Annual Report of the

FEDERAL MARITIME BOARD
and
MARITIME ADMINISTRATION

1956

UNITED STATES DEPARTMENT OF COMMERCE

Annual Report of the

FEDERAL MARITIME BOARD
and
MARITIME ADMINISTRATION

1956

UNITED STATES DEPARTMENT OF COMMERCE

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

UNITED STATES DEPARTMENT OF COMMERCE

SINCLAIR WEEKS, *Secretary*

Washington, D. C.

FEDERAL MARITIME BOARD

CLARENCE G. MORSE, *Chairman*

BEN H. GUILL, *Member*

THOS. E. STAKEM, Jr., *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 26, 1956.

TO: *The Secretary of Commerce.*
FROM: *Chairman, Federal Maritime Board, and Maritime Administrator.*
SUBJECT: *Annual Report for fiscal year 1956.*

I am submitting herewith the report of the Federal Maritime Board and Maritime Administration covering their activities for the fiscal year ended June 30, 1956.

Clarence G. Morse

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 1956.

Sinclair Weeks

Secretary of Commerce.

CONTENTS

Fiscal Year Activities

Financial Statements

Appendixes

FISCAL YEAR ACTIVITIES

Introduction

The Merchant Marine Act, 1936, as amended, and related maritime laws established the basic principles of the Federal Government with respect to the American merchant marine. These principles provide for the development and promotion of an American merchant marine sufficient to carry the domestic waterborne commerce and a substantial portion of the foreign commerce of the country, capable of serving as a naval auxiliary in time of war, owned by, and operated under the 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. During fiscal year 1956 the Federal Maritime Board and the Maritime Administration, upon whom was placed the responsibility of achieving these principles, have continued their efforts to effect a rehabilitation of the postwar merchant marine. The year saw tangible and significant results from these efforts to: (1) Achieve a planned shipbuilding program adequate to meet the country's immediate and future requirements; (2) develop a sufficient number of new ship designs and variations thereof to meet requirements of a modern and efficient merchant fleet capable of meeting foreign competition and serving as a national defense asset; (3) develop designs and plans and effectuate, on an experimental basis, the modernization of war-built ships in the national defense reserve fleet, and to otherwise improve the ready availability of reserve fleet vessels for use in event of emergency; (4) promote and assist the American merchant marine; and (5) improve the management and efficiency of the agency.

With respect to the ship construction program, the past year saw the country embark on the largest peacetime shipbuilding program in history, resulting in a major step in the direction of avoiding block obsolescence of merchant ships and providing a modern and efficient merchant marine. In addition, and of prime importance, this program assures the retention of a nucleus of ship construction know-how, both in the form of management and workers, which is essential to the country's welfare, as proved by two world wars. The magnitude of this program is illustrated by the following: (1) During fiscal year 1956 there was a total of 68 ships under construction, conversion, reconditioning, or on order in United States shipyards, providing in excess of $525 million worth of work to the industry; (2) by the end of the fiscal year plans were in process of formulation which will place in American shipyards during fiscal year 1957 the construction and conversion of an estimated 56 ships and provide $505 million worth of work to the industry; (3) contracts were executed or were in process of negotiation with subsidized operators which will result in the construction of some 185 ships over the next 15 years. This program was realized through the cooperation of private industry and Government, through the utilization of private initiative and capital with a minimum of Government assistance in the form of construction-differential subsidy, Government mortgage aid or ship trade-in allowances.

In connection with ship design activities the American merchant marine, as is true in the American industries, requires continued progress to improve its efficiency and economy of operation in order to meet foreign competition and to fulfill its responsibilities in the event of war or national emergency. The past year in particular has seen the substantial completion of plans and designs for: (1) 7 prototypes including a Pipeline Tanker and 6 cargo ships, the *Clipper*, *Seafarer*, *Freedom*, *Turnpike*, *Island*, and *Bulk;* (2) 4 ships for the Navy, including 2 cargo ships, 1 tanker and 1 AKD; (3) a number of ships proposed to be constructed under operating or construction-differential subsidy agreements, including cargo, passenger, combination passenger-cargo and trailer ships; and (4) the application of nuclear power to merchant ships.

There was material progress achieved during the fiscal year in improving the mobilization readiness of ships in the national defense reserve fleets through (1) the repair of 60 Navy auxiliary-type ships which, together with ships repaired in fiscal year 1955, made a total of 150 ships repaired at a cost of $16,671,931 under the emergency ship repair program, authorized by Public Law 608, 83d Congress, and (2) substantial completion of 4 Liberty-type ship conversions, involving the installation of new propulsion equipment (including steam, diesel and gas turbines), installation of modified cargo handling gear, and modification of hull lines to increase speed. The status of the latter project at the close of the year indicated that the speed of these vessels would be increased from approximately 10 to 15 knots or better, which was in line with design expectations. This is significant to our national defense in view of the fact that there were 1,496 Liberty ships in the national defense reserve fleet. In addition, this will enable an evaluation of the utilization of new types of propulsion equipment in merchant ships.

In the area of assisting the American merchant marine, the most consequential activities accomplished in the past year were those involved in the negotiation of operating-differential contracts providing for "phased" ship replacement programs by the subsidized operators. Considerable efforts were directed in this area because the modernization and planned ship construction program of the entire American merchant marine, as covered in the beginning of this introduction, is largely geared to and influenced by the replacement programs of the 16 subsidized operators.

In this connection and pursuant to House Resolution 118, 84th Congress, the Committee on Merchant Marine and Fisheries conducted a study which included matters relating to operating and construction-differential subsidies being paid or assumed, operational disputes that would tend to increase subsidy payments, and other matters, conditions, and practices that might have a detrimental effect upon the American merchant marine, tend to increase the subsidized cost thereof to the United States and/or affect the administration by the Federal Maritime Board/Maritime Administration of the national program for promoting and assisting the American merchant marine. The Chairman/Administrator and his staff members appeared before the committee, as did numerous representatives of the shipping industry.

One of the most significant things developed by the hearings of this committee was the reluctance of operators to invest, and of lending institutions to lend, hundreds of millions of dollars to replace vessels without some assurance of operating-differential subsidy contracts on a long-range basis—for periods as long as the term of the construction replacement loans.

Upon conclusion of the hearings and issuance of the committee's Report No. 843, 84th Congress, the matter was referred to the Comptroller General who rendered a decision that no objection would be interposed to the execution of "standby contracts" covering a period of 20 years which would be binding upon execution, but effective for subsidy accrual purposes only after termination of the existing subsidy agreements. Accordingly, modifications were made in the form of the operating-differential subsidy agreement which include provisions for the following: (a) 20-year duration of the agreement; (b) commitment to pay parity; (c) payment of operating-differential subsidy under successor contracts with respect to approved voyages in progress at termination of existing contracts; (d) specification of definite schedule of vessel replacement commitment and inclusion of an economic feasibility clause pursuant to which the Federal Maritime Board will determine whether the operator may postpone the proposed replacement at the specified time; (e) continuation of operating-differential subsidy during pendency of a proceeding arising under section 611 of the Merchant Marine Act, 1936, as amended.

During the fiscal year new operating-differential subsidy contracts, effective upon termination of current contracts, were executed with five operators. These contracts provide for the replacement of 82 ships during the period 1957–70 at a total estimated construction cost of $1,014 million. In addition, by the end of the year negotiations were in process or contemplated with five additional subsidized operators for the execution of new operating subsidy contracts under the provisions of which these operators would be required to replace, with new construction, a total of 105 vessels at an estimated construction cost of $1,007 million.

407216—57——2

In addition, and related to the foregoing, there were executed during the fiscal year: (1) 4 construction-differential contracts with subsidized operators covering the construction or conversion of 8 ships at a basic cost of $122,833,970; (2) 3 ship-mortgage and loan-insurance contracts covering the conversion of 3 ships and the construction of 1 large ship at an estimated collective cost of $15.5 million.

In other areas relating to the ship construction and Government aid programs there were pending, as of June 30, 1956, the following: (1) 11 applications for construction-differential subsidy aid covering the construction or conversion of 35 ships; (2) 16 applications for Federal loan and/or mortgage insurance covering the construction of 53 ships; and (3) applications from 6 companies for the operation of ships with operating-differential subsidy on 9 trade routes, and the Round-the-World (eastbound) and Tri-Continent services.

The Federal Maritime Board and the Maritime Administration, in addition to administering the programs covered heretofore, continued to devote undiminished efforts to other programs and activities including those involving the operation of ships under charter and general agency agreements; maintenance of the national defense reserve fleets; administration of the provisions of Public Law 664, 83d Congress, relating to 50 percent participation by American-flag operators in the movement of Government cargoes; and the conduct of regulatory matters.

Aid to Shipping

Construction-differential subsidy

The Federal Maritime Board during the fiscal year executed construction-differential subsidy contracts with ship operators as follows: (a) Grace Line Inc., covering 2 combination passenger-cargo vessels at a basic contract price of $45,555,360 to replace the SS. *Santa Paula* and SS. *Santa Rosa* for operation in service between New York and Caribbean ports; (b) Moore-McCormack Lines, Inc., for 2 combination passenger-cargo vessels at a basic contract price of $49,343,972, to replace the *Good Neighbor Fleet*, for operation in service between New York and the east coast of South America; (c) The Oceanic Steamship Co. for the conversion of two Mariner-type vessels to combination passenger-cargo vessels at a basic contract price of $27,001,638, for operation in service between United States Pacific ports and ports in Australia; (d) American President Lines, Ltd., for reconditioning of the passenger ships the *President Cleveland* and the *President Wilson* at a basic contract price of $933,000, for continued operation in that company's transpacific service. The Board agreed to pay construction subsidy to the United States Lines Co. for the reconstruction and reconditioning of 8 Mariner cargo vessels at an estimated cost of $10 million, for operation in service between United States Atlantic ports and ports in the Far East. The execution of contract under this agreement was predicated upon the United States Lines commencing the reconstruction work within the time required under the agreement. The basic contract price figures used in this paragraph include cost of national defense features, but not the cost of changes and extras.

In connection with the foregoing there were approved by the respective operators, the Federal Maritime Board, and the Comptroller General, construction-differential determinations as follows: American President Lines, Ltd.—a determination that the construction-differential allowance was 42.85 percent of the domestic cost of reconditioning and reconstructing the four Mariner-type vessels covered in their construction-differential contract executed in fiscal year 1955—the estimated foreign cost per vessel, exclusive of cost of national defense features, amounted to $995,000 as compared to the lowest responsible domestic bid of $1,741,110; The Oceanic Steamship Co.—a determination that the construction-differential allowance was 48.07 percent of the domestic cost of converting to cargo-passenger ships the two Mariner-type ships covered in their construction-differential contract executed in the past year—the estimated foreign cost of both vessels, exclusive of the cost of national defense features, amounted to $13,825,000 as compared to the lowest responsible United States bid of $26,624,000; Moore-McCormack Lines, Inc.—a determination that the construction-differential allowance was 39.94 percent of the domestic cost of replacing the good neighbor fleet under contract executed in the past year—the estimated foreign cost of the two vessels, exclusive of the cost of national defense features, amounted to $29,360,000 as compared with the lowest responsible United States bid of $48,888,362; Grace Line Inc.—a determination that the construction-differential allowance was 42 percent of the domestic cost of the replacement of the SS. *Santa Paula* and the SS. *Santa Rosa* covered in a contract executed in the past year—the estimated foreign cost for these vessels, exclusive of cost of national defense features, was fixed at $26,110,000 as compared to the lowest responsible United States bid of $45,080,000.

The following applications for construction-differential subsidy aid were pending as of June 30, 1956: (a) Lykes Bros. Steamship Co., Inc., for construction of 5 new cargo vessels; (b) Arnold Bernstein Line, Inc., for purchase of one Mariner vessel and construction-differential subsidy for conversion of this vessel to a one-class passenger vessel; (c) Moore-McCormack Lines, Inc., for the construction of 7 cargo vessels; (d) American President Lines, Ltd., for construction of 2 combination vessels; (e) American President Lines, Ltd., for the reconstruction of 2 Mariner vessels; (f) Pacific Far East Line, Inc., for the reconstruction of the SS. *Golden Mariner;* (g) H. B. Cantor, for the construction of 2 large passenger vessels to be operated in the transatlantic service; (h) American Bulk Carriers, Inc., for construction of 4 combination bulk ore and petroleum carriers; (i) Ore Transport, Inc., for the construction of 2 tanker-ore carriers; and (j) Central Gulf Steamship Corp., for aid in the construction of 1 special-purpose vessel. The ships being constructed as indicated in (a) through (f) will be operated by the companies in services covered by operating-differential subsidy contract.

During the fiscal year the American Export Lines, Inc., proposed to the Attorney General and the Federal Maritime Board a settlement of the issues involved in the matter of the Comptroller General's exceptions as to the construction subsidy allowances granted that company in connection with the construction of the SS. *Independence* and SS. *Constitution* and the reconditioning of four combination vessels (usually referred to as the FOUR ACES). This proposal involved not only the vessels in question but certain other items, which although not directly related to the problem, were connected with the subsidized operations of this company. Upon request of the Attorney General, the Federal Maritime Board presented its views on each of the items included in the settlement proposal. No action was taken by the Department of Justice on this proposal as of June 30, 1956.

Federal ship mortgage and loan insurance

The Maritime Administrator during the course of the fiscal year executed contracts authorizing insurance of construction and mortgage loans made by banks and insurance companies as follows: (a) Insurance of 90 percent of a reconstruction loan estimated at $11 million for conversion of 2 mariners by The Oceanic Steamship Co. with further agreement to insure 90 percent of the mortgage (not to exceed $12 million) upon completion of conversion work; (b) insurance of 100 percent of a conversion loan of $3,325,000 made to the TMT Trailer Ferry Inc., for conversion of the *Carib Queen* with further agreement to insure 100 percent of the mortgage placed upon the vessel upon completion of the conversion work; and (c) insurance of 90 percent of a mortgage loan of $195,000 covering the construction of a steel bulk oil barge for account of the Sea Bees BIO, Inc.

All of the balance of the original mortgage indebtedness with respect to which the former Maritime Commission guaranteed 100 percent of a loan of $250,000 per vessel or $750,000 for the construction of 3 Tuna Clippers in 1949, was paid during the past fiscal year.

At the close of the fiscal year of June 30, 1956, the following applications for Federal loan and/or mortgage insurance were pending: (a) Pan Atlantic Steamship Corp. for the construction of 7 trailer ships to be operated in the coastwise service; (b) American-Hawaiian Steamship Co. for construction of 10 roll-on/roll-off container ships for operation in the coastwise and intercoastal service; (c) American-Liberty Steamship Corp. for the construction of 9 trailer ships for operation in intercoastal service and/or for charter operations in the interest of national defense; (d) J. M. Carras, Inc., for the completion of 1 bulk oil tanker, now under construction, for general operation; (e) Puerto Rico Railroad and Transport Co. for aid in the construction of 2 sea trailer vessels for operation between New York and San Juan, Puerto Rico; (f) Trainships, Inc., for construction of 2 trainships for coastwise operation; (g) Transportation Utilities, Inc., for construction of 2 special design vessels for operation in the coastwise service; (h) Central Gulf Steamship Corp. for the construction of a bulk carrier to be operated in the worldwide trade; (i) College Point Drydock and Supply Co., Inc., for construction of a steel coal barge for operation in New York harbor; (j) James M. Jackson for aid in the completion of 1 shrimp trawler already partially constructed; (k) Alaska Steamship Company for the construction of 2 train trailer ships to be operated in the domestic trade between Pacific Northwest and Alaska; (l) H. B. Cantor for the construction of 2 large passenger ships for operation in the transatlantic service; (m) 4 applications involving the construction of 14 tankers for charter to the Military Sea Transportation Service, under the provisions of Public Law 575, 83d Congress.

Other forms of construction aid

During the fiscal year 1956, two contracts were executed with the Esso Shipping Co., as follows: (a) For national defense allowance of $1,050,000 on each of 2 new tankers, and a trade-in allowance on 5 obsolete vessels in the total amount of $5,669,081.61, said allowance being subject to adjustment for depreciation after April 30, 1955, and for use of the vessels after date of the construction contract; and (b) for payment of national defense allowances of $770,000 on each of 2 new tankers.

An agreement was reached with Pan Atlantic Steamship Corp., providing for the trade-in of 7 C–2 cargo vessels for the sum of $950,000 per vessel, contingent on Pan Atlantic's contracting for the construction of seven roll-on/roll-off type vessels. Construction contracts were not executed and Pan Atlantic is now proposing to convert C–2 cargo ships in lieu of new construction.

