

Fourth Annual Report
OF THE
Federal Maritime Commission



Fiscal Year Ended June 30, 1965

FEDERAL MARITIME COMMISSION
WASHINGTON, D.C.

June 30, 1965

JOHN HARLEE, *Chairman*

JAMES V. DAY, *Vice Chairman*

ASHTON C. BARRETT, *Member*

GEORGE H. HEARN, *Member*

JOHN S. PATTERSON, *Member*

THOMAS LISI, *Secretary*

LETTER OF TRANSMITTAL

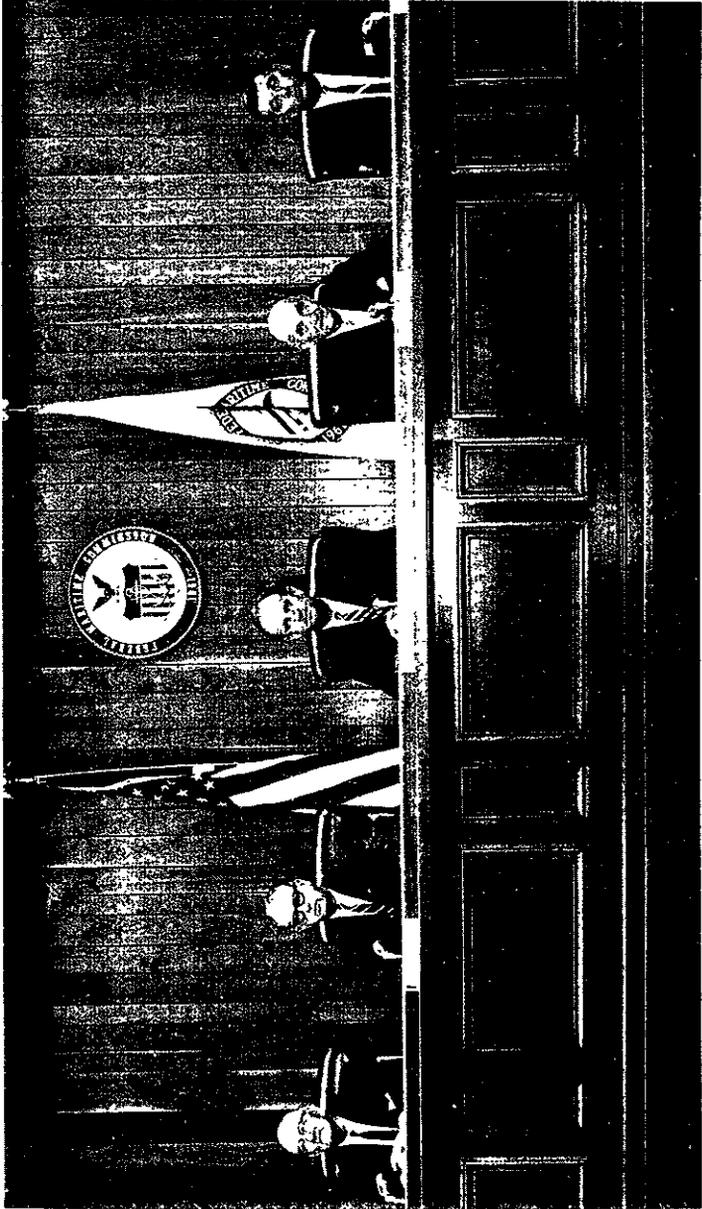
FEDERAL MARITIME COMMISSION,
Washington, D.C., 20573,
October 27, 1965.

To the Senate and the House of Representatives:

Pursuant to section 103(e) of Reorganization Plan No. 7 of 1961, and section 208 of the Merchant Marine Act, 1936, I respectfully submit the Annual Report of the Federal Maritime Commission for the fiscal year 1965.

A handwritten signature in cursive script that reads "John Harlee".

JOHN HARLEE,
Chairman.



Federal Maritime Commissioners (left to right): Ashton C. Barrett, James V. Day (Vice Chairman), Rear Admiral John Harlee (Chairman), John S. Patterson, George H. Hearn.

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HIGHLIGHTS OF THE YEAR

The Federal Maritime Commission, in fiscal year 1965, focused on international negotiations and Government-industry cooperation in fulfillment of its role in maritime affairs, world trade, and commerce.

International Relations

The reaching of an agreement with 14 of the major maritime nations for the furnishing of information needed by the Commission to carry out its regulatory responsibilities was a significant accomplishment of the Commission during fiscal year 1965.

Major shipping countries of Europe and Japan agreed to furnish information required to help the Commission in a study on rate disparities.

After the Commission's issuance of Section 21 Orders requesting information, to determine whether or not there did exist discriminatory rate disparities, international objections were raised by the major shipping countries on jurisdictional grounds. These objections brought about a series of informal discussions between the shipping officials of the foreign governments, the Chairman and the Managing Director of the Federal Maritime Commission.

As a result of two special ad hoc shipping meetings, held under the auspices of the Organization for Economic Cooperation and Development in Paris, an agreement was reached for the voluntary furnishing of certain information. This arrangement was confirmed by an "Agreed Minute" which was signed on December 15, 1964. By the end of the fiscal year, all of the information agreed to be furnished had been received by the Federal Maritime Commission.

Industry-Government Cooperation

The Commission's efforts and achievements were revitalized and strengthened by President Johnson's personal appreciation of the role of the American Merchant Marine and by the vigilance of committees of the Congress whose duties it is to concern themselves with the welfare of American foreign commerce.

In President Johnson's words—"as long as there has been a United States of America, our maritime capabilities have been a vital part of our Nation's success and our prosperity and our Nation's influence throughout the world. I very much want us all to do all we can to strengthen the thrust of the Nation's competitiveness, its competition on the sea lanes of the world oceans."

Throughout the year, similar views were reflected in the work of congressional committees, e.g., the Joint Economic Committee, the Senate Committee on Commerce, the Senate Select Committee on Small Business, and the House Merchant Marine and Fisheries Committee.

The Joint Economic Committee, concluded extensive studies and hearings on "Discriminatory Ocean Freight Rates and the Balance of Payments" with specific findings and recommendations to support and assist the Federal Maritime Commission in the use of its statutory powers to protect American commerce and the public interest in transportation. A summary of the Committee's findings and recommendations were published in Joint Committee Print, 88th Congress, 2d session, released December 29, 1964.

Before the Senate Select Committee on Small Business, the Chairman, Federal Maritime Commission, on February 24, 1965, reported in detail on contributions of the Commission and the shipping industry to opening a greater overseas market for American beef.

In furtherance of its industry-cooperative program, the Commission in fiscal year 1965 initiated action to aid exporters in obtaining information and assistance on ocean freight problems. Guidelines for shippers will be issued early next fiscal year, outlining procedures for seeking advice and information from the Federal Maritime Commission and from ocean carriers and conferences of such carriers.

Also in the interest of shippers and consignees the Commission took action to establish an informal procedure for adjudication of

small claims, thereby relieving shippers and consignees of the time and expense involved in litigating such claims before the Commission.

Noteworthy, too, was the Commission's action, following an amendment of section 15 of the Shipping Act, in processing with unparalleled expedition more than 1,600 agreements filed by ports and terminal operators. The American Association of Port Authorities described the Commission's work as "one of the finest examples of industry-Government teamwork we have ever enjoyed."

In specific attention to domestic offshore commerce, the Commission held meetings with carriers, shippers, and representatives of the governments of the domestic offshore areas to assist the carriers in eliminating from their tariffs causes for potential protests. The success of this program was reflected in a decrease of formal proceedings representing substantial savings in time and money to the Commission and to the carriers and shippers.

Also, in this fiscal year, the Commission instituted a study of the Alaska trade to learn from shippers the problems they face in importing and exporting their merchandise, to examine the ways in which ocean lines serve these trades to determine whether improvements can be recommended, and to find out how much it costs the lines to provide efficient service.

The winter of 1964-65 marked the first time in history that the Port of Anchorage, Alaska, was served regularly during the winter months. Sea-Land Service, Inc., entering the Alaska trade in 1964 with specially constructed vessels, is calling at Anchorage on a year-round basis.

Other Significant Activities

In other regulatory activities the Commission in fiscal year 1965: instituted on its own motion 44 formal proceedings under statutory provisions of the Shipping Act, 1916, and the Intercoastal Shipping Act, 1933; issued 67 final decisions involving 82 formal proceedings; approved under provisions of section 15 of the 1916 Act, 297 carrier agreements, 133 terminal agreements and 503 freight forwarder cooperative working agreements; issued 237 freight forwarder licenses; processed over 94,000 tariff filings; granted 282 and denied 29 special permission requests to effect new or increased freight rates in advance of the statutory filing time; initiated action

to resolve over 600 informal complaints and concluded its action with respect to 390 such complaints; participated in 35 cases in litigation before the courts involving the decisions and orders of the Commission; concluded nearly 1,000 field investigations, including those concerning violations of the Shipping Statutes and those involving the qualifications of applicants for freight forwarder licensing; initiated three legislative proposals, two of which were enacted into law by the Congress during the fiscal year; and intensified its management improvement program consistent with the President's objective to administer the laws prudently, expeditiously and at the lowest possible cost to the taxpayer.

These and other fiscal year activities are set forth in detail in subsequent sections of this report.

Special Activities of the Commissioners

During the present reporting period the Chairman made two trips to Paris to meet with representatives of the maritime nations of Europe and Japan. On one of these meetings the Chairman was accompanied by Commissioner Ashton C. Barrett. In addition the Chairman met with this same group of shipping officials in New York in the spring of 1965. He was accompanied to this meeting by Commissioner George H. Hearn.

The Chairman and members of the Commission made field trips and delivered addresses during the year explaining the agency's progress, objectives, and policies to thousands of people with vital interests in U.S. foreign oceanborne commerce.



President Lyndon B. Johnson at the Swearing-in Ceremony of Admiral John Harlee, Chairman, and James V. Day, Vice Chairman, Federal Maritime Commission, July 20, 1965.



President Lyndon B. Johnson at the Swearing-in Ceremony of George H. Hearn, Member, Federal Maritime Commission, July 22, 1964.



Chairman Harlee pledges to President Johnson full diligence in the administration of the shipping statutes.

SCOPE OF AUTHORITY AND BASIC FUNCTIONS

The Federal Maritime Commission was established by Reorganization Plan No. 7, effective August 12, 1961, as an independent agency, to administer the functions and discharge the regulatory authorities under the Shipping Act, 1916; Merchant Marine Act, 1920; Intercoastal Shipping Act, 1933; and Merchant Marine Act, 1936.

The Commission is composed of five Commissioners appointed by the President with the advice and consent of the Senate. The Commissioners are appointed for a 5-year period with the exception that any person appointed to fill a vacancy is appointed only for the unexpired term of the Commissioner he succeeds. Not more than three of the Commissioners are appointed from the same political party.

