant Marine Act of 1936.	1	B2-MA-51a.....	Todd Shipyards.....	600	September 1960..	1,200,000	1,200,000	Maritime Admin.....	-----
Research and Development Hydrofoil Seacraft.	1	Hydrofoil.....	Dynamic Developments.	150	July 1961.....	2,000,000	2,000,000	Maritime Admin.....	-----
Total ships under construction.	44			456,398		536,920,000	280,718,750		256,201,250

*Includes funds chargeable to Atomic Energy Commission appropriations.

APPENDIX D

Employment of United States Flag Merchant Ships as of June 30, 1960, Oceangoing 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> ¹	2,934	23,692	32,601	² 305	2,929	2,038	³ 2,204	15,864	22,813	⁴ 425	4,900	7,750
<i>Active ships</i>	951	8,886	12,922	36	492	320	633	4,805	6,907	282	3,589	5,695
U.S. foreign trade.....	571	4,910	6,812	34	454	305	483	3,704	5,296	54	753	1,211
Maritime Administration ships.....	33	236	313				33	236	313			
Chartered.....	30	211	292				30	211	292			
General agency agreement.....	3	25	21				3	25	21			
For U.S. agency operations.....												
Panama Canal Company.....	2	20	13	2	20	13						
Privately owned.....	536	4,654	6,486	32	434	292	450	3,468	4,983	54	753	1,211
For commercial operations.....	518	4,384	6,052	32	434	292	447	3,447	4,951	39	504	809
For U.S. agency operations.....	18	270	434				3	21	32	15	249	402
U.S. domestic trade.....	372	3,860	5,926	2	37	14	148	1,087	1,589	222	2,735	4,323
Maritime Administration ships.....	3	11	18				3	11	18			
Chartered.....	3	11	18				3	11	18			
General agency agreement.....												
Privately owned.....	369	3,849	5,908	2	37	14	145	1,076	1,571	222	2,735	4,323
Foreign to foreign—privately owned.....	8	116	184				2	15	22	6	101	163
<i>Inactive ships</i>	1,983	14,807	19,678	269	2,437	1,717	1,571	11,059	15,906	143	1,311	2,055

Temporarily inactive.....	99	903	1,400	4	34	31	35	251	376	60	618	993
Maritime Administration ships.....	2	15	20				2	15	20			
Chartered.....												
General agency agreement.....	2	15	20				2	15	20			
Privately owned.....	97	888	1,380	4	34	31	33	236	356	60	618	993
Maritime Administration reserve fleet.....	1,884	13,905	18,279	265	2,403	1,686	1,536	10,809	15,530	83	693	1,062

¹ 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.

	26	178	220	1	13	6	22	155	202	3	10	12
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¹ Excludes the following U.S. Government-owned tonnage transferred to:

	83	519	785
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² 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.

³ Includes ships converted to stores ships, repair ships, cargo attack, etc.

⁴ Includes tankers converted to distilling ships.

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

APPENDIX E

*Deliveries of New Merchant Ships During the Fiscal Year Ended June 30, 1960**Oceangoing 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

SUMMARY—FREIGHTERS AND TANKERS

Total	760	11,714	17	634	117	1,756	54	1,143	58	824	29	504	126	2,372	119	1,630	240	2,851
United States	14	496	14	496														
United Kingdom	139	2,316			107	1,639	5	105	3	45	1	14		46	10	132	12	335
Sweden	24	434					20	361					1		3	62	1	11
Netherlands	49	666							39	549					9	100	1	17
Norway	91	1,498			3	41	25	506	5	84	1	15	2	43	22	336	33	473
Denmark	21	210							3	7			1	20	5	48	12	135
France	29	493							2	6	23	433					4	54
Italy	21	345															21	345
Japan	81	951											81	951				
Germany	42	346													38	333	4	13
Liberia	47	1,539	3	138	2	26	2	111	3	53			17	680	13	364	7	167
All others	202	2,420			5	50	2	60	3	80	4	42	24	632	19	255	145	1,301

FREIGHTERS

Total	533	5,300	2	22	78	796	29	376	35	257	22	228	85	958	104	1,161	178	1,502
United States	2	22	2	22											6	49	2	13
United Kingdom	83	839			69	712	3	38	2	13	1	14			2	29	1	11
Sweden	17	231					14	191							9	100	1	17
Netherlands	36	330							26	213						288	22	226
Norway	63	766			3	41	12	147	2	6	1	15	2	43	21	48	9	65
Denmark	17	120							3	7					5		3	24
France	21	206							1	4	17	178					14	199
Italy	14	199																
Japan	65	538											65	538				
Germany	39	243													35	230	4	13
Liberia	23	549			2	26							6	179	11	263	4	81
All others	153	1,257			4	17			1	14	3	21	12	198	15	154	118	853