In connection with the construction-differential subsidy contract with respect to the construction of two combination vessels for the account of Grace Line Inc., the national defense allowance to the owner was $237,680 per vessel.

In connection with the construction-differential subsidy contract with Moore-McCormack Lines, Inc., for the construction of 2 combination vessels, initially a national defense allowance of $227,805 per vessel or a total of $455,610 for the 2 vessels was allowed. Subsequently, by mutual agreement, this allowance was reduced to $88,386 per vessel.

On June 30, 1956, balances in 9 construction reserve funds of nonsubsidized operators totaled $9,692,484 compared with $3,478,454 as of June 30, 1955, in 9 construction reserve funds. Two new funds were established during the fiscal year 1956, and deposits were made to such funds. However, the total deposits in one of the new funds were withdrawn prior to the close of the fiscal year.

Deposits in the funds during the fiscal year amounted to $8,137,334 and withdrawals totaled $1,923,305. The latter amount included

$1 million for the purchase of a vessel; $577,646 withdrawn for application to mortgage indebtedness; $298,569 withdrawn for application to construction costs of new vessels, and $47,090 represented a reduction in the amount available under an irrevocable letter of credit.

Operating-differential subsidy

No new operators were awarded operating-differential subsidy contracts during fiscal year 1956. At the close of the fiscal 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 combination vessel on Trade Route No. 8; T. J. McCarthy Steamship Co. for operation of cargo vessels on Trade Route No. 32 (Great Lakes to Continent); Robin Line, Inc., for operation of vessels on Trade Route No. 15A now operated by Robin Line's parent company, Seas Shipping Co., Inc.; States Steamship Co. for operation of vessels on Trade Routes 29 and 30; Isbrandtsen Co., Inc., for operation of vessels in the Round-the-World (eastbound) service and Trade Route No. 32; and States Marine Corp. for the operation of vessels on Trade Routes 13, 29, 30, and the Tri-Continent service.

Of the 16 subsidized operators holding operating-differential subsidy agreements, detailed examinations of operations of 9 of these companies were made in prior fiscal years pursuant to the provisions of Section 606 (6) of the Merchant Marine Act, 1936. During the fiscal year 1956, detailed examinations of six of the remaining companies had been completed, as well as special studies of certain phases of their operations.

An operating-differential subsidy contract was executed with Grace Line Inc., to cover the operation of its subsidized vessels on Trade Routes Nos. 2, 4, 23, and 25. This contract was made binding upon execution, but is not to become effective for accrual of subsidy until January 1, 1958 (following the termination of its current operating subsidy contract), and will terminate for all purposes on December 31, 1977. This new contract, among other things, provides for the replacement of the operator's current fleet of 26 subsidized vessels at an estimated construction cost of $302 million, some on an accelerated basis and others on a decelerated basis.

An operating-differential subsidy contract was executed with Moore-McCormack Lines, Inc., to cover the operation of its entire fleet, including the new combination vessels, when completed. This contract which became binding upon execution is not to become effective for subsidy accrual until January 1, 1958 (following termination of its current operating subsidy contract), and is to terminate on December 31, 1977. This contract, among other things, provides for the replacement of the operator's current fleet of 33 subsidized vessels at an estimated cost of $361 million, some on an accelerated basis and others on a decelerated basis.

An operating-differential subsidy contract was awarded to The Oceanic Steamship Co. to cover the subsidized operations of that company's four cargo vessels, and its new combination vessels (converted Mariners) upon their completion, between United States Pacific and ports in Australia. This contract was made effective January 1, 1956 (following termination of its current subsidy contract by mutual agreement), and is scheduled to terminate on December 17, 1972. Under the provisions of the new contract, the Federal Maritime Board may require the operator to proceed with new construction in replacement of the 4 cargo vessels, estimated replacement cost set at $38 million, within 120 days after receipt of notice to proceed issued any time after January 1, 1960.

A new operating-differential subsidy contract was awarded to American President Lines, Ltd., to cover the operations of its subsidized vessels in the transpacific, Round-the-World and Atlantic Straits Service, trade route No. 17. This contract dated May 11, 1956, was made effective upon execution, for all purposes except accrual of subsidy, which is to be effective January 1, 1957. The termination date of this contract is December 31, 1976. This contract requires the replacement of the operator's current fleet of 14 vessels, at an estimated construction cost of $253 million, during the period of said contract. In addition, the Federal Maritime Board may require the operator to construct one additional passenger vessel for operation on trade route No. 29.

Pursuant to the ship replacement provisions of its current operating-differential contract the Board advised the Pacific Far East Lines, Inc., that they would be required to construct 5 cargo vessels, estimated to cost $60 million. The Board also indicated that the purchase of five Mariner-type ships, if available, would fulfill the requirements of the contract.

During the past fiscal year, the Federal Maritime Board authorized payment of operating subsidy to the United States Lines Co. to cover the operation on trade route No. 11 of four cargo vessels which this company had purchased from the South Atlantic Steamship Line, Inc.

During the fiscal year 1956, the Federal Maritime Board authorized: (a) The United States Lines Co. to purchase eight Mariner type cargo vessels for operation with subsidy on trade route No. 12, between United States Atlantic ports and ports in the Far East; (b) the American President Lines, Ltd., to purchase two Mariners for subsidized operation in its Round-the-World service; (c) The Oceanic Steamship Co. to purchase two Mariners for subsidized operation on trade route No. 27; and (d) the Pacific Far East Line, Inc., to purchase one Mariner for subsidized operation on Trade Route 29. Information as to the applications filed by these operators for construction subsidy on the reconditioning of these vessels after their purchase is set forth under the caption "Construction-Differential Subsidy."

As of the close of the fiscal year some progress had been made in our negotiations with Lykes Bros. Steamship Co., Inc., Mississippi Shipping Co., Inc., and the Seas Shipping Co. and contemplated negotiations were proposed with American Mail Line and Farrell Lines for the execution of new operating subsidy contracts. Under the replacement provisions of these contracts, it is anticipated that each operator will be required to replace his entire fleet with new construction, involving a collective total of 105 vessels at an estimated cost of $1,007 million.

Progress continued to be made in clearing up the backlog of operating-differential subsidy rates applicable to the postwar period. Except for the item of Protection and Indemnity Insurance, the calculation of subsidy rates was considered to be on a current basis. Of the 838 rates applicable to the calendar years 1953–55, only 207 were incomplete as of June 30, 1956 (all rates required for the calendar years 1947 through 1952 have been completed). As of June 30, 1956, $459,850,920 net advance subsidy payments (subsidy less recapture) had been made. This amount represents payment on account from the date of postwar resumption of subsidized operations through the calendar year 1955, and the first quarter of calendar year 1956. A summary of operating subsidy contracts is given in Appendix C.

Aid to vessels over 20 years of age

The Federal Maritime Board having found it to be in the public interest under section 605 (b) of the Merchant Marine Act, 1936, as amended, authorized through issuance of formal order the continued payment of operating subsidy on ships now over 20 years old, or which will become over age prior to the delivery of their scheduled replacements. The action of the Federal Maritime Board in this matter was predicated upon the ship replacement provisions of the new operating subsidy contracts entered into by these companies, as covered in the preceding section of this report, whereby certain of the companies' vessels will be replaced prior to their reaching 20 years of age and certain will be replaced after they are 20 years old. The following tabulation lists, by company, the vessels upon which subsidy will be continued:

Name of operator	Vessel	20 years of age	Scheduled replacement
Grace Line Inc	Santa Ana	1960	1963
	Santa Teresa	1960	1963
	Santa Juana	1962	1968
	Santa Adela	1962	1968
	Santa Cruz	1962	1969
	Santa Flavia	1963	1968
	Santa Eliana	1964	1968
	Santa Leonor	1964	1968
	Santa Elisa	1964	1968
	Santa Fe	1964	1969
	Santa Anita	1964	1969
	Santa Paula	1952	1958
	Santa Rosa	1952	1959
Moore-McCormack Lines, Inc	Argentina	1949	1958
	Brazil	1948	1958
American President Lines, Ltd	President Harrison	1963	1966
	President Johnson	1963	1966
	President Van Buren	1963	1966
	President Taft	1965	1966
	President McKinley	1966	1966
	President Monroe	1960	1963
	President Polk	1961	1963

Trade routes

Continued progress was made during the year in reviewing the essentiality and United States-flag requirements of United States foreign trade routes as provided for in Section 211 (a) and (b), Merchant Marine Act, 1936. Reviews of four trade routes (Nos. 14, 23, 29, 30), which were first declared to be essential in 1946, were completed. In addition, trade route 32—United States Great Lakes/Western Europe—was reviewed and declared to be essential to the foreign commerce of the United States.

During fiscal year 1956 reports were prepared and completed on the substantiality and extent of foreign-flag passenger and cargo competition encountered during calendar year 1954 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 1955. 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.

Ship Operations

Demand for ocean shipping

This was a year of heavy cargo movement, particularly outward with respect to coal and grain, with a continued demand for both United States-flag and foreign-flag vessels. Outward movement of coal to overseas destinations averaged well in excess of 3 million tons per month and grain exports, largely in the programs of Agriculture and International Cooperation Administration, exceeded 1 million tons in each month of the fiscal year. The forward pro-

407216—57——3

grams, particularly of the Department of Agriculture, under Public Law 480, 83d Congress, with an increase in congressional authorization from $1.5 billion to $3 billion, indicated the prospect of even heavier movements of agricultural commodities during fiscal year 1957.

As a result of a buildup in the demand for bulk cargo space in the latter part of the fiscal year, the Maritime Administration after favorable action by the Federal Maritime Board allocated 1 Mariner vessel for 6 months' trading under bareboat charter for transpacific cargoes (mostly grain) and 7 Victory-type vessels were allocated temporarily for movement of ore transpacific. In separate action the Federal Maritime Board rendered a favorable decision with respect to an operator's application for bareboat charter under which six Government-owned Liberty-type vessels were allocated for the carrying of coal transatlantic.

In May 1956 the International Cooperation Administration applied for the breakout of 30 vessels from the national defense reserve fleet to assist in carrying Government-sponsored cargoes for operation under general agency agreements for account of the United States. This application, if approved, would have meant an initial expenditure by the United States of approximately $6 million to place the 30 ships in condition for service. The Maritime Administrator concluded that the matter best could be handled through bareboat charter. Accordingly, the Federal Maritime Board held public hearings in June to consider applications for the charter of vessels for such purpose, pursuant to Public Law 591, 81st Congress. During the hearings the representatives of interested American-flag operators were heard and representation was made by the International Cooperation Administration, Department of Agriculture, and the General Services Administration. The Board's findings were that: (a) actual and immediate need by Government agencies for cargo space on American-flag vessels in excess of available privately owned vessels had not yet materialized; (b) all requirements were in terms of estimates and projections; and (c) the Government agencies were not then offering any cargo that could not obtain ocean transportation at reasonable rates. These findings were expected to be published in July 1956. Further, the Board held the record in the proceeding open so that any Government agency giving advance notice of its inability to meet its requirements from privately owned American-flag ships might submit further evidence with reference to the need for Government-owned ships. (Subsequent to the close of the fiscal year the Board in a reopened hearing authorized the bareboat charter of two Victory-type Government-owned vessels to move grain under the ICA program.)

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. Similarly, assistance was furnished other Government agencies and liaison was maintained with the shipping industry in order to assure the 50 percent participation of United States privately owned commercial vessels in movements of cargo financed by the Government as provided for in Public Law 664, 83d Congress. Studies completed in fiscal year 1956 indicate that Public Law 664 was beneficial to United States-flag vessels by providing them cargo not influenced by the preference provisions of previous relief and rehabilitation statutes. It was estimated that this increment amounted to 1,635,000 tons in the calendar year 1955; also that Government-financed cargo subject to the 50 percent United States-flag provision represented about one-fifth of the export cargo carried by United States-flag liner services, and about four-fifths of the export cargo carried by United States-flag tramps. Inward movements subject to cargo preference were substantially smaller. In comparison with total United States foreign commerce, namely exports and imports by liners, tramps and tankers combined, it was estimated that movements subject to the 50 percent United States-flag reservation represented only about 5½ percent of the total. From these data it was evident that while the cargo preference law has aided American shipping, a major portion of our commerce (estimated at 94 percent) was not subject to flag restriction and foreign shipping had ample opportunity to participate therein, and to earn dollar currency for freight.

General agency activities

Thirty-seven vessels assigned to 21 general agents were in operation at the commencement of fiscal year 1956, a high of 39 vessels assigned to 22 general agents was reached in July, and a low of 7 vessels assigned to a like number of general agents was reached in December. Increased requirements during the spring of calendar year 1956 resulted in general agency-operated vessels increasing to a total of 33 operated by 23 general agents at the close of the fiscal year. All general agency operations during the fiscal year 1956 were to meet requirements of the Military Sea Transportation Service, particularly those involved in their arctic DEWLINE operation.

Grain storage

Cont'd by USDA

The Maritime Administration continued its cooperative arrangement with the Department of Agriculture under which ships in the national defense reserve fleet are utilized for the storage of Government price-support wheat. At the end of the fiscal year 330 ships (located at the Hudson River, James River, Astoria and Olympia reserve fleet sites) were loaded with approximately 76 million bushels of grain. Since the inception of this program in 1953, the reserve fleet has been utilized for the storage of approximately 101 million bushels of grain.

Charters

The operation of Government-owned ships under bareboat charter continued to decline during fiscal year 1956 from 26 to 22 ships. Eleven of these were in the offshore trades, 4 were serving the Alaska trade, 1 was for the Pacific Coast service, 1 was for the transportation and storage of cable in laying a submarine telephone system between Pacific Coast and Alaska and Hawaii, and 5 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, 1955, under the authority of the Merchant Ship Sales Act of 1946, as amended, and it was found that the continuance of such charters was justified.

One Mariner-type ship was chartered for transpacific service for the transportation of bulk cargoes. The charter of the two Good Neighbor ships remaining in operation was extended for a period of 1 year.

Port development

In cooperation with the Department of the Army, Board of Engineers for Rivers and Harbors, a study was completed on Port Series No. 10, The Port of Baltimore, Md. In process as of the close of the fiscal year were the following Port Series volumes: Port Series No. 7, The Ports of Philadelphia, Pa., Camden and Gloucester City, N. J.; Port Series No. 8, The Port of Wilmington, and Ports on the Delaware River Above and Below Philadelphia, Pa.; Port Series No. 27, The Port of San Diego, Calif.; and Port Series No. 28, The Ports of Los Angeles and Long Beach, Calif.

Other port development activities included the award of a contract for the development of engineering and design criteria for terminals to handle roll-on/roll-off type shipping and the furnishing of consultative services to several Great Lakes ports which had initiated planning and construction programs in anticipation of an increased flow of traffic on opening of the St. Lawrence Seaway.

Ship custody

At the close of the 1956 fiscal year there were 2,061 ships in the reserve fleets. During the year 234 ships were taken into the fleets and 241 were withdrawn, with the bulk of the movements attributed to the emergency ship repair, grain storage, and general agency programs. The following is a tabulation of ships in the fleets at the close of the fiscal year 1956:

Hudson River	166	Beaumont	205
James River	364	Suisun Bay	326
Wilmington	329	Astoria	209
Mobile	315	Olympia	147

The ship preservation program progressed steadily, within the limitations of available manpower, with 98 percent of basic lay-up and preservation of ships completed, and 42 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 was not possible because of manpower limitations and diversion of preservation personnel to other work activities to meet emergencies. By June 30, 1956, the program for the protection of the underwater surfaces of ships' hulls by the cathodic process was in operation at 6 of the 8 reserve fleets; the program will be extended to include the 2 remaining fleets by the end of fiscal year 1957.

Other activities

In cooperation with the Department of Defense there was under study a program for the development of an atomic, biological and chemical warfare defense training program for maritime personnel. Forty-three Maritime Administration-owned ships were under custody of other Government agencies at the end of the fiscal year.

Shipbuilding and Repair

Construction

At the beginning of the fiscal year there were nine ships being constructed under Maritime Administration contracts. Of these, two were Mariner-class vessels which were completed and accepted by the Maritime Administration during the year (one of these was delivered to Pacific Far East Line, Inc., and the other was converted during construction to an Attack Cargo Ship and delivered to the Department of the Navy). Two refrigerated stores ships constructed for the Department of the Navy were delivered. Four oil tankers and one roll-on/roll-off cargo vessel were under construction for the Department of the Navy. The delivery dates of the tankers were indefinite while the roll-on/roll-off cargo vessel was scheduled for delivery in June 1957.

