Maritime Administration

1994 Annual Report

May 1995

U.S. Department of Transportation
Federico Peña
Secretary

Maritime Administration
A. J. Herberger
Maritime Administrator

Headquarters
400 Seventh St., S.W.
Washington, DC 20590

Table of Contents

Appendices

Secretary of Transportation Federico Peña approves the first Federal loan guarantee ever provided to finance building oceangoing ships. Congressman Herbert Bateman (R-Va.), Senator John Warner (R-Va.) and Senator Charles Robb (D-Va.) and others, look on.

Bill Fricks, W.R. Phillips, Senator Robb, Secretary Peña, Senator Warner and Maritime Administrator Albert J. Herberger shown at Newport News Shipbuilding immediately after the signing ceremony.

U.S. Department
of Transportation

**Maritime
Administration**

Administrator

400 Seventh Street, S.W.
Washington, D.C. 20590

INTRODUCTION

The Annual Report of the Maritime Administration (MARAD) for the fiscal year (FY) which ended on September 30, 1994, is submitted to Congress in accordance with Section 208 of the Merchant Marine Act of 19936, as amended.

During FY 1994, the Maritime Administration provided strong support to the Administration's efforts to ensure America's future as a maritime nation.

On October 1, 1993 -- the first day of the fiscal year -- President Clinton sent Congress the report, "Strengthening America's Shipyards: A Plan for Competing in the International Market." The five-part revitalization program seeks to improve the productivity of American shipyards and ensure a fair international market in which to compete. The program was implemented and substantial progress made during FY 1994. Highlights include:

o Establishment of an industry-driven, defense conversion initiative called MARITECH. Under MARITECH, awards focus on development projects that are made competitively, on a matching basis. MARAD works closely with the Department of Defense's Advanced Research Projects Administration (ARPA) and the shipbuilding industry. Acting as agent for ARPA, MARAD entered into 11 cooperative agreements to help enhance the international competitiveness of the U.S. commercial shipbuilding industry.

o On August 2, 1994, President Clinton and Secretary of Transportation Federico Peña announced the first federal loan guarantee ever provided to finance building oceangoing ships in the United States for export. Fleves Shipping Corp., a subsidiary of Eletson Chartering Inc., Piraeus Greece, immediately signed a contract for the construction of up to four oceangoing ships by Newport News Shipbuilding, Newport News, VA. The $152 million project is expected to support 500 jobs at the shipyard.

o The Office of the U.S. Trade Representative announced the successful conclusion of negotiations on a multilateral agreement that will eliminate government subsidies and other trade-distorting practices in the world shipbuilding sector. MARAD actively assisted in the negotiations.

In addition, the Secretary initiated a four-point program to streamline costly and burdensome regulations affecting the U.S. maritime industry, and the Administration is providing increased assistance in international marketing efforts.

In a second major maritime initiative, on March 10, 1994, Secretary Peña unveiled the Clinton Administration's proposed maritime revitalization program.

The Administration's proposed Maritime Security and Trade Act of 1994 would establish a new 10–year, $1 billion maritime security program, with participants agreeing to make their ships and other commercial transportation resources available during national emergencies, or as otherwise determined by the President. The payments will cover 52 U.S.-flag liner vessels operating in foreign trade, and were designed to replace the existing operating-differential subsidy program, which has cost more than $200 million annually.

In proposing the program, the Administration noted that in addition to providing sealift to the U.S. military in times of national emergency, the American merchant marine has supported worldwide peacekeeping and humanitarian efforts.

On November 4, 1993, the House of Representatives passed its version of maritime revitalization legislation, the Maritime Security and Competitiveness Act of 1993. Unlike the Administration's plan, the House proposal would have provided direct commercial shipbuilding subsidies for vessels built in U.S. shipyards. A related bill which would have funded the measure through an increase in vessel tonnage duties was passed by the House on August 2, 1994.

The Senate did not consider maritime revitalization legislation and none was enacted during the 103rd Congress.

In recognition of the continuing importance of the American merchant marine to the nation's commerce and defense, the Administration will resubmit to the 104th Congress legislation to implement its Maritime Security Program.

To better support the President's maritime revitalization and shipbuilding initiatives, on September 30, 1994, I joined Secretary Peña in announcing the reorganization of the Maritime Administration. The changes reflect the Secretary's priorities in the areas of intermodalism, port development, job creation, economic development, and the environment, as set forth in his strategic plan for the Department of Transportation. The changes were effective October 1, 1994, and are reflected in the organization chart included with this report.

This report contains details of these activities and many other efforts by the Maritime Administration to support the nation's maritime policy and the Administration's goals.

A. J. Herberger
Maritime Administrator

Chapter 1

National Security

The Maritime Administration (MARAD) is responsible for assuring that merchant shipping is available in times of war or national emergency. While the Department of Defense (DOD) quantifies mobilization requirements for sealift, MARAD administers specific programs to meet those requirements and conducts specific national security activities. Inactive, Government-owned, vessels are maintained in the National Defense Reserve Fleet (NDRF) and in the Ready Reserve Force (RRF) component of the NDRF, to preserve an inventory of ships to meet requirements for additional shipping during emergencies.

The RRF was created to maintain a surge shipping and resupply capability available on short notice to support deployment of a multidivision force. MARAD also conducts national security planning and operations in other general areas including national emergency communications, war risk insurance, and port emergency operations.

Reserve Fleet

Reserve fleet ships are an inactive reserve which can be activated to help meet United States shipping requirements during national emergencies. They are available for both military and nonmilitary emergencies, including commercial shipping crises.

MARAD maintains inactive merchant ships and naval auxiliaries in three Reserve fleet sites.

As of September 30, 1994, the total number of vessels in MARAD custody was 286. (See Tables 1 and 2.) One-hundred were located at Ft. Eustis, VA; 46 at Beaumont, TX; 70 at Suisun Bay, CA; and 70 at other locations, including lay berths under contract in major U.S. port cities.

Of the 286 ships, 78 are maintained on a cost reimbursable basis in various degrees of preservation depending on the requirements of the sponsor. They are held for other Government agencies or MARAD's Title XI program. Many, however, will eventually be assigned to the NDRF or be scrapped. Twenty-one ships were sold for scrap.

At the end of this reporting period, 150 ships were being held as NDRF retention assets, maintained under preservation, and available for activation. The other 58 were considered NDRF non-retention assets which are pending disposal or transfer.

Ready Reserve Force

The RRF was established in 1976 by a Memorandum of Agreement between the DOD and MARAD. On September 30, 1994, there were 102 ships in the RRF. They are kept in a higher state of readiness to enable them to be activated in 4, 5, 10, 20, or 30 days to meet surge military sealift requirements in the event of war as was experienced in Operations Desert Shield and Desert Storm. The higher priority vessels are maintained in a status which permits 4-day activation; some are designated to be loaded on the second day while being activated.

To meet the RRF readiness demands of DOD, emphasis has been placed on the Outporting Program, which provides contracted lay berths for RRF ships near the expected loading ports for defense cargoes. At year's end, 51 RRF vessels were assigned to outport locations, with 20 on the East Coast, 12 on the Gulf Coast, 16 on the West Coast, and 3 in Japan.

RRF Operations

In FY 1994 the U.S. Army requested eight RRF vessels for up to 3 years as part of its interim Afloat Prepositioned Force (APF). MARAD modified and activated the CAPE DOUGLAS, CAPE DECISION, CAPE HENRY, CAPE HORN, CAPE HUDSON, GOPHER STATE, CAPE WASHINGTON, and CAPE WRATH, which loaded military equipment and sailed to APF prepositioning anchorages at Diego Garcia and Guam.

The Offshore Petroleum Discharge System (OPDS) tankers AMERICAN OSPREY and POTOMAC were still participating in the APF mission at Diego Garcia. Both vessels served in the United Nations (U.N.) peacekeeping effort in Somalia.

The RRF vessel TS EMPIRE STATE also was activated to repatriate troops from Somalia in Operation Restore Hope. The vessel, one of five schoolships operated by MARAD, and its crew performed superbly under difficult and potentially dangerous conditions, reflecting the pride and capability of this Nation's merchant mariners.

MARAD activated 14 vessels for Operation Support Democracy, the roll-on/roll-off vessels (RO/RO's) ADMIRAL CALLAGHAN, CAPE DUCATO, CAPE DIAMOND, CAPE DOMINGO, CAPE INSCRIPTION, CAPE INTREPID, CAPE ISLAND, CAPE LOBOS, CAPE TAYLOR, CAPE TEXAS, CAPE VICTORY, and CAPE VINCENT, the SeaBee CAPE MOHICAN, and the T-ACS CORNHUSKER STATE. The ships transported military cargo from various U.S. ports to Port-au-Prince, Haiti.

All were fully crewed and operational within four days, ahead of the MSC's required activation time. The 12 ships were crewed by about 350 civilian American seafarers, whose normal jobs are aboard U.S.-flag merchant ships.

General John M. Shalikashvili (U.S. Army), Chairman of the Joint Chiefs of Staff praised the "flawless, timely response" of everyone involved in activating the RRF ships to support American troops serving in Haiti.

Other FY 1994 RRF vessel activations for participation in various military exercises involved: the CURTISS (T-AVB 4) in February 1994 for DETERMINED WARRIOR in Pearl Harbor, HI, the CORNHUSKER STATE (T-ACS 6) for RESOLUTE RESPONSE offshore Fort Story, VA, in April-May 1994; the CAPE DIAMOND (RO/RO) and WRIGHT (T-AVB 3) for the AGILE PROVIDER 94 Sealift Deployment Readiness Exercise (SEDRE) at Jacksonville, FL, and Morehead City, NC, in May 1994; the container/crane ship GEM STATE (T-ACS 2) for a containerized ammunition delivery test in the Western Pacific in August 1994; and the CAPE ISABEL (RO/RO) for an exercise cargo lift to Pearl Harbor, HI, in August and September 1994.

There were two successful no-notice test activations of the RRF to assess readiness. The METEOR was activated in November 1993 and in September 1994, the Lighter Aboard Ship (LASH) CAPE FEAR; the T-ACS FLICKERTAIL STATE; and the CAPE JUBY successfully were activated.

RRF Maintenance Crews

MARAD completed its first year using Reduced Operating Status (ROS) crews for maintaining critical RRF vessels. High priority vessels, such as RO/ROs, are assigned a 10-person ROS crew. The crew consists of a mix of licensed and unlicensed personnel from all departments. ROS crews conduct preventative maintenance year-round, and provide sufficient resources to activate the vessel without shipyard assistance. ROS crews also provide the important nucleus of an operating crew. At the close of FY 1994, eight RO/ROs were in ROS-4 readiness.

Because of the high level of maintenance and crew familiarity with their vessels, the ROS crews were able to activate ships for Operation Uphold Democracy in record time. This consistent early activation and delivery successfully validates the use of ROS crews aboard RRF vessels.

RRF Sea Trial and Dock Trial Program

Periodic, planned exercise of RRF vessels is vital to maintaining vessel readiness, especially in the absence of vessel activations. MARAD established this program to provide priority rotation of all RRF vessels to provide regular sea trials and dock trials.

During FY 1994, 36 vessels successfully completed sea trials and 15 others were dock trialed. Twenty-five vessels also were sea trialed in DOD-ordered notice and no-notice activations. This program has contributed significantly to the fleet's readiness status, evidenced by MARAD's success in recent vessel national emergency activations. In addition, improving RRF vessel readiness through increased logistics support remained a high priority. Twenty-three vessels received logistic overhauls. The PC-based RRF Equipment Configuration and Spare Parts Management Information System offers ship, ship manager, and MARAD personnel the ability to record and review repair part usage and equipment configuration changes.

Coast Guard MOU Inspections and Trials

At the end of Operation Desert Storm, a working group comprised of MARAD and the USCG reviewed and revised their Memorandum of Understanding (MOU) concerning the RRF. The group, which is also intended to improve interagency communication, sponsored briefings on the MOU to regional personnel,

ship manager contract staff and to Coast Guard personnel.

Ten-Year Drydocking Cycle

Under the MOU's between MARAD and the USCG and MARAD and the American Bureau of Shipping (ABS), selected RRF vessels can extend their required drydocking surveys from the previously established 5-year interval to a maximum of 10 years. Vessels are selected based on projected life expectancy, ship type and ability to meet requirements for a midterm underwater inspection.

Currently, all "10-year" ships are considered experimental with respect to budgeting for drydocking. MARAD continues to evaluate extended life coatings for its underwater systems, and is closely following research being conducted by the U.S. Navy to extend significantly the drydocking intervals of its vessels. It is expected that this research also will apply to the RRF.

Emergency Operations

MARAD Advisories rapidly disseminate information on Government policy, danger, and safety issues pertaining to vessel operations, and other timely maritime matters to the American maritime industry. In FY 1994 advisories were issued on a number of topics including United Nations trade sanctions against Iraq and Haiti; piracy in the South and East China Seas; three Naval Control of Shipping exercises; and training opportunities for mariners at the National Sealift Training Program.

Special Warnings to Mariners were coordinated with the State Department regarding situations in Sri Lanka, Nicaragua, Haiti, Yemen, Iraq, the Red Sea, and the Persian Gulf. MARAD, in cooperation with the Departments of State and Defense, monitored previously agreed procedures facilitating the inspection of cargoes aboard U.S.-flag merchant vessels destined for Aqaba, Jordan. The inspections were carried out by the Maritime Multinational Interdiction Force (MMIF) in the Strait of Tiran, enforcing United Nations sanctions against Iraq. MARAD's participation in the Interagency Task Force on Iraqi sanctions and certification of outbound cargo enabled U.S. liner service for Aqaba to proceed through the MMIF with minimal disruption.

MARAD also participated in the development of training exercises sponsored by the Joint Chiefs of Staff. These exercises familiarize military and civilian agencies with the procedures to be followed when the country experiences a crisis affecting national security interests.

The Agency also participated in three Naval Control and Protection of Shipping (NCAPS) Exercises designed to test and improve new NCAPS doctrine. The new doctrine is in line with the changed world situation where the NCAPS problems will need to be addressed on a regional rather than worldwide scale.

MARAD staff members participated in the annual Global (War) Game at the Naval War College in Newport, RI, designed to address future national security issues which may arise.

MARAD also was represented at meetings of DOD committees dealing with improving force closure, use of containers by the military, and sealift readiness.

The Agency also continued its participation in meetings of the National Port Readiness Steering Group and the National Port Readiness Working Group and acted as an exercise controller at the Port Readiness Exercise in Charleston, SC.

In its role as the National Shipping Authority, MARAD participated in the Naval Control of Shipping exercises "EXPORT GOLD 93", "BELL BUOY 94", "SEA SUPPLY 94" and "GALLANT APPROACH 94" during the year.

Piracy and Attacks on Merchant Shipping

Various international maritime organizations cite the areas of piracy and attacks on merchant shipping continuing in the South China Sea littoral including Indonesia, Vietnam, Hong Kong, China, and the Philippines; the Singapore and Malacca Straits; Ivory Coast and Horn of Africa; Brazil; and Bangladesh. MARAD continues to alert mariners to the potential problems and offers advice on effective counter-measures to deter a piracy boarding.

MARAD has encouraged the use of the Defense Mapping Agency's Anti-Shipping Activities Message system to report these incidents into a data base available to all mariners. Unfortunately, a large number of incidents are not reported. A total of 56 incidents were reported during FY 1994 which included two attacks against U.S.-flag merchant ships (one of which was successfully prevented). Many mariners were reported being beaten in these various incidents.

Reporting incidents represent about one- third of the actual total. The most active area for piracy remains in South East Asian waters particularly within a triangle drawn between Hong Kong, Luzon and Hainan Island.

"Phantom shipping" has become the newest form of maritime larceny. Phantom ships are stolen and fraudulently registered by providing false information to registering authorities. They take on cargo under false outward manifests and do not deliver the cargo. According to industry estimates at least $200 million worth of cargo falls victim annually to phantom shipping.

MARAD continued to coordinate an *ad hoc* interagency working group on maritime security awareness, which seeks to alleviate crimes that affect U.S. and foreign ports and vessels handling U.S. cargo. In FY 1994, the Agency held an international maritime conference to discuss mutual security concerns. As a result, a follow-up interagency working group session was held to determine possible actions to meet Federal and industry interests. About thirty projects relating to piracy, maritime terrorism, illegal aliens and stowaways, port security and cargo theft, and drug smuggling were initiated.

War Risk Insurance

MARAD administers the standby emergency War Risk Insurance Program in accordance with the statutory authority of Title XII of the Merchant Marine Act, 1936, as amended. The program encourages the continued flow of U.S. foreign commerce during periods when commercial insurance cannot be obtained on reasonable terms and conditions. It protects vessel operators and seafarers against losses resulting from war or warlike actions.

As of September 30, 1994, the War Risk Revolving Fund (Fund) asset total was approximately $23,464,800. There were two new assureds receiving binders during FY 1994 in exchange for $400 in binder fees. The fund earned $1,345,601 in investment income. Program expenses for FY 1993 totalled $55,029.53.

On September 30, 1994, 319 vessels had binders attached to provide eligibility for hull protection and indemnity and Second Seamen war risk insurance. About 488 barges had hull war risk insurance binders attached. All binders are effective for 30 days after an automatic termination of commercial insurance.

In addition to the standby war risk program, at the request of the Secretary of Defense, MARAD activated the war risk program with the approval of the President.

On March 2, 1993, the President approved procuring war risk insurance for vessels involved in Operation Restore Hope. Between March 1993 and June 1994 when the insurance was cancelled, MARAD issued 34 war risk insurance policies on 34 vessels involved with Operation Restore Hope were written. The MSC has not yet quantified the savings on war risk insurance during this operation.

MARAD continued to act as the claim agent for RRF vessels in FY 94. On September 30, 1994, approximately 335 personal injury claims submitted by or on behalf of American merchant seamen had been settled, at a total cost of $12.6 million. Among claims pending were those filed by or on behalf of American merchant seamen who crewed RRF vessels activated in support of Operations Desert Shield/Storm/Sortie in the Persian Gulf, as well as Operation Restore Hope in Somalia.

Approximately 20 administrative claims were also pending. MARAD also was assisting the U.S. Department of Justice in resolving about 150 litigation claims.

MARAD also monitors contractual requirements for marine insurance coverage placed in the commercial market on all existing Title XI vessels on which MARAD holds the mortgage, and vessels subsidized by the Government and Government-owned vessels on charter to private operators. One aspect of this compliance is to assure that the American marine insurance market has the opportunity to compete for the placement of marine insurance on these vessels. MARAD approved approximately $2.1 billion in marine hull and machinery insurance during fiscal year 1994. Fifty-four percent was placed in the American market and 46 percent in foreign insurance markets. This compares with a 49 percent American market placement for hull and machinery insurance during FY 93.

Scrapping or Removal of Obsolete Vessels

Twenty-one Government-owned vessels were offered for sale to citizens and noncitizens during the year for scrapping purposes under P.L. 97-177 as amended by P.L. 105-595. All twenty-one vessels were sold for a

total of $11,944,516.50. The funds from these sales were deposited in the Vessel Operations Revolving Fund.

Liberty Ship Memorial Program

Pursuant to P.L. 103-206, six obsolete vessels were transferred to three non-profit organizations for scrapping. The proceeds from the sale of these ships were to refurbish a Liberty or Victory ship maintained as a memorial to merchant mariners.

The SS JEREMIAH O'BRIEN, which is owned by MARAD, participated in the 1994 commemorative "Last Convoy" to Normandy. On June 5, 1994, during the 50th anniversary celebration of the Normandy invasion, President Bill Clinton became the first American president to board a merchant ship at-sea.

A new commemorative U.S. Merchant Marine Flag was hoisted at-sea for the first time during the President's visit.

Military equipment being loaded aboard a Ready Reserve Force vessel, preparing to leave for an exercise.

Chart 1: Piracy and Attacks on Merchant Shipping in FY 1994

Region	Number of Reported Incidents
China Sea littoral including Indonesia, Vietnam, Hong Kong, China, and the Philippines	17
Straits of Malacca & Singapore	12
Brazil	9
African Ivory Coast & Horn of Africa	5
Bangladesh	3
Other Regions	10

Source: U.S. Defense Mapping Agency, Navigational Information Network, Anti-Shipping Activities Message Data Base.

Table 1: NATIONAL DEFENSE RESERVE FLEET--SEPTEMBER 30, 1994

Home Port	NDRF Retention[1]	NDRF Non-Retention[2]	Reimbursable Custody[3]	Totals
James River, VA	31	28	41	100
Beaumont, TX	35	7	4	46
Suisun Bay, CA	16	21	33	70
Other Locations	68	2	0	70
Totals:	150	58	78	286

[1] Vessels maintained under the fleet preservation program for emergency activations, including the RRF.
[2] Vessels pending disposal under Section 510(i) provisions or donation pursuant to statute.
[3] Title XI vessels in default, Navy, and other Government-owned vessels in MARAD reimbursable custody. The owners reimburse MARAD for maintenance related costs.

Table 2: NATIONAL DEFENSE RESERVE FLEET, 1945--1994

Fiscal Year	Ships	Fiscal Year	Ships
1945	5	1970	1027
1946	1421	1971	860
1947	1204	1972	673
1948	1675	1973	541
1949	1934	1974	487
1950	2277	1975	419
1951	1767	1976	348
1952	1853	1977	333
1953	1932	1978	306
1954	2067	1979	317
1955	2068	1980	303
1956	2061	1981	317
1957	1889	1982	303
1958	2074	1983	304
1959	2060	1984	386
1960	2000	1985	300
1961	1923	1986	299
1962	1862	1987	326
1963	1819	1988	320
1964	1739	1989	312
1965	1594	1990	329
1966	1327	1991	316
1967	1152	1992	306
1968	1062	1993	302[1]
1969	1017	1994	286[2]

[1] Includes 75 vessels not owned by the Maritime Administration but in Maritime Administration custody.
[2] Includes 78 vessels not owned by the Maritime Administration but in Maritime Administration custody.

Table 3: MARINE AND WAR RISK INSURANCE APPROVED IN FY 1994

		Percentage	
Kind of Insurance	Total Amount	American	Foreign
Marine Hull & Machinery	$2,064,453,105	54	46
Marine Protection and Indemnity [1]			
War Risk Hull and Machinery	$1,304,725,630	46	54
War Risk Protection & Indemnity	$1,304,725,630	46	54

[1] Protection and Indemnity insurance coverage is obtained principally from assessable mutual associations managed in the British market and is unlimited, thereby making it impossible to arrive at the total amount or percentage figures for American and foreign participation.

Chapter 2

Shipbuilding and Ship Conversion

Title XI Guarantees

Title XI of the Merchant Marine Act, 1936, as amended, established the Federal Ship Financing Guarantee Program. As originally enacted, Title XI authorized the Federal Government to insure private sector loans or mortgages made to finance or refinance the construction or reconstruction of American-flag vessels.

Title XI was amended in 1972 to provide direct Government guarantees of the underlying debt obligations, with the Government holding a mortgage on the equipment financed. The program results in private sector funding of at least ten times the amount of appropriated Federal funds.

On November 30, 1993, the National Shipbuilding and Shipyard Conversion Act of 1993 (Shipbuilding Act) was enacted (Subtitle D of the National Defense Authorization Act for Fiscal Year 1994 [Public Law 103-160]). It expanded the existing Title XI program by authorizing the Secretary of Transportation to guarantee obligations issued to finance the construction, reconstruction, or reconditioning of eligible export vessels. It also authorized guarantees for shipyard modernization and improvement.

The Shipbuilding Act established a National Shipbuilding Initiative (NSI) program to support the industrial base for national security objectives. The NSI is expected to help reestablish the American shipbuilding industry as a self-sufficient internationally competitive industry.

The U.S. Government insures or guarantees full payment to the lender of the unpaid principal and interest of the mortgage obligation in the event of default by the vessel owners or general shipyard facility.

As of September 30, 1994, Title XI guarantees in force aggregated approximately $1.5 billion, covering 1,912 vessels and 105 individual companies (see Table 5).

During FY 1994, Congressional authority for the Title XI program had a cap of $12 billion, with $9.5 billion allocated to the Maritime Administration (MARAD), $1.65 billion reserved for ocean thermal energy conversion vessels and facilities, and $850 million authorized to guarantee the financing of fishing vessels by the National Oceanic and Atmospheric Administration.

