

ANNUAL REPORT

of the

MARITIME ADMINISTRATION

1963



UNITED STATES DEPARTMENT OF COMMERCE



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LUTHER H. HODGES, *Secretary*
Washington, D.C.

MARITIME ADMINISTRATION

DONALD W. ALEXANDER, *Maritime Administrator*
J. W. GULICK, *Deputy Maritime Administrator*

LETTERS OF TRANSMITTAL

UNITED STATES DEPARTMENT OF COMMERCE,
MARITIME ADMINISTRATION,
Washington, D.C., October 15, 1963.

To: *The Secretary of Commerce.*

FROM: *Maritime Administrator.*

SUBJECT: *Annual Report for Fiscal Year 1963.*

I am submitting herewith the report of the Maritime Administration covering activities for the fiscal year ended June 30, 1963.



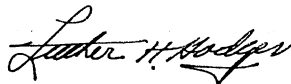
DONALD W. ALEXANDER.

SECRETARY OF COMMERCE

Washington, D.C.

To the Congress:

I have the honor to present the annual report of the Maritime Administration of the Department of Commerce for fiscal year 1963.



Secretary of Commerce.

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FISCAL YEAR ACTIVITIES

Introduction

The Maritime Administration was established by Reorganization Plan No. 21 of 1950, effective May 24, 1950, as one of the successor agencies to the former U.S. Maritime Commission. It is headed by a Maritime Administrator, who is appointed by the President, by and with the advice and consent of the Senate.

The Maritime Administration, under delegation of authority by the Secretary of Commerce, is responsible for administering programs authorized by the Merchant Marine Act, 1936, as amended, and related shipping statutes to aid in the development, promotion, and operation of an American merchant marine adequate to carry the Nation's domestic waterborne commerce and a substantial portion of its foreign commerce during peacetime, and capable of serving as a naval and military auxiliary in time of war or national emergency.

There is established within the Maritime Administration a Maritime Subsidy Board composed of three members: the Maritime Administrator, the Deputy Maritime Administrator, and the General Counsel. The Board performs the functions and exercises the authorities vested in the Secretary of Commerce with respect to: awarding, amending, and terminating operating and construction-differential subsidy contracts; conducting hearings and making determinations antecedent thereto; investigating the relative cost of building ships in the United States and in foreign countries, and of operating ships under United States and competitive foreign flags; and related functions under the Merchant Marine Act, 1936, as amended, and other statutes. All decisions and orders of the Board are final, unless within the limits of specified periods of time, the Secretary, on his own motion, or in certain cases on the basis of a petition by an interested party, enters a written order stating that he elects to review the action of the Board.

All actions taken by the Board in fiscal year 1963 became final for implementation within 20 days of the Board's initial action, except in two cases, which after review by the Secretary of Commerce were remanded to the Board for further consideration and report thereon: the Waterman Steamship Corp.—application for operating-differential subsidy, and the Atlantic Express Lines of America, Inc.—application for subsidy on combination service, United States Atlantic/United Kingdom and Europe, *Docket S-124*.

During fiscal year 1963, the Maritime Administration continued to devote major efforts and resources to programs, authorized by the Merchant Marine Act, 1936, as amended, and other shipping statutes, designed to achieve a well-balanced, modern, and efficient American

merchant marine. Of particular importance were the following programs and objectives: (a) Maintain a continuing shipbuilding program in United States shipyards and encourage the replacement of obsolete ships through the aid of construction-differential subsidy and trade-in allowances for the old ships; (b) enable the American merchant marine to meet foreign-flag competition on essential foreign trade routes of the United States through the aid of operating-differential subsidy; (c) encourage private lending institutions to provide capital for new ship construction by granting Federal ship mortgage and loan insurance; and (d) promote greater efficiency and more rapid technical advancement of the American merchant marine through a planned program of research and development in maritime fields.

Significant progress was made in the program for replacement of the war-built ships of subsidized operators. During the year, 27 new ships were delivered and contracts were awarded for 18 other new ships under this program. This brings completion of the program near the halfway point, with a total of 139 modern ships being in operation or under contract as of June 30, 1963.

A reappraisal of major policies and programs of the Agency was continued, with the objective of achieving a more economical, efficient, and effective administration of the Nation's maritime laws. As a result, a number of activities were given new or added emphasis during the year, in keeping with the Agency's assigned responsibilities. The most important of these activities were: (a) A cargo promotion program designed to achieve greater use of U.S.-flag ships and increase the proportion of cargoes carried by our ships in the foreign trade; (b) development of plans for assisting the domestic and tramp segments of the American merchant marine; and (c) a program to improve the efficiency and management of the Agency.

The Cuban crisis that occurred during the year served to bring to a sharp focus the Maritime Administration's responsibilities in support of the national defense in times of national emergency. In keeping with these responsibilities, all available resources of the Agency were directed to maintaining an emergency preparedness status, geared to the requirements of the situation. The Maritime Administration is now collaborating with other Government agencies, as required, in the administration of regulations which deny Government-financed cargoes to ships engaged in the Cuban trade.

In addition to administering the programs above mentioned, the Maritime Administration continued to devote undiminished efforts to other programs and activities including those involving: (a) Administration of charters and general agency agreements for operation of Government-owned ships; (b) custody and preservation of ships in National Defense Reserve Fleets; (c) exchange of ships with private operators pursuant to Public Law 86-575; (d) operation of warehouses; (e) custody and maintenance of reserve shipyards; (f) design and construction of ships for Government account; (g) furnishing of war-risk insurance on privately owned merchant ships when adequate insurance cannot be obtained on reasonable terms and conditions from

private insurance companies of the United States; and (h) operation of the U.S. Merchant Marine Academy, Kings Point, N.Y., for the training of officers to serve in the American merchant marine, and administering a grant-in-aid program for State marine and nautical schools.

Government Assistance

The Government aid programs under the Merchant Marine Act, 1936, as amended, are designed to assist and encourage U.S.-flag operators in the operation and maintenance of an efficient and modern American merchant marine. These programs are not considered in themselves a panacea for the problems of the merchant marine. Thus, the reduction of subsidy costs and the development of more effective media for improving the merchant marine are continuing major objectives of the Maritime Administration. Under the present subsidization of the merchant marine, however, there have been some notable results.

The long-range replacement program of the subsidized operators' war-built ships is now nearing a halfway point. Of the 315 subsidized ships in operation at the end of the fiscal year, 99 were replacement ships constructed subsequent to 1950. Of these, 71 are replacement ships built with construction-differential subsidy and the remaining 28 are Mariner-type ships built by the Maritime Administration and sold to subsidized operators. In addition, 40 new ships were under construction; thus, 139 modern ships were in operation or under contract at the end of the fiscal year.

Under the law, the bulk of financial support is furnished for U.S.-flag ships engaged in regularly scheduled liner services. As a result, the liner operations in the foreign trade of the United States have been able to maintain a relatively strong position. During calendar year 1962, U.S.-flag ships carried 28.1 percent of all U.S. foreign trade cargoes carried by dry cargo ships in liner services, as compared to only 6.2 percent of such cargoes carried by dry-cargo ships in nonliner services and 4.2 percent carried by tankers. Of the total cargo carried by U.S.-flag liner operators, 76.2 percent was carried by the subsidized operators.

During the 5-year period from 1958 through 1962, there were substantial changes in the amount of commercial liner traffic moving on the essential trade routes of the United States and in the amount of such traffic carried by U.S.-flag ships, as follows:

Routes to	Percentage of increase (+) or decrease (-)	
	Total traffic	U.S.-flag carrying
South, east, and west Africa.....	+16	+15
Far East, South Asia, Australia.....	+31	+13
Europe and Mediterranean.....	+6	-18
Latin America.....	-25	-34
Total (all routes).....	+7	-9

In total, this traffic increased about 3 million tons during the 5-year period. As indicated, the major increase occurred on routes to the Far East, South Asia and Australia, where, by 1962, this traffic had totalled 17.3 million tons, almost equaling the 17.9 million tons to Europe and the Mediterranean.

In the area of passenger traffic, at the end of fiscal year 1963, all U.S.-flag passenger and combination passenger/cargo ships remaining in regular commercial operation in the foreign commerce of the United States were subsidized ships. These ships carried 20.1 percent of the passengers, exclusive of cruise passengers, traveling to and from U.S. ports during 1962.

CONSTRUCTION-DIFFERENTIAL SUBSIDY CONTRACTS AWARDED

Fiscal Year 1963

During the past fiscal year, the Maritime Subsidy Board executed construction-differential subsidy contracts for the construction of 18 ships at a total estimated domestic cost of \$213,331,000 for 5 companies, as follows:

Company.....	American Mail Line, Ltd.	American President Lines, Ltd.	Grace Line	Lykes Bros. Steamship Co., Inc.	United States Lines Co.	Total
Type of ships.....	Cargo	Cargo	Cargo	Cargo	Cargo	
Number of ships.....	2	3	4	4	5	18
Being built by.....	(1)	(1)	(2)	(2)	(2)	
Total estimated cost ⁴	\$23,618,000	\$38,748,000	\$54,899,000	\$41,359,000	\$54,707,000	\$213,331,000
Estimated construction-differential subsidy.....	\$12,355,000	\$21,110,000	\$29,685,000	\$20,606,000	\$26,564,000	\$110,320,000
Estimated cost of national defense features.....	\$138,000	\$63,000	\$20,000	\$3,000	\$90,000	\$312,000
Number of ships traded in....	2				4	6
Total trade-in allowances....	\$1,001,000				\$1,957,000	\$2,958,000

¹ National Steel & Shipbuilding Co., San Diego, Calif.

² Sun Shipbuilding and Dry Dock Co., Chester, Pa.

³ Avondale Shipyards, Inc., Avondale, La.

⁴ Includes estimated cost of national defense features, changes and extras.

Pursuant to Public Law 87-401, which permits the trade-in of a ship at the time of delivery of the new ship, two obsolete ships were traded in for an allowance of \$1,017,750 against the construction cost of four ships built for Lykes Bros. Steamship Co., Inc., under a construction-differential subsidy contract executed in September 1960. Three other obsolete ships were traded in by Farrell Lines Inc. for an allowance of \$1,456,750 against the construction cost of six new ships built for this company under a construction-differential subsidy contract executed also in September 1960.

Public Law 87-877, approved October 24, 1962, amended section 502(b) of the Merchant Marine Act, 1936, to provide, among other things, for an increase in the maximum construction-differential subsidy allowance from 55 to 60 percent on certain ships reconstructed or reconditioned under contracts entered into after June 30, 1959, except that after June 30, 1964, the construction-differential subsidy shall not exceed 50 percent of such cost. Under this law, the Board during the past fiscal year authorized increases in the construction-differential subsidy rates under two contracts for reconstruction and/or reconditioning of three combination passenger/cargo ships of American President Lines, Ltd., as follows: From 55 percent to 55.9 percent, for reconstruction of the SS's *President Cleveland* and *President Wilson*; and from 55 percent to 59.1 percent, for reconstruction of the SS *President Roosevelt*.

In addition, two new contracts for reconstruction or reconditioning of passenger ships were executed: one for additional work on the SS's *President Cleveland* and *President Wilson* at a cost of \$2,842,600, with a construction-differential subsidy of \$1,666,600 at a rate of 58.6 percent; the other for work on the SS's *Argentina* and *Brasil* of Moore-McCormack Lines, Inc., at a cost of \$5,920,000, with a construction-differential subsidy of \$3,487,000 at a rate of 58.9 percent.

On June 30, 1963, there were 4 applications pending from American-flag operators for construction-differential subsidy to aid in the construction of 10 general cargo ships and 3 dry-bulk cargo ships. In connection with these applications there were also pending two applications from two subsidized operators for trade-in allowances on seven obsolete ships, to be applied against the cost of new construction. Two other applications were on hand at the end of this year for trade-in allowances on three obsolete ships proposed for trade-in against ships already under construction. In addition, an application was pending from United States Lines Company for reconstruction of the passenger ship, SS *United States*.

Federal ship mortgage and loan insurance

Under Title XI of the Merchant Marine Act, 1936, as amended, the Maritime Administration, during fiscal year 1963, executed contracts for insurance of construction loans, and commitments or contracts for insurance of mortgages, totaling \$43 million. These were financed by bank loans and through sale of bonds to the general public and covered seven ships, as follows: (a) Grace Line, construction loans and commitments to insure mortgages of \$7 million on each of four passenger/cargo ships, totaling \$28 million; (b) Moore-McCormack Lines, Inc., a mortgage of \$9 million on the passenger/cargo ship SS *Brasil* to assist in financing the construction of six cargo ships; and (c) Gulf & South American Steamship Co., Inc., construction loans and commitments to insure mortgages on two cargo ships totaling \$6 million. Mortgage insurance totaling \$46,863,450 was placed on 9 other ships pursuant to commitments entered into in previous years.

As of June 30, 1963, there were 16 applications pending for loan and/or mortgage insurance covering the construction of 48 ships, at a total estimated cost to the applicants of \$258 million. Insurance for these has been requested covering estimated construction loans of \$125 million and estimated mortgage loans of \$202 million.

The continued depression in certain segments of the shipping industry necessitated the following deferrals of mortgage principal payments in order to avoid defaults under the title XI insured mortgages which would have required payment of the insurance in full by the Government: (a) Containerships, Inc., three quarterly payments on each of two vessels, aggregating \$254,600; (b) Matson Navigation Co., one semiannual payment of \$684,210; (c) Red Hills Corp., two quarterly payments aggregating \$154,152; and (d) Rye Marine Corp., payments for 2 years, aggregating \$749,229. In addition, deferrals of two quarterly payments aggregating \$185,223 were approved for Newport Tankers Corp., subject to the consent of the trustee, which consent was pending as of the close of the fiscal year.

Other financial arrangements having been made by agreements between the shipowners and the lenders, title XI mortgage insurance was terminated for the following companies during the year: (a) Petrol Shipping Corp., on the SS *Atlantis*; (b) The Skouras Lines, Inc., on the SS *Saroula*, and (c) Beaugard, Inc., on the SS *Beaugard*. The Maritime Administration paid the mortgage insurance on the SS *Titan* amounting to \$11,945,284, as a result of default on the mortgage by the owner, Overseas Oil Transport Corp. Foreclosure proceedings in this case were pending at the close of the year.

The outstanding balance of principal and interest of insured mortgages and loans, and commitments to insure, amounted to \$431,169,892, covering 70 ships as of June 30, 1963.

Other forms of construction aid

As of June 30, 1963, balances in four construction reserve funds of nonsubsidized operators totaled \$12,607,239, compared with \$12,113,923 in nine such funds as of June 30, 1962. One additional fund was established during fiscal year 1963, and six funds were closed by withdrawal of total balances. Deposits in the construction reserve funds amounted to \$805,549, and withdrawals totaled \$312,233.

In addition to mandatory deposits made into special and capital reserve funds, as required by statute, voluntary deposits on a tax-deferred basis of free earnings of subsidized operators were authorized for seven subsidized operators in the total amount of \$5,982,745.