During fiscal year 1956 contracts were awarded for the construction of 1 cargo ship (dock), 2 bulk petroleum carriers and 3 small cargo ships for the Department of the Navy. Contracts were also awarded for the construction of 2 passenger ships for Moore-McCormack Lines, Inc., and 2 passenger-cargo ships for Grace Line Inc., under title V, sections 501 and 504 of the Merchant Marine Act, 1936, as amended.

The ships being constructed under Maritime Administration contracts as of June 30, 1956, are given below:

Type	Name	Builder	Keel laid	Estimated delivery
T5-S-12a	U. S. N. S. Maumee.	Sun Shipbuilding & Dry Dock Co.	Mar. 8, 1955	Indefinite.
T5-S-12a	U. S. N. S. Potomac.	do	June 9, 1955	Do.
T5-S-12a	U. S. N. S. Shoshone.	do	Aug. 15, 1955	Do.
T5-S-12a	U. S. N. S. Yukon	Ingalls Shipbuilding Corp	May 16, 1955	Do.
C3-ST-14a	Navy T-AK-269	Sun Shipbuilding & Dry Dock Co.	May 15, 1956	June 30, 1957.
S2-ST-23a	Navy T-AKD-1	Maryland Dry Dock Co	To be scheduled	Jan. 30, 1958.
T1-MET-24a	U. S. N. S. Alatna	Bethlehem Steel Co	Mar. 16, 1956	Feb. 28, 1957.
T1-MET-24a	U. S. N. S. Chattahoochee.	do	May 1, 1956	Apr. 25, 1957.
C1-ME2-13a	Navy T-AK-270	Avondale Marine Ways, Inc	June 4, 1956	Apr. 4, 1957.
C1-ME2-13a	Navy T-AK-271	do	Scheduled for July 5, 1956.	June 24, 1957.
C1-ME2-13a	Navy T-AK-272	do	To be scheduled	Aug. 19, 1957.
P2-S2-9a	Passenger	Ingalls Shipbuilding Corp	Scheduled for July 6, 1956.	Jan. 31, 1958.
P2-S2-9a	do	Ingalls Shipbuilding Corp	To be scheduled	Mar. 28, 1958.
P2-S2-11a	Passenger-cargo	Newport News Shipbuilding & Dry Dock Co.	do	Do.
P2-S2-11a	do	do	do	June 27, 1958.

With the increase in shipbuilding activity at the end of calendar year 1955, it was evident that shipbuilding types and grades of steel were not being produced in quantities sufficient to supply the rate of buildup of the proposed maritime shipbuilding programs. The critical condition of the shipbuilding mobilization base with regard to shipbuilding types and grades of steel, and availability of ship components has continued to worsen, despite all efforts to improve this situation during the year under review. The rate of steel supply is lagging behind demand by approximately 20 percent, with only a 50 percent expectancy of steel availability when the program reaches about two-thirds of the desired level 1 year hence. The situation is equally critical with regard to ship components. The delivery lead time on turbine and gear sets continues to increase, to the point where it is now 14 to 16 months, with little prospect for improvement.

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

Conversions

Three of four Mariner type vessels under conversion by the Bethlehem Steel Co., Baltimore, Md., for the American President Lines Round-the-World service were completed and delivered. The fourth was scheduled for completion and delivery in July 1956. A contract for the conversion of two other Mariners, cargo to passenger-type vessels, for The Oceanic Steamship Co. was awarded to Willamette Iron and Steel Co., Portland, Oreg., calling for completion late in calendar year 1956.

The initial phase of the Liberty ship conversion and engine improvement program was nearing completion at the close of the fiscal year. Under this program modification of four Liberty ships was undertaken as follows: (a) SS. *Benjamin Chew* conversion to steam turbine propulsion with improved cargo handling gear by Ira S. Bushey and Sons, Inc., Brooklyn, N. Y.—scheduled for completion in August 1956; (b) MS. *Thomas Nelson* conversion to diesel propulsion with lengthened bow and improved cargo handling gear by Bethlehem Steel Co., Baltimore, Md.—scheduled for completion in August 1956; (c) GTV *John Sergeant* conversion to open cycle gas turbine propulsion with lengthened bow by the Newport News Shipbuilding and Dry Dock Co., Newport News, Va.—scheduled for completion in September 1956; and (d) GTV *William Patterson* conversion to free piston gas turbine propulsion with lengthened bow by the Bethlehem Steel Co., Baltimore, Md.—scheduled for completion in December 1956.

The major objectives of this program, visualized at the time of the initial engineering studies during fiscal year 1955, were close to realization by the end of fiscal year 1956 as a result of completion of design development, completion of major conversion work, and preliminary testing of certain of the propulsion machinery and equipment. These objectives were: (1) Evaluation of the possibility of upgrading a large number of war-built Liberty ships in the national defense reserve fleet for utilization in time of emergency or war; (2) development and comparison of new types of propulsion machinery with those already established in the merchant marine; (3) application and evaluation of improved cargo handling equipment and techniques; and (4) determination of sea-keeping characteristics of the converted Liberty ships in service operation.

Technical developments

Under the Maritime Administration responsibilities for the development and promotion of an adequate modern merchant marine, capable of effectively moving the waterborne commerce of the country in peacetime and serving as a naval and military auxiliary during war or in periods of national emergency, considerable efforts were devoted during the year to technical marine developments.

In the field of new ship design, contract plans and specifications for four new cargo ship designs were in process of completion in final form suitable for solicitation of bids. It is anticipated they will be ready for issuance during the early part of fiscal year 1957. These include the Freedom class, general cargo ship, 8,650 tons deadweight, 16 knots; the Clipper class, general cargo ship, 10,870 tons deadweight, 18 knots; Seafarer class, general cargo ship, 15,240 tons deadweight, 18 knots; and the Bulk class, general bulk carrier, 26,186 tons deadweight, 16 knots. Three of these designs were handled by private naval architects under supervision of the Maritime Administration, and one by the Maritime Administration. Authorization was obtained from Congress to construct one ship of the Clipper class in 1957.

In the area of propulsion systems the Maritime Administration inaugurated an extensive study program to determine the technical and economic feasibility of nuclear power reactors for merchant ship propulsion. The findings of these studies were that the application of nuclear energy in marine transportation showed to maximum advantage in comparison with the application of nuclear energy in other power generation fields. As a followup to the merchant ship propulsion system feasibility studies, invitations were made to the industry to submit proposals on a two-phase program for the nuclear propulsion of merchant ships. Phase 1 was for the construction of a 20,000 shaft horsepower propulsion system suitable for installation in a ship within 3 years. Phase 2 was for the design study of a reactor system, the type of which would be selected by the companies submitting the proposals, which would represent an advance in marine propulsion reactors and could be constructed and installed on a ship within 5 years. Four proposals were received on phase 1 and 10 proposals were received on phase 2.

A Contract Selection Board, comprised of representatives from Maritime Administration and the Atomic Energy Commission was set up to evaluate the phase 2 proposals (decision on phase 1 proposals was postponed pending congressional action in nuclear powered merchant ship legislation), and it was determined that contracts would be awarded to four companies for studies on an advance type reactor system.

Further, in the area of propulsion systems firm proposals for the manufacture of an experimental gas turbine driven generator set were obtained and plans were made for a ship installation during the next year.

There was established a shipbuilding scheduling activity parallel to that established under the Department of the Navy so that in time of mobilization the material requirements of the Bureau of Ships, Department of the Navy and the Maritime Administration may be quickly and effectively coordinated. It is capable of use in peacetime construction as an aid in the determination of contract completion time and in the expediting of materials.

At the close of the fiscal year investigations were in process to: (a) Establish a "value engineering" organization to effect economies in ship construction similar to those obtained in several large industries and in the Department of the Navy; and (b) establish a system of "optical lofting" of ships' hull steel, thereby effecting significant manpower savings and establishing a rapid means of providing fabrication markings on ship steel. Under mobilization conditions, this would make possible exact duplication of ships' steel parts in all yards participating in the construction of a single design ship.

The Maritime Administration continued to play an important role in the advancement of the art of shipbuilding by active participation in the research activities within the industry, and through the contributions of individual staff members to the professional societies.

Under funds appropriated by the Congress there were instituted research and development studies in the following areas: Liberty ship conversion; ship structures; cargo handling and ship turnaround; model testing of replacement ships; cargo crane evaluation;

thermal stresses; roll-on/roll-off terminal facilities; St. Lawrence Seaway; and nuclear ship propulsion. This type of activity is important since it furnishes the means toward progressive advancement in the field of ship design.

Building proposals

Invitations to bid were issued for the construction under Title VII, Merchant Marine Act, 1936, of a T5–S–RM2a design Pipeline Class oil tanker. Negotiations were being conducted with Ingalls Shipbuilding Corp., Pascagoula, Miss., low bidder for the construction, and it was expected that a contract would be awarded to that yard in July 1956.

Plans and specifications were approved for the construction with mortgage aid of four roll-on/roll-off trailerships for the Pan Atlantic Steamship Corp. and the construction of a roll-on/roll-off trainship for the TMT Trailer Ferry, Inc.

Ship repair

Under the emergency ship repair program, authorized by Public Law 608, 83d Congress, 60 ships were withdrawn during the fiscal year from the reserve fleets and contracts for repairs and conversions awarded. By the end of the fiscal year all repairs were completed on these ships and they were returned to the reserve fleets. The intent of the program was to place these naval auxiliaries in a state of greater readiness in the event of a national emergency and to preserve a nucleus of skilled workers in the ship repair industry. The entire program, including ships repaired in fiscal years 1955 and 1956, resulted in adequately repairing and converting a total of 150 ships at a cost of $16,671,931.

During the fiscal year, of the 306 ships operating under subsidy agreement, 2,257 repair inspections were made to verify subsidized repairs. Full condition surveys were made on 66 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 $3 million of the total of $27 million was determined to be ineligible.

One hundred and seventeen sets of specifications covering a total cost of $2,561,000 for repairs to vessels under general agency for the Maritime Administration were reviewed for propriety of work and reasonableness of cost.

Shipping Studies and Reports

Special studies and periodic reports

Continued efforts were directed toward the preparation of numerous special reports in connection with hearings before the Congress and the Federal Maritime Board. Special reports also were prepared for

407216—57——4

Labor-management relations

During the fiscal year collective bargaining between management and seafaring unions resulted in an average increase of 6 percent in the basic monthly wages and overtime for a majority of the seafaring unions. Details with respect to eligibility, amount of unemployment payments and other matters, were determined with respect to the employment security plan between the National Maritime Union and east coast operators—the first eligible seamen received benefit payments in June, 1956. As a result of collective bargaining agreements negotiated during the current fiscal year and in provious years, the various pension plans became fully operative and payments were made to eligible retired seamen commencing January 1, 1956.

Maritime Training

United States Merchant Marine Academy

Public Law 415 was signed by the President on February 26, 1956, making the United States Merchant Marine Academy a permanent institution similar to the regular service academies. In this connection a subcommittee of the Interstate and Foreign Commerce Committee, established by Senate Resolution No. 35, investigated maritime training and education in the United States. The subcommittee's recommendations were that the State academies be continued and that the United States Merchant Marine Academy should be made a permanent institution.

During the fiscal year there was an average of 882 cadet-midshipmen, including 9 Latin-American cadets, enrolled in training at the United States Merchant Marine Academy. During the year, 154 cadet-midshipmen successfully completed the 4-year course of instruction. All received United States merchant marine officer licenses, issued by the United States Coast Guard, as third mates or third assistant engineers of ocean ships. They also received bachelor of science degrees and commissions as ensigns in the United States Naval Reserve.

The 12th Congressional Board of Visitors made its annual inspection of the United States Merchant Marine Academy on December 5, 1955. The following served as members: Senators John M. Butler, Maryland; Samuel J. Ervin, Jr., North Carolina; Warren G. Magnuson, Washington (ex officio); Representatives Steven B. Derounian, New York; Eugene J. Keogh, New York; Frank W. Boykin, Alabama; Edward J. Robeson, Jr., Virginia; William K. Van Pelt, Wisconsin; and Herbert C. Bonner, North Carolina (ex officio). Among the Board's specific recommendations were: (1) The budget for the Academy be established at an amount, making due allowance for attrition, which will permit the graduation of not less than 100 deck officers and 100 engineer officers annually; and (2) a sum not to exceed $200,000 be provided to effect necessary repairs and maintenance of the grounds, buildings and dock areas.

The 13th Congressional Board of Visitors made its annual inspection of the United States Merchant Marine Academy on May 11, 1956. The following served as members: Senators Clifford P. Case, New Jersey; Samuel J. Ervin, Jr., North Carolina; Frederick G. Payne, (ex officio); Representatives Frank J. Becker, New York; Eugene J. Keogh, New York; John J. Allen, Jr., California; Irwin D. Davidson, New York; John C. Kluczynski, Illinois; and Herbert C. Bonner, North Carolina, (ex officio). Among the specific recommendations of the Board were that: (1) A supplemental appropriation in the amount of approximately $860,000 be approved to permit the Academy to achieve a satisfactory level of operations on a permanent basis and embark upon a major repair and replacement program; (2) steps be taken to restore the previous Naval Reserve status of midshipmen to the students at the Academy; and (3) the Congress appropriate sufficient funds to complete the chapel fund drive in accord with the language of Public Law 485, 80th Congress, approved April 17, 1948, and as recommended by previous boards of visitors. In conclusion, the Board commended the Maritime Administration for its program of education and training at its Academy.

In March 1956, the Ninth Meeting of the Academic Advisory Board was held at the United States Merchant Marine Academy. The Board was composed of the following members: Professor John E. Burchard, dean of the School of Humanities and Social Studies, Massachusetts Institute of Technology; Dr. Harvey H. Davis, provost, State University of Iowa; Dr. Martin A. Mason, dean of engineering, George Washington University; Mr. Edward Reynolds, administrative vice president, Harvard University; and Mr. E. E. Wilson, formerly of Vanderbilt University. The Board strongly recommended that status, tenure, promotion, and retirement policies appropriate for institutions of higher learning, with due consideration to the uniqueness of the Academy, be established at the earliest moment.

State maritime academies

The State maritime academies at Vallejo, Calif., Castine, Maine, and Hyannis, Mass., and the New York State Maritime College at Fort Schuyler, N. Y., had an average of 558 cadet-midshipmen in Federal pay status during the fiscal year and 365 others in State pay status. There were 277 graduates who received their United States merchant marine officer licenses as third mates or third assistant engineers from the United States Coast Guard and those who qualified, commissions as ensigns in the United States Naval Reserve.

Ship Sales and Transfers

Ship sales

A total of 13 vessels of the Mariner type were sold for $62,880,799 for operation in the foreign commerce of the United States under the authority of the Merchant Marine Act, 1936, as amended. Eight of the vessels were sold to United States Lines Co.; 2 each to American President Lines, Ltd., and The Oceanic Steamship Co.; and 1 to Pacific Far East Line, Inc. These ships, plus 7 of this type sold in fiscal year 1955 (4 to the American President Lines, Ltd., and 3 to the Pacific Far East Lines), provided an addition to the American-flag fleet of modern cargo ships of a speed essential to meet foreign competition, and at the same time returned in excess of $97 million to the United States Treasury.

Under the provisions of the Mutual Security Act of 1954 (Public Law 665, 83d Congress) the Maritime Administration sold to the Republic of Korea 4 Government-owned coastal vessels of the C1–M–AV1 type. The delivery of these ships, plus the sale and transfer of 2 privately owned vessels and the planned sale of 2 additional C1–M–AV1's early in fiscal year 1957, will fulfill the provisions of section 132 (b) (1) of the act. The total sales price of the 6 Government-owned ships was $4,163,000.

The SS. *La Guardia* was sold to Hawaiian Steamship Co. for reconditioning for passenger service at a price of $3,850,438 under the provisions of Private Law 361, 84th Congress, approved August 9, 1955. Under Public Law 260, 84th Congress, also approved August 9, 1955, the SS. *Monterey* was sold to Matson Navigation Co. for the sum of $2,543,010 under an agreement that the purchaser expend at least $10 million to recondition the vessel for passenger service.

Two C1–M–AV1 type cargo vessels were sold at a total sales price of $892,656 to Alaska Steamship Co. for operation between the Puget Sound area and the Territory of Alaska pursuant to Private Law 629, 84th Congress, approved May 14, 1956. Two other war-built vessels were sold under the Merchant Marine Act, 1936, as amended, one for scrap and the other for nonoperational use, resulting in a return of $177,166 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, 706 were ships of less than 1,000 gross tons, such as tugs, barges, fishing craft, and pleasure craft. The remaining 94 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 31 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, 3 were approved for transfer in consideration for the construction of new tonnage, or rebuilding of existing tonnage, in the United States. During the year, 2 applications for approval to transfer United States privately owned ships of 1,000 gross tons and over were denied.

