

Ninth Annual Report
of the
Federal Maritime Commission



Fiscal Year Ended June 30, 1970

FEDERAL MARITIME COMMISSION
WASHINGTON, D.C.

June 30, 1970

HELEN DELICH BENTLEY, *Chairman*
JAMES F. FANSEEN, *Vice Chairman*
ASHTON C. BARRETT, *Member*
JAMES V. DAY, *Member*
GEORGE H. HEARN, *Member*

LETTER OF TRANSMITTAL



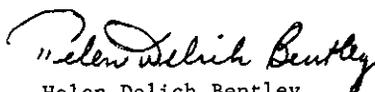
Office of the Chairman

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Washington, D.C. 20573

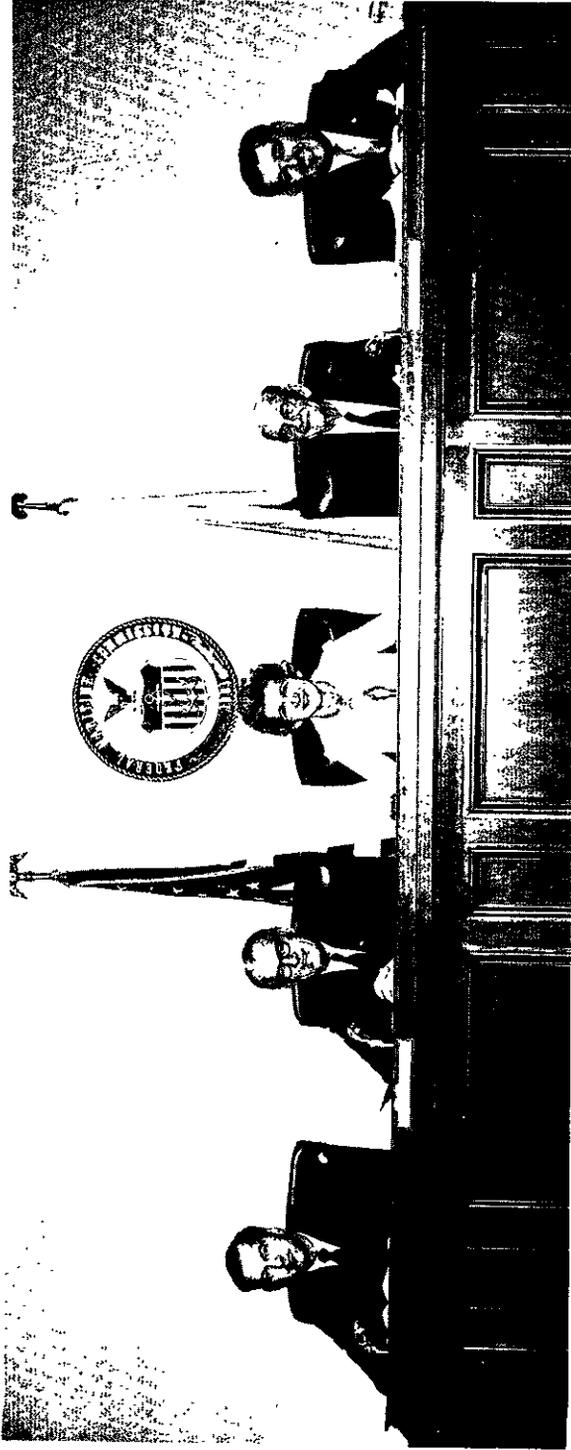
October 31, 1970

TO THE SENATE AND 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 1970.


Helen Delich Bentley
Chairman

FEDERAL MARITIME COMMISSION, JUNE 30, 1970



James F. Fanseen
Vice Chairman

James V. Day

Helen Delich Bentley
Chairman

Ashton C. Barrett

George H. Hearn

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HIGHLIGHTS OF THE YEAR

The Federal Maritime Commission continued during fiscal year 1970 to administer programs and discharge its responsibilities for the regulation of the waterborne foreign and domestic offshore commerce of the United States. Highlights of ocean transportation developments and Commission activities in the regulation of ocean transportation for the fiscal year ending June 30, 1970, are as follows:

Technological Developments

The most significant development for the fiscal year was the acceleration of integrated transportation techniques and the new technological developments in the design of ships. Although inter-related, there are four developments each of which, for competitive reasons, serves as a spur to further advances in the other. These four developments are: (1) Increasing use of integrated transportation systems based on the intermodal container; (2) improvement in the unitization of cargo, on pallets or in larger packages, for easier loading and discharging; (3) the initial use of barge-carrying ships; and (4) the introduction of so-called mini-ships capable of navigating both inland waterways and the open sea.

Increasing Development of Integrated Intermodal Transportation

The North Atlantic trade between the United States and Western Europe including the United Kingdom and Scandinavia advanced very rapidly toward the point of being fully containerized. This trend, which began more than a decade ago in the Puerto Rican and Hawaiian trades and about five years ago in the North Atlantic trade, showed signs of development in many other trades. These advances

are not based solely on the technology represented by the container, the fully containerized automated ship, and the fully automated high-speed terminal facility. They also utilized computer systems to control the flow of goods. The "pipeline" begins in the manufacturing plant, embraces inland transportation, movement through an ocean terminal, ocean transportation, movement through another terminal and further inland transportation, and terminates in whatever end use is desired—all coordinated to best fit the needs of the producer and the user.

Unitization of Cargo

Spurred by the direct and indirect competition of the container-ship, other carriers are concentrating on improving the efficiency of more conventional-type ocean transportation. They are attempting to lower the cost of cargo handling through the use of larger packages which can be loaded and discharged from the ship more expeditiously and with less use of expensive manpower.

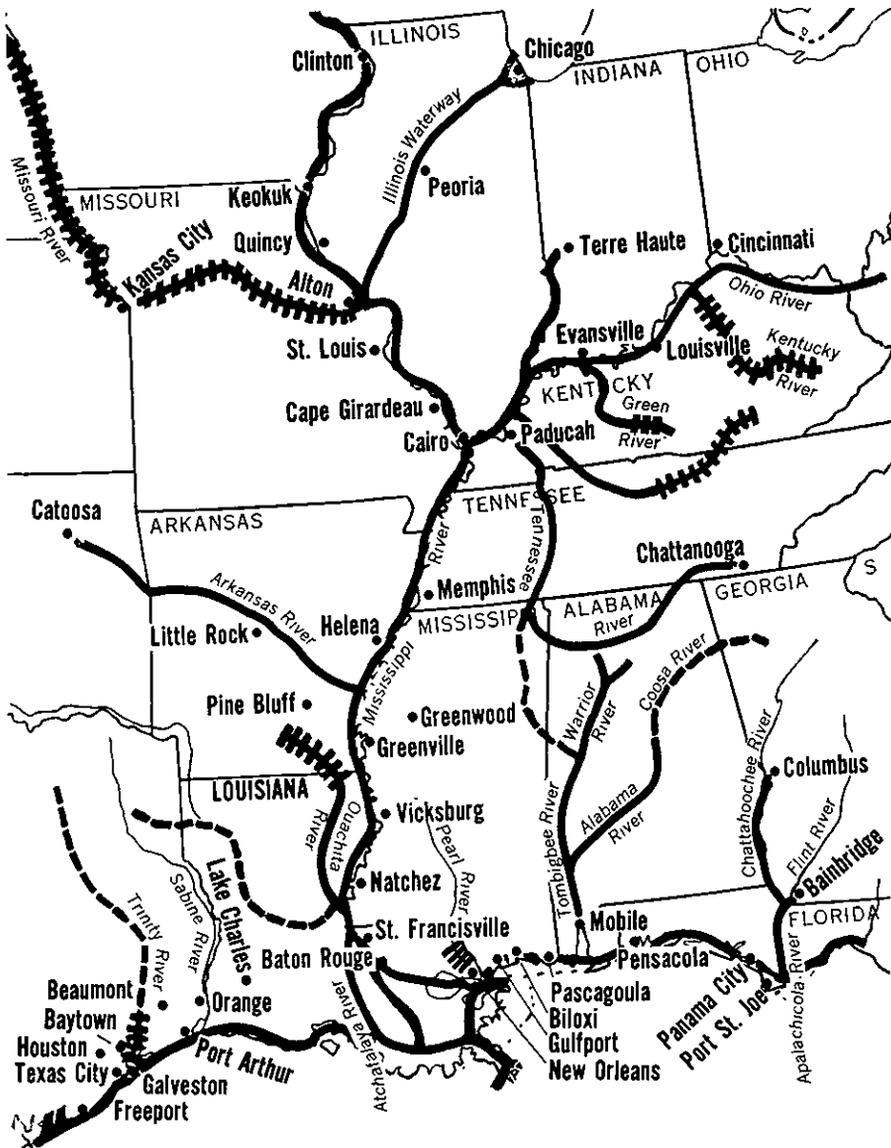
These efforts involved the use of pallets which can be handled by mechanical means such as forklift trucks. Through the use of vessels specially designed with side ports, cargo can be rolled on rather than be lifted on for lowering in conventional hatches. Also involved are the problems of encouraging shippers and receivers to adapt their own production and storage systems to the use of the same type of equipment and inducing inland carriers to change their practices so as to encourage this type of cargo handling.

LASH/SEABEE Barge-Carrying Vessels

During the year the world's first LASH vessel, the *Arcadia Forest*, went into operation between U.S. Gulf ports and Europe. In addition, approximately 28 similar vessels, including larger barge-carrying vessels of the SEABEE type, were either under construction, ordered, or planned for use in U.S. trades. These ships will be operated by four U.S.-flag carriers and at least three foreign-flag carriers.

Vessels of this type are designed to carry 70 or more barges. The barges are lifted on the "mother ship" directly from the water by shipboard cranes or marine elevators. Cargo can be loaded in the barges at any port in the extensive U.S. inland waterways system, towed to a deepwater port, and there lifted on to the mother ship for

UNITED STATES PORTS NAMED IN "LASH LINE" TARIFF



CONTROLLING DEPTHS

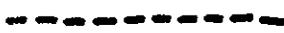
9 FEET OR MORE



UNDER 9 FEET



AUTHORIZED EXTENSIONS



the ocean transportation. Upon arrival at a foreign deepwater port, or even in open water, the barges can be lowered into the water and towed to any port where river or canal barges can be accommodated. The expense of transfer of the cargo from inland carriers to ocean carrier is virtually eliminated; and the port time of the mother ship is only a fraction of that required by a conventional ship. It has been estimated that three of the SEABEE-type vessels will have the same utility as 15 conventional vessels.

The benefits of direct water transportation without transfer of lading will be extended to many ports on our inland waterway system. The first tariff filed with the Commission covering the use of the LASH system in our export trade became effective on October 31, 1969. The potential impact of this type of operation on customary patterns of movements of cargoes and on the rate structure can be judged by reference to the map on page 3 which shows ports named in this tariff.

Mini-Ships

During the year the first so-called mini-ship went into operation primarily between Greenville, Miss., on the Mississippi River and Central American ports. Reportedly the operators of this ship plan in the near future to introduce a number of these ships into our trades.

These vessels, as distinguished from LASH and SEABEE barges, are self-propelled. They can be navigated under their own power either at sea, or on inland waterways to virtually any port accessible to barges. The current tariffs covering this operation apply to all Mississippi River ports. Potential ports include all our inland waterway system.

Automation Affects New York Management Formula for Contribution to Longshore Funds

Efficient and speedy loading and unloading of ships brought about by containerization and other innovations in the industry was the basis for a dispute which lasted throughout most of the year among the 140 members of the New York Shipping Association (an association of steamship lines, agents, contracting stevedores and other waterfront contractors at the Port of New York).

The controversy involved the method by which the NYSA would make allocations of the expenses for pensions, welfare and clinics, guaranteed annual wage, and NYSA operating expenses. Previous contributions had been made solely on a man-hour basis. Tonnage totals at New York are increasing, but because of containerization and other innovations, man-hours of work required to handle the increased tonnage are decreasing. As part of its labor contract with the International Longshoremen's Association, NYSA guaranteed contributions on the basis of a minimum of 40 million hours. Projections indicated that the man-hours worked would fall below the guaranteed minimum.

The need for a change in the assessment formula due to containerization was recognized by the members of NYSA. A temporary assessment formula was filed with the Commission in late September which was protested. Later, a permanent formula based solely on man-hours was filed. This agreement was protested by certain break-bulk lines. Then, a third agreement which was a combination man-hour/tonnage formula was filed. This agreement was also protested. On March 11, 1970, the Commission, pursuant to section 15 of the Shipping Act, 1916, gave conditional approval to the combination man-hour/tonnage formula. Opponents to the plan challenged the Commission's conditional approval of the agreement in the U.S. Court of Appeals for the District of Columbia Circuit. The court refused to issue an order to stay the conditional approval and directed the Commission to decide the matter on the merits. Hearings were conducted in February and March 1970 in New York and in May 1970 in Washington, D.C. Numerous intervenors entered this proceeding. The matter is now pending decision.

Freight Rate Disparity Program

Disparities between inbound and outbound ocean freight rates have been alleged to disadvantage the U.S. exporter in his efforts to penetrate and compete in foreign markets. The Commission initiated a new program whose purpose is to identify and eliminate such disparities.

Commission activity has been directed thus far toward eliminating significant rate disparities in the U.S. Atlantic and Gulf/Japan Far

East trade, the North Atlantic/French Atlantic trade, and the American Great Lakes/Mediterranean Eastbound trade. Other trades will be scheduled for study and investigation.

Commission Decisions

The Commission's decisions are covered elsewhere in this report; however, the following are of particular significance:

Docket No. 68-9—Free Time and Demurrage Charges on Export Cargo. On April 9, 1970, the Commission served its report in this proceeding finding the practice of granting unlimited free time on export cargo at ports of New York and Philadelphia to be unjust and unreasonable within the meaning of section 17 of the Shipping Act, 1916. The Commission prescribed rules to be enforced at these ports. Generally the rules prescribe that free time shall not exceed ten (10) working days. Demurrage would be at a compensatory level for the first period following free time, and at penal levels for later periods. The effective date of the rules was subsequently extended to August 17, 1970.