The President designates one of the Commissioners to be the Chairman. The Chairman, as Chief Executive and Administrative officer, is authorized to appoint and supervise all personnel (with the exception of personnel employed in the offices of the other Commissioners) and to expend funds for administrative purposes.

The Washington Office is at 1321 H Street, NW. There are three district offices located as follows:

Atlantic Coast District Office.....	45 Broadway New York, N.Y. 10006
Pacific Coast District Office.....	450 Golden Gate Avenue Box 36067 San Francisco, Calif. 94102
Gulf Coast District Office.....	P.O. Box 30550 Room 946 600 South Street New Orleans, La. 70130

The statutory authorities and functions of the Commission embrace the following principal areas: (1) Regulation of services, practices, and agreements of common carriers by water and certain other persons engaged in the foreign commerce of the United States; (2) acceptance, rejection, or disapproval of tariff filings of common carriers engaged in the foreign commerce; (3) regulation of rates, fares, charges, classifications, tariffs, regulations, and practices of common carriers by water in the domestic offshore trade of the United States; (4) investigation of discriminatory rates, charges, classifications, and practices in the waterborne foreign and domestic offshore commerce; and (5) rendering decisions, issuing orders, and making rules and regulations governing and affecting common carriers by water, terminal operators, freight forwarders, and other persons subject to the shipping statutes.

INTERNATIONAL COMMERCE

Carrier Agreements

Section 15 of the Shipping Act, 1916, requires, in substance, that all agreements and modifications of agreements among common carriers in the waterborne commerce of the United States, which fix rates, control competition, pool or apportion earnings or traffic, allot ports or regulate sailings, regulate freight or passenger traffic, or otherwise provide for exclusive, preferential or cooperative working arrangements, be filed with and approved by the Commission prior to effectuation. Such agreements or modifications are examined and analyzed to determine whether they are unjustly discriminatory or unfair as between carriers, shippers, exporters, importers, or ports or between American exporters and their foreign competitors; whether they will operate to the detriment of the commerce of the United States and the public interest or will violate any provision of the Shipping Act. The Commission must approve the agreement or modification or institute a hearing to determine whether, based upon criteria established by said section 15, to disapprove, cancel, or modify such agreements or modifications of existing agreements.

In fiscal year 1965, over 400 section 15 agreements approved by the Commission and predecessor agencies were reviewed, in conjunction with the parties, to determine if they were active and up to date. As a result it was possible to reduce the number of outstanding approved agreements from 791 at the beginning of the fiscal year to 655 at the close.

These 655 approved agreements consisted of 123 conference and rate agreements; 16 joint conference agreements; 48 joint service agreements; 21 pooling agreements; 25 sailing agreements; 343 transshipment, and 79 miscellaneous cooperative working arrangements.

**Activity in Processing Section 15 Agreements
Fiscal Year 1965**

At the commencement of fiscal year 1965, there were pending Commission action 183 agreements filed for approval under section 15, consisting of 48 new agreements and 135 modifications to existing approved agreements. During the 1965 fiscal year, 257 additional agreements were filed (123 new agreements and 134 modifications). The Commission approved 297 agreements; 36 were withdrawn by the parties as a result of informal discussions requesting clarification or revision of the agreements; and the balance of 107 agreements, at the end of the fiscal year, were in process of analysis or in docketed proceedings.

The following table reflects the activity of docketed proceedings instituted to determine whether agreements filed pursuant to section 15, should be approved, disapproved or modified:

**ACTION WITH RESPECT TO SECTION 15 AGREEMENTS
IN DOCKETED PROCEEDINGS**

	<i>Agreements</i>	<i>Modifications</i>	<i>Total</i>
Pending July 1, 1964.....	5	15	20
Ordered fiscal year 1965.....	9	12	21
Approved after hearing.....	2	2	4
Proceedings discontinued or withdrawn.....	5	8	13
Disapproved after hearing.....	1	1	2
Pending June 30, 1965.....	6	16	22

Exclusive Patronage (Dual Rate) Contracts

Section 14b of the Shipping Act, 1916, enacted by Public Law 87-346, effective October 3, 1961, authorizes the Commission to permit, with certain specified safeguards, the institution by carriers or conferences of a contract system, available to all shippers and consignees equally, which provides lower rates to a shipper or consignee who agrees to give all, or a fixed portion, of his patronage to such carrier or conference. Since such "dual rate" contracts may have a direct impact upon the commerce of the United States, it is essential that every effort be made to assure that freight rates that are assessed shippers and receivers of freight pursuant to such contracts are not discriminatory or prejudicial to our American ex-

porters and importers and that approval of such contracts is not contrary to the public interest.

Under Public Law 87-346 existing contracts which did not meet prescribed standards became unlawful unless amendments in compliance with the Act were filed with the Commission by April 3, 1962. Contracts so amended and filed with the Commission were lawful until April 3, 1963 (subsequently extended to April 3, 1964, by Public Law 88-5). As this statutory deadline of April 3, 1964, was not further extended by the Congress and the Commission did not issue its decision in the Dual Rate Cases until March 27, 1964, the Commission issued interpretive rulings which continued the dual rate contract terms in effect without execution of the new contracts until September 1, 1964. This extension was granted in order to give the carriers and the shippers sufficient time to review the newly approved dual rate contract terms provided the shipper signed an interim binder with the carriers.

After the Dual Rate Cases Decision of the Commission, four conferences instituted court proceedings attacking the Commission's decision with respect to certain provisions in their particular dual rate contract forms. The United States Court of Appeals for the Ninth Circuit set aside the orders of the Commission because of procedural defects and remanded these four cases to the Commission for reconsideration "* * * limited to such clauses of the proposed contract as were not, in subject matter, dealt with in the hearings." The Commission, by order served June 24, 1965, reopened the docketed proceedings in three of these dual rate cases in order to correct the procedural deficiency. These cases and the fourth remanded case will be reconsidered by the Commission in fiscal year 1966.

The following table reflects dual rate systems in effect and pending applications on hand at the beginning of fiscal year 1965, received during the period, acted upon, and the balance on hand July 1, 1965:

FISCAL YEAR 1965 ACTION WITH RESPECT TO EXCLUSIVE PATRONAGE (DUAL RATE) CONTRACT SYSTEMS

(a) Dual Rate Contract Systems in effect:

As of July 1, 1964	53
Terminated during fiscal year 1965	8

Approved systems in effect July 1, 1965	45
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(b) Dual Rate Contracts filed for approval pursuant to section 14b, Public Law 87-346 during fiscal year 1965

	<i>New systems</i>	<i>Modification of existing systems</i>
Pending July 1, 1964.....	6	11
Filed fiscal year 1965.....	2	7
Remanded by court order.....	*-4	3
Approved fiscal year 1965.....	1	15
Pending July 1, 1965.....	3	6

*Agreements 5200, 5680, 6400, and 8660 remanded by court orders as modifications to existing contracts.

Shippers' Requests and Complaints

In the fiscal year 1964 the Commission undertook a study of the procedures utilized by the outbound conferences for the disposition of shippers' requests and complaints. Reports and data required for this study were furnished by most of the conferences either on a purely voluntary basis, or, in some instances, pursuant to Commission order. However, 13 of the conferences contested the Commission's orders requiring that the necessary data be furnished in the courts. During fiscal year 1965, this litigation was concluded and the reports have now been received from 9 of the 13 conferences involved. The remaining four surrendered their separate identities during the pendency of the litigation, and were consolidated with certain other inbound conferences into one new conference organization. This necessitated the issuance of a new Section 21 Order against this newly established conference and it is anticipated that the final report will be received early in fiscal year 1966, thus enabling the Commission to complete its study on shippers' requests and complaints in that year.

Freight Rates

The statutory requirements with respect to the filing of ocean freight rates by common carriers by water in the foreign commerce of the United States and conferences of such carriers are set forth in section 18(b) of Public Law 87-346 which section became effective on January 2, 1962. For the purpose of insuring the establishment of rates only after public notice and to guard against rates and practices which are unjustly discriminatory, the statute essen-

tially provides that (1) all rates, charges, classifications, rules, or regulations governing the transportation of property shall, prior to assessment, be published and filed with the Commission; (2) new or initial rates and changes in rates, charges, classifications, rules or regulations which result in an increase in cost to the shipper shall become effective not earlier than 30 days after the date of filing with the Commission; except that the Commission may, in its discretion and for good cause, grant special permission for earlier effective dates, and rate changes which result in a decrease in cost to the shipper may become effective upon publication and filing with the Commission; (3) no common carrier or conference shall charge, demand, collect, or receive a compensation which is different than that which is published, on file with the Commission, and in effect; (4) the Commission shall by regulations prescribe the form and manner in which tariffs shall be published and filed and is authorized to reject any tariff which is filed and fails to conform with section 18(b) or the Commission's regulations; and (5) the Commission shall, after hearing, disapprove any rate or charge which it finds to be so unreasonably high or low as to be detrimental to the commerce of the United States.

Tariff Filings

The fiscal year commenced with a total of 1,967 foreign-commerce tariffs on file with the Commission. At the close of the year the total had grown to 2,317. The receipt of filings which include new and initial tariffs and amendments to previously filed tariffs totaled 83,776 during the year. Of this number 528 were rejected for failure to conform with the statutory requirements. Based upon a survey of all filings received during the year, each averaged the establishment of two new or initial rates and three rate changes. Hence the total filings received involved 167,552 new or initial rates and 251,328 rate changes.

Section 18(b) requires the Commission to prescribe by regulations the form and manner in which tariffs required thereby shall be published and filed. In keeping with the obligation on May 27, 1965, the Commission published in the Federal Register its General Order 13 setting forth rules to govern the filing of tariffs in the United States—foreign trades, effective July 1, 1965. These rules provide for the filing of tariffs in a uniform and orderly manner

whereby they can be readily and clearly interpreted. They further provide for a uniform tariff format which will allow the coding of each tariff commodity description in a manner which is compatible with a system of automatic data processing. This will enable the Commission to automate the retrieval and examination of rate data heretofore accomplished manually. An automated program will greatly assist the Commission in fulfilling its regulatory responsibilities over ocean rates.

Section 18(b) also authorizes the Commission in its discretion and for good cause to permit rates otherwise requiring 30-day filing notice to become effective on an earlier date. During the year the Commission received 177 special permission applications to waive the 30-day statutory filing requirement. Of this number 134 were granted, 20 were denied and 23 were withdrawn.

Rate Studies

The Commission continued its review and study of ocean freight rates on selected commodities moving in the foreign commerce of the United States to determine whether our foreign commerce is being adversely affected and to determine the extent to which the Commission could be of assistance in eliminating adverse effects found to be in existence.

