

Annual Report of the

**FEDERAL MARITIME BOARD
and
MARITIME ADMINISTRATION**

1958



UNITED STATES DEPARTMENT OF COMMERCE

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UNITED STATES DEPARTMENT OF COMMERCE

Washington, D. C.

FEDERAL MARITIME BOARD

CLARENCE G. MORSE, *Chairman*

BEN H. GUILL, *Member*

THOS. E. STAKEM, *Member*

JAMES L. PIMPER, *Secretary*

MARITIME ADMINISTRATION

CLARENCE G. MORSE, *Maritime Administrator*

WALTER C. FORD, *Deputy Maritime Administrator*

LETTERS OF TRANSMITTAL

UNITED STATES DEPARTMENT OF COMMERCE,
FEDERAL MARITIME BOARD,
MARITIME ADMINISTRATION,
Washington 25, D. C., October 14, 1958.

To: *The Secretary of Commerce.*

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

SUBJECT: *Annual Report for Fiscal Year 1958.*

I am submitting herewith the report of the Federal Maritime Board and Maritime Administration covering their activities for the fiscal year ended June 30, 1958.


CLARENCE G. MORSE.

SECRETARY OF COMMERCE,
Washington 25, D. C.

To the Congress:

I have the honor to present the annual report of the Federal Maritime Board and Maritime Administration of the Department of Commerce for fiscal year 1958.


SINCLAIR WEEKS,
Secretary of Commerce.

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FISCAL YEAR ACTIVITIES

Introduction

The Merchant Marine Act, 1936, as amended, and related maritime laws established the basic principles and policies of the Federal Government with respect to the American merchant marine. These principles provide for the development and promotion of an American merchant marine sufficient to carry the domestic waterborne commerce and a substantial portion of the foreign commerce of the country, capable of serving as a naval auxiliary in time of war, owned and operated under the United States flag by citizens of the United States, and composed of the best-equipped, safest, and most suitable types of vessels manned by a trained and efficient citizen personnel.

The Federal Maritime Board and the Maritime Administration were established in the Department of Commerce by Reorganization Plan No. 21, effective May 24, 1950, to accomplish more effectively these national principles and policies. The plan simultaneously abolished the United States Maritime Commission. The Federal Maritime Board is composed of three members, appointed by the President, by and with the advice and consent of the Senate. The President designates one of such members to be the Chairman of the Board, who also serves, *ex officio*, as Maritime Administrator.

The plan transferred to the Federal Maritime Board the regulatory functions of the Maritime Commission and the functions with respect to making, amending, and terminating subsidy contracts and with respect to conducting hearings and making determinations antecedent thereto, under the provisions of titles V, VI, and VIII, and sections 301, 708, 805 (a), and 805 (f) of the Merchant Marine Act, 1936, as amended.

The Board, in respect of the regulatory functions transferred to it by the plan, is independent of the Secretary of Commerce. These functions include the regulation and control of rates, services, practices, and agreements of common carriers by water and of other persons, under provisions of the Shipping Act, 1916, as amended, and rates, fares, classifications, tariffs, and practices of common carriers by water under provisions of the Intercoastal Shipping Act, 1933, as amended; making rules and regulations affecting shipping in the foreign trade; and investigating discriminatory practices in such trade. In administering other functions transferred to the Board by the plan, the Board is guided by the general policies of the Secretary of Commerce. The

actions of the Board in regard to the subsidy functions transferred to it are final.

The Maritime Administration is charged with the administration and execution of shipbuilding, shipping, port development, and other programs authorized by law. Many of its actions are based on determinations made by the Federal Maritime Board. The Administration carries out its functions under a delegation of authority from the Secretary of Commerce.

During fiscal year 1958 continued efforts and resources were devoted to programs which would achieve a well-balanced, modern and efficient merchant marine. Considerable progress was made in the accomplishment of the following: (1) a planned long-range ship construction program providing for a phased-out replacement of current ships with modern, more efficient types and in numbers adequate to meet the country's immediate and future requirements; (2) a program to foster the well-being of the American merchant marine through operating-and construction-differential subsidy, insurance of loans and mortgages, trade-in-and-build and other forms of Government aid prescribed by the Congress; (3) a planned program for the development of new ship designs and modifications to existing design types, including hull, propulsion systems and auxiliaries, cargo-handling equipment and other ship components and systems; and (4) a program for improvement in the management of the agency.

In all program areas the Federal Maritime Board and the Maritime Administration continued to foster the basic principles of utilizing to the utmost private initiative and capital, with Government assistance and participation limited to the extent necessary, to meet the economic and national security needs, consistent with the national maritime laws.

The Federal Maritime Board and the Maritime Administration, in addition to administering the programs mentioned, continued to devote undiminished efforts to other programs and activities, including those involving the operation of ships under charter and general agency agreements; maintenance of the national defense reserve fleets; the operation of warehouses; the custody and maintenance of reserve shipyards and other facilities; the conduct of regulatory matters; and the administration of the United States Merchant Marine Academy.

Aid to Shipping

The Government aid programs designed to assist and encourage American-flag operators in the operation and maintenance of an efficient and modern American merchant marine were continued with significant results being achieved. Among the most important were the accomplishments with respect to the construction of new ships and the replacement of existing ships with modern types. These programs also assure the retention of adequate ship construction facilities, management abilities, and shipbuilding workforce. During the fiscal year new operating-differential subsidy contracts were exe-

cuted with 4 existing operators providing for the replacement of 96 vessels. The replacement provisions of these contracts plus the replacement provisions in the contracts of the other 11 subsidized operators will provide for the collective replacement of 278 ships by the year 1972, at a construction cost approximating \$4 billion. Separate construction-differential subsidy contracts were executed with 4 operators for aid in building 15 new ships at an estimated construction cost of \$167 million, and there were approved for trade-in 17 obsolete vessels for an allowance of credit on the new construction of \$21.6 million; construction aid was also approved in connection with the reconstruction of the SSs. *Independence* and *Constitution* and 2 cargo ships, involving a total estimated cost of \$13,267,619. In addition, there were executed 12 contracts providing Federal insurance of loans covering the construction of 14 ships having a total estimated construction cost of \$171 million.

Construction-differential subsidy

During the fiscal year construction-differential subsidy contracts were executed by the Federal Maritime Board with American Export Lines, Inc., to cover the construction of 4 new cargo vessels. A contract for the construction of 2 of these ships was awarded to the New York Shipbuilding Corp., through normal competitive bid process, and a contract was awarded to National Steel and Shipbuilding Corp., for the construction of the other 2 as an allocation under section 502 (f), Merchant Marine Act, 1936. The contract price of the two vessels being constructed by the New York Shipbuilding Corporation was \$11,420,983 for each vessel. The final construction-differential allowance on each vessel was \$4,832,779, and the Government will also pay the cost of national defense features amounting to \$151,475 and the increased cost of \$558,654 per ship representing the difference in cost between the bid submitted on a 4-ship basis and the award of 2 ships. The contract price for each of the vessels to be constructed by National Steel and Shipbuilding Corporation was \$11,754,501. The final construction-differential allowance on each of these vessels was \$5,110,470 and the Government will also pay the cost of national defense features amounting to \$62,435 and the increased cost of \$406,637 per ship resulting from allocation of this contract under section 502 (f). Four vessels were traded in against this construction for a total allowance of \$6,774,000. These vessels were chartered back to the owner for the construction period of the new vessels and the estimated charter hire during the use period was deducted from the trade-in allowance.

The Federal Maritime Board gave approval to an application of American President Lines, Ltd., for construction-differential subsidy in the building of 2 new Mariner-type cargo vessels. The contract price was \$14,566,000 per vessel inclusive of national defense features costing \$160,000, with a tentative construction-differential subsidy of 33½ percent, which is subject to adjustment when a final subsidy rate is developed, but not to exceed 50 percent. A construction con-

tract was awarded to the Bethlehem Pacific Coast Steel Corp., as an allocation under section 502 (f), Merchant Marine Act, 1936. Three vessels were traded in against the above construction for a total allowance of \$4,050,000. Two vessels were retained for operation, 1 for the full period and 1 for part of the period of construction and charter hire applicable to such periods was deducted from the trade-in allowance.

A construction-differential subsidy contract was executed by the Board with Lykes Bros. Steamship Co. Inc., in connection with the building of 5 new cargo vessels. The construction cost of each vessel amounted to approximately \$9,636,000, the final construction-differential allowance was \$4,280,000 and the Government will also pay for the cost of \$25,950 for national defense features. Five vessels were traded in for a total allowance of 4.5 million. All of the above vessels have been chartered to the operator during the construction period and estimated charter hire during the use period was deducted from the trade-in allowance. A construction contract was awarded during the year to the Ingalls Shipbuilding Corp., on a competitive bid basis.

Construction-differential subsidy contracts were executed with Moore-McCormack Lines, Inc., to cover the construction of 4 new cargo vessels. A contract for the construction of 2 of these ships was awarded to the Sun Shipbuilding and Dry Dock Co., through the normal bid process, and a contract was awarded to Todd Shipyards, Inc., for the construction of the other 2 as a result of allocation under section 502 (f), Merchant Marine Act, 1936. The contract cost of the 2 vessels being constructed by Sun Shipbuilding and Dry Dock Co. was \$10,621,943 for each vessel. The final construction-differential allowance was \$4,573,733 per vessel and the Government will also pay the cost of the national defense features amounting to \$130,902, and the increased cost of \$367,118 representing the difference in cost between the bid submitted on a 4-ship basis and the award of 2 ships. The contract price of the 2 vessels being constructed by Todd Shipyards, Inc., was \$11,012,421 for each vessel. The construction-differential allowance was \$4,573,733 and the Government will also pay the cost of national defense features amounting to \$75,127 and the increased cost of \$706,471 resulting from allocation of this contract under section 502 (f). Five vessels were traded in for a total allowance of \$6,285,500. Three vessels were chartered back to the operator during the construction period of the new vessels and the estimated charter hire for such use period was deducted from the trade-in allowance.

The Federal Maritime Board, in connection with the application of Grace Line Inc., authorized the payment of a construction-differential subsidy for the reconstruction of the SSs. *Santa Eliana* and *Santa Leonor* from C2 cargo ships to container ships, the amount of construction-differential subsidy to be determined later.

The Board also approved the application of American Export Lines, Inc., for construction-differential aid in the reconstruction of the SSs.

Independence and Constitution, to provide for additional first-class passenger space, the amount to be subsequently determined.

On June 30, 1958, there were pending from 8 American-flag operators applications for construction-differential subsidy contracts to aid in the construction of 22 cargo ships, 1 transpacific liner and 4 tankers.