Operating-differential subsidy

During the fiscal year conditional approval was given to an application of Waterman Steamship Corp. for operating-differential subsidy on five services deemed essential to the foreign commerce of the United States. As the conditions under which the applicant might have qualified were not met within the time specified, this application has been held in abeyance awaiting advice from company representatives on their latest proposals. In addition to this application, there were pending at the close of the fiscal year applications from three other U.S.-flag operators (Atlantic Express Lines of America, Inc.; Isthmian Lines, Inc.; and States Marine Lines, Inc.) for operating-differential subsidy contracts involving service on essential foreign trade routes of the United States. There were also on file two applications from an existing subsidized operator, Bloomfield Steamship Co.: One for a new 20-year operating-differential subsidy contract to replace its current contract which is scheduled to expire on December 31, 1963; and the other for operating-differential subsidy on two new services which this company proposes to establish.

Under authorization granted by the Maritime Subsidy Board pursuant to Public Law 87-45, 3 operators made an aggregate of 24 cruise voyages during the fiscal year 1963, which were eligible for subsidy.

Payments of subsidy due for this and prior years totaled \$220,676,686, during the fiscal year 1963.

A summary of the 15 operating-differential subsidy contracts in effect as of June 30, 1963, is shown in appendix A.

During the fiscal year a major revision of the procedure for calculation of protection and indemnity insurance subsidy rates was adopted by the Maritime Subsidy Board to provide more reliable basic data and simplify the ratemaking process. Significant progress was made in reducing the backlog of operating-differential subsidy rate calculations and in placing the payment of subsidy to the operators on a more current basis, within the limits of available funds.

Aid involving overage ships

The Maritime Subsidy Board and the former 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 certain ships which have reached the end of their economic lives (20 or 25 years, as applicable) or which will have attained such age prior to the delivery of their scheduled replacements. These actions were predicated on the ship-replacement provisions of the operating-differential subsidy contracts entered into by the companies involved. Cumulative authorizations in this regard are shown in appendix B.

Trade routes

Pursuant to section 211 (a) and (b) of the Merchant Marine Act, 1936, as amended, the essentiality and U.S.-flag service requirements of five U.S.-foreign trade routes were reviewed during the year, and limited reviews were made of the service requirements of several other routes. The booklet "Essential United States Foreign Trade Routes," last published in July 1960, was revised and republished to include the latest determinations of essentiality and U.S.-flag service requirements of all U.S.-foreign trade routes.

Subsidy operations examining

The program for review of the efficiency and economy of subsidized operations under the provisions of section 606(6) of the Merchant Marine Act, 1936, as amended, was accelerated during fiscal year 1963. As a result of suggestions and corrections made, certain areas of ship operations have manifested significant improvements, and savings in costs, not only to the ship operator but also to the government in the payment of operating-differential subsidy and in possible recapture of excess profits, have been effected.

Ship Activities

Oceangoing traffic

Improvement was noted in the level of rates paid for the charter of ships in the world market despite an increase in the number of laid-up cargo and tanker merchant fleets throughout the world. This apparently contradictory situation may be attributed to withdrawal of older, less efficient tonnage from service with 82 percent of the total privately owned laid-up fleet as of June 30, 1963, representing ships built prior to 1947. The percentage of U.S.-flag laid-up dry cargo and tanker gross tonnage in relation to world tonnage in a similar status was reduced from 11 percent as of June 30, 1962, to 7 percent at the close of fiscal year 1963.

The volume of U.S. oceanborne foreign trade during calendar year 1962 totaled 293.7 million long tons, an increase of 23.3 million tons over calendar year 1961. These tonnages include certain Department of Defense cargoes moving in commercial channels. The participation of U.S.-flag ships in our total oceanborne foreign trade increased from 9.4 percent in 1961 to 9.5 percent in 1962.

Cargo promotion

During the year, steps were taken by the Maritime Administration to give new strength and direction to a program of cargo promotion designed to assist the shipping industry to generate increased trade and cargo shipments for U.S.-flag ships. Efforts were directed toward selling the advantages of using U.S.-flag ships to shippers, freight forwarders, manufacturers and others who have a hand in directing the movement of goods. There has been success in developing a better understanding not only of the feasibility but also the desirability of using U.S.-flag shipping as an area of commerce as well as a substantial means of earning a net dollar exchange.

The Maritime Administration continued to exercise general surveillance over the administration of cargo preference activities under Public Law 664, 83d Congress and Public Resolution 17, 73d Congress. It has chairmanship of the Interagency Committee on Cargo Preference, which includes the Department of Agriculture, General Services Administration, Agency for International Development, Military Sea Transportation Service, and others. In these capacities, the Maritime Administration worked closely with the other agencies to assure compliance with the statutes and to press vigorously for increased participation for U.S.-flag vessels in the transportation of Government-financed cargoes. As a result, additional cargoes were made available to U.S.-flag shipping. In addition, close liaison was maintained with the shipping industry to assure the availability of adequate U.S.-flag ships for foreign aid cargoes.

In the administration of Public Resolution 17, 73d Congress, 24 general waivers involving 10 nations were approved which permitted ships of such countries to participate up to 50 percent in the carriage of cargoes financed by the Export-Import Bank. These waivers were considered in the light of the treatment accorded to our own ships in the applicant country. Also, surveillance continued on 72 general waivers granted in prior years in order to confirm compliance with the terms of the waivers. More than 50 percent of the total cargo moving during the year, under the general waivers granted, was carried on U.S.-flag ships.

Other steps were taken to assist the industry in obtaining increased cargoes as follows: Arranged with the Export-Import Bank to receive weekly reports of activities under Federal credit insurance programs for use by United States shipping lines as a source for the solicitation of additional cargoes; obtained agreement with the Government of India to reserve 50 percent of the India to United States opium shipments which previously had moved entirely on Indian-flag ships; and

obtained a partial relaxation of the Export-Import Bank freight payment policy to finance only U.S.-flag freights for shipments to Venezuela and Chile, which had been singled out by the governments of those countries as discriminatory and justification for cancellation of existing pooling agreements between their carriers and participating American-flag lines.

Charters and general agency operations

As of the end of the fiscal year, 19 Government-owned ships were under bareboat charter, a decrease of nine as compared with the corresponding total at the close of the preceding fiscal year. Three were war-built cargo vessels chartered under the provisions of the Merchant Ship Sales Act of 1946, as amended, for use in the Alaskan service. Fifteen were vessels traded in on construction of new vessels under section 510, Merchant Marine Act of 1936, as amended, and were used by the former owners to maintain services until new ships were completed. In addition the barge *Atomic Servant* was chartered to Todd Shipyards Corporation to maintain and service the NS *Savannah*, pursuant to section 715 of the Merchant Marine Act, 1936, as amended.

During the year, three Government-owned ships were under assignment to two general agents of the Maritime Administration for operation under general agency agreement. Two were refrigerated ships operated by Pacific Far East Line, Inc., to meet the requirement of the Military Sea Transportation Service in the Pacific area. The other was the NS *Savannah* assigned to States Marine Lines, Inc., for operation. The general agency agreement with the latter company was terminated in June 1963.

Ship custody

At the end of fiscal year 1963 there were 1,819 ships in the National Defense Reserve Fleet. During the year 162 ships were received and 205 withdrawn, for a net decrease of 43.

These ships were located in the eight reserve fleets as follows:

Hudson River-----	185	Beaumont -----	206
James River-----	354	Suisun Bay-----	343
Wilmington -----	167	Astoria -----	158
Mobile -----	253	Olympia -----	153

Funds appropriated for fiscal year 1963 permitted the scheduling of 67 percent of the preservation work due on the 974 priority ships held for national defense. At the end of the year the entire scheduled workload had been completed. In addition, scheduled work on the 400 nonpriority ships retained as an emergency shipping reserve was 94 percent completed.

In accordance with Section 11(a) of the Merchant Ship Sales Act of 1946, as amended, a review was completed, in consultation with the Secretary of the Navy, of ships selected from the reserve fleets for national defense purposes. As a result, the number of priority ships was increased from 974 to 988. There was no change in the total number of 400 Liberty ships selected for limited preservation as a reserve for

shipping emergencies, apart from merchant ship requirements for national defense purposes.

At the close of the year, there were 41 ships loaded with 9,329,015 bushels of grain stored at the reserve fleet sites for the Agricultural Stabilization and Conservation Service, U.S. Department of Agriculture. This represents a decrease of 120 such ships during the year, reflecting the trend of the Department of Agriculture to release ships from the grain storage program after unloading.

Ship repair

During this fiscal year, 56 full condition surveys were made to establish outstanding defects and deficiencies on ships initially entering subsidized service and on those involved in temporary withdrawal and re-entry into subsidy operation.

In addition, 2,835 shipboard inspections were conducted to verify the necessity for and satisfactory completion of repairs, drydocking, and underwater work on subsidized ships. Repair summaries submitted by the subsidized operators were reviewed to determine eligibility for subsidy participation and to determine the fair and reasonable prices for these repairs. These repair costs totaled \$30.7 million, of which \$1.03 million was determined to be ineligible for subsidy.

Approximately 1,668 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 to the Administration; (c) redelivered from use agreement and prepared for layup; (d) operated under preferred mortgage or title XI mortgage insurance contracts; (e) operated for Government account under general agency agreement; (f) exchanged pursuant to Public Law 86-575; (g) operated as training ships; or (h) damaged.

Domestic shipping

Additional emphasis was placed in fiscal year 1963 on the needs of the domestic shipping segment of the merchant marine. Steps were taken by the Maritime Administration to strengthen coordination of activities in this field and provide a central point of contact to advise and assist representatives of domestic shipping lines who may wish to present their problems and proposals to the Government. These activities will be concerned primarily with the Great Lakes, inter-coastal and coastwise trade, and noncontiguous domestic trade to Puerto Rico, Virgin Islands, Alaska, and Hawaii.

Twelve applications were received for suspension of the coastwise laws under Public Law 87-877 (effective from October 24, 1962 to October 23, 1963) to permit the shipment of lumber on foreign-flag ships from U.S. ports to Puerto Rico, upon a finding that there are no American-flag ships reasonably available. In each case, the Secretary of Commerce approved the recommendation of the Maritime Administrator that permission be granted, subject to the requirement of a "first refusal" procedure, under which U.S.-flag carriers are given 5 days within which to meet the terms of the foreign-flag ships. Failing

to do so, the shipper may consummate the transaction with the foreign carrier. A total of seven shipments by five companies, consisting of 4.5 million board feet of lumber, were made during the fiscal year pursuant to such approvals.

Merchant marine awards

During fiscal year 1963 the Maritime Administration, under authority of Public Law 759, 84th Congress, awarded Meritorious Service Medals for acts of heroism to the chief engineer of the SS *Pine Ridge*; four crew members of the SS *President Buchanan*; and to the master and nine members of the crew of the SS *Dolly Turman*. A Gallant Ship Award was made to the SS *Dolly Turman*.

Trade with Cuba

In the summer of 1962, in view of the increasing importance of events taking place in Cuba, the Maritime Administration prepared detailed studies of free-world shipping to Cuba. These studies, highlighting the significance of such shipping to Cuba, were made available for top-level conferences of Government officials concerned with Cuban shipping problems. The Maritime Administration cooperated with other Government agencies in developing programs designed to reduce such shipping. In addition to assuming an emergency readiness posture in keeping with the international situation, during the crisis, the Maritime Administration worked with the Department of Defense and the shipping industry in developing plans and procedures for the utilization of merchant ships for military operations, if required.

On February 5, 1963, the United States adopted a policy that no Government-financed cargoes would be shipped from the United States on ships engaged in the Cuban trade. The Maritime Administration is charged with responsibility of collecting and publishing information on all ships engaged in this trade, for the use of the Government agencies and ship operators concerned. From January 1, 1963, through June 30, 1963, about 180 voyages to Cuba were made by ships registered under flags of the free world. During the same period, three ships previously engaged in the Cuban trade were removed from the list of those ineligible to carry Government cargoes from the United States, after receipt of assurances from their owners that they had withdrawn all of their ships from such trade.

Research and Development

A research and development program directed toward achieving greater efficiency and economy in the operation of the American merchant marine was continued during the fiscal year. The program's major objectives are the adoption of new and improved scientific and technical advances, thereby providing a strong U.S. maritime industry

capable of competing in the world market with a minimum of Government support. No major breakthroughs are predicted. Significant improvements in the merchant marine with attendant large reductions in cost are expected, however, as work continues in mechanized ship development, cargo handling and other systems studies.

NS Savannah

The *NS Savannah*, world's first nuclear-powered merchant ship, traveled 19,000 miles during fiscal year 1963, visiting 11 U.S. ports, and was boarded by 340,000 visitors. It was operated by States Marine Lines, Inc., as general agent for the Maritime Administration. The ship's nuclear powerplant operated at a higher efficiency than anticipated and demonstrated the feasibility of nuclear power for merchant ships.

During the year commercial shipyard facilities to support nuclear-powered merchant ships were established in Galveston, Tex.

Labor relations problems involving wage differentials between engineers and deck officers which had been fomenting during all of fiscal year 1963 culminated in a sit-down strike and the shutdown of the *NS Savannah's* reactor on May 6, 1963. The scheduled departure of the ship on May 7, for a 9-month trip, with 35 port calls and visits to 15 foreign countries was canceled. The general agency agreement with States Marine Lines, Inc., was terminated and the Maritime Administration took possession of the ship on June 24, 1963, in Galveston, Tex. At the end of the fiscal year, a new contract was entered into with Babcock and Wilcox Company, builder of the *NS Savannah* reactor, to maintain the nuclear-propulsion plant and train new crew members.

As the fiscal year terminated, aggressive action was being taken to make the ship operational as soon as possible and to eliminate any possibility of recurrence of disruption of its scheduled operations due to labor problems. Consideration was being given to selection of a new agent to operate the ship. New crews were being selected for training, including a civil service or military backup crew.

It is expected that the ship will be operational again in the spring of 1964, for continuation of previously arranged foreign visits.

Advanced ships and supporting research

The 95-ton *HS Denison*, world's first oceangoing high-speed hydrofoil ship, successfully met the guaranteed speed requirement of 60 knots and was operated satisfactorily, in the foilborne condition, over 5,000 miles, including trials in rough water at Newport, R.I. Original plans to operate the craft in commercial service have been deferred indefinitely in favor of an extended trials program. The craft will, however, have 12 seats installed in a soundproof compartment to permit carriage of government and industrial observers. It is anticipated that a demonstration of the ship will be made in the coastal waters of the United States in fiscal year 1964.

A working model of a surface effect ship, capable of carrying 2 men, is scheduled to be completed and to undergo initial trials in September 1963. This ship is built on the principle of producing a drive-lift capability from a cushion of air beneath the bottom. The one-seventh scale model planned in fiscal year 1962 was increased to a one-fourth scale model as the smaller size was too restrictive to allow development of basic components. When the model is operational, it will be exhaustively tested at Edwards Air Force Base, Muroc, Calif., and over water at Lake Mead, Nev.