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

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 with the State operating and maintaining certain facilities it has constructed thereon. Certain portions of this shipyard continued to be 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 MSTS vessels, for the Travis Air Force Base for installation of a radio transmitter, by the American Red Cross and Public Housing Administration for storage of administrative equipment, the Administration being reimbursed for utilities furnished and Contra Costa Junior College maintaining the buildings used by it. The lease of the machine shop in this yard to the Kaiser Aircraft and Electronic Corp. (formerly the Chase Aircraft Co., Inc.) was continued. During the fiscal year the lease of certain space in the plate shop, three wet basins, an outfitting pier and related equipment for operation as a ship repair installation to the Triple "A" Machine Shop, Inc., was terminated.

At Alameda Reserve Shipyard, the Coast and Geodetic Survey, under permit, berths its ships *Pioneer* and *Bowie* without cost except reimbursement to Maritime Administration for utilities used.

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

Terminals and reserve training stations

At the Norfolk, Va. terminal, although the major portion of this terminal was occupied by the Departments of the Army and the Navy under permits from the Administration, they have cooperated in maintaining some movement of commercial ocean cargoes which are handled under a terminal operating contract supervised by the Maritime Administration. The Hoboken, N. J., terminal continued under long term lease to the Port of New York Authority. During the year the port authority demolished piers 1 and 2 and commenced the construction of a new pier A. In addition, the authority commenced the rehabilitation of pier 3.

The following reflects the status of the reserve training stations: Maintenance and security programs were continued at the Alameda Reserve Training Station; the Air Force assumed control, occupancy, use, and maintenance of Sheepshead Bay Training Station; St. Petersburg Training Station continued in control, occupancy, use, and maintenance by the city of St. Petersburg.

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. During the fiscal year the stock of the subwarehouse at Vancouver, Wash., was transferred to Richmond, Calif., and the installation at Vancouver was closed. 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, exclusive of administrative equipment stocks, totalled $39,692,630, a decrease of $2,408,745.

Material control, inventory, and disposal

There were 199 ships and related inventories accomplished and inventory certificates for consumable stores were processed in the amount of $42,435 as accounts receivable and $30,644 as accounts payable. Certificates of overages and shortages were processed in the amount of $216,269 as accounts receivable and $131,988 as accounts payable.

At the beginning of the year there was $201,181 worth of material for determination as to disposition. During the year $3,858,899 was reported from off-site locations and warehouses to be identified, segregated, and processed for utililization, retention or disposal. Of this amount there remained $178,719 at the close of the period.

Surplus and excess personal property, other than sunken ships, having a reported acquisition value of $2,786,345 was disposed of by the Maritime Administration. The amount includes transfers, sales, and abandonments in foreign countries of property valued at $19,817 for which was received foreign currencies equivalent to $8,670. Domestic disposals amounted to $2,766,528, of which property having an acquisition value of $1,721,396 was sold; property having an acquisition value of $723,484 was transferred to other Government agencies; property having an acquisition value of $308,934 was donated for health, education, and welfare purposes; and property having an acquisition value of $12,714 was abandoned or destroyed. The proceeds received from the domestic sales and transfers with exchange of funds amounted to $194,771. In addition to the above, sunken ships which had previously been written off the books as constructive total losses were sold for a return of $14,201.

A volume of 10,441 cubic feet of records was disposed of and 8,032 cubic feet of records were transferred to the Federal records centers, releasing 1,586 file cabinets having a value in excess of $51,000 and releasing over 10,000 square feet of space.

Purchasing

Purchasing was continued for materials, supplies, equipment, and services required for the grain storage and emergency ship repair programs and for the repair, maintenance and operation of the reserve fleets, reserve shipyards and training vessels, and for the operation of administrative offices of the Maritime Administration.

Procurement planning for ship construction and repair, ship operations, and shipyard mobilization components was continued in coordination with Department of Defense activities resulting in 272 production allocation agreements and renewals with manufacturing facilities for the fiscal year 1956. During the year 176 plant surveys and field conferences with industry officials were held to determine production capacity of industry and discuss manufacturing details of component schedules.

Administrative Management

Program and defense planning

Continued efforts were directed in the planning of a program providing for an orderly replacement of ships in the country's merchant marine. These efforts during the past year were noticeable in the subsidized segment of the United States fleet where contracts were executed with 5 operators for the replacement of 82 ships. Further, efforts were expended toward the achievement of a planned, long-range shipbuilding program through Government aid in the form of the tanker trade-in-and-build program and the furnishing of construction loan and mortgage insurance under Title XI, Merchant Marine Act, 1936, as amended. The objectives of these efforts and other measures that were instituted were to provide for a balanced modern merchant fleet at all times with future replacements, so spaced as to always provide a stable shipbuilding workforce adequate in size for necessary expansion in the event of full mobilization.

Considerable progress was made in mobilization planning projects, including: (1) Consummation of precontract negotiations for the operation during emergency or war of 8 mobilization reserve shipyards (4 Maritime-owned and 4 industrial reserve yards); (2) development of plans in conjunction with the Department of Defense with respect to coordinating the ship repair and conversion requirements of the Department of Defense with those requirements of the merchant marine under the cognizance of the Maritime Administration; (3) development of mobilization shipbuilding material and manpower requirements; and (4) production of two documents by the Joint MarAd-Navy Planning Group, under the cochairmanship of the Deputy Maritime Administrator and the Deputy Commander, Military Sea Transportation Service, covering the ability of the Department of Defense and the Maritime Administration to meet military and civilian requirements during the early period of a national emergency.

The Maritime Administration as the delegate agency recommended to the Office of Defense Mobilization the approval of seven applications for accelerated tax amortization, as authorized under section 124A of the Internal Revenue Code, covering the building of 12 roll-on/roll-off ships, 1 tanker, 1 small ore carrier, 1 oceangoing tug, and the conversion of 1 tanker for a total cost of $137,176,129. The recommendations of the Business and Defense Services Administration for the granting of certificates of necessity on shipbuilding and repair facilities totaling $1,889,852 were supported by Maritime Administration endorsement. A recommendation of the Interstate Commerce Commission on the construction of two high-powered inland waterway tugs was also endorsed.

Personnel

Clarence G. Morse of California, Chairman of the Federal Maritime Board and Maritime Administrator, was reappointed by the President on May 31, 1956, with consent of the Senate, for the term expiring June 30, 1960. On July 2, 1956, he was redesignated by the President as Chairman of the Federal Maritime Board. G. Joseph Minetti of New York resigned as member of the Federal Maritime Board, effective June 11, 1956, to accept appointment as member of the Civil Aeronautics Board, and Thomas E. Stakem, Jr., of Virginia, was appointed as successor for the remainder of the term, which expires June 30, 1958. Ben H. Guill of Texas, member of the Board, was designated as Vice Chairman.

The total number of personnel on the rolls of the Maritime Administration on June 30, 1956, was 3,530, which is an increase of 4.4 percent over that reported for June 30, 1955. This staff expansion was necessary to accomplish additional activities, particularly in vessel construction, repair and associate programs.

407216—57——5

Organization and methods

In an effort to provide for more efficient administration of its work programs during the fiscal year, the Maritime Administration effected, as were necessary, reorganization and realinements of functions. The principal organizational changes were: (a) The abolishment of the Office of National Shipping Authority with its residual authorities and responsibilities continuing in the Office of the Maritime Administrator; (b) transfer of the Maritime Manpower Officer's functions from the Office of the Administrator to the Program Planning Office, with a transfer to the Personnel Office of the personnel activities of the training program formerly under the direction of the Manpower Officer; (c) reorganization of the Division of Engineering, Office of Ship Construction and Repair; (d) transfer of the Internal Audits staff from the Office of the Administrator, and their return to the Office of the Comptroller; (e) establishment of an Office of Ship Operations, with transfer from the former Office of National Shipping Authority of the Division of Operations, the Division of Ship Custody and Division of Charter and Agency, the Foreign Transfer Branch, and the addition of a new Division of Port Development created to handle functions transferred from the Office of Property and Supply; (f) the abolishment of the Division of Ports and Facilities, Office of Property and Supply, upon transfer of the Port Development functions to the Office of Ship Operations, and the addition of a Facilities Management Branch under the Chief, Office of Property and Supply, to carry on the real property and facilities management functions.

During the past year there were conducted functional surveys of a number of our activities, including: ports and facilities (real property management); trade routes and traffic; warehousing; ship operations; nuclear projects activities; tabulation work; and printing facilities at the Merchant Marine Academy.

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.

Investigation continued through the year to determine whether certain purchasers of ships under the Merchant Ship Sales Act of 1946, as amended, qualified as United States citizens. As a result of these and prior investigations, the Government realized $181,000 in fines; $15,279,000 in cash settlements, and $430,000 in waiver of claims against the Government. In addition a settlement agreement was reached for the construction of 2 tankers of 25,000 deadweight tons in United States shipyards for United States flag.

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

Finance

Accounting

Utilizing an accounting system approved by the Comptroller General of the United States, accounting was maintained on a current basis, and complete accurate financial statements representing the financial position of the Maritime Administration and the results of its operations were prepared on schedule.

On June 30, 1956, 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, 23 were inactive as of June 30, 1956, and their accounts were either closed as of that date or in the process of being closed, and few items, other than with respect to insurance claims, will be outstanding for any length of time.

Audits

Audit responsibilities were principally those resulting from operating-differential subsidy agreements, bareboat charter agreements, and construction contracts. Audits under operating-differential subsidy agreements continued to receive top priority attention and included the review of annual accountings (certified by public accountants for years subsequent to calendar year 1949) filed by the subsidized operators and the audit of items of expense eligible for subsidy participation and presented for payment by the subsidized operators. Because of pending litigation with respect to bareboat charter agreements, settlements thereunder were delayed, thus making additional qualified field personnel available for subsidy audits which resulted in substantial progress in subsidy audits during this fiscal year. Audits of subsidizable expenses have been completed generally through the calendar year 1953 to permit payment of up to 90 percent of accrued subsidy. During the current fiscal year, audits of annual subsidy accountings were completed to permit the payment of the final 10 percent of accrued subsidy covering 2 postwar periods for 1 operator and 1 period for another operator; even more substantial progress in this connection should be made in fiscal year 1957. Construction contracts, principally ship repair contracts and related subcontracts, were being audited on a current basis. During fiscal year 1956, additional audit requirements aggregated 527, and 359 audits were completed, leaving a total workload of 404 audits at June 30, 1956. A total of $1,968,597 was determined as additional recapture due the Government as a result of audits completed during the year.

At the beginning of fiscal year 1956, the amounts on deposit in reserve funds of subsidized operators totaled $118,381,126 in the capital reserve fund and $86,548,393 in the special reserve fund. At the end of the year the amounts on deposit in reserve funds totaled $139,356,953 in the capital reserve fund and $88,755,501 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 these funds on a tax deferred basis from profits otherwise available for dividends. Applications for making voluntary deposits were approved for 6 operators in a total amount of $3,854,873 and applications of 5 operators totaling $10,792,000 were pending at the close of the fiscal year which were to be processed under the appropriate voluntary deposit policy.

Internal audits

Internal audits of the financial aspects of the agency's program were conducted on a continuing basis as an essential part of the Maritime Administration's system of internal control. During fiscal year 1956, in addition to the performance of test audits of the books of account, special examinations were made of the subsidy ratemaking processes and accrued estimated operating-differential subsidies payable, of disability payments to seamen, and of the ship service store and cadet welfare and chapel funds of the Merchant Marine Academy.

Insurance

A new contract to furnish insurance against protection and indemnity risks was awarded as a result of competitive bids to the Continental Insurance Co. (Marine Office of America, agent) of New York, effective April 1, 1956, covering ships operated by general agents of the National Shipping Authority in the Military Sea Transportation Service program.

During fiscal year 1956 there was recovered from underwriters under the recapture provisions of the wartime protection and indemnity insurance agreement a total of $725,000. The total recoveries received to date amount to $61 million representing $13,525,000 from hull underwriters and $47,475,000 from the protection and indemnity underwriters. As of June 30, 1956, the protection and indemnity underwriters are retaining a total of $2,766,192, representing the minimum estimated requirement, plus a small contingency, for the settlement of the outstanding claims of record. 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.

Under its self-insurance program, the Maritime Administration continued to assume marine hull and war risk insurance as well as second seamen's insurance on its Government-owned vessels, and builder's risk insurance on vessels constructed by the Maritime Administration for the Department of the Navy. As of June 30, 1956, second seamen's insurance was still in effect on 33 Department of the Navy contract-operated tankers. After thirty months under this arrangement, no claims have been filed and premium savings to date are in excess of $75,000, computed on the basis of applicable market rates.

In accordance with authority contained in Public Law 763, 81st Congress the Maritime Administration continued to underwrite excess legal liability insurance, provided under a contract between the Department of the Army and a transportation contractor, which coverage could not be obtained in the domestic market except at generally prohibitive rates. Under the terms of this agreement it is provided that the Department of the Army will reimburse the Maritime Administration for any losses incurred. However, after five years of this arrangement, no claim has been filed.

During the fiscal year, under the standby war risk insurance program, authorized by Public Law 209, 84th Congress, and Title XII, Merchant Marine Act, 1936, as amended, there were extended binders on 721 war risk hull, 652 war risk protection and indemnity, and 601 war risk second seamen; and there were new binders issued on 135 war risk hull, 109 war risk protection and indemnity, and 98 war risk second seamen. As of June 30, 1956, binders outstanding were as follows: 810 war risk hull, 719 war risk protection and indemnity, and 658 war risk second seamen. Net binder fees and binder extension fees of $242,787.50 had been received, and a total of $84,141.21 had been paid in fees and expenses to the underwriting agent since inception of the program.

Activities under supplement 1 to General Order 75, published in the Federal Register on March 4, 1953, continued during the fiscal year with the collection of the final monthly premium on the war risk builder's risk insurance underwritten on the last of three Mariner-type vessels constructed in shipyards in the United States and under contract of sale to the Pacific Far East Line, Inc. In addition, war risk builder's risk policies were issued for two passenger-cargo type vessels under construction in shipyards in the United States and under contract of sale to Moore-McCormack Lines, Inc. As of June 30, 1956, five war risk builder's risk policies had been issued under the program and premiums totaling $83,456.37 received.

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

Kind of insurance	Total amount	Percentage American	Percentage foreign
Marine hull	$1,347,265,737	42	58
Marine protection and indemnity	1,765,925,848	53	47
War risk hull	1,980,904,016	15	85
War risk protection and indemnity	1,713,970,654	9	91

Accounts receivable

Of the balance of accounts receivable as of June 30, 1956, totaling approximately $20 million, only $2,500,000 represents items on which active collection efforts were required. The remainder of the balance was made up of additional charter hire to be collected at the time of settlement of charter accountings, amounts referred to the Department of Justice, accrued construction costs to be settled upon completion of ship construction, matters pending in a claim or litigation status, and accounts on the books of the National Shipping Authority general agents. The fact that of billings made during the fiscal year 1956 totaling approximately $72 million, only $705,786, or slightly less than 1 percent, was outstanding at the end of the year is evidence that billings were being collected promptly.

Claims

As of June 30, 1956, there were on hand the following claims: (a) 299 unlitigated claims having a value of $7,805,489 in favor of the Government, (b) 347 unlitigated claims having a value of $8,991,599 against the Government, (c) 109 having a claimed value of $16,161,-406 in favor of the Government with the Department of Justice for litigation, and (d) 698 having a claimed value of $226,116,152 against the Government with the Department of Justice for litigation. The following reflects the claims settled under the Suits in Admiralty Act during fiscal year 1957: (a) 10 upon which $1,578,272 was claimed were settled in favor of the Government for $703,519, and (b) 185 upon which $8,524,489 was claimed were settled against the Government for $864,121.