Federal ship mortgage and loan insurance

The Maritime Administration during the fiscal year 1958 executed contracts of insurance for construction loans aggregating \$58,449,500, and mortgage loans aggregating \$133,328,465, made by banks and other lending agencies, as follows: (a) Petrol Shipping Corp., a construction loan of \$5,342,000 and a mortgage loan of \$8,438,150 for construction of a tanker; (b) Skouras Lines, Inc., a construction loan of \$9,000,000 and a mortgage loan of \$11,000,000 for construction of a tanker; (c) World Wide Tankers, Inc., a construction loan of \$9,000,000 and a mortgage loan of \$11,000,000 for construction of a tanker; (d) United Vintners Lines, a mortgage loan of \$5,635,103 for reconstruction of a special products tanker; (e) American Trading & Production Corp., a construction loan of \$2,625,000 per vessel and a mortgage loan of \$2,625,000 per vessel for reconstruction of two tankers; (f) Nautilus Petroleum Carriers Corp., a construction loan of \$6,072,500 and a mortgage loan of \$10,450,000 for construction of a tanker; (g) National Transport Corp., a construction loan of \$9,126,000 and a mortgage loan of \$16,440,493 for construction of a tanker; (h) Overseas Oil Transport Corp., a construction loan of \$8,710,000 and a mortgage loan of \$12,435,719 for construction of a tanker; (i) American Eagle Tanker Corp., a construction loan of \$5,949,000 and a mortgage loan of \$8,750,000 for construction of a tanker; (j) Grace Line Inc., a mortgage loan of \$9,000,000 each for construction of the combination passenger/cargo vessels SSs. *Santa Rosa* and *Santa Paula*; (k) Tankers & Tramps Corp., a mortgage loan of \$9,679,000 for construction of a tanker; and (l) Colonial Tankers Corp., a mortgage loan of \$16,250,000 for construction of a tanker.

As of June 30, 1958, there were pending from 13 American-flag operators applications under title XI of the Act for Federal Ship Mortgage Insurance aid covering the construction and/or conversion of 24 ships at a total estimated cost to the applicants of approximately \$197,500,000, on which insurance has been requested covering estimated construction loans of \$111,122,000 and estimated mortgage loans of \$165,800,000.

A title XI default occurred in October 1957, involving the SS. *Carib Queen*, owned by TMT Trailer Ferry, Inc., for which a mortgage loan of \$4,112,500 had been insured in December 1956. This default required the payment to the mortgagee/trustee of insurance in the amount of \$4,087,292.58, consisting of principal of \$3,947,416 and in-

terest of \$139,876.58. Upon default and foreclosure of the mortgage the vessel was acquired by the Maritime Administration and at the close of the fiscal year plans were being formulated for the sale of the ship. The sale, if consummated, will result in substantial recovery of the Government's investment in the ship as a result of the default. This default was the only one experienced under the program, which from its inception to June 30, 1958, involved the construction or conversion of 30 ships with a total mortgage coverage in excess of \$230 million.

Other forms of construction aid

As of June 30, 1958, balances in 12 construction reserve funds totaled \$18,401,375.85 compared with \$18,801,089.05 on June 30, 1957, in 13 construction reserve funds. Three additional funds were established during fiscal year 1958, and deposits were made to these funds. Four funds were closed by withdrawal of the total balances therein. Deposits to construction reserve funds during the year amounted to \$2,839,107.62, and withdrawals totaled \$3,238,820.82.

In addition to mandatory deposits required by statute voluntary deposits of free earnings of subsidized operators were authorized in the total amount of approximately \$32,800,450, for 7 operators. At the close of the fiscal year applications were pending from 5 subsidized operators for authority to make voluntary deposits totaling \$2,336,000. There were pending on June 30, 1958, applications from 4 subsidized operators for trade-in allowances on old vessels to be applied against the construction cost of new vessels.

Operating-differential subsidy

Effective January 1, 1958, the States Steamship Co. was awarded a 20-year operating-differential subsidy agreement to cover its operations between ports on the U. S. Pacific coast and ports in the Far East. This agreement includes not only vessels owned and operated by this company on a heretofore non-subsidizable basis but also the vessels of its subsidiary, the Pacific Transport Lines, Inc., a subsidized operator. The new agreement provides, among other things, for the replacement of its current fleet with 13 new ships.

New 20-year operating-differential subsidy agreements were executed with Farrell Lines Inc., operating between U. S. Atlantic/S. E. and West Coast Africa; Lykes Bros. Steamship Co., Inc., operating between U. S. Gulf/Caribbean, United Kingdom, Mediterranean, South and East Coast of Africa and Far East; and Mississippi Shipping Co., Inc., between U. S. Gulf/East Coast South America and West Coast Africa. These contracts, effective January 1, 1958, replace old subsidy agreements which expired or were terminated December 31, 1957. These contracts provide, among other things, for the replacement of each operator's current fleet of vessels—16, 53 and 14 ships, respectively.

At the close of the fiscal year continued progress had been made in the negotiations with American Mail Line Ltd., Gulf & South American Steamship Co., Inc., and the Pacific Far East Line, Inc., for the execution of new operating-differential subsidy agreements to become effective January 1, 1959, in replacement of the current operating-differential subsidy contracts scheduled to expire December 31, 1960, December 31, 1963, and December 31, 1962, respectively.

There were pending new applications for operating-differential subsidy contracts from 9 American-flag operators involving services in the essential trade routes of the United States, including those for Around-the-World services, Europe, the Near East and the Far East.

As of June 30, 1958, \$688,174,717 net advance subsidy payments (subsidy less recapture) had been made. This amount represents payment on account to operators from the date of postwar resumption of subsidized operations (January 1, 1947) through the first half of calendar year 1958. A summary of operating subsidy contracts is given in Appendix C.

Aid to vessels over 20 years of age

The Federal Maritime Board having found it to be in the public interest under Section 605 (b) of the Merchant Marine Act, 1936, as amended, had authorized formerly and in the current fiscal year, through issuance of formal orders, the continued payment of operating-differential subsidy on certain ships now over 20 years old, or which will become overage prior to the delivery of their scheduled replacements. The actions of the Federal Maritime Board were predicated upon the ship replacement provisions of the new operating-differential subsidy contracts entered into by these companies. Cumulative authorizations by the Board in this connection are contained in Appendix G.

Trade routes

The essentiality and United States-flag service requirements of 7 of the United States foreign trade routes were reviewed and a limited review was made of another. These reviews, made in accordance with section 211 (a) and (b), Merchant Marine Act, 1936, in addition to determining their essentiality resulted in the consolidation of Trade Routes Nos. 3 and 4 into one Route (No. 4), and 26A and 26B into Trade Route No. 26. At the end of the fiscal year there were a total of 33 routes and 3 services described as essential in the foreign commerce of the United States. With the St. Lawrence Seaway scheduled for opening to deep draft ship traffic in the spring of 1959, studies are underway to determine the essentiality of routes between the United States Great Lakes ports and foreign areas, in addition to No. 32 (United States Great Lakes/Western Europe) and No. 33 (United States Great Lakes/Caribbean) which were previously declared essential.

Ship Operations and Repair

Oceangoing traffic

Throughout the fiscal year there existed a drastically reduced volume of oceangoing traffic. This situation resulted in a surplus of dry cargo tonnage and materially contributed to reduced charter hire rates and reduced sales values for both American-flag and foreign-flag ships. The world-wide charter hire rates fell below the Maritime Administration's fair and reasonable rates and generally were not compensatory for United States operators in the bulk trades. The factors contributing to the reduced volume of traffic and surplus tonnage were: (1) reduced volume of United States exports (comparison of the first eight months of fiscal years 1957 and 1958 indicated a drop of 12.5 million tons); (b) lower exports of a number of foreign countries; and (c) introduction of newly constructed foreign-flag tonnage of larger capacity and greater speed. The reduction in demand for tonnage was primarily felt in the bulk trades (principally coal and grain) but eventually applied to the liner trades as well.

The Federal Maritime Board/Maritime Administration took action to alleviate the situation insofar as was possible by effecting a reduction of Government-owned vessels under bareboat charter and adopting procedures, in connection with other Government agencies, whereby privately owned American-flag vessels received priority in the fixing of cargoes under Government-sponsored programs.

The Maritime Administration continued to maintain liaison with other U. S. Government agencies in order to assure compliance with the requirements of the Cargo Preference Act, Public Law 664, 83d Congress. In the administration of Public Resolution 17, 73d Congress, the Maritime Administration continued to advise the Export-Import Bank as to shipping arrangements of exports financed under its loan credits. In this connection a number of waivers were authorized to the exclusive requirements as to the use of United States-flag vessels, as provided by the law, so as to permit foreign-flag participation in the cargo movements.

Charters

As a result of the greatly reduced demand for American-flag shipping, the operation of Government-owned ships under bareboat charter decreased from 151 to 11 during the fiscal year due to normal expiration of charter agreements, and review of the charters in effect by the Federal Maritime Board in accordance with Public Law 591, 81st Congress. Seven of these ships were in the offshore trade and 4 were in the Alaska trade. In addition, 14 vessels traded in on new construction, details of which are included earlier in this report, were operated under use agreements on an interim basis.

During the year there was a general reduction in charter market rates, both domestic and foreign, which was attributed to the re-estab-

lishment of normal routes through the Suez Canal, greater availability of tonnage, resumption of normal bunkering facilities, and reduction in cost of bunkering oil. The Maritime Administration issued downward revisions of its fair and reasonable rate advices to other Government agencies to guide them as to rates which might be justifiably paid for the shipment of Government-financed cargoes.

General agency operations

During the first quarter of the fiscal year there were 26 ships on assignment to 14 approved general agents to meet requirements of the Military Sea Transportation Service. At the close of the year this number was reduced to 7 ships operated by 3 general agents for MSTC account, of which there were 5 refrigerated ships in the Pacific area and 1 each of the modernized Liberty ships in the Arctic and European areas.

Grain program

On June 30, 1957, there were at the various reserve fleets 230 idle Libertys loaded with grain for the account of the Commodity Credit Corporation, Department of Agriculture. During the fiscal year ending June 30, 1958, 26 light Libertys were loaded with storage wheat; additionally, 83 laden ships were discharged and 1 of these reloaded with new grain, thus leaving a balance of 174 grain laden ships at the various reserve fleet sites, with approximately 40 million bushels of grain in storage. Since the inception of this program in 1953 the reserve fleet has been utilized for the storage of approximately 121,000,000 bushels of grain.

Ship custody

At the close of the 1958 fiscal year there were 2,074 ships in the reserve fleets. During the year 361 ships were taken into the fleets and 176 were withdrawn, for a net increase of 185 ships. These ships were distributed to the various fleet sites as follows:

Hudson River	179	Beaumont	210
James River	379	Suisun Bay	336
Wilmington	296	Astoria	214
Mobile	302	Olympia	158

Approximately 94 percent of the basic lay-up and preservation of ships was completed, and 50 percent of the year's scheduled workload of recurring preservation was accomplished. The large-scale ship movements in and out of the fleets with attending diversion of manpower for the performance of necessary ship activation and deactivation work caused a decline in these figures from the previous year.