TANKERS

Total	227	6,414	15	612	39	960	25	767	23	567	7	276	41	1,414	15	469	62	1,349
United States	12	474	12	474														
United Kingdom	56	1,477			38	927	2	67	1	32			1	46	4	83	10	322
Sweden	7	203					6	170							1	33		
Netherlands	13	336							13	336								
Norway	28	732					13	359	3	78					1	48	11	247
Denmark	4	90															1	70
France	8	287							1	2	6	255	1	20			3	30
Italy	7	146															7	146
Japan	16	413											16	413				
Germany	3	103													3	103		
Liberia	24	990	3	138			2	111	3	53			11	501	2	101	3	86
All others	49	1,163			1	33	2	60	2	66	1	21	12	434	4	101	27	448

COMBINATION PASSENGER AND CARGO SHIPS

	Number	Gross tons	Number	Gross tons	Number	Gross tons	Number	Gross tons	Number	Gross tons	Number	Gross tons	Number	Gross tons	Number	Gross tons	Number	Gross tons
Total	12	177			4	81			1	39			1	3			6	54
United States																		
United Kingdom	4	81			4	81												
Sweden																		
Netherlands	1	39							1	39								
Norway																		
Denmark																		
France																		
Italy	1	30															1	30
Japan	1	3											1	3				
Germany																		
Liberia																		
All others	5	24															5	24

APPENDIX F

Merchant Fleets of the World

Oceangoing Steam and Motor Ships of 1,000 Gross Tons and Over as of June 30, 1960

(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.....	17,222	119,768	168,762	1,213	9,612	6,558	50	757	479	10,994	58,454	84,731	444	2,574	2,736	1,120	7,617	11,778	3,401	40,754	62,480
United States.....	2,960	23,870	32,821	306	2,942	2,044				2,125	15,314	21,969	46	265	268	55	439	778	428	4,910	7,762
The British Commonwealth of Nations:																					
United Kingdom.....	2,446	19,370	25,322	150	1,825	1,174	30	602	381	1,249	7,424	10,339	151	1,372	1,527	259	1,278	1,787	607	6,869	10,114
Australia.....	123	518	671	11	65	39				72	221	310				39	219	307	1	13	15
British Colonies.....	176	829	1,158	25	85	81	1	14	9	121	556	839	8	57	68	10	52	67	11	65	94
Canada.....	70	293	322	28	88	27				19	70	93				4	9	12	19	126	190
Ceylon.....	2	3	5								3	5									
Ghana.....	4	22	32							4	22	32									
India.....	143	782	1,115	12	65	72				128	693	1,010							3	24	33
New Zealand.....	58	209	236	5	34	9	2	10	7	46	151	205	1	2	2	3	9	10	1	3	3
Pakistan.....	39	225	337	1	4	2				34	196	295				3	15	25	1	10	15
Union of South Africa.....	34	205	283	2	3	3				29	169	235	2	17	20				1	16	25
Argentina.....	145	904	1,188	17	104	83	4	47	33	68	394	579	6	18	18	3	4	6	47	337	409
Belgium.....	83	646	878	7	82	68				56	343	484	4	13	13	5	51	74	11	157	239
Brazil.....	214	949	1,352	25	102	102				141	483	723				12	49	70	36	315	457
Chile.....	50	226	306	4	11	8				31	114	153				12	67	93	3	34	52
China.....	200	753	1,061	22	52	35				149	580	853				5	14	21	24	107	152
Colombia.....	25	101	146							22	85	123							3	16	23
Costa Rica.....	28	86	133							26	82	127				2	4	6			
Cuba.....	28	89	122							25	85	117				1	1	1	2	3	4
Denmark.....	351	2,027	2,903	23	75	59	1	2	2	244	1,054	1,498	15	46	54	4	28	41	64	822	249
Finland.....	206	649	995	8	16	7				166	424	672				14	42	61	18	167	2,155