Research was carried out under contracts with the University of Michigan and the Stevens Institute of Technology in the fields of ship motions, propulsions, structures and control. It is planned to continue this work in order to obtain improvements in basic ship design, construction, and operation, related reductions in cost, and improved services. In addition, basic supporting research was continued during the year to study marine fouling, ship vibration, communication, cargo handling, ship motions, ship collisions, ship construction techniques and improvement, and shipboard system. Work was continued also in the development of a mathematical simulator, based on computer techniques, for use as a management tool by the Maritime Administration and private ship operators, in evaluating the effects of various factors involved in construction and operation of ships.

Mechanized ship developments

Budgetary limitations did not permit the undertaking of an accelerated mechanized ship development program, as previously planned. Work continued, however, on projects contracted for in prior years under this program, including: (a) Development of a prototype ship radar data computer to aid in avoiding accidents, a course computer to assist navigation, and a bridge console for improved control of merchant ships; and (b) studies of integrated ship propulsion plants in the 20,000 shaft horsepower range, based on two steam turbine concepts and two gas turbine concepts, designed to reduce manning requirements and overall cost through centralization and automation of controls. Preliminary results of the above studies were presented by contractors at two symposia held during the year. Since these presentations, several subsidized operators have included, or given consideration to including, in new vessel specifications a section covering automation of the machinery plant with alternate price bids requested for automated and nonautomated features. It is significant also that plans are being developed by a private operator for the construction of a tanker in a U.S. shipyard, using features of the integrated steam powerplant studies.

With the concurrence of the Maritime Administration, the Maritime Cargo Transportation Conference, National Academy of Sciences, is conducting a shipboard mechanization and manpower study for an impartial evaluation of significant proposed mechanical and operational changes to determine their economic value and estimate their impact on the interests of Government, labor and management.

Construction of Ships

Ship construction and conversion

The total number of merchant ships 1,000 gross tons and over, under construction, conversion, reconstruction or on order in U.S. privately owned shipyards decreased from 64 as of July 1, 1962, to 54 as of June 30, 1963, as follows:

	Number of ships		
	Total	New	Conversions
Under contract July 1, 1962.....	64	61	3
Contracts awarded during 1963.....	29	24	5
Subtotal.....	93	85	8
Completed during 1963.....	39	32	7
Under contract June 30, 1963.....	54	53	1

The 54 ships remaining under contract at the end of the year had a total contract value of approximately \$542 million. Of these, 40 ships with a contract value of approximately \$425.1 million were being built under the subsidized operators' replacement program.

During fiscal year 1963 contracts were awarded under title V of the Merchant Marine Act for the construction of 18 new cargo ships and for the conversion of four passenger ships for the subsidized operators. These contract awards are discussed in greater detail in the section of this report titled "Construction-Differential Subsidy Contracts Awarded."

Consideration was given in these contract awards to the applicability of Section 502(f) of the Merchant Marine Act, 1936, as amended, which provides for allocation of contracts under certain conditions without regard to competitive bidding. No need for such allocation was found justified and no contract was awarded under provisions of this allocating authority during the year.

As of July 1, 1962, there were 51 ships being constructed under Maritime Administration contracts. Of these, 28 were completed during the year, including 27 cargo vessels built under title V, Merchant Marine Act, 1936, as amended, and one survey ship for the Coast and Geodetic Survey under the Economy Act, 1932.

The conversion of the passenger ships SS *Brasil* for Moore-McCormack Lines, Inc., and the SS *President Cleveland* and SS *President Wilson* for American President Lines, Ltd., under title V, Merchant Marine Act, 1936, as amended, was completed and the ships returned to service.

A summary of new ship construction as of June 30, 1963, is contained in appendix C.

Construction of small special purpose ships

The Maritime Administration continued to provide, on request, technical guidance and naval architectural and engineering services in

connection with the construction of small special purpose ships for other Government departments.

At the end of the fiscal year, five survey ships ranging from 150 to 300 feet in length were being constructed under Maritime Administration contracts for the Coast and Geodetic Survey, for use in their hydrographic and oceanographic programs. These ships will feature the most advanced design and will have centralized engine room control which will reduce crew requirements, permit increased accommodations for the scientific staff, and provide more reliable records for equipment evaluation and maintenance. Commercial operators have evidenced interest in the centralized machinery control features of these ships. The oceanographic ships will carry an electronic data computer which will permit logging of engine room and oceanographic data and immediate processing and evaluation of data collected. These ships and their components are being used also as pilot studies for further improvements in this type of ship as well as the entire merchant marine.

Public Law 86-516, approved June 12, 1960, authorizes the Secretary of the Interior to pay, in accordance with the act, a subsidy for the construction of fishing vessels in the shipyards of the United States. Under the provisions of the act the Maritime Administration is charged with the determination of foreign cost and supervision of construction. Five vessels were delivered to the owners in fiscal year 1963, pursuant to contracts awarded in 1962. Another contract was awarded in fiscal year 1963 for one vessel which is now under construction.

Technical developments

In the field of basic ship design, the Maritime Administration has devised a new digital-computer program greatly improving the speed and accuracy of the process of developing optimum ship characteristics to suit any required set of requirements for cargo ships including speed, cruising radius, cargo capacity, and cargo deadweight.

The Maritime Administration continued promotion of domestic and international standardization of van-sized shipping containers. The goal is universal interchange of containers among all modes of transportation. Eventual success will lead to elimination of rehandling container contents in transit, speed up freight deliveries, and reduce transportation costs. This agency contributed both financial and technical assistance to the American Standards Association and International Organization for Standards.

Significant improvements were developed during the year in the design of hatch cover operating mechanisms. One new design, an electromechanical hatch cover, is presently being evaluated on one of our new ships. Another electromechanical design will be available in the near future. There have also been several advances in hydraulically operated hatch covers.

During the year development of standard specifications for merchant ship construction was continued. A preliminary copy of these specifications was completed and distributed to shipbuilders, shipowners,

design agents, technical societies and major vendors on March 15, 1963, for their comments. The final issue of the standard specifications is tentatively scheduled for 1964 to be used as a guide by design agents for developing individual ship specifications, both for applicants for Government aid and for ships built with private funds. The use of these standard specifications by design agents will reduce costs and time required for development and review of ship specifications.

Detailed engineering work was continued this fiscal year designed to demonstrate to subsidized owners and design agents the feasibility of eliminating certain redundant ships' powerplant equipment, reducing engineering design margins and capacities of equipment, and simplifying piping systems. Further progress was made in discarding established but costly engineering practices and in stimulating additional economies by marine manufacturers and owners in powerplant simplifications. As a result of these efforts the development of a steam turbine powerplant which can be readily automated is now considered feasible.

Emphasis was continued on the application of value engineering techniques to remove unnecessary costs from the manufacturing and fabrication methods employed in the construction of ships and their components. This program is now mandatory under all contracts for construction of ships with construction-differential subsidy, and has resulted in substantial savings to the private operators as well as the Government.

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 fiscal year 1963, an average of 925 cadets with 191 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 (78 in number) or third-assistant engineers (113 in number) of oceangoing ships. They also received bachelor of science degrees and, if qualified, commissions as ensigns in the U.S. Naval Reserve.

There were about 2,400 candidates competing for approximately 300 vacancies available for the incoming class of 1963. The nomination of cadets by Members of Congress, pursuant to Public Law 415, 84th Congress, has, since its inception in 1957, operated to broaden the geographical representation in the student body.

Pursuant to Public Law 691, 84th Congress, the Advisory Board to the U.S. Merchant Marine Academy convened in Washington, May 29, 1963, at the call of the Maritime Administrator. Members in attendance were Dr. Mason W. Gross, president of Rutgers University,

Chairman; Capt. John W. Clark, president, Delta Steamship Lines, Inc.; Adm. James L. Holloway, Jr., USN (Ret.); Mr. Charles M. Crooks, president, Masters, Mates and Pilots Association of America; Vice Adm. Telfair Knight, USMS (Ret.), former chief, Office of Maritime Training, Maritime Administration; and Dr. Martin A. Mason, dean, School of Engineering, George Washington University. Because of other commitments, Dr. Jess H. Davis, president of Stevens Institute of Technology did not attend. The Board's report of the meeting will be issued early in fiscal year 1964.

The Congressional Board of Visitors for the U.S. Merchant Marine Academy held its annual meeting at the academy on June 14, 1963. Members attending were Senators Birch Bayh, Indiana, and Kenneth B. Keating, New York; and Representatives Hugh L. Carey, New York; Clifford G. McIntire, Maine; Thomas N. Downing, Virginia; and Jacob H. Gilbert, New York. Senators Warren G. Magnuson, Washington (ex officio), and Clair Engle, California; and Representatives Herbert C. Bonner, North Carolina (ex officio), and William K. Van Pelt, Wisconsin, were unable to attend. It is anticipated the Board's report will also be issued early in fiscal year 1964.

During fiscal year 1963, the following activities of interest to these Boards took place: (1) General Order No. 97 was published, effective March 1, 1963, providing current regulations governing the appointment and training of cadets at the academy; (2) a revised system of rating nominees for appointment to the academy was adopted, in which added emphasis was placed on leadership ability and motivation toward a seafaring career, thus stressing two important requisites of a merchant marine officer; and (3) the first complete study since enactment of Public Law 87-93 in 1961 was made of faculty salaries at the academy. It is expected that the resulting pay plan, which embodies modern concepts in collegiate salary administration, will be adopted and put into effect in the coming fiscal year.

State maritime academies

The State maritime academies at Vallejo, Calif.; Castine, Maine; Buzzards Bay, Mass.; College Station, Tex.; and Fort Schuyler, N.Y., had a combined average enrollment of 1,252 cadets for fiscal year 1963. Pursuant to Public Law 85-672 approximately 1,229 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 maintenance and support of the school. There were 199 graduates who received U.S. merchant marine officer licenses as third mates (95 in number) or as third-assistant engineers (104 in number) of oceangoing ships from the U.S. Coast Guard; and all who qualified received commissions as ensigns in the U.S. Naval Reserve. In addition, the 90 graduates of the New York State Maritime College received bachelor of science degrees.

Students of the Texas Maritime Academy currently receive their annual training cruise aboard the TV *Empire State IV* of the New York State Maritime College. A training vessel will be assigned to

the Texas Maritime Academy by the Maritime Administration in fiscal year 1965.

Other activities

The Maritime Administration's radar observer training program was continued in New York, New Orleans, and San Francisco. Since inception of the program in November 1957, more than 8,159 certificates of successful completion of the course have been issued to sea-going personnel, 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 firefighting, and damage control was also continued. This training, supported jointly by the Maritime Administration and the Military Sea Transportation Service, is available at San Francisco. The schools at New York and New Orleans have been suspended because of insufficient applicants.

Shipping Studies and Reports

A number of shipping studies of national and international significance were prepared and published including:

1. "Impact of the West Coast Maritime Strike, March 16-April 11, 1962." (Committee Print—House Merchant Marine and Fisheries Committee, 88th Congress, first session.)
2. "Domestic Oceanborne and Great Lakes Commerce of the United States—1961," with summary tabulations for 1952 through 1961.
3. "A Statistical Analysis of Tramp Ships Operating Under U.S. Flag."
4. "United States and Canadian Great Lakes Fleets as of December 31, 1962."

Ship and cargo data

During the fiscal year 1963 about 59,100 ship utilization and performance reports were received covering the operations of U.S.- and foreign-flag ships engaged in the foreign trade of the United States. From these data comprehensive statistical tabulations were prepared for use in connection with hearings covering applications for subsidy, calculation of operating subsidy rates, flag-participation studies, and increased trade route services.

New penalty provisions of the regulations requiring the filing of revised ship utilization and performance reports have been successfully utilized as a means of procuring more complete and accurate information. Also, new programing techniques were devised for the mechanical tabulation of the data, which enabled the Maritime Administration to obtain an increasing quantity of requisite information.

During the fiscal year, collection and maintenance of ship character-

istics data for foreign-flag ships under the effective control of the United States was begun, for use in connection with work for the Planning Board for Ocean Shipping, North Atlantic Treaty Organization. These data, which are maintained also for all U.S.-flag ships, can be reproduced mechanically and readily made available for defense purposes.

Other important publications were: *Employment of U.S.-Flag Ships*; *Deliveries of Merchant Ships Throughout the World*; and *Merchant Fleets of the World*. Among the regular reports which were continued to be issued are those shown in appendixes D, E, and F.

Port development

The Maritime Administration continued to provide port consultative services to the Area Redevelopment Administration on technical matters related to port development in depressed areas. A study was made on the depressed area of Rockland, Maine, to determine whether conversion of Rockland Harbor into a deep-water port with minimum ocean terminal facilities would materially assist the economic condition of the area. The Maritime Administration appraised the economic and engineering features of the project and also acted in an advisory capacity for Federal, State, and local officials on the design and functional layout.

The Maritime Administration is also working closely with the President's Study Commission on River Basins concerning the needs and opportunities for land and water resources development. The Maritime Administration is represented on the Department of Commerce Task Group on Water Resources to participate in preparing comprehensive plans for promoting the general welfare of the river basins. In this respect, forecasts of future port needs are made to accommodate ocean ships as industry and commerce develop along the deepened channels. The purpose of the port planning program is to match the shipping activities to provide a balanced and orderly schedule for optimum development.

Labor data and labor-management relations

During fiscal year 1963, seafaring employment in the United States during nonstrike periods averaged 46,900 jobs per month compared with 47,650 for 1962. Shipyard employment in commercial yards with facilities to build large merchant ships averaged 50,100 per month as compared to the monthly average of 52,200 in fiscal year 1962. The longshore labor force remained relatively stable at approximately 70,000 men, subject to minor dislocations due to the several seafaring labor disputes. There is a reported manpower pool potential of 88,000 men in this category of whom 18,000 may be classed as casual labor.

During periods of active maritime labor disputes, detailed information on employment and the status of ships involved was maintained and disseminated to Government and other interested officials, on a daily basis, to reflect the impact on U.S.-flag shipping.

Serious maritime labor-management collective bargaining issues and interunion job-competition jurisdictional disputes, involving extensive waterfront work stoppages, highlighted the urgent need for developing long-term, industrywide programs, designed to insure continuing shipping operations and relieve detrimental fluctuations of allied domestic industries and worldwide foreign trade. During the year, steps were initiated by the Maritime Administration to investigate the underlying causes of instability in the maritime labor field and to devote major efforts toward improving the problem areas.

During the year the NS *Savannah* was a focal point for seafarers' labor disputes which erupted at Yorktown, Va., Los Angeles, Calif., and Galveston, Tex. The interunion disputes involving deck officers and engineers culminated in immobilization of the ship in May 1963. This subject is discussed in greater detail in the section of this report titled "Research and Development."