Ship repair

During the fiscal year, on the 309 ships operating under subsidy, 2,286 ship repair inspections were made to verify subsidy repairs. Full

condition surveys were made in 239 instances to determine ship condition at time of changes in status under subsidy agreements. There was a review for subsidy eligibility of repair summaries submitted by 16 operators and over \$4.3 million of a total of \$43 million in repair was found to be ineligible for subsidy participation. A comprehensive study was completed of repair expenditures by all subsidized operators for the calendar year 1956, and an average repair cost by operator and by type of ship was made available to all operators for comparative and self-evaluating purposes to the end that subsidizable repair costs might be maintained at a minimum.

A variety of other ship surveys and reviews of repair reports were made, including those to: (a) ascertain the condition of Government-owned ships at time of delivery or redelivery from charter; (b) determine the condition of ships on which the Maritime Administration has a preferred mortgage; (c) determine the propriety and reasonableness of repair costs of vessels operating under general agency agreements; and (d) ascertain the condition of ships being traded in.

Ship Construction

Research

During the fiscal year there was established a research and development program for coordinating and lending impetus to a permanent industry/Government program for the U. S. merchant marine. The objectives of this program are to: (1) supervise and direct the industry/Government-wide scientific study of merchant marine problems with a view to their practical solution; (2) determine the priority and time tables of scientific applications and experimentation to place our merchant marine in the forefront of world-wide shipping; and (3) direct and conduct research and otherwise experiment in transportation of persons and things by water.

The agency solicited the cooperation and assistance of some of the foremost engineering and research firms to augment its efforts in this area.

The following represent significant projects undertaken: (a) a contract was awarded to the General Dynamics Corp. for a feasibility study of a submarine tanker employing a nuclear propulsion system; (b) a contract was awarded to the Aerojet-General Corp. for a feasibility study of a subsurface commercial hull form with a gondola on a connecting strut which would carry personnel above the surface; (c) a contract was awarded to the Grumman Aircraft Corp. for a feasibility study to determine the applicability of high speed hydrofoil principles to oceangoing craft; and (d) contractual arrangements were made with the National Academy of Sciences for the conduct of a cargo handling study and for the furnishing of advisory services as to the nature, organization and prosecution of the Maritime Administration's scientific research and development program. In addition, there were other research projects which are reflected in this section of

the report under the headings of Nuclear Merchant Ship Program and Technical Developments.

Nuclear merchant ship program

Considerable progress was made during the fiscal year in connection with the design and construction of the nuclear-powered merchant ship, the NS. *Savannah*, authorized by Public Law 848, 84th Congress. Through the joint efforts of the Maritime Administration and the Atomic Energy Commission, acting within their respective spheres of responsibility, the following reflect areas of significant progress:

1. The firm of George G. Sharp, Inc., substantially completed all contract plans, designs and specifications. Basic characteristics are: speed, 20 $\frac{1}{4}$ knots; length, 595 $\frac{1}{2}$ feet; beam, 78 feet; total displacement, 21,700 tons; accommodations for 60 passengers and 9,400 tons of cargo.

2. The Babcock and Wilcox Co., under its contract for the design and fabrication of the pressurized water nuclear propulsion system, had completed approximately 25 percent of the basic plant and had production work on the major components well under way.

3. A contract was entered into on November 15, 1957, with the New York Shipbuilding Corp., for the construction of the NS. *Savannah*. The keel was laid on May 22, 1958, and construction had reached 8.5 percent of completion. The plans provide for launching in the spring of 1959, and completion in January, 1960.

4. At the close of the fiscal year consideration was being given to the selection of a company to operate the ship. (On July 24, 1958, the States Marine Lines was selected, to be assisted by other American-flag companies, as necessary. The States Marine Lines is one of the largest U. S. steamship companies and with its wholly owned subsidiary, the Isthmian Lines, Inc., serves all 3 coasts of the United States and 37 countries in Europe, the Near East, the Mediterranean area, and the Far East.)

5. At the close of the year consideration was being given to the selection of an organization to train the engineering officers to operate the NS. *Savannah*. (On July 25, 1958, the Babcock and Wilcox Co. was selected to negotiate a contract.)

The Maritime Administration and the Atomic Energy Commission continued efforts toward achieving the design and construction of nuclear powered merchant ships which would be economically competitive with ships having conventional power. In this connection: (a) the General Motors Corp., Ford Instrument Company and General Dynamics Corp. completed design feasibility studies which indicated that a high temperature gas-cooled reactor coupled with a closed-cycle gas turbine offers substantial potential for low cost power for merchant ships; (b) a contract was entered into with the General Dynamics Corp., for further research and development work on a gas-cooled reactor, and the initial phase of this work was progressing satisfactorily at the year's end, including design, fabrication and test

operation which will require 5 to 7 years to complete; and (c) a contract was awarded on March 15, 1958, to the General Electric Co. and to George G. Sharp, Inc., on February 28, 1958, for studies involving adaptation of a boiling water nuclear reactor to a tanker, which has excellent potential of achieving competitiveness with conventional power.

In addition, considerable efforts are being directed to provide maximum safety to passengers, crew and personnel in a nuclear merchant ship's environment, including the operational phases of the ship relating to docking, loading, and discharge of active and spent fuel waste, accidental emission of radioactive materials and ship casualties.

Construction

The total number of ships under construction, conversion or on order in United States shipyards decreased as a result of cancellations, postponement or suspension of construction due to the decline in traffic volume and oversupply of world-wide tonnage. However, the seriousness of the situation was considerably relieved by progress in the long-range replacement program of subsidized operators. In summary, the program showed that at the end of the fiscal year 100 ships were under construction, conversion or on order, providing approximately \$1,109 million worth of work to the industry; and of this number 18 ships, having a construction value of \$239 million, were under construction or on order under the subsidized operators' replacement programs. One additional ship under this program was delivered during the year with an estimated construction value of \$23 million.

At the beginning of the fiscal year 12 ships were being constructed under Maritime Administration contracts. Of these 1 roll-on/roll-off cargo vessel, 1 cargo ship (dock), 2 bulk petroleum carriers and 3 small cargo ships, all under construction for the Department of the Navy, were completed. One passenger/cargo ship for Grace Line Inc., was completed and delivered and a second ship of the same type for Grace Line and 2 passenger/cargo ships for Moore McCormack Lines, Inc., being constructed under title V, Merchant Marine Act, 1936, are scheduled for delivery in fiscal year 1959. Also, one tanker was being constructed under title VII, Merchant Marine Act of 1936, for Government account.

During the fiscal year contracts were awarded for the construction of a survey ship for the Coast and Geodetic Survey, and the nuclear powered passenger/cargo ship for Maritime Administration account under Public Law 848, 84th Congress. These were in addition to contracts awarded under title V, Merchant Marine Act, 1936, for the construction of ships for the American Export Lines, Inc., American President Lines, Ltd., Lykes Bros. Steamship Co., Moore McCormack Lines, covered under the section of this report titled "Construction-Differential Subsidy."

Criteria for implementing the provisions of Public Law 805, 84th Congress (amendment of section 502 (f), Merchant Marine Act,

1936), were approved. The act provides that the Secretary of Commerce/Federal Maritime Board may, with the approval of the President, allocate ship construction work to shipyards at strategic points for purposes of national defense. During the fiscal year 6 ships were allocated under this act to West Coast shipyards; the details of these allocations are covered under the section of this report titled "Aid to Shipping."

Two oil tankers under construction for the Esso Shipping Co. were delivered during the fiscal year. These tankers, plus 2 others completed during fiscal year 1957, were of interest to the Maritime Administration by virtue of contracts for: (a) the payment of national defense allowances totaling \$1,540,000 on 2; and (b) payment of national defense allowances of \$2,100,000 on the other 2, and trade-in allowance on 5 obsolete vessels in the total amount of \$5,458,379.

The critical conditions which have existed over the past several years with regard to the availability of shipbuilding types and grades of steel and certain major ship components were alleviated, and it now appears that deliveries will be adequate to meet shipbuilding requirements.

A summary of new construction is contained in Appendix E.

Ship conversion and reconstruction

The conversion of the SS. *Badger Mariner* to a tourist class passenger-cargo vessel for American Banner Lines was completed and the ship was delivered on May 29, 1958. Delivery was effected of the last of 4 Liberty ships modified under the conversion and engine improvement program, and evaluation of its performance and that of the other 3 ships was continuing.

Bids were received late in the fiscal year on proposals by: (a) American Export Lines for reconstruction of certain areas on the SS. *Independence* and the SS. *Constitution* to provide increased passenger capacity; and (b) American President Lines, Ltd., for the reconstruction of 4 Mariner-type cargo vessels.

Technical developments

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

In the field of ship design, studies were initiated to effect standardization of container sizes and determine the economic potential of trailership designs, and to redesign the bulk class cargo ship. Also, there was a study completed by H. C. Downer and Associates which indicated the effects of the opening of the St. Lawrence Seaway upon existing and future ships and operational problems to be encountered in the combined Great Lakes and ocean services.

In the area of machinery development, efforts were directed to the utilization of gas-lubricated machinery bearings and gas turbine-driven generators during "shut down" of ships steam plants. Studies were continued with respect to prescribing damage control equipment and vessel "washdown" as a part of atomic, biological, and chemical warfare countermeasures. Studies were commenced on the use of ductile iron to provide shock resistant machinery.

Continued efforts were expended to improve cargo-handling, including evaluation of cargo-handling cranes and studies of a new foreign-built hydraulic winch. In other areas, studies were in process with respect to communications equipment (radar equipment, radio antennas and bridge-to-bridge direct radio telephone), officer and crew accommodations, refrigeration and air conditioning and subsistence of ships personnel.

Shipping Studies and Reports

Special studies

Continued efforts were directed toward the preparation of numerous reports in connection with hearings before the Congress and the Federal Maritime Board. Special reports were also prepared for the Planning Board for Ocean Shipping, North Atlantic Treaty Organization.

Ship and cargo data

The collection and processing of reports of ship operations in the foreign and domestic deep-sea trades of the United States continued on an increased scale. (Approximately 60,000 reports were received of entrances and clearances of ships in the foreign trade of the United States.) Data on foreign-flag competition encountered by United States steamship companies operating on 44 subsidized liner services during 1956 were prepared for use in calculating rates for operating-differential subsidy purposes. Similarly, comprehensive statistical data were prepared for hearings before the Federal Maritime Board in applications for the approval of new operating-differential subsidy agreements submitted by 4 American-flag companies. In addition, studies were made and data assembled with respect to aids granted by foreign governments to their shipbuilding and shipping industries, foreign governments' ownership of their merchant marines, and the percentage of foreign trade carried in national-flag ships.

Among the many reports on national and international shipping were 3 special ones, as follows: "A Statistical Analysis of the World's Merchant Fleets"; "United States and Canadian Great Lakes Fleets"; and "Ore Carriers and Ore/Oil Carriers in the World Fleet." Preparation of a number of regular reports continued throughout the year including those shown in Appendixes A, B, and F.

