

Annual Report of the

**FEDERAL MARITIME BOARD
and
MARITIME ADMINISTRATION**

1955



UNITED STATES DEPARTMENT OF COMMERCE

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UNITED STATES DEPARTMENT OF COMMERCE

SINCLAIR WEEKS, *Secretary*

Washington, D. C.

FEDERAL MARITIME BOARD

CLARENCE G. MORSE, *Chairman*

BEN H. GUILL, *Member*

G. JOSEPH MINETTI, *Member*

A. J. WILLIAMS, *Secretary*

MARITIME ADMINISTRATION

CLARENCE G. MORSE, *Maritime Administrator*

WALTER C. FORD, *Deputy Maritime Administrator*

Letters of Transmittal

UNITED STATES DEPARTMENT OF COMMERCE,
FEDERAL MARITIME BOARD,
MARITIME ADMINISTRATION,
Washington 25, D. C., October 17, 1955.

TO: *The Secretary of Commerce.*

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

SUBJECT: *Annual Report for fiscal year 1955.*

I am submitting herewith the report of the Federal Maritime Board and Maritime Administration covering their activities for the fiscal year ended June 30, 1955.


CLARENCE G. MORSE.

SECRETARY OF COMMERCE,
Washington 25, D. C.

To the Congress:

I have the honor to present the annual report of the Federal Maritime Board and Maritime Administration of the Department of Commerce for fiscal year 1955.


Secretary of Commerce.

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FISCAL YEAR ACTIVITIES

Introduction

The Federal Maritime Board and the Maritime Administration have continued to direct their efforts to the accomplishment of their responsibilities under the maritime laws for the development and promotion of an American merchant marine sufficient to carry the domestic waterborne commerce and a substantial portion of the foreign commerce of the country, capable of serving as a naval auxiliary in time of war, owned by, and operated under the United States flag by citizens of the United States, and composed of the best-equipped, safest, and most suitable types of vessels manned by a trained and efficient citizen personnel. These efforts, during the past year, were notable in the administering of programs involving the (1) accelerated construction of new and replacement ships for the country's merchant fleet, (2) repair of reserve fleet vessels to provide ready availability in event of emergency, (3) development of new ship and propulsion designs for new construction and adaptation to existing ships in the active or reserve fleets, (4) promotion and assistance to the American merchant marine, and (5) improvement in management and efficiency of the agency.

In meeting the objectives of these programs, the Federal Maritime Board-Maritime Administration continued to foster the basic principles of (a) providing for the maximum in private ownership and operation of the merchant marine with full initiative in its own development of the shipping business and the solution of maritime problems; and (b) limiting to a minimum Federal participation and then only to the extent necessary to meet the country's economic and national security needs, within the policy of the President and the Congress; and (c) administering the country's maritime laws in an economical, efficient, and effective manner.

With respect to the ship construction program, considerable headway has been made in the construction of new cargo ships and tankers and the conversion of existing ships to partially offset "block obsolescence" of the vessels of the merchant marine and to provide for continued employment and availability of shipyard personnel with ship-construction "know-how" essential in time of emergency or war.

During the course of the year there were 13 ships under construction and five ships were being reconverted in various shipyards throughout the country, in which the agency was directly concerned, as follows:

1. The last 4 of a total of 35 modern, fast, dry-cargo, Mariner-type ships—3 of these vessels were delivered during the year.

A total of 9 of these ships have been sold to private operators, conversion work having commenced on 4 of these prior to June 30, 1955.

2. Construction under contracts for the Department of the Navy included 2 refrigerated stores ships, and 3 of 4 tankers, and the conversion of 1 Mariner-type ship to a Navy cargo attack ship.
3. Work commenced on the construction of 4 of 6 tankers contracted for with 3 major oil companies under the program for the trade-in of obsolete tankers for allowance of credit against construction costs of new tankers.

In addition, a contract was awarded covering the construction of one roll-on/roll-off cargo ship for the Navy Department, and the conversion of one ship to a Great Lakes passenger-freight carrier, sold to a private operator under Public Law 836, 81st Congress, is progressing under private contract with Title XI aid.

There were pending at the close of the fiscal year applications from three private operators for the construction of eight combination passenger-cargo vessels submitted under the replacement provisions of subsidy contracts and requesting construction-differential subsidy aid. An application also was pending from a private operator for the purchase and conversion of one Mariner to a one-class passenger ship for operation between east coast of the United States and north European ports.

Public Law 781, 83d Congress, enacted during the fiscal year 1955, gave impetus to private financing with respect to new construction, with particular reference to substituting mortgage insurance aid for the mortgage aid provided for in sections 501, 502, and 509 of the 1936 act. Under the provisions of this law, a number of new applications were filed during fiscal year 1955. Four applications were received from companies desiring to build up to 37 tankers for charter to the Department of the Navy under the provisions of Public Law 575, 83d Congress, which authorized said Department to charter, under certain terms, up to 15 new tankers of prescribed principal characteristics. These applications were approved in principle by the Maritime Administrator during the fiscal year.

Allied with the ship construction program was the emergency ship repair program under which 90 Navy auxiliary-type ships were withdrawn from the reserve fleets for repairs, thereby effecting a material upgrading of the mobilization readiness of these ships and providing sorely needed work for the repair yards and their workers in the three coastal areas.

In connection with the development of new ship and propulsion designs, considerable progress has been made and further research and studies are contemplated in the areas of ship structure, hydrodynamics, and cargo handling. Developmental design and experiments are in progress with respect to Liberty-type ships involving the (a) installation of new propulsion equipment, including steam, diesel, and gas turbines; (b) installation of modified cargo handling gear; and (c) modification of hull lines to increase speed.

In anticipation of the use of nuclear power in merchant ships, the Maritime Administration entered into a study agreement with the Atomic Energy Commission. Under this agreement, contracts were

entered into with a private design agent and a leading university, with considerable research experience in this field, for the preparation of technical and economic studies covering the application of nuclear power to merchant ships. The design staff of the Maritime Administration made several studies of the adaptation to nuclear propulsion of a tanker, several types of dry cargo and cargo-passenger ships, and an auxiliary naval vessel.

The Federal Maritime Board and the Maritime Administration, in addition to administering the programs covered heretofore, continued to devote undiminished efforts to other programs and activities.

Surveillance was maintained over the provisions of Public Law 664, 83d Congress, which provides for at least a 50 percent participation of United States privately owned commercial vessels in the movement of Government cargoes, to the extent that such vessels are available at fair and reasonable rates.

During the year the Federal Maritime Board-Maritime Administration continued to review the operating-differential subsidy program in order to achieve the greatest efficiencies possible, thereby maintaining Government subsidy payments at a minimum essential to the operation of a private American-flag merchant marine. Findings and determinations of the Maritime Administrator were made and published during fiscal year 1955 with respect to the essentiality and United States flag-service requirements of 23 routes and 3 services (Tri-Continent and Round-the-World Eastbound and Westbound) in United States foreign trade. In addition, there was approved a modification in procedure in the establishment of operating subsidy rates, thereby virtually placing this work on a current basis. This in turn will enable the Government to meet its subsidy obligation to the shipping industry as funds are appropriated by the Congress.

The reserve fleets at the close of the fiscal year had a total of 2,068 ships, replacement value approximately \$8 billion, and in consideration of this value and the potential use of these ships in event of war, the agency continued their preservation. Due to the damage and disruption caused by a hurricane, new methods were devised for the mooring of these ships in the three Atlantic coast fleet sites.

With improvement in the charter market, the liner services had an opportunity to offset their increased operating costs by increasing freight rates from 10 to 15 percent.

The interest of the Federal Government has been one of consistent adherence to the principle of promoting an American merchant marine owned, built, and expanded by the initiative and capital of private citizen operators. Corollary to this principle is the one that the Government's participation should be geared to the national defense and mobilization requirements. Accordingly, in carrying out these principles, enunciated by the President and the Congress, the Federal Maritime Board-Maritime Administration has made every effort to facilitate the development of a well-balanced, self-sufficient merchant marine of adequate size and modernity to assure the movement of the country's waterborne commerce, and to meet, if the need arises, the requirements of emergency or war.

Aid to Shipping

Construction-differential subsidy

The situation with respect to the sales prices of the SS. *Independence* and SS. *Constitution* to American Export Lines, Inc., was substantially unchanged, and the exception taken by the Comptroller General of the United States to the amount of construction-differential allowance for these ships remained unresolved. Since our normal holdback of subsidy payment to American Export Lines, Inc., continued to exceed \$7 million, the amount of the Comptroller General's exception, a specific withholding of subsidy payments due the company, has not been necessary in this case.

Redetermination of allowance of construction-differential subsidy for reconditioning of the four combination vessels (usually referred to as the *Four Aces*) by American Export Lines, Inc., was pending before the Federal Maritime Board as of the close of fiscal year 1955, and there was being withheld from subsidy payments to the operator the sum of \$3 million, representing the amount of the estimated disallowance.

The application of Grace Line, Inc., for construction-differential aid in the construction of two combination vessels to replace the SS. *Santa Paula* and SS. *Santa Rosa* for operation in subsidized service between New York and Caribbean ports was approved in principle during the fiscal year. The Board also approved plans and specifications for these two ships and authorized the operator to invite bids for their construction.

The Department of the Navy certified preliminary plans and specifications, subject to certain listed modifications for national defense purposes, for two combination vessels to be constructed by Moore-McCormack Lines, Inc., to replace the *Good Neighbor Fleet*, in accordance with that company's contractual obligations with the Government. Invitations to bid for the new construction have been issued and it is anticipated that a contract will be executed early in fiscal year 1956.

The application of the Oceanic Steamship Co. for purchase of two Mariner vessels and construction-differential subsidy aid in the re-conversion of said vessels to passenger-cargo ships for operation between the United States west coast and Australia was approved in principle during the fiscal year.

Board approval was granted American President Lines, Ltd., for the purchase of four Mariner-class cargo vessels for operation in Round-the-World service, and construction-differential subsidy aid was granted for appropriate reconstruction and reconditioning. Pursuant to its contractual replacement obligations, American President Lines, Ltd., filed an application for construction-differential subsidy to aid in the construction of four passenger-cargo vessels for operation in its Round-the-World service. This application was undergoing review at the close of the fiscal year. There was pending at

the close of the fiscal year an application from American President Lines, Ltd., for reconditioning of the SS. *President Cleveland* and SS. *President Wilson*, which were in operation with operating-differential subsidy aid in that company's transpacific service.

The Board authorized further deferment of the requirement that Mississippi Shipping Co., Inc., proceed with the acquisition of a new combination vessel for operation on trade route No. 20, as the Board was not convinced that it would be economically feasible to introduce another combination vessel into the service at this time.

The application of Arnold Bernstein Line, Inc., submitted during the year, for the purchase of one *Mariner* and construction-differential subsidy for conversion of said ship to a one-class tourist passenger ship to operate between New York and Antwerp/Rotterdam was pending at the close of the fiscal year.

During the fiscal year, after considerable study, a significant change was made in the method of acquiring basic foreign construction cost data, through the utilization of data developed by overseas personnel, as well as cost data obtained through direct contact of the various shipbuilders. The data developed by this method were utilized by the Federal Maritime Board in its determination of the foreign cost of converting four *Mariners* for the American President Lines, Ltd., and two *Mariners* for the Oceanic Steamship Co., resulting in a fixing of the portion of the cost eligible for subsidy participation.

Other forms of construction aid

During fiscal year 1955, the Maritime Administrator approved the applications of, and entered into contracts with, three companies for trade-in of obsolete tankers for allowance of credit against construction cost of new tankers. These were: Cities Service Oil Co.—Trade-in of seven T2 tankers for allowance of credit, subject to adjustment, of \$6,875,125 against construction cost of three new tankers; The Texas Co.—Trade-in of two prewar-built tankers for allowance of \$850,557 against construction cost of one new tanker; Esso Shipping Co.—Trade-in of five T2 tankers for allowance of credit, subject to adjustment, of \$5,669,081 against construction cost of two new tankers. In the latter case the Administrator also agreed to incorporate in the new vessels additional speed as national defense allowance for account of the Government, at a cost of \$1,050,000 per vessel, determined pursuant to competitive bidding.

An application of Gulf Oil Corp. submitted during the fiscal year for allowance of credit for trade-in of two T2 and three prewar-built tankers, against the construction cost of two new tankers, was pending before the Administration at the close of the year.

The application of Sinclair Refining Co. for trade-in of two old tankers and construction of one new tanker was withdrawn in view of the fact that the Administration approved the transfer foreign of the vessels offered for trade-in, in consideration of said company's contracting for construction of new tonnage.

The application of Sea Trailers, Inc., under section 509, Merchant Marine Act, 1936, for mortgage aid in the construction of two trailer-

ships was placed in an inactive status since the applicant failed to reply to several inquiries for additional information.

The Pan Atlantic Steamship Co. filed an application under section 510, Merchant Marine Act, 1936, to trade in seven obsolete cargo ships for allowance of credit against construction of seven "roll-on/roll-off" coastwise vessels. This application was being processed, but no final action could be taken until the company files its application under title XI of the act for loan and mortgage aid for construction of the seven new vessels, upon which it indicated its trade-in application was contingent.

Operating-differential subsidy

No new operators were awarded operating-differential subsidy contracts during fiscal year 1955. At the close of the year, however, there were pending before the Federal Maritime Board applications for operating-differential subsidy contracts from Arnold Bernstein Line, Inc., for operation of a passenger service on trade route No. 8; States Marine Corp. on its Tri-Continent service; and on trade routes Nos. 13, 29, and 30 (all cargo services); and States Steamship Co. for operation of cargo vessels on trade routes Nos. 29 and 30.

During the last fiscal year the Board authorized payment of operating-differential subsidy on four cargo ships of American Export Lines, Inc., on trade route No. 10. Prior to this authorization these ships had been operated without subsidy on this trade route since soon after World War II. The Board awarded an operating-differential subsidy contract to American President Lines, Ltd., for operation of cargo vessels on trade route No. 17. This action also included replacement obligations for said company on all of its subsidized services, based partly upon a conditional commitment to award American President Lines a long-term operating subsidy upon the expiration of its current subsidy contract or prior thereto. The Board also awarded an increase in the subsidized sailings of Lykes Bros. Steamship Co., Inc., on trade routes 15-B and 22, to be performed with additional vessels to be incorporated in the operating-differential subsidy contract, while at the same time reducing the maximum sailings included in Lykes subsidy contract as to certain other services.

The Board authorized an addendum to United States Lines Co.'s operating-differential subsidy contract applicable to cargo vessels so as to effect consolidation of the company's passenger and cargo contracts. In this connection, the Board also granted limited liability on the SS. *United States*, pursuant to Section 503, Merchant Marine Act, 1936.

An application of United States Lines Co. for operating-differential subsidy covering the proposed operation of vessels on trade route No. 11 (applicant had contracted to purchase four cargo vessels operated on said trade route by South Atlantic Steamship Line, Inc.) was pending as of June 30, 1955. The application of South Atlantic Steamship Line, Inc., for operating-differential subsidy on trade route

No. 11 was conditionally approved, but no subsidy contract had been executed as of the close of the year, by which time South Atlantic had agreed to sell its cargo vessels to United States Lines Co., provided the pending application of United States Lines Co. was approved. The applications of Grace Line, Inc. for a new operating-differential subsidy contract for trade routes Nos. 2, 4, 23, and 25, to be executed at the same time as a contract for construction of two new passenger-cargo vessels to be operated on trade route No. 4, and of the Oceanic Steamship Co. for a new operating-differential subsidy contract to cover its proposed two new passenger-cargo vessels on trade route No. 27, were pending at the close of the fiscal year.

The Board, having found it to be in the public interest and in furtherance of the provisions and policies of the 1936 Act, authorized continued payment of operating subsidy for the overage SS. *Santa Paula*, SS. *Santa Rosa*, and *Good Neighbor Fleet* until June 30, 1956, provided the operators, Grace Line, Inc., and Moore-McCormack Lines, Inc., fulfill by the earliest possible date their obligations to place their new replacement ships in operation.

Excellent progress continued to be made in clearing up the backlog of operating-differential subsidy rates applicable to the postwar period. There were 614 rates computed during the fiscal year. Of 1,555 rates applicable to calendar years 1947-54, exclusive of protection and indemnity insurance, all but 65 were calculated. With respect to 272 rates required for protection and indemnity insurance, 89 were calculated and the remainder were in process. As of June 30, 1955, \$324,508,774 net advance subsidy payments (subsidy less recapture) had been made. This amount represented payment on account from the date of postwar resumption of subsidized operations through calendar year 1954. A summary of operating subsidy contracts is given in appendix A.

Construction reserve funds

On June 30, 1955, balances in nine construction reserve funds of non-subsidized operators totaled \$3,478,454, compared with \$2,386,954 as of June 30, 1954, in 12 construction reserve funds.

Deposits in the funds during the fiscal year amounted to \$4,631,714, and withdrawals totaled \$3,540,214. The latter amount was inclusive of \$800,000 for tanker construction; \$1,767,195 for the purchase of C4 vessels from private interests; \$878,839 represented withdrawals by one depositor, with respect to which the Internal Revenue Service was put on notice for tax purposes; and \$94,180 represented a reduction in the amount of an irrevocable letter of credit.

Federal ship mortgage insurance

Execution of contracts was effected authorizing insurance of a mortgage loan to Sand Products Corp., under Title XI of the 1936 Act in an amount not to exceed \$2,500,000, granted by the National Bank of Detroit for reconstruction and conversion of a C4-S-B6 vessel into

a passenger and automobile-carrying vessel for operation on the Great Lakes. The owners of three tuna clippers reduced their aggregate outstanding indebtedness to approximately \$179,166 from a total of \$750,000, representing insured mortgage loans under Title XI.

Public Law 781, 83d Congress, enacted during the fiscal year 1955, gave impetus to private financing with respect to new construction, with particular reference to substituting mortgage insurance aid for the mortgage aid provided for in sections 501, 502, and 509 of the 1936 Act. Under this law a number of new applications were filed during fiscal year 1955. Four applications for construction loan and mortgage insurance were received from companies desiring to build up to 37 tankers for charter to the Department of the Navy under the provisions of Public Law 575, 83d Congress, which authorized said Department to charter up to 15 new tankers of prescribed principal characteristics. The applications of the four companies—United Oceanic Corp., Big Tankers Corp., Oleum Atlantic Corp., and New England Tanker & Shipping Corp.—were approved in principle by the Maritime Administrator, but as of the close of the fiscal year only United Oceanic Corp. had received notice of approval for award of a charter (covering eight tankers) by the Navy. This company's application under Title XI was being processed for final action at the close of the fiscal year.

The application of the Oceanic Steamship Co. for loan and mortgage insurance aid in the conversion of two *Mariners* was still pending, awaiting final determination with respect to its applications for construction and operating subsidy on the vessels. Several applications were pending under Title XI for loan and/or mortgage insurance with respect to "roll-on/roll-off" vessels for operation in domestic trades. These applications were filed by Trainships, Inc., for two ships; Transportation Utilities, Inc., for two ships; TMT Trailer Ferry, Inc., for one ship; and Alaska Trainships, Inc., for two ships. Under Title XI there were also received two applications for loan and/or mortgage insurance for aid in the construction of fishing vessels. The applications of Luigi Guidi et al. (tuna clipper) and Pannio Ota Eleuterius (shrimp trawler) were in process of review at the close of fiscal year 1955.

During fiscal year 1955, filing fees under Title XI and mortgage insurance premium receipts of \$21,349 increased the Federal ship mortgage fund to \$50,374.

Trade routes

Substantial progress was made during the year in reviewing the essentiality and United States-flag service requirements of United States foreign trade routes in accordance with Section 211 (a) and (b), Merchant Marine Act, 1936. Reviews of 15 routes (trade routes Nos. 1, 2, 5, 6, 7, 9, 10, 12, 13, 16, 17, 19, 21, 25, and 27) and three services (Tri-Continent, Round-the-World Eastbound and Round-the-World Westbound) were completed. At the conclusion of the year, reviews

of additional routes were nearing completion. Additionally, a survey of Great Lakes-overseas routes was inaugurated.