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., and Richmond, Calif.; reserve training station at St. Petersburg, Fla., and the Merchant Marine Academy, Kings Point, N.Y.; and 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 reevaluation of real property holdings from the standpoint of immediate future needs and maintenance costs with the following results: (a) The Baltimore warehouse property acquired at a cost of \$2,345,873, declared as excess to the General Services Administration in fiscal year 1962, is, at the close of fiscal year 1963, in process of disposition through advertised sale; (b) the Richmond warehouse property was vacated and essential stocks transferred to warehouse space at the Richmond Shipyard, thus releasing a valuable piece of commercial-type property, acquired at a cost of \$892,093, for use by other Government agencies or sale or lease for commercial use; and (c) leases of real property to private interests continued, resulting in rental returns for the year of \$375,866. These actions will result in substantial savings in maintenance and operating costs.

Warehousing

With the objective of maintaining warehouse stocks of marine supplies and equipment primarily for mobilization purposes under the

revised warehousing policy promulgated in 1960, warehouse inventories were reduced from \$30 million in value to approximately \$14.5 million. This represents a reduction of about 64 percent since the beginning of the disposal program. A savings of approximately \$30,000 per year in equipment rental was also realized through transfer of certain warehouse recordkeeping operations from the warehouses to a centralized automatic data processing unit in Washington.

Material control and disposal

Rental of mobilization reserve machine tools and equipment to commercial concerns working on defense contracts or in support of merchant marine programs produced an annual revenue of \$394,000. Return of equipment in satisfactory condition is the responsibility of the lessee and is protected by a performance bond. The Government has the option to terminate leases in 30 days in the event of an emergency.

Marine equipment on loan to steamship operators and other Government agencies outstanding at the beginning of the fiscal year was valued at \$175,963; new loans were made during the year valued at \$413,591, and there was outstanding on loan at the end of the fiscal year equipment valued at \$303,867. User charges collected from steamship operators for this equipment amounted to \$6,405.

Excess personal property having an acquisition value of \$15,838,538 was disposed of by the Maritime Administration. Included was property having an acquisition value of \$8,359,159 which was disposed of domestically by donation and transfer without exchange of funds; property having a value of \$32,491 which was destroyed or abandoned; and property having an acquisition value of \$7,446,888, sold for \$970,129.

Ship Sales and Transfers

Ship sales and exchanges

Scrapping of the least desirable ships in the National Defense Reserve Fleet, largely comprising those of the World War II Liberty-type, continued. Sixty Liberty ships, having a collective sales price of \$2,924,692, were sold for scrap. The sale of these ships, with 476 sold during fiscal years 1958-62, has resulted in a total return to the Government of nearly \$36 million. In addition, four surplus non-Liberty-type ships were sold for scrap for an aggregate sum of \$244,269, and two ships acquired by the Government as exchange ships pursuant to Public Law 86-575 were sold for scrapping abroad for \$160,227.

The SS *Coast Progress*, a 12,800 deadweight cargo ship was sold to the Matson Navigation Company for \$751,500 for operation in the foreign trade of the United States. The SS *Coast Progress* was

acquired by the Maritime Administration in 1961 as a result of foreclosure instituted against its former owner after default on a second mortgage insured under the Federal Ship Mortgage Insurance program and on a first preferred mortgage under the Merchant Ship Sales Act of 1946.

During the year, the Maritime Administration exchanged 11 Government owned ships for 10 privately owned war-built cargo ships pursuant to Public Law 86-575. Eight of the ships traded out were Victory-type cargo ships and two were C2-type cargo ships, all of which are to be converted for commercial use.

Transfer to foreign ownership and registry

Approvals of applications for the transfer to foreign ownership and/or registry of 1,106 ships owned by U.S. citizens were granted pursuant to sections 9 and 37 of the Shipping Act, 1916, as amended. While this represents an increase of 142 over the total granted in fiscal year 1962, there was a sharp decrease in the number of such approvals involving ships of 1,000 tons and over, from 81 to 54. Included in these 54 ships, which had an average age of 20.9 years, were 15 tankers, 26 dry-cargo ships, one cargo-passenger ship, and 12 miscellaneous types (schooners, barges, etc.). Twenty of these ships were sold for scrapping in approved foreign areas and nine were overage Great Lakes vessels sold to Canadian corporations for continued Great Lakes operations under British flag. The remaining 1,052 were of less than 1,000 tons; of these, 843 were pleasure craft and 209 were commercial craft such as barges, tugs, and fishing craft. In addition 78 charters of U.S. privately owned ships to aliens were approved by the Maritime Administration, 56 of which were under 1,000 gross tons.

In connection with transfers to foreign ownership and flag previously approved with continuing contractual control by the Maritime Administration, there were authorized during the year: (a) The re-transfer of ownership and flag of 23 ships (including four from foreign ownership and flag to U.S. ownership and flag); (b) the sale of 45 ships from one alien to another without transfer of flag; (c) the sale of 10 ships by aliens for scrapping in foreign countries; and (d) the transfer of stock ownership in 22 ships between aliens.

Administrative Management

Program planning

A major effort was made to develop a plan of comprehensive objectives for the U.S. merchant marine to furnish support and give direction to long-range planning and program development. The plan, which is scheduled for completion during fiscal year 1964, will encompass basic objectives, broad actions plans, and related implement-

ing programs. The time scope of the plan extends over a 25-year period, and it is intended to provide objectives and guidance for both Government and industry.

Internal management

Significant actions taken during the year to improve the effectiveness of the Agency's operations include: (a) A reorganization of research and development activities to provide a more realistic grouping of functions in line with budgetary determinations and program objectives; (b) a reorganization of program planning functions to give new strength and direction, with greater emphasis on economic studies and operations research techniques; and (c) further redelegations of authorities to subordinate officials to permit finality of action in certain matters at appropriate levels of responsibility. In addition, management surveys were undertaken of selected activities to determine their essentiality and the efficiency of procedures, including: (1) Preparation of port series publications furnishing port and harbor information on principal U.S. ports; (2) inventory of supplies on Government-owned ships and ships constructed or operated with Government subsidy; and (3) status of foreign maritime representatives.

Internal audit reports were issued on the following activities: (1) Bidding practices of the Maritime Administration at court-directed foreclosure sales of ships in which the Agency has an interest; (2) disposition of proceeds from resales of certain ships acquired by the Maritime Administration at court-directed foreclosure sales; and (3) costs of uniforms and textbooks for the cadets of the U.S. Merchant Marine Academy.

Several informal letter-type reports were received during the year on audit findings of the General Accounting Office. The recommendations contained in these reports were generally directed toward improving routine administrative and fiscal practices. Appropriate corrective actions had been taken or were in process at the end of the year.

Personnel

During fiscal year 1963 total employment decreased by 25 positions from 2,569 on July 1, 1962, to 2,544 on June 30, 1963. This is a continuation of a downward trend primarily resulting from consolidation of field activities, such as warehouses, and close monitoring of personnel requirements.

Increased emphasis was placed on the employee-training program during the fiscal year, highlighted by wide participation in executive and supervisory development courses offered by the interagency training program. Results of this training have been extremely beneficial and increased attendance is being programmed for fiscal year 1964. The program for Employee-Management Cooperation in the Federal Service prescribed by Executive Order 10988 has resulted in four employee organizations being granted recognition, two formal and two exclusive, in the Maritime Administration. The Administration has also closely

adhered to the President's policy to provide equal employment opportunity to all applicants and employees without regard to race, age, creed, color, national origin, marital status, sex, physical handicap, or lawful political affiliation.

Emergency readiness program

The Maritime Administration's responsibilities for operation and control of U.S. merchant shipping under wartime conditions were brought into sharp focus by the Cuban crisis. A complete reassessment was made of the Administration's capability to preserve continuity of its transportation responsibilities to the military establishment and to the civilian economy in an emergency. Prompt action was taken to strengthen all aspects of the emergency preparedness programs, and to assure that administrative and technical resources were geared to meet anticipated emergency requirements.

The Maritime Administration's National Defense Executive Reserve (NDER) requirements were reevaluated and increased to meet the needs for ship operations reservists in foreign areas. The total recruitment goal for the NDER increased from 360 to 525. Approximately 300 appointments have been finalized or committed.

Further progress was made under the Port Emergency program, delegated to the Department of Commerce, Maritime Administration, by Executive Order 10999. With the technical assistance of the Maritime Administration, the port industry is now engaged in a voluntary program of developing individual emergency operating plans for ocean ports and port complexes in the United States, Puerto Rico, and the Virgin Islands, designed to improve the readiness of this element of the national transportation system to operate in support of national defense.

Also, the Maritime Administration continued its participation in the interagency Industrial Readiness program, designed to assure, through agreements with private manufacturers, the immediate availability or ready manufacture of essential marine components in periods of emergency.

Finance

Financial analyses and reviews—contractors

In order to safeguard the Government's interest, frequent and detailed analyses and reviews were conducted of financial statements of contractors applying for contract extensions or revisions, or other forms of relief.

Accounting

The accounts of the Maritime Administration were maintained on an accrual basis and in conformity with the principles, standards, and

related requirements prescribed by the Comptroller General of the United States. The financial position of the Maritime Administration at June 30, 1963, and the financial results of its operations for the fiscal year then ended are presented in the financial statements following the text of this report.

Of the 51 general agents originally appointed to operate ships for the account of the National Shipping Authority, Maritime Administration, only one, the Pacific Far East Line, Inc., was active on June 30, 1963, and the accounts of 40 had been closed. The contract of the general agent appointed by the Maritime Administration in 1959 to operate the nuclear ship *Savannah* was canceled during the year.

Of the \$14 million of notes and accounts receivable at June 30, 1963, \$942,134 represented items on which active collection efforts were suspended. These included amounts of additional charter hire collectible only upon submission and approval of final accounting; accrued ship construction costs awaiting settlement upon completion of construction; accounts referred to the Department of Justice for collection or litigation; amounts on the 11 not-yet-closed-out accounts of National Shipping Authority agents; and amounts represented by notes and formal agreements accepted in place of open-account indebtedness.

Audits

Emphasis was placed during the fiscal year on the audit of expenses eligible for operating-differential subsidy to permit payment of 95 percent (previously 90 percent) of subsidy accrued, as authorized by Public Law 87-243, effective July 1, 1962. Eligible expenses of the 15 subsidized operators were audited generally through calendar year 1961, except that wage expenses of 9 of the 15 subsidized operators were audited through June 30, 1962, and protection and indemnity insurance expenses generally through calendar year 1959. The audits of annual accountings of 10 subsidized operators for calendar years 1956-59 were completed, and their final 5 percent of accrued subsidy was paid. Audits under bareboat charter contracts were made primarily to develop data for use in litigation under the contracts. Audits for ship construction and related contracts were performed on a current basis. Savings of about \$690,000 resulted from the audits completed during the year.

As of June 30, 1963, capital reserve funds of subsidized operators totaled \$96,825,244 and special reserve funds, \$120,378,933, as shown in appendix G. As of the beginning of the fiscal year, the capital reserve funds amounted to \$77,546,275, and the special reserve funds, \$128,295,247.

Insurance

War risk, and certain marine and liability insurance programs authorized by Title XII, Merchant Marine Act, 1936, as amended, were continued during the fiscal year.

Outstanding war risk insurance binders, providing coverage to ship-owners during the interim between the time commercial war risk in-

insurance fails to provide adequate coverage until 30 days after the outbreak of war involving the major powers, were extended from June 8 to midnight, December 7, 1963. Binders outstanding as of June 30, 1963, were: 1,375 for war risk hull insurance; 1,225 for war risk protection and indemnity insurance; 1,049 for war risk insurance of crew life and personal effects. From the inception of the binder program in 1952 to June 30, 1963, binder fees totaled \$722,537, and expenses totaled \$344,637, of which \$259,380 was paid to the underwriting agent appointed by the Maritime Administration to process the binders.

War risk builder's risk insurance for the prelaunching construction period has been written on 123 ships from inception of the program in 1953 to June 30, 1963. Premiums have totaled \$2,796,856. On October 24, 1962, war risk builder's risk insurance for the postlaunching construction period was authorized for the first time, on the Maritime Administrator's previous finding that the insurance was unobtainable from commercial underwriters because commercial policies contained a clause providing for an automatic termination in the event of hostilities. From October 1962 to June 30, 1963, 23 policies were issued, each with a service fee of \$75 and subject to premium assessment as and when determined by the Maritime Administrator.

A standby war risk cargo insurance program was continued, to become effective when the Maritime Administrator finds that such insurance adequate to the needs of U.S. waterborne commerce cannot be obtained on reasonable terms from companies authorized to do an insurance business in a State of the United States. Commercial underwriting agents will be employed to write the insurance. As of June 30, 1963, 37 underwriting agents were under contract.

Second Seamen's war risk insurance, written at the request of the Department of the Navy, without premium but on a reimbursable basis, remained in effect during the fiscal year on 20 Navy contract-operated tankers. To June 30, 1963, after 9½ years of the arrangement, claim payments totaled \$100,440, and \$25,300 has been set aside as a reserve for pending claims. Net premium saving to the Department of the Navy is estimated at \$46,000.

The excess legal liability insurance with a limit of \$10 million for all claims arising from the same event, first furnished on July 1, 1951, at the request of the Secretary of the Army (Office of the Chief of Transportation), without premium but on a reimbursable basis, to a maritime contractor who could not obtain commercial insurance in the required amount, was terminated by the Army on January 30, 1963. Although the insurance was in effect almost 12 years, no claims were made. The Department of the Army saved substantial premiums from the arrangement.

Public Law 87-743, approved October 3, 1962, authorized any money in the insurance revolving fund created under title XII to be invested in securities of the United States or in securities guaranteed by the United States as to principal and interest. The first investment was made October 29, 1962. Interest earned to June 30, 1963, totaled \$70,810.

The Maritime Administration continued its policy of self-insurance on its Government-owned ships, with certain usual exceptions, as follows: Commercial marine hull and protection and indemnity insurance was purchased on the HS *Denison*, in order to continue to establish a market for such insurance. On ships operated by general agents of the Maritime Administration, including the NS *Savannah*, marine protection and indemnity insurance was purchased in order to take advantage of the worldwide claims-settling services of commercial underwriters. In the case of the NS *Savannah*, the insurance was suspended when the ship was laid up in June 1963, subject to reattachment if the ship re-enters active service within the policy period.

During the fiscal year, \$142,378 was received as final payment under the recapture provisions of wartime protection and indemnity insurance agreements with commercial underwriters. Total recoveries amounted to \$48,302,378, from which the Maritime Administration assumed payment on three outstanding claims estimated at \$22,000. As a basis of final settlement, the Maritime Administration has requested the underwriters to submit a complete accounting of all money received from the investment of funds which the Government made available to them under the various Wartimepandi insurance agreements.

Mortgagee insurance providing coverage in the event marine insurance policies are invalidated, for reasons such as lack of due diligence to make the ship seaworthy, was renewed on April 1, 1963, on ships (other than those owned by subsidized operators) with mortgages insured under Title XI of the Merchant Marine Act, 1936, as amended. As in the previous policy year, 50 percent of the insurance was placed in the American market. The mortgagor pays for this insurance.