Program participants are charged a one time filing and investigation fee plus an annual guarantee fee. There were no defaults and 26 voluntary payoffs on Title XI guaranteed contracts in FY 1994. The cash and investment balance of the fund on September 30, 1994, was approximately $895.6 million.

Five of the 12 Title XI applications approved in FY 1994 involved refinancing or restructuring of outstanding debt. The remaining approvals are shown in Table 4.

During FY 1994, the Federal Ship Financing Fund had a net income of $59.7 million. The cash balance of the fund on September 30, 1994 was $3.9 million. The Fund has been self-supporting for the past three fiscal years. No defaults were incurred during FY 1994. Treasury investments of the Fund on September 30, 1994, were $892 million.

National Maritime Resource and Education Center

MARAD established the National Maritime Resource and Education Center (NMREC) to assist the U.S. shipbuilding, ship repair and associated industries improve their international competitiveness. Under the NMREC, MARAD established new programs to assist these industries. The center will adapt to meet user identified needs.

The Marine Industry Standards Library performs searches, by subject matter or by standard number, on domestic and international standards and provides technical assistance. Additionally, MARAD's "Guideline Specifications for Merchant Ship Construction" was being updated at year's end to help U.S. shipyards compete for export business and to meet metric standards.

Under the NMREC, MARAD also will facilitate ISO 9000 registration for the marine industry by identifying

registrars and providing information on related topics and activities by a trained Agency auditor. MARAD works closely with standards- developing bodies and the U.S. Coast Guard to help encourage adoption of voluntary standards. MARAD also will support the U.S. Technical Advisory Group to the International Standards Organization Technical Committee on Ships and Marine Technology (ISO/TC-8).

Shipbuilding Research

President Clinton sent Congress his plan, "Strengthening America's Shipyards: A Plan for Competing in the International Market" on October 1, 1993. As one part of the plan, the Administration established an industry-driven defense conversion initiative to help speed technology transfer and process change in America's shipyards. Under the MARITECH program, awards focusing on development projects are made competitively, on a matching basis.

MARAD works closely with the Department of Defense's Advanced Research Projects Administration (ARPA) and the shipbuilding industry on MARITECH.

Shipbuilding industrial infrastructure is one of eleven technology focus areas identified by ARPA's Technology Reinvestment Project for defense conversion efforts. Cooperative agreements are intended to assist the U.S. shipbuilding industry's re-entry into the international commercial shipbuilding market.

In FY 1994, acting as agent for ARPA, MARAD entered into a $13,902,721 cooperative agreement with Bath Iron Works, Bath, ME, to develop the capability to construct competitive commercial ships for export. This research will assist Bath and its partners in transitioning from an almost purely defense-oriented shipyard to a successful world competitor.

CYBO Robots, Inc. Indianapolis, IN and its partners also are developing a portable robotic welding system that will enhance the international competitiveness of the U.S. commercial shipbuilding industry under a $12 million cooperative agreement.

Also working with ARPA, MARAD entered into cooperative agreements with several shipyards totalling in excess of $36 million. Halter Marine, Avondale, Modular Tankers Consortium, McDermott Shipping, and Ingalls Shipyards, among others, are participating. The agreements were awarded on a matching basis as part of the MARITECH program, which is designed to enhance the competitiveness of United States shipyards.

Shipyard Improvements

The U.S. ship construction and ship repair industry invested more than $168 million in FY 1994 to upgrade and expand facilities. Much of this investment went to improve efficiency and international competitiveness. Repairs and enhancements included building basins, floating drydocks, cranes, automated equipment, and highly mechanized production systems. The emphasis has been on introducing modular techniques--fabrication of larger subassemblies and preoutfitting of ship component.

Information received by MARAD indicates that U.S. shipyards plan to spend approximately $149 million for improvements in FY 1995. The industry's capital investments since 1970 have totaled $5.4 billion.

Shipyard Activity

Commercial shipyards continued to be awarded all of the Navy's new construction contracts. Twelve new vessels of 1,000 light displacement tons (LDT) and larger were ordered and 13 new Navy vessels were delivered by privately owned U.S. shipyards during this reporting period. U.S. Navy ship construction projects continued to dominate the workload in U.S. shipyards.

As of September 30, 1994, 60 Navy vessels of 1,000 LDT and over, were under construction, being converted, or on order in 9 privately owned U.S. Shipyards. Thirty-four have delivery dates extending through 1996.

A significant portion of the Navy's ship construction and conversion program is devoted to "T" ships. "T" ships are Government-owned, civilian-manned vessels assigned to the U.S. Navy's Military Sealift Command (MSC).

As of September 30, 1994, 11 T-ships were on order or under construction in four privately owned U.S. shipyards. In addition, there were five T-ships undergoing conversion. One T-ship was completed and orders for three new ships were placed in FY 1994.

The T-ship procurement program includes maritime prepositioning ships, fast sealift ships, fleet oilers,

auxiliary crane ships, ocean surveillance ships, survey ships, and hospital ships. These vessels are noncombat, mission-oriented, and designed to perform a specific primary service such as underway refueling or offloading other ships which do not possess self-unloading capability.

On September 30, 1994, there was one commercial oceangoing vessel larger than 1,000 gross tons on order in the United States. McDermott International, Morgan City, LA, ordered a 160 meter, 16,617 gross tons, (24,000 deadweight tons) sulphur carrier for operation in the U.S. domestic trade. The vessel is operated by Freeport-McMoran Resource Partners and was delivered in October 1994. Worldwide ship deliveries are shown in Table 6.

Auxiliary Crane Ship Program

The Auxiliary Crane Ships (T-ACS) Program permits off-loading of military cargo from containerships, which lack cargo gear, offshore, or in damaged or undeveloped ports. Existing commercial containerships are converted to crane ships by installing large, heavy-duty, marine deck cranes to self-unload their cargo and, more importantly, cargo from gearless containerships positioned alongside. These ships are an important adjunct to our national strategic sealift capability because they support worldwide sealift operations.

MARAD manages this reactivation and conversion program under a Memorandum of Understanding with the Navy. It maintains auxiliary crane ships in either the Ready Reserve Force or the National Defense Reserve Fleet, depending upon specific readiness assignments.

Offshore Petroleum Discharge System Program

The Offshore Petroleum Discharge System (OPDS) Conversion Program began in 1984. It is part of a project which uses modified tankers to pump fuel to Marine Corps and Army beach units from an offshore mooring. The system is designed to deploy up to 4 miles of conduit from ship to shore and begin delivering petroleum products within 48 hours. Other tankers can come alongside the OPDS, tie up, and transfer their cargo to shore. These operations are accomplished by civilian tanker personnel, with assistance from Navy tugs and diving units.

At the Navy's request, MARAD designed and contracted for the conversion of five OPDS vessels. The redeliveries of the OPDS-1 through OPDS-5 are shown on Chart 2.

Capital Construction Fund

The Capital Construction Fund (CCF) Program was established under the Merchant Marine Act of 1970. It assists operators in accumulating capital to build, acquire, and reconstruct vessels through the deferral of Federal income taxes on certain deposits, as defined in Section 607 of the Merchant Marine Act, 1936, as amended.

The CCF Program enables operators to build vessels for the U.S. foreign trade, Great Lakes, noncontiguous domestic trade (e.g., between the west coast and Hawaii), and the fisheries of the United States. It aids in the construction, reconstruction, or acquisition of a wide variety of vessels, including containerships, tankers, bulk carriers, tugs, barges, supply vessels, ferries and passenger vessels, and has resulted in private sector investment in U.S.-flag vessels.

In calendar year 1993, $129 million was deposited into these accounts. Since the program was initiated in 1971, fund holders have deposited $5.8 billion in CCF accounts and withdrawn $4.6 billion for the modernization and expansion of the U.S. merchant marine. As of December 31, 1993, a total of 111 companies (shown in Table 7) were parties to CCF agreements.

Construction Reserve Fund

Like the Capital Construction Fund, the Construction Reserve Fund (CRF) encourages upgrading of the American-flag fleet. This program allows eligible parties to defer taxation of capital gains on the sale or other disposition of a vessel if net proceeds are placed in a CRF and reinvested in a new vessel within 3 years.

The CRF is used predominately by owners of vessels operated in coastwise trades, the inland waterways, and other trades not eligible for the CCF Program.

The number of companies with CRF balances remained constant at six during the 1994 fiscal year (see Table 8). The total monies on deposit decreased from $3.6 million to $1.7 million.

Table 4: TITLE XI APPROVED GUARANTEES IN FISCAL YEAR 1994

Company	Vessels	Maximum Guarantee Amount Approved
Puerto Quetzal Power Corp.	2 barge mounted power plants	$25,000,000
Cenac Towing Co., Inc.	40 tank barges	40,705,000
Penn Barge, Inc.	2 integrated tug/barges	26,250,000
Global Industries, Ltd.	1 swath dive support vessel	20,747,000
Coastal Ship, Inc.	2 catamaran RO/ROs	115,912,000
Compania de Electricidad de Puerto Plata	1 barge mounted power plant	34,293,000
National Steel and Shipbuilding Co.	Phase I and Phase II Capital Improvement Projects	22,700,000

[1] In FY 1994, 12 applications were approved. Five involved the refinancing or restructuring of outstanding debt. At year's end there were nine applications pending.

Table 5: FEDERAL SHIP FINANCING GUARANTEE (TITLE XI) PROGRAM SUMMARY
Principal Liability (Statutory Limit $9.5 Billion) - September 30, 1994

	Contracts in Force	
	Outstanding	
	Vessels Covered	Amount (Millions)
Coastal	111	$129,253,221.31
Bulk	55	841,340,277.41
Drill Rig	1	2,326,000.00
Drill Supply	9	4,943,150.00
Inland	1,416	154,567,544.77
Liner	296[1]	143,336,000.00
Other	24	204,601,184.28
TOTALS[2]	1,912	$1,480,367,377.77

[1]Includes 291 LASH barges.
[2]Includes cruise vessels, dredging vessels, crane barges, pipe-laying barges, power plants, and improvement projects.

Table 6: WORLDWIDE SHIP DELIVERIES - CALENDAR YEAR 1994 (TONNAGE IN THOUSANDS)

Country of Construction	Total All Types No.	Total All Types Deadweight Tons	Combination Pass. & Cargo No.	Combination Pass. & Cargo Deadweight Tons	Freighters No.	Freighters Deadweight Tons	Bulk Carriers No.	Bulk Carriers Deadweight Tons	Tankers No.	Tankers Deadweight Tons
Total	**630**	**29,697**	**6**	**31**	**281**	**3,723**	**102**	**7,599**	**241**	**18,144**
United States	-	-	-	-	-	-	-	-	-	-
Argentina	1	6	-	-	1	6	-	-	-	-
Belgium	1	2	-	-	-	-	-	-	1	2
Brazil	10	499	-	-	3	20	-	-	7	479
Bulgaria	8	17	-	-	3	27	1	-	5	44
China	23	762	-	-	7	27	7	233	9	502
Croatia	6	259	-	-	3	63	-	-	3	196
Denmark	28	1,389	-	-	18	154	4	323	6	912
Finland	1	7	1	7	-	-	-	-	-	-
France	1	5	1	5	-	-	-	-	-	-
Germany	57	911	-	-	52	854	-	-	5	57
Hungary	2	71	-	-	2	71	-	-	-	-
India	3	31	-	-	1	2	2	29	-	-
Indonesia	17	60	-	-	16	58	-	-	1	2
Italy	21	373	-	-	7	106	-	-	14	267
Japan	243	23,959	1	6	71	1,285	50	2,909	12	9,759
Korea (South)	78	7,806	-	-	19	504	24	2,741	35	4,561
Kuwait	3	855	-	-	-	-	-	-	3	855
Malaysia	2	13	-	-	-	-	-	-	2	13
Mexico	1	3	-	-	1	3	-	-	-	-
Netherlands	26	133	2	11	18	92	-	-	6	30
Norway	8	118	-	-	4	35	-	-	4	83
Poland	17	445	-	-	14	175	2	179	1	91
Portgual	5	147	-	-	4	12	-	-	1	135
Romania	8	209	-	-	7	37	1	172	-	-
Russia	9	41	-	-	7	32	2	9	-	-
Singapore	8	52	-	-	2	10	-	-	6	42
Solvakia	4	15	-	-	4	15	-	-	-	-
South Africa	1	10	-	-	1	10	-	-	-	-
Spain	7	482	1	2	-	-	-	-	6	480
Taiwan	8	1,091	-	-	1	45	7	1.046	-	-
Turkey	10	49	-	-	9	46	-	-	1	3
Ukraine	9	305	-	-	3	31	3	158	3	126
United Kingdom	5	362	-	-	1	2	-	-	4	360
Yugolsavia	1	3	-	-	1	3	-	-	-	-

Table 7: CAPITAL CONSTRUCTION FUND HOLDERS -- December 31, 1993

AFFCO, Incorporated
Afram Lines (USA) Co., Ltd.
Alaska Riverways, Inc.
Alpha Marine Services, Inc.
Amak Towing Co., Inc.
A.M.C. Boats, Inc.
American Classic Voyagas, Co.
American President Lines, Ltd.
American Shipping, Inc.
Anderson Tug & Barge Co.
Andover Company, L.P.
Aquarius Marine Co.
Atlantic Richfield Co.
Atlas Marine Company
Bankers Trust New York, Corp.
Bethlehem Steel Corp.
Bigone Vessel Fueling Company of Chicago
Binkley Co., The
Blue Lines, Inc.
Brice, Inc.
C & C Boat Rentals, Inc.
C & E Boat Rentals Inc.
Campbell Towing Co.
Cement Transit Co.
Citimarlease (Burmah I), Inc.
Citimarlease (Burmah LNG Carrier), Inc.
Citimarlease (Burmah Liquegas), Inc.
Citimarlease (Fulton), Inc.
Citimarlease (Whitney), Inc.
Clipper Navigation, Inc.
Cowan Towing & Salvage Co.
Crewboats Inc.
Cross Marine, Inc.
Crowley Maritime Corp.
Danos & Curole Marine Contractors, Inc.
Durocher Dock & Dredge
Edison Chouest Offshore, Inc.
Edward E. Gillen Co.
Eserman Offshore Service, Inc.
Exxon Shipping Corp.
Falcon Alpha Shipping, Inc.
Falcon Capital, Inc.
Farrell Lines, Inc.
First Island Company
Foss Maritime Co.
Fred Devine Diving & Salvage, Inc.
G&B Marine Transportation, Inc.
GATX Corp.
General Electric Credit and Leasing Corp.
General Electric Credit Corp. of Delaware
General Electric Credit Corp. of Georgia
Gilco Supply Boats, Inc.
Global Industries, Ltd.
Great Lakes Towing Co.
Hannah Brothers
Hannah Marine Corp.
Hawaiian Electric Indus.
Hone Heke Corporation, DBA Expeditions
Hvide Shipping, Inc.
Iberia Crewboats & Marine Service, Inc.
Inland Steel Co.
Inter Cities Navigation (Texas) Corp.
International Shipholding Corp.
Interstate Towing (Texas) Co.
John E. Graham & Sons
Kenai Fjord Tours, Inc.
Kinsman Lines, Inc.
L&L Marine Services, Inc.
Leppaluoto Offshore Marine, Inc.
Lykes Bros. Steamship Co.
Madeline Island Ferry Line, Inc.
Marine Investment Company of Delaware (Sun Co.)
Matson Navigation Company, Inc.
Middle Rock, Inc.
Miller Boat Line, Inc.
Milwaukee Bulk Terminals, Inc.
Montco Offshore, Inc.
National Steel and Shipbuilding Co.
Neuman Boat Line, Inc.
Nicor, Inc.
North American Boat Rentals, Inc.
Northland Services, Inc.
Ocean Shipholdings, Inc.
Oceanic Research Services, Inc.
O.L. Schmidt Barge Lines, Inc.
Oglebay Norton Co.
OMI Corp.
Overseas Shipholding Group, Inc.
Pacific Hawaiian Line, Inc.
Rainbow Tours
Ritchie Transportation Co.
Sacramento Tugboat Company
Sause Bros. Inc.
Seabulk Tankers, Ltd.
Sea-Land Corp.
Sea-Mar Operators, Inc.
Sheplers, Inc.
Silver Bay Loggings Inc.
Stan Stephens Charters, Inc.
St. Bernard Boat Rental Inc.
State Boat Corporation
Steel Style Marine
TMT Corporation
The Delta Queen Steamboat, Co.
Tobias, Inc.
Totem Resources Corp.
Union Oil Co. of California
Waveland Marine Service, Inc.
West Travel, Inc.
Western Pioneer, Inc.
Windjammer Cruises, Inc.
Y & S Marine, Inc.

Table 8: CONSTRUCTION RESERVE FUND HOLDERS - SEPTEMBER 30, 1994

A/C Leasing Corp.
Bud's Boat Rental, Inc.
Central Gulf Steamship Corp.
Ingram Industries, Inc.
Pacific Hawaiian Line, Inc.
Serodino, Inc.

Chart 2: OFFSHORE PETROLEUM DISCHARGE SYSTEM PROGRAM SCHEDULE

NAME	SHIPYARD	REDELIVERY[1]
OPDS-1 SS POTOMAC	Alabama SB & DD	03/03/86
OPDS-2 SS AMERICAN OSPREY	Alabama SB & DD	08/08/88
OPDS-3 SS CHESAPEAKE	Houston Ship Repair	07/15/91
OPDS-4 SS PETERSBURG	Houston Ship Repair	02/23/94
OPDS-5 SS MOUNT WASHINGTON	Marine Hydraulics, Inc.	(02/24/95)

[1] Dates in parenthesis indicate planned dates; others are actual dates.

Equipment being driven aboard the Ready Reserve Force vessel CAPE INSCRIPTION as it is prepared for a military operation.

Chapter 3

International Activities

The Maritime Administration (MARAD) continued its efforts to obtain equitable treatment for the participation of U.S.-flag carriers in world trade. MARAD conducted discussions with China and Russia and took part in several multilateral conferences. The Agency continued to work for increased U.S.-flag carriage of automobiles from Japan to the United States. Currently four U.S.-flag pure car carriers operate in this trade.

North American Transportation Summit

The Maritime Administrator participated in the first North American Transportation Summit. It was held on April 29, 1994 in Washington, DC. Secretary of Transportation Federico Peña convened the Summit with the Mexican Secretary of Communications and Transportation and the Canadian Minister of Transport.

It was held to ensure that, with the growth of trade stimulated by the North American Free Trade Agreement (NAFTA), the transportation systems of the United States, Mexico, and Canada will be able to handle increased trade in a safe, efficient, and equitable manner.

Initiatives to maximize the efficiency of current border and port facilities were discussed as well as the potential of these North American countries' maritime and port systems to increase trade. The existing potential to relieve congestion at land border crossings was also discussed.

Consultations with China

MARAD officials met with a Chinese maritime delegation in Beijing, November 8-10, 1993, to discuss problems affecting the shipping relations of the two countries.

The delegations signed Agreed Minutes in which China committed to eliminate or reduce restrictions faced by U.S. shipping companies operating in the bilateral trade.

These commitments included expansion of trucking service in China by U.S. carriers, recognition of conference tariffs by Chinese agents, a very positive approach by Chinese authorities toward establishment by U.S. carriers of wholly-owned freight forwarding/consolidation operations in China, and confirmation of approval by China of space charter/container slot operations of U. S. carriers. The bilateral maritime agreement was extended for 2 years, to December 15, 1995.

Consultations with Russia

The Maritime Administrator led a U.S. maritime delegation in consultations with a Russian delegation in Washington in April 1994. These were the first meetings between U.S. and Russian maritime delegations in 2 years. The delegations signed Agreed Minutes which covered several issues including: ways to improve communications to facilitate faster unloading of U.S.-flag vessels in Russian ports; access of U.S. carriers to the Russia-Korea trade; and the interest of Russian carriers in being removed from the purview of the Controlled Carrier Act.

Developments on Agreement with Brazil

In September 1994 the United States and Brazil extended the 18-month bilateral maritime agreement an additional 6 months, from January through July 1995. The extension allows time to prepare for negotiations on a new equal access agreement after Brazil's late fall 1994 elections. Progress was achieved on two important issues addressed in the current agreement. Brazil repealed earlier restrictions on transhipments, and each country took action to accord reciprocal nondiscriminatory treatment of the other country's vessels on lighthouse and tonnage fees.

Organization for Economic Cooperation and Development (OECD)

MARAD assisted in negotiations on shipbuilding subsidies, headed by the Office of the U.S. Trade Representative. An OECD agreement to eliminate such subsidies and other distortive practices was successfully concluded in July 1994. The agreement phases out virtually all direct and indirect subsidies, establishes common rules for government assisted financing, creates an injurious pricing code to prevent ship dumping, and provides a binding dispute settlement mechanism. The other parties to the agreement are Japan, Korea, the European Union, Finland, Norway, and Sweden.

Following ratification by Congress, the agreement is expected to take effect in January 1996. MARAD served on the U.S. delegation to several negotiating sessions. Conclusion of the agreement was a major step in accomplishing a key goal of the President's shipyard revitalization plan--to ensure fair international competition.

MARAD also assisted in preparations for meetings of the OECD's Maritime Transport Committee and participated in a working group examination of member countries' support measures for shipping.

General Agreement on Tariffs and Trade (GATT)

Uruguay Round negotiations under the GATT ended on December 15, 1993. MARAD participated in the final negotiating session of the General Agreement on Trade in Services (GATS), the services portion of the agreement. Results in the maritime transport services sector were inconclusive. A ministerial decision accompanying the GATS provides for an additional 2 years of sectoral negotiations on maritime transport. MARAD participated in the first sessions of those extended negotiations in May and July 1994.

Other Activities

MARAD participated in the annual meeting of the Transport Canada-U.S. Department of Transportation Emergency Planning Committee for Civil Transportation in Ottawa, Canada in May 1994.

In November 1993, MARAD led the U.S. delegation to the VIII Inter-American Port and Harbor Conference in Honduras. The conference focused on the increasing privatization of port operations in the Western Hemisphere.

In January 1994, MARAD led the U.S. delegation to a meeting in Chile of the Permanent Technical Committee of Ports, the executive organ of the Conference which identified opportunities for improving Latin American and Caribbean ports in the areas of administration, operations, and training.

Additionally, in June 1994, as head of the Organization of American States' Subcommittee on Port Training, MARAD chaired a meeting of the member countries and several international cooperative agencies at the Port of Miami. Work was begun on a coordinated training program for the ports in the region.

MARAD released its updated report, *Maritime Subsidies,* which describes the support that 57 nations provide to their maritime industries. The publication discusses the policies of these nations and describes a wide variety of measures, including operating and construction subsidies, financing programs, export credits, tax benefits, regulatory and market supports, and social or economic programs.

Additionally, MARAD participated in meetings and training sessions of various subsidiary groups of the North Atlantic Treaty Organization (NATO). The Maritime Administrator is the Washington Chairman of NATO's Planning Board for Ocean Shipping.

The Agency also participated in selected activities of NATO's Senior Civil Emergency Planning Committee including planning for a Crisis Management Exercise and training of international shipping executives.

Chapter 4

Port and Intermodal Development

The Maritime Administration (MARAD) provides technical assistance in port and intermodal planning and operations to State and local port authorities, private industry, and foreign governments. It also develops contingency plans for the use of ports and port facilities in times of national emergency or war. Other port activities are discussed in Chapter 3.

Congressional Report on Public Ports

The Secretary of Transportation is required by Public Law (P.L.) 96-371 to report to the Congress on the status of United States public ports. The report for calendar years (CY) 1992 and 1993 examined the capabilities, composition, and financial status of the port industry, highlighted issues and problems, and reviewed the importance of U.S. ports to the Nation's economy and military security.

Intermodal Surface Transportation Efficiency Act of 1991

Under the Intermodal Surface Transportation Efficiency Act (ISTEA) development of an economical and environmentally efficient intermodal transport system became a more important national policy. This system includes adequate land transportation access to ports and intermodal facilities. ISTEA also mandated the development of the National Highway System (NHS) within 2 years of enactment. The legislation established the objective and criteria for developing the NHS, including landside access via urban and rural highways, to provide motor vehicle access via major port, airport, public transportation facility, or other intermodal transportation facility.