Port development

There were completed during the year the following special studies: (a) needs in the port development field for purposes of long-range public works planning; (b) port aspects of waterway user charges; (c) estimated costs for suitable terminals for a proposed Southeastern Alaska roll-on/roll-off ferry service; and (d) preliminary plans for the operation of seaports under emergency conditions. In addition, the Maritime Administration collaborated with the Alaska International Rail and Highway Commission in its studies regarding the development and construction of an integrated rail and highway system linking the U. S. Pacific Northwest, Canada, and Alaska.

In cooperation with the Department of the Army, Board of Engineers for Rivers and Harbors, studies were completed on the following port series: No. 3, "The Port of Boston, Mass."; No. 15, "The Port of Jacksonville, Florida"; No. 17, "The Port of Tampa, Florida"; No. 27, "The Port of San Diego, Calif."; No. 28, "The Ports of Los Angeles and Long Beach, Calif." Studies on the port of New Orleans and other ports on the Gulf Coast were in progress at the end of the fiscal year.

Labor data and labor-management relations

Seafaring employment on United States-flag ships of 1,000 gross tons and over decreased to an estimated total of 51,500 jobs on June 30, 1958, reaching the lowest point since the end of World War II. Employment in those shipyards capable of constructing ships over 400 feet rose from 53,300 to 55,500 as a result of increased employment on Government projects (Navy and Maritime), with the number of production workers employed on projects for private account (ship construction, conversion and repair) decreasing from 24,603 to 22,768.

Reports were prepared on: Wage Tabulations of Various Unions (17 tables), Typical Manning and Wage Scales for various ship types, and a digest of Seafaring Fringe Benefits. Substantial progress was made on a study of seamen's earnings and employment, being made by the Bureau of Labor Statistics for the Maritime Administration, and on an internal study of the educational, experimental and other background factors of American merchant marine officers.

During the fiscal year collective bargaining between management and seafaring unions generally emphasized increased pension, welfare and vacation benefits and changes in working conditions. Shipyard union agreements were renegotiated without developing serious disputes.

Maritime Training

United States Merchant Marine Academy

The United States Merchant Marine Academy had enrolled in training during the fiscal year an average of 913 cadets, including 5 Latin-Americans, with 156 successfully completing the 4-year course of

instruction. All graduates, exclusive of foreign nationals, received United States merchant marine officer licenses, issued by the United States Coast Guard, as third mates or third assistant engineers of ocean ships; they also received bachelor of science degrees and, if qualified, commissions as ensigns in the United States Naval Reserve.

There were 1,600 candidates for the 1958 incoming class nominated by Members of Congress, of which 305 were admitted upon successfully passing the entrance and physical examinations. The nomination of cadets by the Members of Congress, as is the case with the other service academies, resulted in a more national representation by State than was possible in the past.

The 15th Congressional Board of Visitors conducted its annual inspection of the Academy on June 14, 1958, with membership consisting of: Senators Warren G. Magnuson, Washington (ex officio); Frederick G. Payne, Maine; Frank J. Lausche, Ohio; and Norris Cotton, New Hampshire; Representatives Herbert C. Bonner, North Carolina (ex officio); Edward J. Robeson, Jr., Virginia; John H. Ray, New York; Paul A. Fino, New York; John C. Kluczynski, Illinois; John Young, Texas; and Herbert Zelenko, New York. The Congressional Board noted among other things, that the important needs of the Academy were: (1) a supplemental appropriation of approximately \$860,000 to permit the Academy to achieve a satisfactory level of operations on a permanent basis and embark upon a major repair and replacement program; (2) rehabilitation of the Engineering and Nautical Science laboratories at the earliest possible moment; (3) funds to permit courses of instruction in nuclear engineering to be offered at the earliest practical moment; and (4) funds for the construction of a separate and adequate library building. In addition, the Board supported the proposal of the Advisory Board for a joint meeting of the Congressional and Advisory Boards in the fall of 1958, and recommended that: (a) members of the House and Senate Appropriations Committees attend annual meetings of the Board; (b) the Academy be operated at a level comparable to other Federal Academies through the appropriation of sufficient funds for an adequate staff; and (c) acquire modern instructional equipment, and maintain properly the buildings and grounds.

Pursuant to Public Law 691, 84th Congress, the Maritime Administrator convened a meeting of the Advisory Board to the United States Merchant Marine Academy at Washington, D. C., on October 29, 1957. The Board was composed of the following: Carl Bailey, Dean of Instructions, Concordia College; John E. Buchard, Dean, School of Humanities and Social Studies, Massachusetts Institute of Technology; Harvey H. Davis, Provost, State University of Iowa; Martin A. Mason, Dean, School of Engineering, George Washington University; Henry D. Mercer, Chairman of the Board, States Marine Corporation; and Edward Reynolds, Administrative Vice President, Harvard University. The Board held discussions with the Maritime Administrator and staff officials, held executive sessions, conducted hearings and otherwise made inquiries preliminary to its spring meet-

ing. Subsequently, at the request of its Chairman, the Board convened at Kings Point, New York, on March 27 and 28, 1958, at the conclusion of which it expressed satisfaction that: (1) legislation has been introduced in Congress clarifying and, in its opinion, strengthening the position of the faculty of the Academy, and providing an appropriate compensation system for faculty and other employees; (2) joint meetings of the Congressional Board of Visitors and the Advisory Board were planned for the future; and (3) 6 members of the faculty had been promoted during the past year upon recommendations of the Faculty Committee. In addition, the Board recommended, among other things, that: (a) a well-qualified study group be employed to make a thorough inquiry into the adequacy of the present curriculum; and (b) the 1959 and 1960 budgets be given favorable consideration to permit much needed repair and replacement of the Academy's facilities and training equipment.

State maritime academies

The State Maritime Academies at Vallejo, Calif.; Castine, Maine; and Hyannis, Mass.; and the New York State Maritime College at Fort Schuyler, N. Y., had an average of 710 cadets in Federal-pay status during the fiscal year and 239 others in State-pay status. There were 218 graduates who received their United States merchant marine officer licenses as third mates or third assistant engineers from the United States Coast Guard, and those who qualified received commissions as ensigns in the United States Naval Reserve.

Ship Sales and Transfers

Ship sales

During the fiscal year there was initiated, with the approval of the Department of the Navy, a program to scrap 200 of the least desirable of the 1,400 World War II Liberty-type ships in the reserve fleet. Under this program 16 damaged and unstrengthened, or obsolete ships were sold for scrap in accordance with authority contained in the Merchant Marine Act, 1936. The loss of these ships to the reserve fleet will be partially offset by ships traded in under the ship replacement program of the subsidized operators.

In addition to this program and as a part of the continuous survey of the ships in the reserve fleet, 2 obsolete tankers of nonstandard design and 10 other cargo ships were sold. The total return for all ships sold was \$2,943,000.

The Liberty ship SS. *Hai Hsuan* located at Singapore, was sold for \$150,000 cash, for operation under Liberian registry and flag. This ship was sold in 1947 under mortgage terms to the Republic of China. Because of acts of default by the purchaser, the Maritime Administration repossessed the ship under a judgment entered on September 16, 1957, by the High Court of the Colony of Singapore. At the

time of sale the vessel was in extremely poor condition, having been tied up without maintenance during a 7-year period of litigation.

Transfers to foreign ownership and/or registry

The foreign ship transfer policy of the Maritime Administration was amended on September 6, 1957, to permit transfers of United States privately owned ships to foreign ownership and registry in consideration for jumboizing, modernizing, or other conversion of existing U. S. flag ships. In addition, a new condition was added to the existing conditions of approval of foreign transfers which provides a "Subordination of Mortgage" clause in the transfer authority devised to protect Maritime Administration rights under its contracts with foreign owners with respect to subsequent transfers of vessels to other foreign owners.

During the fiscal year there were received applications for approval of the transfer of 13 ships from foreign-flag ownership and registry to United States companies for redocumentation under United States laws. These applications presented an unusual situation since there is no United States law which prevents the transfer of foreign-flag vessels to United States registry. The requests were based upon the original authorization of the transfer of the ships foreign, which required approval of any subsequent change in ownership and/or flag. After due consideration the transfer requests were approved, and 5 of the vessels were redocumented prior to June 30, 1958.

Appendix D summarizes applications approved pursuant to sections 9 and/or 37 of the Shipping Act, 1916, as amended, for transfer of ships owned by United States citizens to foreign ownership and/or registry.

Thirty-seven charters of United States privately owned ships to aliens were approved by the Maritime Administration, including contracts of affreightment, and voyage and time charters, for periods ranging from 1 to 20 years.

Property and Supply

Real property

The real property holdings of the Maritime Administration include reserve shipyards at Wilmington, N. C.; Richmond and Alameda, Calif.; and Vancouver, Wash.; terminals at Hoboken, N. J. and Norfolk, Va.; warehouses at Kearny, N. J.; Baltimore, Md.; Norfolk, Va.; New Orleans, La.; and Richmond, Calif.; and reserve fleets at Tomkins Cove, N. Y.; Lee Hall, Va.; Wilmington, N. C.; Mobile, Ala.; Beaumont, Texas; Suisun Bay, Calif.; Astoria, Ore.; and Olympia, Wash.

During fiscal year 1958 the agency reevaluated its real property holdings in the light of continuing need and maintenance costs. As a result of this reevaluation: (a) the Alameda Reserve Training Station

was declared excess to the General Services Administration; (b) warehouse space requirements at New Orleans were reduced by one-third; (c) leases to private interests of certain property, required to be retained by the agency in event of national emergency, were continued, resulting in a return during the year of \$549,000, in addition to maintenance of the property by the lessees without cost to the Government; and (d) permits to other Government agencies for the use of certain real property facilities were continued.

Warehouses

The Administration continued the operation of 5 Government-owned warehouses for the storage of vital marine equipment required in a national emergency for the reactivation of vessels in the reserve fleets, and for the construction, repair, and operation of vessels. At the end of the fiscal year the warehouse inventories, exclusive of administrative equipment stocks, totaled \$39,294,600, an increase of \$1,541,702.

Material control, inventory, and disposal

There were 384 ship and related inventories accomplished, and inventory certificates for consumable stores were processed in the amount of \$640,418 as accounts receivable and \$432,687 as accounts payable. Certificates of overages and shortages were processed in the amount of \$33,933 as accounts receivable, and none payable.

Surplus and excess personal property having a reported original acquisition value of \$2,546,439 was disposed of by the Maritime Administration. This amount includes transfers and sales in foreign countries of property valued at \$39,662, for which there were received foreign currencies equivalent to \$7,470. Property having an original acquisition value of \$2,506,777 was disposed of domestically through gift, transfer and sale under provisions of law; property having an acquisition value of \$1,815,000 was sold for a net return of \$243,229.