The Maritime Administration determines whether the insurance placed in commercial markets by mortgagors of ships on which the Government holds or insures mortgages, by charterers of Government-owned ships, and by operators of ships covered by operating-differential subsidy contracts, complies with the contract requirements. During fiscal year 1963 insurance in the following amounts was approved:

Kind of insurance	Total amount	Percentage placed in—	
		American market	Foreign market
Marine hull.....	\$1,864,483,975	52	48
Marine protection and indemnity.....	1,661,194,778	42	58
War risk hull.....	2,868,086,785	7	93
War risk protection and indemnity.....	2,875,183,775	7	93

Legal Activities

There were rendered services and opinions with respect to the legal aspects or problems involved in all of the programs and activities of

the Maritime Administration and the Maritime Subsidy Board. In addition, 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 and programs related thereto.

Contract administration

A voluminous number of contracts, addenda, bonds, and other legal documents were drafted and executed, principally in connection with the administration of the construction-differential subsidy, operating-differential subsidy, research and development, Federal ship mortgage and loan insurance, ship operation, and other programs, 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 statutes and judicial decisions.

Legislation

The Maritime Administration testified or submitted statements or reports to congressional committees, and reports and recommendations to the Secretary of Commerce and the Director, Bureau of the Budget, on some 110 maritime bills and proposals, some of the more significant being: To unify apportionment of liability in cases of collision between vessels; to limit the liability of shipowners; to provide that the maximum limit on Government war-risk insurance for construction subsidy ships shall be the same as for other ships; to provide for resale of requisitioned construction subsidy ships to their former owners when the Government no longer needs the ships; and to provide for reimbursement of vessel owners for excess costs such owners incur as a result of allocation of construction of their vessels for national defense reasons. Some of the more significant bills enacted during this fiscal year on which the Maritime Administration worked were: Public Law 87-743—to authorize the Secretary of the Treasury, upon the request of the Secretary of Commerce, to invest the War-Risk Insurance Fund in securities of the United States or securities guaranteed by the United States; Public Law 87-755—to extend to June 30, 1964, the 12-year minimum age for trade-in of vessels under section 510 of the Merchant Marine Act, 1936, which on that date will revert to 17 years; Public Law 87-782—to authorize the Secretary of Commerce to extend to December 31, 1963, the time for commitment of construction reserve funds; Public Law 87-877—to increase the maximum construction subsidy until June 30, 1964, to 60 percent for the reconstruction of some passenger ships and to 55 percent for the construction of new ships and reconstruction of other ships, and to repeal the 6 percent differential in favor of Pacific coast shipyards for the construction of ships for operators who have their principal place of business on the Pacific coast.

Litigation

Suits under the charter provisions of the Merchant Ship Sales Act of 1946, as amended, comprised the major activity in this area. Dur-

ing the fiscal year, 11 libels in district court and 1 petition in the Court of Claims involving reactivation expenses under 1956-57 bareboat charters pursuant to the 1946 act, which were pending at the end of fiscal year 1962, were settled administratively and dismissed with prejudice. Settlement of these cases which involved claims against the Government totaling \$1,781,037, and claims by the Government totaling \$824,987, resulted in a net return to the Government of \$267,866.

The most important development procedurally in additional-charter-hire litigation under the 1946 act bareboat charters was the processing and filing of libels on 18 additional-charter hire receivables, making a total of 40 suits filed by the United States in the amount of \$6,042,257, on the basis of the charter provisions, as compared with 36 libels pending against the United States at the end of fiscal year 1963. Significant developments in the courts in the area of additional-charter-hire litigation were as follows: The Circuit Court of Appeals (1st circuit) affirmed a district court decision in the Government's favor on the important issues of the validity of the sliding scale and the Foreign Trade Addendum accounting cutoff provisions, in the libel by *Massachusetts Trustees of Eastern Gas and Fuel Associates* and the cross-libel by the United States. These cases are now pending on request for review by the U.S. Supreme Court. Validity of the sliding scale was upheld by a district court in the Government's libel against *Eastport Steamship Corporation et al.*, and an appeal therefrom has been noted (not yet docketed) in the second circuit court. A New York district court decision in the Government's favor on the issue of time bar in the libel by *Luckenbach Steamship Company, Inc.* was reversed and the case was remanded on appeal on the limited ground that the 2-year limitation in the Suits in Admiralty Act did not cover actions for declaratory judgment.

A district court decision was rendered against the Government on the issues of time bar and validity of the sliding scale in the libels (consolidated for trial) by *American Mail Line, Ltd.*, *James Griffiths & Sons, Inc.*, and *Olympic Steamship Company, Inc.*, which cases are now pending on appeal to the United States Circuit Court of Appeals (9th Circuit). Also against the Government was a decision of the Circuit Court of Appeals (4th circuit), reversing a district court decision in the Government's favor on the issue of the validity of the carry forward of profits from one calendar-year accounting period to later periods, in the Government's libel against *Moore-McCormack Lines, Inc.*

Four ship-sales cases in the Court of Claims under the 1946 act involving claimed amounts totaling \$1,012,609 were closed and dismissed with prejudice upon payment of \$895,448 by the Government. The only case remaining open in litigation involving the validity of a section 9 agreement, is that by *Farrell Lines, Inc.*, for \$232,546. Actions by a citizen ship purchaser (*Luckenbach Steamship Company, Inc.*) claiming principally for class deficiencies were settled by payment of \$27,000 by the Government. No change of status has oc-

curred in a Court of Claims suit by *Eastport Steamship Corporation* for \$293,950, for invalidity of the conditions imposed in granting the right to transfer a ship foreign.

In other important areas of litigation, two new suits were filed against the Government under subsidy agreements involving, respectively, (1) a claim by *Oceanic Steamship Company* for \$87,564, on the ground of invalidity of the retroactive application of General Order 71 (in lieu of General Order 31) in respect of capital necessarily employed, and (2) a claim by *Pacific Far East Lines, Inc.*, for a minimum of \$1,762,400 for alleged overpayment of subsidy recapture because of the claimed improper handling of the results of voyages by unsubsidized vessels which touched on subsidized routes.

Claims settled under the Suits in Admiralty Act were: one seamen's injury libel, claiming damages of \$70,000 against the Government involving National Shipping Authority operations, was dismissed; of five personal injury libels claiming \$490,000, involving grain-storage ships, one was settled for \$5,500, one was decided in favor of the libelant who received \$15,928 from the Government, and the remaining three were dismissed; one cargo damage libel, claiming \$233,000 from the Government was dismissed; of nine seamen's protection and indemnity injury actions claiming \$390,883, commercially insured by the Government, three were settled for a total of \$8,750, and a judgment of \$14,152 was awarded the libelant in another, with the remaining five libels being dismissed; in seven longshoremen's protection and indemnity actions claiming \$325,000, commercially insured by the Government, there were two dismissals, four settlements totaling \$31,800, and one judgment of \$12,940, making a total of \$44,740, of which impleaded contractors paid the sum of \$10,739; of two collision libels claiming \$70,000 from the Government, one was settled for \$4,500 and the other was dismissed by the court.

International Maritime Affairs

The Maritime Administrator, as U.S. representative to the Planning Board for Ocean Shipping of NATO, attended the 15th meeting of the Board in London during April 1963. Continued coordination of planning with the NATO naval commands and other NATO planning boards was discussed and further developed. The Maritime Administrator, designated as the U.S. member of the Council of the Intergovernmental Maritime Consultative Organization (IMCO) attended the seventh session of the Council held in London, October 1962. The Maritime Administration participated also at the eighth session of the Council, held in London in May 1963. The Council, composed of 16 member governments representing the Assembly, approved reports of the Maritime Safety Committee and reviewed status of other work programs being undertaken by IMCO, such as facilita-

tion of travel and transport, tonnage measurement, prevention of pollution of the sea by oil, revision of the International Signal Code, as well as the administration of the organization.

The Maritime Administration, representing the United States, participated in the fourth meeting of the Permanent Technical Committee of the Inter-American Port Conference, held just prior to the second Inter-American Port and Harbor Conference which convened in Mar del Plata at the invitation of the Argentine Government from May 29 to June 7, 1963. The committee met in executive session to complete preparations for the Conference and to review the documents to be presented at the Conference. The Maritime Administration representative was designated chairman of the U.S. delegation to the Conference which was attended by official delegations from 15 member states of the Organization of American States (OAS), as well as observers from international organizations, port officials, and members of the shipping industries. The Conference adopted an Inter-American Convention on Facilitation of International Waterborne Transportation which, when ratified, should serve to improve the operation of maritime transport in the Western Hemisphere.

The Maritime Administration, in conjunction with the Federal Maritime Commission and the Department of State, continued to combat discriminatory actions by foreign governments which deny equality of opportunity to U.S.-flag merchant shipping. Also, it 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 Agency for International Development. As requested by that Agency, the Administration is providing necessary technical staff for the reorganization of the Merchant Marine Training Academy of Indonesia.

During the year an exchange program was initiated, under sponsorship of the Department of State and the Maritime Administration, under which shipping representatives of the United States and the U.S.S.R. exchanged visits to observe first-hand activities in the fields of ports, ship operations, maintenance and repair, and ship construction, and thus add to the technical knowledge of both countries. A Soviet delegation of 10 shipping technicians and administrators completed a month's visit in the United States on July 17, 1962, during which they inspected various activities in the above fields. A U.S. shipping delegation consisting of eight members, including representatives of the Maritime Administration, port authorities, and the shipping industry, made a reciprocal visit to the U.S.S.R. during the period August 11-September 7, 1962. Included in the program were visits to principal ports, ship-repair yards, new Soviet-built ships, maritime training schools and technical institutes.

In addition, the Maritime Administration participated in the International Conference held in Vienna in May 1963 relating to "Vienna Convention on Civil Liability Arising from Peaceful Uses of Nuclear Energy"; and coordinated and directed bilateral negotiations with

foreign governments to obtain acceptance of the nuclear ship, *Savannah*, into their ports. Negotiations were completed and agreements signed with Belgium, Norway, the Netherlands, Greece and Germany. Similar agreements are under negotiation with a number of other foreign governments.

Active participation has continued on the Committee for Biological Fouling and Corrosion of Ships' Hulls under the Committee for Scientific Research of the Organization for Economic Cooperation and Development.

Proceedings Before Hearing Examiners

At the beginning of fiscal year 1963, there was one proceeding pending before the Maritime Administration's Hearing Examiners for which hearings had been held but the initial decision had not yet been rendered. During the year, 12 hearings were completed and 12 initial decisions were rendered, leaving 2 proceedings pending at the close of fiscal year 1963 for which hearings have been completed and initial decisions were pending.

Two of the proceedings were assigned for hearing under the discretionary authority of the Maritime Administrator:

(1) *Docket No. CA-2*—Contract appeal by American President Lines, Ltd., against Bethlehem Steel Co., from the decision of the Chief, Office of Ship Construction, relating to claimed liquidated damages of \$892,500 for alleged delay in the construction of the SS *President Tyler* and the SS *President Lincoln*.

(2) *Docket No. S-137*—Application of American-Hawaiian Steamship Co. for title XI mortgage insurance in the amount of \$56 million for construction of three 24-knot lift-on, lift-off containerships carrying 988 containers each for intercoastal operation. Application was contested by existing containership operators, Sea-Land Service, Inc., and Seatrain Lines, Inc., as well as the principal transcontinental railroads and the Freight Forwarders Association. The Examiner recommended approval of the application, and the case is now awaiting final decision by the Maritime Administrator and the Secretary of Commerce.

The remaining cases involved statutory proceedings under Section 605(c) and Section 805(a) of the Merchant Marine Act, 1936, as amended. The principal section 605(c) proceedings processed were:

(1) *Docket No. S-120*—Application of Grace Line and Gulf and South American Steamship Co., Inc., for service between U.S. Atlantic and gulf ports to ports in the Republic of Panama and the Canal Zone. Application was opposed by United Fruit Co., a non-subsidized carrier. The Maritime Subsidy Board denied the applications involving southbound service from U.S. Atlantic ports to the

Canal Zone on the ground that the trade was currently overtonnaged but granted the applications insofar as service to the ports in the Republic of Panama was concerned on findings of presently inadequate service.

(2) *Docket No. S-106*—Moore-McCormack Lines, Inc., subsidy application, Trade Routes Nos. 5, U.S. North Atlantic/United Kingdom and Ireland, and 8, U.S. North Atlantic/Belgium and Netherlands. The Maritime Subsidy Board granted the application as to Trade Route No. 8 over the opposition of United States Lines Co., but denied it as to Trade Route No. 5. United States Lines Co. has taken an appeal to the Federal District Court in the District of Columbia which is now pending.

(3) *Docket No. S-124*—Application by the Atlantic Express Lines of America, Inc., for operating-differential subsidy for the operation of combination passenger and cargo vessels between the ports of Newport News, Baltimore, and Philadelphia, and ports in the United Kingdom, Belgium, and Netherlands. Application was contested by United States Lines Co., a competitive carrier now serving the route. The Examiner recommended denial of the application. The Maritime Subsidy Board affirmed in a two to one decision but the Secretary of Commerce has remanded the proceeding for further evidence and reconsideration by the Board.

(4) *Docket No. S-132*—The Atlantic/Straits Case involved an application by American President Lines, Ltd., for amendment of its operating-differential subsidy contract to authorize inbound service from Hong Kong, Okinawa, Korea, Japan, and Taiwan to Los Angeles and New York. The application was opposed by United States Lines Co., Pacific Far East Lines, Inc., States Marine Lines, and Waterman Steamship Corp., which are competitive carriers over the route. The initial decision recommended denial of the application. However, the Maritime Subsidy Board granted the application in a decision on April 19, 1963, and no appeal was taken therefrom.

(5) *Docket No. S-135*—American Export Lines, Inc., application to serve ports in Atlantic France and northern Spain with ships operating on its Line C (U.S. Great Lakes/Mediterranean Freight Service), Trade Route No. 34. Application was contested by Waterman Steamship Corp. The Hearing Examiner recommended the granting of the application and the matter is now pending oral argument before the Maritime Subsidy Board.

The principal section 805 (a) proceedings before the Hearing Examiners during fiscal year 1963 concerned:

(1) *Docket No. S-121*—Application of States Steamship Co. for an increase from 13 to 26 in the number of authorized sailings between California and Hawaii. Application was opposed by Matson Navigation Co., an unsubsidized operator currently operating over the route in question. The Hearing Examiner recommended denial of the application and the matter is now pending oral argument before the Maritime Administrator/Maritime Subsidy Board.

(2) *Docket No. S-140 et al.*—Applications of Grace Line and American Export Lines, Inc., to enter the domestic trade between North Atlantic ports and Puerto Rico as part of subsidized foreign voyages. These applications, which were consolidated for purposes of hearing, were contested by Sea-Land Service, Inc., Seatrain Lines, Inc., Alcoa Steamship Co., Inc., and American Union Transport, Inc., the principal nonsubsidized domestic carriers in the North Atlantic/Puerto Rican trade. At the close of fiscal year 1963, *Docket No. S-140 et al.* was pending initial decision by the Chief Hearing Examiner.