Docket No. 69-33—Atlantic and Gulf/West Coast of South America Conference Agreement No. 2744-30 et al. On December 16, 1969, the Commission served its report in this proceeding approving amendments to the agreements of nine (9) shipping conferences in the Latin American trade. The approval authorized the conferences to agree and establish through intermodal arrangements with other modes of transportation. Approval was for a period of 18 months. Individual lines were prohibited from negotiating such matters with the proviso that if after 12 months the conferences achieve no results in negotiations, the prohibition against individual negotiation will lapse.

Docket No. 69-51—Agreement No. 9810—Stock Purchase Agreement Between Prudential Lines, Inc., and W. R. Grace & Co., and Sale and Transfer of Prudential Assets and Obligations to Grace Line, Inc. By order of December 22, 1969, the Commission, pursuant to section 15 of the Shipping Act, 1916, approved an agreement whereby the ownership and operation of Prudential Lines, Inc., and Grace Line, Inc., would be combined. The combined operation of Prudential-Grace would result in considerable technological advancement and economies to the lines while providing benefits to shippers and ports primarily through the introduction of the LASH concept to the trade areas served by the lines.

Docket No. 69-53—Filing of Through Routes and Through Rates. The Commission on April 15, 1970, adopted rules requiring common carriers by water in the foreign commerce of the United States to file with the Commission tariffs of through rates governing through transportation of freight between ports or points in the United States and ports or points in a foreign

country. The rule requires filing of names of all participating carriers, a description of the through route and the service to be performed by each participating carrier. Additionally, the tariff must clearly indicate the rate to be collected by the water carrier for its port-to-port portion of the through service. The rules became effective June 20, 1970.

Puerto Rico/Virgin Island Trade Study

A staff study of the trades with Puerto Rico and Virgin Islands, commenced during the fiscal year 1968, was completed during the fiscal year ended June 30, 1970. This is a comprehensive survey in which the many facets of these trades are discussed and analyzed: Transportation services—water, motor carrier, and air—and their role in the industrial development of these islands; the impact of containerization on the carriers' rate structures and traffic patterns; the relation of ocean transportation to living costs in Puerto Rico; the development of terminal facilities for handling the insular trade; the adequacy and efficiency of existing shipping services; the problems of pickup and delivery services; and questions concerning rate levels and the rate on specific commodities.

It is expected that this study will be of considerable value to shippers and carriers alike, and that it will provide the Commission with the background information for formal proceedings and for day-to-day use in the development of more efficient administrative and regulatory techniques.

Other Significant Activities

In other activities, the Commission in fiscal year 1970: (a) Instituted on its own motion 43 formal proceedings under statutory provisions of the Shipping Act, 1916, and the Intercoastal Shipping Act, 1933; (b) issued 31 final decisions involving 32 formal proceedings; (c) approved under provisions of section 15 of the 1916 Act, 198 carrier agreements and 64 terminal agreements; (d) licensed 35 freight forwarders; (e) issued 12 certificates to passenger ship owners and charterers attesting to financial responsibility for indemnification of passengers in event of nonperformance of contracted transportation; (f) issued 11 certificates attesting to financial responsibility to meet liability incurred for death or injury to passengers

or other persons; (g) processed over 125,000 pages of tariff filings; (h) granted 243 and denied nine special permission requests to effect new or increased freight rates in advance of the statutory notice time; (i) initiated actions to resolve over 700 informal complaints and concluded its action with respect to 593 such complaints; and (j) participated in 18 cases in litigation before the courts involving the decisions and orders of the Commission.

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

Special Activities of the Commissioners

During fiscal year 1970, the Chairman and the Commissioners engaged in a number of special activities which included presenting the Commission's views on pending legislation to various congressional committees; addressing legal, trade, and shipping associations; and making television appearances and radio broadcasts. Visits were made to major port areas to obtain current and factual information on local shipping conditions from the industry and interested public officials. Examples of special activities follow:

Immediately after assuming the chairmanship in October of 1969, Mrs. Helen Delich Bentley embarked upon an intensive series of consultations and meetings with maritime groups in the major port areas of the four seacoasts of the United States and in the United Kingdom and Northern Europe. Her meetings and discussions focused upon the interrelationship between the regulatory activities and responsibilities of the Commission, the President's proposed maritime program and the future of the international trade of the United States.

The Chairman continued to work with the Congress with respect to the financial responsibility of ships and other watercraft for pollution of our coastal waters and proceeded to implement the duties ultimately delegated to the Commission. Mrs. Bentley, from the outset, has adopted an "open door" policy in order that all persons, shipowners, conferences, labor groups, port interests, shippers, and government representatives—both foreign and domestic—could promptly present their problems and receive expeditious action. Affording the opportunity for informal exchanges of views has resulted in a noticeable improvement of relations between the Com-

mission and shipping interests in the Far East, Latin America and Europe. Throughout the year, the Chairman has maintained a close liaison with the congressional committees most directly concerned with maritime matters and has given prompt attention to the problems raised by individual members. Likewise, emphasis has been placed upon close coordination with other executive departments and agencies concerned with maritime affairs.

Vice Chairman James F. Fanseen represented the Commission on various panels and seminars which focused on the container revolution, speaking before the Congress of International Federation of Forwarding Agents Associations in New York, the Fourth International Transportation Seminar—Pacific in Hawaii, and the Fifth International Container Services and Equipment Exposition in Chicago. During the celebration of World Trade Week in Philadelphia, Vice Chairman Fanseen gave the principal National Maritime Day address.

Commissioner Ashton C. Barrett represented the Commission in various capacities, e.g., participating in technical programs, ship launchings, and working receptions—all of which involved directly many of the complex features found to exist today in regulating the shipping industry.

Commissioner James V. Day addressed the Far Eastern International Transportation Conference in Tokyo, Japan, explaining the Commission's concept, contributions, and course ahead to the delegates.

He was guest of honor at a meeting of the Traffic and Transportation Club of Greater New Orleans in Louisiana in celebration of National Transportation Week and emphasized there the important role of our ports, ocean carriers and supporting services in the overall cargo transportation picture.

Among other recognitions Commissioner Day was the recipient of a citation "For Meritorious Service" and was named to the Board of Visitors of the Maine Maritime Academy in Castine, Maine.

Commissioner George H. Hearn attended maritime- and transportation-oriented conventions, conferences and seminars at which he discussed and spoke on various important transportation topics. The National Defense Transportation Association's Annual European Convention and other transportation meetings heard Commis-

sioner Hearn answer criticisms of U.S. regulatory policy by explaining the essential role of the FMC in maritime affairs and the intention of the United States to promote world trade for the good of all nations. At the annual convention of the Federal Bar Association, Commissioner Hearn defended U.S. maritime policy and showed how the FMC protects our foreign waterborne commerce from unfair practices of carriers and other governments. To ICC practitioners, and at seminars of other organizations, Commissioner Hearn explained problems involving through routes and joint rates, and outlined how the FMC has contributed to resolving these problems through rulemaking, decisions, orders, and by working with other agencies to ensure our foreign waterborne commerce freedom from unnecessary regulation.

Commissioner Hearn also participated as an official observer at the fourth session of the Trade and Development Board's Committee on Shipping of the United Nations Conference on Trade and Development.

SCOPE OF AUTHORITY AND BASIC FUNCTIONS

The Federal Maritime Commission was established as an independent agency by Reorganization Plan No. 7, effective August 12, 1961. Its basic regulatory authorities are derived from the Shipping Act, 1916; Merchant Marine Act, 1920; Intercoastal Shipping Act, 1933; Merchant Marine Act, 1936; Public Law 89-777 of November 6, 1966; and Public Law 91-224, approved April 3, 1970.¹

The Commission is composed of five Commissioners appointed by the President with the advice and consent of the Senate. The Commissioners are appointed for 5-year terms, with not more than three of the Commissioners being appointed from the same political party. The President designates one of the Commissioners to be the Chairman, who also serves as the chief executive and administrative officer of the agency.

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 of the United States; (3) regulation of rates, fares, charges, classifications, tariffs, regulations, and practices of common carriers by water in the domestic offshore trades of the United States; (4) licensing independent ocean freight forwarders; (5) investigation of discriminatory rates, charges, clas-

¹ Executive Order 11548, dated July 20, 1970, delegates to the Federal Maritime Commission the responsibility and authority, pursuant to Public Law 91-224 "Water Quality Improvement Act of 1970," to issue regulations concerning requirements for the certification by the Commission of proof of financial responsibility of certain vessels to meet the liability to the United States for the discharge of oil.

sification, and practices in the waterborne foreign and domestic off-shore commerce; (6) issuance of certificates evidencing financial responsibility of vessel owners or charterers to pay judgments for personal injury or death, or to repay fares in the event of nonperformance of voyages or cruises; (7) issuance of certificates evidencing financial responsibility of vessel owners, charterers and operators to meet the liability to the United States for the discharge of oil; and (8) rendering decisions, issuing orders, and making rules and regulations governing and affecting common carriers by water, terminal operators, and freight forwarders.

The Commission's headquarters is located at 1405 I Street NW., Washington, D.C. 20573. There are three field offices located as follows:

New York office.....	26 Federal Plaza, Room 4012, New York, N.Y. 10007.
San Francisco office.....	Federal Building, Room 2302, 100 McAllister St., San Francisco, Calif. 94102.
New Orleans office.....	Post Office Box 30550, Room 946, 600 South St., New Orleans, La. 70130.

INTERNATIONAL COMMERCE

Carrier Agreements

Section 15 of the Shipping Act, 1916, authorizes the Commission to grant exemptions from the provisions of the antitrust statutes to common carriers by water in the commerce of the United States and to other persons subject to the Act, in instances in which such carriers or persons enter into arrangements, undertakings, or agreements regarding anticompetitive activities enumerated in that section. Such activities include fixing rates, controlling competition, pooling or apportioning earnings or traffic, allotting ports or regulating sailings, limiting or regulating the volume or character of traffic to be carried, and providing for exclusive, preferential, or cooperative working arrangements. The agreements are required to be filed and may not be implemented prior to approval by the Commission. An agreement must be disapproved if the Commission finds, after notice and hearing, that the agreement: (1) Is unjustly discriminatory; (2) operates to the detriment of the commerce of the United States; (3) is contrary to the public interest; or (4) is otherwise in violation of the Shipping Act, 1916.

Activity in Processing Section 15 Agreements

The Commission is current in the processing of foreign carrier agreements. The average processing time which was 57 days from the date of filing in fiscal year 1969 has been reduced to 38 days in fiscal year 1970. This is an optimum processing time span as it includes a normal 20-day Federal Register notice period during which interested persons are given the opportunity to file comments or protests. It also includes prolonged periods involved in formal proceedings on certain agreements approved after hearing.

Processing of 43 percent of the agreements which were approved in fiscal year 1970 was further expedited through the effective use of the authority delegated by the Commission to staff levels making it possible to process various unopposed modifications of agreements covering nonsubstantive changes, agreement terminations, and other interstitial matters without the formality of Commission action.

At the beginning of fiscal year 1970, there were 58 agreements pending Commission approval under section 15. These consisted of 15 new agreements and 43 modifications to existing approved agreements. During the year, 180 agreements were filed (60 new agreements and 120 modifications). The Commission approved 178 agreements, 20 agreements were withdrawn by the parties as a result of informal discussions concerning clarification or revision of the agreements; five were pending in formal proceedings; and 35 were in process of staff analysis.

At the close of fiscal year 1970, there were 666 active approved agreements on file consisting of 124 conference and rate agreements, 10 joint conference agreements, 44 joint service agreements, 17 pooling agreements, 29 sailing agreements, 356 transshipment agreements, and 86 miscellaneous cooperative working agreements.

Exemption of Nonexclusive Transshipment Agreements from Section 15 Approval

Section 35 of the Shipping Act, 1916, provides that the Commission, upon application or on its own motion, may by order or rule exempt for the future any class of agreements between persons subject to the Act, or any specified activity of such persons from any requirement of the Shipping Act, 1916, or the Intercoastal Shipping Act, 1933. However, this exemption can only be extended by the Commission when it finds that such exemption will not substantially impair effective regulation by the Federal Maritime Commission, be unjustly discriminatory, or be detrimental to commerce.

Final rules exempting nonexclusive transshipment agreements from section 15 approval requirements became effective in 1968. The Commission under appropriate safeguards (viz: through the requirement of filing for information rather than approval, and by implementation of tariff filing requirements under section 18b of the Act) is able to exercise its authority to exempt these nonexclusive

transshipment agreements from formal consideration and processing under section 15. The best interests of both carriers and shippers are now being served by implementation of these rules permitting transshipment arrangements with little anticompetitive effect to be more readily negotiated and put into operation.

During fiscal year 1970, 50 nonexclusive transshipment agreements were filed with the Commission pursuant to the exemption rules. Most of these became effective within a week or two upon compliance with the tariff filing requirements.

Agreements Involving New Technological Developments

During the fiscal year, the Commission took the following actions on agreements which deal with the new technology in transportation:

1. Agreement 9798 is a cooperative working arrangement between Swedish Atlantic Line, Wilhelmsens and Lykes Bros. providing for the interchange of cargo containers and equipment in the U.S. Gulf/United Kingdom-North European trade. This agreement, approved July 1, 1969, is beneficial to commerce because it will help maintain an adequate supply of empty containers and equipment in this trade.

2. Agreement 9806 is another container interchange agreement between Swedish Atlantic Line, Wilhelmsens, Hamburg America Line and North German Lloyd providing for the interchange of cargo containers and related equipment in the U.S. Gulf/United Kingdom-North European trade. This agreement was approved July 31, 1969.