Conditional sales of tailshafts and propellers were made to owners of Mariner vessels for a return of \$189,855, and administrative equipment was sold in accordance with the exchange sales provisions of the Federal Property and Administrative Services Act of 1949, with receipts applied against the purchase of replacement equipment.

Administrative Management

Program and defense planning

Continued efforts were expended toward the development of programs which would achieve to the maximum the country's requirements for a well-balanced modern merchant marine. These efforts were made with due consideration to immediate and future needs in the broad fields of ship operation and ship construction.

The Director, Office of Defense Mobilization, reconvened the Committee on Maritime Policy, consisting of representatives of the Office of Defense Mobilization, the Navy and the Maritime Administration, to develop and evaluate facts involved in determining the need for merchant ships for national defense purposes under current strategic and logistic concepts. The Committee's report, presented to the Defense Mobilization Board in August 1957, and to the National Security Council in December 1957, reaffirmed the need for a strong, balanced merchant marine for national defense under present concepts of warfare, with emphasis on active ships in being at the onset of an emergency.

Personnel

Thomas E. Stakem, of Virginia, was reappointed by the President on May 15, 1958, with the consent of the Senate, as a Member of the Federal Maritime Board for a term of four years, expiring June 30, 1962.

The total number of employees on the rolls of the Federal Maritime Board and Maritime Administration on June 30, 1958, was 3,121, a decrease of 3.5 percent under that reported for June 30, 1957. The reduction of approximately 112 positions was spread throughout the agency in keeping with budgetary limitations.

Organization and methods

In the interest of providing for more efficient administration of its work programs during the fiscal year, the Maritime Administration effected, as were necessary, reorganizations and realignments of functions. Surveys were conducted of a number of our activities, resulting in actions being taken as appropriate in the following areas: (a) realignment of the organizational and functional responsibilities; (b) establishment, modification or elimination of procedures and work methods; and (c) streamlining of administrative processes. The major surveys included ship inventory; labor data; ship design; and research activities.

Investigations

The Federal Maritime Board has continued to emphasize its investigative program in the field of regulation, with attention to such matters as practices of freight forwarders, false billings, terminal operations, alleged rebates on freight, and other matters within its regulatory responsibilities. During the fiscal year 117 investigations were initiated. Of this number, 32 cases were finally concluded either by determination that there was no violation by compliance with the regulations obtained administratively or by hearings held and board orders issued. There were 30 cases awaiting action by the various offices of the Board which will determine ultimate disposition of the cases.

Finance

Financial relationships with contractors

Activities in connection with the establishment of financial requirements and the obtaining of compliance therewith for companies having contracts with the Federal Maritime Board and the Maritime Administration continued at a high level during the fiscal year. Related activities included the analysis of corporate and personal financial statements and the approval of financial plans, particularly with regard to new ship construction.

These financial activities resulted largely from applications for ship loan and mortgage insurance, and included trade-out- and trade-in-and-build transactions.

Accounting

Accounting operations were maintained on a current basis and in accordance with principles and standards prescribed by the Comptroller General of the United States. Financial statements of the Federal Maritime Board and Maritime Administration are contained in the exhibits and schedules following the text of this report.

During the current fiscal year settlement was reached and a release agreement was executed with the last agent of the 206 War Shipping Administration agents who operated vessels during World War II. Of the 51 agents under National Shipping Authority operations originating in 1951, 38 were inactive as of June 30, 1958, and the accounts of 25 had been closed; the accounts of the remainder were in the process of being closed.

Audits

Audits of the eligible subsidizable expenses under operating-differential contracts, except for protection and indemnity insurance expense, have been completed through the calendar year 1955, resulting in payments up to 90 percent of accrued operating-differential subsidy covering such expenses. During the current fiscal year payments of the final 10 percent of accrued operating-differential subsidy, including protection and indemnity expense if involved, were made to 8 subsidized operators for varying subsidy periods since 1947, as a result of completed audits of annual subsidy accountings. Audits of bareboat charter agreements have in most instances been deferred because of pending litigation with many of the charterers. Ship construction, reconversion, and repair contracts are being audited on a current basis. As a result of audits completed during the fiscal year 1958, additional recapture due the Government approximated \$2,150,000.

Appendix H sets forth by operators the balances in the statutory capital and special reserve funds on June 30, 1958, aggregating \$137,300,343 and \$117,259,457, respectively. At the beginning of the

fiscal year, such balances amounted to \$124,105,829 and \$97,909,311, respectively.

In addition to mandatory deposits, upon approval of the Maritime Administrator subsidized operators are permitted to make voluntary deposits into the statutory reserve funds on a tax deferred basis from profits otherwise available for dividends. During the fiscal year applications for voluntary deposits totaling \$32,800,450 were approved for 7 subsidized operators, and at the close of the fiscal year applications of 5 operators, totaling \$2,336,000, were pending approval.

Insurance

As a result of competitive bids insurance against protection and indemnity risks was provided by the National Automobile and Casualty Insurance Company of Los Angeles, effective April 1, 1958, covering ships operated by general agents of the National Shipping Authority for the Military Sea Transportation Service.

During the fiscal year 1958, under the recapture provisions of the wartime protection and indemnity insurance agreement, \$75,000 was recovered from underwriters; to date recoveries total \$47,825,000. As of June 30, 1958, the underwriters are retaining as a reserve for the settlement of outstanding claims the sum of \$1,502,585.

Under the Maritime Administration self-insurance program hull marine and war risk insurance, as well as second seamen's insurance, continued to be assumed on its Government-owned vessels. Second seamen's insurance remained in effect on 34 Department of the Navy contract-operated tankers. As of June 30, 1958, after 54 months under this arrangement, payments totaling \$13,538 were made and approximately \$48,000 was set aside as a reserve for pending claims, resulting in a net premium saving estimated at \$39,000.

During the fiscal year 1958, under the standby war risk insurance program as authorized under title XII, Merchant Marine Act, 1936, as amended, 1,010 new war risk insurance binders were issued. On June 30, 1958, binders reported outstanding were as follows: 995 war risk hull; 914 war risk protection and indemnity, and 825 war risk second seamen. Since the inception of the program net binder fees and binder extension fees of \$322,738 were received, and a total of \$119,362 in expenses and fees was incurred, of which \$106,441 was paid to the underwriting agent.

The Maritime Administration continued during the fiscal year with the collection of monthly premiums on war risk builder's risk insurance underwritten as authorized under subpart E of General Order 75 (Revised). From inception of the program to June 30, 1958, 47 war risk builder's risk policies had been issued and premiums totaling \$429,219 were received.

Subpart F of General Order 75 (Revised) provides for war risk insurance on cargoes in the event of war, provided commercial insurance is not available on reasonable terms and conditions. Of the 26 contracts executed with cargo underwriting agents, 22 remain in effect.

The Maritime Administration approved original insurance or renewals thereof obtained in commercial markets by mortgagors, charterers, and subsidized operators, in the following amounts:

Kind of insurance	Total amount	Percentage American	Percentage foreign
Marine Hull.....	\$1,360,581,440	40	60
Marine Protection and Indemnity.....	1,436,392,674	59	41
War Risk Hull.....	3,126,611,510	2	98
War Risk Protection and Indemnity.....	3,060,364,910	2	98

Notes and accounts receivable

Of the balance of notes and accounts receivable on June 30, 1958, totaling approximately \$16 million, an amount approximating \$860,000 represents items on which active collection efforts were required. The remainder was made up of additional charter hire to be collected at the time of final accountings, amounts referred to the Department of Justice, notes accepted in liquidation of open accounts (exclusive of mortgage loan notes), accrued construction costs to be settled upon completion of ship construction, matters pending in a claim or litigation status, and accounts on the books of National Shipping Authority general agents. Of billings made during the fiscal year totaling approximately \$42 million, about \$1 million, or slightly less than 2½ percent, was outstanding and due from miscellaneous debtors, exclusive of other Government agencies, at the end of the year.

Claims

The following reflects the claims settled under the Suits in Admiralty Act during the year: (a) 6 claims, upon which \$349,924 was claimed, were settled in favor of the Government for \$289,919 and (b) 14 cases, upon which \$2,599,499 was claimed, were settled against the Government for \$51,987.

Legal Activities

In addition to the specific legal activities that follow, legal services and opinions were furnished to the Federal Maritime Board, the Maritime Administrator, other Government agencies, and to various operating and administrative offices of the Federal Maritime Board/Maritime Administration in connection with the legal aspects or problems involved in all of their programs and activities. In addition, discussions and contacts were maintained with representatives of the shipping industry and other Government agencies with respect to legal matters involved in the administration of the maritime laws, the formulation of policy and the administration of programs related thereto.

Legislation

Testimony, statements or reports to Congressional Committees, the Secretary of Commerce, or the Bureau of the Budget were prepared on Maritime legislation enacted into law. The more significant of these were: authority to construct superliners for the Atlantic and Pacific services; authority of the Secretary of Commerce to borrow from the Treasury to meet defaults under Title XI ship mortgage insurance contracts; indemnification of contractor's and operator's liability for nuclear incidents arising out of the construction and operation of the NS. *Savannah*; authority for subsidized operators to invest statutory reserve funds in common stock; and maintenance of the validity of conference and dual rate agreements approved under section 15, Shipping Act, 1916.

Similar reports were prepared on some 150 other bills and legislative proposals, including those on the subjects of safety of life at sea; foreign freight forwarders and brokers; modification of citizenship requirements under the Merchant Marine Act, 1936; trade-out-and build program; redocumentation of vessels transferred foreign; user charges for Government services; installation of nuclear reactors in prototype vessels; 20-year economic life of vessels, etc.

Contracts

A voluminous number of contracts, addenda, bonds, and other documents were executed in connection with the accomplishment of the programs and business of the Federal Maritime Board/Maritime Administration. These included: 12 design and study contracts with private technical and research organizations involving both conventional and nuclear type ships; 4 construction-differential subsidy contracts and separate but related contracts for shipyard construction, trade-in of obsolete vessels, and use of the obsolete vessels until delivery was made of new construction; 1 shipyard construction contract for the construction of a hydrographic survey ship for the Coast and Geodetic Survey; required contracts of ship construction loan or mortgage insurance or contracts of commitment to insure mortgage loans in connection with the construction or reconstruction of 12 tankers and 2 combination cargo/passenger ships; and 4 new operating-differential subsidy contracts.

During the year there were continuous efforts directed to a number of diversified matters of contract administration and the legal aspects concerning this field. Specific areas included the following: (a) revision of a pro forma construction contract, contract for Federal ship mortgage and loan insurance, and pro forma contract for the trade-in and use of obsolete vessels; (b) revision of standard Part II of operating-differential subsidy agreements; (c) revision of General Order 31, covering the establishment and maintenance of the statutory Capital and Special Reserve Funds, and definitions of the terms "capital necessarily employed in the business" and "net earnings":

(d) revision of the Voluntary Tanker Pool Agreement and revision of the Marine Builder's Risk Policy.