Also heard and decided in fiscal year 1963 was an application by Alaska Steamship Co., under *Docket No. M-83* for renewal of a bareboat charter covering three CI-M-AVI vessels owned by the U.S. Government for employment in the Alaskan trade during the summer fishing season. The application was opposed by Puget Sound-Alaska Van Lines and competitive carriers. The Examiner recommended renewal of the application and it was affirmed by the Maritime Administrator.

At the close of the fiscal year the principal pending section 605(c) proceedings of interest were *Docket No. S-144*, the application of Pacific Far East Lines, Inc., for amendment of its operating-differential subsidy contract (FMB-81) to allow increased subsidized sailings from 57 to 63 on Trade Route No. 29 (Pacific Coast/Far East), opposed by Waterman Steamship Corp., and *Docket No. S-147*, the application of United States Lines Co. for increased sailings on Trade Route No. 12 from 39 to 55 sailings annually (U.S. Atlantic/Far East), opposed by American Export Lines, Inc.

FINANCIAL STATEMENTS

DEPARTMENT OF COMMERCE—MARITIME ADMINISTRATION

Balance Sheet—June 30, 1963 and 1962—(notes 1 and 2)

ASSETS	June 30		LIABILITIES	June 30	
	1963	1962		1963	1962
CASH AND FUND BALANCES (note 3).....	\$261,334,954	\$310,452,806	ACCOUNTS PAYABLE AND OTHER LIABILITIES (note 6):		
ADVANCES:			U.S. Government agencies:		
U.S. Government agencies.....	113,341	85,828	Advances.....	\$43,276,329	\$34,427,837
Others.....	24,450	65,657	Amounts withheld and contributed for payment of Federal taxes.....	720,111	694,420
	137,791	151,485	Accounts payable and accrued liabilities.....	1,928,277	65,869
NOTES AND ACCOUNTS RECEIVABLE:				45,924,717	35,188,126
U.S. Government agencies.....	2,691,586	1,040,607	Other:		
Domestic firms and individuals.....	11,080,478	13,033,922	Accrued estimated operating-differential sub- sidies (note 7).....	141,600,131	156,691,884
Foreign governments and nationals.....	271,991	271,054	Less estimated recapturable subsidies.....	7,720,892	11,043,958
	14,044,055	14,345,583		133,879,239	145,647,926
Less allowance for losses.....	2,092,322	2,083,800	Amounts due shipbuilders for construction of vessels.....	20,848,067	25,962,958
	11,951,733	12,261,783	Unclaimed wages of seamen and others.....	7,437,250	7,414,629
ACCRUED INTEREST RECEIVABLE (note 4).....	986,669	1,085,178	Vessel trade-in allowances payable.....	1,243,396	545,824
MATERIAL AND SUPPLIES (at cost or estimated cost)....	4,069,539	8,509,852	Other accounts payable and accrued liabilities..	3,110,355	2,448,188
INVESTMENTS—U.S. Treasury securities.....	6,635,201	-----	Accrued annual leave.....	2,634,376	2,590,263
LOANS RECEIVABLE:			Amounts withheld from employees for purchase of savings bonds and payments of State and local taxes.....	62,959	78,559
Ship mortgage loans:			Deposits by contractors, amounts related to unconsummated transactions and unallocated collections.....	192,426	178,240
Domestic firms and individuals.....	119,912,955	119,549,626	Miscellaneous deferred credits.....	152,875	52,104
Foreign governments and nationals.....	5,114,516	9,491,819		169,560,943	184,918,691
Other loans.....	483,262	483,262	NET UNTERMINATED VOYAGE REVENUE (unterminated voyage revenue less unterminted voyage expenses totaling \$294,150, 1962).....	-----	146,479
	125,510,733	129,524,707			
JUDGMENT RECEIVABLE.....	696,494	696,494			
Less allowance for losses.....	438,791	696,494			
	257,703	-----			

VESSELS UNDER CONSTRUCTION.....	39,526,011	54,266,021
FIXED ASSETS USED IN OPERATIONS (at cost, estimated cost or assigned amounts) (note 5):		
Facilities and equipment.....	31,619,904	31,746,239
Less accumulated depreciation.....	14,084,186	13,429,791
	17,535,718	18,316,448
Land and improvements.....	8,443,471	8,440,971
Construction in progress.....	461,563	5,596,829
	26,440,752	32,354,248
ASSETS HELD PRIMARILY FOR MOBILIZATION PURPOSES (at cost, estimated cost or assigned amounts) (note 5):		
Vessels.....	3,444,984,194	3,399,984,760
Less accumulated depreciation.....	2,488,534,010	2,390,627,637
	956,450,184	1,009,357,123
Facilities and equipment.....	88,470,106	89,172,399
Less accumulated depreciation.....	55,764,732	54,514,907
	32,705,374	34,657,492
Land and improvements.....	11,902,301	9,142,815
Materials and supplies.....	12,696,401	23,110,465
	1,013,754,260	1,076,267,895
OTHER ASSETS:		
Vessels held primarily for scrapping (note 5).....	828,355,388	666,162,599
Less allowance for losses.....	807,525,861	650,362,709
	20,829,527	15,799,890
Deferred charges and other miscellaneous items.....	1,006,940	581,688
	21,836,467	16,381,578
	<u>\$1,512,441,813</u>	<u>\$1,641,255,553</u>

FUNDS BORROWED FROM U.S. TREASURY BY THE
FEDERAL SHIP MORTGAGE INSURANCE REVOLVING
FUND.....

6,000,000 -----

EQUITY OF THE U.S. GOVERNMENT (Exhibit 3):

Maritime Regular.....	1,259,846,519	1,390,181,995
Vessel Operations Revolving Fund.....	17,928,902	20,898,612
War Risk Insurance Revolving Fund.....	3,247,292	2,945,378
Federal Ship Mortgage Insurance Revolving Fund.....	9,933,440	6,976,272

1,290,956,153 1,421,002,257

\$1,512,441,813 \$1,641,255,553

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

DEPARTMENT OF COMMERCE—MARITIME ADMINISTRATION

Statement of Operations for Years Ended June 30, 1963 and 1962 (notes 1 and 2)

	YEAR ENDED JUNE 30	
	1963	1962
OPERATIONS OF MARITIME ADMINISTRATION:		
Net costs of operating activities (note 8):		
Maintenance of reserve fleet vessels.....	\$139,147,693	\$138,537,934
Maritime training program.....	3,463,352	3,250,076
Maintenance of reserve shipyards.....	633,628	1,073,289
Operation of warehouses.....	451,741	768,965
	<u>143,696,414</u>	<u>143,630,264</u>
Direct subsidies and costs attributable to national defense:		
Estimated operating-differential subsidies (note 7).....	208,907,998	167,294,125
Construction-differential subsidies (note 9).....	94,349,789	140,765,028
Cost of national defense features.....	1,278,407	2,305,616
Cost of national defense allocations.....		-905
	<u>304,536,194</u>	<u>310,363,864</u>
Financial assistance to State marine schools.....	1,394,154	1,294,743
Research and development.....	6,891,522	3,162,452
Administrative expense (note 8).....	8,342,482	8,402,983
Uncapitalized administrative and other expenses incidental to ship construction.....	3,134,189	2,933,409
	<u>324,298,541</u>	<u>326,157,451</u>
Other costs (-income):		
Loss on vessels sold, lost, or abandoned.....	6,760,745	4,138,267
Loss on sale of surplus material and scrap.....	4,171,869	1,087,695
Depreciation on facilities and equipment not allocated to current programs.....	744,995	718,917
Loss on sale of fixed assets other than vessels.....	490,165	455,712
Adjustments applicable to prior years (net).....	1,415,373	-217,500
Interest earned on notes and mortgages receivable.....	-4,217,653	-4,932,647
Inventory and other property adjustments.....	-2,350,558	860,413
Recoveries for use of national defense features on vessels sold.....	-133,532	-123,156
Miscellaneous (net).....	97,641	-120,877
	<u>6,969,045</u>	<u>1,866,824</u>
Net cost of current year operations.....	474,964,000	471,654,539
Adjustments to allowances for:		
Estimated loss on scrapping of obsolete vessels.....	258,219,672	-86,837,251
Uncollectible accounts and notes receivable.....	67,401	-302,715
Net cost of Maritime Administration operations.....	<u>733,251,073</u>	<u>384,514,573</u>
OPERATIONS OF REVOLVING FUNDS (-net income or loss):		
Vessel operations revolving fund.....	2,970,096	797,965
Federal ship mortgage insurance revolving fund.....	-2,957,168	-2,838,219
War risk insurance revolving fund.....	-301,914	-598,379
NET COST OF COMBINED OPERATIONS (exhibits 3 and 4).....	<u>\$732,982,087</u>	<u>\$381,875,940</u>

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

DEPARTMENT OF COMMERCE—MARITIME ADMINISTRATION

Statement of Equity of the United States Government for the Years Ended
June 30, 1963 and 1962 (notes 1 and 2)

	YEAR ENDED JUNE 30	
	1963	1962
BALANCE, BEGINNING OF FISCAL YEAR.....	\$1,421,002,257	\$3,962,891,786
ADDITIONS:		
Funds appropriated by the Congress (note 10).....	308,093,250	325,340,136
Vessels transferred from other Government agencies.....	365,604,114	11,513,049
Equipment, materials and supplies transferred from other Govern- ment agencies.....	261,734	2,069,502
Contributions received for construction of Chapel at United States Merchant Marine Academy, Kings Point, N.Y.....	2,286	9,952
	<u>2,094,963,641</u>	<u>4,301,824,425</u>
REDUCTIONS:		
Net cost of combined operations (exhibit 2).....	732,962,087	381,875,940
Payments into General Fund of U.S. Treasury.....	30,993,990	38,440,876
Vessels transferred to other Government agencies.....	26,352,833	29,874,722
Equipment, materials and supplies transferred to other Government agencies.....	6,654,617	6,807,751
Maritime gas cooled reactor propulsion program.....	5,084,641	
Equipment, materials and supplies donated to State agencies.....	1,267,949	1,119,864
Unobligated balances of appropriation transferred to Treasury Department.....	691,371	168,206
Accumulated depreciation established.....		2,415,850,141
Reversion of title to shipyard to former owner.....		6,684,668
	<u>804,007,488</u>	<u>2,880,822,168</u>
BALANCE, CLOSE OF FISCAL YEAR (exhibit 1).....	\$1,290,956,153	\$1,421,002,257

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

DEPARTMENT OF COMMERCE—MARITIME ADMINISTRATION

Statement of Sources and Application of Funds for Year Ended June 30, 1963
(note 1)

SOURCES:		
Funds appropriated by the Congress (note 10).....		\$308,093,250
Borrowings from U.S. Treasury.....		6,000,000
Collections on mortgage loans receivable.....		16,522,883
Proceeds from sale of vessels owned.....		6,230,137
Proceeds from sale of non-current assets other than vessels.....		1,091,897
Contributions received for construction of Chapel.....		2,286
Decrease in working capital.....		52,360,646
Total funds provided.....		\$390,301,099
APPLICATION:		
Net cost of combined operations (exhibit 2).....	\$732,962,087	
Items considered in net cost of combined operations:		
Provision for loss on scrapping of vessels.....	-258,219,672	
Provision for depreciation.....	-135,508,352	
Gain or (-loss) on non-current assets, sold, lost or abandoned:		
Vessels.....	-7,072,082	
Other.....	-4,652,034	
Decrease of allowance for loss on mortgage.....	257,703	
Property adjustments.....	2,232,268	
		\$329,999,918
Payments into general fund of U.S. Treasury.....		30,993,990
Expenditures for mortgages and other loans.....		12,508,909
Expenditures for construction or purchase of vessels.....		6,039,061
Expenditures for facilities and equipment.....		3,432,649
Increase in investments—U.S. Treasury Securities.....		6,635,201
Unobligated balances transferred to U.S. Treasury.....		691,371
Total funds applied.....		\$390,301,099

Summary of Changes in Working Capital

	YEAR ENDED JUNE 30		CHANGES IN WORKING CAPITAL	
	1963	1962	Increase	Decrease
ASSETS:				
Cash.....	\$261,334,954	\$310,452,806	-----	\$49,117,852
Advances.....	137,791	151,485	-----	13,694
Notes and accounts receivable.....	11,951,733	12,261,783	-----	310,050
Accrued interest.....	986,669	1,085,178	-----	98,509
Materials and supplies.....	4,069,539	8,509,852	-----	4,440,313
Other assets.....	624,784	581,688	-----	\$43,096
Expenditures pertaining to libeled vessels.....	382,156	-----	-----	382,156
Total.....	279,487,626	333,042,792		
LIABILITIES:				
Accounts payable and other liabilities (note 11).....	195,710,065	196,758,106	1,048,041	
Net untermiated voyage revenue.....	-----	146,579	146,479	
Total.....	195,710,065	196,904,685		
WORKING CAPITAL.....	83,777,561	136,138,207		
DECREASE IN WORKING CAPITAL.....			52,360,646	
			<u>53,980,418</u>	<u>53,980,418</u>

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

DEPARTMENT OF COMMERCE—MARITIME ADMINISTRATION

Notes To Financial Statements—June 30, 1963 and 1962

1. The preceding financial statements include the assets, liabilities, income and expense of the Maritime Administration, the Vessel Operations Revolving Fund, the War Risk Insurance Revolving Fund and the Federal Ship Mortgage Insurance Revolving Fund, and also accounts maintained by certain steamship companies for vessels operated for the Vessel Operations Revolving Fund under General Agency agreements.

2. The Maritime Administration adopted depreciation accounting as of June 30, 1962, to disclose the effect of depreciation upon the financial results of agency activities. The financial statements as of June 30, 1962, and for 1962 have been adjusted accordingly for comparative purposes. The statements have also been adjusted in the amount of \$283,177 representing a reduction in expenses and liabilities applicable to fiscal year 1962 under the Vessel Operations Revolving Fund.

3. Cash and fund balances consist of:

	1963	1962
Fund Balances with U.S. Treasury:		
Operating funds-----	\$229, 112, 124	\$286, 602, 479
Trust and deposit funds-----	5, 717, 168	9, 478, 165
Allocations from other agencies-----	25, 432, 679	12, 808, 698
Cash in banks, on hand, and in transit-----	1, 072, 983	1, 563, 464
	\$261, 334, 954	\$310, 452, 806

4. Accrued interest is receivable:

	1963	1962
On Ship Mortgage Loans:		
Domestic firms and individuals-----	\$849, 942	\$913, 400
Foreign governments and nationals-----	53, 388	91, 038
On other loans and investments-----	83, 339	80, 740
	\$986, 669	\$1, 085, 178

5. Fixed assets have been reclassified to distinguish among fixed assets used in operations, vessels and facilities held primarily for mobilization purposes, and vessels earmarked for scrapping.