3. The Commission approved Agreement 9804 on August 14, 1969, providing for the operation of a LASH (lighter-aboard-ship) common carrier service in the westbound trade from ports (including ports and places on inland waters) in the United Kingdom, Eire, Continental Europe, Scandinavia and Baltic area to U.S. South Atlantic and Gulf ports including ports and/or places on inland waterways.

This is the first agreement providing a service from foreign ports and places on inland waters to ports and places on inland waterways of the United States. It is expected that the approval of this agreement and operations thereunder will provide a pattern for LASH-type operations in our foreign commerce.

4. Agreement 9810 providing for the purchase by Prudential Lines of all of the capital stock of Grace Line and the merger of the two companies into the Prudential-Grace Lines, Inc. was approved by the Commission after hearing on December 22, 1969. Order of investigation and hearing was issued by the Commission on September 30, 1969, to secure additional information about the circumstances and conditions prompting the proposed merger and its impact upon the relevant trades in our foreign commerce.

The issue of Commission jurisdiction over mergers was again raised on all sides and then laid to rest. The jurisdictional issue was clearly established in the *Matson Navigation Co. v. Federal Maritime Commission* case, 405 F. 2(d) 796, wherein the U.S. Court of Appeals for the Ninth Circuit found on December 18, 1968, that a proposed merger between three common carriers (American Mail Line, American President Lines, Pacific Far East Line) was subject to approval under section 15 of the Shipping Act, 1916, as an agreement "regulating, preventing or destroying competition."

The major argument for approval of the merger was based on the LASH (lighter-aboard-ship) concept of operation, discussed earlier in this report. Prudential was already committed to LASH-type operations in the Mediterranean and proposed to follow this same method in the South American trades of Grace Line.

The Commission in approving the Prudential-Grace merger found that shippers, importers and exporters would realize a more efficient and economical service in the relevant trades as a result of its approval. It also found that the agreement would not operate in a way which would be unjustly discriminatory or unfair as between carriers, shippers, exporters, importers or ports or between exporters of the United States and their foreign competitors.

5. On June 10, 1969, the Commission approved Agreement 9735 providing for a cooperative working arrangement between eight American-flag common carriers. This cooperative working group was designated as "Steamship Operators Intermodal Committee" and authorized the parties to consult and present a common position in meetings with governmental agencies or private associations on all aspects of containerized transportation.

6. Agreement 9815 covers a cooperative working arrangement establishing a "Unit Load Council" to promote the use of the unit-load concept in the United States and international trade. Concordia Line, Grace Line, Independent Gulf Line, A. P. Moller-Maersk and Meyer Line were parties to the agreement at the time it was approved on November 24, 1969. Other carriers may be admitted to the council as regular members upon the concurrence of at least $\frac{3}{5}$ of the regular membership. Associate members may include truckers, railroads and port authorities.

7. On February 13, 1970, the Commission approved an Agreement (9837) establishing a "Pacific Unit Load Council" to promote the use of the unit-load concept in the Pacific Coast international trade.

8. Agreement 9721 between Japan Lines, Kawasaki Kisen Kaisha, Mitsui and Yamashita-Shinnihon and their Pacific Coast agents provided for the joint establishment of two container terminal operating companies, one at Los Angeles and one at Oakland. The agreement was approved August 26, 1968, and modified December 2, 1969. The companies were organized to carry on the business of loading and unloading of cargo and containers, receiving, handling and delivering such cargo and containers, maintaining

and operating marine cargo and container terminal facilities and for stevedoring and other services.

9. Agreement 9768 was approved by the Commission on March 17, 1969, and modified November 6, 1969. This cooperative working arrangement between Hamburg America Line/North German Lloyd and Lykes Bros. provides for interchange of cargo containers, trailers and related equipment in the U.S. Gulf/United Kingdom-North European trade.

10. On December 18, 1969, the Commission issued an order for investigation and hearing to determine whether the proposed North Atlantic Container Conference, Agreement 9813, should be approved, disapproved or modified. Parties to the agreement were American Export Isbrandtsen Lines, Atlantic Container Line, Dart Containerline Co., Hamburg America, Moore-McCormack, Sea-Land, North German Lloyd and United States Lines. Although the agreement does not appear to be restricted to containerized cargo, it apparently establishes a container conference with intermodal through transport and inland-to-inland points and rate structures. As there are currently 21 conferences and rate agreements applicable to the areas covered by this agreement and many of the member lines are parties to these agreements, the investigation was ordered to determine if the new agreements could create a competitive confrontation with 12 other conferences.

11. A container consultation and interchange Agreement (9831) was approved by the Commission on February 19, 1970. There are five foreign-flag lines and one American-flag Farrell Lines, in this New Zealand to the United States agreement. The proponents of this agreement suggested that the New Zealand/United States trade will in the next 18 months undergo a complete transition from traditional break-bulk service to a limited or complete container service. For this reason, the common carriers in this trade are anxious to exchange information relating to the transportation of refrigerated containers which is the primary requirement in the trade.

12. Agreement No. 9827 between United States Lines, Inc. and Sea-Land Service, Inc., two major container operators, was filed for Commission consideration on October 27, 1969. The agreement provides for the time charter of all 16 United States Lines' containerships now in operation or under construction for a 20-year period to Sea-Land, for the lease and sub-lease to Sea-Land of certain container equipment, for transfer to Sea-Land of United States Lines' offices and facilities in the Far East and for guarantees of the parties' obligations by their respective parent corporations, Walter Kidde & Co. and R. J. Reynolds Tobacco Co. This agreement was protested by a number of other carriers. Involving, as it does, 20 years of charter hire for 16 ships, it is probably the largest single financial transaction to come before the Commission. The Commission on November 25, 1969, ordered an investigation and hearing under Docket No. 69-56. The formal proceeding was completed in fiscal year 1970 but was pending the initial decision of Paul D. Page, Jr., Chief Hearing Examiner of the Commission.

Exclusive Patronage (Dual Rate) Contracts

Section 14b of the Shipping Act, 1916, provides that the Commission, on application, after notice and hearing, by order, shall permit the use by any common carrier or conference of carriers in foreign commerce of any contract system which is available to all shippers and consignees on equal terms and conditions, which provides lower rates to a shipper or consignee who agrees to give all or any fixed portion of his patronage to such carrier or conference of carriers. If the Commission finds that such contract system will be detrimental to the commerce of the United States or contrary to the public interest, or unjustly discriminatory or unfair as between shippers, exporters, importers or ports, or between exporters from the United States and their foreign competitors, the Commission shall disapprove such application.

At the beginning of fiscal year 1970, there were three applications for permission to institute dual rate contract systems pending Commission approval and one application for modification of an existing system. During the year, three applications for modification of approved systems were filed. Of the three new systems before the Commission in fiscal year 1970, one was approved while two were withdrawn before approval. Three modifications were approved during the year leaving one modification pending on July 1, 1970. The latter is now before the Commission in a formal hearing, Docket 70-23, and concerns the extension of the Med-Gulf Conference dual rate system to cover Puerto Rico.

The Commission granted permission, on October 1, 1969, to the United States Atlantic and Gulf-Santo Domingo Conference, Agreement 6080, to institute a dual rate contract system in the northbound trade from the Dominican Republic to United States Atlantic and Gulf ports. This system covered mainly the more important commodities moving in the trade, i.e., cocoa, coffee and tobacco. A three-year time limit was placed on the Commission's approval because of the expectation that increased utilization of containers and changing modes of transportation would have far-reaching effects on the competitive aspects of ocean carriage of cargo in all trades.

There were 69 dual rate contract systems in effect on July 1, 1969. During the year, one new system was approved while two existing systems were canceled, leaving 68 systems in effect on July 1, 1970.

Freight Rates

Section 18(b) of the Shipping Act, 1916, requires that common carriers by water and conferences of such carriers, publish and file with the Commission tariffs setting forth the rules, regulations, and rates applicable to the transportation of goods in the waterborne foreign commerce of the United States. This section also requires the Commission by regulation to prescribe the form and manner in which ocean freight tariffs must be published. Rules and regulations to accomplish this were promulgated in the Commission's General Order 13. Filing requirements under the order and statute are designed to insure that adequate public notice is provided and that the tariffs are reasonably uniform and may be interpreted and applied without difficulty. Modification of the general order is presently being considered to further improve the clarity of tariffs and to standardize certain essential tariff rules which will result in more simplified documentation and reduce disputes on interpretation.

During the fiscal year 1970, 216 new ocean freight tariffs were received. This brings the total tariffs now on file and currently in effect to 2,595. A total of 104,299 tariff pages, representing new tariffs, reissued tariffs, and changes in currently effective tariffs were received. These pages represent approximately 200,000 new and initial rates and 260,000 rate changes. During the year 750 rejections (pages) were issued for failure to conform to the statutory filing requirements.

Particular emphasis has been given the surveillance of tariff filings on those commodities for which the rate level is known to have a significant effect upon the marketing capabilities of shippers. Shippers are given advice and assistance in processing their requests for rate adjustments with carriers and conferences, thereby permitting a satisfactory rate adjustment on an informal basis. A close and detailed examination has been given all rules and regulations governing the application of rates and charges.

Freight Rate Disparity Program

In an effort to insure that freight rates are not arbitrarily weighted against the U.S. exporter by being set at an unreasonably higher level on outbound cargo as opposed to rates on inbound cargo on the same or similar merchandise, or as opposed to third market rates,

the Commission initiated a program to locate such rate disparities and to seek their elimination. This program was adopted following the Commission's report in *Docket No. 65-45—Investigation of Ocean Freight Rate Structures*. 12 FMC 34 (1968). In that decision the Commission stated that “* * * we believe that a party may show that a rate appears to be unreasonable by reference to a lower rate on a similar commodity which moves in a reciprocal or competitive trade.” When a party makes out a case of detriment to commerce, the burden of proving that the higher rate is justified shifts to the carrier.

Commission activity has been directed thus far toward eliminating significant rate disparities in the U.S. Atlantic and Gulf/Japan Far East trade, the North Atlantic/French Atlantic trade, and the American Great Lakes/Mediterranean Eastbound trade. Other trades will be scheduled for study and investigation. In the Far East trade 49 disparately rated commodities were brought to the attention of conference lines and to date 10 of these rates have been voluntarily adjusted. In the North Atlantic/French Atlantic trade, conference lines voluntarily reduced 12 of 13 rates which appeared to be significantly higher outbound.

Where the Commission's staff finds the existence of reciprocal or third-market disparities weighted against the U.S. exporter, every effort is made to obtain voluntary elimination of the disparities by the carriers assessing the higher rates. Failing voluntary adjustment the carriers may be subject to formal Commission hearing and investigation. The Commission's disparity program will be maintained on a continuing basis.

Filing of Through Routes and Through Rates

Current expansion of containerization services in international commerce involving containerships, roll-on/roll-off vessels, and LASH (lighter-aboard-ship) services has resulted in new procedures and new tariffs covering intermodal service. The Commission, in setting forth rules and regulations governing the filing and examination of such tariffs, seeks to keep pace and assist the development of such service. Believing that the new technologies and intermodal services offer economic benefits to both shippers and carriers, the Commission endeavors to insure that the changes and developments inherent in these new services are accomplished in an orderly manner.

As a result, the Commission adopted, effective June 20, 1970, an amendment to its tariff filing regulations (General Order 13, amendment 4) providing for the filing of tariffs governing through intermodal rates. These tariffs, covering numerous inland origin and destination points, will be much more complex than the customary port-to-port ocean tariffs.

In adopting the above regulation, the Commission disclaimed any jurisdiction over, or desire to regulate, land transportation operations. However, in order to regulate the portion of the published through rate representing ocean transportation, it will be necessary for the Commission to have information on how this transportation is accomplished, just as it must have information as to how carriers subject to its jurisdiction contract for other services necessary to fulfilling the transportation contract. Thus, the area of Commission concern will be extended into new and complex areas. Closer liaison with other Government agencies concerned with transportation matters will be required. Similarly, the development of the LASH and mini-ship operations portend an extension of direct concern into areas in which the Commission was previously only indirectly involved.

It is apparent, particularly in the light of the very rapid technological advances developing simultaneously, that patterns of cargo movement and rate structures may be drastically altered. These changes will affect the opportunity of U.S. exporters to compete in foreign markets; the expansion or decay of U.S. ports; the patterns of employment in shipping and related industries; the competitive posture of U.S. carriers in world trade; and many other matters of national and international concern. Patterns of commerce set within the next three to five years, under the influence of these developments, may well endure for decades. The Commission faces the responsibility of shaping its regulatory policies, in the light of these changing conditions, so as to best serve the public interest.

Special Permission Applications

During the fiscal year 1970, 100 special permission applications for waiver of the filing notice were received under the provisions of section 18(b) of the Shipping Act, 1916. The Commission is authorized, in its discretion and for good cause, to waive the 30-day filing

notice requirement set forth in the Act. Of the total special permission applications received, 91 were granted, seven were denied, and two were withdrawn by the applicants.

Freight Rate Surcharges

The Commission maintains a continuing surveillance over carriers and conferences with respect to their activity in implementing freight rate surcharges. Surcharges are generally established on a temporary basis because of port congestion, labor shortages, work stoppage or some other impediment which may result in additional expenses not under the control of the carrier. Since surcharges are increased costs to shippers and may adversely affect shippers marketing capabilities, the Commission maintains a program to obtain all pertinent facts with a view toward determining whether a surcharge is warranted.

When a surcharge is filed with the Commission, information is immediately requested, relative to the basis for the surcharge, from the carrier or conference. While the Commission does not question the right of carriers to offset additional cost brought about by unforeseen circumstances, it has an obligation to see that surcharges are not more than necessary and imposed for not longer than necessary. The Department of State has been helpful in furnishing background data concerning conditions at foreign ports. Over the years most carriers have cooperated with the Commission's efforts to reduce, postpone or eliminate surcharges.