The Federal Highway Administration (FHWA), in cooperation with the States, will identify the highways that will tie major ports and terminals together as a part of the NHS. MARAD will continue its efforts to assure that the land transportation needs of the maritime industry are adequately addressed.

MARAD encouraged ports to develop proposed port access routes for presentation to their Metropolitan Planning Organizations and State Departments of Transportation for inclusion in the NHS.

The Agency also continued its educational outreach program with public and private sector organizations to implement the port-related provisions of ISTEA in FY 1994. This program includes seminars, videos, brochures, and displays that benefit State and regional transportation planners and public port authorities.

National Transportation System

MARAD is actively participating in the Department's efforts to develop a National Transportation System (NTS). This system is expected to include all transportation components which contribute significantly to the American economy. MARAD is working to ensure that ports, marine transportation, and intermodal freight components of the NTS receive adequate appraisal, consideration, and funding.

National Maritime System

The National Maritime System (NMS) significantly contributes to the American economy and links the United States to the world. Over 1.9 billion metric tons of foreign and domestic commerce were transported by water in 1992.

The NMS is composed of deepdraft ocean trades, the deepdraft rivers, bays, and estuaries -- including over 1,205 miles of channels and canals. It also includes over 10,500 miles of shallow draft inland and intracoastal waterways, 160 locks and dams and 355 ports.

In addition, it includes the coastwise and intercoastal deepdraft trades, U.S. controlled offshore sealanes to Alaska, Hawaii, Puerto Rico, and Guam, as well as the Great Lakes deepdraft trades.

MARAD defined the NMS to ensure that its importance was fully recognized during development of the NTS.

Port and Channel Dredging and Dredged Material Disposal

The Interagency Working Group on the Dredging Process was established in October 1993 by Secretary of Transportation Federico Peña under the chairmanship of MARAD's Deputy Administrator. It was to review the current dredging and dredged material disposal process and recommend improvements. With MARAD as lead agency, the group included representatives from the U.S. Army Corps of Engineers (COE), the Environmental Protection Agency (EPA), the Fish and Wildlife Service, the Office of Ocean and Coastal Resource Management, and the National Marine Fisheries Service.

Two rounds of outreach meetings in 10 cities were held around the Nation. Comments from these meetings and an Options Paper produced for the second round were used to formulate the Group's recommendations. The latter was issued by Secretary Peña on December 29, 1994, in an action plan. The implementation of the plan will be overseen by a national dredging team composed of members of the Federal agencies participating in the Group.

Other MARAD dredging efforts included:

o Participating in the New York Dredged Materials Forum and working groups sponsored by the COE, EPA, and the States of New York and New Jersey to develop short-term and long-term solutions for disposal of contaminated sediment in the Port of New York-New Jersey.

o Participating in other national and international conferences designed to improve the dredging and dredged material process.

Automated Tools for Improved Planning and Operations

MARAD continued its efforts to develop automated tools to assist in improving port planning and operation capabilities and estimating advances in productivity and contributions to the local and national economies.

The Agency continued evaluating the use of geographic information systems as they apply to intermodal port planning and operations.

At year's end, MARAD was considering using video and simulation technologies for port planning. This type of technology can model marine terminal, ship, rail, and truck operations using multimedia imagery and simulation.

Technical Assistance

MARAD continued to provide technical assistance to the port and intermodal industry. Several projects were aimed at enhancing the role of U.S. ports and intermodal transportation companies in economic development and national defense. This involved developing analytical reports, methodologies, and data systems for improving planning, productivity, and the general efficiency of port management and marine terminal operations. These projects were cost-shared by MARAD and appropriate State or local port authorities and private sector organizations.

In addition, MARAD supported several local port dredging projects and dredged material disposal plans. In letters to the COE, the Agency stressed the importance of adequate water depths in navigation channels and berthing areas to national trade competitiveness and intermodal transportation efficiency.

Port and Intermodal Planning Programs

MARAD participated in ISTEA and landside access presentations with other Department agencies and with private entities. Port planning information systems and port financial and economic analyses were emphasized as well as development of generic methodologies that can be used by any port and region.

Projects under these programs which were completed, ongoing, or initiated in FY 1994 are listed in the following sections.

Projects Completed	Description
Public Port Financing in the United States	In cooperation with the American Association of Port Authorities (AAPA), prepared and published a comprehensive study of U.S. public port financing relating to operations, development and expansion. The study provides information on the nationwide economic impacts of ports; public port capital expenditures; the international trade climate; the legislative issues under which ports operate; technological developments impacting ports; and privatization trends outside the United States.
National Highway System (NHS)	Provided technical assistance to the FHWA in identifying port and intermodal access connections that should be included in the NHS.
ISTEA Training Courses	Assisted in the development and conduct of the first National Highway Institute pilot course "Intermodal Access to Public Terminal Facilities" jointly funded by MARAD and FHWA. Also worked on the second course: "Intermodal Management Systems for Managers and Technical Staff".
Presidential Review on Oceans	Drafted the section on the importance of seapower, ports, and dredging in the Presidential Review Directive on Oceans, Freshwater, and Fisheries for the National Security Council. This foreign policy reflected the U.S. environmental policy on oceans.
Inland Waterway Geographic Information System (GIS) Network	Participated in the National GIS Waterway Design Committee which developed a GIS network of the U.S. inland waterway system.
Port Expenditure Survey	Prepared and published the *United States Port Development Expenditure Report*. It summarized the public port industry's capital expenditures for 1991 and the proposed expenditures for the years 1993-1998. It also analyzed the funding sources used to finance these expenditures.
Economic Impact of Port Industry	Completed study of the economic impact of the U.S. port industry by employment, income, and sales and contribution to Gross Domestic Product.

Ongoing Projects	Description
Remediation and Management of Contaminated Sediments	Participated in the National Research Council's Marine Board study that is assessing the best management practices and current and emerging technologies for remediation of contaminated sediments.
Interagency ISTEA Conference	MARAD and other DOT agencies continued the planning for a cost-shared National Conference on Intermodalism: "Making the Case, Making It Happen" to be conducted by the Transportation Research Board (TRB) of the NRC.
Intermodal Freight and Port Videos	MARAD, in cooperation with other DOT modes and industry representatives, continued developing intermodal freight and port videos to emphasize the importance of access between ports and surface transportation systems.
Interagency Agreements	Continued implementing key provisions of memoranda of understanding (MOU) between MARAD and other DOT agencies which seek to remove land transportation bottlenecks affecting the flow of cargo and people to and from the Nation's ports.
Intermodal Outreach Program	Continued efforts to help ports coordinate planning and funding of projects which qualify under ISTEA, through local, regional, and State planning agencies.
Port Facilities Database	Continued maintaining, operating, and updating MARAD's automated port facility inventory for ocean and inland river ports.
Foreign Trade Data	Continued active participation in the Bureau of Census' Foreign Trade Data Users Group, which seeks to improve the quality of data collected and published on international trade transactions.
Economic Impact Model	Continued updating the Agency's economic impact model for U.S. flag shipping, shipbuilding, port capital expenditures and port users.
Geographic Information Systems	Continued investigating uses of GIS technology for port access, planning and operations to improve productivity in cargo transfer.
Federal Geographic Data	Participated in the Federal Geographic Data Committee's Ground Transportation Subcommittee, which is promoting the development of an intermodal ground transportation network and database.

	Description
	Began preparing the *United States Port Development Expenditure Report* on the industry's 1993 capital expenditures for new construction, modernization, and rehabilitation, and projections for 1994-1998.
≡ight	MARAD began developing two brochures. One concentrates on opportunities for ISTEA monies to aid rail projects and the other focuses on intermodal freight transportation.

■erations Programs

⊃ improve productivity in the ■ ipment, and waterways. ≡rgency operating conditions r war.

Projects in these programs which were completed, ongoing, or initiated in FY 1994 are described below.

	Description
≡rmodal Equipment	Updated and published 1994 *Inventory of American Intermodal Equipment.*
■mericas Research	Completed Phase I research on the Maritime System of the Americas (MSA) which investigated the technical and economic potential for trade between the United States and Mexico using vessels that can navigate both ocean and inland waters. MARAD and the Mexican Secretariat of Communications and Transportation co-hosted a meeting in Veracruz, Mexico, on July 29, 1994, to discuss the mutual potential for the MSA.
⊐le Agreement (NAFTA)	MARAD represented the United States in the initial meeting of the United States/Canada/Mexico Maritime and Ports Policy Subgroup on July 11, 1994, in Cancun, Mexico. This trilateral Subgroup was created as a result of the North American Transportation Summit and functions within the Transportation Consultative Group (TCG).

	Description
■mericas	Preliminary research findings of Phases II and III of the MSA program were developed and presented at a meeting in Veracruz, Mexico. Phase II investigates conditions defining market share for services of short-sea vessels with transhipment at coastal ports for the

	trade between the United States and Mexico and other nearby countries. Phase III focuses on intermodal operations of deep-draft oceangoing vessels.
Border Infrastructure and Facilitation	MARAD continues to provide the maritime and seaport perspective to the National Economic Council's Border Efficiency Task Force on Border Issues, Programs, and Barriers to Further Improvements. This Task Force was established by the NEC in response to results of the ISTEA Section 6015 Border Crossing Study.

Initiated	**Description**
Marine/Rail Terminal Interface	Initiated Phase II of an "Integrated Marine/Rail Intermodal System" program in cooperation with the ports of Long Beach and Los Angeles. This phase will define the critical elements of an efficient marine/rail intermodal system that can accommodate cargo growth in spite of limited availability of port land for expansion.

Chapter 5

Domestic Operations

The segment of the American merchant marine which operates on the Great Lakes, the inland waterways, and in the coastwise, intercoastal, and domestic offshore trades carries a combined total of over 1 billion short tons of cargo each year.

Great Lakes

The U.S.-flag Great Lakes bulk fleet consisted of 68 self-propelled vessels of 1,000 gross registered tons and over, 55 of which were active and 4 were temporarily inactive on September 30, 1994. (See Table 17.) This represents nearly full utilization of the vessels capable of competitive operation in the region's bulk trades.

The primary dry bulk cargoes, iron ore, coal, and limestone, shipped from U.S. ports during the 1994 shipping season through September totaled 77.7 million short tons. Vessel use remained about average throughout the year. Total cargo carried in 1994 was about the same as the previous year.

Inland Waterways

When navigation resumed in the spring of 1994 on the Upper Mississippi River, shallow-draft navigation was severely disrupted as a result of the floods of 1993. Barge operators confronted sandbars, shoaling, debris, and misplaced and lost aids-to-navigation. In June and July 1994, when business was improving after months of weak traffic and low grain exports, some tows were still running aground. As a result of the weak demand for grain exports and an unusually strong demand for imported raw materials, operators found themselves in the unique situation of moving more loads northbound than southbound.

The U.S. Department of Agriculture (USDA) forecast record crop yields for corn and soybeans for 1994, and barge freight rates have risen accordingly. However, actual grain movement is down from last year (when the river was closed for nearly 2 months) as farmers delayed moving their harvest to market because of low prices. Expectations of a huge crop continued to drive prices down at year's end.

According to U. S. Army Corps of Engineers' (COE) statistics, internal inland waterway tonnage increased about 3.5 percent since 1991. Additionally, it rose from 600.4 million tons to 621 million tons in 1992. The number of active dry cargo hopper barges increased slightly from last year and new buildings totaled 379. Changes in the liquid fleet were minimal. New buildings totaled 34, the fewest since 1989. At year's end, the inland fleet consisted of just over 18,000 dry barges and 2,950 liquid barges. However, with the Maritime Administration's (MARAD) expanded Title XI program discussed in Chapter 2, new applications from inland waterway operators are expected to increase.

Navigational safety was seriously reviewed as a result of a marine/rail accident that occurred in 1993. In its aftermath, regulatory changes supported by the towing industry will lead to new safety and training requirements for waterway operators. The waterway industry has worked closely with the USCG and Congress, endorsing legislation that should result in a safer operating environment.

A number of issues continue to concern the industry, including the future of the Upper Mississippi River, and its ability to continue to serve commercial interests and maintain its environmental assets; water rights that involve competing uses of the river, and environmental protection, which puts commercial navigation and endangered species on opposite sides. Two cases being discussed involve the declining salmon population in the Columbia/Snake River System and the Alabama sturgeon in Tennessee-Tombigbee Waterway.

Economically, vessel utilization is up, but rates still are not compensatory for replacing old equipment. Operational costs continue to rise, and the 19 cents per gallon fuel tax will rise to 20 cents on January 1, 1995. The consolidation of companies within the barge industry has slowed, but the trend to seamless transportation continues. Former modal competitors are becoming intermodal partners, as railroads and barge lines are looking to joint ventures.

Funding for new waterway construction and operations and maintenance projects is also a major concern. One possible solution from the waterway

industry encourages the COE to examine less costly ways to build these projects. This approach would shorten the construction timeframe and slow the drain on the Inland Waterways Trust Fund.

The explosive growth of riverboat gambling vessels continued in FY 1994. River boats continued to increase on the Mississippi River and other locations from Iowa to Louisiana. At year's end, there were 22 gambling vessels in service, over 30 under construction, and about 50 in the design stage.

As a follow-up to the brochure, *Environmental Advantages of Inland Barge Transportation* issued last year, MARAD released a comprehensive final report that analyzes the different impacts that commercial freight operations -- rail, water, and truck -- have on the environment.

MARAD also continued to work with the COE and the Missouri River Basin Association to develop a new water control plan for operating the reservoirs on the Missouri River.

Great Lakes to Inland Waterways

Shippers in the Great Lakes are using river barges between Great Lakes ports in Lake Michigan through Chicago and the Illinois waterway to domestic and international markets. This new trend led to the Port of Milwaukee's gain of over 175,000 tons of new business. Barge transportation offers cost-effective alternatives to shippers and reduces the impact on the environment.

Secretary of Transportation Federico Peña has supported a trial evaluation of barges transiting between ports in western Michigan and Illinois. This integration of the inland system with the Great Lakes is an integral part of America's National Transportation Strategy for full utilization of the Nation's waterways system.

Domestic Tanker Movements

U.S.-flag tankers averaged 67 voyages each month from Valdez, AK in FY 1994. An average of 1.70 million barrels per day of crude were transported from Valdez in calendar year 1993. Of these shipments, 79 percent went to the U.S. west coast, 9 percent to Panama for transshipment to the U.S. east coast, 6 percent to the Virgin Islands, and 6 percent to Alaska and Hawaii. The tanker and barge movements of petroleum from the gulf coast to the east coast has increased by over 8 percent, averaging about .5 million barrels per day.

Offshore Drilling

Seventy percent of the production in the U.S. Gulf of Mexico is natural gas. In October 1994 gas prices from offshore production in the Gulf of Mexico were quoted as $1.47 per million cubic feet ($/mcf). This price was down from $1.99 a year earlier. Recently the spot price has been moving in a narrow range between $1.40 and $1.50. In the last 25 years, the oil industry reorganized its exploration and development activities to minimize fixed costs. A pyramidal structure evolved: major assets are now rented, not owned, and the major oil companies permit independent service companies to bid on each aspect of development projects, such as seismic survey, exploratory drilling and logistics support. Additionally, mobile rigs now are typically chartered and equipment used in wells, such as drill pipe, are rented. This structure permits rapid changes in the size of oil company exploration budgets, but support/supplier companies (and their lenders) have experienced feast or famine business cycles.

A significant increase in the level of gas production in the U.S. Gulf seems unlikely. The depletion rates of existing wells suggest that many will be exhausted within 3 years, and in the near future many of the currently operating offshore rigs in the Gulf of Mexico will have to be replaced. At year's end, there were 178 mobile offshore rigs located in the Gulf of Mexico, of these 141 were under contract. This translates into a 79.2 percent utilization rate.

Offshore Service Vessels

The offshore industry is an outstanding example of successful competition at work. The rate paid for tug/supply boats and other support craft is almost totally dependent on the number of working rigs. As a rule of thumb, each working rig means work for 1.5 to 2 support/supply vessels. Most jobs for these support vessels are put out to bid by the oil companies on a "day rate" basis. Because there is little to differentiate one supply boat from another, the "day rate" a boat can command is a direct function of the "rig count" (the number of rigs working).

The utilization rate for offshore supply vessels has gradually been improving as a result of only limited new building while a number of existing vessels were converted into specialized services, such as spill response.

Table 9: U.S.-FLAG GREAT LAKES BULK FLEET [1]--SEPTEMBER 30, 1994

	Vessels	Gross Registered Tons	Estimated Deadweight Tons
Total	**76**	**1,088,274**	**2,085,486**
Bulk Carriers	**68**	**1,057,246**	**2,071,266**
Active	55	951,991	1,881,141
Temporarily Inactive	4	28,412	57,090
Laid Up Inactive (More than 12 months)	9	76,843	133,035
Tankers	**2**	**9,758**	**14,220**
Active	1	3,904	5,549
Temporarily Inactive	1	5,854	8,671
Others [2]	**6**	**21,270**	-
Active	1	4,244	-
Temporarily Inactive	0	0	-
Laid Up Inactive (More than 12 months)	5	17,026	-

[1] Self-propelled vessels of 1,000 gross registered tons and over.
[2] Includes railroad car ferries and auto ferries.

Chapter 6

Ship Operations

U.S.-Flag Fleet Profile

The U.S.-flag, privately owned, deep-draft merchant fleet (including the Great Lakes fleet shown in Table 9) totaled 434 vessels with an aggregate carrying capacity of about 18.6 million deadweight tons (dwt.) on September 30, 1994.

The oceangoing segment of the privately owned fleet comprised 358 vessels of 16.5 million dwt., of which 332 ships of 15 million dwt. were active. The latter included 27 breakbulk cargo ships, 129 intermodal vessels (containerships, barge-carrying vessels and roll-on\roll-off vanships known as RO/ROs), 2 combination passenger-cargo ships, 154 tankers (including liquefied natural gas carriers), and 20 bulk carriers. (See Table 10.) The remaining 26 vessels were inactive and laid up.

Employment of the U.S.-flag oceangoing merchant fleet (including Government-owned ships) in fiscal year (FY) 1994 is shown in Table 11.

The privately owned, American-flag merchant fleet ranked 15th in the world on a dwt. basis and 16th in the total number of ships on January 1, 1994. (See Table 12.)

Preliminary data for commercial cargoes carried by ships of all flags in the U.S. oceanborne foreign trade totaled 851.3 million tons in calendar year 1993. U.S.-flag foreign trade tonnage increased from 853.7 million tons in 1992 to 871.7 million tons in 1993 and the U.S.-flag share of total tonnage increased from 3.9 percent in 1992 to 4.1 percent in 1993.

Commercial cargoes transported in U.S. oceanborne foreign trade from calendar year 1983 through calendar year 1993 are shown in Table 13. The table shows the total trade by tonnage and value, and the portion carried by U.S.-flag vessels.

Operating-Differential Subsidy

The Maritime Administration (MARAD) administers the operating-differential subsidy (ODS) program which is designed to offset certain lower ship operating costs of foreign flag competitors. U.S.-flag vessels which operate in essential foreign trade are eligible for ODS.

Net subsidy outlays in FY 1994 totaled $213 million. There were no subsidized voyages terminated in the Great Lakes trade during fiscal year (FY) 1994.

ODS accruals and expenditures from January 1, 1937, through September 30, 1994, are summarized in Table 14.

Accruals and outlays by shipping lines for the same period are shown in Table 15. ODS contracts in force are shown in Table 16.

Section 614 Activities

Section 614 of the Merchant Marine Act, 1936, as amended, permits a company receiving ODS funds to elect to suspend its ODS agreement for all or a portion of its vessels, subject to certain conditions. Suspension of the ODS agreement includes suspending all attendant statutory and contractual restrictions in the ODS agreement, except those pertaining to operation in the domestic trade.

No vessels operated under suspended ODS agreements during FY 1994.

Subsidy Rates

The Subsidy Index System was established by the Merchant Marine Act of 1970. It provides for payment of seafaring wage subsidies in per diem amounts. The rate of change in the index is computed annually by the Bureau of Labor Statistics and is used as the measure of change in seafaring employment costs. ODS rates also are calculated for maintenance and repairs, hull and machinery insurance, and protection and indemnity insurance for both premiums and deductibles.

MARAD has completed the 1993 subsidy rates applicable to liner and bulk vessel operations.

Geographic Service Changes

On November 29, 1993, the Maritime Subsidy Board authorized an ODS contract amendment to generally conform Lykes Bros. Steamship Co., Inc.'s, subsidized Line B (United Kingdom/continental Europe), Line C (South Atlantic and Gulf/Mediterranean, Black Sea, and Portugal), and Line G (Great Lakes/Mediterranean, India, Persian Gulf, and Red Sea) ocean cargo service to the full scope of the description of Trade Route 1, United States/Europe and Mediterranean.

Section 804 Activities

Section 804 of the Merchant Marine Act, 1936, as amended, prohibits any contractor receiving ODS or any holding company, subsidiary, affiliate, or associate of such contractor, directly or indirectly, to own, charter, act as agent or broker for, or operate any foreign-flag vessel which competes with an essential U.S.-flag service, without prior approval of the Secretary of Transportation. The prohibition also applies to any officers, directors, agents, or executives of such an organization. Waivers are approved under special circumstances or for good causes shown.

During the year, MARAD approved waivers for APL:

- to increase the authorized number of vessels from one to two in the Philippine feeder performing a twice weekly service, and to allow continued participation in a Master Slot Charter Agreement with Orient Overseas Container Line Inc. (OOCL) as amended (October 5, 1993),
- to add twice weekly service by three Shanghai feeder vessels to the geographic scope of services on which APL and OOCL may exchange container slots, and to allow APL's continued participation in a Master Slot Charter Agreement with OOCL, as amended (May 20, 1994), and
- to permit APL to use space on vessels operated by Transportation Maritima Mexicana, S.A. de C.V. (TMM) for transpacific carriage of cargoes in U.S. foreign trade (August 10, 1994). APL had earlier in the year entered into a slot charter agreement with TMM in foreign-to-foreign trade between Asia and Mexico.

MARAD also approved a waiver for Lykes to increase the number of vessels from three to five operated in the trade in the U.S. gulf, east coast, continental Europe and Mediterranean by Deppe Linie GmBH & Co. (Deppe) in the reciprocal space charter and coordinated sailing agreement with Deppe until the expiration of the ODS agreement (September 13, 1994).

Foreign Transfers

Under Section 9 of the Shipping Act, 1916, as amended, MARAD approved the transfer of 92 ships of 1,000 gross tons and over, to foreign ownership and/or registry. Eighteen privately owned vessels and 21 Government-owned ships were sold for scrapping abroad. Permission also was granted for 24 vessels of less than 1,000 gross tons to be registered in Russia.

Public Law 100-710 authorizes the Secretary of Transportation to determine the criteria for approval of citizen and noncitizen trustees for mortgages held for the benefit of noncitizens who cannot qualify as a preferred mortgagee. It also expands the categories of approved mortgagees, citizens or noncitizens, and of preferred mortgages on documented vessels, and allows any noncitizen to hold a preferred mortgage on vessels documented as fishing, fish processing, fish tender, or pleasure vessels.

During FY 1994, the Agency approved the retention of eight banks on the Roster of Approved Trustees (companies which may serve as trustees of preferred mortgages on U.S. documented vessels held in trust for the benefit of noncitizens). Two new banks were approved as trustees. Four companies were approved as preferred mortgagees and one company was approved to continue as a preferred mortgagee.

MARAD's approval of the transfer of vessels of 3,000 gross tons and over to foreign ownership or registry, or both, whether for operation or scrapping, are subject to the terms and conditions of the Agency's Foreign Transfer Policy (46 CFR Part 221).

In FY 1994, nine approvals were granted for the transfer of ownership and/or registry of vessels and eight approvals also were granted to operate foreign-flag vessels in Vietnam.

User charges for processing applications for foreign transfers and similar actions totaled $42,010 in this reporting period. This total includes fees filed pursuant to MARAD contracts reflecting prior domestic and foreign sales.

Activities under Section 9 of the Shipping Act, 1916, as amended, are summarized in Table 17.