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

Testimony, statements, and reports to congressional committees and/or reports and recommendations to the Secretary of Commerce and the Director, Bureau of the Budget, were prepared on maritime legislation enacted into law covering the following: Construction of a prototype vessel (Clipper design); construction of an atomic-powered ship; insurance of 100 percent of unpaid principal of ship construction loans and mortgages; test operation of reconstructed Libertys, prototypes, and experimental vessels; use of vessel operations revolving fund for vessel activation and deactivation; extension of Ship Repair Act of 1954 to 1958; permission for the full running of 10-year recapture periods, notwithstanding intervening termination of subsidy contract; sale of 2 war-built vessels for operation on essential trade routes (United States/Atlantic-Cuba/Mexico); sale of 2 war-built ships to charterers serving in Alaska-United States trade; provision for Defense Department to use American private shipping for transportation of vehicles owned by military personnel; ship performance reports on export and import cargo; provision for insurees under marine war risk insurance law to reject administrative determination of total loss value and sue for just compensation; releasing of prior purchasers of war-built vessels from certain limitations on charter and total loss compensation; voluntary tanker pool under the Defense Production Act of 1950; recapture of excess profits under shipbuilding and procurement contracts under excess profits renegotiation act; establishment of the Merchant Marine Academy on a permanent basis; reconstitution of the Academy Advisory Board; decorations and medals for seamen; and exclusion of ships rebuilt abroad from United States coastwise trade.

The Maritime Administration and Federal Maritime Board representatives, with respect to the foregoing as well as in connection with other pieces of legislation, testified at 55 hearings on 70 different bills and presented testimony for which 105 statements were prepared. Formal reports were prepared and submitted to the Congress and the Bureau of the Budget on 205 legislative proposals and bills. Over 500 bills were examined and analyzed and progress and information files were maintained on 345 bills and proposals. Some 20 legislative opinions, histories, studies, and analyses were prepared.

In connection with prospective legislation, the Maritime Administration was directed to make a study (a) in conjunction with the Federal Communications Commission and the Coast Guard of the desirability of automatic radio-telegraph call selectors and similar safety devices, and report to Congress by March 1, 1957; and (b) in conjunction with the Interstate Commerce Commission of the report of the Committee on Transportation in Alaska and the Pacific Coast States (S. Report No. 2802), and report by January 1, 1957.

Contracts

A voluminous number of contracts, addenda, bonds, and other documents were drafted and executed, including addenda to operating-differential subsidy contracts; 4 new long-range operating-differential subsidy agreements; 2 construction-differential subsidy contracts covering 4 passenger-cargo vessels and contracts for the conversion of 2 Mariners and the reconditioning of the SS. *President Cleveland* and the SS. *President Wilson;* contracts of ship mortgage insurance in connection with the conversion of 2 Mariners to passenger vessels, the construction of a barge, and the conversion of a "special purpose" roll-on/roll-off vessel; contracts covering the trade-in of 5 tankers on the construction of 2 new tankers and for the trade-in of 7 cargo ships in connection with the construction of 7 roll-on/roll-off vessels; 2 standardized forms of bareboat charter prepared, covering war-built vessels chartered under the Merchant Ship Sales Act of 1946, and vessels chartered under section 705 of the Merchant Marine Act, 1936, as amended; charters covering the SS. *Old Colony Mariner*, 7 Victory-type vessels and 2 special charters (under Title II of the First War Powers Act) covering 2 experimental Libertys and a cable-carrying vessel; addenda covering the extension of the charter of the Good Neighbor passenger vessels, and certain vessels operating in the Philippines (under Public Law 114, 84th Congress); construction contracts for 3 special type vessels for the Military Sea Transportation Service and for the conversion of 3 Liberty ships; design contracts in connection with the construction of the Freedom ship, a new bulk carrier, and a roll-on/roll-off ship; purchase contracts, bills of sale, and mortgages covering the sale of 13 Mariners under the provisions of the 1936 act, 2 C1–M–AV1 vessels sold to the Alaska Steamship Co., under the provisions of Private Law 629, 84th Congress, the *La Guardia* under the provisions of Private Law 361, 84th Congress, and the *Monterey* under the provisions of Public Law 260, 84th Congress; and certificates of transfer of ownership for the transfer to the Republic of Korea, under the Mutual Security Act of 1954 (Public Law 665, 83d Congress), of 4 Government-owned ships and 1 ship acquired under purchase contract from private ownership for transfer to Korea.

Litigation

The bulk of pending litigation was composed of claims against the Government under the Merchant Ship Sales Act of 1946. Seventy-one cases were pending in the Court of Claims and the district courts in which refunds of additional hire are claimed under postwar charters of war-built vessels for the offshore trade under the Merchant Ship Sales Act of 1946. This category of cases is estimated to involve potential claims totaling $40 million. A decision of the United States Circuit Court of Appeals, 2d Circuit, in the case of *Sword Line, Inc.*, v. *United States*, was of material concern to the Government. This decision, affirmed by the Supreme Court, held that litigation involving the alleged invalidity of charters of war-built vessels was within the jurisdiction of the district courts, and was time-barred under the 2-year Statute of Limitations. The case was considered a precedent and, accordingly, the Government moved for the dismissal of 41 other cases in the same category which were pending in the Court of Claims. Restricting jurisdiction to the district courts, with a 2-year Statute of Limitations, will result in a much larger proportion of the cases being time-barred with consequent benefit to the Government.

Another decision of importance to the Government was rendered by the District Court of Appeals (D. C.) in the case of *United States* v. *California Eastern Line, Inc.*, in which the court held that Red Sea charters between owners and the British Ministry of War Transport were not renegotiable. This issue involved claims against 14 owners estimated at $4.9 million and unsegregated claims against 6 owners aggregating $8.5 million under both Red Sea and other charters. The Government has requested the Supreme Court to review this decision.

In addition to the foregoing there were at the end of the fiscal year the following categories of pending claims under the Merchant Ship Sales Act of 1946: Claims by 35 purchasers aggregating in excess of $10 million for alleged class deficiencies and failure to remove defense features; claims covering 30 vessels totaling $1.2 million on the ground of the invalidity of this agency's settlements for prior sales; 15 claims by citizen purchasers amounting to $136,954 for alleged erroneous payments for desirable features on 26 vessels and 4 similar suits by aliens, involving 41 vessels, in which $92,668 was claimed; and 2 claims covering 3 ships totaling $186,586. Another category of claim was that involving 5 suits, covering 10 ships, to the amount of $1.2 million, concerning the issue of whether the Maritime Administration may exact certain payments or promises as conditions to granting the privilege of transferring vessels to foreign registry.

In the area of labor litigation the Government was relieved of further liability estimated to cover $12 million by the following: Decision by the Colombia Council of State in favor of Grace Line Inc., covering stevedoring claims which if held to be payable would have required reimbursement under Government wartime agency contracts; settlement for less than $30,000 of the litigation pending in the United States District Court of Puerto Rico, covering a liability of the Government of approximately $6 million under War Shipping Administration operations; and ruling of the United States District Court of New Jersey, in favor of the James Healing Co., whereby the Government was relieved of potential liability under WARSHIPSTEVE contracts.

Regulatory Activities

The heavy volume of cargo offerings, both tramp and liner, during the past year held in check the threat of rate wars in various trades. Nevertheless, the roots remained and if there is a return of a situation where declining cargo offerings make it difficult to fill ships, trouble may be expected to reappear unless in the meantime some way can be devised to stabilize the situation. Thus far the conference system of ratemaking has presented virtually the only workable substitute for recurring rate wars where international problems are involved, but experience has shown that this system cannot endure without protective devices of which the contract system appears to be the only one available to carriers in the foreign trades of the United States. The Federal Maritime Board has dealt with the contract rate problem in a continuing effort to arrive at a permanent solution in the face of attacks before the courts.

Increased attention was given to the Great Lakes trades as a result of crystallization during the fiscal year of certain of the plans for the development of the St. Lawrence Seaway. An influx of new carriers into this trade presented a problem of extensive and growing cutrate competition which was met by action of the Great Lakes/Bordeaux/Hamburg Range Westbound Conference to institute a contract rate system and by the formation of an eastbound and a westbound Great Lakes/Mediterranean Conference.

Conference and other agreements

Among agreements approved by the Board were: (a) rate-fixing or conference agreements covering the trades between Great Lakes and the Mediterranean—Japan, Okinawa, and Korea to Puerto Rico and Virgin Islands—Scandinavian and Baltic to South Atlantic and Gulf ports; (b) 5 joint service agreements; (c) 2 terminal agreements; (d) 5 agreements between foreign freight forwarders; and (e) an agreement covering the apportionment of rubber shipments from Siam to Atlantic and Gulf ports, which was entered into to prevent instability in the rate structure in that trade and in the closely affiliated rubber trades from Malaya, Singapore, and Indonesia.

The Board, on its own motion, instituted an investigation with respect to the competitive practices of carriers in the Pacific Coast/European trade, and instituted a proceeding involving the agreements and practices of the Pacific Coast European Conference concerning limitation of membership. Two conferences, Japan-Atlantic and Gulf Freight Conference and North Atlantic Continental Freight Conference, were authorized by the Federal Maritime Board to use the contract rate system, while one conference, the Transpacific Freight Conference of Japan, was denied the right to use such system. The Great Lakes/Bordeaux/Hamburg Range Westbound Conference filed a modification of its approved agreement to include a specific provision for the establishment of contract/noncontract rates and filed a statement announcing its intention to establish a contract rate system, which was pending action of the Federal Maritime Board at the close of the fiscal year.

The Board in formal proceedings found: (a) Certain port equalization practices of the Pacific Westbound Conference to be unjustly discriminatory as to the ports of Seattle and Portland within the meaning of section 15, Shipping Act, 1916, and detrimental to the commerce of the United States; (b) that the interpretation of the Pacific Coast European Conference of its Shippers' Rate Agreement as including all goods of contract signatories sold for shipment in the conference trade, whether sold f. o. b., f. a. s., c. i. f., or c. & f. terms, to be a new agreement the conference members effectuated in violation of section 15 of the Shipping Act, 1916—conference and its members ordered to cease and desist from the violation; and (c) that an amendment to the brokerage rule of the Pacific Coast-European Conference providing—that 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—to be an unapproved agreement between carriers within the meaning of section 15 of the Shipping Act, 1916—conference and its members ordered to cease and desist from effectuating such amendment.

Freight—foreign

Rate filings totaled 24,526 covering freight and passengers in the foreign trade of the United States. Evaluations 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. General increases in freight rates ranging from 5 to 20 percent were made effective or agreed upon by some 50 conferences covering the foreign trade of the United States. Revenue results of United States-flag carriers in these trades were reviewed but no indications were found of unwarranted increases.

The Federal Maritime Board instituted an investigation as to the issuance of a rule requiring the filing with it of schedules and all amendments thereto of all inbound rates, charges, rules, regulations, and practices of common carriers by water subject to the Shipping Act, 1916, and engaged in the foreign import commerce of the United States including its districts, territories and possessions.

Freight—United States territories and possessions

Freight and passenger rate filings totaled 1,916; included were tariffs of 17 carriers embracing 22 new services and covering rates for the water transportation of household goods and personal effects by highway motor carriers between points in the United States and its territories.

A general rate increase by approximately 15 percent of the Pacific Coast-Puerto Rico Conference was permitted to become effective May 30, 1956. Upon showing of good cause, the Federal Maritime Board approved 14 special permission applications to establish rates and rate changes on less than statutory notice.

The Federal Maritime Board, on its own motion, instituted an investigation into the lawfulness of published rates of the Alaska Freight Lines involving transportation of general commodities between Seattle and Tacoma, Wash., on the one hand, and points in Alaska on the other, with pickup and delivery service via motor carriage included in the line-haul rates.

Terminals

A total of 1,839 tariff schedules were received and examined for compliance with formal rulings of the Board, court decisions, and shipping laws.

The Federal Maritime Board, on its own motion, instituted an investigation of the practices of certain dock owners or operators in the Humboldt Bay area of California to determine whether they have effectuated an agreement providing for exclusive use of docks without proper Federal Maritime Board approval under section 15 of the Shipping Act, 1916, and whether they have violated sections 16 and 17 of said act.

The Federal Maritime Board in a formal proceeding involving the terminal rate structure of the Pacific Northwest ports concluded that the Freas formula, a method of segregating terminal costs and carrying charges, may be used and will be given approval as not in violation of section 17 of the Shipping Act, 1916, if modified to reflect a proper service charge consistent with its opinion and to establish a separate handling charge to be assessed against that party receiving the benefit thereof under the ocean contract of carriage.

Freight forwarders

Certificates of registration were issued to 145 new registrants and certificates of 104 registrants were cancelled, making a total of 1,501 registrants holding certificates issued under General Order 72. During the year 19 new registrations and 9 deletions were recorded, making a total of 535 under General Order No. 70. Twenty informal complaints relative to ocean freight forwarding were handled.

Significant among the forwarder agreements filed for approval was an agreement between some 20 Pacific coast forwarders providing for the creation of a conference for the stated purpose of promoting sound, ethical and honorable dealings and practices between themselves and between themselves and exporters and common carriers by water.

An extensive campaign was undertaken to uncover forwarders who may be acting as dummies for shippers or who have been otherwise obtaining brokerage unlawfully. At the end of the year 2 cases involving apparent violations of the Shipping Act were set for formal hearing, and 30 or more other registered forwarders were under investigation by the Board's staff. The issuance of an amendment to General Order 72 to clarify the definition of freight forwarders, provide annual registration, clarify the provisions relating to brokerage, provide for the filing of agreements pursuant to section 15 of the Shipping Act, 1916, and eliminate certain unjust and unreasonable practices in the forwarding industry was held in abeyance pending the result of the investigation of forwarders undertaken by the House Committee on Merchant Marine and Fisheries by its Special Subcommittee on Foreign Freight Forwarders and Brokers.

Proceedings Before Hearing Examiners

At the beginning of the fiscal year, 47 complaints or other proceedings were pending. During the fiscal year 1956, 21 regulatory, 11 subsidy, and 7 charter or miscellaneous cases were filed or reopened, a total of 39 cases. The examiners conducted 24 hearings and issued 18 recommended and/or initial decisions. The Board and/or Administrator heard oral argument in 11 cases and issued 24 final reports. Final orders were issued by the Board and/or Administrator in 15 cases without hearing and report. There were 48 cases pending in various stages of procedure on June 30, 1956.

Final decisions of the Board and/or Administrator:

Docket No. 723—*Portland, Oregon and Seattle, Washington* v. *Pacific Westbound Conference, American-Hawaiian Steamship Company, et al.* Port equalization rule of Pacific Westbound Conference found to be unjustly discriminatory to the ports of Seattle and Portland within the meaning of section 15, Shipping Act, 1916, and found to be detrimental to the commerce of the United States as contrary to the principles expressed in section 8, Merchant Marine Act, 1920.

Docket No. 725—*The Secretary of Agriculture of the United States* v. *North Atlantic Continental Freight Conference et al.* Docket No. 730—*In the Matter of the Statement of Japan-Atlantic and Gulf Freight Conference filed under General Order 76*, 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 76.* Proposed exclusive patronage contract/noncontract system of the Conference approved, not being found to be unjustly discriminatory as between carriers, shippers, exporters, importers, or ports, or between exporters from the United States and their foreign competitors; or to operate to the detriment of the United States; or to be in violation of the Shipping Act, 1916.

Docket No. 743—*In the Matter of the Statement of Trans-Pacific Freight Conference of Japan filed under General Order 76.* Approval of the agreement between members of the Trans-Pacific Freight Conference of Japan to initiate an exclusive patronage contract/noncontract freight rate system denied as unjustly discriminatory as between shippers; insufficient competitive need had been shown by said to justify the prima facie discrimination against shippers inherent in employment of an exclusive patronage contract/noncontract freight rate system.

Docket No. 744—*Terminal Rate Structure—Pacific Northwest Ports.* The Federal Maritime Board required modification of Freas Formula for use at Pacific Northwest ports, such modification to reflect a proper service charge and to establish a separate handling charge to be assessed against that party receiving the benefit thereof under the ocean contract of carriage. Formula to be approved when so modified.

Docket No. 763—*Aluminum Products of Puerto Rico, Inc.* v. *Trans-Caribbean Motor Transport, Inc.* Certain rates, charges and practices of respondent found to be in violation of section 18, Shipping Act, 1916, and section 2, Intercoastal Shipping Act, 1933. Sections 14 and 16, Shipping Act, 1916 not shown to have been violated. Complainant not shown to have been injured and not entitled to reparation.

Docket No. 764—*Mitsui Steamship Company, Ltd.* v. *Anglo Canadian Shipping Co., Ltd., et al*, and Docket No. 773—*American Potash & Chemical Corporation, et al* v. *American President Lines, Ltd., et al.* Interpretation of Pacific Coast European Conference Shippers' Rate Agreement as including all goods of contract signatories sold for shipment in the conference trade, whether sold f. o. b., f. a. s., c. i. f., or c. & f. basis, found to be a new agreement between carriers, effectuated in violation of section 15, Shipping Act, 1916. Conference and its members ordered to cease and desist from violation. This interpretation not found to have resulted in violation of sections 14, 16, 17 and 18 of the Act.