Litigation

During the fiscal year there was disposed of by the courts a considerable amount of litigation involving a review of the determinations and orders of the Federal Maritime Board in its regulation of rates, charges and practices of carriers in the foreign trades of the United States.

In this connection there were 13 cases disposed of by the courts, among which the most significant were: (a) *American Union Transport v. United States and Federal Maritime Board* in which the Court of Appeals (D. C. Cir.) affirmed a Board order denying reparation for brokerage allegedly earned; (writ of certiorari subsequently filed in the Supreme Court); (b) *Pacific Far East Line v. United States and Federal Maritime Board* in which the Court of Appeals (D. C. Cir.) dismissed for lack of jurisdiction petitioner's appeal from the decision of the Board in denying the petitioner permission to carry cargo from West Coast ports to Hawaii; (c) *Federal Maritime Board v. Isbrandtsen* in which the Supreme Court affirmed a decision of the Court of Appeals (D. C. Cir.) holding illegal under section 14, Third, Shipping Act of 1916, the contract-noncontract or dual rate system employed by the Japan-Atlantic and Gulf Freight Conference in the foreign commerce of the United States.

There were at the close of the year 3 cases before the courts for review of Board orders and decisions.

There was a continuation of the large volume of litigation under the Merchant Ship Sales Act of 1946. One of the principal categories of claims involves the refund of additional charter hire under postwar charters of war-built ships. In this area there are an estimated \$40 million in claims against the Government and an estimated \$4 million receivable by the Government for unpaid charter hire. Of material effect upon the Government's possible liability were 14 cases pending before the Court of Appeals (2nd Cir.) on the issue of the Government's defense of time bar of libels for the refund of additional charter hire; in addition, 27 other cases against the Government for refund of additional charter hire were pending before the courts. In another category, those involving claims by purchasers for alleged failure to restore ships to standard and failure to remove defense features and perform class work, an aggregate in excess of \$5.8 million involved in 19 pending Court of Claims cases covering 75 ships were administratively settled for \$433,140. A separate administrative settlement was contemplated on claims for desirable features on the same ships. Among other claims pending were: 7 suits totaling \$1,357,461 on the ground of the invalidity of this agency's prior sales settlements; 3 suits totaling \$886,258 involving the validity of payments made or promises given as conditions to granting the privilege of transferring vessels to foreign registry; 2 suits challenging the right of the agency to charge the floor price for ships when it was higher than the un-

adjusted statutory sales price; 13 suits by citizen buyers totaling \$51,976 for refunds of desirable-features payments, and 4 similar suits by aliens totaling \$92,668. Under the 1946 Act, this agency has 106 receivables against foreign buyers for desirable features, totaling about \$620,500, of which 91 have been referred to the Department of Justice.

Some of the other significant matters in cases under the Ship Sales Act were: (a) a request to the United States Supreme Court for review of the decision of the Court of Appeals (2nd Cir.) in the case of *Isthmian Steamship v. United States* on the basis that in a libel for freight owing from the Department of Defense, the Admiralty Court was without jurisdiction of the Government's answer alleging the libellant's debt for additional charter hire, the hire having previously been collected by set-off against the freight; (b) a decision of the Court of Claims in *Alaska Steamship Co. v. United States* which upheld the validity of the Maritime Administration's sales price of a ship at the statutory floor price which was higher than the statutory sales price; (c) a decision of the Court of Claims in *Rodriguez v. United States* which refused to permit recovery of certain charges on vessels the plaintiff purchased for sale to a foreign government, and instead the Court ordered a refund to the Government of allowances made, on the plaintiff's misrepresentations that the sale was to a United States citizen; (d) a decision of the U. S. District Court (W. D. Wash.) in the case of *Olympic Steamship Co. v. United States*, denying refund to the plaintiff of desirable-features charges because they were voluntarily paid; and (e) a decision of the Court of Claims, in 3 separate cases, holding that claims, including costs of slotting, strapping and prior repairs, against the United States were time-barred.

Cases in litigation also included: (a) *United States v. Merritt-Chapman and Scott Corp.* in which a suit has been filed to recover the value of the Government-owned troop transport *George Washington* destroyed by fire; (b) *United States v. Victory Carriers, Inc., The Aristotle S. Onassis Corp., and the Grace National Bank* for breach of contract to build a tanker for United States documentation and flag in consideration of authority to transfer to foreign-flag and registry other ships; suits against the United States or in which it has been impleaded, involving explosion of the tanker *Jeannay* at San Francisco, which occurrence killed 10, injured 46, and caused substantial property damage.

Claims against Amtorg Trading Corp., agent of the Russian Government, involving \$10 million and cross claims of \$800,000, have been referred to the Department of State for possible negotiated settlement along with other claims of the two governments arising from World War II activities. A negotiated settlement was effected by the Maritime Administration and the American President Lines for the payment of damages by Puget Sound Bridge & Dredging Co. arising from its default on a bid to construct two ships for American President Lines.

Regulatory Activities

During fiscal year 1958, cargo offerings in most foreign trades continued to decline and costs continued to increase, resulting in many carriers being confronted with the difficult process of adjusting declining revenues to continued high operating costs. The declining cargo offerings intensified competitive factors and the solidarity that the steamship conferences maintained averted a general freight market collapse with resulting rate wars in various trades. This demonstrated that the conference system of rate making has presented virtually the only workable substitute for recurring rate wars where international trade is involved. However, carriers and shippers contended that this system cannot endure without protection of the contract system which appears to be the only protective device available to carriers in the foreign trades of the United States. This system has been the subject in recent years of much action before the Federal Maritime Board and the courts. In an effort to improve the situation the Board during the year formulated a set of proposed rules designed to clarify the question of what conference actions must be filed for approval under section 15, Shipping Act, 1916, before they become effective. Oral argument on these proposed rules has been requested by interested parties and action thereon was pending at the close of the year.

Conference and other agreements

The decision of the United States Supreme Court in *Federal Maritime Board v. Isbrandtsen, et al.*, that the dual rate contract system of the Japan-Atlantic and Gulf Freight Conference was illegal, casts grave doubts as to the legality of most of the contract systems employed by conferences. To avoid an inevitable rash of cases before the Board and the courts, prompt action was urged on pending legislation which would continue in effect until June 30, 1960, those dual rate contract arrangements in use by the members of conferences organized under agreements approved under section 15, Shipping Act, 1916. (Public Law 85-626 was enacted on August 12, 1958.) The interim will provide an adequate opportunity for the development of permanent legislation in this field.

The Federal Maritime Board approved 86 new agreements, 79 modifications, and 18 cancellations, and withdrew approval of 1 and denied approval to 1. Among the significant agreements approved were 3 freight conference agreements for fixing rates in the trades from Caribbean to Pacific Coast, from Hawaii to Europe and Africa, and from Israel to North Atlantic ports; and 30 agreements between freight forwarders, including two conference agreements, 1 between New York forwarders and 1 between forwarders at west Gulf ports.

The Board instituted on its own motion 2 investigations with respect to agreements filed for approval concerning the effects of: (a)

operation under a new conference agreement providing for the fixing of rates in the trade from Great Britain, Northern Ireland and Eire to U. S. Great Lakes ports, where there is presently in operation a rate-fixing conference agreement, and (b) operation under an agreement and modification thereof between the Greater Baton Rouge Port Commission and Cargill, Inc., with respect to the lease of certain land, grain elevator, and other property to Cargill, Inc., for the storage and handling of grain.

Rates—foreign

General increases in freight rates have been made in most of the domestic off-shore trades due to rising costs of operation. These have been carefully reviewed to see that they were justified, resulting in formal investigations on the Board's own motion as to the lawfulness of the increased rates in the Pacific Coast/Puerto Rico, Atlantic and Gulf/Puerto Rico, and the Pacific Coast/Alaska trades. Carriers who have made these increases displayed concern over the possible effect of the resultant higher shipping costs on the volume of trade and have sought ways and means by which they might avoid further increases or even effect reductions. Their efforts were directed largely toward improvements in cargo handling, which represents better than 50 percent of the direct cost of ship operation, and in this connection the Board has authorized the establishment of a number of experimental conditional rates. Trailership services also were given much attention as a means of reducing costs involved in the packaging and trucking of cargo. A new service of this nature was instituted during the year between North Atlantic ports and Puerto Rico, and a service was being considered in the Pacific Coast/Hawaiian trade. The operating results of these services will be carefully studied during the coming year.

Freight and passenger rate filings totaled 22,527. These filings were examined for ambiguities in tariff descriptions and classifications, which led to improper rate applications, and for potentially discriminatory rates and conditions and other unlawful tariff practices.

The Board, on its own motion, instituted 2 investigations with respect to misclassification of empty glassware transported from the United States to Venezuela, and an investigation to determine the validity of contracts entered into by Flota Mercante Grancolombiana, S. A., for the movement of bananas from Ecuador to the United States.

Rates—United States territories and possessions

Freight and passenger rate filings totaled 3,154, which included filings for 18 new services, some embracing the specialized transportation of household goods and personal effects. This was an increase of 88 percent over the previous fiscal year filings. Upon showings

of good cause, the Board approved 57 special permission applications to establish rates and rate changes on less than statutory notice.

The Board on its own motion instituted investigations into the lawfulness of increased rates in the Pacific Coast/Puerto Rico, Atlantic and Gulf/Puerto Rico, and Pacific Coast/Alaska trades; and an investigation into the establishment of an equalization rule by Waterman Steamship Company of Puerto Rico involving the ports of Baltimore, Philadelphia, and Wilmington, Delaware, which proceeding was vacated following cancellation of such rule on the carrier's request.

Terminals

A total of 1,635 tariff schedules were received and examined for compliance with formal rulings of the Board, court decisions, and shipping laws.

The Board, in connection with its investigation of the charges, regulations, and practices of terminal operators at Atlantic and Gulf ports and its rulemaking proceeding with respect to the services of such operators, ordered said operators to file certain information concerning their operations for analysis and use in planned hearings on this matter.

A hearing was held involving the rates, charges, rules and regulations set forth in tariff adopted by terminal operators, for the truck loading and unloading of waterborne freight in the port of New York. New tariff of increased charges was adopted and made effective by such terminal operators, who agreed to make refund if any of the charges are found by the Board to be unreasonable or detrimental to the commerce of the United States. The increased charges resulted in the filing of many informal complaints and brought about a temporary boycott of the piers by truckers and the filing of numerous informal complaints relative to demurrage charges caused by the boycott.

Freight forwarders

The following proceedings were held in abeyance pending the possible enactment of legislation before the 85th Congress: (a) issuance of revised rules and regulations relating to the business practices of freight forwarders; and (b) review of previous decisions relative to the payment of brokerage and other fees for the purpose of determining the limitations which the Board could prescribe.