Vessels loaded at American President Lines' Oakland (CA) terminal are ready to deliver the goods.

Table 10: U.S. OCEANGOING MERCHANT MARINE--September 30, 1994[1]

	Privately Owned		MARAD-Owned		Total	
	Number Ships	Deadweight Tons (000)	Number Ships	Deadweight Tons (000)	Number Ships	Deadweight Tons (000)
Active Fleet:						
Passenger/Pass. Cargo	2	14	5	42	7	56
General Cargo	27	450	4	50	31	500
Intermodal	129	3,871	2	19	131	3,890
Bulk Carriers (Inc. TB)	20	966	0	0	20	966
Tankers (Inc. TKB & LNG)	154	9,807	1	17	155	9,824
Total Active Fleet	**332**	**15,108**	**12**	**128**	**344**	**15,236**
Inactive Fleet:						
Passenger/Pass. Cargo	0	0	5	48	5	48
General Cargo	3	52	100	1,424	103	1,476
Intermodal	1	19	43	1,009	44	1,028
Bulk Carriers (Incl. TB)	2	76	0	0	2	76
Tankers (Incl. TKB & LNG)	20	1,292	26	842	46	2,134
Total Inactive Fleet	**26**	**1,439**	**174[2]**	**3,323**	**200**	**4,762**
Total Active and Inactive:						
Passenger/Pass. Cargo	2	14	10	90	12	104
General Cargo	30	502	104	1,474	134	1,976
Intermodal	130	3,890	45	1,028	175	4,918
Bulk Carriers (Incl. TB)	22	1,042	0	0	22	1,042
Tankers (Incl. TKB & LNG)	174	11,099	27	859	201	11,958
Total American Flag	**358**	**16,547**	**186**	**3,451**	**544**	**19,998**

[1] Vessels of 1,000 gross tons and over, excluding privately owned tugs, barges, etc.
[2] Includes 42 NDRF and 102 RRF vessels.
NOTE: Tonnage figures may not add due to rounding.

Table 11: EMPLOYMENT OF U.S.-FLAG OCEANGOING MERCHANT FLEET--September 30, 1994[1]

Status and Area of Employment	Total		Vessel Type (tonnage in thousands)									
			Passenger/ Pass. & Cargo		General Cargo		Intermodal		Bulk Carriers [2]		Tankers [3]	
		Deadweight		Deadweight		Deadweight		Deadweight		Deadweight		Deadweight
	No.	Tons	No.	Tons	No.	Tons	No.	Tons	No.	Tons	No.	Tons
Grand Total	**544**	**19,998**	**12**	**104**	**134**	**1,976**	**175**	**4,918**	**22**	**1,042**	**201**	**11,958**
Active Vessels	**344**	**15,236**	**7**	**56**	**31**	**500**	**131**	**3,890**	**20**	**966**	**155**	**9,824**
Privately-Owned	**332**	**15,108**	**2**	**14**	**27**	**450**	**129**	**3,871**	**20**	**966**	**154**	**9,807**
U.S. Foreign Trade	**131**	**4,720**	**-**	**-**	**18**	**271**	**70**	**2,353**	**15**	**790**	**28**	**1,306**
Foreign-to-Foreign	**24**	**1,840**	**-**	**-**	**1**	**12**	**8**	**320**	**-**	**-**	**15**	**1,508**
Domestic Trade	**129**	**7,320**	**2**	**14**	**1**	**15**	**26**	**574**	**4**	**140**	**96**	**6,577**
Coastal	66	2,478	-	-	1	15	3	88	3	110	59	2,265
Noncontiguous	63	4,842	2	14	-	-	23	486	1	30	37	4,312
M.S.C. Charter	**48**	**1,228**	**-**	**-**	**7**	**152**	**25**	**624**	**1**	**36**	**15**	**416**
Government-Owned	**12**	**128**	**5**	**42**	**4**	**50**	**2**	**19**	**-**	**-**	**1**	**17**
Ready Reserve Force (RRF)	3	37	1	9	2	28	-	-	-	-	-	-
Other Reserve	5	36	3	22	1	11	1	3	-	-	-	-
Other Custody	1	16	-	-	-	-	1	16	-	-	-	-
Nonretention	3	39	1	11	1	11	-	-	-	-	1	17
Inactive Vessels	**200**	**4,762**	**5**	**48**	**103**	**1,476**	**44**	**1,028**	**2**	**76**	**46**	**2,134**
Privately Owned	**26**	**1,439**	**-**	**-**	**3**	**52**	**1**	**19**	**2**	**76**	**20**	**1,292**
Temporarily Inactive	4	240	-	-	-	-	-	-	1	50	3	190
Laid up	20	1,131	-	-	3	52	1	19	1	26	15	1,034
Laid up (MARAD Custody)	2	68	-	-	-	-	-	-	-	-	2	68
Government-Owned (MARAD Custody)[5]	**174**	**3,323**	**5**	**48**	**100**	**1,424**	**43**	**1,009**	**-**	**-**	**26**	**842**
National Defense Reserve Fleet	**136**	**2,752**	**1**	**10**	**74**	**1,114**	**43**	**1,009**	**-**	**-**	**16**	**619**
Ready Reserve Force (RRF)	99	1,999	-	-	51	717	35	879	-	-	13	403
Other Reserve	37	753	1	10	23	397	8	130	-	-	5	216
Nonretention [6]	38	571	4	26	310	-	-	-	-	-	8	223

[1] Excludes vessels operating exclusively on the Great Lakes, inland waterways, and those owned by the United States Army and Navy and special types such as cable ships, tugs. etc.

[2] Includes Tug Barges.

[3] Includes Tanker Barges and LNG vessels.

[4] Vessels unavailable for activation due to special status.

[5] Excludes vessels under active Government-owned.

[6] Vessels not actively maintained.

Table 12: MAJOR MERCHANT FLEETS OF THE WORLD--JANUARY 1, 1994

Country	No. of Ships[1]	Rank by No. of Ships	Deadweight Tons	Rank by Deadweight Tonnage
Panama	3,323	1	91,687	1
Liberia	1,515	2	87,755	2
Russia	1,443	3	53,207	3
Cyprus	1,373	4	39,145	4
China (People's Rep.)	1,311	5	33,228	5
Greece	970	6	32,784	6
Japan	881	7	29,644	7
Bahamas	863	8	23,363	8
Malta	852	9	20,537	9
Norway (NIS)	665	10	17,331	10
Singapore	526	11	16,353	11
Saint Vincent	524	12	13,191	12
Philippines	522	13	12,924	13
Ukraine	448	14	12,467	14
U.S. Privately-Owned	367	16	9,957	15
All Others[2]	8,807		172,338	
Total	**24,390**		**665,911**	

[1] Oceangoing merchant ships of 1,000 gross tons and over.
[2] Includes 197 United States Government-owned ships of 3,437,000 dwt.

Table 13: U.S. OCEANBORNE FOREIGN TRADE/COMMERCIAL CARGO CARRIED

Tonnage (Millions)

Calendar Year	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993
Total Tons	676.8	640.9	674.8	718.7	786.0	836.3	853.9	832.8	853.7	870.5
U.S.-Flag Tons	29.4	27.3	28.5	28.8	30.7	30.7	36.4	34.6	33.8	33.7
U.S. Percent of Total	4.3	4.3	4.2	4.0	3.9	3.9	4.4	4.1	4.1	3.9
Liner Total Tons	63.5	66.7	71.8	79.4	83.3	83.3	91.6	96.4	102.7	104.8
Liner U.S.-Flag Tons	13.8	14.0	14.3	11.9	14.0	14.0	17.5	16.8	17.2	17.0
Liner U.S. Percent	21.7	21.0	19.9	14.9	16.9	16.9	19.1	17.4	16.8	16.2
Nonliner Total Tons	346.3	327.5	309.0	327.1	361.1	361.1	366.6	378.4	379.3	363.2
Nonliner U.S.-Flag Tons	5.1	5.1	4.9	6.3	6.2	6.2	6.2	7.0	7.8	6.3
Nonliner U.S. Percent	1.5	1.5	1.6	1.9	1.7	1.7	1.7	1.9	2.1	1.7
Tanker Total Tons	266.9	246.7	294.0	312.2	341.6	341.6	378.1	379.1	350.8	385.8
Tanker U.S.-Flag Tons	10.5	8.2	9.3	10.6	10.5	10.5	12.7	10.8	8.8	10.3
Tanker U.S. Percent	3.9	3.3	3.2	3.4	3.1	3.1	3.4	2.8	2.5	2.7

Value ($ Billions)

Total Value	302.7	311.0	320.5	359.4	397.7	397.7	437.0	451.5	458.3	487.3
U.S.-Flag Value	44.6	46.4	49.0	44.8	57.7	57.7	71.3	69.8	70.7	73.6
U.S. Percent of Total	14.7	14.9	15.3	12.5	14.5	14.5	16.3	15.5	15.4	15.1
Liner Total Value	164.0	181.2	199.9	221.9	253.4	253.4	279.7	299.5	322.5	344.7
Liner U.S.-Flag Value	41.2	43.4	46.5	41.7	53.1	53.1	65.0	64.5	66.5	69.2
Liner U.S. Percent	25.1	24.0	23.3	18.8	21.0	21.0	23.3	21.5	20.7	20.1
Nonliner Total Value	78.6	77.2	83.2	92.1	98.9	98.9	100.7	88.0	81.6	86.9
Nonliner U.S.-Flag Value	1.1	1.4	1.3	1.6	3.2	3.2	4.4	3.6	2.8	2.9
Nonliner U.S. Percent	1.5	1.8	1.6	1.8	3.2	3.2	4.3	4.1	3.5	3.3
Tanker Total Value	60.1	52.6	37.4	45.4	45.4	45.4	56.6	64.0	54.2	55.7
Tanker U.S.-Flag Value	2.2	1.6	1.2	1.5	1.4	1.4	1.9	1.7	1.3	1.5
Tanker U.S. Percent	3.7	3.1	3.2	3.2	3.1	3.1	3.3	2.6	2.4	2.7

[1] Table includes Government-sponsored cargo; excludes U.S./Canada translakes cargoes and certain Department of Defense cargoes.

* Preliminary data.

Table 14: ODS ACCRUALS AND OUTLAYS BY SHIPPING LINES--JANUARY 1, 1937, TO SEPTEMBER 30, 1994

LINES	Accruals			Outlays	
	ODS	Recapture	Net Accrual	ODS Paid	Net Accrued Liability
Aeron Marine Shipping	$26,079,663	$0	$26,079,663	$26,079,663	$0
American Banner Lines [1]	2,626,512	0	2,626,512	2,626,512	0
American Diamond Lines [1]	185,802	28,492	157,310	157,310	0
American Export Lines [2]	693,821,868	10,700,587	683,121,281	683,121,281	0
American Mail Lines [3]	158,340,739	7,424,902	150,915,837	150,915,837	0
American Maritime Transport Inc.	16,259,217	0	16,259,217	10,813,074	5,446,143
American President Lines Inc. [3]	1,630,532,311	17,676,493	1,612,855,818	1,606,056,376	6,349,442
American Shipping Co.	21,220,420	0	21,220,420	21,220,420	0
American Steamship Co.	76,462	0	76,462	76,462	0
Aquarius Marine Co.	55,612,716	0	55,612,716	51,983,676	3,629,040
Aries Marine Shipping, Inc.	25,291,415	0	25,291,415	25,291,415	0
Asco-Falcon II	626,993	0	626,993	587,268	39,725
Atlantic & Caribbean S/N [1]	63,209	45,496	17,713	17,713	0
Atlas Marine Co.	52,835,438	0	52,835,438	52,835,438	0
Baltimore Steamship [1]	416,269	0	416,269	416,269	0
Bloomfield Steamship [1]	15,588,085	2,613,688	12,974,397	12,974,397	0
Brookville	3,627,802	0	3,627,802	2,068,285	1,559,517
Chestnut Shipping Co.	81,479,554	0	81,479,554	75,960,991	5,518,563
Delta Steamship Lines, Inc.	575,053,817	8,185,313	566,868,504	566,868,504	0
Ecological Shipping Co.	4,968,943	0	4,968,943	4,968,943	0
Equity Carriers, Inc.	1,555,610	0	1,555,610	1,497,110	58,500
Farrell Lines Inc.	709,204,868	1,855,375	707,349,493	705,752,671	1,596,822
First American Bulk Carriers Corp.	21,270,796	0	21,270,796	21,270,796	0
Gulf & South American Steamship	34,471,780	5,226,214	29,245,566	29,245,566	0
Lykes Bros. Steamship Co., Inc.	2,104,564,330	52,050,598	2,052,513,731	2,029,213,883	23,299,849
Margate Shipping Co.	139,287,860	0	139,287,860	137,422,079	1,865,781
Moore-McCormack Bulk Transport	121,292,702	0	121,292,702	118,971,526	2,321,176
Moore-McCormack Lines [8]	734,212,876	17,762,445	716,450,431	716,450,431	0
N Y. & Cuba Mail Steamship	8,090,108	1,207,331	6,882,777	6,882,777	0
Ocean Carriers	45,259,825	0	45,259,825	45,259,825	0
Ocean Chemical Carriers, Inc.	4,968,575	0	4,968,575	4,356,608	611,967
Ocean Chemical Transport	4,971,153	0	4,971,153	4,971,153	0
Oceanic Steamship [5]	113,947,681	1,171,756	112,775,925	112,775,925	0
Pacific Argentina Brazil Line [1]	7,963,936	270,701	7,693,235	7,693,235	0
Pacific Far East Line [6]	283,693,959	23,479,204	260,214,755	260,214,755	0
Pacific Shipping Inc.	18,840,400	0	18,840,400	18,840,400	0
Prudential Lines [4]	641,647,708	24,223,564	617,424,144	617,424,144	0
Prudential Steamship [1]	26,352,954	1,680,796	24,672,158	24,672,158	0
Sea Shipping	25,819,800	2,429,102	23,390,698	23,390,698	0
Seabulk Transmarine I & II, Inc.	37,092,376	0	37,092,376	35,845,320	1,247,056
South Atlantic Steamship [1]	96,374	84,692	11,682	11,682	0
States Steamship Lines	231,997,100	5,110,997	226,886,103	226,886,103	0
United States Lines, Inc. [7]	750,518,013	54,958,689	695,559,324	695,559,324	0
Waterman Steamship Corp.	399,383,848	0	399,383,848	3,987,585,456	625,303
Worth Oil Transport Co.	17,428,314	0	17,428,314	17,428,314	0
Vulcan Carriers, Carriers	10,834,143	0	10,834,143	6,091,376	4,742,767
Total Regular ODS	$9,864,061,636	$238,186,435	$9,625,875,198	$ 9,566,963,551	$58,911,651
Soviet Grain Programs [9]	$147,132,626	$0	$147,132,626	$147,132,626	$0
Total ODS	**$10,011,194,262**	**$238,186,435**	**$9,773,007,827**	**$9,714,096,177**	**$58,911,651**

[1] No longer subsidizied or combined with other subsidized lines.
[2] AEL was acquired by Farrell LIne, March 29, 1978.
[3] APL merged its operations with AML's October 10, 1973.
[4] Changed from Prudential-Grace Lines, Inc., August 1, 1974.
[5] Purchased by Lykes Bros. Steamship Co., Inc.
[6] Went into receivership August 2, 1978.
[7] Ceased to be a subsidized line in November 1970 but returned as a subsidized carrier in January 1981.
[8] Purchased by United States Lines, Inc. October 1983.
[9] No longer operative.

Table 15: ODS ACCRUALS AND OUTLAYS BY SHIPPING LINES--JANUARY 1, 1937, TO SEPTEMBER 30, 1994

LINES	Accruals			Outlays	
	ODS	Recapture	Net Accrual	ODS Paid	Net Accrued Liability
Aeron Marine Shipping	$26,079,663	$0	$26,079,663	$26,079,663	$0
American Banner Lines [1]	2,626,512	0	2,626,512	2,626,512	0
American Diamond Lines [2]	185,802	28,492	157,310	157,310	0
American Export Lines [2]	693,821,868	10,700,587	683,121,281	683,121,281	0
American Mail Lines [3]	158,340,739	7,424,902	150,915,837	150,915,837	0
American Maritime Transport Inc.	16,259,217	0	16,259,217	10,813,074	5,446,143
American President Lines Inc. [3]	1,630,532,311	17,676,493	1,612,855,818	1,606,056,376	6,349,442
American Shipping Co.	21,220,420	0	21,220,420	21,220,420	0
American Steamship Co.	76,462	0	76,462	76,462	0
Aquarius Marine Co.	55,612,716	0	55,612,716	51,983,676	3,629,040
Aries Marine Shipping, Inc.	25,291,415	0	25,291,415	25,291,415	0
Asco-Falcon II	626,993	0	626,993	587,268	39,725
Atlantic & Caribbean S/N [1]	63,209	45,496	17,713	17,713	0
Atlas Marine Co.	52,835,438	0	52,835,438	52,835,438	0
Baltimore Steamship [1]	416,269	0	416,269	416,269	0
Bloomfield Steamship [1]	15,588,085	2,613,688	12,974,397	12,974,397	0
Brookville	3,627,802	0	3,627,802	2,068,285	1,559,517
Chestnut Shipping Co.	81,479,554	0	81,479,554	75,960,991	5,518,563
Delta Steamship Lines, Inc.	575,053,817	8,185,313	566,868,504	566,868,504	0
Ecological Shipping Co.	4,968,943	0	4,968,943	4,968,943	0
Equity Carriers, Inc.	1,555,610	0	1,555,610	1,497,110	58,500
Farrell Lines Inc.	709,204,868	1,855,375	707,349,493	705,752,671	1,596,822
First American Bulk Carriers Corp.	21,270,796	0	21,270,796	21,270,796	0
Gulf & South American Steamship	34,471,780	5,226,214	29,245,566	29,245,566	0
Lykes Bros. Steamship Co., Inc.	2,104,564,330	52,050,598	2,052,513,731	2,029,213,883	23,299,849
Margate Shipping Co.	139,287,860	0	139,287,860	137,422,079	1,865,781
Moore-McCormack Bulk Transport	121,292,702	0	121,292,702	118,971,526	2,321,176
Moore-McCormack Lines [8]	734,212,876	17,762,445	716,450,431	716,450,431	0
N.Y. & Cuba Mail Steamship	8,090,108	1,207,331	6,882,777	6,882,777	0
Ocean Carriers	45,259,825	0	45,259,825	45,259,825	0
Ocean Chemical Carriers, Inc.	4,968,575	0	4,968,575	4,356,608	611,967
Ocean Chemical Transport	4,971,153	0	4,971,153	4,971,153	0
Oceanic Steamship [5]	113,947,681	1,171,756	112,775,925	112,775,925	0
Pacific Argentina Brazil Line [1]	7,963,936	270,701	7,693,235	7,693,235	0
Pacific Far East Line [6]	283,693,959	23,479,204	260,214,755	260,214,755	0
Pacific Shipping Inc.	18,840,400	0	18,840,400	18,840,400	0
Prudential Lines [4]	641,647,708	24,223,564	617,424,144	617,424,144	0
Prudential Steamship [1]	26,352,954	1,680,796	24,672,158	24,672,158	0
Sea Shipping	25,819,800	2,429,102	23,390,698	23,390,698	0
Seabulk Transmarine I & II, Inc.	37,092,376	0	37,092,376	35,845,320	1,247,056
South Atlantic Steamship [1]	96,374	84,692	11,682	11,682	0
States Steamship Lines	231,997,100	5,110,997	226,886,103	226,886,103	0
United States Lines, Inc. [7]	750,518,013	54,958,689	695,559,324	695,559,324	0
Waterman Steamship Corp.	399,383,848	0	399,383,848	3,987,585,456	625,303
Worth Oil Transport Co.	17,428,314	0	17,428,314	17,428,314	0
Vulcan Carriers, Carriers	10,834,143	0	10,834,143	6,091,376	4,742,767
Total Regular ODS	$9,864,061,636	$238,186,435	$9,625,875,198	$ 9,566,963,551	$58,911,651
Soviet Grain Programs [9]	$147,132,626	$0	$147,132,626	$147,132,626	$0
Total ODS	**$10,011,194,262**	**$238,186,435**	**$9,773,007,827**	**$9,714,096,177**	**$58,911,651**

[1] No longer subsidizied or combined with other subsidized lines.
[2] AEL was acquired by Farrell LIne, March 29, 1978.
[3] APL merged its operations with AML's October 10, 1973.
[4] Changed from Prudential-Grace Lines, Inc., August 1, 1974.
[5] Purchased by Lykes Bros. Steamship Co., Inc.
[6] Went into receivership August 2, 1978.
[7] Ceased to be a subsidized line in November 1970 but returned as a subsidized carrier in January 1981.
[8] Purchased by United States Lines, Inc. October 1983.
[9] No longer operative.

Table 16: ODS CONTRACTS IN FORCE--SEPTEMBER 30, 1994

A. Liner Trades

Operator and Contract No.	Contract Duration	Number Subsidized Ships	Service (Trade Route/Area)	Annual Sailings Minimum	Annual Sailings Maximum
American President Lines, Ltd. MA/MSB-417	1-01-78 to 12-31-97	19	Transpacific Service - TR 2* United States/Far East California Transpacific Extension [1, 2] Washington-Oregon Transpacific Extension [3]	126 18 6	188 28 80
Farrell Lines Incorporated MA/MSB-352	1-01-76 to 12-31-95	0	U.S. Atlantic/West Africa (TR 14-1) [4]	20	38
Farrell Lines Incorporated MA/MSB-482	1-01-81 to 12-31-97	4	U.S. Atlantic/Mediterranean Service (TRs 10, 13)	44	66
First American Bulk Carrier Corporation MA/MSB-451(a)	8/29/90 to 12/31/98	2	U.S./Europe and Mediterranean (TR 1) [*5, 10]	-	20**
Lykes Bros. Steamship Co., Inc. MA/MSB-451	1-01-79 to 12-31-97	17	U.S./Europe and Mediterranean (TR 1) [*5, 10] U.S. Gulf/Far East (TR 22) [5, 7, 8, 10, 13] U.S. Gulf/East Africa U.S. Gulf/South & East Africa (TR 15-B) [5, 7,9, 10, 13] U.S. Atlantic & Gulf/West Coast South America (TR 31/2) [11] U.S. Pacific/Far East, North (TR 29) [12] U.S. Pacific/Far East, South (TR 17/29) [12]	69 36 18 24 20 20	98** 60 Overall maximum 451 & 451(a) 24 not to exceed 330 48 80
Northstar Shipping, Inc. MA/MSB-421	1-01-78 to 12-31-97	0	U.S. North Atlantic/Mediterranean (TR 10) [14]	24	36
United States Lines, Inc. [15] MA/MSB-483					
Addendum No. 4 to amended and restated MA/MSB-483	7-08-83 to 12-31-95	0	U.S. Atlantic & Gulf/Australia, New Zealand (TR 16)	16	21

* The designations TR 2 and TR 1 are as defined in the eight Essential Trade Routes promulgated May 7, 1987. All other trade route designations in this Table 12 are as defined prior to May 7, 1987 (30 Essential Trade Routes plus 5 Essential Trade Areas), in the Operators' service descriptions in 20-year operating subsidy contracts.

**The Maritime Subsidy Board approved the transfer from Lykes to First American Bulk Carriers Corp. of ODS rights to 20 annual sailings on the former Trade Route 21 (U.S. Gulf/North Europe) and the obligation to replace two vessels. As part of the action, the MSB approved the time charter by Lykes of two C6-M-F146a ships owned by FABC, for 36 months with subsequent charter extensions of 36 months (through December 31, 1998). Sailings to/from ports in southwest Asia from Suez to Burma, inclusive, and Africa on the Red Sea and Gulf of Aden shall count against the maximum for such geographic areas under both Contract MA/MSB-451 and Contract MA/MSB-451(a).