The Commission also continued its study and analysis of the principal inbound-outbound trades of the United States with a view toward obtaining the elimination of any unjustified rate disparities applying against the export commerce of the United States.

Information concerning these activities is hereinafter included in further detail.

International Relations

The Federal Maritime Commission in administering the shipping laws of the United States was faced with a number of problems in the international field.

The foremost problem was in connection with the investigation of rate disparities in the foreign trade and commerce of the United States. Two special ad hoc shipping meetings were held in Paris

under the auspices of the Organization for Economic Cooperation and Development.

In these two meetings, the Chairman and the Managing Director explained the U.S. shipping laws and the reason that the Commission must have information in order to make a decision on the questions raised by alleged rate disparities. On December 15, 1964, the 14 European governments, Japan, and the United States announced the conclusions of discussions in Paris which had resulted in arrangements for an exchange of information sought by the FMC in connection with its study of rate disparities. This arrangement was confirmed by an "Agreed Minute."

After the conclusion of the meetings in Paris the FMC staff had several meetings with foreign shipping attaches and shipping conference officials in which an agreement was reached as to the type of information which would be furnished. By the end of the present fiscal year all of the information which was agreed to be furnished had been received by the FMC.

This marks a milestone in international shipping relations as it is probably the first time that this type of information has been gathered in one location.

On March 3 and 4, 1965, the Chairman together with the Managing Director attended a meeting of the Maritime Transport Committee of the OECD in Paris for consultation on the regulation of international shipping.

On March 23, 24, and 25, 1965, the Chairman and the Assistant Secretary of State for Economic Affairs met with the representatives of 11 maritime countries at the U.S. mission to the United Nations in New York to discuss problems of international shipping. The subjects discussed related to the regulation of international shipping, a review of the complexities of these problems, and the possibility that they might be adjusted through international cooperation. A further meeting was scheduled for July of 1965.

The United Kingdom, on July 31, 1964, passed the Shipping Contracts and Commission Documents Act. This law, it was believed, might be used to counteract actions by the FMC under current legislation. The Federal Republic of Germany has passed a similar law which became effective July 1, 1965.

Foreign Discrimination

The FMC, under section 19 of the Merchant Marine Act of 1920, is responsible for correcting foreign shipping discriminations. This requires that the Commission have close surveillance of the various laws and regulations issued by foreign governments to determine whether these laws contain discriminatory provisions applicable to U.S. shipping services to those countries.

Foreign regulations have a direct and in some cases adverse effect upon the operation of U.S.-flag shipping lines. Experience has shown that in several cases of foreign discrimination the U.S. shipping lines' participation in moving ocean freight has been reduced as much as 50 percent.

There is a growing tendency in the developing countries of the world for governmental control over the routing of ocean cargoes. A number of developing countries have established practices for the benefit of their own national fleets which are discriminatory against the operation of U.S. shipping lines.

Such discriminations take different forms and are given varying degrees of justification but they all actually amount to government control of commercial cargoes. These discriminations are in conflict with U.S. shipping practices and create difficulties in the operation of U.S. shipping lines to the countries which apply these discriminations. As stated above, one of the functions of the FMC is to endeavor to bring about the removal of practices of foreign governments which discriminate against U.S. shipping.

Every effort is made to obtain elimination of discriminatory practices through governmental discussions and negotiations. However, when such efforts are unsuccessful the Commission is confronted with the necessity of issuing rules and regulations pursuant to section 19 of the Merchant Marine Act, 1920, designed to offset the effect of these anti-U.S. discriminations or to bring about their withdrawal.

In December of 1964, the Commission published equalization orders to correct discriminatory practices of the Government of Uruguay against U.S. shipping lines. After receiving assurances that the Government of Uruguay would propose new shipping legislation which would eliminate this discrimination, the equalization order was held in abeyance awaiting final legislative action by the Government of Uruguay.

Liaison

Liaison is maintained with other government agencies handling international shipping as well as with foreign shipping attaches and international organizations. Close liaison with the Department of State is required in all types of international shipping matters of concern to the United States.

DOMESTIC OFFSHORE COMMERCE

The Commission regulates rates and practices of domestic offshore common carriers by water serving the trades between continental United States and Alaska, Hawaii, Puerto Rico, Guam, American Samoa, and the Virgin Islands, pursuant to the provisions of the Intercoastal Shipping Act of 1933 and the Shipping Act, 1916.

Regulatory Activity

Tariff Filings

The Intercoastal Shipping Act of 1933 requires that carriers file with the Commission and keep open to public inspection schedules showing all the rates, fares, and charges for, or in connection with, transportation between ports served in the domestic offshore trades. The Commission accepts or rejects tariff filings in accordance with the requirements of the statute and the Commission's rules and regulations.

During fiscal 1965, the Commission held meetings with domestic offshore water carriers, shippers, and representatives of the governments of the domestic offshore areas, to assist the carriers in eliminating from their tariffs causes for potential protests. As a result, only 13 tariff matters culminated in formal proceedings placing tariff items under investigation and/or suspension. This was a decrease of 17 from fiscal year 1964, representing a substantial saving in time and money to the Commission and to carriers and shippers.

Otherwise, in tariff activity, the Commission received and examined 7,727 freight and passenger tariff filings, rejected 348 pages, and accepted the remainder.

Special Permission Applications

Under the provisions of section 2 of the Intercoastal Shipping Act of 1933, no change may be made in tariff provisions except by publication, filing, and posting of new tariff schedules. Such changes become effective not earlier than 30 days after the date of filing with the Commission. However, upon application of the carrier, the Commission may in its discretion and for good cause shown allow changes to become effective upon less than 30 days. The Commission approved 148 applications for special permission, denied 9, and 4 were withdrawn by the applicants.

Domestic Carrier Agreements

Agreements between carriers in the domestic offshore trade are subject to section 15 of the Shipping Act, 1916, which requires that such agreements be filed for approval before effectuation.

Six carrier agreements were filed during fiscal year 1965. Two agreements were pending at the end of fiscal year 1964. Each was examined to determine whether it would be unjust, discriminatory or unfair as between carriers, shippers, exporters, importers, or ports; that it would not operate to the detriment, but to the benefit of the commerce of the United States; did not violate any of the provisions of the Shipping Act; whether it represented the true and complete understanding of the parties; and was not contrary to the public interest. Three of the agreements were withdrawn by the parties without formal action of the Commission, and three agreements were determined not subject to section 15. One agreement was made the subject of formal investigation and one is pending further investigation.

Special Studies

A comprehensive study of the Alaska trade was instituted for the purpose of determining the trends, methods, and costs of carrier operations as related to their freight rates. Other studies in process are: (1) solutions to problems involved in efficient regulatory control of "nonvessel operating common carriers by water"; (2) competitive influence of contract carriers in domestic offshore trades; (3) necessity for complete or partial exemption from regulation of certain types of carriers, e.g., those operating small vessels; and (4) project rates.

TERMINAL OPERATORS

The Commission is responsible for the regulation of the activities of marine terminal operators pursuant to the provisions of the Shipping Act, 1916. This entails the processing of terminal agreements under section 15 of the Shipping Act and policing and regulating terminal practices under sections 16 and 17 of the Shipping Act.

In carrying out this responsibility the Commission in fiscal year 1965:

1. Issued revised proposed rules in Docket No. 875, requiring terminal operators to file tariffs and prescribing uniform definitions of terminal services.

2. Instituted an investigation to determine whether Agreement No. T-1768, city of Oakland, Calif., and Sea-Land of California, Inc. (Docket No. 65-9), should be approved, modified, or disapproved pursuant to section 15 of the Shipping Act, 1916.

3. Instituted an investigation to determine whether the free time practices of the Port of San Diego are contrary to the provisions of section 16, First, or section 17 of the Shipping Act, 1916 (Docket No. 1217).

4. Instituted an investigation (Docket No. 65-14), to determine (1) whether free time and demurrage practices in the Port of New York violate section 17 of the Shipping Act, 1916; (2) whether General Order 8, Part 1, has been lawfully interpreted and enforced during the periods of abnormal shoreside pier congestion following the strike of longshoremen, terminating February 13, 1965; (3) whether General Order 8, Part 1, should be amended to deal more adequately in the future with periods of general pier congestion; (4) whether General Order 8, Part 1, should be amended to prescribe assessment of any pier demurrage against cargo during maritime strikes; and (5) whether General Order 8, Part 1, should be

amended to delete the words "which affect an entire port area or a substantial portion thereof."

5. Issued a further interpretation of sections 1 and 15 of the Shipping Act, 1916. The purpose of the statement of policy is to assist the public in determining whether certain types of leases, licenses, assignments or other agreements of similar character for use of terminal property or facilities are between "other persons subject to the act," and whether they fall within the standards of section 15.

6. Completed hearings in Fact Finding Investigation No. 4 (North Atlantic Ports) and held hearing in Fact Finding Investigation No. 5 (South Atlantic and Gulf Ports) at Wilmington, N.C., Charleston, S.C., Savannah, Ga., and Mobile, Ala., for the purpose of developing facts to determine whether free time, demurrage, and storage practices at terminals are unfair and whether terminals discriminate against truck traffic in favor of rail traffic.

7. Examined 2,855 terminal tariff filings to determine whether they were in conformity with the provisions of the Shipping Act, 1916, or with an approved conference agreement to which the terminal may have been a party.

8. Reviewed the minutes of 50 terminal conference meetings to determine whether any action therein reflected was violative of the Shipping Act.

Terminal Agreements

Terminal agreements are examined to determine whether they may be unjustly discriminatory or unfair as between carriers, shippers, exporters, importers, or ports; that they will not operate to the detriment of the commerce of the United States and the public interest; and that they do not violate any provisions of the shipping acts.

At the start of fiscal year 1965 there were 1,032 terminal agreements pending review. This large number was the result of a heavy influx of such agreements following the enactment by Congress of moratorium legislation, Public Law 88-275. There were 173 additional terminal agreements filed during fiscal year 1965. Of this total 133 were approved, 15 withdrawn before approval, and 1,026 determined not to be subject to section 15.

FREIGHT FORWARDING

The Commission licenses and regulates independent ocean freight forwarders, promulgates and enforces rules and regulations, and approves or disapproves agreements between licensed forwarders pursuant to the provisions of the Shipping Act, 1916.

Licensing

The law authorizes the Commission to issue licenses to those independent ocean freight forwarders found to be fit, willing and able to function as such. As a consequence, the Commission is required to conduct sufficient investigation as to each applicant to permit such a finding to be made.

At the beginning of fiscal year 1965, 603 licenses had been issued, and there were 404 applications pending. During the fiscal year, 79 new applications were received; 237 licenses were issued; 102 applications were denied or withdrawn; and 144 continued in process.