During fiscal year 1955, reports were prepared and completed on the substantiality and extent of foreign-flag passenger and cargo competition encountered during calendar year 1953 by the subsidized operators. Also, a substantial amount of work was accomplished on final reports to the Federal Maritime Board covering substantiality and extent of competition encountered during calendar year 1954. In this connection, ship itineraries and sailing frequencies were analyzed, as well as traffic carryings of all American-flag and foreign-flag lines operating outbound and inbound on each service.

There were reviewed and approved 3,368 sailing schedules involved in operations under subsidy contracts. In this connection, 188 specific requests of subsidized lines were analyzed concerning excess sailings and special permissions.

Traffic

Of particular significance in the field of oceangoing traffic was the enactment on August 26, 1954, of Public Law 664, 83d Congress, providing for at least 50-percent participation of United States privately owned commercial vessels in movements financed by the Government, to the extent such vessels are available at fair and reasonable rates. This measure embraces procurements for the United States and for foreign nations under grants, loans, credits, and guarantees of convertibility of exchange.

In compliance with the provisions of Public Resolution 17, 73d Congress, the Maritime Administration continued to advise the Export-Import Bank on shipping arrangements of exports financed under the bank's loan credits, and dealt with varied problems involving some 17 or more countries. In some cases arrangements were made whereby recipient flag vessels participate with United States flag vessels, and in other cases, when warranted, use of third flag vessels was authorized.

United States cargo preference policy has received unfavorable attention in some foreign nations where it is considered to be flag discrimination. This reaction emanates principally from countries which have been beneficiaries of our aid programs. Statistics indicate that the United States 50-percent policy with regard to Government-financed cargoes is generous. During the 6-year 9-month period from April 1948 through December 1954, under the United States foreign-aid program administered by the Foreign Operations Administration and its predecessor agencies, there was a total aid program movement of over 159 million tons of cargo. Of this total, United States vessels carried slightly over one-third, and foreign vessels carried just under two-thirds of the total. In addition, foreign-flag vessels have participated in the mutual defense assistance program and in movements financed by Export-Import Bank loans; also those financed by the Department of Agriculture under the recent surplus commodities program of Title I, Public Law 480, 83d Congress.

Ship Operations

General agency activities

At the start of fiscal year 1955, 48 ship-operating companies held general agency contracts and 23 were engaged in the operation of 26 ships. This activity diminished to a low of 11 ships assigned to 10 general agents by February 1955. At that time the Military Sea Transportation Service presented a requirement necessitating the reactivation of 26 ships then in the reserve fleets. At the end of the fiscal year there were 46 approved general agents, and 21 were assigned a total of 37 ships for operation. Initiation of the Military Sea Transportation Service Arctic program required on the part of the Maritime Administration a comprehensive series of studies and recommendations involving ice strengthening of hull, daily subsistence requirements, stevedore accommodations, increased accommodations to berth augmented crews, special Arctic clothing, auxiliary heating equipment, and preparation of instructions covering every phase of the operation.

There were 90 ships withdrawn from the reserve fleets under the provisions of the emergency ship repair program, 64 of which had completed repair and been returned to a fleet by June 30, 1955. Six ships were libeled for forfeiture and seized by the Department of Justice and turned over to the Maritime Administration for stripping and layup in reserve fleets. Seventy-two Maritime Administration-owned ships were under custody of other Government agencies at the end of the fiscal year.

Grain storage

During the spring of 1955, 90 new loadings of grain were authorized during the 1955 grain storage program, and added to the 317 ships utilized in 1953 and 1954, brought to a total of 407 the number of ships authorized for grain storage purposes at the Hudson River, James River, Astoria and Olympia reserve fleet sites. At the end of the fiscal year, 355 ships were in reserve fleet anchorages loaded with approximately 81 million bushels of grain, leaving 52 ships yet to be loaded. At the completion of the 1955 loading program, approximately 93 million bushels of grain will be stored in reserve fleet ships, representing roughly one-tenth of the total surplus price-support wheat stored in the United States.

Charters

The need for the operation of Government-owned ships under bareboat charter continued to decline, during fiscal year 1955, from 32 to 26 ships. Thirteen of these were in offshore trades, 6 were serving the Alaska trade, 1 was for the Pacific coastwise service, and 6 were in the Philippine interisland service. In accordance with Public Law 591, 81st Congress, an annual review was made of all bareboat

charters in effect as of June 30, 1954, under the authority of the Merchant Ship Sales Act of 1946, as amended. In addition, a review was made, supplemental to the annual review, of the charters of nine fully refrigerated ships operating transpacific for the purpose of carrying primarily military perishable cargo. It was found that the continuance of such charters was justified.

One Mariner-type ship was chartered for Round-the-World service, and at the termination of the voyage was delivered to the charterer as purchaser. Of the three Mariner-type ships chartered for transpacific service in fiscal year 1954 until such time as three Mariner ships purchased by the charterer could be delivered from the construction yard and entered into service, two were in process of redelivery, since two of the purchased ships have entered service. The third will continue under charter until the last purchased Mariner is delivered from construction and enters service in fiscal year 1956. The charter of the two Good Neighbor ships remaining in operation was extended for a period of 1 year.

Ship custody

At the close of the 1955 fiscal year, there were 2,068 ships in the reserve fleets. During the year, 304 ships were taken into the fleets and 303 were withdrawn. The following is a tabulation of ships in the fleets at the close of fiscal year 1955:

Astoria, Oreg.....	204	Mobile, Ala.....	319
Beaumont, Tex.....	207	Olympia, Wash.....	150
Hudson River, N. Y.....	156	Suisun Bay, Calif.....	320
James River, Va.....	383	Wilmington, N. C.....	329

The ship preservation program progressed steadily, within the limitations of available manpower, with 94 percent of basic layup and preservation of ships completed, and 35 percent of the year's workload of recurring preservation completed by the end of the fiscal year. A greater percentage of completion of recurring preservation work, with available manpower, was not possible because of diversion of preservation personnel to other work activities to meet emergencies.

By June 30, 1955, the program for protection of the underwater surfaces of hulls on ships in the reserve fleets had reached completion at Hudson River, James River, Wilmington, Suisun Bay, Astoria, and Olympia fleets. In those fleets protection is provided for 1,542 ships, or three-quarters of the total number.

The disruption to the James River and Wilmington reserve fleets caused by a severe hurricane in October 1954 was substantially rectified by the end of the fiscal year. Work by the Corps of Engineers to strengthen the moorings at the Wilmington fleet was progressing satisfactorily, and completion is estimated to be about December 31, 1955.

An intensive firefighting training program was carried out for the purpose of strengthening the daytime fire brigade stationed at each fleet. Refresher training for the regular security force was effected as funds permitted. Emphasis on the safety program resulted in a reduction in frequency of accidents and consequent decrease in man-days lost.

Other activities

Arrangements were made with a meteorologist/oceanographer for a demonstration of transatlantic routing based upon long-range forecasting. This initial experiment utilized a Victory-type vessel and produced such promising results that trial over a full range of seasons appeared desirable. It is now contemplated that the demonstration will be completed during the winter of 1955-56, and approximately 16 separate transoceanic passages will be available for evaluation.

Under the terms of the Mutual Security Act of 1954, the Maritime Administration was designated to act for the International Cooperation Administration in procuring a maximum of eight privately owned, or selecting Government-owned C1-M-AV1 vessels for transfer to Korea. One privately owned vessel was purchased, acquisition of a second was pending, and reactivation of reserve fleet vessels, purchase of spare parts, and establishment of a basic training program for the Korean crews were in process.

Shipbuilding and Repair

At the beginning of the fiscal year, there were seven ships being constructed under Maritime Administration contracts. Of these, four were Mariner-class vessels, three of which were completed and accepted by the Administration by the end of the year. During the year, two of the three Mariner vessels sold to the Pacific Far East Line, Inc., were accepted for delivery (SS. *Golden Bear* and the SS. *Korean Bear*) and the third (SS. *Japan Bear*) was scheduled for delivery in September 1955.

Two refrigerated stores ships being constructed under Maritime Administration contracts for the Department of the Navy by the Ingalls Shipbuilding Corp. were scheduled for delivery in August and October 1955. Conversion of the ex-*Evergreen Mariner* to a Navy attack cargo ship (AKA) was scheduled for completion in November 1955. During fiscal year 1955, contracts were awarded for the construction of four oil tankers and one "roll-on/roll-off" cargo ship for the Department of the Navy.

The ships being constructed under Maritime Administration contracts as of June 30, 1955 are given below :

Type	Name	Builder	Keel laid	Estimated delivery
C4-S-1b....	U. S. S. Tulare AKA-112.	Bethlehem-Pacific Coast Steel Corp., San Francisco, Calif.	Feb. 16, 1953	Nov. 17, 1955
C4-S-1f....	Japan Bear.....	.....do.....	July 8, 1954	Sept. 8, 1955
R3-S-4a....	U. S. S. Rigel AF-53.	Ingalls Shipbuilding Corp., Pascagoula, Miss.	May 15, 1954	Aug. 31, 1955
R3-S-4a....	U. S. S. Vega AF-59.....	.....do.....	June 7, 1954	Oct. 14, 1955
T5-S-12a....	Navy AO-149.....	Sun Shipbuilding & Dry Dock Co., Chester, Pa.	Mar. 8, 1955	Mar. 13, 1956
T5-S-12a....	Navy AO-150.....	.....do.....	June 8, 1955	May 12, 1956
T5-S-12a....	Navy AO-151.....	.....do.....	.....	July 11, 1956
T5-S-12a....	Navy AO-152.....	Ingalls Shipbuilding Corp., Pascagoula, Miss.	May 16, 1955	July 9, 1956
C3-ST-14a.	Navy T-AK-269.....	Sun Shipbuilding & Dry Dock Co., Chester, Pa.	.....	Mar. 20, 1957

Summaries of all ship construction are in appendixes B, C, and D.

Conversions

Work under contracts awarded previously to Gibbs & Cox, Inc., for future conversion of the SS. *United States* and the partially completed SS. *Monterey* to troop transports was completed.

A contract for conversion of four Mariner-type vessels for the American President Lines was awarded to Bethlehem Steel Co., Shipbuilding Division, Baltimore, Md. Completion of the last ship is scheduled for January 1956.

Conversion of the SS. *Good Neighbor* (ex-SS. *Marine Star*) to a passenger-freight carrier on the Great Lakes was underway. This ship was sold under the provisions of Public Law 856, 81st Congress, to the Wisconsin & Michigan Steamship Co.

In order to meet the requirements of the Department of Defense for vessels with minimum speed of 15 knots for logistical support of military operations, an extensive study was made of what was needed to improve the speed and cargo-handling characteristics of the Liberty ships.

As a result of this study, the following actions to reengine four Liberty ships with propulsion units of 6,000 s. h. p. has been taken: (1) A contract was awarded to Ira S. Bushey & Sons, Inc., Brooklyn, N. Y., for conversion of one ship to steam turbine drive and effecting changes to the cargo gear to facilitate carrying military cargoes. Completion was scheduled for October 1955; (2) a contract was awarded to Bethlehem Steel Co., Baltimore, Md., for conversion of one ship by installation of two geared diesel engines, removal of present bow and installation of finer bow, and installation of experimental cargo cranes; (3) a contract was awarded to the General Electric Co., for manufacture of an open-cycle, gas-turbine propulsion unit. Award of the conversion including longer finer bow will be made early in fiscal year 1956; and (4) a contract was awarded to the General Motors Corp. for manufacture of a free piston generator-gas turbine propulsion unit. Award of the conversion including longer and finer bow will be made early in fiscal year 1956.

In conjunction with this conversion program, an extensive investigation of the "seakeeping" characteristics was developed. Work was progressing on complete instrumentation of the Liberty ship with the original bow and one with the longer finer bow. Analysis of the performance of these ships will yield ship designs of better "seakeeping" qualities. Plans for rotating cargo cranes to be installed on the Liberty ship being converted to diesel power have been approved and a method for evaluating their performance was developed. This program will: (a) permit the Maritime Administration to evaluate the possibility of upgrading the large number of Liberty ships which are available in our reserve fleets, and (b) assist in the comparison of these new types of propulsion plants with those already in existence and in the development of new propulsion plants.

Building proposals

Invitations to bid were issued for construction of three classes of ships for the Department of the Navy. These ships are to be operated by the Military Sea Transportation Service.

Technical developments

In anticipation of the use of nuclear power in merchant ships, the Maritime Administration entered into a study agreement with the Atomic Energy Commission. Under this agreement, contracts were entered into with Gibbs & Cox, Inc., as design agents, and the University of Michigan for the preparation of a study as to the technical and economic feasibility of the application of nuclear power to merchant ships. This study will be carried on in fiscal year 1956.

In connection with the President's proposal for the construction of a nuclear-powered "peace ship," design studies were made of several types of ships considered suitable for nuclear propulsion. These studies included the adaptation for this purpose of a tanker, several types of cargo ships, cargo passenger ships, and an auxiliary naval vessel.

The Maritime Administration continued to support and actively participate in the cargo-handling research program conducted by the National Academy of Sciences. Significant results of value to the maritime industry have been achieved in the first year of operation.

In view of the impending block obsolescence of America's privately owned and operated merchant fleet, preliminary new ship designs were developed as a basis for establishing the characteristics desirable in our future merchant marine. This program included 7 ships: 4 cargo vessels, a bulk carrier, a tanker, and a trailer ship, and has been based primarily upon considerations derived from studies of trade requirements, competitive conditions, operational experience, etc. It has also taken into consideration basic defense requirements to the extent that these requirements do not detract from the commercial utility of the ships.

The Maritime Administration continued to contribute to the development of improved ship design practices by placing members of its

technical staff on advisory councils of the principal interdepartmental and industry committees, professional societies, and research organizations. These groups are successfully attacking problems on metallurgy; fabrication and design of structural ship steel components; shipboard cargo-handling improvements; hull and propeller design; "seakeeping" qualities, etc. This work has been directly responsible for many of the progressive advancements in the efficiency of modern American merchant marine vessels of recent design.

Ship repair

Under the emergency ship repair program, authorized under Public Law 608, 83d Congress, 90 ships were withdrawn from the reserve fleets and contracts for repairs and conversions awarded. By the end of the fiscal year, 64 ships of the 90 withdrawn completed all phases of repairs at a total cost of \$4,096,476 and were returned to the reserve fleets. The intent of the program is to place these ships in a state of greater readiness in the event of a national emergency.

During the fiscal year, on the 286 ships operating under subsidy agreement, 2,036 repair inspections were made to verify subsidized repairs. Full condition surveys were made on 64 of these ships to record their condition when changes of status under subsidy agreements were made. There was a review for subsidy eligibility of repair summaries submitted by 16 subsidized operators and over \$7 million of the total of \$33 million submitted was determined to be ineligible. One hundred and ten sets of specifications covering a total cost of \$1,570,000 for repairs to vessels under general agency for the Maritime Administration were reviewed for propriety of work and reasonableness of costs.

Shipping Studies and Reports

Special studies and periodic reports

As in previous years, there were prepared numerous special reports in connection with hearings before congressional committees and the Federal Maritime Board as well as for the Planning Board for Ocean Shipping, NATO. Among these were the "Merchant Marine Personnel Training Program"; "Labor-Management Relationships in the Maritime Industry and the Subsidization of Seamen Wages"; and "The History and Policies Governing Transfer of United States-Flag Dry-Cargo Liberty Ships to Foreign Ownership and/or Registry." Among the regular reports which continue to be issued are those shown in appendixes B, C, E, and F.

The Maritime Administration was engaged in the preparation of a report on United States coastwise and intercoastal shipping. This report involved voluminous commodity and cargo tonnage statistics as well as economic analyses pertaining to the movements of cargo and ship utilization.

Ship, cargo, and labor data

The collection and maintenance of sales prices and other pertinent data and preparation of regular reports covering secondhand ship sales in the United States and foreign markets was begun during the past year. Similar information is also being maintained for ships built with construction-differential subsidy funds.

The collection and processing of ship operations reports of inbound and outbound movements of United States and foreign-flag dry-cargo ships in the foreign trade of the United States was maintained in 1955. During the past year approximately 38,000 reports were received and processed, which was about 1,500 more than in any previous year. For the first time since the end of the war, reports covering cargoes carried by tankers in the foreign trade of the United States were processed, and it is expected that tabulations and analyses of this trade will be available in the near future.

Data on foreign-flag competition encountered by United States steamship companies operating on 45 subsidized liner services during 1954 were prepared for use in calculating rates for operating-differential subsidy purposes. Among the 27 major special reports covering cargo tonnages moving in United States foreign trade was a comprehensive study of the "Receipts in United States of Specified Ores and Bulk Minerals in 1954," by commodity, flag of ship, ports of origin and destination, type of shipping service, and by type of ship. A similar report covering tanker operations was in the course of preparation.

Seafaring employment on United States-flag ships of 1,000 gross tons and over decreased to an estimated total of 57,500 jobs on June 30, 1955, reaching the lowest point since the end of the war. Ship repair, conversion, and replacement programs initiated by the industry and Government materially affected shipyard employment opportunities, with the result that a substantial gain was reflected in the ship-repair industry and the decline in ship construction employment began to level off. With actual construction slated to begin on new contracts, such as the combination vessels for Moore-McCormack Lines, Inc., tanker construction and other programs, ship construction employment is likewise expected to take a decided upward trend in the near future.

Labor-management relations

The Conference of American Maritime Unions, established in January 1954 to discuss and take unified action relative to economic issues and legislative matters, dissolved in March 1955 over disagreement of policy concerning application of employment, manning, and overtime problems. Collective bargaining during this period generally emphasized increased pension, welfare, and vacation benefits and changes in working conditions. The basic principle of an "employment security plan" was negotiated between east-coast operators

and the National Maritime Union. Details of eligibility, unemployment payments, and other provisions and regulations are to be determined by trustees of the pension and welfare plan.

Ship Sales and Transfers

Ship sales

During the year the vessels SS. *President Cleveland* and SS. *President Wilson* were sold to the American President Lines, Ltd., for the sums of \$6,346,263 and \$6,318,088, respectively, under the authority of Public Law 553, 83d Congress, approved July 29, 1954. Four Mariner-type vessels were also sold to American President Lines, Ltd., for operation after conversion in its Round-the-World service under the authority of the Merchant Marine Act of 1936, as amended. The total sales price for the four vessels was \$17,686,687.

A sales contract was entered into with Pacific Far East Lines for the purchase of three Mariner-type vessels under the authority of the Merchant Marine Act of 1936 in connection with granting construction-differential subsidy aid, and to provide for extensive changes to suit the vessels for the buyer's particular needs prior to delivery of the vessels from the shipyard. The preliminary sales price on one of these vessels was \$5,750,000 and on the other two, \$5,700,000 each. During the year one overage ferryboat was sold for operation, resulting in a return of \$36,639 to the Government.

Transfers to foreign ownership and/or registry

Appendix G lists applications approved pursuant to Sections 9 and/or 37 of the Shipping Act, 1916, as amended, for transfer to foreign ownership and/or registry of ships owned by United States citizens. Of the total approved, 530 were ships of less than 1,000 gross tons, such as tugs, barges, fishing craft, and pleasure craft. The remaining 144 ships were of 1,000 gross tons and over. In connection with this latter group and pursuant to a condition of transfer, the Maritime Administration has approved the resale of 45 foreign-flag ships to other foreign nationals, subject to the same terms and conditions as those which governed the original transactions. Further, of the total United States-flag vessels of 1,000 gross tons and over approved for transfer to foreign ownership and registry, 11 were approved for transfer in consideration for the construction of new tonnage, or rebuilding of existing tonnage, in the United States.

During the year, 11 applications for approval to transfer United States privately owned ships of 1,000 gross tons and over were denied.

During the early part of fiscal year 1955, the Maritime Administration's policy was amended so as to permit, under certain conditions, the transfer of a reasonable number of Liberty-type vessels to Pana-

manian, Liberian, or Honduran registry, with ownership remaining either directly or indirectly in United States citizens. This policy was rescinded on December 17, 1954, by which time a total of 69 Liberty ships had been approved for transfer.

Charters to aliens

Eleven charters of United States privately owned ships to aliens were approved by the Maritime Administration, including contracts of affreightment and voyage and time charters for periods ranging from 1 year to 15 years.