Operator and Contract No.	Contract Duration	Number Subsidized Ships	Service (Trade Route/Area)	Annual Sailings Minimum	Annual Sailings Maximum
United States Lines (S.A.) Inc. [15]	1-01-75 to	0	U.S. Atlantic/East Coast South America (TR 1)	40	70
MA/MSB-338 (formerly Moore-McCormack Lines, Incorporated)	12-31-94	0	U.S. Atlantic/South & East Africa (TR 15-A)	22	36
MA/MSB-353 (formerly Delta Steamship Lines, Inc.)	1-01-76 to 12-31-95	0	U.S. Gulf/East Coast South America (TR 20)	26	53
MA/MSB-425 (formerly Delta Steamship Lines, Inc.)	6-17-78 to 12-31-97	0	U.S. Atlantic/Caribbean (TR 4)	22	33
Waterman Steamship Corporation MA/MSB-450	11-21-78 to 12-31-96	4	U.S. Atlantic-Gulf/India, Persian Gulf & Red Sea, Indonesia, Malaysia, Singapore, Brunei (TRs 18, 17)	8	-
Total Liner Trades		**47**			

[1] Service to/from U.S. Atlantic ports is on a privilege basis with a maximum of 28 sailings.

[2] Includes required service to Indonesia, Malaysia (except Sarawak and Sabah), and Singapore. Numbers of required sailings are a portion of the required sailings on TR 2.

[3] Includes required service to Indonesia, Malaysia, and Singapore. Numbers of required sailings are a portion of the required sailings on TR 2.

[4] Farrell is also permitted to make 12 sailings annually from the U.S. Gulf to West Africa.

[5] Lykes is permitted to make 24 sailings annually between U.S. North Atlantic and Mediterranean ports on a privilege basis in conjunction with required service on TR 15B, 22, and TR 1.

[6] Lykes is permitted to make 24 sailings annually between U.S. Atlantic and South and East Africa on a privilege basis in conjunction with required service on TR 15B.

[7] Lykes has the option to perform additional sailings on TRs 22 and 15B over maximum sailings if the minimum sailings are made on all other services: on TR 22, nine additional sailings; on TR 15B, five additional sailings. The overall maximum for all services must not exceed 330 annual sailings in Contracts 451 and 451(a).

[8] Subject to stipulation that a minimum of 12 and a maximum of 30 sailings per annum shall include ports in Indonesia and Malaysia (including Singapore).

[9] Lykes is also permitted to make 12 sailings annually from the U.S. Gulf to West Africa on a privilege basis in conjunction with required service on TR 15B.

[10] Lykes is permitted to make 16 sailings annually between U.S. Atlantic and Gulf ports and Southwest Asian ports (Suez to Burma) in conjunction with required service on TR 15B, TR 22 and TR 1.

[11] Caribbean Subservice--a maximum of 24 sailings per annum may provide limited TR 19 service exclusively between U.S. Gulf ports and ports on the Atlantic coast of the Republic of Panama, the former Panama Canal Zone, and the north coast of Colombia.

[12] Lykes stopped service on TR 29 and TR 17/29 in July 1986.

[13] Lykes may make privilege calls from the U.S. Atlantic to the Far East in conjunction with required service on TR 22.

[14] ODS Contract was transferred to Northstar Shipping, Inc. on January 9, 1990, from Prudential Lines, Inc.

[15] USL/USL(S.A.), in bankruptcy, provides no service under the subsidy contract; contracts have been authorized by MSB to be assigned to Midlantic National Bank as Trustee.

B. Bulk Trades:

Operator and Contract No.	ODS Agreements: Contract Effective Date	ODS Agreements: Contract Termination Date	Number of Subsidized Ships 9/30/94	Service	Annual Sailings: Minimum No. of Days
American Maritime Transport Inc.					
MA/MSB-129	10-10-74	10-09-94	1	Worldwide Bulk Trade	335
Aquarius Marine Co. MA/MSB-309	10-15-75	10-14-95	2 [1]	Worldwide Bulk Trade	335
Atlas Marine Co. MA/MSB-274	12-30-76	12-29-96	1	Worldwide Bulk Trade	335
Brookville Shipping, Inc.					
MA/MSB-166(a)	10-10-74	10-09-94	5 [2]	Worldwide Bulk Trade	335
Brookville Shipping, Inc. MA/MSB-272	4-14-76	4-13-96	1	Worldwide Bulk Trade	335
Chestnut Shipping Co.					
MA/MSB-299(a)	12-22-93	11-30-96	5 [3]	Worldwide Bulk Trade	335
MA/MSB-299(b)	12-22-93	2-28-97	1 [3]	" " "	"
Equity Carriers, Inc. MA/MSB-439	5-24-81	5-23-2001	0 [4]	Worldwide Bulk Trade	335
Margate Shipping Co.					
MA/MSB-134(c)	12-22-93	2-27-95	1 [3]	Worldwide Bulk Trade	335
Mormac Marine Transport, Inc.					
MA/MSB-295(a)	12-22-93	12-09-95	1	Worldwide Bulk Trade	335
MA/MSB-295(b)	12-22-93	6-29-96	1	" " "	"
MA/MSB-295(c)	12-22-93	1-31-97	1	" " "	"
Ocean Chemical Carriers, Inc. MA/MSB-442	9-19-81	9-18-2001	1	Worldwide Bulk Trade	335
Ocean Chemical Transport, Inc. MA/MSB-440	3-26-81	3-25-2001	1	Worldwide Bulk Trade	335
Vulcan Carriers, Ltd.					
MA/MSB-167(a)	12-22-93	4-02-96	3 [5]	Worldwide Bulk Trade	335
MA/MSB-167(b)	12-22-93	7-30-96	1 [5]	" " "	"
MA/MSB-167(c)	12-22-93	1-26-97	1 [5]	" " "	"
MA/MSB-167(d)	12-22-93	1-28-97	1 [5]	" " "	"
Total Bulk Trades			**28**		

[1] Tanker CHARLESTON is eligible to share ODS under Aquarius' and Atlas' two ODS contracts not to exceed two ship years of subsidy annually.
[2] Four 63,700 DWT dry bulk vessels (LIBERTY SEA, LIBERTY SPIRIT, LIBERTY STAR, and LIBERTY SUN) are eligible to share ODS under Brookville's two ODS contracts, not to exceed two ship years of subsidy annually.
[3] Four vessels (CHILBAR, ENERGY INDEPENDENCE, FREDERICKSBURG, and CHERRY VALLEY) are eligible to share ODS under Chestnut and Margate's two ODS contracts, not to exceed three ship years of subsidy annually.
[4] Vessels have been sold, company in bankruptcy.
[5] Two vessels (OMI MISSOURI and OMI SACRAMENTO) are eligible to share ODS under Vulcan's four ODS contracts, not to exceed four ship years of subsidy annually.

Table 17: FOREIGN TRANSFERS AND OTHER SECTION 9 APPROVALS--FY 1994[1]

A. Program Summary	Number	Gross Tons
U.S. PRIVATELY-OWNED VESSELS		
Transfer to Foreign Ownership and/or Registry		
Vessels of 1,000 Gross Tons and Over	92	465,898
Vessels Under 1,000 Gross Tons	24	13,138
Total	**116**	**479,036**
Modifications	4	
Violations		
Reported	0	
Mitigated or Settled	0	
Rescissions (Sales to Aliens)	3	
Mortgages to Aliens	3	
Denials	0	
U.S. GOVERNMENT-OWNED VESSELS	**21**	**86,241**

[1]Approvals granted by MARAD pursuant to Section 9, Shipping Act of 1916, as amended.

Table 17: (Continued)

B. FOREIGN TRANSFER APPROVALS--Vessels of 1,000 Gross Tons and Over

	Pursuant to Section 9 (U.S.-Owned and U.S. Documented)	
	No. of Vessels	Gross Tons
Tankers	7	142,956
Cargo/Containership	12	120,279
Passenger	0	0
Miscellaneous	73	202,663
Total	**92**	465,898

Recapitulation by Nationality	Number	Gross Tons
Antiguan	1	1,285
Argentinian	2	3,762
Australian	1	4,925
Bahamian	6	29,407
Belizean	2	2,604
Canadian	4	11,016
Chilean	1	1,253
Chinese	2	9,263
Columbian	1	2,041
Panamanian	9	32,134
Russian	4	10,476
Surnamese	3	3,458
Vanuatuan	4	45,380
Venezuelan	34	45,710
Total	**74**	**202,714**
Sale to Alien for Scrapping	18	263,184
GRAND TOTAL	**92**	**465,898**
U.S. Government-Owned	21	86,241

Chapter 7

National Cargo and Compliance

The Maritime Administration (MARAD) is responsible for monitoring the administration of and compliance with the cargo preference laws and regulations by Federal agencies as they relate to individual programs which generate oceanborne cargoes.

MARAD is responsible for ensuring that cargo preference compliance is achieved. It also encourages Federal agencies to maximize the use of U.S.-flag vessels, monitors bilateral and similar agreements, and identifies discriminatory or potential discriminatory trade practices against U.S.-flag vessels.

Major programs monitored include humanitarian aid shipments provided by the U.S. Department of Agriculture and U.S. Agency for International Development, commodities financed by the Export Import Bank (Eximbank), foreign military sales and Department of Defense (DOD) cargo shipped by commercial ocean carriers.

Preference Cargo

Monitoring compliance with United States cargo preference laws is essential in encouraging Federal agencies to maximize the use of U.S.-flag vessels. MARAD is required to report annually to Congress on compliance with the three major cargo preference laws:

o The **Cargo Preference Act of 1954** (Public Law [P.L. 83-664]), as amended, requires that at least 50 percent of the gross tonnage of all Government-generated cargo be transported on privately owned, U.S.-flag commercial vessels to the extent such vessels are available at fair and reasonable rates. In 1985, the Merchant Marine Act of 1936 was amended to require that the percentage of certain agricultural cargoes required to be carried on U.S.-flag vessels increase from 50 to 75 percent.

o The **Cargo Preference Act of 1904** requires all items procured for or owned by U.S. military departments or defense agencies be carried exclusively (100 percent) on U.S.-flag vessels available at fair and reasonable rates.

These cargoes are generated primarily by Department of Defense (DOD) contracts with domestic and foreign contractors and vendors. Cargo preference applies not only to the end product but also to component parts. (MARAD's oversight responsibilities under the Merchant Marine Act of 1970 [P.L. 91-469] encompass all DOD ocean transportation requirements to ensure that at least 50 percent of the 100 percent requirement is met by privately owned, U.S.-flag commercial vessels, as stipulated by P.L. 83-664.)

o **Public Resolution (P.R.) 17 of the 73rd Congress** requires that all cargoes generated by the Export-Import Bank be shipped on U.S.-flag vessels, unless a waiver is granted.

MARAD monitors the shipping activities of Federal agencies, independent entities, and Government corporations. (See Table 18). Statistics are maintained on a Calendar Year basis or on a 12-month program maintained over the life of a loan or guarantee.

In fiscal year (FY) 1994, the Department of Justice (DOJ) responded to a Military Sealift Command (MSC) request to resolve its dispute with MARAD's approval of conditions in time and space charters of U.S.-flag ships that are privately negotiated between the shipowner and noncitizens that prohibit noncitizens from carrying preference cargoes in space on U.S.-flag ships chartered by such companies.

The DOJ found that U.S. cargo preference laws do not restrict foreign carriers from using a U.S. shipowner's vessels to carry preference cargoes. As a result, MARAD amended the charter orders at issue and removed the condition that no space on the chartered U.S.-flag vessels may be used by noncitizen charterers to carry preference cargoes.

Civilian Agencies

Israeli Cash Transfer

Under the Israeli Cash Transfer Program, a "side letter" was in effect from FY 1980 through FY 1989. The Government of Israel did not execute a side letter with the Agency for International Development (AID) commencing October 1, 1990. In December 1991, Israel issued a new "side letter" to AID to transport

50 percent of grain shipments from the United States to Israel on U.S.-flag vessels during FY 1992. The "side letter" agreement was renewed again for FY 1993. During FY 1993, U.S.-flag vessels transported approximately 800,000 metric tons and earned revenues of some $26 million. A new "side letter" agreement was issued for FY 1994.

Export-Import Bank

Eximbank shipments are governed by P.R. 17, which requires that 100 percent of all cargoes generated by this resolution move on U.S.-flag vessels. If a recipient country meets United States requirements and requests a general waiver, it would be allowed to move 50 percent of the cargo on national flag vessels.

In the Eximbank program total ocean freight revenues increased from $32.4 million in CY 1992 to $44.3 million in CY 1993. U.S. operators' earnings increased some 36 percent from $25.4 million in CY 1992 to $34.6 million during CY 1993. The $9.2 million increase in U.S.-flag carriers' revenue resulted from an upturn in new project activities.

Strategic Petroleum Reserve

In 1977, the U.S. Government announced its intention to store 750 million barrels of crude oil in salt domes along the U.S. Gulf Coast as a Strategic Petroleum Reserve (SPR). At the end of CY 1993, approximately 587 million barrels had been stored at five SPR sites.

The Cargo Preference Act of 1954 requires the Department of Energy (DOE) to transport at least 50 percent of the oil in U.S.-flag tankers. In 1977, MARAD and DOE agreed that to ascertain compliance, long ton/miles (LTM) more accurately reflect the broad geographical distances in transporting the oil than by tonnage alone.

In CY 1992, DOE reactivated its procurement activities following its August 1990 suspension of oil purchases due to unstable conditions in the Persian Gulf. During 1993, U.S.-flag tankers carried SPR amounting to 1.875 billion LTM (47.41 percent) with revenue of $6.56 million.

The SPR program is monitored cumulatively from its inception for compliance purposes. U.S.-flag carriers have received 52 percent of the cargoes.

Defense Security Assistance Agency

The Defense Security Assistance Agency (DSAA) is the sponsoring DOD agency for the Foreign Military Financing (FMF)/Military Assistance Program (MAP) Merger and related programs authorized within the scope of the Foreign Assistance Act of 1961 (FAA), as amended. The movement of excess defense articles within these programs is consistent with the continued drawdown of U.S. forces, especially from Northern Europe, and the closure of U.S. military bases worldwide.

The statistics reflected in Table 18 from the FMF/MAP Merger and related FAA programs represent combined tonnage and revenue data for those ocean shipments arranged by the foreign recipients' freight forwarder. The statistics in Table 18 also reflect those that were authorized to move within the Defense Transportation System (DTS) and which were processed by the Military Traffic Management Command (MTMC) and the Military Sealift Command (MSC).

U.S.-flag participation is well above that required by the governing cargo preference law (P.L. 83-664) and reflects MARAD's efforts to maximize the use of U.S.-flag vessels. Continuing its support of the U.S. merchant marine and U.S.-flag vessels, DSAA extends its 100 percent U.S.-flag shipping policy for the FMF/MAP Merger programs to the related FAA program transfers. DSAA policy incorporates general waivers thereby allowing the recipient's national-flag vessels to participate in the ocean carriage of cargo within each program.

Military Cargoes

MARAD's Division of Military Cargoes initiates and recommends regulations and procedures for Department of Defense (DOD) agencies to follow in administering cargo preference. Program efforts concentrate on meetings and discussions with DOD contractors, suppliers, freight forwarders, and shipping companies to focus attention on meeting the needs of all constituents within the context of the U.S.-flag carriage requirements.

The Military Transportation Act of 1904 (10 USC 2631) is the primary law that applies to DOD. It requires that items procured for, or owned by the military departments or defense agencies, must be carried exclusively (100 percent) on U.S.-flag vessels,

if available at reasonable rates. The preponderance of DOD cargoes move under the control of the MSC and MTMC. However, a significant amount of DOD cargo moves in the commercial sector. Cargo preference applies not only to the end item but also to its component parts and supplies. A brief description of the activity in each DOD branch follows.

MARAD established a working group with representatives from the MSC and the U.S. Transportation Command to discuss matters of mutual interest to both DOD and DOT. It has assisted in resolving issues and has fostered interagency cooperation.

DOD Services and Agencies

Defense Logistics Agencies (DLA)

There was a decline in contracts requiring commercial ocean transportation based on the increase in DLA shipments moving in the Defense Transportation System in CY 1993. It was also based on U.S.-flag carriers' Cooperative Working Agreements with foreign-flag carriers, where cargo was loaded on U.S.-flag vessels, but revenue went to a foreign carrier.

Air Force

The Air Force program increased significantly in FY 1994 due to a one-time large construction contract for paving materials for Ascension Island.

Army/Corps of Engineers

As a result of DOD downsizing and cutbacks, the Army program tonnage revenue decreased in CY 1993. However, MARAD has initiated successful discussions with major defense contractors on the availability and benefits of U.S.-flag transportation. Enhancements to the computer system used by the Agency also allows more flexibility in reporting and producing documents. Overall reductions in defense spending have resulted in a slight decrease in total metric tons shipped.

Navy/Marine Corps

The Navy program was principally in compliance with cargo preference laws. Compared to last year, the total tonnage is higher chiefly because of a construction contract in Diego Garcia. Under this contract, all construction project supplies required delivery in one shipment with special handling and discharge requirements.

Since no U.S.-flag carrier could provide this service, the MSC granted a waiver for the use of a foreign-flag vessel. The report indicates that 41 percent of the U.S. Navy cargoes were shipped on foreign-flag vessels. Forty percent of foreign-flag shipments resulted from the construction contract in Diego Garcia.

Continued MARAD communication with contracting officers and shipyard personnel has resulted in improved compliance with cargo preference procedures between prime contractors and their subcontractors.

Agricultural Cargoes

The statutory sources of agricultural cargo preference programs are Titles I, II, and III of P.L. 83-480; Section 416 of the Agricultural Act of 1949; and Food for Progress. These programs have a 75 percent U.S.-flag shipping requirement.

o Title I provides for U.S. Government financing of sales of U.S. agricultural commodities to developing countries on concessional credit terms.

o Title II is a donation program administered by AID which generates approximately 2 million metric tons of packaged, processed, and bulk commodities for least developed countries.

o Title III, Food for Development Program was established by the Food, Agriculture, Conservation, and Trade Act of 1990 (1990 Farm Bill). Under this bilateral grant program, agricultural commodities are donated to least developed countries. The implementation of the 1990 Farm Bill was effective February 25, 1991. Shipments under the Title III program began during Cargo Preference Year 1991/1992.

o Section 416 is a donation program which generates approximately 1.2 million metric tons of bulk grain and other surplus agricultural commodities annually for least developed countries.

o Food for Progress provides assistance on agricultural commodities to developing countries on a grant basis in exchange for development policy reforms.

Ocean Freight Differential

The Food Security Act of 1985 (P.L. 99-198) increased the required percentage for U.S.-flag carriage from 50 to 75 percent of gross tonnage of certain agricultural programs (P.L. 83-480, Food for Progress, and Section 416 programs).

The Department of Transportation is responsible for financing any increased ocean freight charges resulting from the application of the increased U.S.-flag share. MARAD reimburses USDA for its share of the OFD costs above 50 percent of the gross tonnage up to but not exceeding the additional 25 percent.

OFD cost is defined as the difference between the cost of shipping cargo on a U.S.-flag vessel as compared to shipping the same cargo on a foreign-flag vessel.

The invoices and documents submitted by CCC for the Cargo Preference Year (CPY) which started on April 1, 1993, totaled $36,106,144.82. This amount, which represents documented entries for Titles II, III, Section 416 and Food for Progress Programs, is a decline from the previous year. Several of the entries submitted by CCC included inland freight charges to foreign destinations and bagging and stacking expenses which are cost elements specifically excluded under the Memorandum of Understanding between USDA, AID, and MARAD.

At year's end it did not appear that the Title I program met the minimum 50 percent U.S.-flag participation.

The average OFD costs for Titles II, III, Section 416 and Food for Progress for CPY 1993/1994 for which MARAD has reimbursed USDA was $36.52 per metric ton. This reflects a decrease to the program levels shipped during the previous CPY. The establishment of liner service routes and the reduction in risk factors in some trade areas may account for the change from the average OFD for CPY 1992/1993.

Under the 1985 Act, if the total obligations incurred by USDA and CCC of ocean freight and OFD on exports of agricultural commodities and products under certain agricultural programs exceed 20 percent of the value of the commodities exported under these programs, plus the ocean freight and OFD, MARAD must reimburse CCC for the excess. In 1993, MARAD was notified by USDA, that ocean freight rates for FY 1992 exceeded the 20 percent threshold. MARAD was completing its review at year's end. The Department of Transportation budget reflects an annual reimbursable payment for such amounts.

Minimum Tonnage

Based on MARAD's preliminary program tonnage figures, the total tonnage for the P.L. 83-480 and Section 416 during FY 1994 was 9,275,901 metric tons, exceeding the minimum tonnage requirement by 1,456,825.

Table 18: GOVERNMENT-SPONSORED CARGOES--CALENDAR YEAR 1993
(Note: These numbers do not include domestic shipments)

PUBLIC LAW 664 CARGOES:

Agency for International Development (AID):

Program	U.S.-Flag Revenue ($1,000)	Total Metric Tons	U.S.-Flag Metric Tons	Percentage U.S.-Flag Tonnage
Loans and Grants				
Liner	13,270	76,684	57,095	74.4
Bulker	29,667	579,136	541,211	93.4
Tanker	23,260	587,836	575,561	97.9
TOTAL	66,197	1,243,656	1,173,867	94.3
P.L. 480 - Title II[2]				
Liner	$132,584	1,275,079	979,041	76.8%
Bulker	$42,293	442,854	395,757	89.4%
Tanker	$16,682	184,917	184,917	100.0%
TOTAL	$191,559	1,902,850	1,559,715	82.0%[3]
P.L. 480 - Title III[2]				
Liner	$10,312	86,272	83,191	96.4%[5]
Bulker	$40,441	846,070	556,868	65.8%[4]
Tanker	$16,040	357,544	312,170	87.3%[6]
TOTAL	$66.793	1,289,886	952,229	73.8%[7,8]

Department of Agriculture:

P.L. 480 - Title I[2]				
Liner	$2,688	35,135	35,135	100.0%
Bulker	$110,637	4,510,470	1,843,241	40.9%[9]
Tanker	$37,730	590,612	573,960	97.2
TOTAL	$151,055	5,136,217	2,452,336	47.7%[10]
Section 416[2]				
Liner	$15,502	183,187	81,631	44.6%[11]
Bulker	$58,820	947,508	566,173	59.8%[12]
Tanker	$26,878	355,111	355,111	100.0%
TOTAL	$101,200	1,485,806	1,002,915	67.5%[7]
Food for Progress[2]				
Liner	$22,463	148,774	108,175	72.7%[13]
Bulker	$33,032	848,004	472,141	55.7%[14]
Tanker	$59,216	923,380	862,080	93.4%
TOTAL	$114,711	1,920,158	1,442,396	
75.1%[7,15]				
Department of Energy:				
Bonneville Power Administration	6	228	15	6.5[1]
Strategic Petroleum Reserve	6,561	1,379,711	399,954	28.[16]
Western Area Power	38	287	158	55.0

Table 18: GOVERNMENT-SPONSORED CARGOES--CALENDAR YEAR 1993 (CONTINUED)
(Note: These numbers do not include domestic shipments)

Department of Health and Human Services	63	61	52	85.2
Department of Justice				
Drug Enforcement Administration	61	55	38	69.1
Department of Interior				
Bureau of Reclamation	39	63	63	100.0
Department of Treasury				
Bureau of Engraving	41	491	353	71.9
National Aeronautics and Space Administration	94	407	137	33.7[1]
National Science Foundation	3,078	38,844	38,621	99.4
General Services Administration	124	393	199	50.6
Department of Transportation				
Federal Railroad Administration	561	1,318	1,318	100.0[17]
Federal Transit Administration	1,128	4,519	3,163	70.0[17]
Coast Guard	54	645	264	40.9[1]
U.S. Information Agency	369	823	448	54.4
Voice of America	103	2,078	1,494	71.8
Department of State:				
Foreign Building Office	7,120	19,444	11,835	60.9
Other Agencies	5,449	6,968	5,415	77.7
Veterans Administration	17	46	46	100.0

PUBLIC RESOLUTION 17 CARGOES:

	Total Metric Tons	U.S.-Flag Metric Tons	Total Freight Revenue	U.S.-Flag Freight Revenue	Percentage U.S.-Flag
Export-Import Bank	144,752	92,907	44,289,446	34,608,931	64.2

Table 18: GOVERNMENT-SPONSORED CARGOES--CALENDAR YEAR 1993 (CONTINUED)
(Note: These numbers do not include domestic shipments)

CARGO PREFERENCE ACT OF 1904 CARGOES:

	Total Metric Tons	Metric Tons Dry Cargo	Metric Tons Petroleum	Percentage
Department of Defense Troop Support Cargoes:				
Military Sealift Command (MSC)[18]				
U.S.-flag privately owned vessels	1,307,184	1,307,184	0	21.4
U.S. Government-owned vessels	265,791	217,632	48,159	4.3
MSC chartered vessels[19]	4,235,588	393,293	3,842,295	69.2
Foreign-Flag vessels	309,200	97,237	211,963	5.1
Total carriage of MSC Troop Support Cargo	6,117,763	2,015,346	4,102,417	100.0

Department of Defense Commercial Contractor Cargoes:	U.S.-Flag Revenue ($1,000)	Total Metric Tons	U.S.-Flag Metric Tons	Percentage U.S.-Flag Tonnage
Army Materiel Command	3,372	15,003	14,473	96.0
Air Force	7,282	75,277	74,733	99.0
Corps of Engineers	1,409	4,518	4,243	94.0
Defense Logistics Agency	644	2,628	2,583	98.0
Navy	4,688	48,758	29,798	59.0
Total U.S.-Flag carriage Department of Defense Commercial Contractor Cargoes	17,395	146,184	124,830	85.0

Defense Security Assistance Agency (P.L. 664 Cargo):

Foreign Military Financing and MAP Merger Programs				
Liner	36,217	88,895	79,693	89.6
Tanker	5,840	175,756	174,256	99.1
TOTAL	42,057	264,651	253,949	95.9
Section 517, FAA (INCA) 416		195	195	100.0
Southern Region Amendment Section 516, FAA	5,616	21,246	18,015	84.8
Section 519, FAA	1,100	2,377	2,147	90.3

Notes:

1. Imbalance due to nonavailablity of U.S.-flag service.

2. The Food Security Act of 1985 (P.L. 99-198) impacted on the P.L. 480 title I,II,III, Section 416 and the Food for Progress programs by changing the reporting period from a calendar year to a 12-month period commencing April 1, 1986, through March 31, 1987, and by increasing the U.S.-flag share from 50 to 75 percent over a three year period. The required U.S.-flag share for the current reporting period, April 1, 1993 to March 31, 1994, is 75 percent.