Docket No. 766—*Ponce Cement Corporation—Increased Rate on "Trailer Rate Cargo N. O. S.,"* and Docket No. 769—*Ponce Cement Corporation—Returned Empty Propane Gas Tanks.* Ponce Cement Corporation found to be a common carrier in its operations between Puerto Rico and Florida. Publication of indivisible round-trip rates on trailers, etc. found to contravene section 2, Intercoastal Shipping Act, 1933, and to be an unjust and unreasonable practice; said rates not found to have violated section 14-Fourth or 16-First, Shipping Act, 1916; respondent's dual common and proprietary carriage on the same voyage not unlawful per se, but tariff trailer measurement requirements found to be unreasonable as arbitrarily selected.

Docket No. 768—*Alleged Practices of Compagnie De Navigation Cyprien Fabre (Fabre Line) and of Gulf/Mediterranean Ports Conference.* Evidence found insufficient to support findings that Fabre Line had violated section 16-Second, 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. Action of Gulf/Mediterranean Ports Conference in expelling Fabre Line from membership found not to be unfair or otherwise unlawful.

Docket No. 776—*Lopez Trucking, Inc., et al.* v. *Wiggin Terminals, Inc.*, and Docket No. 779—*Dant and Russell Sales Co., et al.* v. *Wiggin Terminals, Inc.* Respondent's proposed revision of its F. M. B. Tariff No. 5, Item 15–A, found to be an unreasonable regulation or practice in violation of section 17, Shipping Act, 1916.

Docket No. S–38—*Isbrandtsen Co., Inc.,* v. *American Export Lines, Inc.* Section 810, Merchant Marine Act, 1936, extends protection to only those citizens of the United States whose common carrier operations on each and every Trade Route on which service is provided, are conducted exclusively with American-flag vessels. In view of Isbrandtsen's admission of common carrier operation with foreign-flag vessels on trade routes other than Trade Route No. 18, Isbrandtsen not found to be a citizen of the United States for whom the protection of section 810, Merchant Marine Act, 1936, was intended.

Docket No. S–51—*American President Lines, Ltd.—Application for Permission to Call at all United States Ports North of Cape Hatteras in the Round-the-World Service.* United States-flag service on both the outbound and inbound segments of proposed westbound round-the-world service to and from North Atlantic ports other than New York and Boston found to be inadequately served, and additional vessels required to be operated on the westbound round-the-world service to and from North Atlantic ports other than New York and Boston. Amerian President Lines found not to be an existing operator on said route.

Docket No. S–58—*Arnold Bernstein Line, Inc.—Application for Operating-Differential Subsidy on Trade Route 8, Service No. 1, Between New York and Antwerp/Rotterdam.* Applicant not found to be an existing operator on Trade Route No. 8, Service No 1, within the meaning of section 605 (c), Merchant Marine Act, 1936, and its proposed service would be in addition to the existing service or services. United States-flag service on this route and service found to be inadequate, and in the accomplishment of the purposes and policy of the act additional vessels are required to be operated thereon. Section 605 (c) is not a bar to granting this application.

Docket No. S–62—*Pacific Argentine Brazil Line, Inc.—Application Under Section 805 (a), Merchant Marine Act, 1936, for Permission for its Parent Corporation, Pope & Talbot, Inc., to Operate Chartered Vessels in the Intercoastal Trade.* The Federal Martime Board found that such operation would not result in any unfair competition and would not be prejudicial to the objects and policy of the Merchant Marine Act, 1936, and recommended that written permission to so operate be granted.

The Federal Martime Board recommended that the following applications to charter Government-owned vessels be granted after it made the following findings and certifications to the Secretary of Commerce, pursuant to Public Law 591, 81st Congress: that the service was required in the public interest; that such service was not adequately served; and that privately owned United States-flag vessels were not available for charter from private operators on reasonable conditions and at reasonable rates for use in such service; Docket No. M–64—*Pacific Far East Line, Inc.—Application to Bareboat Charter Seven Victory Vessels for Operation in Bulk Trade on Trade Route No. 29.* Vessels to carry iron ore from California to Japan; Docket No. M–64 (Sub. 1)—*Pacific Far East Line, Inc.—Application to Extend Bareboat Charter of Vessels.* Recommendation 6 in Docket M–64 relaxed to permit applicant to continue using three vessels for additional voyages sufficient to accomplish a total of 14 voyages; Docket No. M–65—*Pope & Talbot, Inc.—Application to Bareboat Charter Three Government-Owned, War-Built, Dry-Cargo Vessels for Operation in the Intercoastal Trade;* Docket No. M–66—*Lykes Bros. Steamship Co., Inc.—Application to Bareboat Charter Five Victory Vessels for Operation on Trade Route No. 21, Service 2, and Trade Route No. 13;* Docket No. M–67—*Isbrandtsen Company, Inc.—Application to Charter Fifteen Liberty-Type, War-Built, Dry-Cargo Vessels.* Vessels to carry coal from United States ports north of Cape Hatteras to Antwerp-Bordeaux/Dunkirk range; and Docket No. M–68—*Gulf & South American Steamship Co., Inc.—Application to Bareboat Charter One Victory Vessel for Operation on Trade Route No. 31.*

Recommended decisions of hearing examiners

Docket No. 723—*Portland, Oregon, et al, and Seattle, Washington* v. *Pacific Westbound Conference, American-Hawaiian Steamship Co., et al.* Scheduled steamship services found inadequate for explosives shipments from Seattle, Wash., or Portland, Oreg., direct to Philippines, but such traffic would be adequately served by a direct monthly service proposed to be instituted by Java Pacific, Hoegh Line. Practice of equalization by Pacific Far East Line, Inc., on such traffic via San Francisco, found justified on basis of scheduled services, but not justified should Java Pacific, Hoegh Line institute its proposed service.

Docket No. 771—*Banana Distributors, Inc.* v. *Grace Line Inc.*, and Docket No. 775—*Arthur Schwartz* v. *Grace Line Inc.* Respondent found to be a common carrier of bananas from Ecuador to the Atlantic coast of the United States, and its exclusion of complainants and supporting interveners from the use of refrigerated space on its vessels on this route results in unjust discrimination in violation of sections 14 and 16, Shipping Act, 1916. Respondent should cancel its existing contracts for the carriage of bananas on this route, such action to be taken within 30 days after the Federal Martime Board acts upon this decision, and the refrigerated space on the vessels of respondent operating from Ecuador to the Atlantic coast of the United States should be prorated on a fair and reasonable basis among the existing shippers, the complainants, and the interveners supporting complainants, under forward-booking arrangements of 2 years, such action to be taken within 30 days after the Federal Maritime Board acts upon this decision.

Docket No. 772—*United States Atlantic & Gulf-Puerto Rico Conference et al.* v. *American Union Transport, Inc. et al.* Respondent found to be a common carrier of property between United States North Atlantic ports and Puerto Rican ports. Its Tariff FMB–F No. 1 did not reflect obligations of a common carrier, but its Tariff FMB No. 4, filed subsequently, does reflect such obligations. Unfiled section 15 agreement between said carrier and Trailer Marine Transportation, Inc., not shown to exist. Recommendation was that the complaint be dismissed.

Docket No. 784—*American Union Transport, Inc.* v. *United States Atlantic & Gulf-Puerto Rico Conference et al.* (See also Docket No. 772.) Complainant's allegation that respondents had been engaged in the effectuation of an agreement which had not been approved by the Federal Maritime Board, not sustained. Complainant not shown to have been injured or entitled to reparation, and complaint should be dismissed.

In addition, decisions were rendered by examiners in eight other cases which were finally decided by the Board and/or the Administrator, as reported in the preceding section of this report under Docket Nos. 744, 763, 764, 773, 776, 779, S-51, S-58, S-62, M-65, M-66, M-67, and M-68.

Pending proceedings

At the close of the fiscal year there were 44 pending proceedings of which 11 were initiated on the Federal Maritime Board's own motion and the remainder were instituted by conferences, trade associations, individual steamship operators, and others.

International Maritime Affairs

The 7th meeting of the Planning Board for Ocean Shipping of the North Atlantic Treaty Organization, met in London during April 1956. The Maritime Administrator was designated as head of the United States delegation, on which representatives of the Department of State, Department of Defense, and Maritime Administration served. Maritime Administration staff members also served on the various working groups set up by the Planning Board. Following this meeting in London, the Maritime Administrator in his capacity as United States Chairman of PBOS attended a meeting in Paris of the Senior Civil Defense Planning Committee of NATO.

The Maritime Administration continued its support of the establishment of the Intergovernmental Maritime Consultative Organization which will provide an international forum for a concerted effort to discourage discrimination in the field of international shipping, be the adminstratve agency for the Safety of Life at Sea Convention, and deal with such maritime problems as pollution of sea water by oil and the transport of dangerous cargoes. IMCO has already been ratified by 18 governments, and legislation for ratification is pending in several other countries.

The Maritime Administration, in cooperation with the Department of State, coordinated the efforts of industry and other interested branches of the Government in the preparation of the United States' position on agenda items of the first Inter-American Port and Harbor Conference held at San Jose, Costa Rica, April 1956, and participated in the conference.

The Maritime Administration continued to work closely with the Department of State in providing training programs for various foreign nationals in the maritime field. Programs were provided for holders of United Nations fellowships as well as participants in the program of the International Cooperation Administration, with the major portion coming from Latin America and the Far East. Programs were arranged with Federal agencies and with industry.

The Maritime Administration continued to cooperate with the Department of State in unilateral negotiations with foreign governments on foreign actions deemed to be discriminatory against United States shipping.

Exhibit 1

FINANCIAL STATEMENTS

FEDERAL MARITIME BOARD AND MARITIME ADMINISTRATION

DEPARTMENT OF COMMERCE

Balance Sheet—June 30, 1956 and 1955

ASSETS

	June 30 1956	June 30 1955
Cash:		
Fund balances with U. S. Treasury:		
Operating funds	$180, 892, 417	$139, 525, 529
Trust and deposit funds	20, 612, 104	24, 035, 990
Allocations from other agencies	61, 133, 354	101, 431, 450
	262, 637, 875	264, 992, 969
Cash in banks	1, 998, 149	2, 291, 150
Cash on hand and in transit	1, 443, 369	854, 814
	266, 079, 393	268, 138, 933
Notes and Accounts Receivable (note 2):		
Domestic firms and individuals	14, 737, 304	21, 849, 565
U. S. Government agencies	2, 936, 185	3, 280, 487
Foreign governments and nationals	1, 703, 549	1, 992, 064
	19, 377, 038	27, 122, 116
Accrued Interest (note 2):		
On mortgage loans	2, 848, 008	3, 376, 574
On notes receivable	60, 489	67, 510

LIABILITIES

	June 30 1956	June 30 1955
Accounts Payable and Other Liabilities:		
Advances from other U. S. Government agencies	$117, 359, 299	$125, 169, 017
Accrued estimated operating-differential subsidies, less estimated recapturable subsidies totaling $134,207,539, 1956; $108,870,566, 1955 (note 6)	112, 528, 354	132, 833, 379
Amounts due shipbuilders for construction of vessels	18, 155, 045	18, 785, 885
Other accounts payable and accrued accounts	6, 123, 622	11, 092, 843
Tanker trade-in allowance payable	3, 849, 082	3, 665, 678
Deposits by contractors, amounts related to unconsummated transactions and other unallocated collections	2, 247, 453	2, 322, 246
Amounts withheld from employees for purchase of savings bonds and payment of taxes	585, 373	498, 027
Miscellaneous deferred credits	27, 221	15, 739
	260, 875, 449	294, 382, 814
Net Unterminated Voyage Revenues (—Expenses) (unterminated voyage revenues, less unterminated voyage expenses totaling $1,405,517, 1956; $1,967,904, 1955)	327, 487	−281, 895

	2,908,497	3,444,084
Agents' Advances to Branch Houses, Sub-agents and Others	545,539	605,308
Materials and Supplies (note 3)	42,063,313	44,169,031
Mortgage Loans Receivable (note 2):		
Domestic firms	221,014,114	193,272,284
Foreign governments and nationals	55,055,052	92,876,861
	276,069,166	286,149,145
Vessels Owned (at cost or assigned amounts) (note 4)	4,364,021,976	4,603,428,423
Vessels Under Construction (note 5)	83,778,494	38,727,967
Land and Site Development, Structures and Equipment (at cost, estimated cost, or assigned amounts) (note 4):		
Reserve shipyards	82,287,945	83,465,070
Marine terminals	36,825,240	30,240,850
Maritime service training facilities	23,584,299	23,686,833
Reserve fleet sites	15,714,552	16,311,940
Warehouses	3,706,498	3,718,488
Administrative offices	1,649,332	1,560,881
	163,767,866	158,984,062
Construction in progress	8,559,373	6,249,335
	172,327,239	165,233,397
Other Assets:		
Deferred charges and other miscellaneous items	2,528,452	1,231,217
Advances to other U. S. Government agencies	828,765	1,533,322
Treasury deposits subject to refund or applicable to operations of future periods	77,552	105,449
	3,434,769	2,869,988
	$5,230,605,424	$5,439,888,392

Reserves:		
For estimated claims in connection with vessels sold under the Merchant Ship Sales Act, 1946	6,795,740	9,043,129
For estimated liability under assumed insurable risks on operated vessels	469,578	1,199,538
For estimated expense of restoring vessels to the reserve fleet	277,899	306,841
	7,543,217	10,549,508
Equity of the United States Government (exhibit 3)	4,961,859,271	5,135,237,965
	$5,230,605,424	$5,439,888,392

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

Exhibit 2

FEDERAL MARITIME BOARD AND MARITIME ADMINISTRATION
DEPARTMENT OF COMMERCE

Statement of Operations for the Years Ended June 30, 1956 and 1955

	Year Ended June 30	
	1956	*1955*
Current Year Operations:		
Operating activities:		
Revenues and reimbursements:		
Operations of National Shipping Authority	$26,309,332	$17,419,448
Chartering of vessels to others (exclusive of those included in operations of National Shipping Authority)	1,632,947	4,248,474
Maintenance of reserve fleet vessels	1,924,728	1,124,529
Maritime training program	15,179	61,035
Operation of warehouses	45,750	43,467
Maintenance of reserve shipyards	270,215	228,438
Total revenues and reimbursements	30,198,151	23,125,391
Costs and expenses:		
Operations of National Shipping Authority	23,136,675	13,328,672
Chartering of vessels to others (exclusive of those included in operations of National Shipping Authority)	8,267	259,647
Maintenance of reserve fleet vessels	8,429,535	6,977,314
Maritime training program	2,857,265	2,876,557
Operation of warehouses	648,059	585,982
Maintenance of reserve shipyards	615,217	575,274
Total costs and expenses	35,695,018	24,603,446
Net costs and expenses (−income):		
Operations of National Shipping Authority (schedule 1)	−3,172,657	−4,090,776
Chartering of vessels to others (exclusive of those included in operations of National Shipping Authority)	−1,624,680	−3,988,827
Maintenance of reserve fleet vessels	6,504,807	5,852,785
Maritime training program	2,842,086	2,815,522
Operation of warehouses	602,309	542,515
Maintenance of reserve shipyards	345,002	346,836
Total net costs and expenses	1,478,055	5,496,867
Direct subsidies and cost of national defense features:		
Estimated operating-differential subsidies (note 6)	140,640,664	130,049,900
Adjustment of estimated recapturable subsidies	−27,239,272	−7,140,926
	113,401,392	122,908,974
Construction-differential subsidies	[a] 15,982,405	[a] 5,700,721
Cost of national defense features	653,970	1,515,969
	130,125,664	130,037,767
Excess of recorded cost of vessels sold over proceeds of sale, and vessels lost and abandoned	68,091,680	56,965,303
Administrative expenses—amount allocated to N. S. A. excluded	6,923,061	6,250,462
Cost of repairing reserve fleet vessels	10,263,070	6,417,715
Other income and adjustments (−income):		
Interest earned on notes and mortgages receivable	−9,331,507	−10,954,346
Loss on sale of surplus materials and scrap	470,499	1,238,173
Loss on fixed assets, other than vessels, sold, abandoned or scrapped	724,164	341,334
Net income from War Risk Insurance Program	−39,857	−67,444
Premiums and fees on insured ship mortgages	−91,489	−21,349
Miscellaneous	[b] 273,062	−884,661
	−7,995,128	−10,348,293
Net cost of current year operations (note 4)	212,817,317	190,888,906
Adjustments Applicable to Prior Years:		
Net charges arising from adjustments and settlements related principally to World War II activities	19,022,703	6,511,183
Participation in profits of World War II insurance syndicates	−725,000	−1,550,000
	18,297,703	4,961,183
Net Cost of Operations (note 4)	$231,115,020	$195,850,089

[a] Includes reconstruction-differential subsidy of $14,368,668, 1956; $342,058, 1955.
[b] Includes expenditures of $450,805 in prior years in connection with repossession or seizure of mortgaged vessels on which no further recovery will be made.