Listed below are those port surcharges which the Commission has been instrumental in having canceled during fiscal year 1970:

<i>Port/Country</i>	<i>Amount of surcharge</i>	<i>Date surcharge canceled</i>
Kingston	15 percent	11-69
Santos	\$4 per 2,240 lbs	4-70
Brazil	\$3 per ton W/M	10-69
Conarky	20 percent	3-70
Nigeria	10 percent	1-70
Caribbean area	3 percent	4-70
Benghazi	25 percent	12-69
Tripoli	25 percent	12-69
Valetta	20 percent	2-70
Venice	15 percent	10-69
Le Havre	10 percent	3-70

In addition to the above cancellations, negotiations with the carriers and conferences by the Commission have effected surcharge reductions and/or postponements which have resulted in substantial savings to shippers. Listed below are the reductions and/or postponements for fiscal year 1970:

<i>Port/Country</i>	<i>Amount</i>	<i>Action</i>
Port of Spain.....	10 percent.....	Eff. 4-70—postponed until 7-70.
Puntarenas.....	20 percent.....	Eff. 10-1-69—postponed until 10-15-69 and reduced to 15 percent.
Lagos/Apapa.....	20 percent.....	Suspended from 7-3-70 to 8-31-70.
Danang, Quinhon, Nhatrang, Camranh Bay.....	\$2.75 per ton...	Reduced to \$1.75 per ton.
Ashdod.....	10 percent.....	Eff. 1-1-70—postponed until 2-2-70.
Haifa.....	15 percent.....	Eff. 1-1-70—postponed until 2-2-70 reduced to 10 percent effective 3-70.
Israel.....	10 percent.....	Suspended from 6-23-70 to 7-23-70.
Beirut.....	15 percent.....	Eff. 11-69—reduced to 10 percent 1-1-70.

In addition to the foregoing, continuing tariff examination disclosed instances in which carriers have expanded the scope of their tariffs to include ports which should not have been subject to surcharges set forth in their tariffs, i.e., surcharges due to closure of the Suez Canal. In all instances the efforts of the Commission were successful in having the carriers delete the surcharge. Tariff examination also disclosed that several independent lines published higher Suez deviation charges than conference lines operating in the trade. Here again, after contacting the lines, favorable results were obtained in reducing the applicable surcharges.

Because of the Commission's intensified efforts relative to the need for surcharges it is apparent that carriers and conferences are now more cautious with respect to such matters.

General Freight Rate Increases

The Commission has a program to maintain surveillance over general freight rate increases by steamship lines. The basic purpose of the program is to insure that rates and charges assessed by carriers and conferences in U.S. foreign trades do not become an undue burden on our commerce or are not otherwise contrary to the provisions of the Shipping Act, 1916. Whenever conferences publish notice of a general freight rate increase, information is requested as to the specific factors that support the need for additional revenue by the member lines. In a number of instances these efforts resulted in reduction or postponement in the proposed rate increase, thereby benefiting American exporters. The following rate actions favorable to shippers were obtained: The India, Pakistan, Ceylon and Burma Outbound Conference reduced a 15-percent general rate increase to 5 percent and postponed its effective date from August 1, 1969, to October 1, 1969; the New Zealand/Atlantic and Gulf Agreement postponed a 7½-percent general rate increase from October 1, 1969, to November 1, 1969; the Italy South France/U.S. Gulf Conference postponed indefinitely a \$2.50 per ton general rate increase; and the Shipping Corporation of India withdrew its 10-percent general rate increase in the India, Pakistan, Ceylon and Burma/West Coast of United States rate agreement.

Shippers' Requests and Complaints

Conferences and ratemaking groups of common carriers by water in U.S. foreign commerce operating under immunity from the anti-trust laws as provided by section 15 of the Shipping Act, 1916, are required by that section to adopt and maintain reasonable procedures for promptly and fairly hearing and considering shippers' requests and complaints. To implement this statutory requirement the Commission adopted rules and regulations which were promulgated in the form of General Order 14 (46 CFR 527). Conferences must file quarterly reports of shippers' requests and complaints received and indicate the disposition made of each. Review of these reports for the period July 1, 1969, through June 30, 1970, indicates that conferences received and acted on nearly 4,000 requests. Seventy-two percent of the requests received were granted in whole or in part.

Although the percentage is slightly higher this year over last, the results reported are very nearly the same as those reported over the years since 1965 when reporting requirements were first adopted by the Commission. This relatively high percentage of favorable actions by the conferences is doubtlessly due, not only to the merits of shippers' requests, but also to the serious attention conferences customarily give to these matters and to the continuing surveillance exercised by the Commission.

Special Studies and Analyses

Adaptability of Conferences to Containerization

Containerization has become the dominant factor influencing changes in trade patterns to Europe and the United Kingdom. Increasing numbers of containerships are being introduced in the Far East trades. In order to properly discharge its regulatory obligations, the Commission is continuing to study changes in container rules to insure that the development of these services is not unduly hampered by restrictive tariff rules.

In fiscal 1969, the Commission released the results of a study of the container rules as published in 27 conference tariffs. Subsequently, the Commission requested several conferences to modify container rules that adversely affected the development of containerized services. Those conferences revised the rules to afford some parity in the rates and charges for shippers in the use of containers as compared to other forms of shipment. The Commission intends to watch developments in this field closely and to require the revision of rules which inhibit the use of containers.

Staff Investigation—Nonvessel-Operating Common Carriers by Water

On March 2, 1961, in its decision in *Docket 815—Determination of Common Carrier Status*, 6 FMB 245 (1961), the Federal Maritime Board established a class of nonvessel-operating common carriers (NVOCCs). The majority of carriers involved in that proceeding before the Commission's predecessor agency were van lines engaged in the transportation of household goods. However, the rapid

development of specialized vessels and containers designed for the through intermodal carriage of general cargo, poses new and perplexing problems particularly with respect to the consolidation of small shipments by NVOCCs. In its daily operations, the NVOCC operates as a carrier to shippers and as a shipper to the underlying carriers. Because of this dual identity the treatment afforded the NVOCCs by the equipment-operating carriers and conferences has not been uniform.

The consolidation of small shipments in containers enables the NVOCC to offer the underlying carrier full containers. The NVOCC believes that this is a valuable service for which it should be afforded lower rates than those assessed ordinary shippers. However, the vessel operators fear that this may be unjust discrimination between shippers.

In fiscal 1969, the Commission directed the staff to obtain background data on the operation of NVOCCs (operating as) shippers and carriers. At informal meetings the staff obtained information from NVOCCs, brokers, shippers, carriers and conferences of carriers operating in both the domestic offshore and foreign commerce of the United States.

The staff has summarized and commented on the information developed in this study. This background information, together with that developed by other means, will be used in formulating Commission policy with respect to the proper role of the NVOCC in developing intermodal transportation systems.

International Relations

The Federal Maritime Commission has, throughout the year, kept in close touch with the Department of State and the shipping representatives of foreign nations to resolve problems or disagreements which arise out of the Commission's administration of various statutes. During fiscal year 1970, the Federal Maritime Commission's efforts to bring about better understanding of its regulatory activities by the major shipping countries of Europe and Japan definitely showed improvement. Reports which have been received by the Federal Maritime Commission from diplomatic, business, and maritime sources indicate that the work done abroad by Chairman Helen Delich Bentley and the other Commissioners has definitely brought

about better acceptance of, and compliance with, U.S. regulatory requirements in our oceanborne trade and commerce.

Chairman Bentley, in her first official visit to Europe, discussed international regulatory problems with European government officials and explained the U.S. Government position on regulatory measures of the Federal Maritime Commission.

Commissioner Day visited with Japanese Government and shipping officials to review international regulatory and intermodal problems of the Pacific area.

Commissioner Hearn discussed shipping, insurance and bonding problems with government and industry officials in the United Kingdom; and represented the Commission at a meeting of the Committee on Shipping of the United Nations Conference on Trade and Development, in Geneva, Switzerland.

The staff of the Federal Maritime Commission held a series of meetings with European and Japanese shipping attaches, to discuss various problems arising out of U.S. regulation of international shipping, containerization, and intermodal transportation. Complete discussion and elaboration of the Commission's order clarifying the filing of through routes and through rates was one of the major items discussed at this series of meetings.

During the period under review, numerous meetings were held with representatives of embassies of various foreign countries which had international shipping problems or questions concerning Commission regulatory activities.

The Commission secured assistance and information from American embassies abroad concerning conditions affecting U.S. shipping in ports around the world. Much of this information was used in Commission evaluation of the validity of surcharges at these various ports.

The Commission also furnished information to American embassies abroad on a variety of international shipping problems such as freight rates, conference matters, Commission regulatory aims, and other allied subjects.

Foreign Discrimination

The prospect of foreign shipping discriminations continued during fiscal year 1970. The staff of the Commission has maintained con-

tinual surveillance of foreign shipping activities and laws and regulations, and has kept the Commission fully advised.

There is a growing tendency in the various developing countries of the world to direct cargoes to national shipping lines by government decrees. In Latin America, this is brought about by enlarging the kinds of commerce within the governmental sphere and issuing regulations requiring that a given percentage of such government-generated cargoes move on national shipping lines.

The discriminations most troublesome to the FMC are brought about by the direction of large volumes of so-called government cargoes to national-flag shipping lines to the detriment of U.S.-flag lines.

Experience has shown that pooling or equal access agreements are acceptable alternatives to retaliatory steps which could be taken in opposing this type of discrimination. The objective is to forestall any governmental action which might adversely affect the operations of U.S. shipping lines in these areas.

During the period under review, the Commission has approved pooling and equal access agreements between Prudential-Grace Lines, Inc., and Flota Mercante Grancolombiana, S.A., covering traffic between U.S. Atlantic ports and ports of Colombia; between Empresa Lineas Maritimas Argentinas and Moore-McCormack Lines, Inc., covering cargoes between Argentine ports and U.S. East Coast and Great Lakes ports; between Empresa Lineas Maritimas Argentinas and Delta Steamship Lines, Inc., covering cargoes between Argentine ports and U.S. Gulf ports.

In addition, the Commission also has before it for approval agreements between Prudential-Grace Lines, Inc., and Compania Peruana de Vapores (CPV) for cargoes moving from U.S. Atlantic ports to Peruvian ports, as well as an agreement between Gulf South American Steamship Co. and CPV, covering cargoes moving from the U.S. Gulf ports to ports in Peru; between Moore-McCormack Lines, Inc., and Lloyd Brasileiro and Companhia de Navegacao Maritima Netumar, S.A., covering the movement of cargoes from the U.S. Atlantic and Gulf ports to Brazil; and Delta Steamship Lines, Inc., and Companhia de Navegacao Lloyd Brasileiro and Navegacao Mercantil, S.A., covering the movement of cargoes from the U.S. Gulf ports to ports in Brazil; and an agreement between Prudential-Grace

Lines, Inc., and Lloyd Brasileiro covering the movement of cargoes from the U.S. Pacific ports to ports in Brazil.

The Federal Maritime Commission continues its active consideration and surveillance in this problem area.

DOMESTIC OFFSHORE COMMERCE

The Federal Maritime Commission regulates rates and practices of domestic offshore common carriers in the trade areas comprising Alaska, Hawaii, Puerto Rico, Guam, American Samoa, and the U.S. Virgin Islands, pursuant to the statutory provisions of the Shipping Act, 1916, and the Intercoastal Shipping Act, 1933.

These two statutes provide a comprehensive scheme of regulation over common carrier freight rates and practices. Domestic offshore water carriers are required by the Commission's rules to file freight rates with the Commission at least 30 days in advance of the effective date of the rate. The Commission is empowered to suspend for a period of four months the effective date of any such rate, or tariff of rates, pending a hearing and decision on the lawfulness of the rate or tariff in question. If the Commission should determine, after hearings, that any rate, fare, charge, classification, tariff regulation, or practice is unjust or unreasonable, it may determine, prescribe and order enforced a just and reasonable alternative.

During fiscal year 1970, the ocean carriers operating in the offshore domestic trades have continued to improve and expand their operations. The past trend toward improved and more efficient containerized vessels has continued and, as a result, shippers in these domestic trades continue to enjoy advanced transportation techniques and a generally reasonable level of rates and service.

In the U.S. Pacific/Hawaii trade, a new containerized carrier entered the trade and existing carriers expanded their services.

In the Alaska trade, an additional steamship line has entered the trade.

In the Puerto Rican trade, existing lines have expanded their services and additional lines have entered the trade.

In the Pacific Coast/Guam trade, new steamship lines entered the service during this fiscal year.

In the East Coast/Virgin Islands trade, one of the major carriers converted from a service which had been predominantly break-bulk, to a more efficient, specialized container and roll-on/roll-off service.

Freight Rates

The Intercoastal Shipping Act, 1933, and the Shipping Act, 1916, require that carriers file with this 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 trade. The Commission accepts tariff filings which are in accordance with the requirements of the statutes and the Commission's rules and regulations and rejects such tariff filings which violate these statutes or regulations.

In fiscal year 1970, approximately 16,000 tariff pages applicable to the transportation of property and passengers were examined. Of these, 721 pages were rejected and correspondence was initiated with respect to corrective action in 614 different tariff matters. Forty-one investigation and suspension memorandums (I & S) were processed relating to questionable tariff rates, charges or provisions, and in 16 of these instances the Commission instituted formal proceedings placing such matters under investigation and/or suspension.

During fiscal year 1970, several conferences were held with officials of domestic offshore carriers, shippers, groups and representatives of the offshore governments to resolve problems conducive to informal settlements. These settlements eliminated expensive litigation in formal proceedings. It is estimated that 37 potential formal proceedings were prevented by this process, representing a substantial saving to the Commission, carriers, and the public.