3. Cargo preference is monitored on a global basis by vessel type for the Title II program.

4. Bulker vessels failed to meet the 75 percent requirement. All preference cargoes shipped on bulk vessels to bangladesh, Mali(Mali due to no U.S.-flag offers), and Peru were carried by foreign flag bulk carriers. The following countries also did not meet the 75 percent requirement: Guinea 58 percent, Guyana 31 percent,k and Mozambique 54 percent.

5. Ethiopia (43 percent) did not meet the requirement.

6. Nicaragua and Uganda (Uganda due to no U.S.-flag offers) did not ship any preference cargo on U.S-flag tankers while India had 53 percent participation.

7. Cargo preference is monitored on a country and vessel type basis.

8. After accounting for the non-availability of certain U.S.-flag vessels, the program met the U.S.-flag requirement.

9. Bulker vessels failed to meet the 75 percent requirement due to Russsia(41 percent); however, after accounting for the non-availability of certain U.S.-flag tonage

10. The Title I program is monitored on an individual Purchase Authorization (PA) basis. While the overall program met the 75 percent requirement, after accounting for the non-availibility of certain U.S.-flag tonnage with respect to the 700 percent million Russian Food Aid Program, the following countriess failed to meet the minimum requirement: Jordan (JO-5021 74 percent), Philippines (RP-5003 59 percent), Sri Lanka (CE-5004 74 percent), Surname (NS-5005 26 percent), and Ukraine (UP-5001 67 percent). There were no U.S.-flag vessels or insufficient tonnage available to meet the 75 percent requirement for: Jamaica (JM-5013 66 percent), Morocco (MO-5031 53 percent), Russia (RS-9001 18 percent, RS-9002 29 percent) and Tajikistan (TI-5003 26 percent). On two PAs (RP-5003 and UP-5001) which failed to meet the requirement, the alternative would have been to fix 83 percent - 100 percent U.S.-flag without ocean freight differential reimbursement from Marad to the Commodity Credit Corporation for the tonnage in excess of 75 percent.

11. Thirteen of the thirty-two participating countries did not achieve the 75 percent requirement: Armenia 29 percent, Bulgaria 42 percent, Cape Verde 67 percent
(no U.S.-flag offers), Kazakhstan 57 percent, Kyrgyzstan 5 percent, and Russia 23 percent (due to insufficient U.S.-flag offers) while Albania, Angola, El Salvador, Moldovak Nicargua, Ukraine and Uzbekistan did not receive any preference cargo on U.S.-flag liners.

12. The following countries did not meet the 75 percent requirement for bulk vessels: Benin 0 percent, Jamaica 55 percent (due to insufficient U.S.-flag tonnage), Kenya 37 percent, Malawi 72 percent, Mozambique 58 percent and Russia 16 percent.

13. Liner vessels failed to meet the 75 percent requirement. Albania and Kazakhstan did not receive any preference liner cargoes on U.S.-flag vessel.

14. Four of the eight participating countries failed to meet the 75 percent requirement: Armenia 67 percent, Georgia 0 percent, Russia 9 percent and Ukraine 31 percent.

15. Excludes the transporation of 410,000 metric tons of wheat shipped to Russia on foreign-flag carriers which was funded by the U.S. Department of Defense.

16. MARAD accounts for the SPR program on the basis of long ton miles (LTM). In CY 1993, this program provided a total of 3.956 billion LTM of which U.S.-flag carriers derived 1.875 billion LTM or 47.41 percent. Compliance is based on cumulative LTM since the programs inception which indicates U.S.-flag at 52 percent.

17. These programs' tonnages are reflected in metric tons for uniformity only. Cargo preference compliance for those programs involving high cube/low density cargo, is achieved on a gross revenue ton basis. Percentages reflected on a weight tonnage basis for such programs do not necessarily represent the exact extent of the programs' compliance with the statue.

18. Cost for charters was $316.6 million.

19. Cost of contracts/agreements and Government bills of lading was $455.1 million.

Chapter 8

Market Promotion

The Maritime Administration (MARAD) engages in a variety of marketing programs designed to increase U.S. participation in global commerce. The programs focus on improving communications between U.S. ocean carriers and importers/exporters, and providing assistance on sea transport to U.S. manufacturing firms active in international trade. MARAD also has developed a marketing program to promote U.S. shipyards in the international commercial market place, as part of the President's shipbuilding initiative.

Marketing Program - Carriers

MARAD's marketing program for U.S.-ocean carriers focuses on assisting companies through market leads and personal contacts with exporters and importers to encourage them to give preference to U.S. vessels for their ocean transport needs. The Market Lead System refers to market intelligence collected from both private and Government sources which MARAD, in turn, makes available to U.S.-flag vessel operators. Over 5,000 market leads were distributed to U.S. carriers during FY 1994.

MARAD has offices strategically located throughout the country which consult with the transportation policymakers of import and export firms. In this reporting period, MARAD trade specialists consulted with some 2,100 firms to encourage use of U.S.-flag vessels. Voluntary reports from carriers and shippers indicate that over $60.7 million in additional ocean freight revenues for U.S.-flag vessels resulted from these policy consultations. Over the last 10 years, in excess of $260 million in additional revenue for U.S.-flag carriers has been generated by this program. To improve the quality of information provided to U.S. carriers and to enhance the effectiveness of meetings with shippers, a computer database was enhanced which enables quick access to vital shipper information obtained from America's importers and exporters.

During FY 1994, MARAD participated in more than 350 seminars, forums, workshops, and other meetings dealing with international trade and transportation. The Agency also expanded the visibility of its marketing mission for support of the U.S. merchant marine by taking an active role in Government and private export promotion programs. Those programs include interacting with export trade promotional organizations such as the Association of South East Asian Nations Council and Japan External Trade Organization.

In addition, MARAD provided U.S.-flag carriers promotional materials for distribution at nationwide, multicity export workshops and seminars sponsored by the U.S. Department of Commerce. Attended by shippers, carriers, freight forwarders, and other maritime interests, these meetings provided an opportunity to exchange information and views on transportation economics and practices. The meetings also enabled the Agency to brief several thousand executives of firms involved in foreign trade on the national policy benefits which result from shipper usage of U.S.-flag services.

MARAD also provided business leads to U.S. exporters and established a shipper help line. The Agency also maintains information on U.S.-flag services in the Department of Commerce's National Trade Data Bank and "Flash Fax" system.

MARAD's Shipper Award Program recognizes importers and exporters who patronize U.S.-flag carriers with a substantial share of their international cargoes. In FY 1994, a total of 436 shippers were presented with MARAD's U.S. Merchant Marine Certificates of Appreciation for carrying from 40 up to 100 percent of their goods on U.S.-flag ships.

Under the highly successful 3-year-old Executive Contact Program, a select group of shippers were contacted by senior MARAD executives to encourage and enhance their use of American carriers. During FY 1994, increased emphasis was placed on high volume, high value importers and exporters.

Bilateral Cargo Monitoring

To assure a fair environment for U.S.-flag vessels, MARAD monitors cargo movements between the United States and some of its trading partners. Various trades were examined on an *ad hoc* basis.

Some were monitored more closely due to changing trade conditions, unilateral actions by trading nations, or the existence of bilateral trade agreements.

In calendar year 1993, for example, trade between the United States and Japan totaled 14.4 million metric tons. U.S.-flag vessels lifted approximately 16 percent of this trade by weight, Japanese-flag vessels lifted approximately 33 percent, and third-flag vessels lifted the balance.

Marketing Program - Shipyards

MARAD and agencies at the Departments of Commerce and State, and the U.S. Trade Representative's office are developing focused and integrated programs to support the U.S. shipbuilding industry's marketing efforts, including MARITECH. (A detailed discussion of MARITECH is in Chapter 2.)

The United States is adopting a country team concept for commercial activities. The heads of all agencies at missions abroad will take a coordinated approach to commercial planning. The Secretary of State has pledged to encourage use of U.S. firms in international competition.

MARAD works closely with the U.S. Foreign Commercial Service, embassy and mission personnel to gather market information. The Agency also participates in select international trade shows to promote the U.S. shipyard industry and, at year's end was working with industry on a major international exhibition scheduled in the United States in April 1996. In conjunction with the American Waterways Shipyard Conference, the Shipbuilders Council of America, and others, MARAD conducted workshops and seminars on several subjects: marketing, environment, labor and finance.

MARAD's computer bulletin board provides information on news releases and major announcements, shipbuilding market leads, legislation, Title XI, Standards, design files, etc. The National Maritime Resource and Educational Center's complete marine standards library may also be accessed through the bulletin board. At year's end, MARAD was working with MARITECH to establish the National Shipbuilding Network which would allow international internet connections to shipyards, foreign purchasers, brokers, banks, and vendors (see Chapter 2).

Chapter 9

Technology Assessment

The Maritime Administration's (MARAD) Technology Assessment program evaluates activities related to the development and use of water transportation technology and systems for commercial, economic, and national security purposes.

The Agency evaluates current maritime developments and future trends involving such interrelated areas as trade, markets, intermodal transportation, emerging technologies, economic developments, fuels and materials, and national defense requirements.

Technical and program studies, research and development contracts, interagency transfers, and cooperative agreements awarded in FY 1994 are listed in Appendix III.

Cargo Handling Technology

The Cargo Handling Program assesses advanced materials handling, automation, data processing, and communications technologies to reduce cargo handling and documentation costs of intermodal shipments between water and rail or motor carrier transportation modes.

In FY 1994, MARAD continued to support industry research and development through the Cargo Handling Cooperative Program (CHCP). All American companies are eligible and have been invited to participate. Three U.S.-flag carriers, American President Lines, Ltd. (APL), Matson Terminals, Inc., and Crowley American Transport Inc. (Crowley), carried out joint projects to increase cargo-handling productivity through new technology.

In FY 1994, a project was conducted to develop an equipment location system for determining the precise location of containers in a marine terminal. The system uses Automatic Equipment Identification (AEI) technology and integrates it with Differential Global Positioning System (DGPS) technology to fully automate the process. It was being evaluated at APL's Oakland, CA facility.

Another project was conducted to explore technologies that would automate terminal data collection and documentation operations and increase efficiency. Seal checkers and hatch checkers equipped with pen-based computers combined and radio frequency modems provide real-time updates to Crowley's databases. Efforts were underway to install the software on a more advanced hand-held computer at year's end.

Human Factors Research

The Human Factors Research Program examines effective manning, fatigue, boredom, training, and other human factors which affect shipboard operations. The program addresses human error causes of marine transportation accidents and focuses on design and operating improvements to reduce or eliminate those problems.

MARAD employees met with representatives from all of the maritime academies to discuss a joint cooperative research program that would address all aspects of human operations in maritime transportation including training, task analysis, training simulator standards, workhours, automation, system reliability, and safety.

MARAD also met with the American Pilots Association to explore creating a cooperative research program. The program would address technology and issues related to piloting and harbor or waterway systems including shipboard, waterway, and shoreside systems involving safety.

The Volpe National Transportation Systems Center continued assessing the feasibility and applicability of using a fitness-for-duty test dealing with fatigue, drugs, and alcohol onboard ship. The work focused on marine-related cognitive abilities, was near completion at year's end.

MARAD and other DOT agencies held a workshop on "Operator Performance Measurement: Developing Commonality Across Transportation Modes." It gathered human factors experts to address crossmodal

sharing of human factors research and development on operator performance.

MARAD and the USCG continued a study with the Marine Board of the National Academy of Science. The study would establish current practices in applying shiphandling simulation to maritime training and licensing. This project is intended to produce specific programs that will establish marine simulation as an accepted and practical component of maritime professional development, certification, and licensing regimes.

At year's end, MARAD was assisting with developing the 28th Annual Workshop on Human Factors in Transportation scheduled for January 1995. This planned day-long series of workshops will address human factors issues in transportation industries.

Marine Environmental Protection

The Marine Environmental Protection Program supports studies and issues reports to assist the maritime industry in effectively protecting the marine environment. The Agency was involved in a number of significant developments in FY 1994.

o MARAD was an active participant on the Interagency Coordinating Committee on Oil Pollution Research. Chaired by the USCG, it was established by Title VII of the Oil Pollution Act of 1990, Public Law (P.L). 101-380 (OPA 1990) to coordinate Federal research including innovative oil pollution technology and evaluation, oil pollution effects research, marine simulation research and environmental testing, demonstration projects, and a regional research program.

o MARAD prepared and distributed quarterly issues of the "Report on Port and Shipping Safety and Environmental Protection." The reports summarized activities at the national and international levels concerning safety and environmental protection matters.

o MARAD, the USCG, Environmental Protection Agency (EPA), U.S. Navy, and National Oceanic and Atmospheric Administration (NOAA), continued sponsoring a Marine Board of the National Research Council study on U.S. Implementation of MARPOL 73/78 Annex V (Garbage). This interagency study is scheduled for completion by year's end. The Marine Board also continued an interagency-supported study on Contaminated Marine Sediments in calendar year (CY) 1994. Participating agencies include the U.S. Army Corps of Engineers, U.S. Navy, EPA, NOAA, and MARAD.

o MARAD continued support of the Oil Pollution Act of 1990 (OPA) Training Study at the Massachusetts Maritime Academy. The goal of this congressionally mandated study is completion of a model training curriculum in oil spill prevention, response, and cleanup.

o MARAD and USCG continued a multiyear research project at the USCG Research and Development Center on the Reduction of Air Pollution from Marine Engines. This research aims to establish reliable, portable emission testing protocols and to evaluate the safety, economics, and technical feasibility of applying various measures for reducing air pollution from engines aboard ship.

Maritime Operational Safety

The Maritime Operational Safety Program encompasses advanced ship design and operations features, vessel navigation and communication systems, operational procedures, maintenance, and other initiatives. It is intended to enhance safety while enabling vessels to operate more efficiently and meet Federal safety standards.

A developmental project with the Society of Naval Architects and Marine Engineers on standardizing the exchange of hydrodynamic coefficients for modular mathematical models was completed in FY 1994.

Maritime Technology Policy

Through the Maritime Technology Policy Program, MARAD participates in the basic activities of the Marine Board of the National Academy of Science and the Transportation Research Board (TRB) of the National Research Council (NRC). It also utilizes the technical advisory role of the NRC on policy issues of national significance to both industry and Government concerning the water transportation community.

Specific ongoing or completed Marine Board research activities of particular interest to MARAD during FY 1994 were the U.S. implementation of MARPOL 73/78 Annex V (Garbage), advances in navigation and piloting, assessment of shiphandling

simulation training, management of contaminated marine sediments, development of nautical charts and information, and evaluation of national needs in maritime technology.

Military Sealift Technology

Development of more efficient and effective transportation services for the carriage of military cargoes by commercial vessels is the focus of the Military Sealift Technology Program.

MARAD continued working with the Naval Sea Command to develop and execute a Technology Development Program for the Midterm Fast Sealift Ship scheduled to be built after 1998. A Small Business Innovative Research project also was awarded study applying cassette technology on roll-on/roll-off vessels and matching them to potential U.S. markets.

National Maritime Enhancement Institutes

Under P.L. 101-115, as amended, Congress authorized MARAD to designate National Maritime Enhancement Institutes at United States universities or university consortia which could help develop solutions to maritime problems. The institutes are structured to provide interdisciplinary and intermodal teams to address transportation problems of national importance.

The four institutes are the University of California at Berkeley, Louisiana State University, Massachusetts Institute of Technology, and Memphis State University.

Three projects were initiated during this reporting period. Louisiana State University entered a cooperative agreement to develop a tactical and operational response model to maritime system disruptions when established patterns of shipping services are impaired. Another project, to be conducted by Memphis State University, will assess the impact of the flood of 1993 on the ports and terminal facilities along the Upper Mississippi River Basin. It will also determine the extent of additional infrastructure damage to transportation facilities which provide access to these ports and terminals.

The University of California will continue development of guidelines for a computerized ship structural integrity information system. The system will permit gathering, archiving, analyzing, and evaluating structural inspection data. The Massachusetts Institute of Technology completed their assessment of ship manning cost structures as an essential part of an overall maritime policy.

Ship Operations Technology

The Ship Operations Technology Program focuses on the application of innovative technology to ensure productive deployment and utilization of ships and equipment to maximize shipper service and carrier competitiveness.

Development of the Shipboard Piloting Expert System and testing aboard the SEA-RIVER BENECIA of this knowledge-based system continued during FY 1994. The system has been well received by ship's officers and the Southwest Alaska Pilots' Association. A final report was completed in FY 1994.

A joint partnership program between the Government and the ship operating industry to perform research in ship operations technology continued. The objective of the Ship Operations Cooperative Program is improvement of efficiency, productivity, safety, and environmental responsiveness of U.S. ship operations. Work is performed under a cooperative agreement between three commercial shipping companies (ARCO Marine, Energy Transportation Corporation, and Sea-Land Service), NOAA, and MARAD. In FY 1994, the USCG and the American Bureau of Shipping joined the program as associate members. Four projects were completed this fiscal year in the areas of shipboard management training, evaluation of shipboard personnel, optimum bridge layout, and shipboard equipment reliability.

Ship Structures Research

MARAD participates in the activities of the Ship Structure Committee, an international interagency group and research sponsor dedicated to the improvement of marine structures. Originally established in 1946, the Committee advises the Government on improving the structural design, material, and construction methods for ships. One of the Committee's major thrusts is the development and introduction of probability and reliability methods into ship design to optimize safety and economy over full-life cycles.

In FY 1994, the Committee initiated projects on guidelines for evaluating finite element models and

results, strategies for inspection of ships for fatigue and corrosion damage, corrosion control of interhull spaces, a design guide for composites, and compensation for hull openings. Research continued on the development of a reliability based design methodology, a major Ship Structure Committee thrust area and on a joint Government/industry project addressing grounding protection of double hull tankers.

Small Business Innovation Research

MARAD participates in the DOT's Small Business Innovation Research Program. The program supports small business concerns and is administered by the Volpe National Transportation Systems Center.

During FY 1994, MARAD sought industry proposals to improve ship and terminal productivity. One contract was awarded to develop a piloting advisor based on computation intelligence and electronic chart display and information system technology. A Phase II contract also was awarded for further development of a system for efficient marine/rail intermodal interface using the Alameda Corridor, serving the Ports of Los Angeles and Long Beach, as the test case.

Work continued on ship maneuvering simulation software which uses a prototype system developed for evaluation. The IBM PC-based simulation software promises to be a useful training tool as well as a controller providing accurate predictions of ship maneuvering performance and the ability of doing "what if" type evaluations of options during normal operations of the ship.

Work was completed and a final report delivered on a neural network-based autopilot for improved ship control. The project assessed the feasibility of replicating human shiphandling functions with an artificial intelligence neural network controller. This would permit automatic course-keeping and track-keeping functions for a particular vessel.

Waterway Navigation Technology

The Waterway Navigation Technology Program applies advanced simulation methodologies to better understand the interaction of vessel maneuvering capabilities and channel configuration in harbors, rivers, and canals. MARAD owns the Computer-Aided Operations Research Facility, a full bridge ship research simulator located at the U.S. Merchant Marine Academy in New York. This facility is currently operated by MarineSafety International.

During FY 1994, MARAD and USCG continued two projects. The first supports a USCG program to help improve the decision-making process following major spills including the on-site needs. The second project involves upgrading the display of pollution response information at spill response command posts.

Chapter 10

Maritime Labor and Training

The Maritime Administration (MARAD) continues to support the training and supplemental training of merchant marine officers related to safety in U.S. waterborne commerce. MARAD also monitors national and international maritime industry labor practices and policies, and promotes healthy labor relations.

U.S. Merchant Marine Academy

MARAD operates the U.S. Merchant Marine Academy at Kings Point, NY, which educates young men and women to become officers in the American merchant marine.

Graduates receive Bachelor of Science degrees and U.S. Coast Guard (USCG) licenses as deck or engineering officers, or both. U.S. citizen graduates are obligated to apply for, and accept if offered, reserve commissions as officers in an armed service of the United States.

The Class of 1994 comprised 105 third mates, 100 third assistant engineers, and 12 graduates who completed the dual deck/engine license program. Thirty-five of the third mate licensees earned endorsements as Qualified Members of the Engine Department (QMED) in the second year of the Academy's ship's officer program. These graduates completed selected engineering courses which increased their knowledge of today's technologically advanced ships, where both navigation and power are controlled from the bridge. They also completed required nautical science and maritime business courses. Sixteen women were among the 1994 graduates. Senator John Breaux (D-LA) delivered the commencement address.

Within 3 months after graduation, about 89 percent of the 219 graduates had found employment in the maritime industry--aboard ship or ashore--or were serving on active military duty in the U.S. military services.

Average enrollment at the Academy during the year was 959.

At the beginning of the 1994-95 academic year, the regiment of midshipmen included 96 women, 23 of whom were scheduled to graduate in June 1995.

Members of Congress nominated 1,281 constituents for the Class of 1998 and a total of 275 appointments were made in FY 1994. All midshipmen are under mandatory service obligation contracts to serve 5 years in the U.S. merchant marine or in maritime-related employment, maintain a reserve commission for 8 years, and renew or upgrade their 5-year USCG licenses at least once after graduation.

The Academy is accredited by the Middle States Association of Colleges and Schools. The Marine Engineering Systems curriculum is accredited by the Accreditation Board of Engineering and Technology.

In addition to classroom study, Academy midshipmen are assigned to U.S.-flag merchant ships for two 6-month periods for practical shipboard experience.

The Academy strives to keep its educational program responsive to the needs of America's maritime industry.

State Academies

MARAD provides financial assistance to six State maritime academies to train merchant marine officers by authority of the Maritime Education and Training Act of 1980. The six academies and their locations are: California Maritime Academy, Vallejo, CA; Great Lakes Maritime Academy, Traverse City, MI; Maine Maritime Academy, Castine, ME; Massachusetts Maritime Academy, Buzzards Bay, MA; State University of New York Maritime College, Fort Schuyler, NY; and, Texas Maritime Program, Galveston, TX.