The number of persons, firms, and corporations holding certificates of registration as ocean freight forwarders increased to 1,599. The increase resulted from the issuance of 171 certificates to new registrants while the certificates of 139 registrants were cancelled during the fiscal year. The Maritime Administration continued to furnish a list of United States citizen forwarders to other Government agencies concerned with the movement of Government-sponsored cargoes.

Proceedings Before Hearing Examiners

At the beginning of fiscal year 1958, 72 formal proceedings were pending and there were filed during the fiscal year 22 cases. The examiners conducted 29 hearings and issued 24 decisions. The Board and/or Administrator heard oral argument in 16 cases and issued final reports in 14 cases. Final orders were issued by the Board and/or Administrator in 11 cases without hearing and report.

Final Decisions of the Board and/or Administrator

Docket No. 744—*Terminal Rate Structure—Pacific Northwest Ports*. The Board found that handling and service charges incurred between point of rest and ship's hook must be assessed by terminal operator against party receiving benefit therefrom but may be billed to and collected from the vessel in the first instance.

Docket No. 785—*D. J. Roach, Inc. v. Albany Port District, Albany Port District Commission and Cargill, Incorporated*. The Board found no violation of sections 15, 16 First, and 17 Shipping Act, 1916, as amended.

Docket No. 787—*In the Matter of Samuel Kaye, Famous Freight Forwarding Company, San-Su Trading Company, and Fairchild International Corporation*. Respondent Kaye was found to have violated section 16 of the Shipping Act, 1916, and the Board's General Order 72 by collecting ocean freight brokerage on shipments made in the names of respondent companies under his exclusive ownership and control. Kaye and one of the respondent shippers were also found to have knowingly and willfully falsely classified shipments, thereby obtaining transportation at less than the rates and charges which would otherwise be applicable. Cease and desist order was entered against respondents and the freight forwarder registration issued to respondent, Famous Forwarding Company, was revoked.

Docket No. 788—*Associated Banning Company et al. v. Matson Navigation Company et al.*; Docket No. 796—*Howard Terminal v. Matson Navigation Company et al.*; and Docket No. 798—*In the Matter of Agreement No. 8095 Between the City of Oakland and Encinal Terminals, and Agreement No. 8095-A Between Encinal Terminals and Agreement No. 8095-A1 Between Encinal Terminals and Matcinal Corporation*. These related proceedings were consolidated for hearing and for report. The agreement between Matson Navigation Company and Encinal Terminals for the formation of Matcinal Corporation was found to be less than the true and complete copy, or memorandum of the agreement between the parties as required by section 15 of the Shipping Act, 1916, as amended, and approval of the agreement, which had been granted on April 6, 1956, was withdrawn. These respondents not having obtained prior approval of the Board of their true agreement were required to abstain from concerted action found to be in violation of section 15. Approval of the Agreement for the formation of Matcinal Corporation having been withdrawn, Agreement No. 8095-A1, to which Matcinal Corporation was a party, was not approved. The respondents Encinal and the Port of Oakland were found to have violated section 15 of the Act in carrying out, prior to Board approval, Agreement No. 8095, under the terms of which a designated pier in Oakland, California would be operated by Encinal as licensee for a period of 1 year from February 1, 1956. As the agreement had expired by its own terms, no action with respect to it was taken, but Agreement No. 8095-1, extending the life of Agreement No. 8095 was approved.

Docket No. 794—*In the Matter of Luis (Louis) A. Pereira, Molina Forwarding Co., Inc., Luis (Louis) A. Pereira, d/b/a Crescent Trading Company and United States Oil Corporation*. Respondents were found to have violated section 16 of the Shipping Act, 1916, as amended, in that through the collection by Molina Forwarding Company of ocean freight brokerage on shipments made by

the other respondents, they knowingly and willfully, by an unjust and unfair device or means, obtained transportation of property at less than the rates or charges which would otherwise be applicable. The Freight Forwarder Registration issued to Molina Forwarding Company, Inc., was revoked.

Docket No. 808—*Pacific Coast/Hawaii & Atlantic-Gulf/Hawaii General Increase in Rates*. Proposed increased rates between Hawaii, Pacific and Atlantic coasts were found to be just and reasonable except as to canned pineapple and pineapple juice. Further increase was ordered on these commodities.

Docket No. S-61—*American President Line, Ltd., and Lykes Bros. Steamship Co.—Agreement No. 8061—Apportionment of Rubber Shipments Originating in Siam*. The temporary approval granted to APL and Lykes on February 29, 1956, will be withdrawn 60 days from the date hereof (July 5, 1957). However, if within such time the agreement is amended so as to provide that American-flag vessels will carry not less than 34.5 percent of the cargo covered by the agreement, APL and Lykes shall be authorized to participate in Pooling Agreement FMB-8061.

Docket No. S-63—*American President Lines, Ltd.—Application for Increased Sailings in the Atlantic/Straits Service Trade Route No. 17*. The Board found that: (1) United States-flag service on Service 1 of Trade Route 17 was inadequate and additional vessels should be operated thereon; (2) section 605 (c), Merchant Marine Act, 1936, was not a bar to the granting of an operating-differential subsidy to American President Lines for additional sailings on the service; and (3) the authority to American President Lines to operate in the intercoastal service in connection with such service would not result in unfair competition under section 805 (a) of the Act or be prejudicial to the objects and policy of the Act.

Docket No. S-68—*Matson Orient Line, Inc.—Application for Operating-Differential Subsidy on Trade Route No. 12 (U. S. Atlantic/Far East)*. It was found that: (1) United States-flag service between the Atlantic coast of the United States and the Far East (Trade Route No. 12) was inadequate, and additional vessels should be operated thereon; (2) section 605 (c), Merchant Marine Act, 1936, was not a bar to the granting of an operating-differential subsidy to Matson Orient Line, Inc., for operation of vessels in such service; and (3) the present service of United States-flag vessels between Hawaii and the Far East was not found to be inadequate, and section 605 (c) does interpose a bar to the granting of an operating-differential subsidy to Matson Orient Line for such service.

Docket No. S-71—*United States Lines Company—Application for Increased Subsidized Sailings on Trade Route No. 12—Far East Service*. It was found that the present service by vessels of United States registry was inadequate on Trade Route 12 and additional vessels should be operated thereon and section 605 (c), Merchant Marine Act, 1936, does not interpose a bar to the granting of an operating-differential subsidy to United States Lines Company for the operation of additional sailings on this route.

Docket No. M-81—*Boston Shipping Corp.—Application to Bareboat Charter Two N3-M-A1 Type Vessels*. The Board recommended that the application of Boston Shipping Corp. to charter Government-owned vessels for use in workover service on off-shore oil and gas wells in the Gulf of Mexico be granted after it made findings and certified to the Secretary of Commerce, pursuant to Public Law 591, 81st Congress, that the services were required in the public interest, such service was not adequately served, and privately owned United States-flag vessels were not available for charter from private operators on reasonable conditions and at reasonable rates.

Docket No. M-82—*American President Lines, Ltd.—In the Matter of Annual Review of Bareboat Charters of Certain Government-Owned, War-Built, Dry Cargo Vessels*. The Board found and certified to the Secretary of Commerce that conditions do not now exist justifying the continuance of the charters of the nine vessels involved.

Recommended decisions of hearing examiners

Docket No. 726—*Isbrandtsen Co., Inc. v. States Marine Corporation of Delaware, et al.*; Docket No. 732—*H. Kempner v. Lykes Bros. Steamship Co., Inc., et al.*; No. 733—*H. Kempner v. Lykes Bros. Steamship Co., Inc., et al.*; No. 734—*Galveston Cotton Company v. Lykes Bros. Steamship Co., Inc., et al.*; and Docket No. 735—*Texas Cotton Industries v. Lykes Bros. Steamship Co., Inc., et al.* The contract/non-contract rate systems in use by Far East Conference and Gulf/Mediterranean Ports Conference, including the differentials between contract and non-contract rates and shipper contracts used, were not found unjustly discriminatory or unfair, detrimental to commerce, or in violation of section 16 or 17, Shipping Act of 1916. Agreements establishing and modifying said systems were not found to be in violation of said Act, or to contravene section 15 thereof; and said agreements were found to have been duly approved by the Board and its predecessors under section 15 of said Act. Further, assuming that said systems may be declared unlawful in pending litigation before the Supreme Court, it was found that the complaints should be dismissed since the complainants have not been overcharged to the extent non-contract rates exceeded contract rates, and have not proved damages otherwise.

Docket No. 800—*Empire State Highway Transportation Association, Inc., and New Jersey Motor Truck Association, Inc., v. American Export Lines, Inc., et al.*; Docket No. 801—*Truck Loading and Unloading of Waterborne Cargo at New York—Investigation of Rates and Practices of Parties to Agreement No. 8005*; Docket No. 821—*In the Matter of Agreement No. 8005-1 Between American Export Lines, Inc., American President Lines, Ltd., Bull-Insular Line, Inc., American Stevedores, Inc., International Terminal Operating Co., Inc., et al.* Respondent marine terminal operators' Tariff Nos. 3 and 4 naming rates and regulations for the loading and unloading of waterborne cargo onto and from trucks in the port of New York was found to be within the authority of respondents' basic Federal Maritime Board Agreement No. 8005, and not to be new agreements or modifications of an agreement, requiring additional approval of the Board. Departures from Tariff No. 3 with respect to refusal to load trucks present at 3 p. m., and denial of partial service were found not to be unjust and unreasonable practices relating to the receiving, handling, or delivery of property, in violation of section 17 of the Act. However, Tariff 3 should be cancelled since it was found to be non-compensatory and thus detrimental to commerce within the meaning of section 15 of the Act. With respect to Tariff No. 4, effective date postponed upon request of the Board, it was found that the increased rates were not shown to be unlawful, except those for application to fruits and vegetables, iron and steel, and tinplate which were too high in relation to rates applicable to handling other cargo, and thus detrimental to commerce within the meaning of section 15 of the Act. This tariff should be put into effect upon respondents publishing and filing new rates on fruits, vegetables, iron and steel, and tinplate. Operations under Agreement No. 8005-1, submitted for section 15 approval and providing for the loading and/or unloading of trucks at the piers or other waterfront terminals in the Port of New York solely by the operators of such piers or terminals, not shown to result in violation of the provisions of sections 15, 16 (first or 17 of the Act. Complainant was not shown to have been injured and entitled to reparation. The complaint in No. 800 should be dismissed and the proceedings in Dockets Nos. 801 and 821 should be discontinued.

Docket No. 807—*Atlantic & Gulf-Puerto Rico General Increase in Rates and Charges*. Proposed tariffs of respondents were found to be just and reasonable in consideration of the rate base, fair rate of return, and operating ratio of respondents.