Of the remaining 144 pending applications staff work has been completed on 36; 29 are pending field investigations; and 79 are in various stages of staff processing.

Agreements

Ocean freight forwarders frequently enter into joint working agreements or cooperative working arrangements. For example, a forwarder who controls the routing of export shipments may arrange with a forwarder located at the port of exportation to prepare, complete, or process one or several of the necessary export documents. Such agreements are filed for Commission approval pursuant to section 15 of the Shipping Act, 1916.

At the beginning of the fiscal year, 85 agreements were pending approval, and an additional 780 were received. Of this total, 503 were approved, 13 rejected, and 349 are pending further review. The number of new agreements filed during this fiscal year constitutes a decrease of about 13.5 percent over the number filed during the last fiscal year. There are approximately 3,028 joint working agreements between ocean freight forwarders currently on file with the Commission.

Rulemaking Proceedings

The Commission adopted Amendment 6 to General Order 4, specifying the circumstances under which the \$100 application fee required of applicants for licenses would be refunded. The Commission also adopted Amendment 7, prescribing minimum financial records to be maintained by licensees.

General Order 4 was further revised by the adoption of Amendment 8 after an extensive rulemaking proceeding. This amendment provides that a person who supplies through transportation service as a nonvessel operating common carrier by water could also be licensed as an independent ocean freight forwarder, but only as to export shipments dispatched rather than those for which such carrier assumed transportation responsibility and liability.

FINANCIAL AND ECONOMIC ANALYSIS

Transport Economics

As a result of the increasing need for economic studies and analyses of traffic and trade in the essential trade routes of the United States, and in order to coordinate the Commission's activities in this area, the Office of Transport Economics was established on August 25, 1964. Its efforts have been devoted primarily to a series of rate-level studies designed to discover and exhibit the presence and effect of disparate rate structures on the general movement of cargo in given trade routes. The existence of such rate structures compels the outbound cargo movement to bear a greater part of the round-voyage costs than the inbound movement, and it is feared that the export rates are thereby made detrimental to the exports of the United States, with consequent aggravation of its balance-of-payments position.

Thus far, analyses have been prepared or are in process for each of the following trade routes:

- No. 5: U.S. North Atlantic/United Kingdom and Ireland
(see chart page 26).
- No. 6: U.S. North Atlantic/Scandinavia and Baltic.
- No. 7: U.S. North Atlantic/Germany.
- No. 8: U.S. North Atlantic/Belgium and Netherlands.
- No. 10: U.S. North Atlantic/Mediterranean.
- No. 12: U.S. Atlantic/Far East.
- No. 22: U.S. Gulf/Far East.
- No. 29: U.S. Pacific/Far East.

It is planned to continue these analyses to include all of the 34 essential trade routes of the United States.

In this activity the Commission works closely with other agencies of the Government both on a continuing basis through the medium

of interagency committees and on an ad hoc basis with various departments and agencies. Foremost among the interagency organizations is the Interagency Transportation Policy Research Committee, set up by the Department of Commerce to improve its liaison with transportation regulatory agencies. In the statistical field, a representative of the Commission regularly attends and participates in the proceedings of the Interagency Committee on Foreign Trade Statistics, which operates under the aegis of the Bureau of the Budget, for the improvement, development, and coordination of Federal statistical services, and serves as the focal point for U.S. participation in the statistical activities of international organizations.

In matters pertaining to the expansion of export trade, the Commission collaborates closely with the Department of Commerce, Department of Agriculture, the Trade Information Committee of the Office of Special Representative for Trade Negotiations, and other governmental organizations. In connection with ocean rates on Government-sponsored traffic, assistance has been given to the Agency for International Development and the Military Sea Transportation Service.

Financial Analysis

During the fiscal year 1965, financial reports were received from carriers in the domestic offshore trades in accordance with the terms of General Orders 5 and 11. The first reports filed under General Order 11 were received this year, the order having become effective July 17, 1964. For the first time in its existence the Commission began receiving current financial information concerning the operations in these trades of the carriers subject to its operations. These reports reveal the assets used and the financial results of the operations of the carriers in the various domestic offshore trades.

Also, this fiscal year an audit program was developed for use by the Commission's accountants. This program should result in more efficient use of the available manpower and obtain more uniform examination of the carriers' reports.

The authority of the Commission to audit the books and records of carriers in the domestic offshore trades was questioned by one such carrier. The Commission issued a section 21 order requiring

the carrier to permit Commission's auditors to examine its books and records. The carrier appealed to the U.S. Court of Appeals which decided April 15, 1965, that the Commission should be given the opportunity to reconsider its order.

The data obtained by the Commission as a result of the promulgation of General Order 11 has been of material benefit in its reviews of changes of rates filed by the carriers. The presence of current information concerning the assets employed and the results of operations of the carriers in the domestic offshore trades has facilitated the review of changes in tariff rates by such carriers and has resulted in eliminating some suspensions and investigations which otherwise would have been necessary. The availability of such financial data has also assisted in the verification and review of data submitted by carriers in support of changes in rates in those cases where such changes have been subjected to formal investigations whether or not such rates were suspended.

ENFORCEMENT AND COMPLIANCE

Informal Complaints

Following the establishment of the Federal Maritime Commission in 1961, exporters, importers, steamship lines, and others engaged in serving the foreign oceanborne commerce of the United States have in increasing numbers filed informal complaints and protests in regard to a variety of shipping problems. These problems include controversies related to the adjustment of the rate levels of steamship lines and conferences, elimination of alleged discriminations and other malpractices, and proper application of tariff rates and rules.

Since the Commission has a responsibility to be as fully informed as possible with respect to the rates, practices, and methods of operation of common carriers by water in the foreign commerce of the United States, it must make diligent inquiry into all such complaints and take such action as is warranted under the Shipping Act, 1916. In most of these cases a formal proceeding by the Commission is found not to be necessary for such reasons as: rate adjustment effected after Commission intervention; investigation disclosed no evidence of violation or basis for formal action; complaint withdrawn; or corrective action is taken by the carrier. However, in some instances the circumstances require the institution of a formal investigation by the Commission. In still other cases formal rulemaking proceedings are necessary to achieve industrywide uniformity and applicability. Another investigative tool utilized in some cases is the Commission nonadjudicatory factfinding procedure.

In fiscal year 1965, the Commission considered nearly 600 informal complaints and concluded its findings and actions with respect to 390 cases. Of this number 29 were referred to the Department of Justice. The type of complaints and actions taken are:

Complaints Alleging High Ocean Freight Rates

One hundred and forty-seven complaints of this type were acted upon or considered by the Commission's staff during the year. In 11 cases rate adjustments beneficial to shippers were achieved. Complaints were withdrawn in four cases. In 84 cases the Commission found no basis for relief for the complainant nor was any basis found for formal Commission action. Final disposition of 48 other such cases was pending at yearend, 12 of which are included in formal docket proceedings.

Freight Rate Disparities

Consideration was given to six informal complaints involving a disparity between the inbound freight rate and the outbound freight rate. No basis was found in four of those cases for affording relief to the shipper. Two cases were pending final disposition at the end of the year.

Claims Matters

Sixty-six cases in which shippers were in dispute with carriers in the matter of settlement of shippers' claims for refunds of freight or other reimbursement were considered. Refunds or reimbursements were found to be appropriate and were effected in three cases. In 41 cases investigation showed no basis for adjustment of freight charges or other reimbursement. At the close of the year, 22 such cases were pending further inquiry.

Complaints Alleging Discrimination

Thirty-two complaint cases involved alleged unjust discrimination or undue prejudice in violation of sections 16 and/or 17 of the Shipping Act, 1916. Investigation and inquiry produced evidence warranting referral of one of these cases to the Justice Department. The complaint in one case was withdrawn. Investigation and inquiry failed to indicate a basis for relief to the complainant or for formal action by the Commission in 10 cases. Further consideration of eight cases was continued under formal docket proceedings. Twelve others were pending at the end of the year.

Classification Controversies

Thirty complaints involving disputes between shippers and carriers were reviewed on an informal basis. In 16 of these, there

was no basis for obtaining relief for the complainant. Fourteen others are pending final determination.

Cases Involving Tariff Filings

The staff of the Commission investigated 77 instances of suspected violations by carriers of the tariff-filing requirements of section 18(b), Shipping Act, 1916, as amended. Thirty-nine of these investigations were completed with the result that 13 cases were referred to the Department of Justice for prosecution. The evidence obtained in the other 26 cases completed did not show violations and further action was unwarranted. Thirty-eight cases are presently under investigation.

Other Complaints—Foreign Regulation

In addition to the foregoing complaints, 61 other complaints were received. Included among these are complaints received from steamship passengers regarding bookings, accommodations, fares, and the like, with respect to which the Commission has very limited authority. Also included in this miscellaneous category of complaints are those pertaining to tariff rules, possible violations of the agreement-filing requirements of section 15 of the Act, freight booking arrangements, short shipment of freight, voyage delays, steamship agency matters, refunds of surcharges, etc. Thirty-four of these cases were concluded in which no basis was found for formal action by the Commission. The remaining 27 were under review or investigation at the end of the year.

Informal Complaints—Domestic Regulation

One hundred and fifty-seven complaints in this category involved claims for damages or overcharges, violations of section 15 agreements, protests against rates, unjust or unfair discriminatory practices, and tariff filing violations.

Twenty-five of these complaints were found not to involve violations of the statutes; 102 were settled by adjustment between the parties; 15 were referred to the Department of Justice; and 15 were in process of staff review on June 30, 1965.

Other Compliance Action

In addition to its action on informal complaints received direct from shippers and the public, the Commission takes action also on

evidence of violations (1) referred by Congressional Committees and other Government agencies and (2) identified by Commission staff in review of conference minutes, and other surveillance of conference activities.

In all, 287 matters falling into these categories were handled in fiscal year 1965. In seven instances the matters involved were referred to the Department of Justice for prosecution of violations of the Act. In one instance in which the Commission had set the matter for formal hearing and adjudication the carriers involved reduced the outbound rates to a parity with inbound rates. Inquiries and rate and trade studies were completed in 186 other cases in which no basis was found for formal Commission action.

Concluded in the foregoing cases were the remaining matters of the 247 possible violations referred by the Antitrust Subcommittee of the House Committee on the Judiciary during the period 1959 through 1961.

Factfinding Proceedings

During the past year the Commission instituted no new factfinding proceedings, however, hearings were held in factfinding investigation numbers 5, 6, and 8. The general investigation of conference rate structures (FF #6) concluded hearings dealing with shipper and Government agency testimony. The third and final phase of this investigation, conference testimony, will commence during the next year. Factfinding proceedings with respect to terminal practices at North and South Atlantic ports have been completed, and hearings at Gulf ports will be completed during the next year. The report on Project Rates, Factfinding No. 8, was submitted to the Commission during this year.