Maritime Training

United States Merchant Marine Academy

During the fiscal year there was an average of 883 cadet-midshipmen, including five Latin-American cadets, in training in the United States Merchant Marine Cadet Corps at the Academy. During the year, 127 cadet-midshipmen successfully completed the 4-year course of instruction. All received United States merchant marine officers' licenses, issued by the United States Coast Guard, as third mates or third assistant engineers of ocean ships. They also received the bachelor of science degree and commissions as ensigns in the United States Naval Reserve and the United States Maritime Service.

The 12th Congressional Board of Visitors to the United States Merchant Marine Academy was appointed, the members being as follows: Senators John M. Butler, Maryland; Samuel J. Ervin, Jr., North Carolina; H. Alexander Smith, New Jersey; and Warren G. Magnuson, Washington (ex officio); and Representatives Steven B. Derounian, New York; Eugene J. Keogh, New York; Herbert C. Bonner, North Carolina (ex officio); Frank W. Boykin, Alabama; Edward J. Robeson, Jr., Virginia; and William K. Van Pelt, of Wisconsin. However, the board's meeting was postponed, and their next visit to Kings Point will be held in the fall of 1955.

In March 1955 the eighth meeting of the Academic Advisory Board was held at the United States Merchant Marine Academy. The board was composed of the following members: Dr. George Stuart Benson, president, Harding College; Prof. John E. Burchard, dean of humanities and social studies, Massachusetts Institute of Technology; Vice Adm. Wilfrid H. Derby, USCG (Ret.), former Superintendent, U. S. Coast Guard Academy; Dr. Martin A. Mason, dean of engineering, George Washington University; Mr. Edward Reynolds, administrative vice president, Harvard University; Dr. Frank Hugh Sparks, president, Wabash College; and Mr. E. E. Wilson, formerly of Vanderbilt University. It renewed the recommendation of the Seventh Academic Advisory Board that the scope and content of the individual courses and the competence of instruction should receive critical scrutiny to insure improvement wherever practicable. The

board noted with approval the introduction of legislation authorizing the establishment of a Federal Merchant Marine Academy on a permanent basis.

State maritime schools

The State Maritime Academies at Vallejo, Calif., Castine, Maine, and Hyannis, Mass., and the New York State Maritime College, Fort Schuyler, N. Y., had an average of 689 cadet-midshipmen in training in Federal pay status during the fiscal year, and 253 officers were graduated. These graduates received United States merchant marine officers' licenses as third mates or third assistant engineers, the bachelor of science degree, and commissions as ensigns in the United States Naval Reserve and the United States Maritime Service. In addition, the four State marine schools had a combined average of 285 cadets in training who were not qualified for Naval Reserve appointments and, therefore, were not eligible to receive Federal aid in the form of subsistence, uniform, and textbook allowances. In this group, there were 49 officers graduated who received appropriate degrees, licenses, and commissions as ensigns in the United States Maritime Service, but are not eligible for commissions in the United States Naval Reserve.

Property and Supply

Shipyards

The maintenance and security program was continued during the fiscal year at the four Government-owned reserve shipyards at Wilmington, N. C., Richmond and Alameda, Calif., and Vancouver, Wash. At the North Carolina shipyard the lease of approximately 50 acres of open land to the North Carolina State Ports Authority has continued. Under this lease, the State has completed and placed into use a 3-berth marginal wharf, 2 large transit sheds, a large warehouse, and a 200,000-gallon elevated water tank. During the year the lease with the Diamond Construction Co. for the use of certain open land, water frontage, and railroad trackage for the construction of concrete piles and the transshipment of concrete aggregates being used in the construction of the Army ammunition marine loading terminal on the Lower Cape Fear River was terminated. Certain portions of this shipyard are being used under permit by the Departments of the Army and Navy for reserve training.

At the Richmond shipyard, licenses and permits were continued for the housing of the Contra Costa Junior College, pending construction of its permanent campus, for the berthing of Military Sea Transportation Service vessels for the Travis Air Force Base for installation of a radio transmitter, by the American Red Cross and Public Housing Administration for storage of administrative equipment, the Administration being reimbursed for utilities used and Contra Costa

Junior College maintaining the buildings used by it. At the request of the city of Richmond, the machine shop in this yard was leased to the Chase Aircraft Co., Inc.; also, there was leased to the Triple "A" Machine Shop, Inc., certain space in the plate shop, three wet basins, an outfitting pier, and related equipment for operation as a ship-repair installation.

At the Vancouver shipyard, the permits to the Bonneville Power Administration and the Department of the Air Force were continued, the Air Force permit covering a major part of the shipyard land and some 35 buildings for storage of Air Force vehicles and other material. The Administration is reimbursed for utilities used, and the permittees have assumed maintenance and security of Administration property within their control.

Terminals

Although the major portion of the Norfolk, Va., terminal is occupied by the Departments of the Army and the Navy under permits from the Administration, they have cooperated in maintaining some movement of commercial cargoes which are handled under a terminal operating contract supervised by the Maritime Administration. The Hoboken, N. J., terminal continued under long-term lease to the Port of New York Authority. During the year the authority completed construction of a new general cargo pier which became the property of the Federal Government.

Warehouses

The Maritime Administration continued the operation of the five Government-owned warehouses at Kearny, N. J., Baltimore, Md., Norfolk, Va., New Orleans, La., and Richmond, Calif., and, in addition, a subwarehouse at Vancouver, Wash.

These warehouses provide facilities for the storage of vital marine equipment required in a national emergency for the reactivation of the vessels in the national defense reserve fleets, and the construction, repair, and operation of vessels in such emergency. At the end of the fiscal year the warehouse inventories totaled \$42,101,375.

Reserve training stations

Following the declaration to the General Services Administration as excess to the needs of the Maritime Administration of a sizable portion of the Sheepshead Bay Reserve Training Station, comprising approximately 35 acres of land and the buildings and structures thereon, a revokable permit was granted to the Department of the Air Force for the use of the balance of the station to be used as an Air Force personnel processing center.

Port development

In cooperation with the Department of the Army, Board of Engineers for Rivers and Harbors, studies were completed on the following

Port Series volumes: Port Series No. 5, "The Port of New York"; Port Series No. 6, "The Port of Albany"; Port Series No. 14, "The Port of Savannah"; and Port Series No. 16, "Ports of the South Atlantic." Port Series No. 10, "The Port of Baltimore," was in process.

Material control, inventory, and disposal

There were 198 ships and related inventories accomplished, and inventory certificates for consumable stores were processed in the amount of \$59,533 as accounts receivable and \$8,743 as accounts payable. Certificates of overages and shortages were processed in the amount of \$391,014 as accounts receivable and \$566,870 as accounts payable.

At the beginning of the year there was \$456,790 worth of material for determination as to disposition. During the year, \$7,180,974 was reported from offsite locations and warehouses to be identified, segregated, and processed for utilization, retention, or disposal. Of this, there remained \$201,181 at the close of the period.

Surplus property, other than sunken ships previously written off the books, having a reported acquisition value of \$13,335,747 was disposed of by the Maritime Administration. This amount included transfers and sales in foreign countries for which there were received United States dollars and foreign currencies equivalent to \$202,862. Ten sunken ships which were constructive total losses, were sold for a return of \$6,350. The domestic disposals (excluding sunken ships) amounted to \$5,413,020, of which property having an acquisition value of \$3,009,909 was sold; property having an acquisition value of \$1,213,263 was transferred to other Government agencies; property having an acquisition value of \$1,150,170 was donated for health, education, and welfare purposes, and property having a reported acquisition cost of \$39,678 was abandoned or destroyed. The proceeds received from domestic sales and transfers with exchange of funds (except sunken ships) amounted to \$320,337.

Purchasing

Materials and equipment required for the grain storage program, the emergency repair program, and the cathodic protection of laid-up vessels at Beaumont, Tex., and Mobile, Ala., reserve fleets were procured during fiscal year 1955. Purchasing was continued for materials, supplies, equipment, and services required in the repair, maintenance, and operation of the reserve fleets, reserve shipyards, terminals, and training vessels, and for the operation of administrative offices.

Records management

A volume of 18,684 cubic feet of records was disposed of, releasing 1,483 file cabinets having a value in excess of \$62,000 and releasing over 12,000 square feet of space. Wastepaper sales from disposal of these records totaled more than \$11,000.

Administrative Management

Program and defense planning

A revision of earlier calculations for long-range shipbuilding was being undertaken, and a balanced program of continuing replacement was being developed so that the latest technical advances could be incorporated into advanced designs to keep the American merchant marine qualitatively superior. The program will be phased so as to avoid the peaks and valleys that have historically plagued the shipbuilding industry, and is aimed at assuring a stable shipbuilding work force adequate in size for necessary expansion in the event of full mobilization.

Based on latest military guidance, the Maritime Administration full mobilization shipbuilding program was being revised. Additionally, the Maritime Administration developed and coordinated a Commerce/Defense agreement covering the establishment of an interdepartmental agent to be known as the Coordinator of Ship Conversion and Repair. The proposed coordinator will assume authority for both departments in time of full mobilization.

Considerable planning is currently being undertaken, with some field surveys already completed, covering requirements for construction of new mobilization period shipyards, expansion of existing shipyards and reactivation of reserve shipyards, including costs, listing of the required facility components, and long-lead time tools and machinery, as well as the reactivation timing factors involved.

The Maritime Administration as the delegate agency recommended to the Office of Defense Mobilization the approval of two applications for accelerated tax amortization, as authorized under section 124A of the Internal Revenue Code, covering the building of two tankers, totaling \$8,115,000.

The Administration also joined with the Department of the Navy to sponsor a cargo-handling research project under the National Research Council. First reports were available in April 1954, and cover a detailed study of costs of a full shipload of cargo from origin in the United States to a destination in Europe.

The sixth meeting of the Planning Board for Ocean Shipping of NATO met in Washington in May 1955. The Under Secretary for Transportation of the Department of Commerce served as chairman of the meeting. The Deputy Maritime Administrator was designated as spokesman for the United States delegation, and members of the Maritime Administration staff were assigned to assist at the meeting in various capacities. The Maritime Administrator has been designated as United States representative on the Planning Board for Ocean Shipping.

The Maritime Administration is participating with the Joint Marad/Navy Planning Committee in the preparation of a Fourth Interim Report, which, when completed, will supersede the previous interim reports covering the size of the operating merchant marine

required as a defense nucleus, and the size, character, and readiness of the national defense reserve fleet for full mobilization requirements.

Personnel

Louis S. Rothschild, former Chairman of the Federal Maritime Board and Maritime Administrator, was appointed Under Secretary of Commerce for Transportation on February 25, 1955. Mr. Clarence G. Morse, of California, General Counsel of the Maritime Administration, was appointed member of the Federal Maritime Board and designated Chairman on March 16, 1955, for the remainder of the term of the former Chairman, which expires June 30, 1956. On September 23, 1954, Mr. G. Joseph Minetti, of New York, was designated as a member of the Federal Maritime Board for the term ending June 30, 1958. Effective October 29, 1954, Mr. E. C. Upton, Jr., Board member, resigned, and Mr. Ben H. Guill, of Texas, was appointed as a member of the Board, effective January 4, 1955, for the remainder of the 4-year term expiring June 30, 1957. The recess appointments of Messrs. Minetti and Guill were confirmed by the Senate and approved by the President on January 27, 1955.

For the first time since the conclusion of World War II, the total number of personnel on the rolls of the Maritime Administration remained at a comparatively stable figure for the year ending June 30, 1955. Total employment in the Maritime Administration was 3,373 on June 30, 1955. Stabilization of the employment picture made it unnecessary for the Maritime Administration to undergo any significant reduction in force at the end of the fiscal year ending June 30, 1955, for the first time since the fiscal year ending June 30, 1945. This factor enabled the Administration to increase its operating efficiency, make considerable improvement in the scheduling of work programs, and effect better utilization of employees.

Organization and methods

During the fiscal year, in an effort to provide for a more efficient administration of its work programs, the Maritime Administration effected, as were necessary, reorganizations and realignments of functions. The principal organizational changes were (a) the establishment of the Office of Government Aid and the Office of National Shipping Authority as separate organization entities; (b) reorganization of the Office of Ship Construction and Repair; (c) establishment within the Office of the Chairman-Administrator of a Maritime Manpower Officer with responsibility for establishing overall mobilization manpower requirements for shipyards and shipping personnel, developing plans for manning new types of ships, and inspecting and directing the execution of both the Federal cadet training program and the State maritime schools.

A continuing program was conducted for the improvement of management activities and the streamlining of work methods and procedures. Reviews were made and reports prepared covering the ap-

plicability to the Maritime Administration of recommendations contained in all Hoover Commission reports. Final action was taken on all proposals noted in internal audit reports.

Internal audits

During fiscal year 1955, internal audits were completed and reports submitted on six of the major organizational components of the Board and Administration. These reports contained 77 proposed actions of a protective and/or constructive nature which might, if adopted, improve the effectiveness of operations. In addition, a number of special projects were undertaken and completed, and one of major importance was commenced, involving a study of the feasibility of performing differential subsidy contracts with the objective of obtaining improved accounting and auditing techniques.

Security and investigation

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

During the year, 10 investigations were made to determine whether certain purchasers of ships under the Merchant Ship Sales Act of 1946, as amended, qualified as United States citizens, and seven other ship sales investigations were conducted involving class allowances, scrapping contracts, and mortgage requirements. Thirteen regulatory investigations were conducted concerning freight forwarders, false billings, terminal operations, alleged rebates on freight, etc. As a result of these and prior year investigations, the Government realized \$10,000 in fines, \$1,279,206 in waiver of claims against the Government, and \$3,068,907 in settlements.

Finance

Accounting

A revised accounting system for the Maritime Administration and the Federal Maritime Board was approved by the Comptroller General of the United States as to basic principles, standards, and related requirements. Complete and accurate financial statements which represent the financial position of the Maritime Administration and

the results of its operations in conformity with accepted accounting practices were being prepared on schedule.

On June 30, 1955, there remained only 1 of the 206 War Shipping Administration agents with respect to which agreement has not been reached as to final settlement of their reported agency transactions. Of the 48 agents under National Shipping Authority operations originating in 1951, 27 have redelivered all assigned vessels. The accounts of inactive agents were in the process of being closed, and few items other than with respect to insurance claims will be outstanding for any length of time.

Auditing

The principal audit workloads result from operating-differential subsidy agreements, bareboat charter agreements, and construction contracts. Audits under operating-differential subsidy agreements continued to receive top-priority attention and comprised the review of annual accountings filed by the subsidized operators and the audit of the items of expense presented for payment of subsidy by the subsidized operators. Progress in the audits under bareboat charter agreements made additional qualified field personnel available for subsidy audits which should result in substantial progress in the subsidy audits during the fiscal year ending June 30, 1956. Construction contracts, principally ship repair contracts and related subcontracts, were being audited on a current basis.

Eleven wartime construction contracts with Bethlehem-Fairfield Shipyard, Inc., were concluded by entering into a final settlement agreement. The total settlement, including facilities costs, amounted to \$559,420,758. Final settlement agreement on two contracts with Bethlehem-Alameda Shipyard, Inc., totaling \$148,355,707, has been mailed to the contractor for signature.

During fiscal year 1955, additional audit requirements aggregated 258, and 252 audits were completed, leaving a total workload of 236 at June 30, 1955. A total of \$2,892,705 was determined as additional recapture due the Government as a result of completed audits.

At the beginning of fiscal year 1955, the amounts on deposit in reserve funds of subsidized operators totaled \$108,468,952 in the capital reserve fund and \$86,551,497 in the special reserve fund. At the end of the year, the amounts on deposit in reserve funds totaled \$118,381,126 in the capital reserve fund and \$86,548,393 in the special reserve fund, as shown in appendix H.

In order to aid subsidized operators to build up statutory reserve funds for new construction, the Maritime Administrator is authorized to permit the operators to make voluntary deposits in said funds on a tax-deferred basis from profits otherwise available for dividends. Applications for making voluntary deposits from 1953 free earnings were approved for seven operators in a total amount of \$6,778,807; and from calendar year 1954, free earnings were approved for deposit by two operators in the total amount of \$3,582,000.

Insurance

Public Law 209, 84th Congress, approved August 3, 1955, extended the authority for the war risk insurance program to September 7, 1960. Twenty-three contracts have been executed with cargo underwriting agents for insurance to be effective upon the outbreak of war and on the condition that adequate coverage is not obtainable in the commercial market upon reasonable terms and conditions as determined by the Secretary of Commerce.

During the fiscal year, 97 war risk hull binders, 81 war risk protection and indemnity binders, and 76 war risk second seamen's binders were issued. As of June 30, 1955, binders outstanding are as follows: 882 war risk hull, 798 war risk protection and indemnity, and 733 war risk second seaman's. Net binding fees totaling \$156,600 had been received, and a total of \$44,425 had been paid in fees and expenses since inception of the program.

Two of three Mariner-type vessels under construction in shipyards in the United States and under contract of sale to the Pacific Far East Line were covered by extensions of war risk builder's risk insurance. Premiums totaling \$79,281 have been received on the binders issued. Upon launching of the last vessel, the war risk insurance was covered by commercial underwriters.

A new contract to furnish insurance against protection and indemnity risks was awarded to the National Automobile & Casualty Company, of Los Angeles, Calif., covering ships operated by Maritime Administration general agents in the Military Sea Transportation Service.

The Maritime Administration, under its self-insurance program, continued to assume hull and war risk insurance and second seamen's insurance on Government-owned vessels, and builder's risk insurance on the Mariner-type ships until completion. Total claims received amounted to \$180,911, of which \$65,376 was disapproved.

During the fiscal year ended June 30, 1955, there was recovered from underwriters, under the recapture provisions of World War II wartime hull and protection and indemnity agreements, a total of \$1,550,000. The total recoveries to date amount to \$60,275,000, representing \$13,525,000 from hull underwriters and \$46,750,000 from protection and indemnity underwriters. The hull underwriters have disposed of the last case under their agreement and a final settlement of the reserve, subject to recapture, is expected at an early date.

The Maritime Administration has continued to underwrite excess legal liability insurance, provided under a contract between the Department of the Army and a transportation contractor, which cannot be obtained in the domestic market or elsewhere except at prohibitive rates. As of June 30, 1955, second seaman's insurance was still in effect on 37 Department of the Navy contract-operated tankers.

In accordance with its insurance compliance responsibilities, the Maritime Administration approved original insurance or renewals thereof (generally on an annual or quarterly basis) obtained in com-

mercial markets by mortgagors, charterers, and subsidized operators, in the following amounts:

Kind of insurance	Total amount	Percentage American	Percentage foreign
Marine hull.....	\$1,096,718,497	40	60
Marine protection and indemnity.....	1,150,010,181	42	58
War risk hull.....	1,811,666,095	6	94
War risk protection and indemnity.....	1,488,564,551	6	94

Accounts receivable

Of the balance of accounts receivable as of June 30, 1955, totaling approximately \$27 million, only \$3 million represents items on which active collection efforts are required. The remainder of the balance is made up of additional charter hire to be collected at the time of settlement of charter accountings, amounts transferred to the Department of Justice, accrued construction costs to be settled upon completion of ship construction, matters pending in a claims or litigation status, and accounts on the books of National Shipping Authority general agents. The fact that of billings made during fiscal year 1955 totaling approximately \$114,000,000, only \$3,000,000, or less than 3 percent, was outstanding at the end of the year is evidence that billings are being promptly collected.

Claims

The number of unlitigated claims in favor of and against the Government, nearly all of which arose from wartime activities of the former United States Maritime Commission and War Shipping Administration, was reduced during fiscal year 1955 from 1,118 claims with a claimed value of \$19,094,531 to 874 with a claimed value of \$16,822,773. In addition, there were 890 claims with the Department of Justice for litigation on which \$328,301,939 had been asserted. Appendix I shows the claims on hand June 30, 1955, and claims settled under the Suits in Admiralty Act.

Legal Activities

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

Legislation

Most of the legislative proposals made during the year were based upon recommendations made in the "Review of Maritime Subsidy

Policy", by the Under Secretary of Commerce for Transportation, submitted to Congress May 3, 1954. These recommendations covered the following matters: Provision for tax deferment benefits for deposits of earnings from nonsubsidized shipping operation; to encourage replacement of ships prior to normal replacement age in order to avoid block obsolescence; to authorize test operation of reconstructed Libertys, prototypes, and experimental vessels; general authorization of research and experiment in cargo-handling practices and facilities on shore and on ship; sale of Government-owned ship mortgages—proceeds to be placed in a reinstated construction fund; to permit completion of 10-year recapture periods, notwithstanding termination and extension of operating-differential subsidy contract. Other proposals were: To provide for civil penalty for enforcement of filing requirements regarding vessel performance reports; provide Federal law protection for property guards; authorize decorations and medals for seamen for outstanding peacetime action or conduct for wartime service, and gallant action by ships and crews.