Special Permission Applications

Upon application of the regulated common carrier by water, the Commission may, at its discretion and for good cause, authorize deviation from the statutory requirements of tariff publication or of its rules governing the form of tariff publication. In fiscal year 1970, the commission processed 161 special permission applications of regulated carriers, denied two, and seven were withdrawn by applicants.

Exemptions From Tariff Filing Requirements

Section 35, Shipping Act, 1916, provides that the Commission may exempt:

“... any class of agreements between persons subject to this Act or any specified activity of such persons from any requirements of the Shipping Act, 1916, or the Intercoastal Shipping Act, 1933, where it finds such exemption will not substantially impair effective regulation * * * be unjustly discriminatory or be detrimental to commerce.”

During fiscal year 1970 the Commission granted two exemptions under this authority involving operation of carriers in the domestic trades.

The first exemption applied to carriers of liquid cargoes in bulk tank vessels in the trade between the continental United States and Puerto Rico. Such carriers were exempted from the tariff filing requirements of the Intercoastal Shipping Act of 1933. The Commonwealth of Puerto Rico supported the application, stating that the exemption was a matter of transportation necessity if there was to be a continuing expansion of the petrochemical industries in Puerto Rico. The exemption provides the necessary flexibility and enables carriers to conduct operations tailored to fit the requirements of shippers of large volume bulk liquids.

The second exemption applied to the carriage of miscellaneous cargoes transported between Seattle, Wash., and the “North Slope” oil development area of Alaska.

A carrier was made exempt from the tariff filing requirements of the Intercoastal Shipping Act of 1933 for certain charter barge operations only for the 1970 summer season. The service is designed for the movement of supplies and equipment of the oil fields discovered in that region in 1968. The timing of the exempted operation is controlled by ice conditions and it is only in the short ice-free season that the service may be rendered. Because of the many problems involved and the uniqueness of carriage, the Commission required each of the exempted carriers to supply all data, including contracts, relating to the movement. This data will be used to determine whether future movements, if any, should be subject to all regulatory requirements in the public interests.

Special Investigations

General Investigation of U.S. Atlantic/Puerto Rico Trade

On February 20, 1970, the Commission instituted a comprehensive investigation into the rates and practices of the major carriers serving the U.S. Atlantic/Puerto Rican trade Docket 70-6. This is the first broad investigation into the general rate structure of the carriers in this trade in many years, and it will examine the lawfulness of the rates of the carriers and determine whether their rate structures are just and reasonable. The investigation into the rates of the carriers will go beyond any previous investigation and will include consideration as to whether competitive relationships between the carriers require similar or different levels of rates in the interest of adequate and efficient ocean carrier vessels. It will further consider whether certain corporate and financial relationships between two carriers are proper under the shipping acts, and whether they should be treated as a single entity for ratemaking purposes.

Hawaiian Trade Break-bulk Increase Investigation

In the Hawaiian trade the major carrier substantially increased its rates for the carriage of break-bulk cargo (cargo which cannot be containerized). Since most of the service remaining in the Hawaiian trade now carries cargo in containers only, the Commission was concerned with the availability of break-bulk capacity and the reasonableness of rates for shipment of commodities which are too heavy or too large to be containerized. The Commission therefore entered into an investigation of these proposed break-bulk rate increases.

Domestic Carrier Agreements

Section 15 of the Shipping Act, 1916, provides that common carriers by water may not enter into agreements or understandings involving certain anticompetitive activities enumerated in that section, unless such agreements are filed with and approved by the Federal Maritime Commission. Such an agreement shall be disapproved if the Commission finds after notice and hearing that the agreement is unjustly discriminatory, operates to the detriment of the commerce of the United States, is contrary to the public interest, or is otherwise in

violation of the Shipping Act, 1916. Approval of agreements under section 15 grants exemption from the antitrust laws for activities within the scope of the approved agreement.

All agreements entered into between domestic common carriers are reviewed by the Commission's staff to determine whether they meet the standards for approval under section 15, or whether they should be set down for hearing for possible modification or disapproval. The Commission maintains continuing surveillance over approved section 15 agreements in order to determine whether they are being carried out in a manner consistent with the shipping acts.

During fiscal year 1970, ten basic agreements and seven modifications to approved agreements between common carriers in the domestic offshore trades were filed pursuant to section 15. Eleven of these agreements were approved, one was withdrawn by the parties, two were determined to be not subject to section 15, and three agreements were pending Commission action at the end of the fiscal year.

Financial Analysis

During fiscal year 1970, the Commission received financial statements from 41 carriers in the domestic offshore trades submitted in accordance with the provisions of General Order 5. These reports reflect the financial condition of reporting carriers as corporate entities. In addition, 47 reports were submitted under the requirements of General Order 11, an increase of eight over that for fiscal year 1969. General Order 11 reports are designed to identify categories of data pertinent to carrier operations for each regulated domestic offshore trade. These data, derived as the result of audit and analysis at headquarters and on the site of the carriers' operations, are of material assistance in clarifying and expediting action in rate cases.

A summary of the data submitted in the General Order 11 reports by the major carriers in each of the domestic offshore trades indicates the following changes in their operations:

(a) Total revenues over the five-year period beginning 1965 shows an increase of approximately \$58 million, with a 1969 increase of \$13 million over that for 1968.

(b) Tonnage carried also increased approximately 2.1 million tons over that for 1965 and in 1969 approximately 762,000 tons over that for 1968.

These results may be attributable to the advent of the large, fast containerships with the ability to load and unload in record time as contrasted to break-bulk vessels. Also, one very fast roll-on/roll-off vessel has been proven so efficient in handling awkward types of cargoes heretofore limited to break-bulk vessels that a second vessel of this type will be operating in the Puerto Rican trade in the near future.

Net operating results, however, show a downward trend, attributable in part to the significant increases in 1969 of stevedoring costs and the subsequent increases in other operating costs.

MARINE TERMINAL OPERATORS

The activities of marine terminal operators are regulated by the Commission pursuant to the provisions of the Shipping Act, 1916. This entails the processing of terminal agreements, review of terminal tariffs, and policing and regulating terminal practices. In carrying out this responsibility, the following actions were taken by the Commission during fiscal year 1970:

1. The U.S. Court of Appeals for the District of Columbia Circuit, on June 11, 1970, affirmed without revision the motor vehicle detention rules promulgated by the Commission for truck delays occasioned at piers operated by members of the New York Terminal Conference in New York.

2. A staff-level study concerning valuation of leased terminal property at Pacific Coast ports was completed during fiscal year 1970. The study indicated that the complex and intricate problems relating to valuation of marine terminal property can better be resolved through negotiation between the parties and ultimately via formal proceedings if a protesting party demands its right to such a hearing rather than by Commission fiat.

3. The Commission instituted an investigation, *Docket No. 70-22—In the Matter of Agreement No. T-2323 Between the Port of Seattle and Japan Line, Ltd., Kawasaki Kisen Kaisha, Ltd., Mitsui O.S.K. Lines, Ltd., Nippon Yusen Kaisha, Showa Shipping Co., Ltd., and Yamashita-Shinnihon Steamship Co., Ltd.*, to determine whether the agreement covering a preferential assignment of certain marine terminal facilities at the Port of Seattle is a complete agreement and whether it should be approved, disapproved, or modified pursuant to section 15 of the Shipping Act, 1916.

The lease involves the use of marine terminal property and equipment for container handling operations. It includes options to

lease additional land plus the right of first refusal for use and occupancy of other land. Protests against approval of the agreement were filed by the City of Portland, Oreg., and the City of Oakland, Calif., urging, *inter alia*, that the rentals under the agreement were not compensatory.

4. The Commission instituted an investigation, *Docket No. 69-57—In the Matter of Agreement No. T-2336—New York Shipping Association Cooperative Working Arrangement*, to determine whether it should be approved, disapproved, or modified pursuant to section 15 of the Shipping Act, 1916. The issues in the proceeding relate to an assessment formula adopted by the Association to meet its obligation provided for in collective bargaining agreements with the International Longshoremen's Association, AFL-CIO. Various members of the Association protested certain portions of the formula. Subsequently, various modifications to the original agreement and completely new agreements, were submitted and included in the proceeding in Docket 69-57. On March 11, 1970, the Commission granted conditional approval to one of the latter filed agreements (Agreement No. T-2390). Protestants petitioned the U.S. Court of Appeals for a stay of the Commission's order. The petition was denied on April 29, 1970. However, the court did order the Commission to conduct hearings within 30 days of the date of the order. Hearings have been concluded and the matter is now pending decision.

5. The Commission instituted an investigation, *Docket No. 69-47—In the Matter of Agreements No. T-2271 and T-2272—Terminal Lease for Passenger Facilities at New York*, to determine whether the two agreements are: (1) Unjustly discriminatory or unfair as between carriers; (2) detrimental to the commerce of the United States; (3) contrary to the public interest; or (4) otherwise in violation of the Shipping Act, 1916.

Agreement No. T-2271 between the City of New York (City) and the Port of New York Authority (Authority) provides for a cooperative working arrangement for the planning, construction and operation of a new modern marine passenger terminal on the Hudson River in mid-Manhattan. The parties agree to cooperate in their efforts to effectuate the consolidation of passenger vessel service at the new terminal. So long as the consolidated terminal is able to provide adequate service to passengers and vessels, neither party will

construct, operate or maintain a passenger terminal or authorize other parties to do so.

Agreement No. T-2272, between the City, the Authority, and various steamship operators (the Carriers), covers steamship service to the proposed passenger terminal. The City agrees to finance construction of the new facility and cancel existing leases and permits it has with the Carriers. The Authority will construct and operate the terminal. The carriers agree to operate all passenger vessel service to and from the Port of New York at the facility covered by the agreements. Carriers will pay terminal charges as established in a tariff to be published by the Authority. No passenger vessels will be permitted to utilize the facilities except as signatories of the agreement, or under other contractual arrangement having the identical effect as the agreement.

The agreements were originally filed with the Commission on February 20, 1969, and protests against approval were received from Marine Space Enclosures, Inc., and American Dock Co. of Staten Island, N.Y. Comments were received from other interested parties urging that the agreements were in the public interest and should be approved by the Commission. On April 7, 1969, the Commission issued a memorandum order of approval and dismissed the protests on the grounds that the protestants had only an indirect and remote interest. Subsequently, Marine Space Enclosures brought an action before the U.S. Court of Appeals for the District of Columbia Circuit, to review the order of the Commission. In *Marine Space Enclosures, Inc. v. Federal Maritime Commission*, D.C. Cir. 1969, 420 F. 2d 577, the Court of Appeals remanded the matter to the Commission for further proceedings. Subsequent to the court's directive, the Commission instituted Docket No. 69-47.

6. On January 14, 1970, the Commission issued its order to show cause why the Boston Shipping Association, Inc., should not cease and desist from the practice of allocating gangs of laborers among the member stevedoring contractors. This practice is alleged to involve actions taken pursuant to an agreement subject to section 15, Shipping Act, 1916, which has not been approved by the Commission. This action resulted from a petition for such an order filed with the Commission by United Stevedoring Corp., a stevedoring contractor in the Port of Boston. This matter has been designated *Docket No. 70-3—United Stevedoring Corp. v. Boston Shipping Association*.

7. The staff processed 158 terminal agreements, including 29 such agreements carried over from last fiscal year, filed pursuant to section 15 of the Shipping Act, 1916. Fifty-six agreements were determined not to be subject to the Act; 64 were approved by the Commission; and 10 were voluntarily withdrawn by the parties. Twenty-eight were pending final Commission action at the end of the year.

8. Eighty-two quarterly reports, covering shippers' requests and complaints submitted by ratemaking terminal conferences in accordance with the Commission's General Order 14, were reviewed.

9. Approximately 5,430 terminal tariff filings were examined to determine whether they conformed to the provisions of FMC General Order 15, Shipping Act, 1916, and any approved conference agreements to which the terminal may have been a party.

10. The minutes of 113 terminal conference meetings were reviewed and analyzed to determine whether any previous action or proposed action was violative of the Shipping Act, 1916.

OCEAN FREIGHT FORWARDING

Licensing

Section 44 of the Shipping Act, 1916, provides for the licensing and regulation of independent ocean freight forwarders by the Commission. Inasmuch as ocean freight forwarders enjoy a position of special fiduciary responsibility to American exporters who employ them, all persons filing applications for licenses are investigated and information developed to determine if the applicant is "fit, willing, and able" to function as an independent ocean freight forwarder within the meaning of the statute.

The following represents the licensing activity of the Commission during the year:

At the close of fiscal year 1969, there were 1,024 licensed independent ocean freight forwarders, with 27 applications pending completion of review. During fiscal year 1970, 53 new applications were received; 35 licenses were issued; 10 applications were denied or withdrawn; and 35 were pending at the end of the fiscal year. Thirty-one licenses issued previously were revoked or withdrawn during fiscal 1970. As of the end of the year, the number of active ocean freight forwarders licensed by the Commission increased by four over the previous year to 1,028.

It appears that containerization is beginning to erode the forwarders' traditional port area functions of coordination and documentation of small shipments. Intermodal transportation complexes are attracting increasingly greater amounts of small shipments direct from factory to inland terminals where such shipments are consolidated into container loads and moved by related inland carriers to port. Thus, many exporters no longer find it necessary to deal directly with ocean freight forwarders to arrange for factory-to-port move-

ments by separate intermediate carriers. In addition, such intermodal complexes provide all or most of the necessary documentation, thereby eliminating the most basic and important service provided by ocean freight forwarders for the last 100 years.

As indicated above, however, the impact of containerization has not yet perceptibly reduced the number of active ocean freight forwarders. However, spokesmen of the forwarding industry, as well as the Federal Maritime Commission, agree that ocean freight forwarders must either find ways to modify traditional methods of operation in order to remain competitive with the large transportation complexes, or face an almost certain demise of the ocean freight forwarding industry. Because such demise would adversely affect those American exporters who will continue to depend on the traditional functions of ocean freight forwarders, the Commission is maintaining an awareness of the situation and stands ready to modify existing regulations or to initiate any necessary legislation. To this end, the staff of the Commission is meeting informally with spokesmen of the freight forwarding industry.