Field Investigations

There were 893 investigative cases pending as of July 1, 1964. Of these 763 involved ocean freight forwarder matters, and the remainder consisted of alleged malpractices in contravention of the shipping statutes or rules and regulations of the Commission. During the year, 394 new cases were opened and 997 investigations were completed.

The year saw the effective completion of the investigation of freight forwarder license applicants and the compliance inquiries made concerning prior registrants who did not apply for a license.

Investigative activity resulted in fines and/or settlements involving 31 individuals or concerns for violations of the shipping statutes in the amount of \$37,788. At the close of the fiscal year, there were also pending in the Federal courts or with the Department of Justice for appropriate action 40 cases of both a criminal and civil nature.

Formal Proceedings

The Commission on its own motion instituted during the year 44 proceedings involving various regulatory matters. In addition, 13 complaint cases and 21 special docket proceedings were instituted. The Commission's decisionmaking processes continued to function at a high level with 64 cases concluded this year.

The Commission's regulatory program during the year placed special emphasis on cases concerning the impact of ocean freight rates upon the export commerce of the United States, rate proceedings in our offshore domestic trades and surveillance under section 15 of the Act of agreements which restrict competition between common carriers by water. The status of the Commission docket in formal proceedings is indicated below:

	<i>Beginning fiscal 1965</i>	<i>New dockets</i>	<i>Concluded fiscal 1965</i>	<i>Pending beginning fiscal 1966</i>
Investigations:				
Section 15	19	10	14	15
Sections 14, 16, 17 . . .	7	2	6	3
Section 18(b)(5)	8	5	4	9
Dual rate contracts	3	5	7	1
Freight forwarder				
licensing	1	12	11	2
Rate proceedings	9	7	13	3
Rulemaking	13	3	9	7
Total	60	44	64	40

PROCEEDINGS BEFORE HEARING EXAMINERS AND FEDERAL MARITIME COMMISSION

At the beginning of the fiscal year, 148 proceedings were pending before Hearing Examiners, and there were added during the fiscal year 76 cases; 7 cases were remanded for further proceedings making a total of 231 proceedings. The examiners conducted 27 hearings and issued 65 decisions. The Commission heard 25 oral arguments involving 30 proceedings and issued 67 final decisions involving 82 formal proceedings. At the end of the fiscal year, there were 42 proceedings pending final decision by the Commission.

Final Decisions of the Commission

Docket No. 732-H—*Kempner v. Lykes Bros. Steamship Co., Inc., et al.*;
Docket No. 733-H—*Kempner v. Lykes Bros. Steamship Co., Inc., et al.*;
Docket No. 734—*Galveston Cotton Company v. Lykes Bros. Steamship Co., Inc., et al.*; Docket No. 735—*Texas Cotton Industries v. Lykes Bros. Steamship Co., Inc., et al.* The Commission issued three final decisions in this proceeding, dismissing complaints against certain respondents after stipulation between the parties.

Docket No. 881—*General Increases in Alaskan Rates and Charges*. The Commission denied petition for reconsideration of its Report and Order of April 30, 1963, thus affirming that decision.

Docket No. 884—*Unapproved Section 15 Agreements—Japan, Korea, Okinawa Trade*. It was determined that respondents had entered into unapproved, unfiled agreements in violation of section 15 of the Act.

Docket No. 901—*General Increases in Rates: Pacific-Atlantic/Guam Trade*. On rehearing on remand, the Commission affirmed its allocation of administrative and general expense and allowance for working capital made in its Report and Order of October 24, 1962.

Docket No. 921—*River Plate and Brazil Conferences, et al. v. Lloyd Brasileiro (Patrimonio Nacional) and Moore-McCormack Lines, Inc.*; Docket No. 928—*Agreement No. 8545 between Lloyd Brasileiro (Patrimonio Nacional) and Moore-McCormack Lines, Inc.* It was determined that Agree-

ment No. 8545 was in violation of sections 15 and 16 of the Act in certain respects and thus disapproved. If certain portions of the Agreement are deleted, the Agreement will be approved.

Docket No. 966—*Reduction in Rates—Pacific Coast-Hawaii, Oliver J. Olson & Co., C. R. Nickerson, Agent.* It was determined that Olson's rates under investigation were lawful and just and reasonable.

Docket No. 1078—*Japan Atlantic and Gulf Freight Conference Exclusive Patronage (Dual Rate) Contract*; Docket No. 1080—*Trans-Pacific Freight Conference of Japan Exclusive Patronage Contract (Dual Rate).* Respondent conferences were permitted to employ the exclusive patronage (dual rate) contracts in the form specified in the Commission report.

Docket No. 1079—*The Persian Gulf Outward Freight Conference Exclusive Patronage (Dual Rate) Contract.* Respondent conference was permitted to employ the exclusive patronage (dual rate) contract in the form specified in the Commission report.

Docket No. 1088—*Jordan International Company v. Flota Mercante Grancolombiana, et al.* The Commission dismissed the complaint on the ground that the rates which were the subject of the complaint were not found to be unduly prejudicial, unjustly discriminatory, or detrimental to the commerce of the United States.

Docket No. 1096—*The Northern Pan-America, A/S v. Moore-McCormack Lines, Inc.* Complainant's share of the revenues fixed under Agreement No. 9040 were determined to be unjustly discriminatory and unfair within the meaning of section 15 of the Act.

Docket No. 1103—*Agreement No. 9025: Middle Atlantic Ports Dockage Agreement.* The Commission approved Agreement 9025 pursuant to section 15 of the Act.

Docket No. 1104—*Pacific Seafarers, Inc. v. Atlantic & Gulf American-Flag Berth Operators, et al.* The Commission dismissed the complaint on the grounds that agreements are not within the jurisdiction of the Commission where they involve foreign interport trade exclusively even though the goods are American financed and carried by American-flag carriers who file agreements with the Commission dealing with different subject matter.

Docket No. 1105-(Sub. 1)—*Agreement No. 8900: Rate Agreement United States/Persian Gulf Trade.* Agreement No. 8900 was approved pursuant to section 15 of the Act, subject to compliance with Commission General Order No. 7.

Docket No. 1127—*Overseas Freight and Terminal Corp. (All Cargo Line)—Extra Charges Due to Delay in Unloading Caused by Longshoremen Strike.* It was determined that respondent's extra charges for services rendered during strike period when it was unable to unload cargo, in reliance on its bill of lading was not shown to be in violation of sections 16, 17, or 18(b) of the Act.

Docket No. 1128—*Agreement No. T-4: Terminal Lease Agreement at Long Beach, California; Agreement No. T-5: Terminal Lease Agreement at*

Oakland, California. It was determined that Agreement Nos. T-4 and T-5, together with companion Agreement Nos. T-4-1 and T-5-1, were subject to section 15 of the Act and are approved.

Docket No. 1134—*Investigation of Practices in the Great Lakes/Japan Trade-Iino Kaiun Kaisha, Ltd. and Mitsui Steamship Co., Inc.* It was determined that the practice of respondents in refusing to call at port of Duluth on inbound voyage did not constitute a violation of sections 15 and 16, First, even though respondents called at Duluth on their outbound voyage. It was further determined that Agreement 8670, to which respondents were parties was the complete agreement between the parties on this subject.

Docket No. 1145—*Reduction in Rates on Automobiles: North Atlantic Coast Ports to Puerto Rico*; Docket No. 1167—*Reduced Rates on Automobiles: Atlantic Coast Ports to Puerto Rico.* It was determined that respondents' rates under investigation herein were unjustly and unreasonably low and a minimum just and reasonable rate was determined.

Docket No. 1150—*Hasman & Baxt, Inc. Valencia Baxt Express, Inc.—Misclassification of Goods in Containerized Trailer Vans in the United States/Puerto Rico Trade.* It was determined that respondent Hasman & Baxt was in violation of section 16 of the Act by misclassifying the contents of a trailer van containing leather and that Hasman & Baxt and respondent Valencia Baxt Express were in violation of section 16 of the Act by false statement of cargo weight of the contents of a trailer van containing leather. The record was insufficient to support a violation of the Shipping Act, 1916, with respect to certain shipments of bathtubs and yarn.

Docket No. 1155—*Imposition of Surcharge on Cargo to Manila, Republic of the Philippines.* It was determined that surcharges imposed by respondents were not in violation of the Shipping Act, 1916, with the exception of surcharges imposed by respondents Maersk Line and Pacific Star Line on newsprint at Searsport, Maine, which prejudiced and discriminated against shippers of newsprint at Searsport as well as the port itself since the surcharge was not imposed at nearby Canadian ports.

Docket No. 1157—*United States of America, by General Services Administration v. American Export Lines, Inc., et al.* The Commission adopted the initial decision of the Examiner in dismissing the complaint on the ground that the rate in question was not shown to be so unreasonably high as to be detrimental to the commerce of the United States, unjustly discriminatory or unduly prejudicial.

Docket No. 1158—*In the Matter of Agreement No. 134-21: Gulf/Mediterranean Ports Conference.* The Commission approved the amendment under investigation on the ground that exemption from Conference jurisdiction of full shiploads of one commodity shipped by one shipper under charter conditions was not in violation of section 14 Fourth and 16 First of the Act.

Docket No. 1166—*In the Matter of Agreement Nos. 6200-7, 6200-8, and 6200-B U.S. Atlantic and Gulf/Australia-New Zealand Conference.* The

Commission approved, pursuant to section 15 of the Act, proposed amendments to the basic Agreement which expanded the scope of the conference to Great Lakes and St. Lawrence River ports and changed voting requirements on ordinary conference. The Commission disapproved, pursuant to section 15, proposed amendment providing for veto by the Atlantic and Gulf section of the conference of lower rates set by the Great Lakes section and disapproved, pursuant to section 14b, the use of a dual rate contract for the entire trade area.

Docket No. 1168—*Application for Freight Forwarding License: Louis Applebaum*. The Commission denied the application of Louis Applebaum of New York for freight forwarding license on the ground that a partner in a firm primarily engaged in the sale and shipment of goods to foreign countries could not qualify as an independent ocean freight forwarder as defined in Public Law 87-254.

Docket No. 1172—*Peter Bratti Associates, Inc. v. Prudential Lines, et al.*; Docket No. 1173—*Peter Bratti Associates, Inc. v. Hellenic Lines, Limited, et al.* The Commission adopted the decision of the Examiner, granting reparations to complainant arising from ambiguity in respondents' tariff resulting in assessment of improper charge for cargo imported by complainant.

Docket No. 1188—*Increased Freight Rates—Alaska Lower Yukon River Area*. The Commission adopted the decision of the Examiner in finding that rates, charges, and practices of respondent Northern Commercial Company River Lines were not unjust, unreasonable, or otherwise unlawful.