France	635	4,472	5,816	57	548	303	2	26	10	353	1,655	2,262	33	140	110	48	266	353	142	1,837	2,778
Germany	894	4,292	6,138	26	242	198	1	2	1	722	2,894	4,343	46	139	151	49	426	610	50	589	885
Greece	530	4,095	6,018	27	151	81	2	28	18	397	2,754	4,080	1	6	4	46	358	582	57	798	1,273
Honduras	29	132	173							17	75	118	11	49	44				1	8	11
Indonesia	49	119	148	10	35	31				33	63	92	1	8					5	13	18
Israel	40	219	285	5	42	22				31	136	201							4	41	62
Italy	669	4,758	6,417	77	738	373				393	2,049	3,082	11	43	42	41	341	502	147	1,587	2,418
Japan	985	6,030	8,843	22	100	98				776	4,118	5,986	17	72	79	46	296	455	124	1,444	2,225
Korea	28	102	154	2	3	4				21	85	131				1	2	2		4	17
Lebanon	70	284	437							59	259	397				11	25	40			
Liberia	946	11,308	18,160	7	68	49	1	2	1	423	2,904	4,335	2	7	4	105	1,148	2,286	408	7,179	11,485
Mexico	28	155	223							6	17	22	2	5	5	1	6	8	19	127	188
Netherlands	558	4,327	5,720	65	636	493				351	2,076	2,853	7	33	33	20	234	329	115	1,348	2,012
Norway	1,346	10,708	15,957	29	123	67	2	9	3	699	3,407	5,019	24	70	68	84	884	1,315	508	6,215	9,485
Panama	520	4,196	6,411	14	99	58				274	1,343	2,033	7	22	20	42	287	476	183	2,445	3,824
Peru	25	96	145	1	6	7				19	67	102				1	3	5	4	20	31
Philippines	28	105	148	4	8	8				21	92	133				1	1	2	2	4	5
Poland	117	551	784	2	23	15				97	449	660	3	10	9	10	22	29	5	47	71
Portugal	85	466	578	19	170	126				56	175	289						10	121	183	
Spain	326	1,408	1,855	44	255	184	3	13	13	209	670	995	4	10	15	15	47	66	51	413	582
Sweden	567	3,449	4,987	24	160	130				358	1,319	1,991	25	114	112	60	612	844	100	1,244	1,910
Switzerland	24	146	222							23	135	203				1	11	14			
Turkey	136	603	794	30	140	88				94	381	580				3	5	8	9	77	118
United Arab Republic	33	155	189	12	61	62				16	56	69						5	38	58	
U.S.S.R. ¹	841	3,336	4,512	70	371	269				549	1,862	2,686	11	42	46	91	324	444	120	737	1,067
Venezuela	47	323	498							13	50	76				5	17	38	29	256	384
Yugoslavia	130	617	920	10	48	55				112	519	788				2	10	17	6	40	60
All others	151	580	794	10	32	24	1	2	1	115	381	559	6	14	17	6	11	14	13	120	179
	83	519	785	1	5	5				79	496	752				2	11	17	1	7	11

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

APPENDIX G

Cash and Approved Securities on Deposit in the Statutory Capital and Special Reserve Funds of Subsidized Operators as of June 30, 1960

Operator	Capital re- serve fund	Special re- serve fund	Total
American Banner Lines, Inc. ¹			
American Export Lines, Inc.....	\$14,645,507	\$14,054,539	\$28,700,046
American Mail Line, Ltd.....	6,042,908	7,555,284	13,598,192
American President Lines, Ltd.....	1,720,596	2,954,028	4,674,624
Bloomfield Steamship Co.....	317,224	821,082	1,138,306
Farrell Lines, Inc.....	9,843,920	1,855,492	11,699,412
Grace Line Inc.....	12,908,131	13,662,223	26,570,354
Gulf & South American Steamship Co., Inc.....	2,314,577	3,359,729	5,674,306
Lykes Bros. Steamship Co., Inc.....	78,386,233	48,589,553	126,975,786
Mississippi Shipping Co., Inc.....	6,558,399	5,742,199	12,300,598
Moore-McCormack Lines, Inc.....	9,663,336	11,699,911	21,363,247
Oceanic Steamship Co., The.....	285		285
Pacific Far East Line, Inc.....	1,386,457	1,353,759	2,740,216
States Steamship Co.....	759,976	1,024,587	1,784,563
United States Lines Co.....	19,266,827	19,317,543	38,584,370
Total.....	163,814,376	131,989,929	295,804,305

¹ Last subsidized voyage terminated November 5, 1959 (Operating-Differential Subsidy Contract terminated.)

NOTE: Accrued mandatory deposits applicable to the resumption period (generally Jan. 1, 1947 to Dec. 31, 1959), not included in the above, amount to approximately \$42,204,504, comprising \$11,231,398 applicable to the Capital Reserve Fund (depreciation), and \$30,973,106 applicable to the Special Reserve Fund (excess profits).