State maritime academy cadets who participated in the Student Incentive Payment Program this academic year received a maximum of $3,000 annually to offset school costs. Participating cadets are obligated upon graduation to remain employed in the maritime industry for 3 years, to accept a reserve commission in the U.S. Navy or one of the other armed forces, and to renew or

upgrade their U.S. Coast Guard merchant marine license at least once after graduation.

MARAD provides training vessels to five seacoast academies for use in at-sea training and as shoreside laboratories. Three of the schools--California, Maine, and Texas--are in the process of replacing their aging schoolships. The CHAUVENET, a recently decommissioned Navy Survey vessel, was being converted to replace the Texas Maritime Program's TEXAS CLIPPER; the HARKNESS, a sistership to the CHAUVENET, was being converted to replace the Maine Maritime Academy's STATE OF MAINE. The MAURY, an oceanographic survey ship, was being deactivated by the U.S. Navy and will replace the California Maritime Academy's GOLDEN BEAR.

In FY 1994, Congress appropriated $1.2 million for maritime training simulator acquisitions for the State maritime academies. An additional $1.5 million was made available by MARAD from the sale of obsolete scrap vessels, and all of the State maritime schools received funds for this purpose.

Dr. Peter M. Mitchell was appointed President of the Massachusetts Maritime Academy.

Dr. William Evans retired as Superintendent of the Texas Maritime Program and in the interim, Dr. William Schmidly was serving as Chief Executive Officer and Campus Dean. At year's end, an active search for a replacement was ongoing.

Supplemental Training

MARAD provides supplemental training for seafarers in maritime fire fighting, diesel engineering, and defense readiness. In FY 1994, 2,272 maritime personnel were trained in ship and barge firefighting. Participants included U.S. citizen seafarers and others concerned with maritime fire safety, including USCG personnel and port city professional firefighters.

MARAD-sponsored basic and advanced firefighting training is offered at its fire school at Swanton, OH; the U.S. Navy-Military Sealift Command/MARAD fire training facility in Earle, NJ; and the U.S. Navy fire training installation at Treasure Island, San Francisco, CA.

In support of firefighting readiness in port cities, shipboard firefighting training is offered to municipal firefighters from waterfront communities. Thirty-six firefighters participated in this special 2-day training at the Toledo Marine Fire Training Center.

This was the third year of MARAD's National Sealift Training Program for Masters and Chief Mates at the U.S. Merchant Marine Academy. This program was developed to improve U.S.-flag strategic sealift support capability and reduce vulnerability to piracy and hostage threats. The course combines the Master Mariners Readiness Course with course modules in Defense Communications and Maritime Security. In FY 1994, 63 senior deck officers completed this program.

It integrates defense communications, maritime security and sealift readiness training drawing from lessons learned from operations EARNEST WILL, DESERT SHIELD and STORM and UPHOLD DEMOCRACY.

This was the first year MARAD sponsored the "Commercial International Freight Transportation" course. It was held at the U.S. Merchant Marine Academy. Military officers and civilians newly assigned to transportation/logistics activities within the DOD, DOT and other Federal agencies are the primary focus for this class. Commercial carrier personnel are also eligible to take this 2-week course which provides students with an in-depth understanding of the principles of intermodal transportation systems and their application to military/contingency logistics. Fifty-three transportation professionals completed this new program.

Merchant Marine Awards

Public Law 100-324, the Merchant Marine Decorations and Medals Act, authorizes the Secretary of Transportation to grant medals and decorations for outstanding and meritorious service or participation in national defense action. In FY 1994, the Meritorious Service Medal was presented to Midshipman Nathan Hodges for heroic action while training onboard the SS SEA-LAND SPIRIT. He was cited for bravery, risking his own personal safety, and rescuing stricken crew members. On September 13, 1992, carbon dioxide was accidentally discharged in the ship's engine area trapping four crew members. Midshipman Hodges used a self-contained breathing apparatus and voluntarily pulled three men to safety. After the danger had been contained, he assisted in restoring power to the ship.

Labor Data

In FY 1994, average monthly U.S. seafaring employment in all sectors (private, Government contract, and Great Lakes) increased to 12,696, up 3.5 percent from the FY 1993 average of 12,266. (See Table 19.) The total work force in selected U.S. commercial shipyards decreased 7.2 percent from 81,460 in FY 1993 to 75,615 in FY 1994. Average longshore employment decreased from 24,745 to 23,538.

Labor

Competition for cargo continues as the driving force for change on vessels and at ports and terminals internationally. Labor intensive cargo handling processes are the focus of efforts to reduce costs, and greater efficiencies are being sought to improve the exchange of intermodal cargo among the truck, rail and water transportation modes. Both offshore and waterfront labor continue to cooperate with management to reduce overtime and tonnage assessment fees, improve cargo throughput by better matching the workload to the workforce and more effectively using port and terminal facilities.

Together labor and management are demonstrating flexibility and adjusting to technological changes, new world trade patterns and competition from foreign and domestic cargo carriers and port facilities. On the Atlantic, Gulf and Pacific Coasts maritime labor and management at the port level are making concerted efforts to keep their facilities, services and costs competitive to ensure their future.

Longshore

As intermodalism expands and technology advances on the waterfront, longshore unions remain steadfast in claiming jurisdiction over jobs traditionally held by their union.

On the east and gulf coasts the International Longshoremen's Association (ILA) 1993 agreements remain effective until October 1, 1996. In various ILA districts, port management associations which represent shipping lines are still seeking concessions on wages, work rules and job guarantees in competition among ports to keep or attract new business.

On the west coast the Pacific Maritime Association (PMA)- International Longshoremen's and Warehouseman's Union (ILWU) coastwise agreements representing waterfront labor on the Pacific Coast remain in effect until July 1, 1996. Area agreements (Southern California, Northern California, Oregon, Washington) will also remain in effect subject to reopening at the request of either PMA or the ILWU. Under defined terms in this agreement, benefits, which accounted for 17 percent of total hourly labor cost in 1993, will increase to an estimated 43 percent by 1996.

Seafaring

At the end of FY 1994, all seafaring labor unions had collective bargaining agreements which would remain effective through June 1996. Some extend to December 31, 2000, and most include wage increases of 3-4 percent per year. The Marine Engineer's Beneficial Association negotiated a 5-year contract which includes some reductions in overtime and benefits and 3 percent base wage increases in the fourth and fifth years of the contract.

Table 19: MARITIME WORK FORCE AVERAGE MONTHLY EMPLOYMENT

	Average Monthly Employment in Fiscal Year	
	1994	1993
Seafaring Shipboard Jobs:	**12,696**	**12,266**
Shipyards:[1]	**75,615**	**81,460**
Production Workers	52,843	55,279
Management and Clerical	22,772	26,181
Longshore:	23,538	24,745

[1]Commercial yards in the Active Shipbuilding Base, constructing new ships and/or seeking new construction orders, through CY 1993. Commercial yards in the Major Shipbuilding Base in CY 1994.

Chapter 11

Administration

The administrative actions taken in support of the mission and programs of the Maritime Administration (MARAD) in fiscal year (FY) 1994 are summarized below.

Maritime Policy

Secretary of Transportation Federico Peña unveiled the Administration's proposed maritime revitalization program on March 10, 1994, following an extensive review of Federal maritime promotional programs.

The Maritime Security Program would have provided Federal payments for 52 U.S.-flag liner vessels operating in foreign trade. These payments, totaling $1 billion over a 10-year period, would have begun in fiscal year (FY) 1995 and ended in FY 2004. They would have been offset by an increase in vessel tonnage duties paid by cargo and passenger vessels when entering the United States from a foreign port.

On November 4, 1993, the House of Representatives passed its version of maritime revitalization legislation, the Maritime Security and Competitiveness Act of 1993. Unlike the Administration's plan, the House proposal would have provided direct commercial shipbuilding subsidies for vessels built in U.S. shipyards.

A related bill, which would fund the Maritime Security and Competitiveness Act through an increase in vessel tonnage duties, was passed by the House on August 2, 1994. However, the Senate did not pass maritime revitalization legislation by the end of the 103rd Congress.

To meet the mandates of the 1993 National Performance Review and Secretary Peña's Strategic Plan, MARAD began formulating its strategic plan in FY 1994. Employee meetings also were held and comments were being reviewed at year's end. Revised statements of the Agency mission, goals, and objectives were drafted, and more than 100 action items were developed.

Additionally, administrative details and the basic groundwork relating to reorganizing MARAD to more effectively support President Clinton's maritime revitalization, shipbuilding initiatives, the Agency's national security responsibilities and Secretary Peña's strategic plan were completed during the fiscal year.

MARAD's reorganization reflects a stronger focus on ports, intermodalism, and safety and fits well within Secretary Peña's strategic plan for the American transportation industry.

Public Law 103-353, the Uniformed Services Employment and Reemployment Rights Act of 1994, authorizes the President to designate members of the uniformed services eligible for reemployment rights. It was signed early in FY 1995.

Although merchant mariners are not directly mentioned in the law, it includes all persons designated by the President in time of war or national emergency, and the Department of Transportation could request that merchant mariners be so designated in wartime or during national emergencies.

Customer Service

MARAD's Office of Acquisition received the Secretary's Excellence in Customer Service Award for sustained excellence in customer service. The office forged an alliance with industry through the Advanced Research Projects Agency and developed a contract administration review program which improved the overall effectiveness of the agency's administration of contracts.

In FY 1994, MARAD developed and published its first customer service plan. The plan involved the Federal Ship Financing Guarantee Program and it meets the mandate of Executive Order 12862, "Setting Customer Service Standards."

Establishing customer service plans meets the President's goal of providing improved service to the American people. It is also the underlying premise of the Department's Strategic Plan: putting people first in our transportation system.

Maritime Subsidy Board

The Maritime Subsidy Board (MSB), by delegation of the Secretary of Transportation, awards, amends, and terminates contracts subsidizing the construction and operation of U.S.-flag vessels in the U.S. foreign commerce. The MSB holds public hearings, conducts fact-finding investigations, and compiles and analyzes trade statistics and cost data to perform its functions. MSB decisions, opinions, orders, rulings, and reports are final unless the Secretary undertakes a review of a decision.

The MSB is composed of the Maritime Administrator, who acts as Chairman of the Board, the Deputy Maritime Administrator, and the Agency's Chief Counsel. The Secretary of MARAD and of the MSB acts as an alternate member in the absence of any one of the three permanent Board members.

The MSB conducted regular meetings and published a number of notices in the *Federal Register* in FY 1994.

In FY 1994, the Maritime Administrator and the MSB took a number of administrative actions to help strengthen the U.S. merchant marine. Significantly, the MSB authorized the amendment of several multivessel bulk operating-differential subsidy (ODS) agreements, which by law, may not exceed 20 years in duration, into single vessel agreements. Bulk vessels also may not receive subsidy, except under certain conditions, at the expiration of its 20-year economic life.

As the ODS agreements granted in the 1970s began to expire in FY '94, it became apparent that follow-on vessels would experience several months during which the ODS agreements would expire and the CDS-built vessels would not be able to operate in the domestic or foreign trades. To resolve this situation the MSB amended and restated the ODS agreements to extend the economic lives of each of these vessels.

The companies, Margate Shipping Company, Mormac Marine Transport, Inc., Vulcan Carriers, Ltd., and Chestnut Shipping Company can now plan for future operation of the eight, CDS-built vessels through the remainder of their subsidizable lives.

The MSB also approved an amendment to Lykes Bros. Steamship Co., Inc.'s ODS agreement to increase its operating flexibility. Under its previous requirements, Lykes dedicated vessels to TR 21 (U.S. Gulf and South Atlantic/North Europe), TR 13 (U.S. Gulf and South Atlantic/Mediterranean), TR 10 (U.S. North Atlantic/- Mediterranean) and Trade Area 4 (U.S. Great Lakes/Mediterranean, India, Persian Gulf and Red Sea. Under the new service description, Lykes can deploy vessels with greater flexibility to meet the demands of the international market for ocean shipping.

Legal Services, Litigation, Regulations, and Legislation

MARAD's Chief Counsel is responsible for all legal matters involving the Agency.

In FY 1994, the decade-long litigation against General Dynamics Corp. was concluded and $3.3 million was returned to the Agency's subsidy account.

Merchant mariner injury claims from participation of the Ready Reserve Force (RRF) in Operations Desert Shield/Desert Storm and Desert Sortie continued to be filed. About 100 of these lawsuits were closed by year's end. Over 200 additional seaman's injury lawsuits, alleging asbestos exposure in World War II, were received.

In this reporting period, MARAD issued a final rule amending its regulations for Title XI of the Merchant Marine Act, 1936, to implement Public Law 103-160. The regulations were expanded to include financing eligible export vessels and shipyard modernization.

The Agency also amended its cargo preference regulations to provide a 1-year pilot project in the Great Lakes-St. Lawrence Seaway System. MARAD will consider the legal requirements for carrying bulk agricultural commodity preference cargoes on privately owned available U.S.-flag vessels to be satisfied when the cargo is initially loaded at a Great Lakes port, on one or more foreign-flag commercial vessels, transferred to a U.S.-flag commercial vessel at a Canadian transshipment port outside the St. Lawrence Seaway, and carried on that U.S.-flag vessel to a foreign destination.

MARAD's authority to issue rules requiring Government agencies shipping bulk cargoes subject to cargo preference to use a standard form of charter party when employing U.S.-flag ships was upheld by the Department of Justice. The rule aims to institute commercial chartering practices and reduce U.S.-flag rates.

The National Defense Authorization Act for Fiscal Year 1994, P.L. 103-160, allows transfer of surplus real

property from military base closures or realignment to develop or operate a port facility. MARAD, by delegated authority, will issue regulations on the application process and requirements for transfer of surplus properties into non-Federal hands that conform to DOD and General Services Administration rules.

Information Resources Management

MARAD's information resources management planning focuses on consolidated planning for all agency information resources.

MARAD continued to evaluate its information systems, with special attention to inadequate systems, security, modernization, enhancements, flexibility, reduction in resources for maintenance or operation, and adherence to appropriate guidelines and regulations.

The Agency encouraged using automation to enhance collection of information. As a result, Uniform Financial Reporting Exporter/Importer Data and Seamen's Claims, Administrative Action and Litigation reports requirements were redefined and resulted in a reduction of more than 4,000 hours annually.

Conversion to the National Archives and Records Administration (NARA) Centers' Information Processing System (CIPS) was implemented in FY 1994. This provides electronic retrieval of MARAD records stored at the Federal Records Center.

Use of the Department's Credit Card Program was expanded. Designated MARAD non-procurement employees now use government credit cards for small purchases, eliminating time-consuming procedures.

MARAD also implemented and converted to five departmental administrative information systems, the Consolidated Personnel Management Information System (CPMIS), the Consolidated Uniform Payroll System (CUPS), the Electronic Time & Attendance MIS (ETAMS), the Contract Information System (CIS), and the Departmental Accounting/Financial System (DAFIS), in this reporting period.

The Maritime Bulletin Board was placed on MARAD's local area network. It is available 24 hours a day with information on press releases, shipping schedules, legislative updates, advisories, bulletins, and other related information.

The MARAD Electronic Forms Processing Initiative was defined in FY 1994. Electronic forms software is expected to automate standard Government forms such as personnel and travel forms, as well as MARAD-specific forms.

Full implementation of Electronic Mail Processing was completed. MARAD office's now can exchange data and information via the network. Network access to other Federal agencies and private sector organizations also is available via Internet telecommunications gateways.

Safety Program

MARAD continued to update its Occupational Safety and Health Program to provide safe and healthy work environments.

The Agency has an ongoing safety program. Monthly occupational safety and health inspections are performed at National Defense Reserve Fleet (NDRF) sites. Hazards are identified and corrected.

Each NDRF site updates their volunteer Emergency Medical Technicians (EMT) annually. State certification is ensured and the EMT's are aware of current medical first-aid procedures and techniques to provide effective, immediate first-aid to site employees.

MARAD continued its safety and health incentive program to reduce the lost-time accident rates at the NDRF sites. The Agency also continued its Action Plan, which is geared to eliminate asbestos material hazards from MARAD programs.

The Agency's ongoing asbestos survey and monitoring program determines, evaluates, and documents concentrations of asbestos fibers in the NDRF workplace. It encompasses the repair or replacement of such materials already installed, modified work procedures, and employee training.

Personnel

MARAD's employment totaled 1,218 at the end of FY 1994. The Agency's percentage of female and minority employees, as well as their representation in supervisory positions, remained relatively stable during the period, as did the percentage of handicapped employees.

Six upward mobility positions were established in FY 1994 and three employees were promoted to target positions under previously established upward mobility positions.

Fourteen cross-training positions were advertised under the MARAD Career Enhancement Program. In addition, 30 special training announcements were issued. Two employees continued their participation in the MARAD Scholarship Program. Two Agency employees were selected to participate in a developmental program at the Naval War College and one was selected for the DOT Fellows Program. This program prepares mid-level managers for executive positions in the Federal service.

During FY 1994, two MARAD employees received the Secretary's Silver Medals and two individuals received the Secretary's Award for Excellence. In addition, 14 employees received the Administrator's Bronze Medals and three received the MARAD EEO Award in recognition of their contributions to the EEO Program.

Installations and Logistics

Real Property

On September 30, 1994, MARAD's real property included NDRF sites at Suisun Bay, CA; Beaumont, TX; and James River, VA; and the U.S. Merchant Marine Academy at Kings Point, NY.

Facilities for training maritime firefighters were operated at Freehold, NJ, and Treasure Island, CA, under MARAD agreements with the U.S. Navy, and in New Orleans, LA, at facilities operated by Delgado Community College. MARAD operates the Toledo, OH, marine fire-training facility. Regional headquarters offices were maintained in New York, NY; Norfolk, VA; New Orleans, LA; Des Plaines, IL; and San Francisco, CA. Regional Maritime Development Offices were maintained in Long Beach, CA; Seattle, WA; Houston, TX; Portland, OR; Atlanta, GA and at the five regional headquarters. In addition to those located at Regional headquarters offices, Ship Management staffs were maintained in New York, NY; Cleveland, OH; Portland, OR; and Port Arthur, TX.

MarineSafety International of New York, NY, continued to manage and operate MARAD's Computer-Aided Operations Research Facility at Kings Point, NY, under a cooperative agreement.

Audits

In FY 1994, the General Accounting Office (GAO) and the Department of Transportation's Office of Inspector General (OIG) submitted final principal survey or internal audit reports on MARAD activities. They were:

o *Contracted Advisory and Assistance Services for FY 1992 Activities - OIG*

o *Cooperative Agreements in MARAD - OIG*

o *Management of Travel Activities, USMMA - OIG*

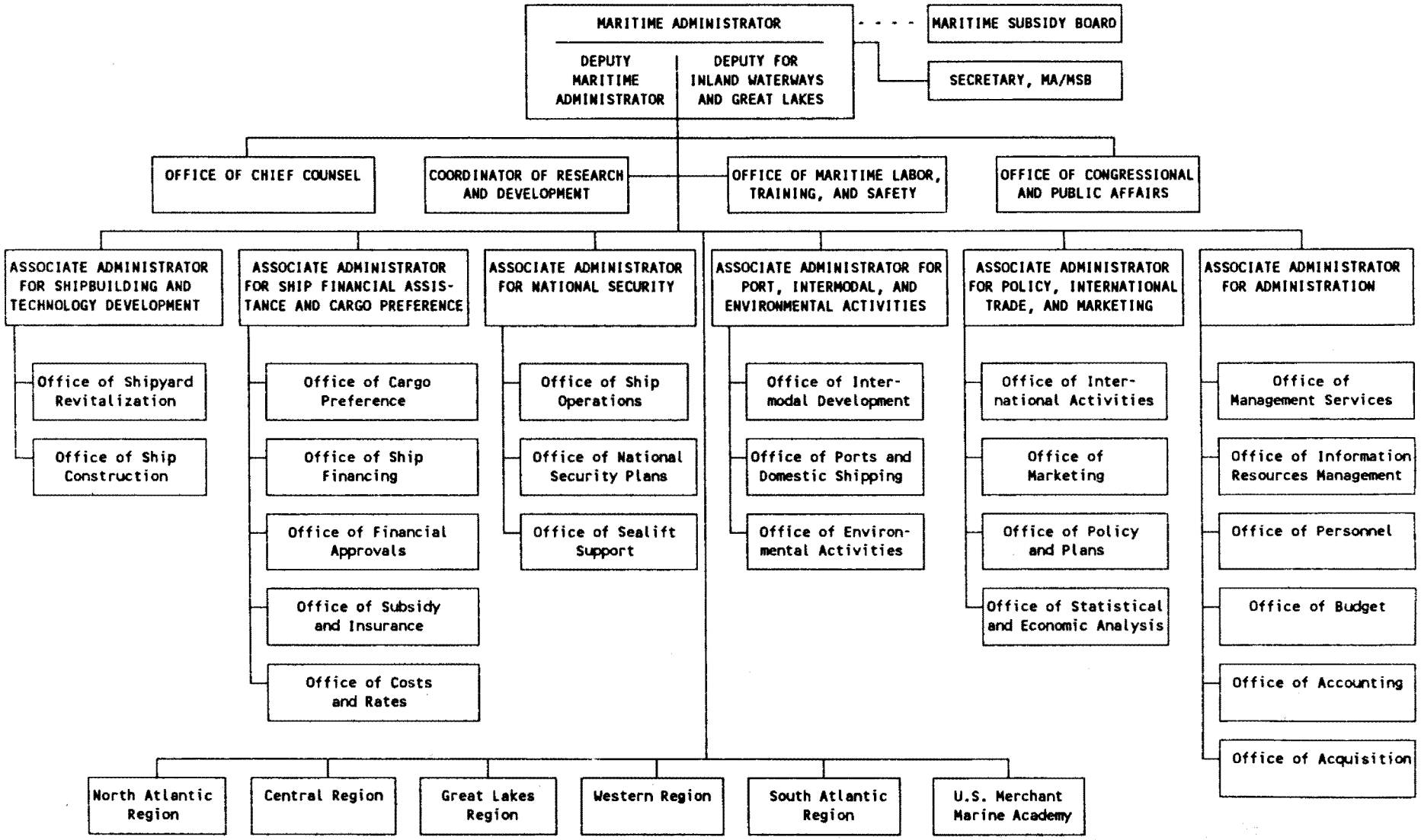
o *MARAD's Federal Ship Financing Fund - Statement of Financial Position as of September 30, 1993 - OIG*

o *The Impact of Cargo Preference Laws on U.S. Food Aid Programs and the U.S. Merchant Marine - GAO*

Accounting

MARAD's accounts are maintained on an accrual basis in conformity with generally accepted principles and standards, and related requirements prescribed by the Comptroller General. The net cost of MARAD's FY 1994 operations totaled $674.2 million. This included $263.3 million in operating and ocean freight differential subsidies; and administrative expenses and financial assistance to State Maritime Academies of $74.7 million. MARAD received $5.9 million in other operating expenses net of income. Financial statements of MARAD appear as Exhibits 1 and 2.