Docket No. 1192—*Application for Freight Forwarding License: Wm. V. Cady*. The Commission adopted the decision of the Examiner and denied the application of Wm. V. Cady on the ground that he was an employee of a firm primarily engaged in selling and shipping goods to foreign countries and, as such, did not qualify as an independent ocean freight forwarder as defined in Public Law 87-254.

Docket No. 1196—*Application for Freight Forwarding License: Del Mar Shipping Corporation*. The Commission adopted the decision of the Examiner and denied the application of Del Mar Shipping Corporation on the ground that an incorporated freight forwarder which has stock owned by a shipper in the foreign commerce of the United States is not an independent freight forwarder as defined in Public Law 87-254.

Docket No. 1201—*Application for Freight Forwarding License: Morse Shipping Co. (Rebecca Ruth Morse)*. The Commission adopted the decision of the Examiner and granted the application of Morse Shipping Company, subject to the condition that applicant move its office from premises occupied by a shipping company.

Docket No. 1207—*Seatrains Lines, Inc.: Application of Rates on Shipments in Railroad Cars*. It was determined that respondent Seatrain Lines, by unloading at its own cost, rail cars rated and moved under a tariff providing for unloading by consignees, violated sections 16 and 18(a) of the Shipping Act, 1916, and section 2 of the Intercoastal Shipping Act.

The Commission granted application made under Rule 6(b) of the Commission's Rules of Practice and Procedure authorizing payment of reparation or waiver of collection of undercharges in the following proceeding: Special Docket No. 365. The Commission denied applications under Rule 6(b) in the following procedures: Special Docket Nos. 370, 377 and 378.

Decisions of Hearing Examiners

(In proceedings not yet decided by Commission)

Docket No. 971—*New Orleans Steamship Association v. Bunge Corporation and Southern Stevedoring Company, Inc.* It was determined that respondent *Bunge Corporation* was not subject to the jurisdiction of the Commission with respect to the operation of its terminal grain elevator at Destrehan, La.

Docket No. 996—*Philippine Merchants Steamship Co., Inc. v. Cargill, Incorporated.* It was determined that the establishing of the landed weight of copra was the responsibility of the respondent consignee and the assessment against the vessel of a charge for this service was an unjust and unreasonable practice relating to the receiving and handling of cargo in violation of section 17 of the Act. The respondent was required to revise its service charge to reflect only the reasonable cost and value of service and facilities actually made available and which are for the benefit of the vessels.

¹Docket No. 1082—*Thatcher Glass Manufacturing Co. v. Sea-Land Service, Inc., Puerto Rican Division.* It was determined that the minimum rate of \$500 per trailer load of glass bottles established by Sea-Land applicable to Jacksonville/Puerto Rico trade in which the carrier provides service with transshipment at Port Newark but no direct service, was not shown to be unjust or unreasonable. It was further determined that the said rate, though higher than the rate of 115 cents per 100 pounds for such bottles in Port Newark/Puerto Rico trade, was not shown to result in undue or unreasonable prejudice or disadvantage though distance from Jacksonville to Puerto Rico is less than the distance from Port Newark to Puerto Rico where the carrier offers a direct service from Port Newark and an indirect service from Jacksonville.

Docket No. 1086—*Stockton Port District v. Pacific Westbound Conference, et al.* It was determined that the respondents' equalization rules, and practices in accordance therewith, were unjustly discriminatory and unfair to terminal ports of the San Francisco bay area within the meaning of section 15 of the Shipping Act, 1916, to the extent that they provide for equalization of inland transportation to such ports on cargo loaded at Los Angeles and Long Beach, Calif.; but that such rules and practices, to the extent that they provide for equalization of inland transportation charges between San Francisco bay area ports (which include Stockton), were not in violation of said Act, or of section 205 of the Merchant Marine Act, 1936, if clarified

as required. It was further held that certain respondents violated section 18(b) of the 1916 Act, by so-called "equalization" on citrus fruit originating in Southern California and shipped from San Francisco.

Docket No. 1114—*Iron and Steel Rates, Export-Import*. It was determined that respondents' rates on iron and steel between U.S. North Atlantic and Gulf ports and ports in French Atlantic/Hamburg range, between U.S. North Atlantic and Gulf ports and ports in the United Kingdom, between U.S. Atlantic, Gulf, and Pacific ports and ports in Japan, between U.S. Pacific coast ports and ports in Australia, and from U.S. Atlantic, Gulf, and Pacific ports to ports in the Republic of the Philippines, were not shown to be in violation of section 17 of the Shipping Act, 1916, or in contravention of either section 15 or section 18(b) of the Act.

Docket No. 1159—*In the Matter of Agreement No. 14-19 and Clause 11 of Agreement No. 14-1 as Amended Trans-Pacific Freight Conference (Hong Kong)*. It was determined that Article 10 of Agreement 14-20 between the member lines of the Trans-Pacific Freight Conference (Hong Kong) providing for the exclusive services of shipping agents (absent conference permission) was not unjustly discriminatory or unfair as between carriers, shippers, exporters, importers, or ports, or between exporters from the United States and their foreign competitors; that it did not operate to the detriment of the commerce of the United States; that it was not contrary to the public interest; that it was not in violation of the Shipping Act, 1916; and that it should be, and it was, approved pursuant to section 15 of the Shipping Act, 1916.

Docket No. 1170—*Firestone International Company (A division of the Firestone Tire & Rubber Company) v. Far East Conference, et al.* It was determined that where conference carriers contend that a shipper has violated its dual rate contract by making shipments in the trade on nonconference vessels, and the shipper contends that its actions do not violate the contract, and denies liability for damages, the dispute is one arising out of the contract and involving its interpretation and effect; that under the terms of the contract involved, such disputes may be referred to arbitrators, and the facts of the case do not justify an order to the carriers to cease and desist from so referring the matter.

Docket No. 1171—*Outbound Rates Affecting the Exportation of High-Pressure Boilers (Utility Type), Parts and Related Structural Components*. It was determined that alleged disparities in rates on utility-type boilers and components thereof from United States and foreign ports to the same destinations, and alleged disparities in inbound and outbound rates on said commodities between United States and Japan were not shown to violate section 17 of the Shipping Act, 1916, as amended, or to be so unreasonably high as to be detrimental to the commerce of the United States under section 18(b) (5) of said Act; respondents' respective approved conference agreements were not shown, by reason of maintenance of said rates, to require disapproval, cancellation or modification pursuant to section 15 of said Act.

Docket No. 1176—*The Government of Pakistan v. The India, Pakistan, Ceylon and Burma Outward Freight Conference, et al.* It was determined that surcharges imposed by reason of port congestion at Chittagong, East Pakistan, were not unjustly discriminatory, prejudicial or unfair under section 15 or 17 of the Shipping Act, 1916, where no respondent was a common source of any rate differential between competing shippers, exporters, or importers, and the port allegedly discriminated against was in competition with any allegedly preferred port; and that a surcharge of 15 percent was not so unreasonably high as to be detrimental to the commerce of the United States under section 18(b), where extraordinary expenses and losses of revenues resulted from the port congestion; but an increase of the surcharge, by one respondent, to 40 percent was disapproved pursuant to section 18(b) (5) to the extent that it exceeded 15 percent where the record showed slight improvement in port congestion at the time of hearing, and other carriers reduced 30 percent surcharge to 15 percent after hearing.

Docket No. 1187—*Reduced Rates on Machinery and Tractors from United States Atlantic Ports to Ports in Puerto Rico.* It was determined that the Commission's statutory authority to establish a minimum rate under section 4 of the Intercoastal Shipping Act, 1933, is subject to a finding by the Commission that a rate is unjust, unreasonable, and otherwise unlawful and in the absence of such finding, a rate filed by a carrier will not be disturbed; the burden to prove the justness and reasonableness of a suspended rate is, under section 3 of the Intercoastal Shipping Act, 1933, on the carrier and failure to meet this burden, and in the absence of any evidence of record to demonstrate that a suspended rate is just and reasonable, the rate must be found unjust and unreasonable; the policy stated in section 8 of the Merchant Marine Act, 1920, that a port, or carrier serving that port, has a fundamental right to cargo originating in naturally tributary areas, must be recognized but this right is not unqualified and is determinative only when other transportation factors are substantially equal.

Docket No. 1187(1)—*Further Reduction in Rates on Machinery and Tractors from United States Atlantic Ports to Ports in Puerto Rico.* It was determined that reduced rate of respondent on machinery and tractors from Miami, Fla., to San Juan, Puerto Rico, was not unjustly or unreasonably low under the Shipping Act, 1916, and the Intercoastal Shipping Act, 1933.

Docket No. 1211—*Independent Ocean Freight Forwarder License No. 542 Aetna Forwarding Co., Inc. Revocation of License.* It was determined that the application for license as independent freight forwarder should be denied inasmuch as the forwarding company has retained and misused some \$40,000 which did not belong to it and defaulted in certain payments to steamship companies.

Docket No. 1216—*Activities, Tariff Filing Practices and Carrier Status of Containerships, Inc.* It was determined that respondent's operations in the North Atlantic-Puerto Rico trade as a common carrier without a tariff, were unlawful. Unlawful operations ordered ceased, and respondent required to file an appropriate tariff.

Special Docket No. 376—*Lykes Bros. Steamship Co., Inc. Application to Refund Excess Freight Charges to Samincorp.* It was determined that the section 6(b) application for permission to refund a portion of freight charges be granted.

Special Docket No. 379—*Jamaica Citrus Growers Ltd. v. Grace Line, Inc.* It was determined that a carrier be permitted to waive collection of undercharges on shipment of orange concentrate from Jamaica to Florida where, prior to shipment, carrier agreed with shipper to reduce the rate and made timely effort to file rate reduction but inadvertently omitted to enclose amended tariff in its letter of transmittal to the Commission so that proper filing was not completed until after the shipment.

Special Docket No. 380—*Alltrade International Corporation v. Delta Steamship Lines, Inc.* It was determined that the carrier be permitted to waive the collection of undercharges on shipments of caustic soda from Texas to Republic of the Congo.

Special Docket No. 381—*John C. Rogers & Co., Inc. Application to Refund Part of Freight Charges Collected on Two Shipments Via M/S Union Concord from Philadelphia, Pennsylvania to Yokohama and Kobe, Japan.* It was determined that the application under Rule 6(b) to refund a portion of freight money be denied.

Special Docket No. 382—*The East Asiatic Co., Inc.—Application for Permission to Waive Collection of Undercharges.* It was determined that application for permission to waive the collection of undercharges on shipment of used Volkswagens from St. Thomas, Virgin Islands to Los Angeles, Calif., be denied.