Those relating to test operation of experimental vessels, research and experiment in cargo-handling practices and facilities, vessel performance reports, Federal law protection for property guards, and decorations for seamen, after clearance by the Budget Bureau, were submitted to the Congress by the Department of Commerce. The bill relating to 10-year recapture period was approved by the House and awaits action in the Senate.

Recommendations were made to Congress for the extension of the Marine War Risk Insurance Act, and for the sale to Philippine citizens of vessels under charter to Philippine citizens, and these were enacted into law as Public Law 209 and Public Law 114, 84th Congress.

Joint resolutions providing for the sale of the SS. *LaGuardia* and SS. *Monterey* were enacted into law as Private Law 361 and Public Law 260, 84th Congress.

The bill to establish the Merchant Marine Academy on a permanent basis passed the House and is pending on the Senate Calendar for consideration in the next session of Congress.

Under consideration at the end of the fiscal year were legislative proposals relating to opening the St. Lawrence Seaway; Great Lakes domestic trade study; tramp shipping and other nonsubsidized foreign trade operations; and coastwise and intercoastal shipping problems.

Contracts

A voluminous number of contracts, addenda, bonds, and other documents were drafted and executed, including: addenda to operating subsidy contracts; a contract for the sale of four Mariners to American President Lines, Ltd., and a construction-differential subsidy agreement with the same company for their conversion to passenger ships; bareboat charters to Moore-McCormack Lines, Inc., for the Good Neighbor ships, and to Compania Maritima and Philippine Steam Navigation Co. for vessels operating in the Philippines; construction

contracts for conversion of Liberty ships for the use of steam turbines and diesel engines; construction contracts on behalf of the Navy Department for the conversion of a Mariner to a Navy attack cargo ship, and the construction of four tankers; and contracts for the trade-in of 9 obsolete tankers and the construction of 4 new tankers under the trade-in-and-build program.

The ship mortgage provisions of the 1936 act relating to the granting of mortgage and loan insurance for ship construction, reconstruction, and reconditioning were revised and incorporated in Public Law 781, 83d Congress, and regulations are being developed to implement this law. The Maritime Administration intervened before the Interstate Commerce Commission in opposition to petitions of certain towing companies, which if granted would have prevented competitive bids for towage services, resulting in higher costs to the Government in movement of its vessels. The second seaman's war risk policy was prepared, and amendments were prepared for marine hull coverage on mortgaged and bareboat-chartered vessels.

Litigation

During the year there was settled one of the most important collision cases. This case concerned the collision of the War Shipping Administration vessel *J. Pinckney Henderson* with the Standard Oil tanker *J. H. Senior* in a convoy off Halifax on August 18, 1943, with the loss of both vessels, their cargoes and crews. Fifteen other vessels in convoy, attempting to render aid or to swerve to avoid the flames, collided. The total amount of the claims against the United States was \$24 million, and the loss and damages to the vessels and cargoes owned by the United States were between \$10 million and \$15 million. Most of the damages were mitigated due to limitation of liability proceedings and the mutual waiver of claims agreements between the allied governments.

The *J. Pinckney Henderson-J. H. Senior* collision case was settled by the payment of \$500,000 to Standard Oil Co., and \$650,000 to the death and personal injury claimants, with the War Shipping Administration bearing one-half of the latter sum and Standard Oil Co. bearing the other one-half.

The United States Supreme Court in *Bisso v. Inland Waterways Corp.*, 1955 A. M. C. 899, held that provisions in towage contracts relieving the tug from liability for damages to the towed vessel caused by the negligence of the tug was void. Since the Maritime Administration employs privately owned tugs to tow Government-owned ships, the decision is of great importance both as to current claims against tugs for damage to vessels as well as future cases of negligence of this type.

The most important category of litigation now pending is that involving claims for refunds of additional hire under charters of war-built vessels for the offshore trade. At the end of the fiscal year, 20 cases had been filed, involving claims totaling \$7,045,617, in which the litigants claim that charter agreements were invalid as contrary

to the provisions of the Merchant Ship Sales Act of 1946. It is estimated that ultimately there may be approximately 95 cases involving \$40 million to \$50 million on such grounds.

During the past year, favorable decisions were obtained on two cases in this category. One decision by the District Court for the Southern District of New York was to the effect that the libel in the *American Eastern Corporation* case should be dismissed as time barred. The other decision by the same court, dismissing the libel in *Sword Line* case on the ground that the claim asserted had been finally settled by an agreement in the bankruptcy proceeding, is now pending an appeal to the Circuit Court of Appeals.

In another category of chartering, the United States Supreme Court decided in favor of the Government that, in the case of *California Eastern Line, Inc. v. Chairman, United States Maritime Commission*, the United States Court of Appeals (D. C.) had jurisdiction to review the decision of the Tax Court, adverse to the Government, to the effect that the so-called "Red Sea Charters" are not renegotiable.

The "overtime-on-overtime" test cases, *Aaron et al. v. Bay Bridge Operating Co., Inc.* and *Addison et al. v. Huron Stevedoring Corp.*, in litigation since 1945, and involving longshoremen's claims of about \$500,000, came to an end on February 14, 1955, after several appellate reviews, by payment of judgments of about \$15,000. The decisions were favorable to the defendant stevedoring companies and relieved the United States Government of a potential liability, variously estimated between one hundred million dollars and three hundred million dollars, which it had under the reimbursement provisions of its War Shipping Administration's cost-plus-fixed-fee contracts. Consequently many of the 300 original cases of this type were dismissed.

An important group of new ship-sales cases filed are those claiming that foreign purchasers of war-built vessels have the same rights as citizen purchasers under the Merchant Ship Sales Act of 1946. The disputes in five pending cases cover the American Bureau of Shipping requirements and the computation of the charges for desirable features. As 1,113 vessels were sold foreign, it is estimated that claims of foreign purchasers might aggregate as much as \$14 million.

Also in the category of ship sales, the Government's calculations of credits for prior sales under section 9 of the 1946 act has been attacked in six suits. Three of these, totaling \$534,284, involve claims that desirable features charges were improperly computed, and two concern claims that the Government improperly took credit for charter hire. One of those cases has been dismissed after administrative settlement.

Ten 1946 act cases, which involved disputes as to the computation of the price of C-3 vessels, were closed by stipulated judgments aggregating about \$3,320,237, the parties further agreeing to settle desirable features refunds administratively on the basis of the *Bull* decision. Four such desirable features settlements have been made. Another large category is that covering the failure to perform repair

work on C-2 vessels allegedly required by the 1946 act, claimed by eight companies in an amount exceeding \$3 million.

The United States Supreme Court denied certiorari in the *South-eastern Oil, Florida, Inc., Paco Tankers, Inc.*, and *Norton Clapp* cases against the Government. As a result, this agency has been and is engaged in administratively settling claims totaling over \$6 million in 66 separate suits for slotting and strapping expense and "prior repairs," as the basis for dismissals with prejudice. A total of 5 fire-proofing suits, involving about \$682,178, are awaiting settlement, 7 such cases having been settled during the past fiscal year following the adverse decision of the Court of Claims on that issue.

There are pending about 50 suits against the United States, involving just compensation claims of approximately \$81,706,461, of which about 20, involving about \$5 million, concern the question of the proper rate of bareboat hire. Both parties to an *American-Hawaiian* suit on that issue have requested the United States Supreme Court to review the decision of the Court of Claims.

Regulatory Activities

Considerable apprehension was experienced at the beginning of the fiscal year, since freight rates were sinking while operating costs continued to increase. However, in November-December 1954 the charter market showed a sudden and unexpected reversal and began to move rapidly upward. This gave the liners an opportunity to offset increased operating costs by increasing freight rates from 10 to 15 percent. This was a worldwide situation. The Board has followed the increases in conference freight rates in the United States foreign trade to assure that these increases did not place an unwarranted burden upon the conduct of trade.

The plans for development of the St. Lawrence Seaway have stimulated ports and carriers to greater interest, with an increasing number of carriers, with services operating mainly transatlantic, going into the Great Lakes trades. Port, carrier, and shipper interests have been urging railroads and trucks to assist in this expansion by the establishment of export and import rates which would apply on movements via Great Lakes ports. The Board's staff has consulted with these interests and has offered such assistance as has been within the Board's jurisdiction.

Various dual-rate cases remained unsettled at the close of the year, leaving existing rate wars and the threat of others a serious problem. Even the bulge in the freight market which took place in midyear could not offset the dangers of rate instability. The rate wars in the Japan-Atlantic and Japan-Pacific trades continued, although rates showed some tendency to level off. In the transatlantic trades the continental conference introduced a sliding scale of brokerage payments based on the measure of the rate as one measure to forestall rate cuts.

The Gulf-Mediterranean and the Pacific coast European trades faced difficulties and were threatened with the outbreak of rate wars as the year closed.

Conference and other agreements

The Board approved 143 new agreements or modification or cancellation of conference or other agreements.

Among the approved agreements were a conference agreement covering the trade from Red Sea and Gulf of Aden to Atlantic and Gulf ports, a joint service agreement between foreign-flag carriers, and a pooling agreement in the trade from west gulf ports to Havana, Cuba, which was entered into to terminate a threatened rate war. A number of conferences modified their agreements and adopted rules to assure that brokerage is not paid indiscriminately but only for a service rendered and under proper circumstances.

Two formal investigations were recommended, on the Board's own motion, one into the legality of the brokerage rule of the Pacific Coast European Conference, and the other for the purpose of determining whether certain carriers in the Gulf-Mediterranean trade were engaging in unlawful rebate and other practices, and whether the Gulf Mediterranean Ports Conference acted unfairly as between carriers in expelling one of these carriers from conference membership.

Freight rates—foreign

A total of 26,684 rate filings covering freight and passengers in the foreign trade of the United States were received which represented an increase of more than 5,000 over the previous fiscal-year filings. Examinations were made for ambiguities in tariff descriptions and classifications which lead to improper rate applications, and for potentially discriminatory rates and conditions and other unlawful tariff practices. There were increases in freight rates ranging from 10 to 15 percent in most trades, with increased operating costs being cited in support thereof.

Freight rates—United States territories and possessions

Freight and passengers rate filings totaled 1,257, of which 12 carriers filed tariffs covering 17 new services—one covering a pickup and delivery express service between New York City and Puerto Rico, and 16 covering rates for the water transportation portion of the movement of household goods and personal effects by highway motor carriers between points in the United States and its Territories. Upon showings of good cause, the Board approved 17 special permission applications to establish rates and rate changes on less than statutory notice.

Rates between Atlantic, Gulf, and Pacific ports and Hawaii were increased 6 percent. The rate on sugar from Puerto Rico to Atlantic and Gulf ports was increased approximately 3¼ percent. Increased operating costs were cited as reasons for these increases.

A review of operating results of two carriers operating in the Alaskan trade showed that the 7½ percent temporary increase granted in fiscal year 1954 was fully justified, and the Board discontinued its investigation into these rates.

Two investigations, on the Board's own motion, involving protests of certain published rates of Ponce Cement Corp. were completed, resulting in a finding that the rates were not in violation of Sections 14 and 16 of the Shipping Act, 1916, or the Intercoastal Shipping Act, 1933.

Terminals

A total of 1,771 tariff schedules were examined for compliance with formal rulings of the Board, court decisions, and shipping laws. Eighty-nine informal complaints relative to free time, wharf demurrage, and terminal charges were handled, the greater portion of which were against rates for truck loading and unloading waterborne freight in the port of New York area. The lawfulness of these rates and related practices, established under an agreement, previously approved by the Board, were under formal investigation at the end of the fiscal year.

Freight forwarders

Certificates of registration were issued to 134 new registrants, and certificates of 104 registrants were canceled, making a total of 1,460 registrants holding certificates, issued under General Order 72. During the year 15 new registrations were recorded, making a total of 527 under General Order 70. Forwarders have been called upon to furnish information concerning their billing practices and these have been reviewed for compliance with General Order 72. Twenty-two informal complaints relative to ocean freight forwarding were handled. A formal investigation of the practices of freight forwarders was initiated, on the Board's own motion.

Proceedings Before Hearing Examiners

Final decisions of the Board and Maritime Administrator

Docket No. 736—*Stockton Port District et al. v. Waterman Steamship Corporation et al.* This proceeding concerned the refusal to accept cargo at, and to establish rates from, Stockton, Calif., for transportation to Puerto Rico. Upon motion of the parties the Board dismissed the proceeding by order of August 12, 1954.

Docket No. 741—*Misclassification of Tissue Paper as Newsprint Paper.* Upon finding that the respondent falsely classified a shipment of paper to obtain transportation by water therefor at less than the rate or charge which would otherwise be applicable, the entire record of this proceeding has been forwarded to the Department of Justice for appropriate action.

Docket No. 745—*Tollage Charges—Port of New Orleans.* The petition to investigate increase of the wharf-tollage charge by the port of New Orleans

was denied by the Board as the proposed rate had been postponed indefinitely and neither the proposed increase nor any other increase in the wharf-tollage charge at this port would hereafter be made without public notice and opportunity for interested parties to seek such remedies as the law provides. Board's order dated July 21, 1954.

Docket No. 747—*Increased Rates—1954—Alaska Steamship Co.—Coastwise Line.* This investigation of certain proposed increases in freight rates was instituted by the Board on protests to the effect that the increases would be unreasonable and otherwise unlawful, and that the effective date of such should be suspended. The rates were suspended pending hearing, but upon motion of respondents to dismiss the proceeding, concurred in by protestants, the suspension orders were revoked and the proceeding was dismissed by order of the Board dated March 4, 1955.

Docket No. 749—*Freight Rates—Coastwise Line.* This investigation was instituted by the Board, on its own motion, being of the opinion that the rates should be suspended and investigated in the interest of the public. There having been no protests to the suspended rates and the respondents having filed motion to dismiss the proceeding, the suspensions order was revoked and the Board by order of March 4, 1955, dismissed the proceeding.

Docket No. 754—*Gulf Shippides Storage Corporation v. Cunard Steamship Co., Ltd., et al.*, and Docket No. 757—*Gulf Shippides Storage Corporation v. Thos. & Jno. Brocklebank, Ltd.* Complaint alleged that respondent's practice of absorbing certain costs of loading railroad cars on commodities stored at one certain warehouse and refusing to make similar absorptions on goods stored at and loaded from complainant's warehouse was in violation of the Shipping Act, 1916. Complainant having filed motion to dismiss on the ground that it believed, on advice received from respondents, that the alleged violations would be discontinued, the Board dismissed the proceeding by order of September 16, 1954.

Docket No. 756—*The Rice Millers' Association v. Gulf and South Atlantic-Cuban Outports Conference et al.* Complaint alleged that conference agreement is detrimental to commerce of United States in contravention of section 15, Shipping Act, 1916. Complainant having filed motion to dismiss because the matter complained of had been satisfactorily adjusted, the Board dismissed the proceeding by order of January 28, 1955.

Docket No. 759—*Anglo-Canadian Shipping Co., Ltd., et al. v. Mitsui Steamship Company, Ltd.* Complaint alleged that respondent quoted and granted rates lower by fixed differential than those of complaining (conference) carriers and indulged in other unfair practices such as excessive fees to freight forwarders sufficiently high to induce them to divert cargo to respondent's vessel, in violation of sections 16 and 17, Shipping Act, 1916. The Board found the making and quoting, by a carrier, of rates lower by fixed differential than the rates of competing carriers is not a per se violation of sections 16 or 17, Shipping Act, 1916, as amended, nor is the payment of "excessive" fees to freight forwarders, without more, a violation of those sections. The Board granted respondent's motion to dismiss the complaint. Respondent's motion to dismiss complainant's accompanying petition for investigation of respondent's ratemaking practices and issuance of rules in respect thereto was denied.

Docket No. 760—*Naviera Garcia, S. A. v. Lykes Bros. Steamship Co., Inc., and United Fruit Co.* Complaint alleged that respondents violated sections 14, 16, and 17, Shipping Act, 1916. Complainant having filed a request to withdraw the complaint on the ground that by the Board's approval of Agreement No. 7997, together with the contemplated return of respondents as members of the conference, the issues in the proceeding had been settled, the Board, by order dated December 30, 1954, dismissed the complaint.

Docket No. 761—*The National Button Association v. Continental North Atlantic Westbound Freight Conference et al.* Complaint alleged that the rates on glass buttons, established by respondents, are unjustly and arbitrarily discriminatory as between shippers of competitive and comparable items in violation of sections 16 and 17, Shipping Act, 1916. Upon statement of complainant

that the above matter had been satisfied by negotiations, the Board, by order of May 5, 1955, dismissed the complaint.

Docket No. 762—*The City of San Diego v. Compagnie Generale Transatlantique et al.* Complaint alleged that certain of respondent's tariff rules were in violation of sections 14, 15, 16, 17, and 18, Shipping Act, 1916. On complainant's motion to dismiss, the complaint as supplemented was dismissed by Board's order dated October 20, 1954.

Docket No. 770—*Morton Birnbaum v. American President Lines, Ltd.* Complainant alleged that respondent's refusal to sell him a third-class passenger ticket from the United States to Japan, because he was not an Oriental, violated sections 16 and 17, Shipping Act, 1916. By stipulation the parties requested that the complaint be withdrawn, and the Board by order dated January 28, 1955, granted this request.

Docket No. S-17 (Sub. 1)—*American President Lines, Ltd.—Application for Extension of Existing Authority To Operate without Subsidy on Trade Route No. 17, Service C-2, and Docket No. S-33—American President Lines, Ltd.—Application for Operating-Differential Subsidy, Trade Route No. 17, Service C-2.* The Board/Maritime Administrator, on September 16, 1954, found: (1) Vessels to be operated on trade route No. 17 in Freight Service "C-2," proposed by American President Lines, Ltd., would not, with certain modifications, be in addition to the existing service or services; (2) the effect of a subsidy contract between the United States and American President Lines, Ltd., with respect to vessels to be operated on trade route No. 17 in Freight Service "C-2," as proposed by American President Lines, Ltd., would not, with certain modifications, be to give undue advantage or be unduly prejudicial as between citizens of the United States in the operation of vessels in competitive services, routes, or lines; (3) section 605 (c), Merchant Marine Act, 1936, does not interpose a bar to an award of subsidy to American President Lines, Ltd., with respect to vessels to be operated on trade route No. 17 in Freight Service "C-2"; (4) American President Lines, Ltd., or a predecessor in interest, was not in bona fide operation as a common carrier by water in the domestic, intercoastal, or coastwise trade in 1935 over the route or routes or in the trade or trades for which American President Lines, Ltd., has applied for permission to operate in the westbound intercoastal leg of its trade route No. 17, Freight Service "C-2"; (5) the operation by American President Lines, Ltd., of its Freight Service "C-2" vessels in the westbound intercoastal service would, except for carriage of reefer cargoes, result in unfair competition to persons, firms, or corporations operating exclusively in the coastwise or intercoastal service; (6) the operation by American President Lines, Ltd., of its Freight Service "C-2" vessels in the eastbound intercoastal service would result in unfair competition to persons, firms, or corporations operating exclusively in the coastwise or intercoastal service except to the extent that such vessels may carry cargoes eastbound from Los Angeles; (7) vessels operated by American President Lines, Ltd., in Freight Service "C-2," trade route No. 17, permitted to call at Guam westbound; (8) the freight service "C-2" vessels of American President Lines, Ltd., permitted to serve Manila and two Philippine outports eastbound; (9) the Freight Service "C-2" vessels of American President Lines, Ltd., permitted to call eastbound at San Francisco Bay ports, but not to lift eastbound intercoastal cargo at such ports; and (10) the Freight Service "C-2" vessels of American President Lines, Ltd., authorized to continue to perform eastbound intercoastal service from the port of Los Angeles only.

Upon consideration of a petition for reconsideration and reargument, the Board/Maritime Administrator, by report of January 5, 1955, reaffirmed its previous findings and denied the petition.