In a number of formal proceedings at the end of the fiscal year the Commission was seeking to determine the continuing qualification of licensed independent freight forwarders. In one of the proceedings the question of whether a forwarder continues to qualify as an independent ocean freight forwarder arises out of the acquisition of the company by a firm which is an exporter in the foreign commerce of the United States. Several other proceedings involve connections of forwarders with exporters, or alleged violations of the Shipping Act, 1916, and the Commission's regulations.

Other Significant Activity

The Commission's rules applicable to licensed independent ocean freight forwarders, Part 510, Chapter IV, Title 46 of the Code of Federal Regulations, will be reviewed during fiscal 1971 for the purpose of updating and streamlining the regulations. Revisions will include deletion of obsolete grandfather provisions.

The trend toward mergers in the independent ocean freight forwarder industry is continuing and is being kept under surveillance to determine its implication and to avert a detrimental impact on

the shipping public. At this time the antitrust safeguards embodied in section 15, Shipping Act, 1916, appear sufficient to prevent port area monopolies by forwarders.

PASSENGER INDEMNITY

The Commission is charged with the administration of sections 2 and 3 of Public Law 89-777, enacted November 6, 1966, to provide protection for passengers on oceangoing vessels.

Section 2 of the statute requires owners and operators of vessels having berth or stateroom accommodations for 50 or more passengers, and embarking passengers at U.S. ports, to establish financial responsibility to meet any liability incurred for death or injury to passengers or other persons on voyages to or from U.S. ports.

Section 3 requires persons arranging, offering, advertising or providing passage on such vessels to establish financial responsibility for indemnification of passengers for nonperformance of transportation.

The rules implementing sections 2 and 3 of Public Law 89-777 are prescribed in General Order No. 20.

During the fiscal year, the Commission's staff conducted an extensive review of operating experience pursuant to the rules in General Order 20 and recommended changes which it believed would be beneficial to the public and passenger vessel operators subject to the rules. The public was offered opportunity to comment on the proposed revisions and at the conclusion of the fiscal year this rule-making proceeding was nearing its completion.

During fiscal year 1970 the Commission approved 39 applications for performance and casualty certificates pursuant to sections 2 and 3 of the statute. This represented 12 new applications for Certificates of Financial Responsibility to Indemnify Passengers for Non-performance of Transportation, 11 new applications for Certificates of Financial Responsibility to Meet Liability Incurred for Death or Injury, and 16 amendments to existing certificates. The amendments represented additional vessels placed into service by certifi-

cated operators, changes in the modes of compliance, new corporate organizations and new charter arrangements. Pending at the close of the year were one application for a performance certificate, two applications for casualty certificates, and four amendments to existing performance and casualty certificates.

In addition to the issuance of new and amended certificates, during the fiscal year the Commission revoked eight performance certificates and seven casualty certificates. These revocations are occasioned by the termination of operations, withdrawal of vessels from service, and changes of ownership.

Twenty-four informal complaints were received concerning passenger vessel operations, conditions and practices. Although the Commission does not have the statutory authority to adjudicate these complaints, every effort is expended to assist aggrieved passengers and to improve conditions of health and safety through contact with interested shipping officials and authorities.

Included in the passenger carrier agreements approved by the Commission was one which concerns the establishment of the Caribbean Cruise Association, a conference of carriers engaged in Caribbean cruise operations. This is the first conference agreement which is devoted exclusively to the cruise trade.

While some operators have withdrawn from the cruise trade, the number of cruises being offered the public continues to increase. New applications filed with the Commission indicate the planned entry of seven passenger vessels on Bermuda/Bahamas/Caribbean cruises alone.

OIL POLLUTION FINANCIAL RESPONSIBILITY

On March 25, 1970, Congress enacted the Water Quality Improvement Act of 1970, which amends the Federal Water Pollution Control Act to provide measures for the control of water pollution. This bill was approved by President Nixon on April 3, 1970.

Section 11(p)(1) requires all vessels over 300 gross tons, including any barge of equivalent size, using any port or place in the United States, or the navigable waters of the United States, or transiting the Panama Canal, to establish and maintain with the Federal Maritime Commission evidence of financial responsibility of \$100 per gross ton, or \$14 million, whichever is the lesser amount, to meet liability to the United States to which such vessel may be subjected for the discharge of oil into or upon the navigable waters of the United States, adjoining shorelines, or into or upon the waters of the contiguous zone. The amount of financial responsibility is based on the gross tonnage of a vessel owner's largest vessel.

The President, in a letter to Chairman Bentley, dated June 2, 1970, delegated to the Federal Maritime Commission the responsibility (including issuance of the necessary implementing regulations) to carry out the provisions of section 11(p)(1) of this Act. Executive Order 11548, "Delegating Functions of the President Under the Federal Pollution Control Act, As Amended," dated July 20, 1970, incorporates the aforementioned delegation in section 3 of the order and supersedes the letter dated June 2, 1970 "without derogating from any action heretofore taken thereunder * * * ."

This responsibility will constitute a major workload since many thousands of vessels, both United States and foreign flag, will be required to establish and maintain with the Federal Maritime Commission evidence of financial responsibility for the cost of cleaning

oil spills. At the end of the fiscal year 1970, proposed rules to implement the financial responsibility requirements prescribed by section 11(p)(1) of the Water Quality Improvement Act of 1970 were in preparation and ready for publication in the Federal Register for comments thereon.

ECONOMIC ANALYSIS

Transport Economics

The economic functions of the Commission involve the collection, evaluation and assembly of a wide variety of trade and transportation data related to the movement of traffic in the domestic offshore and foreign trades of the United States, and the conduct of surveys, studies and analyses designed to appraise the economic impact on these trades of the Commission's existing regulatory procedures and to determine what changes, if any, are required to promote and expand the overseas trade of the United States.

Among the studies that have been conducted are analyses of the level of carriers' general rate structures, having regard both to the level of rates and to the relationship of individual rates to each other; surveys of foreign market areas in which American participation compares unfavorably with that of other nations, with a view toward correcting any inequities in ocean freight rates; and examination of the practice of imposing higher rates or surcharges on cargoes for destinations described in the carriers' tariffs as "out-ports."

Establishment of Data Bank

In order to provide the Commission with more effective means of marshaling the volume of economic information required to deal with its regulatory problems and to facilitate a quick-reaction capability in preparing studies on any topic, a data bank or central information repository is being established to contain basic economic data applicable to the foreign and domestic trades.

ENFORCEMENT AND COMPLIANCE

Informal Complaints

U.S. Foreign Oceanborne Commerce

The Commission has a comprehensive program for dealing with informal complaints received from persons and firms engaged in shipping in U.S. foreign oceanborne commerce. Those most frequently encountering shipping problems and in need of assistance are shippers or receivers of commercial cargoes. In order to assist this significant segment of the shipping industry, the Commission has published rules and regulations requiring steamship conferences to establish procedures for promptly and fairly hearing and considering shippers' requests and complaints. It has established a shortened procedure by which shippers may have small claims (\$1,000 or under) adjudicated at very nominal out-of-pocket expense. It has provided a conciliation service under which the Commission offers its good offices and expertise to parties to disputes involving matters within its jurisdiction, the objective of which is to effect resolution of such disputes with dispatch and without the necessity of initiating formal Commission proceedings.

During the fiscal year a total of 398 informal complaints were received from shippers, carriers, and others located in 29 States, the District of Columbia, Puerto Rico, and six foreign countries. The types of complaints received include: (1) Protests against reciprocal or third-country rate disparities weighted against American exporters; (2) protests against high ocean freight rates (both import and export); (3) claims problems; (4) alleged discriminatory practices by carriers; (5) protests against carriers' tariff rules; (6) disputes as to commodity classification; and (7) alleged carrier

operations without a lawful tariff or tariff rate on file with the Commission.

Under the Commission's program for handling informal complaints and protests, a total of 283 matters were handled to conclusion in fiscal year 1970. Of these, 12 involved alleged reciprocal or third-country rate disparities with the higher rates applicable to U.S. shippers. After strong intervention by the Commission, 10 of these cases were resolved through rate reductions favorable to U.S. shippers. There were 65 other protests against freight rates, 14 of which were concluded on the basis of rate reductions.

The 84 claims complaints handled during the past year represent a 55-percent increase over the previous year. Whether the increase in problems is accounted for by an upsurge in claims due to pilferage is not clear. No doubt this is a factor. Of the claims matters, 25 were concluded in a manner favorable to the shipper or consignee.

Investigations of alleged violations of the tariff filing requirements of section 18(b) of the Shipping Act by carriers, and of misbilling and misdescription violations of section 16 of the Act by which shippers or consignees attempt to get transportation for unlawful charges were conducted. Nineteen such cases were referred to the Department of Justice for prosecution.

The matters involved in the other 103 cases were settled in a manner satisfactory to the complainant, were resolved by the parties themselves, or were found not to involve violations of the Act.

Domestic Offshore Carriers

During fiscal year 1970, the Commission received 155 informal complaints involving freight rates, tariffs, agreements, exemptions and practices of domestic offshore carriers. Twenty-two such cases were carried over from the previous fiscal year. Of the total of 177 new and pending informal complaints, 143 were resolved during fiscal year 1970. Allegations of violations of shipping statutes, involving 38 cases, were determined to be unfounded; six complaints were withdrawn, and in all other cases, involving primarily freight rates, claims and tariff filings, corrective action was achieved by the staff.

Terminal Operators

At the beginning of fiscal year 1970, 114 informal terminal complaints were pending, carried over from fiscal 1969. During fiscal year 1970, 151 new terminal complaints were filed. Of the total (265) 148 pertain to protests on increased rates for truck loading and unloading. All are subject to the Commission's decision in *Docket 65-46—Truck Loading and Unloading Rates at New York Harbor*, 13 FMC 51 (1969). Twenty-four such complaints are being held awaiting a Commission decision in other docketed proceedings. Sixty-seven informal complaints have been resolved to the satisfaction of the parties involved.

Surveys of Domestic Carrier Operations

The administration and enforcement of the provisions of the shipping statutes and rules and regulations of the Federal Maritime Commission imposes an obligation for the conduct of periodic compliance surveys of the operations of water carriers in the domestic offshore trades. Surveys of carrier operations, conducted at carriers' headquarters offices, are intended to: (1) Detect and correct instances of noncompliance with the shipping statutes; and (2) assist carriers to become more knowledgeable in the application of provisions of statutes and regulations to specific aspects of their operations. Seven general surveys initially commenced during fiscal year 1969 were completed during fiscal year 1970. These surveys uncovered various irregularities in the carriers' operations which have been corrected.

The Commission is continuing its activities with respect to the cancellation of tariffs of carriers who have ceased or suspended operations or have remained dormant on the trade routes for considerable periods of time. Twelve tariffs were canceled during fiscal year 1970 by the issuance of show cause orders. One formal proceeding arose out of a show cause order resulting in respondent being ordered by the Commission to cancel its dormant tariff.

Field Investigations

During fiscal year 1970 the investigative staff continued the inspection of containers in both the domestic and foreign trades with emphasis on carrier self-inspections. Carriers have suffered losses

in revenues due to shipper misdescription or mismeasurement of articles placed in a container. The container inspections inhibit these unlawful practices and the container inspection program has resulted in recovery of substantial freight revenue when containers have been found to be improperly described or mismeasured. As a result of the Commission's inspection program, two major carriers in the domestic offshore trade have reported a total of \$1,425,000 in additional revenue (since the inception of the program) from shippers which would not have been collected otherwise. During this fiscal year alone, the increased revenues of these lines were estimated at \$600,000—resulting from rebillings and proper declaration by shippers. A carrier in the foreign trade reported that since the outset of the container inspections in April 1970 between \$40,000 and \$60,000 in actual rebillings had been realized. Carriers advised that it is virtually impossible to estimate the overall worth of the container inspection program but the substantial results achieved thus far have caused them to set up their own inspection program at their terminals throughout the United States. They candidly admit that the presence of the Commission in the program provides a needed impetus to keep it moving.

During the fiscal year, 303 new investigative cases were opened and 269 were completed. These encompassed suspected violations of sections 14, 15, 16, 17, 18, and 44 of the Shipping Act, 1916, and section 2 of the Intercoastal Shipping Act, 1933, as well as investigations of applicants for independent ocean freight forwarder licenses, compliance checks of licensed freight forwarders, and financial responsibility inquiries under Public Law 89-777.

Of the investigative cases referred to the Department of Justice for prosecutive action, nine cases were concluded by either guilty verdict, guilty plea, award of judgment, or by compromise settlement in the amount of \$211,525. At year end, there were 260 active pending cases and 132 pending inactive cases on which investigation had been completed but awaiting final disposition within the Commission or finalization by the Department of Justice.

Formal Proceedings

The Commission on its own motion instituted 42 proceedings and received nine formal complaints. In addition, 110 complaints were

filed pursuant to the Commission's "Procedure for Adjudication of Small Claims," 46 CFR § 502.301 et seq., and 19 applications were filed to permit special refunds or waiver of undercharges pursuant to rules promulgated by the Commission to effectuate Public Law 90-298 which permits special relief due to error in tariffs of a clerical or technical nature. One hundred twenty-two cases were concluded either through Commission decision, satisfaction of complaint, or discontinuance of proceeding. Included in this number were 74 small claims and special docket cases. Moreover, 14 rate proceedings were discontinued owing primarily to the carriers voluntarily withdrawing proposed rate increases which were suspended and investigated on the Commission's own motion.

There was a substantial increase in the number of section 15 investigations instituted by the Commission which is illustrative of the Commission's continuous surveillance over concerted carrier activity for which an antitrust immunity is granted. Included in proceedings of unusual importance initiated by the Commission during the year is an investigation into the proposed Transatlantic Freight Conference which would create one conference of ocean carriers serving the trades between the Atlantic ports of the United States and the Atlantic and Mediterranean ports of Europe and Africa.