Special Docket No. 383—*Atramer v. Regent Line*; Special Docket No. 384—*Dremanex S.A. v. Regent Line*; Special Docket No. 385—*Steinmann & Co. S.A. v. Regent Line*; Special Docket No. 386—*Randaxhe & Company v. Regent Line*; Special Docket No. 387—*Amerco v. Regent Line*; Special Docket No. 388—*Transinter S.P.R.L. v. Regent Line*; Special Docket No. 389—*N.V. Osto v. Regent Line.* It was determined that applications for permission to waive collection of undercharges on shipments of various commodities from Antwerp, Belgium, and Rotterdam, Holland, to Savannah, Ga., and Charleston, S.C., be denied.

Special Docket No. 390—*S. Winterbourne Co. v. A.P. Moller-Maersk Line*; Special Docket No. 391—*B.C. Ireland, Inc. v. A.P. Moller-Maersk Line*; Special Docket No. 392, 393, 394—*California Commodities Corporation v. A.P. Moller-Maersk Line.* It was determined that applications for permission to grant refunds and waive collections of undercharges be denied.

Special Docket No. 395—*Robinson Lumber Company v. United Fruit Company.* It was determined that application for permission to grant refund should be denied.

Special Docket No. 396—*Sea-Land Service, Inc.—Application to Waive Undercharges.* It was determined that application under Rule 6(b), for permission to waive collection of undercharges on shipments of general

cargo in the domestic offshore trade between New York and Puerto Rico, be granted.

Special Docket No. 397—*Barr Shipping Co., Inc. v. Atlantic Lines, Ltd.* It was determined that application under Rule 6(b) for permission to grant refund of portion of freight money be denied.

Fact Finding Investigation No. 8.—A nonadjudicatory hearing covering the practices of carriers in granting Project Rates and other special rates.

Docket No. S-121—*Application of States Steamship Co. to Increase Hawaiian Calls.* At the request of the Secretary of Commerce, an examiner served as review examiner on this subsidy case.

Examiners also issued decisions in Docket Nos. 733, 734, 735, 884, 921, 928, 1088, 1103, 1127, 1128, 1157, 1158, 1166, 1172, 1173, 1188, 1192, 1196, 1201, 1207 and Special Docket Nos. 377 and 378 described above under "Final Decisions of the Commission".

Pending Proceedings

At the close of the fiscal year there were 133 pending proceedings, of which 30 were initiated on the Commission's own motion, and the remainder were instituted by formal complaints and applications filed by conferences, trade associations, shippers, individual steamship operators, and others.

RULEMAKING PROCEEDINGS

At the end of the fiscal year, the following rulemaking proceedings were in process.

Docket No. 875—*Filing of Tariffs by Terminal Operators*. Further revision of proposed rules published June 10, 1965.

Docket No. 965—*Investigation of and Proposed Rules Relating to Practices of Pacific Coast Terminal in Granting Free Time and Collecting Wharf Demurrage and Service Charges*.

Docket No. 983—*Rules Governing Contract Rate Systems in the Foreign Commerce of the United States*.

Docket No. 1191—*Uniform Weights and Measurements for Automobiles*. Proposed rules published July 28, 1964.

Docket No. 1194—*Proposed Rules for the Filing of Minutes and Other Information by Parties to Section 15 Agreements*. Revised proposed rules published April 28, 1965.

Docket No. 65-5—*Time Limit on the Filing of Overcharge Claims*. Proposed rules published March 27, 1965.

Docket No. 65-21—*Time for Filing and Commenting on Certain Agreements*. Proposed rules published June 18, 1965.

There were published during the fiscal year General Order No. 4 (Amendment 6)—*Licensing of Independent Ocean Freight Forwarders*; General Order No. 4 (Amendment 7)—*Practices of Licensed Ocean Freight Forwarders, Ocean Freight Brokers, and Oceangoing Common Carriers*; General Order No. 4 (Amendment 8)—*Practices of Licensed Freight Forwarders, Ocean Freight Brokers, and Oceangoing Common Carriers*; General Order No. 8, Part II (Amendment 1)—*Filing of Protests to Domestic Tariffs*; General Order 13—*Filing of Tariffs by Water in the Foreign Commerce of the United States and Conferences of Such Carriers*; General Order No. 14—*Shippers' Requests and Complaints*; Amendment to Tariff Circular No. 3—*Publication, Posting, and Filing of Rates and Charges*; Amendment to Tariff Circular No. 3—*Cancellation of Inactive Tariffs and Elimination from Tariffs of Ports to which Service Has Been Discontinued*; Amendment to Tariff Circular No. 3—*Publication, Posting, and Filing of Rates in Domestic Offshore Trade*.

ACTION IN THE COURTS

During the fiscal year 1965, the Commission was involved in 35 cases before the various U.S. Courts of Appeals. Twenty-eight of these cases were disposed of during the fiscal year, and seven were pending as of June 30, 1965.

The Commission also filed memoranda or briefs in response to seven petitions for writs for certiorari in the Supreme Court of the United States. The Supreme Court denied five of the petitions and granted certiorari in two cases which were pending as of the close of the fiscal year.

Some of the more important cases were:

Federal Maritime Commission v. Anglo-Canadian Shipping Co., Ltd., 355 F. 2d 255 (9th Circuit, July 27, 1964), in which the Court set aside an order of the Commission issued pursuant to its Rule 12(k) of Rules of Practice and Procedure directing respondents to produce and make available for inspection and copying certain specified documents. The Court held the order to be invalid on the ground that the Commission was without authority to promulgate any rule relating to the discovery and production of documents. The Court stated that the rule “* * * does more than to merely fill in details within the framework of existing legislation. It adds thereto, and hence is without authority in law.” The Court further stated that “* * * Congress did not intend federal agencies to predicate discovery procedures upon statutes conferring general rulemaking or subpoena power.”

Carnation Company v. Pacific Westbound Conference, Far East Conference, and Federal Maritime Commission, et al., 336 F. 2d 650 (9th Circuit, July 30, 1964) in which the Court held that the antitrust statutes are superseded where the Shipping Act, 1916, provides a remedy for conduct which is violative of both the antitrust statutes and the Shipping Act. Carnation Company began an antitrust treble damage suit against the Pacific Westbound Conference and Far East Conference for damages arising from the implementation of secret agreements which had not been approved by the Commission pursuant to section 15 of the Shipping Act. The District Court dismissed the complaint on the ground that the Shipping Act provided an

exclusive remedy, and the Court of Appeals affirmed. On March 1, 1965, the Supreme Court granted certiorari to review the Court of Appeals opinion. 380 U.S. 905.

Far East Conference, et al. v. Federal Maritime Commission, and United States of America, 337 F. 2d 146 (D.C. Circuit, Aug. 20, 1964), in which the Court affirmed orders of the Commission issued under section 21 of the Shipping Act, 1916, which required the production of certain data and reports regarding freight rates charged by steamship conferences operating in the foreign commerce of the United States. The Court also affirmed an order of the Commission which required the filing of reports on shippers' requests and complaints. On January 25, 1965, the Supreme Court denied petitions for writs of certiorari to review the Court of Appeals opinion. 379 U.S. 991.

New York Foreign Freight Forwarders and Brokers Association, et al. v. Federal Maritime Commission and United States of America, 337 F. 2d 289 (2d Circuit, Oct. 14, 1964), in which the Court affirmed Commission rules regulating the freight forwarding services rendered to export shippers and carriers. The Court concluded that the rules were reasonable and necessary to implement the policy and objectives of the 1916 Shipping Act and the 1961 Freight Forwarding Law (Public Law 87-254). On March 1, 1965, the Supreme Court denied petitions for writs of certiorari to review the Court of Appeals opinion. 380 U.S. 910, 914.

Flota Mercante Grancolombiana, S.A. v. Federal Maritime Commission, 342 F. 2d 924 (D.C. Circuit Dec. 17, 1964) in which the Court reversed the Commission's decision awarding Philip R. Consolo, a shipper of bananas, reparations for damages incurred by reason of Flota Mercante Grancolombiana's failure to give Consolo space in its vessels. The Commission was ordered by the Court to vacate its reparations order. The Court stated that "in view of the substantial evidence showing that it would be inequitable to assess damages against Flota in favor of Consolo, we must conclude that the Commission abused its discretion granted it under section 22 of the Shipping Act in imposing reparations on petitioner." On June 1, 1965, the Supreme Court granted certiorari to review the decision of the Court of Appeals. 381 U.S. 933.

Pacific Coast European Conference, et al. v. Federal Maritime Commission and United States of America (9th Circuit, Feb. 3, 1965), in which the Court upheld with minor exceptions the Commission's promulgation of a uniform dual rate contract to be used by steamship conferences operating in the foreign commerce of the United States. Conferences commonly maintain two levels of rates (hence "dual rates") in their tariffs and offer the lower rate to merchants or shippers who agree to ship all their ocean shipments in a particular trade via the conference. The Commission's orders promulgating the uniform contracts were set aside only insofar as the conferences had not been given the notice required by the Administrative Procedure Act of the subject matter of several clauses in the contract. As to the other clauses, the Court of Appeals affirmed the Commission's disposition.

Alcoa Steamship Company, Inc. v. Federal Maritime Commission and United States of America, (D.C. Circuit, Apr. 15, 1965) in which the Court remanded to the Commission an order directed to Alcoa Steamship Co. pursuant to section 21 of the Shipping Act, 1916, and a rule applicable to domestic offshore carriers, both of which required the production of original corporate records and documents in order that the Commission might verify financial reports filed with it. The Court found that the order and rule were invalid under section 21, but that the Commission could audit the records of carriers subject to its domestic offshore jurisdiction if it found that such an audit would not discriminate against the audited carrier.

Alaska Steamship Company, Inc., et al. v. Federal Maritime Commission and United States of America, 344 F. 2d 810 (9th Circuit, Apr. 15, 1965) in which the Court affirmed with minor exceptions a Commission rate order directed to Alaska Steamship Co. and Northern Commercial Company River Lines. The Commission order allowed Alaska Steam a rate of return in its seasonal service of 10 percent, which return was computed on a segregated rate base representing the assets devoted to the seasonal portion of Alaska Steam's operations. The order was remanded for further proceedings in regard to income tax depreciation, computation of permissible rates under the Commission's order, and to give Alaska Steam the opportunity to move to reopen the Commission proceedings.

Federal Maritime Commission and United States of America v. Atlantic & Gulf/Panama Canal Zone Conference, et al., 241 F. Supp. 755 (USDC, SD NY, Apr. 27, 1965), in which the District Court denied the Commission's application for an injunction restraining the imposition of a rate surcharge on ocean shipments carried between U.S. ports and ports in Latin America, including the Caribbean. The surcharge was imposed as an emergency measure to offset the effects of port congestion due to the longshoremen's strike which ended in the spring of 1965. In denying the Commission's request for injunction, the Court held that it had the power to issue an injunction to maintain the status quo pending an administrative decision, but that the Commission had not made the requisite showing to warrant granting the relief requested.