Docket No. S-27 (Sub. 1)—*Investigation of Agreement No. 7549 (Moore-McCormack-Swedish-American Sailing Agreement)* and Docket No. S-27 (Sub. 2)—*Investigation of Agreement No. 7616 (Lykes-Harrison Pooling Agreement).* Agreements found to create relationships which do not eliminate competition but which do tend to diminish competition between its signatories.

Docket No. S-27 (Sub. 4)—*Investigation of Agreement No. 7796 (Grace-C. S. A. V. Pooling Agreement)*. Pooling Agreement No. 7796 between Grace Line Inc., and Chilean Line (C. S. A. V.) found not to create relationships such as eliminate or diminish competition between its signatories.

Docket No. S-44—*American Export Lines, Inc.—Application for Increase in Number of Subsidized Voyages on Lines A, B, and C (Trade Route No. 10)*. Applicant found to be an existing operator on trade route No. 10 within the meaning of section 605 (c), Merchant Marine Act, 1936. The Board was unable to find that permitting an increase in the combined number of subsidized sailings on trade routes Nos. 10 and 18 would give undue advantage or be unduly prejudicial as between citizens of the United States in the operation of vessels in competitive services, routes, or lines. Section 605 (c), Merchant Marine Act, 1936, does not interpose a bar to granting a prospective increase in the number of applicant's subsidized sailings on trade route No. 10.

Docket No. S-45—*Grace Line Inc.—Application for Renewal of Waivers Under Section 804, Merchant Marine Act, 1936*. Special circumstances and good cause shown justifying continuance of waivers under section 804, Merchant Marine Act, 1936, to permit affiliates of Grace Line Inc. to solicit cargo and passengers in this hemisphere for vessels of Rederiaktiebolaget Nordstjernen (Johnson Line).

Docket No. S-46—*Grace Line Inc.—Application for Extension of Service and Increased Sailings on Trade Route No. 25 (U. S. Pacific Ports—West Coasts of Mexico, Central America, and South America)*. The Board gave notice that in accordance with section 13 (d) of the Board's Rules of Practice and Procedure, the initial decision of the examiner became the decision of the Board as of December 30, 1954. Findings of the examiner were: (1) applicant found to be operating an existing service between the Pacific coast of the United States and the west coasts of Mexico and Central America, Balboa, Cristobal, the north coast of Colombia, and the Gulf of Venezuela and Lake Maracaibo; (2) the service proposed to be operated by the applicant on the foregoing itinerary found not to be in addition to its existing service; (3) section 605 (c), Merchant Marine Act, 1936, found not to interpose a bar to the granting to the applicant of an operating-differential subsidy for the foregoing service.

Docket No. S-46 (Sub. 1)—*Grace Line Inc.—Application for Redescription of Trade Route No. 25 (U. S. Pacific Ports—Caribbean Ports)*. Oral argument was heard on motion of public counsel, supported by Grace Line Inc., to dismiss, and the proceeding was dismissed by order of the Maritime Administrator.

Docket No. S-50—*Pacific Far East Line, Inc.—Application Under Section 805 (a), Merchant Marine Act, 1936, To Act as General Agent for Coastwise Line*. Application for such permission denied since, to permit applicant to act as general agent for Coastwise Line, Inc., and to charter its unsubsidized vessels returning in ballast from the Orient to such company, would result in unfair competition and would be prejudicial to the objects and policy of the Merchant Marine Act of 1936.

Docket No. S-53—*Grace Line Inc.—Application for Change in the Description of the Subsidized Service and Increase in Maximum Subsidized Sailings by C-2 Freight Vessels on Line C Service*. After publication was made in the Federal Register with a return date of January 4, 1955, for persons desiring hearing, and having received no such requests or notice or petition for leave to intervene, the proceeding was closed. The matter was handled administratively.

Docket No. S-54—*Pacific Transport Lines, Inc.—Application for Written Permission Under Section 805 (a), Merchant Marine Act, 1936*. The Acting Maritime Administrator in his report of December 30, 1954, granted the permission requested which permitted the applicant's parent company, States Steamship Co., or its affiliate Pacific-Atlantic Steamship Co., to load approximately 1,500 tons of newsprint at Port Angeles, Wash., for discharge at Long Beach, Calif.

Docket No. M-61—*Annual Review of Bareboat Charters of Government-Owned, War-Built, Dry-Cargo Vessels, 1954, Under Public Law 591, 81st Congress*.

In accordance with section 5 (e) (1), Merchant Ship Sales Act of 1946, an annual review was made of the bareboat charters of Government-owned, war-built, dry-cargo vessels recommended for use by United States-flag operators during the period from June 30, 1953, to June 30, 1954, inclusive. On the basis of evidence considered by the Board, it certified to the Secretary of Commerce that, subject to further review at a later date of the charters with American President Lines, Ltd., and Pacific Far East Lines, Inc., conditions existed justifying the continuance of the charters listed upon conditions originally certified by the Board.

Docket No. M-62—*Hawaiian Steamship Company, Ltd.—Application to Bareboat Charter the SS. "LaGuardia."* Applicant sought a 6-year bareboat charter of the SS. *LaGuardia*, a Government-owned P2-S-2-R-2, primarily for the carriage of passengers and cargo between San Francisco, Calif., and Honolulu, T. H. The Board recommended the charter on the following findings: that the service under consideration was in the public interest; that the present passenger service was inadequate to meet the need of tourists of moderate incomes; that the present cargo service was inadequate to meet the need for a faster service as proposed by applicant; and that privately owned American-flag vessels were not available for charter by private operators on reasonable conditions and at reasonable rates for use in such service.

Docket No. M-63—*Coastwise Line—Application to Bareboat Charter a Government-Owned, War-Built, Dry-Cargo Vessel for Use in the Pacific Coastwise Alaska/British Columbia Service.* The Board granted the charter on the following findings: (a) that the service considered was in the public interest; (b) such service was not adequately served; and (c) privately owned American-flag vessels were not available for charter by private operators on reasonable conditions and at reasonable rates for use in such service.

Recommended Decisions of Hearing Examiners ¹

Docket No. 723—*City of Portland, Oreg., Acting Through the Commission of Public Docks, and The Port of Seattle v. Pacific Westbound Conference, American-Hawaiian Steamship Co. et al.* Port equalization rule of Pacific Westbound Conference and practices thereunder not shown to be unlawful.

Docket No. 725—*The Secretary of Agriculture of the United States v. North Atlantic Continental Freight Conference et al.* and Docket No. 751—*In the Matter of the Statement of the Member Lines of the North Atlantic Continental Freight Conference Filed Under General Order No. 76.* System of contract and noncontract rates proposed to be put into effect by the North Atlantic Continental Freight Conference would not be unjustly discriminatory or unfair as between carriers, shippers, exporters, importers, or ports, or between exporters from the United States and their foreign competitors, would not operate to the detriment of the commerce of the United States, and would not be in violation of the Shipping Act, 1916. A memorandum of the agreement between the conference carriers to establish the proposed system should be filed for approval under section 15 of the act. Before such approval, the agreement cannot be carried out.

Docket No. 730—*In the Matter of the Statement of Japan-Atlantic and Gulf Freight Conference Filed Under General Order 76.* Statement of Japan-Atlantic and Gulf Freight Conference proposing to establish contract/noncontract rates for transportation of commodities from Japan, Korea, and Okinawa to Atlantic and Gulf ports of the United States found to comply with General Order 76. Differential of 9.5 percent between the proposed contract/noncontract rates found not arbitrary, unreasonable, or unjustly discriminatory. Initiation of proposed rate system found not unjustly discriminatory, unduly prejudicial or unfair, or detrimental to the commerce of the United States. Proposed rate system found not to cause irreparable damage to Isbrandtsen Co., Inc.

¹ These decisions were subject to review by the Federal Maritime Board or the Maritime Administrator.

Docket No. 743—*In the Matter of the Statement of Trans-Pacific Freight Conference of Japan Filed Under General Order 76.* Use of contract/noncontract-rate system in the transportation of commodities in the trade from Japan, Korea, and Okinawa to Hawaii and Pacific coast ports of the United States and Canada found not justified under General Order 76, or section 15, Shipping Act, 1916; and accordingly, application for approval of said system in the trade should be denied.

Docket No. 766—*Ponce Cement Corporation—Increased Rate on "Trailer Rate Cargo N. O. S."* Proposed increased rate on trailer cargo from Port Everglades, Fla., to Ponce, P. R., not shown unlawful except as to measurement requirements.

Docket No. 768—*Alleged Practices of Compagnie De Navigation Cyprien Fabre (Fabre Line) and of Gulf Mediterranean Ports Conference.* (1) Respondent Labre Line found to have violated section 16, Shipping Act, 1916, in connection with shipments of certain commodities, including cotton, from United States Gulf and South Atlantic ports to Mediterranean ports in Italy and France; cease and desist order recommended; (2) action of Gulf Mediterranean Ports Conference in expelling Fabre Line from membership found not to be unfair or otherwise unlawful; (3) rules and regulations under section 19, Merchant Marine Act, 1920, recommended; and (4) charges against respondent Lykes Bros. Steamship Co., and allegations under sections 15, 16, and 17, Shipping Act, 1916, found not sustained.

Docket No. 769—*Ponce Cement Corp.—Returned Empty Propane Gas Tanks.* Ponce Cement Corp. found to be a common carrier in its operation from Puerto Rico to Florida, and a proper tariff therefor should be filed with the Board.

Publication of a rate on propane gas in tanks from Florida to Puerto Rico, which includes the return of the empty tanks to Florida, found to contravene section 2, Intercoastal Shipping Act, 1933, and to be an unjust and unreasonable practice under section 4 thereof and section 18, Shipping Act, 1916. Suspended rate on propane gas in tanks from Florida to Puerto Rico, which includes the return of the empty tanks to Florida, found to be in violation of sections 14 and 16, Shipping Act, 1916. Suspended rate should be canceled in the manner provided by the Board's Tariff Circular No. 3.

Docket No. S-38—*Isbrandtsen Co., Inc. v. American Export Lines, Inc.* Isbrandtsen Co., Inc., found to operate as a common carrier by water exclusively employing vessels registered under the laws of the United States on trade routes Nos. 7, 8, 9, and 18 from and to a United States port or ports. Twelve foreign-flag vessels operated by Isbrandtsen on trade route No. 18 found to be tramp ships not employed in common carrier service.

Decisions by examiners in nine other cases which were decided by the Board and/or Maritime Administrator are reported under the preceding section. They are Dockets Nos. 741, S-27 (Sub. 1), S-27 (Sub. 2), S-27 (Sub. 4), S-44, S-46, S-50, M-62, and M-63.

Pending proceedings

Docket No. 703—*Trans-Pacific Freight Conference of Japan and Japan-Atlantic Coast Freight Conference.* Proceeding was instituted by order of the Board as an investigation into utilization of the contract rate system by Trans-Pacific Freight Conference of Japan and Japan-Atlantic Coast Freight Conference when these respondents notified the Board of their intentions to reinstate the contract/noncontract rate system.

Docket No. 720—*Intercoastal Steamship Freight Association et al v. Northwest Marine Terminal Association et al.* Assessment of tariff charge against the ship in connection with lumber transportation found to be an unjust and unreasonable practice in violation of section 17, Shipping Act, 1916. A cease-and-desist order entered and case remanded to examiner for consideration of reparation.

Docket No. 726—*Isbrandtsen Co., Inc. v. States Marine Corp. of Delaware et al.* Complaint alleged that respondents' freight charges on shipments of cotton from Gulf ports of the United States to ports in Japan, under the contract/noncontract rate system, are in violation of the Shipping Act, 1916.

Docket No. 732—*H. Kempner v. Lykes Bros. Steamship Co., Inc., et al. (Gulf-Mediterranean Ports Conference)*; Docket No. 733—*H. Kempner v. Lykes Bros. Steamship Co., Inc., et al. (Far East Conference)*; Docket No. 734—*Galveston Cotton Co. v. Lykes Bros. Steamship Co., Inc., et al. (Far East Conference)*; Docket No. 735—*Texas Cotton Industries v. Lykes Bros. Steamship Co., Inc., et al.* Proceedings involved the lawfulness of respondents' use of the contract/noncontract rate system.

Docket No. 738—*Rates, Charges, and Practices in Connection with the Movement of Rabbitskins From Australia to the United States.* Investigation concerning transportation of rabbitskins from Australia to the United States at less than applicable rates or charges, appearing to be in violation of section 16, Shipping Act, 1916.

Docket No. 742—*Issuance of Rule Governing Loading at New York.* Petition for investigation by Board for purpose of determining whether it has jurisdiction to regulate practice of loading and unloading freight on piers at New York; if so, to prescribe rules and regulations governing such practices.

Docket No. 744—*Terminal Rate Structure—Pacific Northwest Ports.* Petition filed by Northwest Marine Terminal Association requesting Board to approve a rate-making formula for calculating charges for wharfinger services.

Docket No. 746—*Willy Bruns v. Compagnie Generale Transatlantique et al.* Complaint alleging that respondents' failure to admit complaint to Pacific Coast European Conference is unlawful, in violation of the Shipping Act, 1916.

Docket No. 746 (Sub. 1)—*Campagne Generale Transatlantique v. Willy Bruns.* Complaint alleging that respondent made false representations that it intended to operate as a common carrier, and that respondent, acting in the dual capacity of carrier and importer or consignee, knowingly and wilfully attempted to grant and obtain transportation of citrus fruit from Los Angeles, Calif., to European ports at rates or charges less than those which would otherwise be applicable, by means of offering and agreeing to pay or allowing direct or indirect rebates to exporters and importers of citrus fruit, in violation of section 16, Shipping Act, 1916.

Docket No. 752—*In the Matter of the Unlawful Practice of Atlantic & Gulf/West Coast of South America Conference and East Coast of Colombia Conference re F. O. B. Shipments.* Petition of Isbrandtsen Co., Inc., requesting Board to order conferences to cease and desist from forcing by threats, etc., American exporters to Colombia not to ship goods by Isbrandtsen even though the importers in Colombia designate that line as the carrier.

Docket No. 753—*Palantic Steamship Co., Inc. v. Northwest Marine Terminal Association and Shaffer Terminals, Inc.* Proceeding involved the lawfulness under the Shipping Act, 1916, of certain terminal charges assessed at Tacoma, Wash., against an intercoastal carrier of eastbound lumber.

Docket No. 755—*In the Matter of the Unlawful Practices of New York Freight Bureau (Hong Kong) Conference in Reference to F. O. B. Shipments.* Petition of Isbrandtsen Co., Inc., requesting Board to order conference to cease and desist from coercing and forcing, by threats, etc., exporters from Hong Kong not to ship goods by Isbrandtsen when f. o. b. buyers and consignees designate that line as the carrier.

Docket No. 758—*American Union Transport, Inc. v. River Plate & Brazil Conferences.* Complaint alleged that refusal of conference members to pay brokerage on shipments of locomotives to Brazil is in violation of section 15, Shipping Act, 1916, and the antitrust laws. Reparation is sought.

Docket No. 759—*Anglo Canadian Shipping Co., Ltd., et al. v. Mitsui Steamship Company, Ltd.* Complainants, members of Pacific Coast European Conference, allege that respondent, a Japanese line, quotes rates differentially lower than conference rates, and pays excessive fees to freight forwarders, causing the

conference to lower its rates, which means an automatic lowering of respondent's rates, in violation of sections 16 and 17, Shipping Act, 1916.

Docket No. 763—*Aluminum Products of Puerto Rico, Inc. v. Trans-Caribbean Motor Transport, Inc.* Complainant alleges it entered into an agreement with respondent for transportation of shipments at rates lower than the rates charged; that the rates charged were, and still are, unjust, discriminatory or prejudicial in violation of sections 14, 16, and 18, Shipping Act, 1916, and of section 2, Intercoastal Shipping Act, 1933, and that complainant has been injured in the amount of \$15,000.

Docket No. 764—*Mitsui Steamship Co., Ltd. v. Anglo Canadian Shipping Co., Ltd., et al.* Complainant, a Japanese line, alleges that respondents, members of Pacific Coast European Conference, have violated and continue to violate sections 14 (3), 15, 16, and 17, Shipping Act, 1916, by the use of unfair, coercive, discriminatory, and illegal practices, in depriving buyers and consignees of goods purchased in the United States on an f. o. b. basis, who are not parties to exclusive-patronage, dual-rate contracts with the conference, of their right to ship over vessels of complainant, and in coercing said consignees to ship exclusively on conference vessels; and that said practices are resulting in irreparable damage to complainant.

Docket No. 765—*Investigation of Practices, Operations, Actions, and Agreements of Ocean Freight Forwarders and Related Matters.* This proceeding was instituted on the Board's own motion under section 22, Shipping Act, 1916; section 19, Merchant Marine Act, 1920; section 204, Merchant Marine Act, 1936; and the Board's Rules of Practice and Procedure, to determine the lawfulness of practices, operations, actions, agreements, cooperative working arrangements, and related activities of ocean freight forwarders.

Docket No. 767—*Agreement and Practices Pertaining to Brokerage Pacific Coast European Conference (Agreement No. 5200).* This proceeding was instituted on the Board's own motion under sections 15, 16, 17, 22, and 25, Shipping Act, 1916, and section 9, Administrative Procedure Act, to require respondents to show cause at a hearing why rule 21 of their tariff No. 12 should not be modified or canceled. The rule involved provides *inter alia* that conference "Member Lines must refuse to pay brokerage to any broker who solicits for, or receives brokerage from, a nonconference line competitor and such broker will be excluded from the Conference's list of Approved Freight Brokers."

Docket No. 771—*Banana Distributors, Inc. v. Grace Line Inc.* Complainant alleges that respondent, a common carrier, refuses to give it space for the transportation of bananas from Ecuador to the United States, in violation of Conference Agreement No. 3302, sections 14, 15, and 16, Shipping Act, 1916, and the Sherman Antitrust Act.

Docket No. 772—*United States Atlantic & Gulf—Puerto Rico Conference et al. v. American Union Transport, Inc., et al.* Complainants allege (1) that respondent, American Union Transport, Inc. (AUT), has falsely represented to the Board that it is a common carrier in the Puerto Rico trade by having on file with the Board Freight Tariff FMB-F No. 1; (2) that such representation has resulted in loss of cargo to complainants to their injury and in contravention of sections 2, 3, and 4, Intercoastal Shipping Act, 1933, and section 18, Shipping Act, 1916; (3) that AUT's loading and discharging operations and its failure to name docks or terminals constitutes regulations and practices to complainants' injury, in violation of sections 2, 3, and 4, Intercoastal Act, and sections 14 and 16, Shipping Act, 1916; and (4) that AUT and Trailer Marine Transportation, Inc. (TMT), are operating under an agreement in violation of section 15 of said Shipping Act.

Docket No. 773—*American Potash & Chemical Corporation et al. v. American President Lines, Ltd. et al.* Complainants allege that respondents refuse to apply contract rates provided in rate agreement between the parties in violation of sections 16, 17, and 18, Shipping Act, 1916.

Docket No. 774—*Compagnie de Navigation Cyprien Fabre et al. v. Niagra Lijn; N. V. et al.* Complainants allege that respondents are operating under an

agreement not approved by the Board under section 15, Shipping Act, 1916, and have subjected complainants to undue prejudice in violation of section 16 of said act by evading proper regulation, by agreeing to pay deferred rebates, and by entering into dual rate exclusive patronage contracts with shippers.

Docket No. 775—*Arthur Schwartz v. Grace Line, Inc.* Complainant alleges that it has demanded that respondent make available to it a portion of its refrigerated space for the transportation of bananas from Ecuador to the Atlantic coast of the United States; that the refusal to allot such space is based upon the ground that all refrigerated space has been sold, chartered, or contracted for a long period of time to three shippers of bananas who are competitors of complainant; that such contracts confer upon these shippers a pecuniary interest in the ownership or use of respondent's vessels, a situation which respondent failed to disclose in its application for operating-differential subsidy; and that respondent has violated sections 14, 15, and 16, Shipping Act, 1916, and sections 1 and 2, Sherman Antitrust Act.