6. The Maritime Administration was contingently liable under agreements insuring mortgages, construction loans and accrued interest payable to lending institutions totaling \$418,856,442 at June 30, 1963, and \$395,220,533 at June 30, 1962. Commitments to insure additional loans and/or mortgages amounted to \$12,313,450 at June 30, 1963, and \$63,626,900 at June 30, 1962. U.S. Government securities and cash of \$14,095,381 at June 30, 1963, and \$11,798,455 at June 30, 1962, 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. There were also conditional liabilities for prelaunching War Risk Builders Risk Insurance of \$39,747,859 at June 30, 1963, and \$80,299,197 at June 30, 1962.

The Maritime Administration was also contingently liable for undetermined amounts in connection with settlements to be made under 175 claims against the Administration aggregating \$30,805,635 at June 30, 1963, and 179 claims aggregating \$35,521,513 at June 30, 1962. These unrecorded liabilities were partially offset by unrecorded assets and claims receivable in connection with settlements to be made under 65 claims in favor of the Administration aggregating \$3,419,079 at June 30, 1963, and 56 claims aggregating \$3,729,467 at June 30, 1962. 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.

At June 30, 1963, and 1962 the U.S. Treasury held in safekeeping for the Maritime Administration \$2,380,000 and \$2,390,000, respectively, of U.S. Government securities which had been accepted from vessel charterers, subsidized operators, and other contractors as collateral for their performance under contracts.

7. Operating-differential subsidies are paid subject to final adjustments at the end of the operators' recapture periods which are established by contracts generally as 10-year terms. The Administration was contingently liable for subsidies in the amounts of \$186,285,413 and \$184,220,809 at June 30, 1963, and June 30, 1962, respectively, which had not been paid because of estimated recapturable excess profits in the same amounts pending final accounting for applicable recapture periods.

The estimated operating-differential subsidies shown on Exhibit 2 have been adjusted for estimated recapturable subsidies. The adjustments increased costs by \$1,258,461 for 1963, and decreased costs by \$7,232,049 for 1962.

8. Costs on the Statement of Operations are shown after deductions for revenue and reimbursements and include depreciation on facilities and equipment used in operations and on reserve fleet vessels held primarily for mobilization purposes.

Costs shown for the following programs include:

	Year ended June 30			
	1963		1962	
	Depreciation	Revenue and re-imbursments	Depreciation	Revenue and re-imbursments
Maintenance of reserve fleet vessels-----	\$133, 308, 594	\$1, 379, 456	\$133, 358, 369	\$1, 917, 866
Maritime training program-----	248, 112	94, 414	193, 553	80, 824
Maintenance of reserve shipyards-----	1, 092, 926	825, 226	1, 423, 085	847, 770
Operation of warehouses-----	53, 667	117, 658	51, 219	104, 135
Administrative expense-----	60, 058	4, 404, 626	609, 223	4, 127, 782

Additional adjustments for depreciation applicable to fiscal year 1962 include:

(a) Elimination of depreciation on:	
Vessels sold, lost or abandoned.....	\$9,760,572
Sale of fixed assets other than vessels.....	270,853
(b) Depreciation on facilities and equipment not allocated to current programs.....	718,917

9. The amounts shown in Exhibit 2 for construction-differential subsidies include reconstruction-differential subsidies of \$4,181,315 for 1963 and \$3,906,765 for 1962.

10. Congress has authorized the Maritime Administration, prior to the appropriation of funds, to enter into contracts for training of cadets at State marine schools. At June 30, 1963, \$2,051,645 of \$2,101,871 of unliquidated obligations were unfunded, and at June 30, 1962, \$1,798,166 of \$1,845,339 of unliquidated obligations were unfunded.

11. Accounts payable and other liabilities shown on Exhibit 4 exclude \$19,775,595 at June 30, 1963, and \$23,348,711 at June 30, 1962 which were offset against related costs for vessels under construction.

APPENDIXES

APPENDIX A

Summary of Operating-Differential Subsidy Contracts as of June 30, 1963

Name of operator	Expiration date of agreement	Number of ships assigned as of June 30, 1963	
		Passenger and cargo combination	Cargo
American Export Lines, Inc.	Dec. 31, 1979	5	36
American Mail Line, Ltd.	Dec. 31, 1978	-----	9
American President Lines, Ltd.	Dec. 31, 1976	6	19
Bloomfield Steamship Co.	Dec. 31, 1963	-----	4
Delta Steamship Lines, Inc.	Dec. 31, 1977	3	10
Farrell Lines, Inc.	Dec. 31, 1977	-----	15
Grace Line.	Dec. 31, 1977	8	17
Gulf & South American Steamship Co., Inc.	Dec. 31, 1978	-----	5
Lykes Bros. Steamship Co., Inc.	Dec. 31, 1977	-----	48
Moore-McCormack Lines, Inc.	Dec. 31, 1977	2	41
The Oceanic Steamship Co.	Dec. 17, 1972	2	3
Pacific Far East Line, Inc.	Dec. 31, 1978	-----	9
Prudential Lines, Inc.	Dec. 31, 1979	-----	5
States Steamship Co.	Dec. 31, 1977	-----	13
United States Lines Co.:			
Cargo service.	Dec. 31, 1969	-----	53
SS <i>America</i>	Dec. 31, 1963	1	-----
SS <i>United States</i>	June 20, 1967	1	-----

APPENDIX B

Aid to Ships Overage, or Which Will Become Overage Prior to Delivery of Scheduled Replacements, Approved Under Section 605(b), Merchant Marine Act, 1936, as Amended

APPROVED DURING FISCAL YEAR 1963

Company	Vessel	End of economic life	Scheduled replacement	
Delta Steamship Lines, Inc.-----	Del Campo.....	1962	1967	
	Del Aires.....	1962	1968	
	Del Alba.....	1964	1968	
	Del Santos.....	1964	1968	
	Del Mundo.....	1964	1968	
	Del Valle.....	1964	1969	
	Del Monte.....	1964	1969	
	Del Norte.....	1966	1971	
	Del Sud.....	1967	1971	
	Del Mar.....	1967	1972	
	Farrell Lines Inc.-----	African Grove.....	1964	1968
		African Glen.....	1965	1968
	Moore-McCormack Lines, Inc.-----	Robin Locksley.....	1961	1964
Mormactide.....		1961	1964	
Robin Sherwood.....		1961	1964	
Mormacmar.....		1963	1965	
Mormacsun.....		1963	1965	
Robin Trent.....		1963	1965	
Robin Gray.....		1963	1965	
Robin Kirk.....		1963	1965	
Robin Mowbray.....		1963	1967	
Mormacteal.....		1964	1968	
Mormacdove.....		1964	1968	
Mormacowl.....		1964	1968	
Mormacwind.....		1964	1969	
Mormacwren.....		1964	1970	
Mormacoak.....		1964	1970	
Mormacwave.....		1964	1969	
Mormacrey.....		1964	1970	
Mormacsurf.....		1964	1970	
Robin Goodfellow.....		1965	1971	
Mormacguide.....		1965	1972	
Mormacpine.....		1965	1972	
Robin Hood.....		1965	1972	
Mormachawk.....		1965	1973	
Mormacelm.....		1965	1974	
Mormacrio.....		1965	1974	
Mormacfir.....		1965	1973	
Mormacgulf.....		1966	1974	
Mormacisle.....		1966	1974	
Mormacdawn.....		1966	1974	
Mormacland.....		1966	1974	
Mormacmail.....		1966	1975	
Mormacpenn.....		1966	1975	
Mormacsaga.....		1967	1975	

APPROVED IN PRIOR YEARS

American Export Lines, Inc.-----	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
	Exportor.....	1965	1969
	Exford.....	1966	1971
	Extavia.....	1961	1971
	Exiria.....	1962	1971
	Brooklyn Heights.....	1965	1967
	Flying Trader.....	1965	1967
	Flying Endeavor.....	1961	1968
	Flying Fish.....	1961	1968
	Flying Gull.....	1961	1968
	Flying Hawk.....	1961	1970
	Flying Enterprise II.....	1964	1970
	Flying Eagle.....	1964	1972
	Flying Clipper.....	1964	1972
	Flying Cloud.....	1964	1972
	Flying Spray.....	1964	1972
	Flying Independent.....	1964	1972

See footnote on following page.

Aid to Ships Overage, or Which Will Become Overage Prior to Delivery of Scheduled Replacements, Approved Under Section 605(b), Merchant Marine Act, 1936, as Amended—Continued

APPROVED IN PRIOR YEARS

Company	Vessel	End of economic life	Scheduled replacement
American Mail Line, Ltd.....	India Mail*.....	1963	1965
	Canada Mail.....	1964	1965
	Java Mail.....	1964	1965
	Alaska Mail*.....	1965	1968
	American Mail.....	1965	1968
American President Lines, Ltd.....	Oregon Mail.....	1965	1968
	President Monroe.....	1960	1965
	President Polk.....	1961	1965
	President Hoover.....	1959	1964
	President Harrison.....	1963	1966
	President Johnson.....	1963	1966
	President Van Buren.....	1963	1966
	President Taft.....	1965	1966
Grace Line.....	Santa Ana.....	1960	1964
	Santa Teresa.....	1960	1964
	Santa Malta.....	1964	1967
	Santa Clara.....	1964	1967
	Santa Juana.....	1962	1967
	Santa Adela.....	1962	1967
	Santa Flavia.....	1963	1967
	Santa Anita.....	1964	1968
	Santa Fe.....	1964	1968
	Gulf & South American Steamship Co., Inc....	Gulf Trader.....	1963
	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
	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
	Letitia Lykes.....	1964	1969
	Kenneth McKay.....	1965	1969
	Reuben Tipton.....	1965	1969
	Harry Culbreath.....	1965	1970
	Jesse Lykes.....	1965	1970
William Lykes.....	1965	1970	
The Oceanic Steamship Co.....	Sierra.....	1964	1969
	Sonoma.....	1964	1969
	Ventura.....	1965	1969
Prudential Lines, Inc.....	Moline Victory.....	1965	1966
	Attleboro Victory.....	1965	1966
	Newberry Victory.....	1965	1968
	Biddeford Victory.....	1965	1968
	San Angelo Victory.....	1965	1968
States Steamship Co.....	Idaho.....	1963	1966
	Texas.....	1961	1966
	Michigan.....	1961	1967
	Ohio.....	1964	1967
United States Lines Co.....	New York.....	1965	1967
	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	1965
	American Veteran.....	1965	1966
	American Press.....	1965	1966
	American Flyer*.....	1965	1965
	American Manufacturer.....	1965	1966
	American Forester.....	1965	1966
	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

*Traded in to Government and chartered back to operator for use during construction of new replacement ship.

APPENDIX C

New Ship Construction on June 30, 1963

	No. 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, 1936, as amended.	1	C4-S1-49a.....	Bethlehem Steel Co., Shipbuilding Div., Sparrows Point, Md.	14, 100	Oct. 1963..	\$18, 800, 000	\$9, 500, 000	Grace Line.....	\$9, 300, 000
Do.....	1	C3-S-37b.....	do.....	10, 200	July 1963..	9, 200, 000	4, 900, 000	Lykes Bros. Steamship Co., Inc.	4, 300, 000
Do.....	3	C4-S-57a.....	Bethlehem Steel Co., Shipbuilding Div., Quincy Yard, Quincy, Mass.	34, 200	Oct. 1963..	30, 100, 000	14, 200, 000	United States Lines Co...	15, 900, 000
Do.....	2	C3-S-37c.....	Bethlehem Steel Co., Shipbuilding Div., Sparrows Point, Md.	20, 400	Dec. 1963..	17, 300, 000	8, 900, 000	Lykes Bros. Steamship Co., Inc.	8, 400, 000
Do.....	2	C3-S-46b.....	Sun Shipbuilding and Dry Dock Co.	21, 700	Aug. 1963..	18, 400, 000	8, 900, 000	American Export Lines, Inc.	9, 500, 000
Do.....	4	C3-S-37e.....	Avondale Shipyards, Inc..	40, 800	Mar. 1964..	32, 800, 000	16, 300, 000	Lykes Bros. Steamship Co., Inc.	16, 500, 000
Do.....	2	C3-S-37d.....	do.....	19, 600	July 1964..	17, 100, 000	8, 300, 000	Gulf & South American Steamship Co., Inc.	8, 800, 000
Do.....	1	C4-S1-49a.....	Bethlehem Steel Co., Shipbuilding Div., Sparrows Point, Md.	14, 100	Mar. 1964..	18, 800, 000	9, 500, 000	Grace Line.....	9, 300, 000
Do.....	6	C4-S-60a.....	The Ingalls Shipbuilding Corp.	67, 800	May 1965..	63, 700, 000	31, 200, 000	Moore-McCormack Lines, Inc.	32, 500, 000
Do.....	5	C4-S-64a.....	Sun Shipbuilding and Dry Dock Co.	52, 500	July 1965..	56, 000, 000	27, 300, 000	United States Lines Co...	28, 700, 000
Do.....	2	C4-S-1sa.....	National Steel & Ship- building Co.	25, 200	Dec. 1964..	23, 600, 000	12, 500, 000	American Mail Line, Ltd.	11, 100, 000
Do.....	4	C4-S-66a.....	Avondale Shipyards, Inc..	45, 600	Nov. 1965..	41, 800, 000	20, 800, 000	Lykes Bros. Steamship Co., Inc.	21, 000, 000
Do.....	4	C4-S-65a.....	Sun Shipbuilding and Dry Dock Co.	51, 600	Mar. 1966..	54, 900, 000	29, 700, 000	Grace Line.....	25, 200, 000
Do.....	3	C4-S-1qa.....	National Steel & Ship- building Co.	29, 400	Dec. 1965..	38, 800, 000	21, 200, 000	American President Lines, Ltd.	17, 600, 000

Economy Act of 1932.....	1	S1-MT-59a.....	The Marietta Manufacturing Co.	790	July 1963..	1,898,500	-----	Coast & Geodetic Survey-	1,898,500
Do.....	2	S2-MET-MA62a.....	Gibbs Shipyards, Inc.....	3,000	Aug. 1964..	15,010,928	-----	do.....	15,010,928
Do.....	2	S1-MT-MA63a.....	The Marietta Manufacturing Co.	1,200	Mar. 1965..	7,255,000	-----	do.....	7,255,000
Do.....	1	C4-ST-67a.....	Puget Sound Bridge & Dry Dock Co.	16,000	Dec. 1965..	16,604,000	-----	Dept. of Navy-MSTS.....	16,604,000
Title V Conversion.....	1	P2-S2-9a.....	Bethlehem Steel Co., Shipbuilding Div., Baltimore Key Highway and Fort McHenry Yards.	14,984	Dec. 1963..	3,135,000	1,850,000	Moore-McCormack Lines, Inc.	1,285,000
Total.....	47	-----	-----	483,174	-----	\$485,203,428	\$225,050,000	-----	\$260,153,428