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

Exhibit 3

FEDERAL MARITIME BOARD AND MARITIME ADMINISTRATION DEPARTMENT OF COMMERCE

Statement of Equity of the United States Government for the Years Ended June 30, 1956 and 1955

	Year Ended June 30 1956	Year Ended June 30 1955
Balance, Beginning of Year	$5,135,237,965	$5,178,007,568
Additions:		
Funds appropriated by the Congress (funds for fiscal year 1955 exclude $1,624,000 transferred to the Department of Commerce)	250,170,500	228,206,000
Expenditures from funds appropriated to the Secretary of the Treasury for liquidation of obligations incurred against funds of the War Shipping Administration prior to Jan. 1, 1947	21,653,146	1,758,419
Recorded value of 6 vessels transferred from the Department of the Navy in fiscal year 1956 and 14 vessels in fiscal year 1955	16,942,548	40,587,505
Domestic War Cost of 6 vessels repossessed under the Shipping Act, 1916, $18,064,218, less mortgages outstanding, $5,287,280	----------	12,776,938
Leasehold improvements to Hoboken Terminal by the Port of New York Authority (net)	6,009,850	167,012
Leasehold improvements to the Wilmington, N. C. Reserve Shipyard by the North Carolina State Ports Authority (net)	----------	265,682
Equipment received from other U. S. Government agencies (net)	179,998	−618,594
Expenditures from the Payment of Certified Claims account of the U. S. Treasury	155,116	273,115
Settlement of account payable by the Treasury Department, income tax assessment, $75,704, payment from funds appropriated to settle judgments, $61,691	137,395	----------
Contributions received toward the construction of a chapel at the United States Merchant Marine Academy, Kings Point, N. Y.	6,345	2,745
Adjustment of cost of vessels transferred to the Department of the Navy in prior years	575	305,535
	295,255,473	283,724,357
	5,430,493,438	5,461,731,925
Reductions:		
Net cost of operations (exhibit 2)	231,115,020	195,850,089
Recorded cost of 45 vessels transferred to the Department of the Navy	120,905,460	----------
Payments into the General Fund of the U. S. Treasury including $10 million of National Shipping Authority appropriated funds returned in fiscal year 1956, and $10 million returned in fiscal year 1955	114,226,837	95,186,053
Mortgage loans receivable transferred to the Department of Justice	1,931,502	----------
Inventories of materials and supplies used in (−recovered from) the Grain Storage Program for the U. S. Department of Agriculture, Production and Marketing Administration, exclusive of expenditures of $3,277,998 in 1956 and $5,191,288 in 1955 which were reimbursed	−1,440,366	201,401
Materials, supplies and accounts receivable transferred to State and other U. S. Government agencies (net)	783,912	1,055,549
Lapsed appropriations transferred to the Payment of Certified Claims account of the U. S. Treasury less $63,719 subject to refund in 1956 and $100,574 in 1955 refunded in 1956	764,627	290,559
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
Recorded cost of San Mateo, Calif., Training Station transferred to the Department of Health, Education, and Welfare	----------	1,253,830
Recorded cost of Philadelphia, Pa., Marine Terminal transferred to the Department of the Army	----------	1,622,869
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
Adjustment of reserve established to reduce the value of vessels by the cost of the original complement of outfitting items and spare parts that were removed during prior years	347,175	22,931,317
Miscellaneous	----------	9,902
	468,634,167	326,493,960
Balance, Close of Year	$4,961,859,271	$5,135,237,965

FEDERAL MARITIME BOARD AND MARITIME ADMINISTRATION
DEPARTMENT OF COMMERCE

Statement of Sources and Application of Funds for the Year Ended June 30, 1956

SOURCES:		
Funds appropriated by the Congress		$250,170,500
Proceeds from the sale of vessels owned		73,120,605
Collection on mortgage loans receivable		65,178,502
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		21,653,146
Inventories reclassified as working capital (net)		1,396,836
Funds provided from the Payment of Certified Claims account of the U. S. Treasury		155,116
Funds provided by the Treasury Department for payment of judgment		61,691
Proceeds from the sale of fixed assets other than vessels		35,569
Contributions received for construction of chapel		6,345
Total funds provided		$411,778,310
APPLICATION:		
Net cost of operations (per Statement of Operations)	$231,115,020	
Items considered in net cost of operations:		
Loss on sale of vessels	−68,091,680	
Loss on fixed assets, other than vessels sold, abandoned or scrapped	−724,164	
Income from adjustment of mortgage loans receivable	130,000	
		$162,429,176
Payments into the General Funds of the U. S. Treasury		114,226,837
Funds applied to mortgage loans receivable		56,900,024
Expenditures for vessels owned and under construction		51,165,878
Expenditures for land and site developments, structures, and equipment, including construction in progress		1,620,197
Lapsed appropriations transferred to Payment of Certified Claims account of the U. S. Treasury, less $63,719 subject to refund		764,627
Materials, supplies, and accounts receivable transferred to State and other U. S. Government agencies (net)		708,208
Increase in working capital during the year (per summary below)		23,963,363
Total funds applied		$411,778,310

Summary of Changes in Working Capital

	Year Ending June 30		Changes in Working Capital	
	1956	*1955*	*Increase*	*Decrease*
ASSETS:				
Cash	$266,079,393	$268,138,933		$2,059,540
Notes and accounts receivable	19,377,038	27,122,116		7,745,078
Accrued interest	2,908,497	3,444,084		535,587
Agents' advances	545,539	605,308		59,769
Materials and supplies	42,063,313	44,169,031		2,105,718
Other assets	3,434,769	2,869,988	$564,781	
Total	334,408,549	346,349,460		
LIABILITIES:				
Accounts payable and other liabilities	260,875,449	294,382,814	33,507,365	
Reserves	7,543,217	10,549,508	3,006,291	
Net unterminated voyage revenues (−expense)	327,487	−281,895		609,382
Total	268,746,153	304,650,427		
WORKING CAPITAL	65,662,396	41,699,033		
Increase in working capital				23,963,363
			$37,078,437	$37,078,437

FEDERAL MARITIME BOARD AND MARITIME ADMINISTRATION
DEPARTMENT OF COMMERCE

Notes to Financial Statements—June 30, 1956 and 1955

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

2. No provision for loss has been made in connection with any notes or accounts receivable which may prove to be uncollectible. Notes and accounts receivable and accrued interest from domestic firms and individuals and foreign nationals included $5,750,901 at June 30, 1956, and $5,833,064 at June 30, 1955, which had been referred to the Department of Justice for collection. Mortgage loans receivable at June 30, 1956, 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	1	$251, 280	$1, 673
Foreign	6	1, 743, 024	608, 769
Total	7	$1, 994, 304	$610, 442

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, were 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. The recorded value of these vessels has since been included in the accounts of the Department of the Navy and removed from the records of the Martime Administration.

5. Included in the Vessels Under Construction account at June 30, 1956, is one vessel with an accrued construction cost of $17,727,468. This vessel has been delivered to the Department of the Navy but the value of the vessel has not yet been transferred to the Navy records pending accumulation of complete construction costs.

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 $134,207,539 at June 30, 1956, and $108,870,566 at June 30, 1955, 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, 1956, 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 2 vessels and $3 million 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 $140,640,-664 for the year ended June 30, 1956, and $130,049,900 for the year ended June 30, 1955, include adjustments of approximately $17 million and $16 million, respectively, applicable to prior fiscal years.

7. The Maritime Administration was contingently liable under agreements insuring mortgages payable to a lending institution totaling $11,368,624 at June 30, 1956, and $2,204,167 at June 30, 1955. Applications were approved at June 30, 1956, for insurance of an additional amount of $7,188,876 at such time as the advances are made by the lending institutions.

8. The Administration was contingently liable for undetermined amounts in connection with settlements to be made under 946 claims against the Administration aggregating $231,238,000 at June 30, 1956, and 1,164 claims aggregating $321,610,000 at June 30, 1955. 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 258 claims in favor of the Administration aggregating $18,437,000 at June 30, 1956, and 496 claims aggregating $19,435,000 at June 30, 1955. 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, 1956, 91 continuing seamen's disability payment claims under the provisions of Public Law 449, 78th Congress, for which the annual liability for payment is approximately $185,000. There were also 4 cases under the Second Seamen's War Risk Policies for which the final payment obligations at June 30, 1956, amounted to a total of $6,551. Included among the funds available for payment of claims was an unexpended balance of $79,724,438 at June 30, 1956, and $101,378,140 at June 30, 1955, 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, of which not to exceed $24 million was available during the fiscal year 1956, is not included in the accounts of the Administration.

9. At June 30, 1956, the Administration had an obligation to return to owners United States Government securities in the amount of $5,848,500 and municipal bonds in the amount of $310,000. At June 30, 1955, the obligation was United States Government securities in the amount of $5,214,500 and municipal bonds in the amount of $285,000. These securities had been accepted from vessel charterers, subsidized operators, and other contractors to assure performance under contracts, and are held for safekeeping in the United States Treasury.

Schedule 1

FEDERAL MARITIME BOARD AND MARITIME ADMINISTRATION DEPARTMENT OF COMMERCE

Statement of Operations of National Shipping Authority for the Years Ended June 30, 1956 and 1955

	Year Ended June 30	
	1956	*1955*
SHIPPING OPERATIONS:		
Vessels operated by general agents:		
Terminated voyage results (terminated voyages: 134, 1956; 98, 1955):		
Revenue	$15,865,874	$11,075,482
Expenses	14,410,002	10,251,370
Gross profit from vessel operations	1,455,872	824,112
Chartering of vessels to others	3,297 563	3,770,614
Total gross income from shipping operations	4,753,435	4,594,726
NONSHIPPING OPERATIONS:		
Vessel reactivation costs	6,500,258	1,214,094
Vessel deactivation costs (expense of restoring vessels to the reserve fleet)	527,399	563,676
Miscellaneous expenses	[a] 878,549	273,481
	7,906,206	2,051,251
Less:		
Reimbursement of vessel reactivation costs	6,162,233	1,366,112
Reimbursement of vessel deactivation costs	527,530	565,993
Miscellaneous income	456,132	641,247
	7,145,895	2,573,352
Net cost (—income) of nonshipping operations	760,311	—522,101
	3,993,124	5,116,827
ADMINISTRATIVE EXPENSES	820,467	1,026,051
NET INCOME FROM OPERATIONS	$3,172,657	$4,090,776

[a] Includes expenditures of $158,624, in connection with the repossession or seizure of mortgaged vessels.

FEDERAL MARITIME BOARD AND MARITIME ADMINISTRATION DEPARTMENT OF COMMERCE

Statement of Operations of National Shipping Authority From Inception to June 30, 1956

	Total	Vessels operated by general agents: International Cooperation Administration	Military Sea Transportation Service	Miscellaneous	Total	Chartering of vessels to others
SHIPPING OPERATIONS:						
Revenue	$416, 600, 449	$192, 089, 565	$178, 424, 892	$2, 545, 327	$373, 059, 784	$43, 540, 665
Expenses	345, 414, 522	171, 696, 653	172, 828, 053	889, 816	345, 414, 522	([a])
Gross income from shipping operations	71, 185, 927	20, 392, 912	5, 596, 839	1, 655, 511	27, 645, 262	43, 540, 665
NONSHIPPING OPERATIONS:						
Vessel reactivation costs	108, 583, 966	78, 209, 031	28, 557, 665	362, 266	107, 128, 962	[a] 1, 455, 004
Vessel deactivation costs (expense of restoring vessels to the reserve fleet)	16, 659, 632	7, 942, 594	8, 266, 325	247, 807	16, 456, 726	202, 906
Miscellaneous expenses	2, 170, 447	261, 026	604, 388	525, 862	1, 391, 276	779, 171
	127, 414, 045	86, 412, 651	37, 428, 378	1, 135, 935	124, 976, 964	2, 437, 081
LESS:						
Reimbursement of vessel reactivation costs	75, 319, 732	48, 162, 578	27, 157, 154	----------	75, 319, 732	----------
Reimbursement of vessel deactivation costs	8, 267, 838	----------	8, 267, 838	----------	8, 267, 838	----------
Nonshipping income	[b] 15, 149, 125	7, 178, 343	4, 962, 231	−211, 773	11, 928, 801	3, 220, 324
	98, 736, 695	55, 340, 921	40, 387, 223	−211, 773	95, 516, 371	3, 220, 324
Net cost (−income) of nonshipping operations	28, 677, 350	31, 071, 730	−2, 958, 845	1, 347, 708	29, 460, 593	−783, 243
	42, 508, 577	−10, 678, 818	8, 555, 684	307, 803	−1, 815, 331	44, 323, 908
ADMINISTRATIVE EXPENSES (TENTATIVE PRORATION)	8, 926, 972	3, 164, 511	4, 932, 977	5, 403	8, 102, 891	824, 081
NET INCOME (−LOSS) FROM OPERATIONS	$33, 581, 605	[c] −$13, 843, 329	$3, 622, 707	$302, 400	−$9, 918, 222	$43, 499, 827

[a] 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

Employment of United States Flag Merchant Ships as of June 30, 1956 Seagoing Ships of 1,000 Gross Tons and Over

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

(Tonnage in thousands)

Status and area of employment	Total			Combination passenger and cargo			Freighters			Tankers		
	Number	Gross tons	Dead-weight tons	Number	Gross tons	Dead-weight tons	Number	Gross tons	Dead-weight tons	Number	Gross tons	Dead-weight tons
Total all ships [1]	3,115	23,938	33,759	[2] 238	2,169	1,609	[3] 2,488	17,764	25,800	[4] 389	4,005	6,351
Active ships	1,092	9,322	13,694	39	485	369	715	5,268	7,659	338	3,569	5,667
United States foreign trade	668	5,463	7,685	38	466	359	566	4,221	6,090	64	776	1,236
Maritime Administration ships	44	326	420	2	41	33	42	285	387	–	–	–
Chartered	11	115	117	2	41	33	9	74	84	–	–	–
General agency agreement	–	–	–	–	–	–	–	–	–	–	–	–
For United States agency operations	33	211	303	–	–	–	33	211	303	–	–	–
Panama Canal Company	3	30	20	3	30	20	–	–	–	–	–	–
Privately owned	621	5,107	7,245	33	395	306	524	3,936	5,703	64	776	1,236
For commercial operations	608	4,966	7,030	33	395	306	515	3,870	5,606	60	701	1,118
For United States agency operations	13	141	215	–	–	–	9	66	97	4	75	118

United States domestic trade	402	3,629	5,639	1	19	10	149	1,047	1,569	252	2,562	4,061
Maritime Administration ships	6	30	44	----	----	----	6	30	44	----	----	----
Chartered	6	30	44	----	----	----	6	30	44	----	----	----
General agency agreement	----	----	----	----	----	----	----	----	----	----	----	----
Privately owned	396	3,599	5,596	1	19	10	143	1,018	1,525	252	2,562	4,061
Foreign to foreign—privately owned	22	231	371	----	----	----	----	----	----	22	231	371
Inactive ships	2,023	14,616	20,065	199	1,684	1,240	1,773	12,496	18,141	51	436	684
Temporarily inactive	51	396	567	2	36	20	37	240	356	12	120	192
Maritime Administration ships	20	140	208	----	----	----	20	140	208	----	----	----
Chartered	----	----	----	----	----	----	----	----	----	----	----	----
General agency agreement	16	112	164	----	----	----	16	112	164	----	----	----
Shipyard custody	4	29	44	----	----	----	4	29	44	----	----	----
Privately owned	31	256	359	2	36	20	17	100	148	12	120	192
Maritime Administration reserve fleet	1,972	14,220	19,498	197	1,648	1,220	1,736	12,256	17,785	39	316	493

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

	35	297	293	9	134	74	23	153	207	3	10	12

[1] Excludes the following United States Government owned tonnage transferred to—

Philippine flag (Rehabilitation Act)	5	19	27
U. S. S. R. (lend-lease)	83	518	785
Total	88	537	812