During the course of the year the Commission served several noteworthy decisions. In this category are included the decisions establishing free time and demurrage rules for export cargo at North Atlantic ports, and the Commission's approval of the acquisition by Prudential Lines, Inc., of the Grace Steamship Line stock, thereby combining those two established lines. Of prime importance was the promulgation by the Commission of rules which would permit ocean carriers to file tariffs containing through rates for through routes which they may establish in the future in conjunction with inland carriers.

The status of the Commission docket in formal proceedings is indicated below:

	<i>Beginning fiscal 1970</i>	<i>New dockets and remanded cases</i>	<i>Concluded fiscal 1970</i>	<i>Pending beginning fiscal 1971</i>
Investigations:				
Section 15.....	7	15	10	12
Sections 14, 16, 17....	5	2	3	4
Section 18(b)(5).....	1	1	1	1
Complaints.....	12	9	10	11
Small claims.....	5	110	56	59
Special dockets.....	1	19	18	2
Dual rate contracts.....	0	1	0	1
Freight forwarder licensing.....	2	5	3	4
Rate proceedings.....	12	13	14	11
Rulemaking.....	5	5	6	4
Total.....	50	180	121	109

PROCEEDINGS BEFORE HEARING EXAMINERS AND FEDERAL MARITIME COMMISSION

Hearing examiners preside at hearings held after receipt of a complaint or institution of a proceeding on the Commission's own motion. Examiners have the authority among other things to administer oaths and affirmations; issue subpoenas authorized by law; rule upon motions and offers of proof and receive relevant evidence; take or cause depositions to be taken whenever the ends of justice will be served thereby; regulate the course of hearings and hold conferences for the settlement or simplification of the issues by consent of the parties; dispose of procedural requests; issue decisions; and take any other action authorized by agency rule or the Administrative Procedure Act.

At the beginning of the fiscal year 36 proceedings were pending before hearing examiners. During the fiscal year 171 cases were added, which included four cases remanded to the examiners for further proceedings. The examiners conducted hearings in 17 cases, held prehearing conferences in 25 cases, and issued 10 initial decisions during the fiscal year. Fifty-eight cases were otherwise disposed of by the examiners, 19 being special docket proceedings and 39 being small claims, handled in accordance with the Commission's procedures therefor. Under the small claims procedure, claims against common carriers subject to the Shipping Act, 1916, as amended, and the Intercoastal Shipping Act, 1933, as amended, in the amount of \$1,000 or less, for the recovery of damages (not including claims for loss of or damage to property) or for the recovery of overcharges are, with the written consent of the parties, determined by the Commission's hearing examiners without the necessity for formal hearing under other rules of the Commission.

Decisions of Hearing Examiners (in Proceedings Not Yet Decided by Commission)

Docket No. 1092—Agreement No. 8660—Latin America/Pacific Coast Steamship Conference. A proposed single contract dual-rate system that covers the three southbound and the two northbound trade areas of a conference, which in turn encompasses an area originally served by 10 separate conferences, and which provides rate stability, improved service, and flexibility of service, is required by a serious transportation need, is necessary as securing important public benefits, and is in the furtherance of a valid regulatory purpose of the Act.

Docket No. 68-10—Inter-American Freight Conference—Cargo Pooling Agreements Nos. 9682, 9683, and 9684. Agreements 9683 and 9684, setting up pooling arrangements for the carriage of coffee and cocoa, respectively, from Brazil to Atlantic ports of the United States, have not been shown needed in the trade and do not represent the full understanding of the parties thereto. The agreements would be unjustly discriminatory and unfair as between carriers, would operate to the detriment of the commerce of the United States, and would be contrary to the public interest. The agreements were disapproved by the examiner.

Docket No. 68-47—Valley Evaporating Co. v. Grace Line, Inc., et al. In its tariff revision a conference did not retain the commodity rate for dried fruit and complainant failed to ascertain the currently applicable rate before its next shipment and another shipment on a different carrier more than three weeks later. The carriers charged the shipper the conference N.O.S. rate on both shipments, which was higher than the deleted commodity rate. Shortly thereafter the conference reinstated the commodity rate. The examiner dismissed the complaint because under section 18(b)(3) of the Act a common carrier by water shall not charge a greater or less or different compensation than the rates and charges specified in its tariff on file with the Commission and duly published and in effect at the time.

Docket No. 69-5—In the Matter of Agreement No. T-2227 between the San Francisco Port Authority and States Steamship Co. Under proposed 10-year nonexclusive preferential area lease plus space in the administration building the carrier guaranteed the port a minimum per year, averaged over the first five years of the lease, accruing from the Port's tariff charges for dockage, wharfage, demurrage, and wharf rental. All charges above the guarantee would be apportioned on the basis of 60 percent to the carrier and 40 percent to the Port, with no maximum limit. The Port would retain the right to secondary use of the terminal area, which might produce additional revenue. Examiner found agreement compensatory and otherwise approvable under section 15 of the Act.

Docket No. 69-21—Transconex, Inc.—General Increase in Rates in the U.S. South Atlantic/Puerto Rico-Virgin Islands Trades; Docket No. 69-29—Consolidated Express, Inc.—General Increases in Rates in the U.S.

North Atlantic/Puerto Rico Trade. The increased rates of nonvessel operating common carriers by water in the domestic offshore commerce of the United States, which were single-factor rates, including pickup and delivery services to and from terminals maintained by the carriers in local port areas, were found subject to the jurisdiction of the Commission. The lawfulness of rates where the carrier's investment is small compared to gross income was determined primarily on the operating-ratio concept, that is, the relationship between gross income and expenses of operation. Consideration also was given to the value of the service offered to small shippers, the efficiency of the carrier's operation, the competitive situation in the trade, increased operating costs, and the level of a rate of return required to attract new capital in an expanding operation. The examiner found the rates not to be unreasonable, unjust, or otherwise unlawful.

Docket No. 69-48—Independent Ocean Freight Forwarder License No. 1092, Speed Freight Inc. Respondent, licensed by the Commission as an independent freight forwarder, utilized the services of employees of its principal customer as manager and treasurer. respectively, permitted the customer to lease part of respondent's office, permitted the customer to guarantee a loan, made false and incomplete statements on its application for a forwarder license, and failed to report organizational changes as required by General Order 4. The examiner found respondent to be shipper controlled and otherwise in violation of sections 1 and 44 of the Act, and unqualified to hold an independent ocean freight forwarder license.

The examiners also issued initial decisions in Dockets Nos. 68-48, 69-4, 69-22, 69-44, 69-59, SD-405, SD-406, SD-407, SD-408, SD-409, SD-410, SD-411, SD-412, SD-413, SD-414, SD-415, SD-416, SD-417, SD-418, SD-419, SD-420, and SD-422, described under "Final Decisions of the Commission."

Pending Proceedings

At the close of fiscal year 1970 there were 94 pending proceedings, of which 36 were investigations initiated on the Commission's own motion. The remaining cases were instituted by the filing of complaints and/or applications by conferences, trade associations, shippers, individual common carriers by water, and others.

Final Decisions of the Commission

In proceedings other than rulemaking, the Commission heard 13 oral arguments and issued 31 decisions involving 32 formal proceedings. Of these proceedings, seven were discontinued without

report, three were referred to the chief examiner for evidentiary hearing and one was remanded for further hearing.

Docket No. 1083—Investigation of Rates in the Hong Kong-United States Atlantic and Gulf Trade, 11 FMC 168 (1967). The Commission denied petitions of Maritime Company of the Philippines to reopen this proceeding and for issuance of a declaratory order. The petition to reopen was based on charges that relevant evidence had been suppressed at hearing and was denied upon a finding that the allegations had no substance. The Commission also denied the petition for issuance of a declaratory order that respondents' conduct under section 15 of the Shipping Act, 1916, was not within the scope of this proceeding on the ground that this issue had already been decided by the courts.

Docket No. 65-46—Truck Loading and Unloading Rates at New York Harbor, 13 FMC 51 (1969). It was found that the New York Terminal Conference's definition of truck loading, which included a charge to cargo for movement between transit shed and truck tailgate, was an unjust and unreasonable practice.

Docket No. 66-46—Gillen's Sons Lighterage v. American Stevedores; Docket No. 66-47—Gillen's Sons Lighterage v. Columbia Stevedoring Co., et al., 12 FMC 325 (1969). In Docket No. 66-46, it was found that complainants were entitled to reparations for charges assessed after entry of a Commission order in a prior proceeding, *Truck and Lighter Loading and Unloading at New York*, 10 FMC 234 (1966), finding such charges illegal. In Docket No. 66-47, the Commission found that reparations could not be awarded, absent proof of injury, since respondents were not subject to the prior order of the Commission. A subsequent stipulation of reparations in Docket No. 66-46 was approved.

Docket No. 66-65—Ballmill Lumber & Sales Corp. v. Port of New York Authority, et al., 12 FMC 29 (1968). The Commission found that the offer of the Port of New York Authority for lease of premises by Ballmill satisfied the requirements imposed by the Commission's previous order on compliance.

Docket No. 67-56—Pittston Stevedoring Corp. v. New Haven Terminal, Inc., 13 FMC 33 (1969). The usage charge on lumber of New Haven Terminal was found to be an unjust and unreasonable practice inasmuch as it was not reasonably related to services and unduly and unreasonably prejudicial in that lumber, without sufficient justification, was the only commodity against which the charge was assessed.

Docket No. 68-9—Free Time and Demurrage Charges on Export Cargo, April 9, 1970. Rules governing free time and demurrage on export cargo were prescribed for the Ports of New York and Philadelphia.

Docket No. 68-13—Assembly Time at Port of San Diego, 13 FMC 1 (1969). Proposed tariff rules of the Port of San Diego were approved providing for 10 days' free time on commodities shipped for the account of the U.S. Government and 10 days' processing time on commercial bulk

cargo bagged on port premises and moving in consignments of 10,000 tons or more.

Docket No. 68-14—C. H. Leavell & Co. v. Hellenic Lines, Ltd., 13 FMC 76 (1969). The assessment by Hellenic Lines of surcharges necessitated by delays caused by the Suez conflict was found to be authorized by its tariff and bill of lading.

Docket No. 68-29—Unapproved Agreements in the U.S. Pacific Coast/Australia, et al., Trade, 13 FMC, December 16, 1969. The Pacific Coast Australasian Tariff Bureau was found to have entered into and carried out, without Commission approval, understandings and arrangements fixing, controlling and limiting compensation to freight forwarders. Petitions for reconsideration of the decision were subsequently denied.

Docket No. 69-2—A. P. St. Philip, Inc. v. The Atlantic Land & Improvement Co. and Seaboard Coast Line R.R. Co., December 23, 1969. Respondents' contract which conditioned access to its terminal facilities upon the exclusive use of a designated tugboat operator was found to be an unreasonable and unjust practice and constituted undue and unreasonable prejudice and disadvantage.

Docket No. 69-4—Agreement No. T-2214 Between City of Long Beach and Transocean Gateway Corp., 13 FMC 70 (1969). The Commission adopted the initial decision of the examiner approving a terminal lease agreement providing for nonexclusive preferential assignment of premises from the City of Long Beach to Transocean Gateway Corp.

Docket No. 69-7—Pacific Coast European Conference Agreement No. 5200-26, 13 FMC 16 (1969). The Commission approved a modification to the agreement of the Pacific Coast European Conference permitting the conference to utilize its self-policing procedures to investigate and prosecute breaches of the agreement which predated the approval of the procedures.

Docket No. 69-22—Violet A. Wilson d/b/a Transmares, Inc., 13 FMC 30 (1969). The Commission adopted the initial decision of the examiner granting a license to Violet A. Wilson to operate as an independent ocean freight forwarder.

Docket No. 69-33—Atlantic and Gulf/West Coast of South America Conference Agreement No. 2744-30, et al., Dec. 15, 1969. Amendments to nine conference agreements in the Latin American trades were approved permitting the conferences to negotiate with other modes of transportation in the establishment of through intermodal arrangements. The approvals were limited to 18 months with the provision that if, after 12 months the conferences had taken no action thereunder, carrier members could negotiate individually.

Docket No. 69-44—Ghezzi Trucking, Inc.: Cancellation of Inactive Tariff, May 19, 1970. The Commission adopted the initial decision of the examiner canceling the tariff of Ghezzi Trucking, Inc., for lack of performance thereunder.

Docket No. 69-51—Agreement No. 9810 Between Prudential Lines, Inc. and W. R. Grace & Co., December 19, 1969. The Commission approved Agreement No. 9810 which in substance provided for the purchase by Prudential Lines of all the capital stock of Grace Line, Inc., following which Prudential would sell all its vessels and other operating assets to Grace, which would then become the sole operating company.

Docket No. 69-52—Johns-Manville Products Corp.—Petition for Declaratory Order, January 27, 1970. Upon petition, it was found that Dillingham Line had properly rated shipments of asbestos-cement air ducts of Johns-Manville Corp.

Docket No. 69-59—L.T.C. Air Cargo, Inc., June 15, 1970. The Commission adopted the initial decision of the examiner granting a license to L.T.C. Air Cargo, Inc., to operate as an independent ocean freight forwarder.

Docket No. 69-60—Rejection of Tariff Filings of Sea-Land Service, Inc., March 24, 1970. The Commission found that the rejection by the Commission staff of a reduced rate on wines and spirits filed by Sea-Land Service which differed from that of the North Atlantic Westbound Freight Association (of which Sea-Land was a member) was improper in that no violation of law or the Commission's rules could be established because of the ambiguity of the conference provisions pursuant to which it was filed.

The Commission also issued 19 decisions involving special docket application and 36 decisions involving small claims.