APPENDIX D

Employment of U.S.-Flag Merchant Ships as of June 30, 1963, 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	2,665	22,508	30,530	² 288	2,828	1,911	1,991	14,795	20,845	386	4,884	7,776
<i>Active ships</i>	920	9,421	13,590	31	450	275	627	5,220	7,296	262	3,751	6,019
U.S. foreign trade.....	616	5,779	7,946	30	431	271	524	4,396	6,139	62	951	1,537
Maritime Administration ships.....	15	121	152				15	121	152			
Chartered.....	13	105	138				13	105	138			
General agency agreement.....												
For U.S. agency operations.....	2	16	14				2	16	14			
Privately owned.....	601	5,658	7,794	30	431	271	509	4,275	5,987	62	951	1,537
For commercial operations.....	569	5,188	7,042	30	431	271	499	4,179	5,841	40	577	931
For U.S. Agency operations.....	32	470	752				10	96	146	22	374	606
U.S. domestic trade.....	299	3,543	5,479	1	19	4	103	822	1,157	195	2,702	4,318
Maritime Administration ships.....	3	11	18				3	11	18			
Chartered.....	3	11	18				3	11	18			
General Agency agreement.....												
Privately owned.....	296	3,532	5,461	1	19	4	100	811	1,139	195	2,702	4,318
Foreign to foreign—privately owned.....	5	98	164							5	98	164
<i>Inactive ships</i>	1,745	13,087	16,941	257	2,378	1,636	1,364	9,576	13,549	124	1,133	1,757

Temporarily Inactive.....	89	853	1,269	3	41	30	43	323	465	43	487	775
Maritime Administration ships.....	8	74	99	1	14	10	5	38	54	2	22	36
Chartered.....	2	17	21				2	17	21			
General Agency agreement.....	3	22	32				3	22	32			
Pending disposition.....	3	36	46	1	14	10				2	22	36
Privately owned.....	81	778	1,171	2	27	20	38	286	411	41	465	740
Maritime Administration reserve fleet.....	1,656	12,235	15,671	254	2,338	1,606	1,321	9,252	13,084	81	646	981

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	184	223	2	23	13	22	155	202	2	6	8
--	----	-----	-----	---	----	----	----	-----	-----	---	---	---

¹ Excludes the following U.S. Government-owned tonnage transferred to U.S.S.R. (lend-lease):

	83	519	785	1	5	5	81	507	769	1	7	11
--	----	-----	-----	---	---	---	----	-----	-----	---	---	----

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 type.

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

APPENDIX E

Deliveries of New Merchant Ships During the Fiscal Year Ended June 30, 1963
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 and inland waterways; by the 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 (West)		All others	
	Number	Dead-weight tons	Number	Dead-weight tons	Number	Dead-weight tons	Number	Dead-weight tons	Number	Dead-weight tons	Number	Dead-weight tons	Number	Dead-weight tons	Number	Dead-weight tons	Number	Dead-weight tons
SUMMARY—FREIGHTERS AND TANKERS																		
Total.....	667	11,588	29	476	85	1,458	52	1,138	47	666	43	763	150	3,069	63	1,331	198	2,687
United States.....	29	476	29	476														
United Kingdom.....	94	2,183			71	1,201	5	192	6	212	3	149	3	196	4	190	2	43
Sweden.....	29	483			1	22	21	349			3	66			2	31	2	15
Netherlands.....	29	426					1	42	22	304	3	5			2	27	1	48
Norway.....	95	1,979			7	150	21	466	1	18	7	148	1	42	19	478	39	677
Denmark.....	21	210							8	16			2	33			11	161
France.....	15	190									15	190						
Italy.....	14	372															14	372
Japan.....	98	1,669											98	1,669				
Germany (West).....	31	899													29	392	2	7
Liberia.....	27	1,005			1	29	1	70			2	39	13	605	5	172	5	190
All Others.....	185	2,196			5	56	3	19	10	116	10	166	33	624	2	41	122	1,174
FREIGHTERS																		
Total.....	517	6,418	25	325	67	837	32	403	41	363	30	406	118	1,665	54	837	150	1,582
United States.....	25	325	25	325														
United Kingdom.....	62	726			54	629	2	28	3	31	1	23			1	4	1	11
Sweden.....	20	237			1	22	14	159			1	10			2	31	2	15
Netherlands.....	25	238							20	206	3	5			2	27		
Norway.....	67	1,028			6	101	14	201	1	18	5	85	1	42	16	323	24	258
Denmark.....	16	82							8	16			1	13			7	53
France.....	10	129									10	129						
Italy.....	12	274															12	274
Japan.....	80	733																
Germany (West).....	30	348											80	733				
Liberia.....	20	836			1	29					2	39	12	456	3	70	2	7
All Others.....	150	1,662			5	56	2	15	9	92	8	115	24	421	2	41	100	922

TANKERS

Total.....	150	5,170	4	151	18	621	20	735	6	303	13	357	32	1,404	9	494	48	1,105
United States.....	4	151	4	151														
United Kingdom.....	32	1,457			17	572	3	164	3	181	2	126	3	196	3	186	1	32
Sweden.....	9	246					7	190			2	56						
Netherlands.....	4	188					1	42	2	98							1	48
Norway.....	28	951			1	49	7	265			2	63			3	155	15	419
Denmark.....	5	128											1	20			4	108
France.....	5	61									5	61						
Italy.....	2	98																2
Japan.....	18	936											18	936				
Germany (West).....	1	51													1	51		
Liberia.....	7	369					1	70					1	49	2	102		3
All Others.....	35	534					1	4	1	24	2	51	9	203			22	252

COMBINATION PASSENGER AND CARGO SHIPS

	Num-ber	Gross tons	Num-ber	Gross tons	Num-ber	Gross tons	Num-ber	Gross tons	Num-ber	Gross tons	Num-ber	Gross tons	Num-ber	Gross tons	Num-ber	Gross tons	Num-ber	Gross tons
Total.....	26	189	2	29							1	14	3	17	3	12	17	117
United States.....	2	29	2	29														
United Kingdom.....																		
Sweden.....																		
Netherlands.....																		
Norway.....																		
Denmark.....																		
France.....																		
Italy.....	4	35															4	35
Japan.....	4	31									1	14	3	17				
Germany (West).....	1	3													1	3		
Liberia.....																		
All Others.....	15	91													2	9	13	82

APPENDIX F

Merchant Fleets of the World

Oceangoing Steam and Motor Ships of 1,000 Gross Tons and Over as of June 30, 1963

(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.....	17,917	134,434	189,348	1,133	9,145	5,824	49	737	448	11,082	60,814	86,726	562	3,024	3,194	1,682	14,544	22,008	3,409	46,170	71,148
United States.....	2,691	22,692	30,753	288	2,822	1,905	2	29	19	1,897	14,001	19,666	47	259	266	69	691	1,113	388	4,890	7,784
The British Commonwealth of Nations:																					
United Kingdom.....	2,259	20,150	26,452	116	1,585	921	29	583	353	1,141	7,093	9,623	161	1,436	1,591	283	1,832	2,561	529	7,621	11,403
Australia.....	100	442	586	7	25	18				52	154	206				40	250	347	1	13	15
British Colonies.....	211	1,155	1,619	28	109	86				151	803	1,179	4	22	31	17	122	177	13	99	146
Canada.....	62	244	245	24	76	24				19	65	84				4	9	12	15	94	125
Ghana.....	12	78	103							12	78	103									
India.....	179	1,135	1,626	12	66	72				159	957	1,384				4	68	102	4	44	68
Jamaica.....	2	12	9										2	12	9						
Malaya.....	1	1	1	1	1	1															
New Zealand.....	59	204	240	3	21	4	3	13	9	47	155	210	1	2	2	4	10	12	1	3	3
Nigeria.....	7	42	68							7	42	63									
Pakistan.....	43	289	391	6	57	44				32	195	291				3	16	25	2	21	31
Argentina.....	167	1,158	1,546	15	103	73	3	27	20	73	436	614	6	18	18	3	13	19	67	561	797
Belgium.....	75	647	881	4	44	37				48	324	435	4	13	13	6	66	95	13	200	301
Brazil.....	226	1,070	1,511	22	114	99				139	498	742	2	7	7	16	62	87	47	389	576

Bulgaria*	26	132	195																2	9	12	6	41	61							
Chile	52	269	380	4	11	8													11	57	86	6	74	115							
China (Nationalist)	89	549	794			16	16												2	9	13	11	86	125							
China (Peoples Republic of)*	163	578	773	19	49	34		2	17	10									18	54	70	17	46	64							
Colombia	24	93	135																												
Cuba*	24	124	173																1	1	1	2		6							
Denmark	354	2,202	3,126	24	72	46		1	2	2									11	135	200	57	807	1,250							
Finland	247	882	1,322	6	14	6													20	59	86	30	286	432							
France	623	4,824	6,321	52	518	267		2	26	10									60	454	615	158	2,135	3,226							
Germany (West)	870	4,711	6,726	21	191	138		1	2	1									64	712	1,035	45	637	1,047							
Germany (East)*	56	379	505	5	47	33													6	3	26	10	94	143							
Greece	812	6,886	10,156	35	215	119		3	27	21									91	1,098	1,661	106	1,621	2,570							
Iceland	21	58	74	3	7	4																									
Indonesia	99	308	351	26	105	72																									
Ireland	22	143	196																3	22	31	3	27	39							
Israel	64	424	554	6	50	24													5	81	122	3	34	52							
Italy	626	5,022	6,828	71	609	311													325	1,667	2,485	13	52	50	73	765	1,128	144	1,869	2,854	
Japan	1,251	8,343	12,356	26	110	90													854	4,415	6,346	37	145	164	140	1,147	1,769	194	2,526	3,987	
Korea (South)	30	105	160	1	1	2													24	89	138							4	13	17	
Korea (North)*	1	2	3																1	8	3										
Lebanon	187	938	1,433																172	889	1,358					15	49	75			
Liberia	849	11,193	18,213	5	46	22													346	2,341	3,490	2	5	5	141	1,821	3,458	355	6,980	11,288	
Mexico	39	246	356	1	15	11													10	26	38	2	5	5	1	6	8	25	194	294	
Netherlands	542	4,651	6,218	55	592	458													342	2,070	2,797	15	41	43	27	308	440	103	1,640	2,480	
Norway	1,415	13,082	19,488	23	107	48		2	9	2									677	3,601	5,218	28	93	89	192	2,384	3,543	493	6,888	10,588	
Panama	494	3,837	5,822	14	100	56													306	1,399	2,118	4	7	7	29	223	351	141	2,108	3,290	
Peru	27	120	177	1	6	7													21	89	130							5	25	40	
Philippines	65	359	483	8	18	18													50	327	444				1	1	2	6	13	19	
Poland*	155	825	1,182	1	14	5													121	674	939	5	13	12	22	58	75	6	66	97	
Portugal	91	536	628	22	216	139													58	190	291							11	130	198	
South Africa	32	179	247																30	148	201	1	8	10				1	23	36	
Spain	343	1,595	2,116	41	239	161													214	707	1,032	8	21	26	18	71	99	62	557	798	
Sweden	527	3,856	5,509	11	74	28													318	1,402	1,995	34	186	189	73	865	1,237	91	1,329	2,060	
Switzerland	28	179	262																23	144	216	2	3	3	3	32	43				
Turkey	128	655	865	26	123	72													89	409	605				1	2	3	12	121	185	
United Arab Republic	43	208	261	12	65	60													22	67	84							9	76	117	
U. S. S. R. 1*	1,029	4,747	6,183	71	362	208													554	2,052	2,900	52	208	202	186	832	1,086	166	1,293	1,787	
Venezuela	34	281	437																13	44	65				5	7	7	16	210	335	
Yugoslavia	163	872	1,280	10	48	55													136	632	1,017				7	27	37	16	70	103	
All others	170	722	1,029	6	22	17		1	2	1									133	502	735	10	38	37	7	23	30	13	135	209	

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

83	519	785	1	5	5														80	502	760				1	5	9	1	7	11
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*Based on limited source material available.

APPENDIX G

Cash, Approved Interest Bearing Securities and Common Stocks Under Approved Common Stock Trusts on Deposit in the Statutory Capital and Special Reserve Funds of Subsidized Operators as of June 30, 1963

Operator	Capital reserve fund			Special reserve fund			Combined total
	Cash	Securities	Total	Cash	Securities	Total	
American Export Lines, Inc.-----	\$2,969,545	0	\$2,969,545	\$6,361,422	\$5,297,617	\$11,659,039	\$14,628,584
American Mail Line, Ltd*-----	1,306,576	0	1,306,576	1,199,563	1,059,644	2,259,207	3,565,783
American President Lines, Ltd*-----	114,869	\$3,429,638	3,544,507	481,259	3,134,036	3,615,295	7,159,802
Bloomfield Steamship Co.-----	491,199	0	491,199	2,503,486	0	2,503,486	2,994,685
Delta Steamship Lines, Inc.-----	36,748	1,114,192	1,150,940	5,422	4,171,194	4,176,616	5,327,556
Farrell Lines, Inc.-----	952,239	4,214,303	5,166,542	817,767	2,650,485	3,468,252	8,634,794
Grace Line*-----	120,172	10,698,248	10,818,420	1,017,851	17,075,836	18,093,687	28,912,107
Gulf & South American Steamship Co., Inc.-----	11,329	3,418,711	3,430,040	21,548	4,188,407	4,209,955	7,639,995
Lykes Bros. Steamship Co., Inc*-----	375,870	40,183,175	40,559,045	221,451	48,357,182	48,578,633	89,137,678
Moore-McCormack Lines, Inc.-----	311,558	9,929,563	10,241,121	13,715	4,088,216	4,088,216	14,329,337
The Oceanic Steamship Co*-----	2,205,297	1,885,981	4,091,278	122,994	0	122,994	4,214,272
Pacific Far East Line, Inc.-----	634,164	1,348,413	1,982,577	4,496,119	0	4,496,119	6,478,696
Prudential Lines, Inc.-----	667,377	0	667,377	0	0	0	667,377
States Steamship Co.-----	1,351,955	0	1,351,955	1,655,923	0	1,655,923	3,007,878
United States Lines Co.-----	97,000	8,957,122	9,054,122	26,788	11,424,723	11,451,511	20,505,633
Total -----	\$11,645,898	\$85,179,346	\$96,825,244	\$18,945,308	\$101,433,625	\$120,378,933	\$217,204,177
*Includes common stock trust funds aggregating-----			\$253,676			\$6,626,398	\$6,880,074
Market value as reported by the trustees-----			283,309			6,906,008	7,189,317

NOTE: Accrued mandatory deposits applicable to the resumption period (generally Jan. 1, 1947, to Dec. 31, 1962), not included in the above, amount to \$42,890,886, comprising \$31,081,017 applicable to the Capital Reserve Fund (depreciation), and \$11,809,869 applicable to the Special Reserve Fund (excess profits).