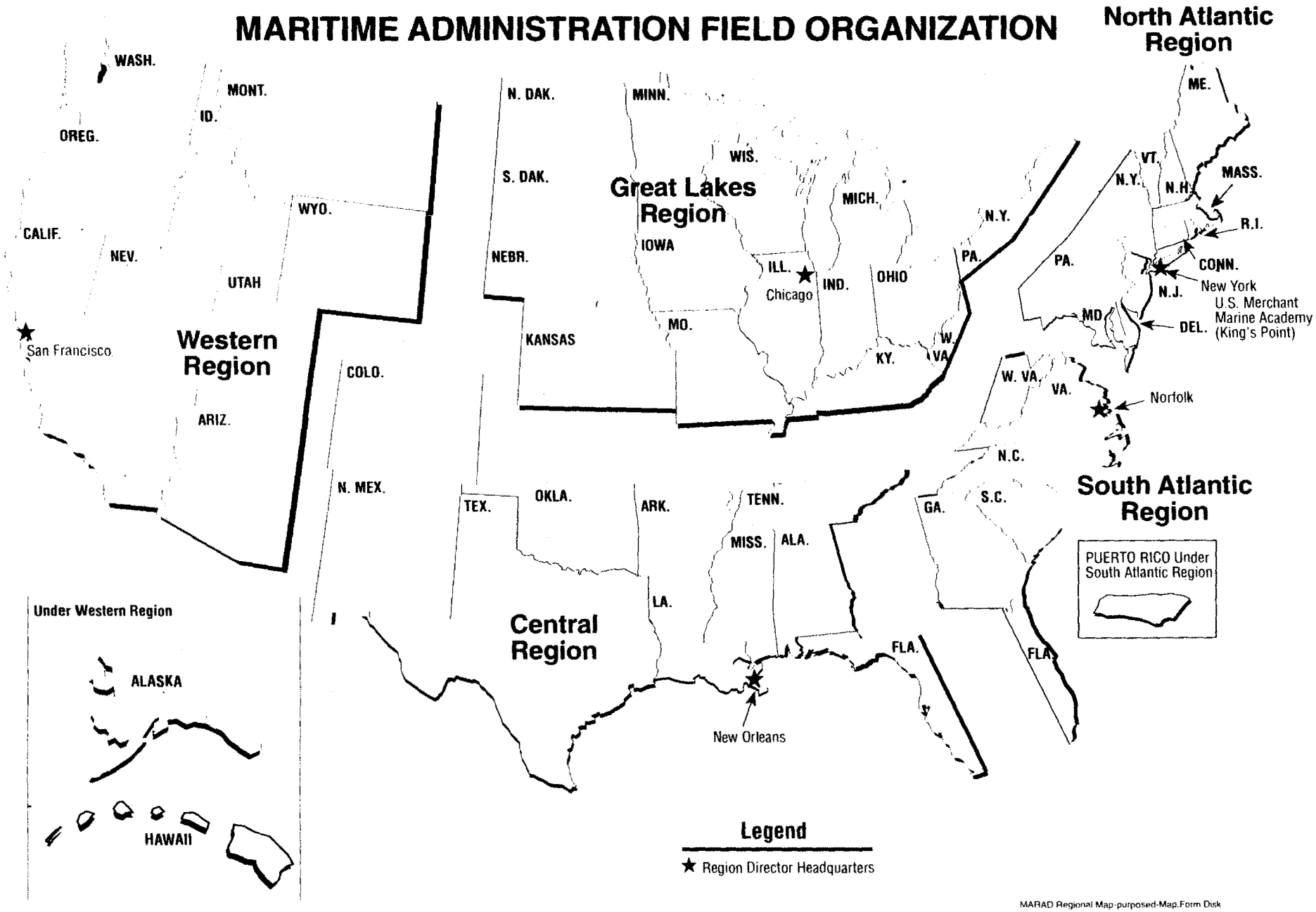
Maritime Administration



Effective October 1, 1994

U.S. Department of Transportation
Maritime Administration

MARITIME ADMINISTRATION FIELD ORGANIZATION



MARAD Regional Map-purposed-Map.Form Disk

U.S. DEPARTMENT OF TRANSPORTATION--Maritime Administration

Exhibit 1. Statement of Financial Condition
September 30, 1994, and September 30, 1993

ASSETS	September 30 1994	September 30 1993
Selected Current Assets		
Funded Balances with Treasury:		
Budget Funds	$ 488,331,052	$ 405,635,094
Deposit Funds	5,200	568,153
	488,336,252	406,203,247
Federal Security Holdings	925,127,800	823,707,857
Accounts Receivable:		
Government Agencies	399,372,921	243,997,621
The Public	647,752	9,309,549
	400,020,673	253,307,170
Advances To:		
Government Agencies		
The Public	36,153	90,807
	36,153	90,807
Total Selected Current Assets	**$ 1,801,490,081**	**$1,483,309,099**
Loans Receivable:		
Repayment in Dollars	217,754,253	501,282,431
Allowances (-)	(196,083,656)	(417,635,462)
	21,670,597	83,646,462
Real Property and Equipment:		
Land	7,749,000	7,749,000
Structures and Facilities	74,928,744	98,964,711
Equipment and Vessels	1,645,710,880	592,954,051
Leasehold Improvements	174,376	137,495
	1,728,563,000	699,835,257
Total Assets	**$3,563,754,478**	**$2,266,690,818**

The notes to Financial Statements are an integral part of this statement.

U.S. DEPARTMENT OF TRANSPORTATION--Maritime Administration

Exhibit 1. Statement of Financial Condition
September 30, 1994, and September 30, 1993

LIABILITIES	**September 30 1994**	**1993**
Selected Current Liabilities (Note 2)		
Accounts Payable (Including Funded Accrued Liabilities):		
Government Agencies	$ 51,100,000	$ 4,031
The Public	82,523,664	108,739,289
	133,623,664	108,743,320
Unfunded Liabilities:		
Accrued Annual Leave	9,619,556	4,967,359
Accrued Payroll and Benefits	419,091	1,346,580
Total Selected Current Liabilities	**143,662,311**	**113,642,409**
Deposit Fund Liabilities	5,200	568,153
Debt issued under borrowing Authority:		
Borrowing from Treasury	0	0
Other Liabilities:		
Vessel Trade-in Allowance and Other Accrued Liabilities	0	0
Total Liabilities	**$ 143,667,511**	**$ 115,625,412**
Government Equity		
Unexpended Budget Authority:		
Unobligated	1,441,163,985	1,027,459,412
Undelivered Orders	1,260,049,603	1,547,730,494
	2,706,213,588	2,575,189,906
Unfinanced Budget Authority (-)		
Unfilled Customer Orders	(217,997,956)	(160,589,962)
Contract Authority	(826,178,368)	(1,547,730,494)
	(1,044,176,324)	(1,669,587,593)
Invested Capital	1,758,054,903	777,316,462
Total Government Equity	**$3,420,092,167**	**$2,048,329,406**
Total Liabilities and Government Equity	**$3,563,754,478**	**$2,266,690,818**

The notes to Financial Statements are an integral part of this statement.

U.S. DEPARTMENT OF TRANSPORTATION--Maritime Administration

Exhibit 2. Statement of Operations

	Years Ended September 30	
	1994	**1993**
OPERATIONS OF THE MARITIME ADMINISTRATION		
Net Costs of Operating Activities		
Reserve Fleet Programs:		
Maintenance and Preservation	$ 330,270,978	$ 436,319,800
Direct Subsidies and National Defense Costs:		
Operating-Differential	212,972,927	218,937,768
Ocean Freight Differential	50,317,000	50,929,000
Credit Reform Program Fund	33,037,381	269,866,768
Credit Reform Financing Fund	<31,940,380>	-0-
Administrative	74,734,673	74,422,000
Other Operating Income Net of Expenses	1,365,093	8,486,197
Net Cost of Maritime Administration	$ 670,751,672	$ 796,859,819
OPERATIONS OF REVOLVING FUNDS (-Income):		
Vessel Operations Revolving Fund	63,998,565	258,242,935
War Risk Revolving Fund	<867,532>	<1,319,940)
Federal Ship Financing Fund	<59,741,280>	<24,886,003>
Special Studies	-0-	-0-
Gifts and Bequests	-0-	<116,440>
	$3,379,753	$284,656,661
Net Cost of Combined Operations	**$674,131,425**	**$1,081,516,480**

The notes to Financial Statements are an integral part of this statement.

Notes to Financial Statements
September 30, 1993 and September 30, 1994.

1. The preceding financial statements include the assets, liabilities, income, and expenses of the Maritime Administration (MARAD); the Vessel Operations Revolving Fund, the War-Risk Insurance Revolving Fund, and the Federal Ship Financing Fund and Programs of the Federal Credit Reform Act of 1990.

2. The MARAD was contingently liable under agreements guaranteeing obligations or insuring mortgages and construction loans payable to holders or lenders totaling $1,147,046,378 on September 30, 1994.

3. MARAD held no cash or securities on September 30, 1994 in escrow in connection with the guarantee of obligations to the insurance of loans and mortgages which were financed by the sale of bonds in the securities market. There were no conditional liabilities for prelaunching War-Risk Builder's Insurance on September 30, 1994.

4. On September 30, 1994 the U.S. Government held $90,000 in securities which had been accepted from vessel owners, charterers subsidized operators, and other contractors as collateral for their performance under contracts.

5. The Federal Ship Financing Fund, a revolving fund, is currently self-supporting. As of September 30, 1994; the fund had investments (U.S. Treasury Securities) of $892 million. No Defaults were incurred during FY 1994.

6. MARAD wrote off loans receivable of 242.4 million for the Title XI Program during FY 1994.

7. MARAD adjusted its liabilities to $826,178,366 as of September 30, 1994, recognizing the estimated total of contractual liability outstanding on the current Operating Differential Subsidy contracts.

8. Real Property and Equipment are reported net of allowances for FY 1994.

Appendix I: MARITIME SUBSIDY OUTLAYS--1936-1994

Fiscal Year	CDS	Reconstruction CDS	Total CDS	ODS	Total ODS & CDS
1936-1955	$248,320,942*	$ 3,286,888	$ 251,607,830	$ 341,109,987	$ 592,717,817
1956-1960	129,806,005	34,881,409	164,687,414	644,115,146	808,802,560
1961	100,145,654	1,215,432	101,361,086	150,142,575	251,503,661
1962	134,552,647	4,160,591	138,713,238	181,918,756	320,631,994
1963	89,235,895	4,181,314	93,417,209	220,676,685	314,093,894
1964	76,608,323	1,665,087	78,273,410	203,036,844	281,310,254
1965	86,096,872	38,138	86,135,010	213,334,409	299,469,419
1966	69,446,510	2,571,566	72,018,076	186,628,357	258,646,433
1967	80,155,452	932,114	81,087,566	175,631,860	256,719,426
1968	95,989,586	96,707	96,086,293	200,129,670	296,215,963
1969	93,952,849	57,329	94,010,178	194,702,569	288,712,747
1970	73,528,904	21,723,343	95,252,247	205,731,711	300,983,958
1971	107,637,353	27,450,968	135,088,321	268,021,097	403,109,418
1972	111,950,403	29,748,076	141,698,479	235,666,830	377,365,310
1973	168,183,937	17,384,604	185,568,541	226,710,926	412,279,467
1974	185,060,501	13,844,951	198,905,452	257,919,080	456,824,532
1975	237,895,092	1,900,571	239,795,663	243,152,340	482,948,003
1976**	233,826,424	9,886,024	243,712,448	386,433,994	630,146,442
1977	203,479,571	15,052,072	218,531,643	343,875,521	562,407,164
1978	148,690,842	7,318,705	156,009,547	303,193,575	459,203,122
1979	198,518,437	2,258,492	200,776,929	300,521,683	501,298,612
1980	262,727,122	2,352,744	265,079,866	341,368,236	606,448,102
1981	196,446,214	11,666,978	208,113,192	334,853,670	542,966,862
1982	140,774,519	43,710,698	184,485,217	400,689,713	585,174,930
1983	76,991,138	7,519,881	84,511,019	368,194,331	452,705,350
1984	13,694,523	-0-	13,694,523	384,259,674	397,954,197
1985	4,692,013	-0-	4,692,013	351,730,642	356,422,655
1986	-416,673	-0-	-416,673	287,760,640	287,343,867
1987	420,700	-0-	420,700	227,426,103	227,846,803
1988	1,236,379	-0-	1,236,679	230,188,400	231,425,079
1989	-0-	-0-	-0-	212,294,812	212,294,812
1990	-0-	-0-	-0-	230,971,797	230,971,797
1991	-0-	-0-	-0-	217,574,038	217,574,038
1992	-0-	-0-	-0-	215,650,854	215,650,854
1993	-0-	-0-	-0-	215,506,822	215,506,822
1994	-0-	-0-	-0-	212,972,929	212,972,929
Total	**$3,569,648,434**	**$264,904,682**	**$3,834,553,116**	**$9,714,096,177**	**$13,333,142,471**

* Includes $131.5 million CDS adjustments covering the World War II period, $105.8 million equivalent to CDS allowances which were made in connection with the Mariner Ship Construction Program, and $10.8 million for CDS in fiscal years 1954 to 1955.

** Includes totals for FY 1976 and the Transition Quarter ending September 30, 1976.

Appendix II: Combined Financial Statements of Companies With Operating-Differential Subsidy Contracts
Statement A - Balance Sheet for Years Ending in 1993 and 1992

	1993	1992
ASSET	(stated in thousands)	
Cash	$ 8 518	$102,806
Marketable Securities	28,897	69,672
Notes Receivable	101,510	0
Accounts Receivable	381,738	382,493
Allowance for Doubtful Receivables	(4,922)	(3,736)
Other Current Assets	104,718	110,733
Total Current Assets	$620,459	$661,968
Non-Current Assets:		
Restricted Funds	$2,345	2,345
Investments	1,563	1,764
Property and Equipment	1,109,280	1,074,798
Other Assets	77,727	86,812
Deferred Charges	43,968	28,530
Goodwill and Other Intangible Assets	33,367	36,290
Total Non-Current Assets	$1,268,250	$1,230,539
TOTAL ASSETS	$1,888,709	$1,892,507
LIABILITIES & OWNERS' EQUITY		
Current Liabilities:		
Notes Payable	$ 32,291	$157,924
Accounts Payable	76,328	97,605
Accrued Liabilities	390,942	352,151
Other Current Liabilities	8,647	3,551
Advance Payments/Deposits	6,089	4,549
Total Current Liabilities	$514,297	$615,780
Long Term Debt	$411,201	$370,686
Other Liabilities	112,675	98,399
Deferred Credits	143,907	146,488
Total Non-Current Liabilities	$667,783	$615,573
Total Liabilities	$1,182,080	$1,231,353
Invested Capital	$185,596	$186,572
Treasury Stock	(2,443)	(2,443)
Retained Earnings	523,476	477,025
Total Owners' Equity	$706,629	$661,154
TOTAL LIABILITIES AND OWNERS' EQUITY	$1,888,709	$1,892,507

Appendix II: (continued)

Statement A - Income Statement for Fiscal Years Ending in 1993 and 1992

	1993	1992
	(stated in thousands)	
Shipping Revenue	$2,722,935	$2,555,102
Other Shipping Operations Revenue	206,880	206,519
Total Revenue from Shipping Operations	$3,139,300	$2,985,644
Shipping Expense	$769,718	$698,833
Shipping Port Call Expense	136,634	115,245
Cargo Handling Expense	1,509,769	1,466,798
Inactive Vessel Expense	11,423	7,938
Other Shipping Operations Expense	63,935	57,909
Total Expense of Shipping Operations	$2,491,479	$2,346,723
Gross Income from Shipping Operations	$647,821	$638,921
Other Revenue	17,219	32,752
Other Expense	17,308	20,226
General and Administrative Expense	378,235	364,723
Depreciation and Amortization Expense	125,539	122,817
Interest Expense	40,614	44,541
Net Income Before Income Taxes	$103,344	$119,456
Provision for Income Taxes	38,356	40,589
Net Income After Income Taxes	$64,988	$78,867
Effect of Change in Accounting Policy	(7,409)	(21,658)
Income or Loss from Extraordinary Items	(280)	19,135
NET INCOME	$57,299	$76,344

(This data is from the Financial Report Form MA-172 filed by
13 subsidized companies in 1993 and 17 subsidized companies in 1992.)

APPENDIX III: RESEARCH AND DEVELOPMENT PROGRAM--FY 1994

Project	Task	Recipient	Agreement Number	Amount
Cargo Handling Technology:				
Cargo Handling Cooperative Program	Carry out research, development, test, and evaluation of new technologies, systems, and methods directed at increasing the cargo handling productivity of U.S.-flag carriers.	American President Lines, Ltd. Matson Terminals Inc. Crowley Maritime Corp.	MA-CA-10014	$150,000*
Maritime Technology Policy:				
Marine Board	Continue sponsorship of the Marine Board of the National Academy of Sciences during FY 93 and perform selected research (MARPOL Annex V, navigation and piloting, shiphhandling simulation training, contaminated marine sediments, and national needs in maritime technology).	National Research Council	DTMA91-94-G-00003	$200,000*
Transportation Research Board (TRB)	To provide for sponsorship of the annual technical program of the TRB.	National Research Council	DTMA91-93-G-00001	$103,440*
Marine Environmental Protection:				
Air Pollution	Reduce air pollution from marine engines.	U.S. Coast Guard	MA-3-A25	$ 25,000*
National Maritime Enhancement Institutes:				
Ship Structural Integrity Information System	Develop guidelines for a standard for structural integrity information gathering, archiving and analysis.	University of California at Berkeley	DTMA91-94-H-00032	$ 50,000**
Response Model for Maritime Transportation Systems	Develop a tactical and operational response model for a transportation system when service patterns are disrupted.	Louisiana State University	DTMA91-94-H-00019	$ 50,000*
Upper Mississippi River Flood Damage	Assess port and terminal damage, and navigation impacts due to the 1993 flood.	Memphis State University	DTMA91-94-H-00031	$ 50,000*

*Cost Shared

**Cost Reimbursable from U.S. Coast Guard

APPENDIX III: RESEARCH AND DEVELOPMENT PROGRAM--FY 1994 (cont.)

Project	Task	Recipient	Agreement Number	Amount
Ship Operations Technology:				
Ship Operations Cooperative Program	Perform research on new methods, and procedures directed at improving the efficiency, productivity, safety, and environmental responsiveness of U.S. ship operations.	ARCO Marine Energy Transportation Corp. Sea-Land Service National Oceanic and Atmospheric Administration	DTMA91-93-G-00012	$ 150,000*
Shipboard Evaluation of the Piloting Expert System	Conduct a shipboard evaluation aboard the SEA-RIVER BENECIA of the Piloting Expert System developed by Rensselaer Polytechnic Institute.	Rensselaer Polytechnic Institute, Troy, NY	DTMA91-94-C-00002	$ 49,722
Ship Structures Research:				
Ship Structure Committee	MARAD's share to participate in the Ship Structures Committee FY 94 Program.	U.S. Coast Guard Washington, DC	MA-4-A25	$ 75,000*
Small Business Innovation Research:				
Small Business Innovation Research Program	MARAD's support of the FY 94 Small Business Innovation Research Program.	Volpe National Transportation Systems Center, Cambridge, MA	MA-4-A34	$146,560
Waterway Navigation Technology:				
Regional Response Team Decision Making Training	U.S. Coast Guard R&D Center project to improve the effectiveness of the decision making process following major spills.	Marine Safety International Kings Point, NY	DTMA91-88-C-80024 Task #9	$170,379**

*Cost Shared

**Cost Reimbursable from U.S. Coast Guard

Appendix IV: STUDIES AND REPORTS RELEASED IN FY 1994

The following major studies or reports were released by MARAD during FY 1994:

A Report to Congress on the Status of the Public Ports of the United States, [MARAD]

Environmental Advantages of Inland Barge Transportation, [MARAD]

Foreign Flag Merchant Ships Owned by U.S. Parent Companies, as of July 1, 1993, [MARAD]

Inventory of American Intermodal Equipment, 1992 [MARAD]

MARAD '93 (The Annual Report of the Maritime Administration for FY 1993) [MARAD]

Maritime Labor-Management Affiliations Guide, 1994 [MARAD]

Maritime Subsidies, September 1993, [MARAD]

Maritime System of the Americas, PB94-121487, [NTIS]

Probability Based Inspection for Marine Structures, PB94-125853, [NTIS]

Public Port Financing in the United States, [MARAD]

Report on Foreign Shipbuilding Subsidies, July 1993 [MARAD]

Report on Survey of U.S. Shipbuilding and Repair Facilities, [MARAD]

Shipboard Piloting Expert System, [NTIS]

Vol I -- PB94-183837
Vol II -- PB94-183274
Vol III-- PB94-187010

Shippers' Guide for Proper Stowage of Intermodal Containers for Ocean Transport, [MARAD]

Vessel Service Guide '93 -- Ship Your Cargo on U.S.-Flag Ships, [MARAD]

Note: Reports prepared or issued by the MARAD in previous years are listed in **MARAD PUBLICATIONS** and are available upon request from headquarters and field offices.

MARAD REPORT ACRONYMS

AA	Foreign Assistance Act
AAPA	American Association of Port Authorities
ABS	American Bureau of Shipping
AFL-CIO	American Federation of Labor and Congress of Industrial Organizations,
APF	Afloat Prepositioning Force
AID	Agency for International Development
APL	American President Lines, Ltd.
CCC	Commodity Credit Corp.
CCF	Capital Construction Fund
CFE/TLE	Conventional Forces in Europe Treaty Implementation
CFR	Code of Federal Regulations
CHCP	Cargo Handling Cooperative Program
CINCFOR	Forces Command
CMA	Companie d'Affretement
COE	U.S. Army Corps of Engineers
COI	Certificate of Issuance
CORE	National Contingency Response
CPY	Cargo Preference Year
CRF	Construction Reserve Fund
CWA	Cooperative Working Agreements
CY	Calendar Year
DGPS	Differential Global Positioning System
DLA	Defense Logistics Agency
DOD	Department of Defense
DOE	Department of Energy
DOT	Department of Transportation
DSAA	Defense Security Assistance Agency
DTS	Defense Transportation System
Dwt	Deadweight-tons
ECC	Environmental Coordinating Committee
EMSIS	Emergency Shipping Information System
EMT	Emergency Medical Technicians
Eximbank	Export-Import Bank
FAA	Foreign Assistance Act
FEU	40-foot equivalent units
FHWA	Federal Highway Administration
FMC	Federal Maritime Commission
FMF	Foreign Military Financing
FTA	Federal Transit Administration
Fund	Ship Financing Revolving Fund
FY	Fiscal Year
GAA	General Agency Agreement
GAI	Guaranteed Annual Income Program

MARAD REPORT ACRONYMS (continued)

GATT	General Agreement on Tariffs and Trade
GIS	Geographic information systems
GPS	Global positioning
HF	High Frequency
JETRO	Japan External Organization
ILA	International Longshoremen's Association
ILWU	International Longshoremen's and Warehousemen's Union
IMO	International Maritime Organization
INCA	International Narcotics Control Act
IRM	Information Resource Management
ISTEA	Intermodal Surface Transportation Efficiency Act
IT	Information technology
ITC	International Tonnage Convention
LAN	Local Area Network
LDT	Light displacement ton
LOTS	Logistics Over The Shore
LTM	Long ton/miles
LVM	Louisiana Vessel Management, Inc.
MAP	Military Assistance Program
MARAD	Maritime Administration
MARDEZ	Maritime Defense Zones
MCDS	Modular Cargo Delivery System
MEBA/NMU	Marine Engineers Beneficial Association/ National Maritime Union
MOC	Memorandum of Consultation
MOU	Memorandum of Understanding
MRS	Mobility Requirements Study
MSB	Maritime Subsidy Board
MSC	Military Sealift Command
MTMC	Military Transportation Management Command
NAFTA	North American Free Trade Agreement
NATO	North Atlantic Treaty Organization
NCSORG	Naval Control of Shipping Organization
NDRF	National Defense Reserve Fleet
NEC	National Economic Council
NHS	National Highway System
NLRB	National Labor Relations Board
NMREC	National Maritime Resource Center
NMS	National Maritime System
NRC	National Research Council
NSI	National Shipbuilding Initiative
NYSA	New York Shipping Association
ODS	Operating-differential subsidy
ODSA	Operating-differential subsidy agreement

MARAD REPORT ACRONYMS (continued)

OECD	Organization for Economic Cooperation and Development
OFD	Ocean freight differential
OPA	Oil Pollution Act of 1990
OPDS	Offshore Petroleum Discharge System
P.L.	Public Law
PBOS	Planning Board for Ocean Shipping
PCD	Pacific Coast District
P.L.	Public Law
PLS	Position Location Systems
PMA	Pacific Maritime Association
PRC	Peoples Republic of China
QMED	Qualified Members of Engine Department
R&D	Research and development
RAP	Remedial Action Projects
RO/RO	Roll-on\roll-off vanship
ROS	Reduced Operating Status
RRF	Ready Reserve Force
SA	Shipyard Agreement
SPR	Strategic Petroleum Reserve
SRA	Ship Repair Agreement
STARS	Ship Tracking and Retrieval System
SUP	Sailor's Union of the Pacific
T-ACS	Auxiliary crane ship
TEU	20-foot equivalent units
TRB	Transportation Research Board
U.N.	United Nations
USC	United States Code
USCG	U.S. Coast Guard
USDA	U.S. Department of Agriculture
VNTSC	Volpe National Transportation Systems Center