RULEMAKING

The following rulemaking proceedings, instituted during fiscal year 1969, are still in progress:

Docket No. 69-38: Mandatory Provisions To Be Included in Self-Policing Systems. Proposed rules published August 7, 1969.

Docket No. 70-20: Security for the Protection of the Public. Proposed rules published April 29, 1970.

The following rules were published during the fiscal year as a result of rulemaking proceedings:

*General Order 4 (Rev.)—*Licensing of Independent Ocean Freight Forwarders, Amendment 1 (Docket No. 69-41) (License Fees).

*General Order 13—*Filing of Tariffs by Common Carriers by Water in the Foreign Commerce of the United States and by Conferences of Such Carriers, Amendment 4 (Docket No. 69-53) (Filing of Through Rates and Through Routes).

*General Order 16—*Rules of Practice and Procedure, Amendment 6 (Docket No. 69-0) (Practice of Former Employees).

*General Order 22—*Public Information, Amendment 2 (Docket No. 69-41) (Fees for Services).

General Order 25—(Docket No. 69-6)—Collection, Compromise and Termination of Enforcement Claims.

ACTION IN THE COURTS

At the beginning of fiscal year 1970, 11 petitions to review Federal Maritime Commission orders were pending in various U.S. Courts of Appeals. Seven more petitions were filed during the fiscal year. On June 30, 1970, eight of these review proceedings had been completed and the remaining ten were pending briefing, argument, or court decision.

Among the more significant cases in which the Federal Maritime Commission was involved during the fiscal year were the following:

In *American Export-Isbrandtsen Lines, et al. v. FMC and U.S.A.*, No. 22,820 (D.C. Cir., June 11, 1970), the court upheld a Commission order requiring a conference of terminal operators in New York to assume responsibility for truck delays due to the inability of the terminals to provide adequate labor to handle the trucks. The Commission had found that the terminals' attempt to disclaim liability for labor shortages was an unreasonable practice in violation of section 17, Shipping Act, 1916.

Now pending before the District of Columbia Circuit in *Pacific Coast European Conference, et al. v. FMC and U.S.A.*, Nos. 22,407 and 23,330, is a consolidation of two separate petitions to review Commission orders holding that the conference's self-policing system cannot be implemented unless specific procedures are outlined in its agreement, and that an approved amendment by the Commission requiring the use of fair procedures under the self-policing system may be applied against a conference member even though the latter resigned prior to adoption of the amendment.

In *Port of Boston Marine Terminal Association, et al. v. Rederiaktiebolaget Transatlantic*, 420 F. 2d 419 (1970), 1st Cir., the proceeding involved the question of whether the determinations by the Commission upholding the validity of certain tariff charges may

be collaterally attacked in private proceedings in courts of general jurisdiction to which the Commission may not be a party, or may only be challenged in direct review proceedings in a court of appeals in which the Commission and the United States are named as parties. The case also presents the question of whether a shift in the tariff charge from cargo to vessel constitutes an amendment of a conference agreement so as to require Commission approval before it may be effectuated. The Supreme Court has granted certiorari, and the United States and the Commission will submit amicus curiae briefs.

In *Port of New York Authority and Board of Commissioners of the Port of New Orleans v. FMC and U.S.A.*, No. 27,722, July 31, 1970, now pending in the Court of Appeals for the Fifth Circuit, involved is the Commission's decision in Dockets Nos. 65-31 and 66-61 (*Investigation of Overland/OCP Rates and Absorptions*) holding that rates established by carriers and conferences operating between Pacific Coast ports and the Far East, which are designed to apply to cargo moving from the Midwestern United States (overland/OCP rates) and which were lower than ocean rates for cargo originating near the ports (local rates), were authorized by the conference's basic ratemaking authority in the approved section 15 agreements and had not been otherwise shown to be unlawful.

In *The City of Portland, Oreg. v. FMC and U.S.A.*, No. 24,182, August 11, 1970, the Court of Appeals for the District of Columbia Circuit remanded to the Commission for further expedited proceedings questions raised by the City of Portland on the Commission's conditional approval of an agreement (No. 9835) involving a new containership service by six Japanese carriers between the Port of Seattle and certain ports in Japan. To allow for such expedited proceedings, the court also deferred for 60 days the effective date of an order staying the Commission's approval of the agreement pending judicial review.

To the seven criminal cases pending in the Department of Justice on July 1, 1969, another 11 cases were referred by the Federal Maritime Commission for criminal prosecution during the fiscal year. Also, during this period, four of the Commission's criminal cases were won or settled and a total of \$3,225 in fines or penalties were recovered.

LEGISLATIVE DEVELOPMENT

Changes in Penalties for Violations of the Shipping Statutes

The Commission's legislative proposal to change from criminal to civil, penalties for violation of certain provisions of the Shipping Act, 1916, and the Intercoastal Shipping Act, 1933, was reintroduced in the second session of the 91st Congress, as Senate bill S. 3377 and House bill H.R. 15548. These bills also would empower the Commission to determine the amount of penalty for violation of any provision of the abovementioned Acts, which are subject to the Commission's jurisdiction, and for which a civil penalty is provided. The changes proposed in the existing statutes would provide desirable and effective regulatory sanctions in that they would enable the Commission to relate the penalty directly to the regulatory objectives of the statutes, and in its discretion to assess a penalty in an amount less than the maximum permitted, when in its judgment the assessment of such a lesser amount seems appropriate.

Other Legislative Activity

In 1962, the Congress enacted Public Law 87-595, which conferred on the Interstate Commerce Commission, jurisdiction over through routes and joint rates between a common carrier by motor vehicle and a common carrier by water subject to the Shipping Act, 1916, and the Intercoastal Shipping Act, 1933, concerning the transportation of property in the Alaska and Hawaii offshore domestic trades. This statute has been interpreted as nullifying the application of the shipping statutes, not only with respect to a true through route and joint rate arrangement involving two line hauls, but also as to an arrangement between the water carrier and a motor carrier providing merely for incidental pickup and delivery charges within a port

area, if that arrangement is termed a joint rate. On the other hand if the arrangement is characterized as a combination of local rates, the Federal Maritime Commission retains jurisdiction. The Commission believes that to permit the carrier to pick and choose at will, the agency by which it wishes to be regulated is not conducive to effective regulation. The Commission will propose remedial legislation in the form of a simple amendment to section 216(c) of the Interstate Commerce Act, which will restore jurisdiction to the Federal Maritime Commission in those instances where the services of the motor carrier are incidental to the predominant line haul of the water carrier. The proposed amendment would exclude from the term "through routes and joint rates" in that section, an arrangement between water common carriers subject to the shipping statutes and a common carrier by motor vehicle providing only transfer, collection or delivery, or the transfer of property from one vessel to another, within a terminal area.

On June 11, 1970, the Chairman appeared before the Subcommittee on Surface Transportation of the Senate Commerce Committee to present the Federal Maritime Commission's position with respect to S. 3626 and S. 2245. S. 3626 would: (1) Make it mandatory for carriers subject to the Interstate Commerce Act to establish through routes and joint rates with other such carriers and (2) authorize the Interstate Commerce Commission to require the establishment of through routes and joint rates not only between such carriers but also would make it mandatory that water carriers subject to the Shipping Act, 1916, and the Intercoastal Shipping Act, 1933, transporting property between Alaska or Hawaii and the contiguous States, establish through routes and joint rates with common carriers by motor vehicle subject to the Interstate Commerce Act. The Chairman opposed enactment of this bill. However, the Chairman, subject to certain recommended amendments, supported S. 2245 which would make it mandatory for carriers subject to Interstate Commerce Commission jurisdiction to establish such through routes and joint rates and authorize the Interstate Commerce Commission to require that such through routes and joint rates be established but does not impose such obligations on the water carrier subject to the jurisdiction of the Federal Maritime Commission.

On June 24, 1970, the Chairman appeared before the Senate Select Committee on Small Business to testify in connection with

S. 3595, a bill "To establish a Commission on Security and Safety of Cargo." While recognizing the problems of damage and theft to cargo in transit with which we are brought face to face in connection with our regulatory activities, the safety and security of cargo and the type of criminal activity incident thereto are matters over which the Commission has no jurisdiction. The Chairman, however, fully endorsed the objectives of the bill, but opposed the establishment of a commission to study the problems since this Commission is of the view that these problems can be handled within the framework of existing agencies.

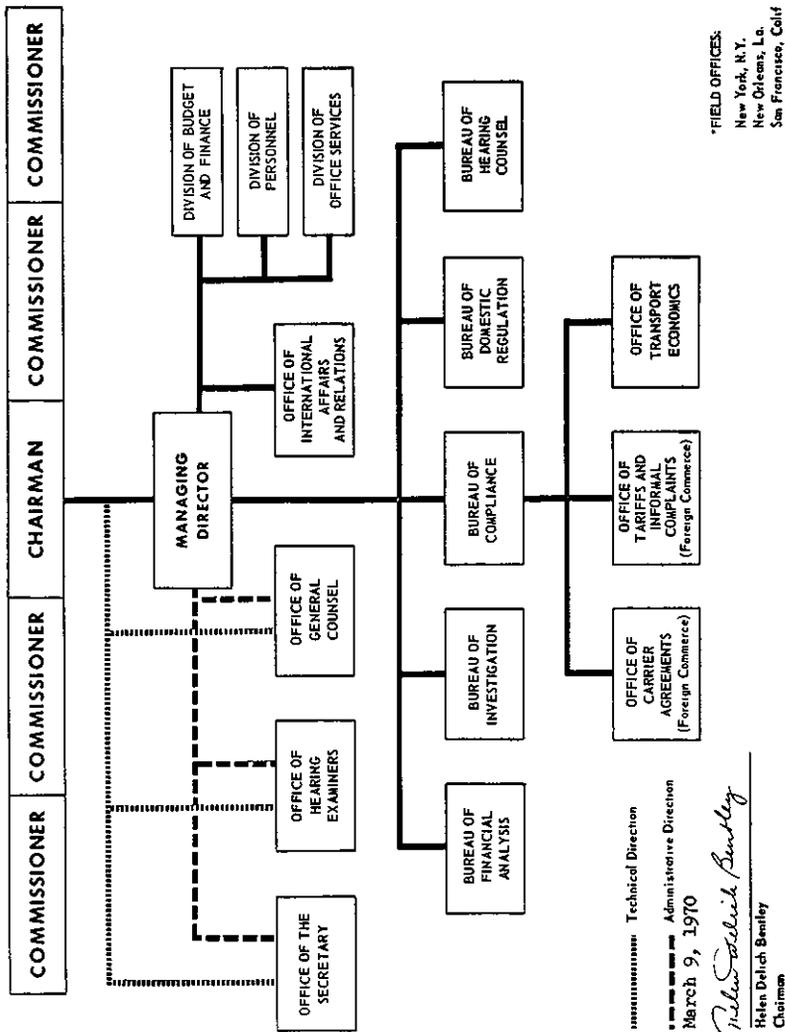
On April 3, 1970, Public Law 91-224, the Water Quality Improvement Act of 1970, was approved. Section 11(p)(1) requires that any vessel over 300 gross tons, using any port or place in the United States or the navigable waters of the United States, establish and maintain evidence of financial responsibility of \$100 per gross ton, or \$14 million whichever is the lesser, to meet the liability to the United States to which the vessel could be subjected under the Act, for the cost of cleanup of spilled oil. The President, on June 2, 1970, delegated to the Federal Maritime Commission, the responsibility to carry out the provisions of the Act pertaining to this financial responsibility.

During fiscal year 1970, the Commission also made studies of numerous bills introduced in the Congress and transmitted pertinent comments to the appropriate committees.

ADMINISTRATION

Mrs. Helen Delich Bentley, of Maryland, was appointed by President Richard Nixon to succeed Chairman John Harllee, who resigned effective September 1, 1969. Mrs. Bentley's appointment to the unexpired term of her predecessor was confirmed by the U.S. Senate on October 3, 1969. On June 3, 1970, the Senate confirmed President Nixon's reappointment of Mrs. Bentley to a full 5-year term expiring on June 30, 1975. James V. Day, of Maine, was reappointed by the President to serve the 5-year term expiring on June 30, 1974. Mr. Day's appointment was confirmed by the Senate on October 23, 1969. Other members of the Commission were Vice Chairman James F. Fanseen of Maryland; Ashton C. Barrett of Mississippi; and George H. Hearn of New York. Mr. Aaron W. Reese was appointed to the position of Managing Director on April 1, 1970.

FEDERAL MARITIME COMMISSION*



..... Technical Direction
 - - - - - Administrative Direction
 March 9, 1970

Helen Delich Bentley
 Helen Delich Bentley
 Chairman

*FIELD OFFICES:
 New York, N.Y.
 New Orleans, La.
 San Francisco, Calif

**Statement of Appropriation and Obligation for the Fiscal Year
Ended June 30, 1970**

APPROPRIATION:

Public Law 91-153, 91st Congress, approved Dec. 24, 1969: For necessary expenses of the Federal Maritime Commission, including services authorized by 5 U.S.C. 3109; hire of passenger motor vehicles; and uniforms, or allowances therefor, as authorized by 5 U.S.C. 5901-5502.....	\$3, 715, 000
Public Law 91-305, 91st Congress, approved July 6, 1970: Second Supplemental Appropriations Act, 1970, to cover increased pay costs.....	293, 000
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Appropriation availability.....	4, 008, 000

OBLIGATIONS AND UNOBLIGATED BALANCE:

Net obligations for salaries and expenses for the fiscal year ended June 30, 1970.....	3, 998, 368
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Unobligated balance withdrawn by the Treasury.....	9, 632
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**STATEMENT OF RECEIPTS DEPOSITED WITH THE GENERAL FUND OF THE
TREASURY FOR THE FISCAL YEAR ENDED JUNE 30, 1970:**

Publications and reproductions.....	11, 009
Freight forwarder license fees.....	3, 650
Fines and penalties.....	184, 000
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Total general fund receipts.....	198, 659