Docket No. 776—*Lopez Trucking, Inc. v. Wiggin Terminals, Inc.*, and Docket No. 779—*Dant & Russell Sales Co. v. Wiggin Terminals, Inc.* Complainants allege as being unlawful in violation of sections 16 and 17, Shipping Act, 1916, respondent's proposed revision of its FMB Tariff No. 5 by adding item 15 (a) so as to provide that:

All loading of lumber trucks shall be performed by labor and equipment supplied or designated by Wiggin, and shall be subject to its direction and control, except for the manner of placing on the vehicle and the quantity to be placed on the vehicle.

Docket No. 777—*Truck Loading and Unloading of Waterborne Cargo at New York.* Upon the protests of exporters, importers, and truckers, the Board instituted a proceeding of inquiry into the lawfulness of the tariff rates, charges, rules, and regulations of certain terminal operators for truck loading and unloading of waterborne cargo at New York, and the practices to be followed by the parties to the tariff.

Docket No. 778—*Campagne de Navigation Cyprien Fabre v. Montship Lines, Ltd., et al.* Complainant alleges that respondents are operating a joint service under an agreement not approved under section 15, Shipping Act, 1916, and that respondents are subjecting complainant to undue prejudice in violation of section 16 of said act by evading proper regulation, and by offering shippers the added service advantage of a joint service.

Docket No. 780—*U. S. Trucking Corp. et al. v. American Export Lines, Inc., et al.* Complaint filed by four truckers alleges that the rates and practices of certain terminal operators for the loading and unloading of waterborne cargo at New York are in violation of sections 14, 15, 16, 17, and 18, Shipping Act, 1916.

Docket No. S-27 (Sub. 3)—*Investigation of Agreements Nos. 7792 and 7795 (Colombian Coffee Pooling Agreements).* Investigation on the Board's motion into the question of whether the agreements create relationships between subsidized United States-flag lines and foreign-flag lines which eliminate or diminish competition among their signatories; and if so, whether the Board should consider such elimination or diminution of competition in computing the amount of operating-differential subsidy to be granted to such United States-flag lines signatory to such agreements.

Docket No. S-35—*Application of South Atlantic Steamship Line, Inc. for Waiver Under Section 804, Merchant Marine Act, 1936.* Request by South Atlantic for permission of its affiliated companies to render services to foreign-flag operators in event it is subsidized on trade route 11.

Docket No. S-51—*Application of American President Lines, Ltd., for Permission To Call at All U. S. Ports North of Cape Hatteras in the Round-the-World Service.* This is a proceeding under section 605 (c), Merchant Marine Act, 1936, involving application of American President Lines, Ltd., to call at all United States ports north of Cape Hatteras in its Round-the-World service.

Docket No. S-52—*Application of American President Lines, Ltd.* Involves a hearing under sections 805 (a) and 605 (c), Merchant Marine Act, 1936, on the application of American President Lines, Ltd., for permission to call its subsidized transpacific vessels at Hawaii.

Docket No. S-55—*Application of Pacific Far East Line, Inc.* Involves a hearing under section 805 (c), Merchant Marine Act, 1936, on the application of Pacific Far East Line, Inc., for permission to call its unsubsidized transpacific vessels at Hawaii.

Docket No. S-56—*States Steamship Co.—Application for Operating-Differential Subsidy Under Title VI of Merchant Marine Act, 1936, (U. S. Pacific Coast/Far East and Pacific Northwest/Far East Services).*

Other pending cases (Dockets Nos. 723, 725, 730, 743, 751, 768, 769, and S-38) are referred to above under recommended decisions.

International Maritime Affairs

The Maritime Administration maintained its support of ratification of the Intergovernmental Maritime Consultative Organization, and agreed with the position of the Department of State in opposing a proposal presented to the Transport and Communications Commission of the United Nations at the seventh meeting in February 1955 that the convention be amended to limit the activities of the organization to maritime technical problems. Seventeen nations have already ratified the convention, three more ratifications are in process, and the convention is under consideration by the legislatures of several other countries. The majority of the Transport and Communications Commission agreed that an amendment at this time would seriously delay the establishment of this international shipping organization.

The Maritime Administration, through the United States Delegation for Philippine Trade Negotiations, presented a detailed analysis of certain exchange regulations imposed by the Philippine Government which, in effect, discriminated against American-flag vessels. As a result of these negotiations the 1946 Philippine Trade Agreement was revised, and an executive agreement between our two Governments which becomes effective January 1, 1956, provides a remedy for this situation.

The Maritime Administration cooperated with the Department of State in preparation of the United States position on items dealing with maritime transportation presented on the agenda of the fourth extraordinary meeting of the Inter-American Economic and Social Council meeting in Rio de Janeiro, November 1954.

The Maritime Administration continued to work closely with the Department of State in providing training programs for foreign trainees in the maritime field. Programs were arranged with Federal agencies and industry to provide the best possible experience for foreign trainees who are responsible for maritime policies and operations within their respective national governments.

The Maritime Administration maintained close contact with the United States representatives assigned to serve with the Organization for European Economic Cooperation in order that the shipping policy of the United States Government could be adequately presented before the Maritime Transport Committee of that Organization. The Maritime Administration continued to cooperate with the Department of State in unilateral negotiations with foreign governments on matters of actions deemed to be discriminatory against United States shipping. Some progress has been made, particularly in Brazil, which has canceled the discriminatory consular fee in favor of shippers using Brazilian vessels, and has eliminated berthing priority privileges for Brazilian-flag vessels.

FINANCIAL STATEMENTS

FEDERAL MARITIME BOARD AND MARITIME ADMINISTRATION DEPARTMENT OF COMMERCE

Balance Sheet—June 30, 1955 and 1954

ASSETS	JUNE 30		LIABILITIES	JUNE 30	
	1955	1954		1955	1954
CASH:			ACCOUNTS PAYABLE AND OTHER LIABILITIES:		
In U. S. Treasury.....	\$264,992,969	\$149,733,797	Accrued estimated operating-differential subsidies, less estimated recapturable subsidies totaling \$108,870,566, 1955; \$101,763,492, 1954 (note 6).....	\$132,833,379	\$125,281,557
In other depositories.....	2,281,150	2,825,747	Advances from other U. S. Government agencies.....	125,169,017	42,531,575
On hand and in transit.....	854,814	353,418	Amounts due shipbuilders for construction of vessels.....	18,785,885	25,438,266
	268,138,933	152,912,962	Other accounts payable and accrued accounts.....	11,092,843	13,008,568
NOTES AND MORTGAGES RECEIVABLE (note 2):			Tanker trade-in allowances payable.....	3,665,678	-----
Domestic firms.....	193,848,550	211,453,871	Deposits by contractors, amounts related to un-		
Foreign governments and nationals.....	92,876,861	109,289,888	consummated transactions, and other unallocated		
Accrued interest.....	3,444,084	3,581,132	collections.....	2,322,246	2,485,009
	290,169,495	324,324,891	Amounts withheld from employees for purchase of		
ACCOUNTS RECEIVABLE (note 2):			savings bonds and payment of taxes.....	498,027	514,068
Domestic firms and individuals.....	21,273,299	28,438,628	Miscellaneous deferred credits.....	15,739	-----
U. S. Government agencies.....	3,230,487	6,764,433		294,382,814	209,284,201
Foreign governments and nationals.....	1,992,064	1,980,220			
	28,545,850	37,183,281	NET UNTERMINATED VOYAGE REVENUES (-EX-		
AGENTS' ADVANCES TO BRANCH HOUSES, SUB-AGENTS, AND OTHERS.....	605,308	426,897	PENSES) (unterminated voyage revenues, less un-		
MATERIALS AND SUPPLIES (note 3).....	44,169,031	45,503,316	terminated voyage expenses totaling \$1,967,904, 1955;		
VESSELS OWNED (at cost or assigned amounts) (note 4).....	4,603,423,423	4,632,427,245	\$2,422,117, 1954).....	-281,895	362,769
VESSELS UNDER CONSTRUCTION.....	38,727,967	21,641,867	RESERVES:		
LAND AND SITE DEVELOPMENT, STRUCTURES, AND EQUIPMENT (at cost, estimated cost, or assigned amounts) (note 4) (schedule 1):			For estimated claims in connection with vessels		
Reserve shipyards.....	83,465,070	82,719,706	sold under the Merchant Ship Sales Act, 1946.....	9,043,129	10,891,745
Marine terminals.....	30,240,850	32,978,337	For estimated liability under assumed insurable		
			risks on operated vessels.....	1,199,538	1,076,076
			For estimated expense of restoring vessels to the		
			reserve fleet.....	306,841	354,331
				10,549,508	12,322,152

Maritime Service training facilities.....	23,086,833	31,567,245	EQUITY OF THE UNITED STATES GOVERNMENT (ex- hibit 3).....	<u>5,135,237,965</u>	<u>5,178,007,568</u>
Reserve fleet sites.....	16,311,940	15,421,745			
Warehouses.....	3,718,488	3,751,125			
Administrative offices.....	1,560,881	1,864,477			
	<u>158,984,062</u>	<u>168,302,635</u>			
Construction in progress.....	6,249,335	6,937,394			
	<u>165,233,397</u>	<u>175,240,029</u>			
OTHER ASSETS:					
Advances to other U. S. Government agencies.....	1,533,322	436,953			
Deferred charges and other miscellaneous items.....	1,231,217	564,100			
Treasury deposits subject to refund or application to operations of future periods.....	105,449	130,149			
SS. <i>Cornhusker Mariner</i> (note 5).....	-----	9,185,000			
	<u>2,869,988</u>	<u>10,316,202</u>			
	<u>\$5,439,888,392</u>	<u>\$5,399,976,690</u>		<u>\$5,439,888,392</u>	<u>\$5,399,976,690</u>

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

FEDERAL MARITIME BOARD AND MARITIME ADMINISTRATION

DEPARTMENT OF COMMERCE

Statement of Operations for the Years Ended June 30, 1955 and 1954

CURRENT YEAR OPERATIONS:	YEAR ENDED JUNE 30	
	1955	1954
Operating activities:		
Revenues and reimbursements:		
Operations of National Shipping Authority.....	\$17,419,448	\$60,166,044
Chartering of vessels to others (exclusive of those included in operations of National Shipping Authority).....	4,248,474	3,327,853
Operation of marine terminals.....	12,471	885,241
Maintenance of reserve fleet vessels.....	1,124,520	8,182
Training of Maritime Service officers and seamen.....	61,035	224,764
Operation of warehouses.....	43,467	33,414
Maintenance of reserve shippards.....	228,438	498,211
Total revenues and reimbursements.....	23,137,862	65,086,709
Costs and expenses:		
Operations of National Shipping Authority.....	13,328,672	48,903,411
Chartering of vessels to others (exclusive of those included in operations of National Shipping Authority).....	259,647	565,475
Operation of marine terminals.....	—	209,664
Maintenance of reserve fleet vessels.....	6,977,314	5,509,423
Training of Maritime Service officers and seamen.....	2,876,557	3,975,799
Operation of warehouses.....	585,982	683,883
Maintenance of reserve shippards.....	875,274	500,953
Total costs and expenses.....	24,603,446	60,414,608
Net costs and expenses (- income):		
Operations of National Shipping Authority (schedule 2).....	-4,090,776	-11,262,633
Chartering of vessels to others (exclusive of those included in operations of National Shipping Authority).....	-3,988,827	-2,762,378
Operation of marine terminals.....	—	-678,577
Maintenance of reserve fleet vessels.....	5,852,785	5,501,241
Training of Maritime Service officers and seamen.....	2,815,522	3,751,035
Operation of warehouses.....	542,515	656,469
Maintenance of reserve shippards.....	346,836	122,742
Total net costs and expenses (- income).....	1,465,584	-4,672,101
Direct subsidies and cost of national defense features:		
Estimated operating-differential subsidies (note 6).....	130,049,900	96,244,954
Adjustment of estimated recapturable subsidies.....	-7,140,926	4,589,428
Construction-differential subsidies.....	122,908,974	100,834,382
Cost of national defense features.....	* 5,700,721	5,538,417
	1,515,969	2,809,945
	130,125,664	109,182,744
Excess of recorded cost of vessels sold over proceeds of sale, and vessels lost and abandoned.....	56,965,303	8,449,129
Administrative expenses—amount allocated to NSA excluded.....	6,250,462	7,349,525
Cost of repairing reserve fleet vessels.....	6,417,715	—
Other income and adjustments (- income):		
Interest earned on notes and accounts receivable.....	-10,954,346	-12,162,878
Inventory and other property adjustments.....	-193,202	-1,276,188
Loss on sale of materials and supplies.....	1,238,173	4,890,786
Loss on sale of fixed assets other than vessels.....	341,334	264,510
Net income from sale of capital stock of American President Lines, Ltd.....	—	-100,607
Net income from War Risk Insurance Program.....	-67,444	-39,632
Miscellaneous.....	-700,337	598,053
	-10,335,822	-7,885,956
Net cost of current year operations (note 4).....	190,888,906	112,423,341
ADJUSTMENTS APPLICABLE TO PRIOR YEARS:		
Net charges arising from adjustments and settlements related principally to World War II activities.....	6,511,183	8,256,868
Participation in profits of World War II insurance syndicates.....	-1,550,000	-3,475,000
	4,961,183	4,781,868
NET COST OF OPERATIONS (note 4).....	\$195,850,089	\$117,205,209

* Includes reconstruction-differential subsidy of \$342,058.

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

FEDERAL MARITIME BOARD AND MARITIME ADMINISTRATION
DEPARTMENT OF COMMERCE

*Statement of Equity of the United States Government for the Years Ended
June 30, 1955 and 1954*

	YEAR ENDED JUNE 30	
	1955	1954
BALANCE, BEGINNING OF YEAR.....	\$5,173,007,568	\$5,178,032,317
ADDITIONS:		
Funds appropriated by the Congress (funds for fiscal year 1955 exclude \$1,624,000 transferred to the Department of Commerce. Funds for fiscal year 1954 exclude \$325,000 appropriated in 1953 which was continued available in 1954 and transferred to the Department of Commerce and include \$100,000 allocated by the Department of Commerce for terminal leave expenses).....	228,206,000	163,145,000
Recorded value of 14 vessels transferred from the Department of the Navy in fiscal year 1955 and 1 vessel in fiscal year 1954.....	40,587,505	4,115,343
Domestic war cost of 6 vessels repossessed under the Shipping Act, 1916, \$18,064,218, less mortgages outstanding, \$5,287,280.....	12,776,938	-----
Expenditures from funds appropriated to Secretary of the Treasury for liquidation of obligations incurred against funds of the War Shipping Administration prior to January 1, 1947.....	1,758,419	5,265,282
Equipment received from other U. S. Government agencies.....	-----	402,315
Adjustment of cost of vessels transferred to the Department of the Navy in prior years.....	305,535	923,889
Expenditures from "Payment of Certified Claims" account of the U. S. Treasury.....	273,115	457,644
Leasehold improvements to Wilmington, N. C., Reserve Shipyard by the North Carolina State Ports Authority (net).....	265,682	3,964,703
Leasehold improvements to Hoboken Terminal by the Port of New York Authority (net).....	167,012	6,036,588
Proceeds from sale of vessels declared surplus by the Department of the Army.....	-----	638,022
Contributions received toward the construction of a Chapel at the United States Merchant Marine Academy, Kings Point, N. Y.....	2,745	12,056
	284,342,951	184,960,842
	5,462,350,519	5,362,993,159
REDUCTIONS:		
Net cost of operations (exhibit 2).....	195,850,089	117,205,209
Payments into the General Fund of the U. S. Treasury, including \$10 million of National Shipping Authority appropriated funds returned in fiscal year 1955.....	95,186,053	64,485,184
Reserve established to reduce the value of vessels by the cost of the original complement of outfitting items and spare parts that were removed during prior years.....	22,931,317	-----
Recorded cost of portion of Sheepshead Bay, N. Y., Maritime Training Station transferred to the Department of the Air Force, \$5,772,509: General Services Administration, \$578,520.....	6,351,029	-----
Recorded cost of Hog Island, Pa., terminal property transferred to the city of Philadelphia.....	2,550,000	-----
Materials and supplies, \$1,124,050, and equipment, \$618,594 transferred to State and U. S. Government agencies (net).....	1,742,644	2,155,323
Recorded cost of San Mateo, Calif., Training Station transferred to Department of Health, Education, and Welfare.....	1,253,830	-----
Recorded cost of Philadelphia, Pa., Marine Terminal transferred to the Department of the Army.....	622,869	-----
Lapsed appropriations transferred to the "Payment of Certified Claims" account of U. S. Treasury less \$100,574 in 1955 subject to refund in 1956 and \$130,149 in 1954 refunded in 1955.....	290,559	244,555
Inventories of materials and supplies used in the Grain Storage program for U. S. Department of Agriculture, Production and Marketing Administration, exclusive of expenditures of \$5,191,288 in 1955 and \$4,109,083 in 1954 which were reimbursed.....	201,401	679,846
Net proceeds from sales of excess materials and supplies in foreign areas deposited by the U. S. Treasury in their own general receipt account.....	191,362	-----
Miscellaneous.....	-58,599	215,474
	327,112,554	184,985,591
BALANCE, CLOSE OF YEAR.....	\$5,135,237,965	\$5,178,007,668

FEDERAL MARITIME BOARD AND MARITIME ADMINISTRATION
DEPARTMENT OF COMMERCE

*Statement of Sources and Application of Funds for the Year Ended
June 30, 1955*

SOURCES:		
Funds appropriated by the Congress.....		\$228, 206, 000
Proceeds from the sale of vessels owned.....		31, 095, 213
Funds provided by the Secretary of the Treasury for liquidation of obligations incurred against funds of the War Shipping Administration prior to Jan. 1, 1947.....		1, 758, 419
Funds provided from the "Payment of Certified Claims" account of the U. S. Treasury.....		273, 115
Funds provided from the transfer of accounts receivable to other U. S. Government agencies.....		68, 501
Proceeds from the sale of fixed assets other than vessels.....		31, 724
Contributions received for construction of Chapel.....		2, 745
Decrease in working capital during the year (per summary below).....		11, 665, 249
Total funds provided.....		\$273, 100, 966
APPLICATION:		
Net cost of operations (per Statement of Operations).....	\$195, 850, 089	
Less items considered in net cost of operations:		
Loss on sale of vessels and vessels abandoned.....	- 56, 965, 303	
Loss on sale of fixed assets other than vessels.....	- 341, 333	
		\$138, 543, 453
Payments into the General Funds of the U. S. Treasury.....		95, 186, 053
Expenditures for vessels owned and under construction.....		36, 233, 362
Expenditures for Land and Site Development, Structures and Equipment, including construction in progress.....		1, 330, 054
Materials and supplies transferred to State and other U. S. Government agencies (net).....		1, 124, 050
Lapsed appropriations transferred to "Payment of Certified Claims" account of the U. S. Treasury, less \$100,574 subject to refund.....		290, 559
Inventories of materials and supplies used in the Grain Storage Program for the U. S. Department of Agriculture, Production and Marketing Administration, exclusive of expenditures of \$5,191,288, which were reimbursed.....		201, 401
Net proceeds from sales of excess materials and supplies in foreign areas deposited by the U. S. Treasury in their own general receipt account.....		191, 362
Refund of balance of 1954 allocation from Department of State for training of Philippine cadets.....		672
Total funds applied.....		\$273, 100, 966

Summary of Changes in Working Capital

	YEAR ENDED JUNE 30		CHANGES IN WORKING CAPITAL	
	1955	1954	Increase	Decrease
ASSETS:				
Cash.....	\$268, 138, 933	\$152, 912, 962	\$115, 225, 971	
Notes and mortgages receivable.....	290, 169, 495	324, 324, 891		\$34, 155, 396
Accounts receivable and agents' advances.....	27, 151, 158	37, 610, 178		10, 459, 020
Materials and supplies.....	44, 169, 081	45, 503, 316		1, 334, 285
Other assets.....	2, 869, 988	1, 131, 202	1, 738, 786	
Net untermiated voyage expense (-revenue).....	281, 895	- 362, 769	644, 664	
Total.....	632, 780, 500	561, 119, 780		
LIABILITIES:				
Accounts payable and other liabilities.....	294, 382, 814	209, 284, 201		85, 098, 613
Reserves.....	10, 549, 508	12, 322, 152	1, 772, 644	
Total.....	304, 932, 322	221, 606, 353		
Working capital.....	327, 848, 178	339, 513, 427		
Decrease in working capital.....			11, 665, 249	
			\$131, 047, 314	\$131, 047, 314

FEDERAL MARITIME BOARD AND MARITIME ADMINISTRATION

DEPARTMENT OF COMMERCE

Notes to Financial Statements—June 30, 1955 and 1954

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

2. No provision for loss has been made in connection with any notes or accounts receivable which may prove to be uncollectible. Accounts receivable from domestic firms and individuals and foreign nationals included \$3,397,598 at June 30, 1955, and \$6,415,609 at June 30, 1954, which had been referred to the Department of Justice for collection. Notes receivable from domestic firms included \$435,466 at June 30, 1955, and June 30, 1954, which had been referred to the Department of Justice for collection. Notes and mortgages receivable at June 30, 1955, also included the following amounts with respect to mortgages which had been declared in default on or before that date:

	Number of vessels	Mortgage balance	Accrued interest
Domestic.....	22	\$10,607,450	\$562,915
Foreign.....	6	1,744,413	570,725
Total.....	28	\$12,351,863	\$1,133,640

3. Inventories of materials and supplies are valued at stock catalog prices which represent cost or estimated cost to the Administration. No consideration was given to the physical condition of the inventories in establishing these prices.