[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 B

Deliveries of New Merchant Ships During the Fiscal Year Ended June 30, 1956

Seagoing Steam and Motor Ships of 1,000 Gross Tons and Over by Ship Type, Country in Which Built and For Whom Built

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

(Tonnage in thousands)

Registry for which built	Total		Country in which built															
			United States		United Kingdom		Sweden		Netherlands		France		Japan		Germany		All others	
	Number	Deadweight tons	Number	Deadweight tons	Number	Deadweight tons	Number	Deadweight tons	Number	Deadweight tons	Number	Deadweight tons	Number	Deadweight tons	Number	Deadweight tons	Number	Deadweight tons
SUMMARY—FREIGHTERS AND TANKERS																		
Total	579	6,959	5	104	142	1,800	52	725	43	542	29	398	79	1,359	140	1,159	89	872
United States	4	96	4	96														
United Kingdom	101	1,064			92	999			1	10					8	55		
Sweden	31	262					25	235					1	7	5	20		
Netherlands	36	469							33	457			1	3	2	9		
France	24	310			1	6					21	276			1	2	1	26
Japan	30	305											30	305				
Germany	87	598													87	598		
All others	266	3,855	1	8	49	795	27	490	9	75	8	122	47	1,044	37	475	88	846
FREIGHTERS																		
Total	419	3,489	2	22	97	884	34	299	24	139	19	123	60	773	124	817	59	432
United States	1	14	1	14														
United Kingdom	77	634			68	569			1	10					8	55		
Sweden	27	182					21	155					1	7	5	20		
Netherlands	18	118							16	109					2	9		
France	15	82			1	6					13	74			1	2		
Japan	29	284											29	284				
Germany	80	491													80	491		
All others	172	1,684	1	8	28	309	13	144	7	20	6	49	30	482	28	240	59	432

TANKERS

Total	160	3,470	3	82	45	916	18	426	19	403	10	275	19	586	16	342	30	440
United States	3	82	3	82														
United Kingdom	24	430			24	430												
Sweden	4	80					4	80										
Netherlands	18	351							17	348			1	3				
France	9	228									8	202					1	26
Japan	1	21											1	21				
Germany	7	107													7	107		
All others	94	2,171			21	486	14	346	2	55	2	73	17	562	9	235	29	414

COMBINATION PASSENGER AND CARGO SHIPS

	Number	Gross tons	Number	Gross tons	Number	Gross tons	Number	Gross tons	Number	Gross tons	Number	Gross tons	Number	Gross tons	Number	Gross tons	Number	Gross tons
Total	28	226			7	105			1	6	1	14	3	6	9	59	7	36
United States																		
United Kingdom	4	78			4	78												
Sweden																		
Netherlands																		
France																		
Japan																		
Germany																		
All others	24	148			3	27			1	6	1	14	3	6	9	59	7	36

APPENDIX C

Summary of Operating-Differential Subsidy Agreements on June 30, 1956

Name of operator	Expiration date of agreement	Number of ships assigned on June 30, 1956	
		Passenger and combination	Cargo
American Export Lines, Inc	Dec. 31, 1965	6	24
American Mail Line, Ltd	Dec. 31, 1960		8
American President Lines, Ltd	Dec. 31, 1976	4	17
Bloomfield Steamship Co	Dec. 31, 1963		4
Farrell Lines, Inc.:			
South and East African Service	Dec. 31, 1959	2	9
West African Service	do		5
Grace Line Inc.:			
Lines A and B	Dec. 31, 1977	6	12
Line C	do	5	3
Gulf & South American Steamship Co., Inc	Dec. 31, 1963		4
Lykes Bros. Steamship Co., Inc	Dec. 31, 1957		54
Mississippi Shipping Co., Inc	do	3	11
Moore-McCormack Lines, Inc.:			
Cargo Services	Dec. 31, 1977		32
Good Neighbor Fleet	do	2	
The Oceanic Steamship Co	Dec. 31, 1972		4
Pacific Argentine Brazil Line, Inc	Dec. 31, 1958		4
Pacific Far East Line, Inc	Dec. 31, 1962		9
Pacific Transport Lines, Inc	do		5
Seas Shipping Co., Inc	Dec. 31, 1957		12
United States Lines Co.:			
Cargo Service	Dec. 31, 1965		58
SS. *AMERICA*	Aug. 1, 1958	1	
SS. *UNITED STATES*	June 19, 1967	1	

APPENDIX D

Ships of 1,000 Gross Tons and Over Delivered by United States Shipyards July 1, 1955 to June 30, 1956

Account and ship type	Number	Deadweight tons
Maritime Administration		
Major types:		
Standard cargo		
Total Maritime Administration		
Private and Foreign Account		
Major types:		
Cargo	2	21,880
United States flag	1	14,280
Foreign flag	1	7,600
Tankers	3	82,584
United States flag	3	82,584
Foreign flag		
Total private and foreign account	5	104,464
Grand total	5	104,464

NOTE.—Excludes 1 Mariner and 2 cargo ships constructed for the U. S. Army.

APPENDIX E

New Ship Construction on June 30, 1956

	Number of ships	Type	Gross tonnage	Estimated or actual date of completion	Estimated construction cost	Cost chargeable to Maritime Administration	Owner	Cost chargeable to owner
Ships under construction:								
Title V of Merchant Marine Act of 1936	2	P2-S2-9a	[1] 18, 200	Mar. 28, 1958	$51, 099, 582	$20, 515, 174	Moore-McCormack	$30, 584, 408
Do	2	P2-S2-11a	[1] 15, 000	June 27, 1958	47, 714, 720	20, 152, 640	Grace Line	27, 562, 080
Economy Act of 1932	4	T5-S-12a	[1] 68, 400	Indefinite	29, 071, 573		Department of Defense	29, 071, 573
Do	1	C3-ST-14a	[1] 9, 400	June 30, 1957	12, 040, 023		do	12, 040, 023
Do	1	S2-ST-23a	[1] 8, 500	Jan. 30, 1958	11, 240, 398		do	11, 240, 398
Do	2	T1-MET-24a	[1] 3, 200	Apr. 25, 1957	8, 433, 000		do	8, 433, 000
Do	3	C1-ME2-13a Design 782.	[1] 2, 100	Aug. 19, 1957	11, 577, 151		do	11, 577, 151
National defense features (Esso Shipping Co.).	2	Tanker	[2] 75, 600	Jan. 27, 1958	24, 940, 000	1, 540, 000	Esso Shipping Co	23, 400, 000
Conversions	1	C4-S-1h	9, 217	July 5, 1956	2, 160, 267	920, 667	American President Line	1, 239, 600
Do	2	P2-S1-1k	18, 434	Nov. 11, 1956	28, 467, 178	13, 986, 031	Oceanic Steamship Co	14, 481, 147
Do	1	EC2-S-8a	7, 237	July 26, 1956	1, 404, 021	1, 404, 021	Maritime Administration	
Do	1	EC2-M-8b	[1] 7, 500	Aug. 1, 1956	3, 147, 408	3, 147, 408	do	
Do	1	EC2-G-8f	[1] 7, 500	Aug. 10, 1956	2, 696, 468	2, 696, 468	do	
Do	1	EC2-G-8g	[1] 7, 500	Dec. 7, 1956	2, 107, 999	2, 107, 999	do	
Do	2	P2-S2-R3	30, 874	Nov. 23, 1956	1, 061, 000	477, 450	American President Line	583, 550
Total ships under construction	26		288, 662		$237, 160, 788	$66, 947, 858		$170, 212, 930
Design and service contracts:								
Conversion plans EC2-G-8g				Jan. 1, 1957	78, 850	78, 850		
Bidding plans C4-S-RM19a				Feb. 29, 1956	133, 110	133, 110		
Bidding plans C3-S-RM18a				do	96, 545	96, 545		
Bidding plans C5-S-RM20a				Mar. 16, 1956	60, 000	60, 000		
Bidding plans C2-G-RM15d				May 25, 1956	16, 000	16, 000		
Design and operation study of nuclear powered ships.				July 1, 1957	75, 000	75, 000		
Free piston gas turbine propulsion unit (EC2-G-8g).				Dec. 1, 1956	1, 328, 723	1, 328, 723		
Controlled cargo handling study				do	10, 000	10, 000		
Total design and service contracts					$1, 798, 228	$1, 798, 228		
Total construction, design, and service contracts.					$238, 959, 016	$68, 746, 086		$170, 212, 930

[1] Approximate.
[2] Deadweight capacity.

APPENDIX F

Merchant Fleets of the World

Seagoing Steam and Motor Ships of 1,000 Gross Tons and Over as of June 30, 1956

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

(Tonnage in thousands)

Country of registry	Total			Type of vessel: Combination passenger and cargo			Combination passenger and cargo refrigerated			Freighters			Freighters-refrigerated			Bulk carriers (including ore/oil carriers)			Tankers (including whaling tankers)		
	Number	Gross tons	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	15, 346	95, 055	133, 056	1, 232	9, 354	6, 755	60	810	543	10, 220	52, 459	77, 164	343	2, 113	2, 286	689	2, 995	4, 705	2, 802	27, 324	41, 603
United States [1]	3, 238	24, 772	34, 864	246	2, 294	1, 680	2	14	9	2, 509	17, 853	25, 947	46	277	273	42	312	581	393	4, 022	6, 374
The British Commonwealth of Nations	3, 068	20, 006	26, 179	266	2, 364	1, 569	42	701	475	1, 753	9, 470	13, 617	140	1, 255	1, 435	283	881	1, 258	584	5, 335	7, 825
United Kingdom	2, 519	17, 637	23, 012	179	2, 012	1, 342	40	691	468	1, 376	7, 913	11, 335	134	1, 226	1, 400	241	702	1, 004	549	5, 093	7, 463
Canada	85	362	408	30	93	28	------	------	------	32	119	155	------	------	------	4	28	40	19	122	185
Australia	124	469	618	13	81	49	------	------	------	83	270	401	------	------	------	28	118	168	------	------	------
New Zealand	53	199	228	5	34	10	2	10	7	42	145	199	------	------	------	3	7	9	1	3	3
India	104	520	760	10	52	61	------	------	------	93	460	686	------	------	------	------	------	------	1	8	13
Others	183	819	1, 153	29	92	79	------	------	------	127	563	841	6	29	35	7	26	37	14	109	161
Argentina	146	901	1, 171	19	111	87	4	46	33	66	382	558	6	18	18	4	6	7	47	338	468
Belgium	75	483	651	11	107	97	------	------	------	52	257	379	2	6	6	------	------	------	10	113	169
Brazil	188	733	1, 031	30	120	121	------	------	------	123	422	628	------	------	------	8	32	46	27	159	236
Chile	54	218	297	6	25	29	------	------	------	30	118	159	------	------	------	17	64	93	1	11	16
China	141	422	596	8	21	14	------	------	------	105	341	499	------	------	------	6	15	23	22	45	60
Costa Rica	126	514	809	------	------	------	------	------	------	110	465	732	------	------	------	14	34	55	2	15	22
Denmark	307	1, 533	2, 204	24	76	60	2	3	3	219	902	1, 302	9	25	28	6	16	22	47	511	789
Finland	228	701	1, 054	6	14	6	------	------	------	188	501	774	1	2	2	17	48	71	16	136	201
France	568	3, 685	4, 589	74	754	437	2	25	10	306	1, 384	1, 952	25	102	78	38	123	167	123	1, 297	1, 945
Germany	708	2, 728	4, 162	21	150	166	------	------	------	601	2, 086	3, 269	16	45	52	29	125	195	41	322	480
Greece	215	1, 265	1, 833	21	113	64	1	3	2	172	989	1, 517	------	------	------	5	16	27	16	144	223
Honduras	55	342	482	------	------	------	------	------	------	27	125	191	17	73	64	------	------	------	11	144	227
Israeli	28	146	189	5	39	27	------	------	------	19	72	108	------	------	------	------	------	------	4	35	54

Italy	616	3,933	5,307	74	699	407	1	3	4	373	1,862	2,823	10	35	34	26	122	189	132	1,212	1,850
Japan	626	3,519	5,106	24	114	120				511	2,590	3,766	7	46	53	9	61	95	75	708	1,072
Korea	28	93	138	2	3	4				21	76	114				1	2	3	4	12	17
Liberia	570	5,614	8,805	8	60	36				308	2,113	3,134	3	12	15	27	264	570	224	3,165	5,050
Mexico	28	148	212							6	13	14	2	5	6	1	6	8	19	124	184
Netherlands	546	3,542	4,690	90	697	614				328	1,763	2,493				2	22	30	126	1,060	1,553
Norway	1,130	7,559	11,320	31	144	90	3	11	4	625	2,593	3,962	16	50	49	20	169	237	435	4,592	6,978
Panama	510	3,871	5,865	16	140	90				277	1,502	2,266	4	10	11	33	193	329	180	2,026	3,169
Poland	69	297	413	2	23	15				54	228	339	3	10	9	7	15	20	3	21	30
Portugal	86	419	504	20	171	129	1	1	1	57	177	271							8	70	103
Spain	297	1,137	1,503	46	238	189				200	633	946	2	5	8	14	40	57	35	221	303
Sweden	578	2,696	3,964	32	195	172				397	1,208	1,905	21	86	89	44	345	484	84	862	1,314
Turkey	139	534	691	34	149	96				95	320	495				2	4	5	8	61	95
U. S. S. R	622	1,886	2,502	70	356	264				451	1,153	1,727	8	33	40	21	42	64	72	302	407
Venezuela	48	200	303	1	1	1				11	40	62				4	14	30	32	145	210
Yugoslavia	62	250	380	6	23	28				53	209	323				1	4	8	2	14	21
All others	246	908	1,242	39	153	143	2	3	2	173	612	892	5	18	16	8	20	31	19	102	158

[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	88	537	812	1	5	5				84	514	779				2	11	17	1	7	11
Philippines	5	19	27							5	19	27									
U. S. S. R	83	518	785	1	5	5				79	495	752				2	11	17	1	7	11

APPENDIX G

s Approved for Transfer to Alien Ownership and/or Registry and Flag, Fiscal Year 1956

	Number	Total gross tonnage	Average age
PRIVATELY OWNED			
Ships under 1,000 gross tons:			
Commercial craft (tugs, barges, etc.)	246	40,917	7.2
Pleasure craft (over 5 tons)	44	2,196	8.5
Undocumented motorboats (5 tons and less)	416	2,084	2.2
Total	706	45,197	4.3
Ships of 1,000 gross tons and over:			
Tankers	56	639,036	13.5
Cargo	25	128,034	17.4
Cargo/passenger	2	11,351	43.
Miscellaneous (schooners, dredges, barges, etc.)	8	34,411	21.6
New construction by United States shipyards for foreign flag operation	3	85,230	
Total	94	898,062	15.4
GOVERNMENT OWNED			
Cargo ships	9	35,959	14.7
Grand total	809	979,218	5.9

APPENDIX H

Cash and Approved Securities on Deposit in the Statutory Capital and Special Reserve Funds of Subsidized Operators as at June 30, 1956

Operator	Capital reserve funds	Special reserve funds	Total
American Export Lines, Inc	$8,248,360	$2,280,140	$10,528,500
American Mail Line Ltd	6,920,938	4,842,717	11,763,655
American President Lines Ltd	1,317,670	5,977,102	7,294,772
Farrell Lines Inc	4,650,859	4,645,847	9,296,706
Grace Line Inc	25,438,068	10,743,682	36,181,750
Gulf & South American Steamship Co., Inc	374,105	820,446	1,194,551
Lykes Bros. Steamship Co., Inc	48,861,722	28,885,305	77,747,027
Mississippi Shipping Co., Inc	6,789,010	3,658,356	10,447,366
Moore-McCormack Lines, Inc	27,049,525	15,243,138	42,292,663
Oceanic Steamship Co., The	249,456	1,391,359	1,640,815
Pacific Argentine Brazil Line, Inc	2,246,469	649,601	2,896,070
Pacific Far East Line, Inc	677,526	417,170	1,094,696
Pacific Transport Lines, Inc	667,317	1,207,311	1,874,628
Seas Shipping Co., Inc	5,805,176	2,500,444	8,305,620
United States Lines Co	60,752	5,492,883	5,553,635
Total	$139,356,953	$88,755,501	$228,112,454

NOTE.—Accrued mandatory deposits applicable to the resumption period (generally Jan. 1, 1947, to Dec. 31, 1955), not included in the above, amount to approximately $25,500,000, comprised of $7,800,000 applicable to the capital reserve funds (depreciation) and $17,700,000 applicable to the special reserve funds (excess profits).

U. S. GOVERNMENT PRINTING OFFICE: 1957