Swedish American Line v. Federal Maritime Commission and United States of America, (D.C. Circuit, June 10, 1965), in which the Court reversed an order of the Commission which had disapproved a steamship conference rule forbidding sale of passenger transportation on nonconference lines by agents appointed by conference lines. The Commission's disapproval of a rule requiring unanimous accord by all conference lines before any member line can change the level of commissions paid to its agents was also reversed, and the Commission was directed to make supporting findings upon which to base its disapproval or, in the alternative, to approve the two rules.

Federal Maritime Commission v. E. G. Caragher, et al. (USDC SDNY, June 15, 1965) in which the District Court enforced Commission subpoenas duces tecum as to two items in the subpoenas and denied enforcement as to

the remaining three items. The subpoenas were issued in connection with a rate investigation under section 18(b) of the Shipping Act, 1916, and required the production of five categories of documents, the first two categories relating to inbound rated manifests and the last three relating to contracts, invoices and canceled checks or receipts. The Court concluded that items 1 and 2 were relevant to an investigation under sections 14, 16, 17, and 18 (b) (3) of the Shipping Act, 1916, but that the Commission was without the power to compel production of items 3, 4, and 5 because the Commission did not have the power of subpoena in regard to investigations under section 18(b) (5) of the Shipping Act, 1916.

The Commission also referred to the Department of Justice for consideration 49 cases involving violations of the Shipping Act, 1916, and the Intercoastal Shipping Act, 1933, and applications for injunctions and enforcement of subpoenas duces tecum, and rendered the Department all necessary assistance in connection therewith.

LEGISLATIVE DEVELOPMENTS

The Commission was concerned with three legislative proposals, two of which were enacted into law during the fiscal year. The first was Public Law 89-56 which extended the terms of the Federal Maritime Commissioners from 4 to 5 years and further provided that Commissioners whose terms were expiring should hold office until reappointed or their successors were qualified. The second was Public Law 89-71 which equalized the penalties provided by the Intercoastal Shipping Act, 1933, with those provided by the Shipping Act, 1916. Under the new law, the penalty for violation of section 2 of the Intercoastal Shipping Act, 1933 (relating to the filing of rates in the domestic offshore trades of the United States) is now "not more than \$1,000 for each day such violation continues."

The third proposal was a bill to require operators of ocean cruises by water between the United States, its possessions and territories, and foreign countries to file evidence of financial security and other information. H.R. 10327—Committee on Merchant Marine and Fisheries (in executive session) ordered bill, as amended, reported favorably to the House, September 16, 1965.

Further, the Commission participated in a joint legislative proposal with Interstate Commerce Commission and the Civil Aeronautics Board, to amend section 1003 of the Federal Aviation Act of 1958 to authorize common carriers under the jurisdiction of the Civil Aeronautics Board, Federal Maritime Commission, and Interstate Commerce Commission to enter into joint rates, provide for their regulation by a joint board, and for other purposes. H.R. 7793—referred to Committee on Interstate and Foreign Commerce, May 3, 1965.

The Commission has under consideration and will initiate appropriate legislation next fiscal year on a number of other legislative

proposals for purposes of (a) benefiting the waterborne foreign and domestic offshore commerce of the United States; (b) facilitating the exercise by the Commission of its regulatory responsibilities; (c) clarifying certain sections of the shipping statutes; and (d) improving and speeding up the administrative processes of the Commission.

ADMINISTRATION

Commissioners

Reorganization Plan No. 7 of 1961, provided fixed 4-year terms of office for the five Commissioners of the Federal Maritime Commission, two of which necessarily expired simultaneously. This provision was amended by Public Law 89-56, approved June 30, 1965, providing that Commissioners shall thereafter be appointed for terms of 5 years, except that one of the two terms which commence July 1, 1965, shall initially be for 4 years. Public Law 89-56 also provides that upon expiration of his term of office a Commissioner shall continue to serve until his successor shall have been appointed and shall have qualified. Enactment of this amendment insures the availability of sufficient experienced Commissioners at all times and adds continuity and stability to the Commission's decisions.

John Harllee, Rear Admiral, U.S. Navy (Retired), whose initial term of office expired June 30, 1965, was reappointed for a 5-year term expiring June 30, 1970. Admiral Harllee was also designated by the President to continue as Chairman of the Federal Maritime Commission.

James V. Day, of Maine, whose initial term of office also expired June 30, 1965, was reappointed for a 4-year term expiring June 30, 1969.

George H. Hearn, of New York, was appointed on July 22, 1964, for the term expiring June 30, 1968.

Other members of the Commission are Ashton C. Barrett, of Mississippi, and John S. Patterson, of Illinois, whose terms expire June 30, 1967, and June 30, 1966, respectively.

The Commission on July 24, 1964, elected James V. Day as Vice

Chairman, succeeding Thomas E. Stakem. Mr. Stakem's term of appointment as Commissioner expired June 30, 1964.

Personnel

There were 251 employees on duty as of June 30, 1965, including 4 under the President's Youth Program. This represents an increase of 20 over the June 30, 1964, complement.

Staff Organization

The Office of Transport Economics was established on August 25, 1964, to provide staff services necessary for economic analyses of freight rate structures and to study the economic implications of shipping practices.

The Office of International Affairs and Relations was established on November 5, 1964. This action consolidated the functions of the former Office of International Affairs and the Office of Information Services for more efficient utilization of manpower in these areas of program activity.

Management Improvement and Cost Reduction Program

The Commission, in fiscal year 1965, stepped up its efforts to obtain maximum efficiency and economy in carrying out the program of the Federal Maritime Commission. Attention was focused on internal operating procedures and the issuance of Commission rules and interpretative information to industry. The latter is in furtherance of the Commissions' objectives of regulation by means other than adversary actions.

Management studies of the Bureau of Foreign Regulation were undertaken with significant improvements expected.

Paperwork was reduced and service to the public improved by such means as (1) additional delegations of authority to staff level, (2) streamlining the review and approval of transshipment, freight forwarder, terminal lease, and other section 15 agreements not involving major problems or protests, (3) termination of inactive section 15 agreements, (4) simplification of preparation of written

reports of Commission decisions, and (5) codification and indexing of legal opinions.

A standardized filing system tailored to the needs of the Federal Maritime Commission was developed in conjunction with the National Archives and Records Service. This system, implemented in fiscal year 1965, improved administrative efficiency and, through concurrent records disposition action will ultimately reduce by 50 percent the files in use for nonrecord material.

Management actions of direct interest to industry included, in addition to rulemaking and legislative proposals heretofore discussed in this report:

1. Procedural improvements in providing public information and special services to the public. This program encompassed a revision of user charge fees and established a Public Reference Room to handle in one central place the bulk of public inquiries and requests for materials on the activities of the Federal Maritime Commission.

Additionally, mailing list services were provided to the public including direct mailing from the Government Printing Office of the Commission's printed decisions.

2. Discussions with industry to more effectively implement the Commission's rule establishing financial reporting requirements by carriers in the domestic offshore trades.

3. Elimination of triannual compliance checks of licensed freight forwarders.

By substituting a program of spot checks on a sampling and complaint basis the Commission will adequately fulfill its responsibility for a freight forwarder compliance program.

4. The establishment of an information circular system for disseminating information for the guidance of industry.

5. Completion of a feasibility study for automation of freight rate data.

By Public Law 87-346, October 3, 1961, all ocean carriers are required to file with the Federal Maritime Commission their rates and charges for transportation of commodities to and from U.S. ports and foreign ports and between all points on established trade routes. Responsibility is assigned to the Federal Maritime Commission for rejection of such rates under specific regulatory provisions of the law and for surveillance as to the effect of all estab-

lished rates upon the international trade and the economy of the United States.

As a result of this legislation there are currently over 3 million tariff rates on file with the Federal Maritime Commission; and rate changes or additions are received on the average of about 1,500 per day. The volume of this rate data makes it virtually impossible, through manual processing, to use it for the purposes intended by Public Law 87-346.

Based upon a feasibility study by the Federal Maritime Commission and the General Services Administration, it is practical to employ an electronic data processing system for capturing from the tariff filings the source data necessary for carrying out the Commission's responsibility under the law. Accordingly, the Commission's tariff filing rules, promulgated in fiscal year 1965, prescribed a uniform filing system adaptable to automatic data processing.

With industry assistance, a commodity coding structure was developed and tested, and action initiated to commence commodity coding by September 1965. A prime consideration has been the utilization of commodity codes consistent with other Federal agencies and private industry.

The goals for this project are to (1) facilitate the examination and analysis of freight rates, (2) speed the conduct of special studies on maritime transportation problems, (3) maximize the compatibility of commodity data in the Bureau of the Census, Maritime Administration, and private industry, (4) provide processing techniques which permit and encourage automation of shipping paperwork, (5) simplify identification of commodities in shipping documents such as export license applications, export declarations, bills of lading, and ship manifests, and (6) assist industry in internal programs now being developed for application of ADP in management activities such as freight rating of bills of lading, commodity movements, marketing, and sales analyses.

The lack of a standardized commodity coding system to meet the combined needs of industry and the various Federal agencies has been the underlying deterrent to the application of automatic data processing to the monumental paperwork involved in the business of shipping.

APPENDIX

Statement of Appropriation and Obligation for the Fiscal Year Ended June 30, 1965

APPROPRIATION:

Public Law 88-527, 88th Congress, approved August 31, 1964: For necessary expenses of the Federal Maritime Commission, including services as authorized by section 15 of the Act of August 2, 1946 (5 U.S.C. 55a), at rates for individuals not to exceed \$75 per diem; hire of passenger motor vehicles; and uniforms, or allowances therefor, as authorized by the Act of September 1, 1954, as amended (5 U.S.C. 2131) ----- \$2, 763, 000

Public Law 89-16, 89th Congress, approved April 30, 1965: Second Supplemental Appropriation Act, 1965 to cover increased pay costs incurred under the Act of August 14, 1964 (P.L. 88-426) ----- 183, 000

Appropriation availability ----- 2, 946, 000

OBLIGATIONS AND UNOBLIGATED BALANCE:

Net obligations for salaries and expenses for the fiscal year ended June 30, 1965 ----- 2, 918, 164

Unobligated balance withdrawn by the Treasury ----- 27, 836

**STATEMENT OF RECEIPTS DEPOSITED WITH THE GENERAL FUND
OF THE TREASURY FOR THE FISCAL YEAR ENDED JUNE 30,
1965:**

Duplication of records and other documents ----- 4, 911

Fines and penalties ----- 63, 299

Total general fund receipts ----- 68, 210