4. In accordance with generally accepted accounting practices of noncorporate Federal agencies, the financial statements do not include an allowance for depreciation of vessels or other tangible fixed assets. With respect to sales of fixed assets, this practice results in larger recorded losses, and with respect to other current year operations, the recorded net costs and expenses are less than would have been the case had depreciation been recognized in the accounts. Included in the Vessels Owned account at June 30, 1955, are 31 vessels with a recorded value of \$78,024,991 which had been transferred to the Department of the Navy but had not yet been included in their records. Upon receipt of advice from the Department of the Navy that these vessels have been taken up in their records, the appropriate valuation will be removed from the Maritime Administration accounts. At June 30, 1954, there were 23 of these vessels with a recorded value of \$59,422,765.

5. The *Cornhusker Mariner* ran aground in Korean waters during a typhoon in July 1953, and while salvage and dismantling operations had been in progress at June 30, 1954, the total loss from the disaster was not known at that time. The salvage operations were completed during fiscal year 1955 and usable machinery and equipment were removed to Maritime Administration warehouses. The balance of the machinery and the hull were sold for scrap. The total value realized from the salvaging operations amounted to \$2,056,446, and the remaining value of the vessel, \$7,105,027, was written off during fiscal year 1955.

6. The net operating-differential subsidies payable to each subsidized operator are determinable only after the completion of a 10-year contract period. The estimated recapturable amount of \$108,870,566 at June 30, 1955, and \$101,763,492 at June 30, 1954, therefore, will be revised subsequently in the light of operating revenues or losses during the later years of the contracts. The amount payable at June 30, 1955, includes operating-differential subsidies of \$6,700,000 withheld from payment to an operator until final determination of construction-differential subsidy in connection with the sales price of two vessels and \$3,000,000 for the calendar years 1948, 1949, and 1950, under an agreement whereby such "holdback" would be made to cover any amounts that may be found due the United States as the result of the redetermination of the construction-differential subsidy allowance granted in connection with the reconstruction of several vessels. The provisions for estimated operating-differential subsidies of \$130,049,900 for the year ended June 30, 1955, and \$98,244,954 for the year ended June 30, 1954, include adjustments of approximately \$16,000,000 and \$6,000,000, respectively, applicable to prior fiscal years.

7. The Maritime Administration was contingently liable under agreements insuring mortgages payable to lending institutions totaling \$2,204,167 at June 30, 1955, and \$279,167 at June 30, 1954.

8. The Administration was contingently liable for undetermined amounts in connection with settlements to be made under 1,164 claims against the Administration aggregating \$321,610,000 at June 30, 1955, and 1,361 claims aggregating \$344,935,000 at June 30, 1954. As a partial offset against these unrecorded liabilities, the Administration had a number of unrecorded assets and claims receivable in connection with settlement to be made under 600 claims in favor of the Administration aggregating \$23,515,000 at June 30, 1955, and 764 claims aggregating \$23,097,700 at June 30, 1954. 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 settlement of these claims will be made for amounts substantially less than the gross amount of the claims. In addition to the foregoing, there were outstanding at June 30, 1955, approximately 100 continuing seamen's disability payment claims under the provisions of Public Law 449, 78th Congress, for which the annual liability for payment is approximately \$168,000. Included among the funds available for payment of claims was an unexpended balance of \$101,378,140 at June 30, 1955, and \$103,136,248 at June 30, 1954, in a fund appropriated to the Secretary of the Treasury for payment of obligations incurred by the War Shipping Administration prior to January 1, 1947. This fund, which was continued available during the fiscal year 1955, is not included in the accounts of the Administration.

9. At June 30, 1955, the Administration had an obligation to return to owners United States Government securities in the amount of \$5,214,500 and municipal bonds in the amount of \$285,000. The obligation at June 30, 1954, all in United States Government securities, was \$5,506,500. These securities had been accepted from vessel charterers, subsidized operators, and other contractors to assure performance under contracts, and are held for safe keeping in the United States Treasury.

FEDERAL MARITIME BOARD AND MARITIME ADMINISTRATION
DEPARTMENT OF COMMERCE

Land and Site Development, Structures and Equipment—June 30, 1955

	Recorded value June 30, 1955	Land and site development	Buildings and structures	Machinery and equipment *	Railway equipment	Small vessels	Motor vehicles, trailers, and tractors	Admin- istrative, restaurant, medical, and laboratory equipment
RESERVE SHIPYARDS:								
Alameda, Calif.	\$17,548,564	\$3,654,782	\$8,797,132	\$4,412,796	\$438,643	\$72	\$30,739	\$214,400
Pascagoula, Miss.	6,684,668	1,972,494	3,572,692	752,040	239,727	12,070	18,947	66,698
Richmond, Calif.	18,297,404	4,482,227	8,437,854	4,803,099	188,257	6,615	170,018	209,339
Sparrows Point, Md.	3,883,618	341,252	2,069,932	1,186,348	286,086	0	0	0
Vancouver, Wash.	13,077,972	2,684,170	8,046,619	6,938,233	181,684	5,603	39,672	181,991
Wilmington, N. C.	18,972,844	3,375,045	9,639,719	4,812,141	1,000,139	1,764	13,376	130,660
Total	83,465,070	16,509,970	40,563,948	22,904,657	2,384,536	26,124	272,747	803,088
MARINE TERMINALS:								
Hoboken, N. J.	6,794,265	3,010,731	3,725,540	56,998	0	0	0	996
Norfolk, Va.	23,446,585	5,424,884	16,689,871	192,540	1,107,260	0	0	32,030
Total	30,240,850	8,435,615	20,415,411	249,538	1,107,260	0	0	33,026
MARITIME SERVICE TRAINING FACILITIES:								
Cadet schools	10,196,525	1,798,922	6,798,747	957,677	0	57,707	49,790	533,682
Training stations	13,490,308	2,778,337	9,175,715	830,741	0	26,998	14,203	664,314
Total	23,686,833	4,577,259	15,974,462	1,788,418	0	84,705	63,993	1,197,996
RESERVE FLEET SITES:								
Astoria, Oreg.	2,911,329	2,221,346	295,856	80,016	0	301,040	2,524	10,547
Beaumont, Tex.	4,049,889	3,078,798	211,809	158,915	0	584,608	1,365	14,394
Hudson River, N. Y.	640,340	0	207,119	127,139	0	288,254	2,415	15,413
James River, Va.	1,883,903	639,126	661,065	204,021	0	363,343	2,796	13,562
Mobile, Ala.	1,540,831	717,957	274,850	86,645	0	444,670	4,401	12,308
Olympia, Wash.	609,045	0	258,102	85,070	0	254,923	3,231	7,719
Suisun Bay, Calif.	1,579,597	151,481	820,507	114,602	0	469,471	2,733	20,803
Wilmington, N. C.	3,097,606	1,971,716	524,040	146,847	0	437,579	8,761	8,063
Total	16,311,940	8,780,424	3,253,348	1,003,255	0	3,143,888	28,226	102,799

WAREHOUSES:

Baltimore, Md.	2,535,912	408,431	1,442,002	539,070	78,155	0	23,830	44,424
Hoboken, N. J.	109,828	0	0	58,890	0	0	33,856	16,582
New Orleans, La.	83,590	0	0	56,753	0	0	8,989	17,898
Norfolk, Va.	52,369	0	0	34,334	0	0	4,923	13,107
Richmond, Calif.	937,789	31,972	807,337	42,520	37,080	0	4,485	14,395
Total	3,718,488	440,403	2,249,339	731,567	115,235	0	75,538	106,406
ADMINISTRATIVE OFFICES:								
Atlantic Coast District.	266,780	0	0	65	0	0	3,288	263,427
Gulf Coast District.	80,655	0	0	0	0	0	4,980	75,725
Pacific Coast District.	150,675	0	0	0	0	0	13,463	137,212
Washington District.	1,062,771	0	0	170,023	0	0	9,760	882,988
Total	1,560,881	0	0	170,088	0	0	31,441	1,359,352
Grand total	\$158,984,002	\$38,743,671	\$82,456,508	\$26,847,523	\$3,607,031	\$3,254,717	\$471,945	\$3,602,667

* Includes fixed mobilization inventories of materials and supplies of \$1,461,325.

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

**Statement of Operations of National Shipping Authority for the Years Ended
June 30, 1955 and 1954**

	YEAR ENDED JUNE 30	
	1955	1954
SHIPPING OPERATIONS:		
Vessels operated by general agents:		
Terminated voyage results (terminated voyages: 98, 1955; 330, 1954):		
Revenue.....	\$11, 075, 482	\$47, 722, 270
Expenses.....	10, 251, 370	43, 927, 526
Gross profit from vessel operations.....	824, 112	3, 794, 744
Chartering of vessels to others.....	3, 770, 614	4, 341, 054
Total gross income from shipping operations.....	4, 594, 726	8, 135, 798
NONSHIPPING OPERATIONS:		
Vessel reactivation costs.....	1, 214, 094	176, 766
Vessel deactivation costs (expense of restoring vessels to the reserve fleet)....	563, 676	2, 752, 411
Miscellaneous expenses.....	273, 481	491, 954
Less—Nonshipping income and reimbursements of vessel reactivation and deactivation costs.....	2, 051, 251	3, 421, 131
Net income from nonshipping operations.....	522, 101	4, 681, 589
ADMINISTRATIVE EXPENSES.....	5, 116, 827	12, 817, 387
	1, 026, 051	1, 554, 754
NET INCOME FROM OPERATIONS.....	\$4, 090, 776	\$11, 262, 633

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

*Statement of Operations of National Shipping Authority From Inception to
June 30, 1955*

	<i>Vessels operated by general agents</i>					<i>Chartering of vessels to others</i>
	<i>Total</i>	<i>International Cooperation Administration</i>	<i>Military Sea Transporta- tion Service</i>	<i>Miscel- laneous</i>	<i>Total</i>	
SHIPPING OPERATIONS:						
Revenues.....	\$397,437,013	\$192,089,538	\$162,565,003	\$2,539,369	\$357,193,910	\$40,243,103
Expenses.....	331,004,520	172,021,821	157,886,305	396,190	330,804,316	* 200,204
Gross income from shipping operations.....	66,432,493	20,067,717	4,678,698	1,643,179	26,389,594	40,042,899
NONSHIPPING OPERATIONS:						
Vessel reactivation costs.....	102,083,707	78,209,067	22,065,512	361,204	100,635,783	* 1,447,924
Vessel deactivation costs (expense of restoring vessels to the reserve fleet)....	16,132,233	7,942,119	7,738,795	276,881	15,957,795	174,438
Miscellaneous expenses.....	1,291,899	261,026	424,033	-----	685,059	606,840
	119,507,839	86,412,212	30,228,340	638,085	117,278,637	2,229,202
Less—Nonshipping income and reimbursements of vessel reactivation and deactivation costs....	b 91,590,799	55,329,643	33,600,668	-429,019	88,501,292	3,089,507
Net income (- loss) from nonshipping operations.....	-27,917,040	-31,082,569	3,372,328	-1,067,104	-28,777,345	860,305
	38,515,453	-11,014,852	8,051,026	576,075	-2,387,751	40,903,204
ADMINISTRATIVE EXPENSES (tentative pro- ration).....						
	8,106,505	3,164,511	4,214,239	5,403	7,384,153	722,352
NET INCOME (- LOSS) FROM OPERATIONS....						
	\$30,408,948	*\$-14,179,363	\$3,836,787	\$570,672	\$-9,771,904	\$40,180,852

* Vessel reactivation costs applicable to vessels chartered to others include all vessel repair expenses not chargeable to charterers.

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

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

APPENDIXES

APPENDIX A

Status of Operating Subsidy Agreements on June 30, 1955

Name of operator	Effective date subsidy pay- ments re- sumed	Expiration date of agree- ment	Number of ships nor- mally assigned	
			Passenger and com- bination	Cargo
OPERATORS WITH EXTENDED (POSTWAR) AGREEMENTS				
American Export Lines, Inc.	Jan. 1, 1948	Dec. 31, 1965	6	24
American Mail Line, Ltd.	Jan. 1, 1947	Dec. 31, 1960 ¹	9	9
American President Lines, Ltd.	do.	Dec. 31, 1957 ²	4	17
Farrell Lines, Inc.:				
South and East African Service.....	do.	Dec. 31, 1959	2	9
West African Service.....	Apr. 25, 1947	do.	5	5
Grace Line Inc.	Jan. 1, 1947	Dec. 31, 1957 ³	6	9
Line C.....	Oct. 1, 1952	do.	5	3
Lykes Bros. Steamship Co., Inc.	Jan. 1, 1947	do.	3	51
Mississippi Shipping Co.	do.	do.	3	11
Moore-McCormack Lines, Inc.:				
Cargo Services.....	do.	do. ⁴	2	33
Good Neighbor Fleet.....	May 8, 1949	June 30, 1955 ⁵	2	6
New York & Cuba Mail Steamship Co.	Jan. 1, 1948	Dec. 31, 1953 ⁷	12	4
Seas Shipping Company, Inc.	Jan. 1, 1947	Dec. 31, 1957	4	4
The Oceanic Steamship Co.	Jan. 1, 1947	do.	1	40
United States Lines Company:				
Cargo Services.....	Jan. 1, 1948	Dec. 31, 1949	1	46
Do.....	Jan. 1, 1950	Dec. 31, 1965 ⁸	1	1
SS. <i>America</i>	Aug. 2, 1948	Aug. 1, 1958 ⁹	1	1
SS. <i>United States</i>	June 20, 1952	June 19, 1967 ⁹	1	1

NEW OPERATORS WITH POSTWAR AGREEMENTS

Pacific Argentine Brazil Line, Inc.....	Jan. 26, 1949	Dec. 31, 1958	-----	4
Pacific Far East Line, Inc.....	Jan. 1, 1953	Dec. 31, 1962	-----	10 8
Pacific Transport Lines, Inc.....	do	do	-----	5
Bloomfield Steamship Company.....	Jan. 1, 1954	Dec. 31, 1963	-----	4
Gulf & South American Steamship Co., Inc.....	Apr. 1, 1954	Dec. 31, 1963	-----	4

¹ Contract is subject to earlier termination if satisfactory arrangements for replacement of ships are not completed prior to each ship's reaching 18 years of age (oldest ship will become 18 years old in 1959).

² Contract is subject to earlier termination if satisfactory arrangements for replacement of vessels in the Round-the-World, Trans-Pacific, and Atlantic Straits services are not consummated as required under its operating subsidy agreement as amended by Addendum No. 16, dated June 17, 1955, which added subsidy on trade route No. 17. During this fiscal year the operator purchased 4 Mariner-type vessels in partial compliance with its Round-the-World replacement obligations. It also filed an application for a construction-differential subsidy for the construction of 4 combination vessels for its Round-the-World service.

³ Contract subject to earlier termination as to any or all services if satisfactory replacement program for *Santa Fosa* and *Santa Paula* not completed. Invitation for bids for construction of replacement vessels issued June 30, 1955, returnable Sept. 14, 1955.

⁴ Addendum No. 1 to Contract MCo-62436 provides that the subsidy agreement shall extend to Dec. 31, 1957. *Provided*, That the United States shall have the right to terminate the agreement 90 days after written notice to the operator in the event the operator fails to proceed promptly upon request of and in a manner satisfactory to the United States, with construction or acquisition of ships, satisfactory to the United States, to serve as replacement ships of the combination passenger-cargo ships referred to as the Good Neighbor Fleet. The Board on Aug. 10, 1955, approved the shipyard bid for

construction of two new vessels as replacements for the Good Neighbor Fleet.

⁵ Charter contract effective July 1, 1951, and originally terminating June 30, 1954, was extended to June 30, 1955, and has been further extended to June 30, 1956.

⁶ Good Neighbor Fleet ships *Argentina* and *Brazil* chartered from Maritime Administration. The *Uruguay* was also chartered but was redelivered Mar. 27, 1954.

⁷ Contract which terminated Dec. 31, 1953, was not extended and the company is no longer a subsidized operator.

⁸ The Board on Feb. 17, 1955, authorized the termination, effective Dec. 31, 1954, of operating subsidy agreement Contract No. MCo-62434 (passenger vessels) and the modification of Contract No. FMB-19 to include, effective for approved voyages commencing on and after Jan. 1, 1955, the *America* and the *United States*.

⁹ The Board on July 29, 1955, authorized the incorporation in the addendum to Operating Subsidy Agreement FMB-19 a provision for the expiration of said agreement with respect to the *America* as of Aug. 1, 1958, and for extension of said agreement as to the *United States* for a period of 15 years from the date of delivery of the vessel or to June 19, 1967.

¹⁰ Agreement requires operator to replace its 5 C-2-type ships not later than when such ships become 12 years of age, which will be in 1956. During the fiscal year 1954 the operator purchased 3 Mariner ships from the Government for replacement of 3 Victory ships.

APPENDIX B - Continued

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Seagoing steam and motorships of 1,000 gross tons and over by ship type, country in which built, and for whom built; excludes ships built for operation on the Great Lakes Inland Waterways; Armed Forces; and special types such as tugs, ferries, cable ships, etc.; tonnage in thousands

Registry for which built	Country in which built																	
	Denmark			France			Italy			Japan			Germany			All others		
	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

SUMMARY—ALL SHIP TYPES

Total.....	20	150	220	32	327	479	19	184	239	41	390	616	129	792	1,174	42	205	288
United States.....	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----
United Kingdom.....	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	9	25	32	1	6	7
Sweden.....	1	4	4	-----	-----	-----	-----	-----	-----	-----	-----	-----	3	8	11	-----	-----	-----
Netherlands.....	-----	-----	-----	-----	-----	-----	-----	-----	-----	1	2	3	4	35	52	-----	-----	-----
Norway.....	2	16	20	-----	-----	-----	-----	-----	-----	-----	-----	-----	8	63	93	-----	-----	-----
Denmark.....	14	107	102	-----	-----	-----	-----	-----	-----	1	13	19	1	3	6	3	30	51
France.....	1	12	19	28	280	412	-----	-----	-----	-----	-----	-----	1	1	3	-----	-----	-----
Italy.....	-----	-----	-----	-----	-----	-----	19	184	239	-----	-----	-----	-----	-----	-----	-----	-----	-----
Japan.....	-----	-----	-----	-----	-----	-----	-----	-----	-----	31	240	385	-----	-----	-----	-----	-----	-----
Germany.....	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	70	346	509	-----	-----	-----
All others.....	2	11	15	4	47	67	-----	-----	-----	8	135	259	33	311	463	38	169	230

COMBINATION PASSENGER AND CARGO SHIPS

Total.....	1	3	2	1	4	2	1	29	10	3	24	26	3	27	28	2	12	10
United States.....	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----
United Kingdom.....	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----
Sweden.....	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----
Netherlands.....	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----
Norway.....	1	3	2	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----
Denmark.....	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----
France.....	-----	-----	-----	1	4	2	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----
Italy.....	-----	-----	-----	-----	-----	-----	1	29	10	-----	-----	-----	-----	-----	-----	-----	-----	-----
Japan.....	-----	-----	-----	-----	-----	-----	-----	-----	-----	1	10	10	-----	-----	-----	-----	-----	-----
Germany.....	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	3	27	28	-----	-----	-----
All others.....	-----	-----	-----	-----	-----	-----	-----	-----	-----	2	14	16	-----	-----	-----	2	12	10

FREIGHTERS

Total.....	12	60	87	16	73	101	5	19	26	23	198	331	98	405	596	22	82	116
United States.....													8	13	17	1	6	7
United Kingdom.....													3	8	11			
Sweden.....	1	4	4										1	3	5			
Netherlands.....													4	13	20			
Norway.....													1	3	6			
Denmark.....	10	49	73										1	1	3			
France.....				14	60	85												
Italy.....							5	19	26									
Japan.....										21	155	211						
Germany.....													62	276	417			
All others.....	1	7	10	2	13	16				2	43	120	18	88	117	21	76	109

TANKERS

Total.....	7	87	131	15	250	376	13	136	203	15	168	259	28	360	550	18	111	162
United States.....													1	12	15			
United Kingdom.....																		
Sweden.....																		
Netherlands.....										1	2	3	3	32	47			
Norway.....	1	13	18										4	50	73			
Denmark.....	4	58	80							1	13	19				3	30	51
France.....	1	12	19	13	216	325												
Italy.....							13	136	203									
Japan.....										9	75	114						
Germany.....													5	43	64			
All others.....	1	4	5	2	34	51				4	78	123	15	223	351	15	81	111

FREIGHTERS

Total.....	356	1,780	2,582	3	34	42	103	580	818	26	154	218	30	111	155	18	64	92
United States.....	3	34	42	3	34	42												
United Kingdom.....	81	413	560				71	388	526				1	6	10			
Sweden.....	14	88	120							10	76	105						
Netherlands.....	13	52	73										12	49	68			
Norway.....	46	220	317				9	58	84	12	69	99	4	18	25	17	62	89
Denmark.....	12	54	82													1	2	3
France.....	19	69	97										4	8	9			
Italy.....	5	19	26															
Japan.....	21	155	211															
Germany.....	62	276	417															
All others.....	30	400	637				23	134	208	4	9	14	9	30	43			

TANKERS

Total.....	219	2,749	4,153	16	274	441	52	687	1,013	29	381	577	18	221	328	8	74	113
United States.....	9	131	206	9	131	206												
United Kingdom.....	33	453	665				30	400	588				2	41	62			
Sweden.....	10	133	195							10	133	195						
Netherlands.....	16	165	244										12	131	194			
Norway.....	43	515	771				14	168	243	16	205	317	1	17	25	7	62	95
Denmark.....	8	101	159															
France.....	17	259	390							1	16	24	2	15	22			
Italy.....	13	136	203															
Japan.....	9	75	114															
Germany.....	5	43	64															
All others.....	66	738	1,142	7	143	235	8	119	182	2	27	41	1	17	25	1	12	18

APPENDIX C

Ships of 1,000 Gross Tons and Over Delivered by United States Shipyards July 1, 1954, to June 30, 1955

Account and ship type	Number	Dead-weight tonnage
<i>Maritime Administration</i>		
Major types:		
Standard cargo.....	1	13,498
Total Maritime Administration.....	1	13,498
<i>Private and foreign account</i>		
Major types:		
Cargo.....	¹ 4	73,610
Tankers.....	² 15	438,865
Total Major Types.....	19	512,475
Minor types:		
Coastal Tankers.....	1	2,665
Ferry.....	1	2,500
Total minor types.....	2	5,165
Total private and foreign account.....	21	517,640
Grand total.....	22	531,138

¹ Comprised of 2 Mariners delivered to Pacific Far East Line and 2 ships constructed for operation on the Great Lakes.

² Includes 6 ships constructed for Liberian registry and 1 ship for Panamanian registry.

APPENDIX D

New Ship Construction on June 30, 1955

	Number of ships	Type	Gross tonnage	Estimated or actual date of completion	Estimated construction cost	Cost chargeable to Maritime Administration	Cost chargeable to Pacific Far East Lines, Inc.	Cost chargeable to American President Lines	Cost reimbursable by Department of Defense
Ships under construction:									
Title VII of Merchant Marine Act, 1936.....	1	C4-S-1f.....	9,217	Sept. 8, 1955	\$11,684,500	\$5,684,500	\$6,000,000	-----	-----
Economy Act of 1932.....	2	R3-S-4a.....	19,600	Nov. 10, 1955	23,368,850	-----	-----	-----	\$28,368,850
Do.....	1	AKA-112 (attack cargo)	9,217	Nov. 17, 1955	17,231,697	9,979,000	-----	-----	7,252,697
Do.....	4	T5-S-12a.....	¹ 68,400	July 11, 1956	29,071,573	-----	-----	-----	29,071,573
Do.....	1	C3-ST-14a.....	19,400	Mar. 20, 1957	12,042,023	-----	-----	-----	12,042,023
Conversions.....	1	EC2-S-8a.....	7,237	Dec. 31, 1955	1,304,021	1,304,021	-----	-----	-----
Do.....	1	EC2-M-8b.....	7,203	Jan. 15, 1956	3,247,408	3,247,408	-----	-----	-----
Do.....	4	C4-S-1h.....	36,868	Jan. 10, 1956	8,641,070	3,702,875	-----	\$4,938,195	-----
Total ships under contract.....	15	-----	167,142	-----	111,591,142	23,917,904	6,000,000	4,938,195	76,735,143
Design and service contracts:									
Conversion plans for AKA-112.....	-----	-----	-----	Nov. 1, 1955	1,566,776	-----	-----	-----	1,566,776
Conversion plans for EC2-G-8g.....	-----	-----	-----	Sept. 1, 1955	78,850	78,850	-----	-----	-----
Conversion plans for EC2-G-8f.....	-----	-----	-----	do.	89,880	89,880	-----	-----	-----
Controllable pitch propeller (EC2-G-8f).....	-----	-----	-----	Jan. 1, 1956	118,200	118,200	-----	-----	-----
Open-cycle gas turbine propulsion unit (EC2-G-8f).....	-----	-----	-----	Feb. 1, 1956	886,428	886,428	-----	-----	-----
Free piston gas turbine propulsion unit (EC2-G-8g).....	-----	-----	-----	May 1, 1956	1,328,723	1,328,723	-----	-----	-----
Total design and service contracts.....	-----	-----	-----	-----	4,083,857	2,502,081	-----	-----	1,566,776
Total construction, design, and service contracts.....	-----	-----	-----	-----	\$115,659,990	\$26,419,885	\$6,000,000	\$4,938,195	\$78,301,919

¹ Approximate.

APPENDIX E

Employment of United States-Flag Merchant Ships as of June 30, 1955

Seagoing ships of 1,000 gross tons and over, excluding 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	3,235	24,820	35,017	² 249	2,298	1,687	³ 2,560	18,239	26,539	⁴ 426	4,282	6,790
<i>Active ships</i>	1,163	9,768	14,232	50	636	453	772	5,604	8,183	341	3,529	5,597
United States foreign trade.....	727	5,876	8,168	49	617	443	612	4,508	6,532	66	750	1,193
Maritime Administration ships.....	111	853	995	12	187	115	96	662	868	3	10	12
Chartered.....	12	126	119	2	41	33	10	85	86			
General agency agreement For United States agency operations.....	99	732	876	10	146	82	86	577	782	3	10	12
Panama Canal Company.....	3	30	20	3	30	20						
Privately owned.....	613	4,986	7,155	34	400	308	516	3,845	5,664	63	741	1,182
For commercial operations.....	575	4,664	6,670	34	400	308	482	3,598	5,297	59	668	1,064
For United States agency operations.....	38	322	485				34	247	367	4	75	118
United States domestic trade.....	425	3,779	5,880	1	19	10	160	1,096	1,650	264	2,665	4,220
Maritime Administration ships.....	7	30	45				7	30	45			
Chartered.....	7	30	45				7	30	45			
General agency agreement.....												
Privately owned.....	418	3,749	5,835	1	19	10	153	1,066	1,605	264	2,665	4,220
Foreign to foreign—privately owned.....	11	113	184							11	113	184
<i>Inactive ships</i>	2,072	15,051	20,785	199	1,662	1,234	1,788	12,636	18,358	85	754	1,193

Temporarily inactive.....	89	768	1,090	14	114	68	28	189	288	47	465	742
Maritime Administration ships.....	30	243	267	12	105	61	15	110	163	3	28	42
Chartered.....	1	9	13				1	9	13			
General agency agreement.....	27	219	231	12	105	61	12	86	128	3	28	42
Shipyard custody.....	2	14	22				2	14	22			
Privately owned.....	59	525	832	2	9	7	13	79	125	44	437	700
Maritime Administration reserve fleet.....	1,983	14,284	19,687	185	1,547	1,166	1,760	12,447	18,070	88	290	451

¹ Excludes the following United States Government-owned tonnage transferred to--

Philippine flag (Rehabilitation Act).....	8	27	38
U. S. S. R. (lend-lease).....	83	518	785
Total.....	91	545	823

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

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

⁴ Includes tankers converted to distilling ships.

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

APPENDIX F

Merchant Fleets of the World

Seagoing steam and motor ships of 1,000 gross tons and over as of June 30, 1955; 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.

Flag	Total			Type of ship																	
				Combination passenger and cargo			Combination passenger and cargo refrigerated			Freighters			Freighters—refrigerated			Bulk carriers			Tankers (including whaling tankers)		
	Number	Gross tons	Deadweight tons	Number	Gross tons	Deadweight tons	Number	Gross tons	Deadweight tons	Number	Gross tons	Deadweight tons	Number	Gross tons	Deadweight tons	Number	Gross tons	Deadweight tons	Number	Gross tons	Deadweight tons
Total—all flags.....	14,952	90,955	127,203	1,238	9,288	6,774	61	854	588	9,958	50,743	74,813	341	2,102	2,269	625	2,359	3,705	2,729	25,609	39,054
United States ¹	3,324	25,358	35,746	248	2,288	1,684	2	14	9	2,553	18,139	28,340	49	300	295	45	328	616	427	4,289	6,802
The British Commonwealth of Nations.....	3,054	19,696	25,763	272	2,381	1,566	44	723	497	1,753	9,367	13,536	139	1,251	1,432	262	700	1,007	584	5,244	7,725
United Kingdom.....	2,581	17,482	22,874	181	2,022	1,336	42	713	490	1,398	7,965	11,470	134	1,223	1,399	226	561	810	550	4,998	7,369
Canada.....	85	357	402	30	93	26				34	126	166				1	2	3	20	136	207
Australia.....	131	473	636	14	84	51				92	290	438				25	101	147			
New Zealand.....	53	198	224	6	38	11	2	10	7	40	137	190				4	10	13	1	3	3
India.....	99	475	687	12	54	61				87	421	636									
Union of South Africa.....	16	92	128	2	3	3				13	73	101							1	16	24
Pakistan.....	24	142	202	2	17	13				18	108	162				1	5	3	2	9	15
Others.....	115	445	600	25	70	65				71	247	373	1	3	4	5	21	26	10	82	107
Argentina.....	146	903	1,163	20	125	88				67	384	571				6	6	7	46	332	451
Belgium.....	74	433	596	10	93	87	3	38	28	54	254	383		18	18	4	6	7	46	332	451
Brazil.....	192	751	1,056	30	120	121				129	446	664	2	6	6	6	16	22	27	169	249
Burma.....	5	21	28	1	2	1				4	19	27									
Bulgaria.....	5	12	22							5	12	22									
Chile.....	50	205	281	6	25	29				26	105	143				17	64	93	1	11	16
China.....	140	419	594	9	26	16				102	325	483				6	15	23	23	53	72
Colombia.....	18	59	81							16	55	75							2	4	6
Costa Rica.....	89	366	568							75	326	504							2	4	6
Cuba.....	9	23	31	1	3	2				6	18	26				13	33	54	1	7	10
Czechoslovakia.....	3	17	27							3	17	27				1	1	1	1	1	2
Denmark.....	316	1,512	2,181	24	75	60	2	3	3	227	894	1,296	10	27	31	6	14	20	47	499	771
Dominican Republic.....	8	24	27	1	8	4				6	14	20							1	2	3
Ecuador.....	8	20	26	1	1	1				6	18	23							1	1	2

Egypt	26	118	150	13	62	77				11	40	47						2	16	26
Ethiopia	1	2								1	2	2								
Finland	223	693	1,045	6	14	5				185	495	767					15	43	63	171
France	583	3,635	4,489	83	811	488	2	32	16	313	1,382	1,965	27	107	81	40	127	174	118	1,176
Germany	591	2,166	3,341	20	138	152				498	1,655	2,043	14	39	46	24	90	143	35	244
Greece	201	1,187	1,736	17	89	48				162	928	1,424			4	11		17	18	159
Honduras	60	372	532							32	156	243	17	73	64			11	11	143
Hungary	2	2	3							2	2	3								
Iceland	16	38	44	3	7	4	1	1	2	9	21	30	3	9	8				1	1
Indonesia	13	52	60	6	23	22				5	20	29	1	8	8				1	3
Ireland	16	46	67	1	1	2				11	30	43				3	12	19	1	3
Israeli	23	100	140	3	20	13				19	73	116							1	7
Italy	585	3,700	4,994	74	670	415	4	33	29	351	1,718	2,603	9	32	30	20	74	122	127	1,173
Japan	610	3,337	4,884	24	117	120				501	2,464	3,618	5	31	37	7	41	67	73	694
Korea	23	74	109	2	3	4				16	57	86			1	2	2	2	4	12
Lebanon	2	4	5	1	2	2				1	2	3			2	9	12	15	122	279
Liberia	429	4,005	6,297	8	59	37				236	1,540	2,313	2	5	5	15	122	279	168	2,275
Mexico	29	153	220							6	13	14	2	5	5	1	6	8	20	129
Monaco	1	8	13																1	8
Morocco	9	30	44							7	17	25						2	1	13
Netherlands	520	3,211	4,228	94	699	624				315	1,707	2,428				1	3	4	110	802
Nicaragua	6	12	18							6	12	18								
Norway	1,082	6,862	10,332	30	126	82	3	10	4	600	2,389	3,690	18	54	52	21	142	199	410	4,141
Panama	510	3,883	5,854	15	139	90				264	1,473	2,209	7	17	19	25	108	180	199	2,146
Peru	22	81	113	2	10	11				16	59	84			1	3	5	3	1	10
Philippines	20	77	105	3	8	6				14	64	93			2	4	5	3	3	1
Poland	68	289	402	2	23	15				53	221	328	3	10	9	7	14	20	3	21
Portugal	89	434	528	21	170	127				60	194	298						8	70	103
Rumania	2	32	39	1	7	2				7	25	37								
Saudi Arabia	8	32	47	1	3	2													1	29
Spain	288	1,077	1,426	42	220	174				197	618	924	1	6	5	14	40	58	34	193
Sweden	574	2,375	3,797	33	211	184				399	1,180	1,865	17	64	69	42	293	415	83	827
Switzerland	19	88	140							19	88	140								
Syria	2	3	4							2	3	4								
Thailand	7	12	4	1	3	3				5	8	12							1	1
Turkey	130	469	646	29	114	93				92	304	473			2	4	5	7	7	47
Uruguay	10	56	86	2	10	11				6	25	42							2	21
U. S. S. R.	596	1,794	2,372	70	357	264				438	1,109	1,660	9	36	42	16	29	46	63	263
Venezuela	49	197	284	2	3	3				10	37	53			3	10	23	34	147	205
Yemen	1	1	1	1	1	1														
Yugoslavia	61	245	378	4	18	24				54	209	324			1	4	8	2	14	22
Unknown	4	14	21	1	3	4				3	11	17								

¹ Includes U. S. Government-owned ships transferred to the following flags under lend-lease or other agreements and still remaining under these registries by subsequent arrangements. For purposes of this table, they have been excluded from these registries.

Total	89	539	815	1	5	5				85	516	782			2	11	17	1	7	11
Philippines	6	21	30							6	21	30								
U. S. S. R.	83	518	785	1	5	5				79	495	752			2	11	17	1	7	11

APPENDIX G

Ships Approved for Transfer to Alien Ownership and/or Registry and Flag, Fiscal Year 1955

	Number	Total gross tonnage	Average age
PRIVATELY OWNED			
Ships under 1,000 gross tons:			
Commercial craft (tugs, barges, fishing ships, etc.).....	154	22, 873	12.1
Pleasure craft (over 5 tons).....	27	871	12
Undocumented motorboat (6 tons and less).....	349	1, 745	3
Total.....	530	25, 489	6.1
Ships of 1,000 gross tons and over:			
Tankers.....	44	368, 760	17.3
Cargo.....	88	595, 081	14.6
Cargo/passenger.....	5	26, 318	31
Miscellaneous (schooners, dredges, barges, ferryboats, etc.).....	4	8, 964	14
New construction by United States shipyards for foreign flag operation.....	3	3, 630	-----
Total.....	144	1, 002, 753	15.3
GOVERNMENT OWNED			
Cargo ships.....	2	6, 521	23
Grand total.....	676	1, 034, 763	8.2

APPENDIX H

Cash and Approved Securities on Deposit in the Statutory Capital and Special Reserve Funds of Subsidized Operators as at June 30, 1955

Operator	Capital reserve funds	Special reserve funds	Total
American Export Lines, Inc.....	\$1, 352, 547. 32	\$2, 280, 140 08	\$3, 632, 687. 40
American Mail Line, Ltd.....	4, 914, 230 78	3, 773, 222 09	8, 687, 452. 87
American President Lines, Ltd.....	4, 308, 829 17	7, 658, 240. 45	11, 967, 069. 62
Farrell Lines, Inc.....	525, 116 45	4, 223, 433. 23	4, 748, 549. 68
Grace Line Inc.....	24, 310, 701. 06	10, 265, 647. 63	34, 576, 348. 69
Gulf & South American Steamship Co., Inc.....	139, 943. 11	160, 362. 75	300, 305. 86
Lykes Bros. Steamship Co., Inc.....	45, 938, 756 93	28, 835, 305. 22	74, 824, 062. 15
Mississippi Shipping Co., Inc.....	4, 245, 718. 20	3, 555, 253. 65	7, 800, 971. 85
Moore-McCormack Lines, Inc.....	19, 700, 391. 68	15, 551, 019 62	35, 251, 411. 20
Oceanic Steamship Co., The.....	4, 770, 479. 20	452, 658. 88	5, 223, 138. 08
Pacific Argentine Brazil Line, Inc.....	1, 804, 976. 25	649, 601 11	2, 454, 577. 36
Pacific Far East Line, Inc.....	146, 457. 49	627, 071. 87	773, 529. 36
Pacific Transport Lines, Inc.....	319, 851. 45	522, 584. 57	842, 436. 02
Seas Shipping Co., Inc.....	3, 733, 066. 42	2, 500, 444. 34	6, 233, 510. 76
United States Lines Co.....	2, 170, 060. 11	5, 443, 407. 18	7, 613, 467. 29
Total.....	\$118, 381, 125. 52	\$86, 548, 392. 67	\$204, 929, 518. 19

Note.—Accrued mandatory deposits applicable to the resumption period (generally Jan. 1, 1947, to Dec. 31, 1954), not included in the above, amount to approximately \$23,500,000, comprised of \$9,900,000 applicable to the capital reserve funds (depreciation) and \$14,600,000 applicable to the special reserve funds (excess profits).

APPENDIX I

Claims on Hand June 30, 1955

Office	In favor of United States		Against United States	
	Number	Amount	Number	Amount
Office of the Comptroller:				
General claims.....	139	\$1,384,444	57	\$1,127,360
Insurance claims.....	172	1,171,142	297	7,697,846
Total.....	311	2,555,586	354	8,825,206
Office of the General Counsel:				
Unlitigated.....	166	4,986,801	43	455,180
With the Department of Justice for litigation.....	123	15,971,898	767	312,330,041
Total.....	289	20,958,699	810	312,785,221
Grand total.....	600	23,514,285	1,164	321,610,427

Claims Settled Under Suits in Admiralty Act, Fiscal Year 1955

Office	In favor of the United States			Against United States		
	Number	Amount claimed	Amount paid	Number	Amount claimed	Amount paid
Office of the General Counsel.....	9	\$2,546,225	\$245,402	32	\$1,783,529	\$219,823
Office of the Comptroller.....	-----	-----	-----	131	4,421,090	425,445
Total.....	9	2,546,225	245,402	163	6,204,619	645,268