Docket No. 820—*Brokerage on Shipments of Ocean Freight—Max LePack, Jack Pollack, Phyllis Pollack, Lynne Forwarding, Inc., United Export Clothing Co., Inc., Bimer Textile Company, Inc.* Respondent Lynne Forwarding, Inc., was found to have collected ocean freight brokerage during the period April 1952 through 1956, under circumstances resulting in violation of General Order 72 and of section 16 of the Shipping Act, 1916, and its freight forwarder registration

should be cancelled. Respondents, except Phyllis Pollack, were found to have knowingly and willfully, directly or indirectly, by unjust or unfair device or means, obtained transportation by water for property at less than the rates or charges which would otherwise be applicable, in violation of section 16 of the Shipping Act, 1916, and these matters should be referred to the Department of Justice for appropriate action. Respondent Phyllis Pollack was not shown to have had any knowledge of the acts complained of or to have taken any part in such activities as would constitute a violation of section 16, and the proceedings should be discontinued as to this respondent.

Docket No. 823—*Classification and Billing of Glass Tumblers as Empty Glass Jars—Hazel-Atlas Glass Company, Inge & Company*. Respondents were found not to have misclassified shipments of glassware to Venezuela to obtain lower transportation rates therefor in violation of section 16 of the Shipping Act, 1916.

Docket No. 828—*General Increases in Alaskan Rates and Charges*. Proposed increased rates and charges, and regulations and practices of the respondents, were found to be just and reasonable.

Docket No. S-57—*States Marine Corporation and States Marine Corporation of Delaware—Application for Operating-Differential Subsidy in the Tri-Continent Service, U. S. Pacific Coast/Far East Services, and U. S. Gulf Coast/Mediterranean Service; No. S-57 (Sub. No. 1) and No. S-57 (Sub. No. 2)—States Marine Corporation of Delaware—Application for Written Permission Under Section 805 (a), Merchant Marine Act, 1936*. It was found that section 605 (c), Merchant Marine Act, 1936, was not a bar to granting of operating-differential subsidy contract to States Marine Lines for proposed services on Tri-Continent service, transpacific services, and Gulf-Mediterranean service subject to certain restrictions. Further, permission should be granted under section 805 (a) of the Act to States Marine Lines to continue intercoastal operations, and to its subsidiary Isthmian Lines to continue its Atlantic/Gulf-Hawaii service.

Docket No. S-60—*Isbrandtsen Company, Inc.—Application for Operating-Differential Subsidy Agreement—Eastbound Round-the-World Service and No. S-60 (Sub. No. 1) Isbrandtsen Company, Inc.—Application for Written Permission—Section 805 (a)*. It was found that section 605 (c) of the Merchant Marine Act, 1936, was not a bar to the granting of an operating-differential subsidy contract to Isbrandtsen Company, Inc. for the operation of cargo vessels on the Eastbound Round-the-World service. The engagement of this company in eastbound intercoastal service from ports in California to Puerto Rico and from Puerto Rico to North Atlantic ports of the United States with the same vessels operated in the Eastbound Round-the-World service would be permissive under section 805, since such service will not result in unfair competition to any person, firm, or corporation operating exclusively in the coastwise or intercoastal service.

Pending proceedings

At the close of the fiscal year there were 67 pending proceedings, of which 24 were initiated on the Federal Maritime Board's own motion.

International Maritime Affairs

The 9th meeting of the Planning Board for Ocean Shipping of the North Atlantic Treaty Organization met in London during July 1957. The Maritime Administrator headed the United States delegation. The 10th meeting of the Planning Board convened in Washington, D. C., in April 1958, under the chairmanship of the Maritime Administrator. The first meeting approved a report on readiness and further mobilization planning for the control and utilization of the NATO

merchant fleets. The second meeting approved, for action of member nations, recommendations to expedite the mobilization of the NATO fleets.

The ratification by the Japanese Government of the Intergovernmental Maritime Consultative Organization on March 21, 1958, provided the 21 ratifications necessary to establish this organization as an international forum to discourage discrimination in international shipping, serve as the administrative agency for the Safety of Life at Sea Convention, and deal with such maritime problems as pollution of sea water by oil, and the transportation of dangerous cargoes. A representative of the Maritime Administration served as a delegate at a meeting of the Preparatory Committee in June 1958 in preparation for the First Assembly of the Intergovernmental Maritime Consultative Organization scheduled to convene in London, January 1959.

In other areas of international significance: (a) the Maritime Administrator headed the U. S. delegation attending the Diplomatic Conference on Maritime Law held in Brussels, September 10 to October 10, 1957, and he presented a paper on the progress of the nuclear vessel program before the International Communications Conference at Genoa, Italy, on October 12, 1957; (b) the Maritime Administration was represented at the Law of the Sea Conference of the United Nations in Geneva in March 1958, and at the Maritime Session of the Maritime Labor Conference of the International Labor Organization in Geneva, April 29 to May 16, 1958; and (c) a Maritime Administration official was designated as a representative on the Permanent Technical Committee on Ports, Organization of American States.

Stimulated by the *Stockholm-Andrea Doria* collision at sea a conference of the signatory powers of the International Convention for Safety of Life at Sea, 1948, and the International Load Line Convention, 1930, was scheduled for early 1960. The Maritime Administration will serve on five committees in preparing the United States position.

The Maritime Administration continued to cooperate with the Department of State in combating discriminatory actions by foreign governments which denied parity to American merchant shipping. In this connection, a conference was arranged by the Maritime Administration with representatives of the Government of Brazil and members of the Brazilian shipping industry to improve the competitive situation facing American operators in this trade. Likewise, special efforts were made by the Department of State, supported by the Maritime Administration, in an endeavor to improve the competitive position of United States shipping in other areas.

FINANCIAL STATEMENTS

FEDERAL MARITIME BOARD AND MARITIME ADMINISTRATION
DEPARTMENT OF COMMERCE

Balance Sheet—June 30, 1958 and 1957

	JUNE 30	
	1958	1957
ASSETS		
CASH:		
Fund Balances with U. S. Treasury:		
Operating funds.....	\$193,014,606	\$245,757,566
Trust and deposit funds.....	19,202,792	19,707,130
Allocations from other agencies.....	17,500,833	17,825,508
Cash in banks.....	229,718,231	283,290,194
Cash on hand and in transit.....	1,205,915	2,018,984
	239,911	1,838,520
	231,214,057	287,164,708
ADVANCES:		
U. S. Government agencies.....	1,914,588	118,376
Others.....	72,908	147,745
	1,987,476	266,121
NOTES AND ACCOUNTS RECEIVABLE (note 2):		
Domestic firms and individuals.....	12,148,535	11,059,309
U. S. Government agencies.....	2,220,572	2,810,578
Foreign governments and nationals.....	1,827,449	1,471,771
	15,696,556	15,381,658
ACCRUED INTEREST (note 2):		
On mortgage loans receivable.....	2,751,211	3,043,291
On notes and accounts receivable.....	121,550	65,791
	2,872,761	3,109,082
	234,086,818	290,274,790
LIABILITIES		
ACCOUNTS PAYABLE AND OTHER LIABILITIES:		
Advances from other U. S. Government agencies.....	\$125,168,442	\$108,946,290
Accrued estimated operating-differential subsidies less estimated receivable subsidies of \$188,750,837, 1958; \$157,817,092, 1957 (note 6).....	102,219,531	110,958,321
Vessel trade-in allowances payable.....	15,491,819	73,380
Amounts due shipbuilders for construction of vessels.....	9,539,335	10,609,037
Other accounts payable and accrued accounts.....	4,850,579	8,454,000
Accrued annual leave.....	2,887,258	-----
Deposits by contractors, amounts related to unsummarized transactions and unallocated collections.....	2,109,796	2,064,731
Amounts withheld from employees for purchase of savings bonds and payment of taxes.....	600,741	612,469
Miscellaneous deferred credits.....	66,810	11,511
	262,633,811	241,729,769
NET UNTERMINATED VOYAGE REVENUE (unterminated voyage revenue less unterminked voyage expense totaling \$659,251, 1958; \$1,221,525, 1957).....	-30,853	11,238
RESERVES:		
For estimated claims in connection with vessels sold under the Merchant Ship Sales Act of 1946.....	4,865,635	5,543,503
For estimated liabilities under assumed insurable risks on operated vessels.....	217,713	465,877
	5,083,348	6,009,380
	239,170,166	296,284,170

MATERIALS AND SUPPLIES (note 3).....	2, 872, 761	3, 109, 082	For estimated expense of restoring vessels to the reserve fleet.....	201, 346	277, 799
MORTGAGE LOANS RECEIVABLE (note 2):	9, 105, 381	8, 102, 355		5, 284, 694	6, 288, 670
Domestic firms.....	191, 033, 919	218, 564, 944		4, 856, 044, 174	4, 846, 556, 102
Foreign governments and nationals.....	43, 974, 081	51, 883, 053	EQUITY OF THE UNITED STATES GOVERNMENT (exhibit 3).		
VESSELS OWNED (at cost or assigned amounts) (note 4) -	235, 009, 000	270, 447, 997			
VESSELS UNDER CONSTRUCTION (note 5).....	4, 291, 162, 997	4, 188, 604, 780			
LAND AND SITE DEVELOPMENT, STRUCTURES AND EQUIPMENT (at cost, estimated cost or assigned amounts) (note 4):	129, 046, 238	112, 360, 633			
Reserve shipyards.....	78, 077, 330	80, 175, 368			
Marine terminals.....	44, 232, 397	44, 762, 522			
Maritime service training facilities.....	23, 990, 829	23, 698, 719			
Reserve fleet sites.....	19, 848, 354	17, 908, 054			
Warehouses.....	3, 740, 442	3, 761, 865			
Administrative offices.....	1, 840, 146	1, 745, 614			
Construction in progress.....	171, 739, 518	172, 048, 855			
	172, 652, 371	2, 331, 685			
OTHER ASSETS:	172, 391, 889	174, 380, 540			
Mobilization inventories of materials and supplies.....	34, 140, 625	33, 326, 572			
Deferred charges and other miscellaneous items.....	1, 305, 846	1, 349, 362			
	35, 446, 471	34, 675, 934			
	<u>\$5, 123, 931, 826</u>	<u>\$5, 094, 583, 808</u>			
				<u>\$5, 123, 931, 826</u>	<u>\$5, 094, 583, 808</u>

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

FEDERAL MARITIME BOARD AND MARITIME ADMINISTRATION
DEPARTMENT OF COMMERCE

Statement of Operations for the Years Ended June 30, 1958, and 1957

	YEAR ENDED JUNE 30	
	1958	1957
OPERATIONS OF MARITIME ADMINISTRATION:		
Operating activities:		
Revenues and reimbursements:		
Maintenance of reserve fleet vessels	\$1,355,244	\$1,117,290
Maritime training program	33,389	13,681
Operation of warehouses	73,726	53,280
Maintenance of reserve shipyards	560,912	207,244
	2,023,771	1,391,495
Costs and expenses:		
Maintenance of reserve fleet vessels	8,218,736	8,246,477
Maritime training program	3,231,475	2,940,043
Operation of warehouses	837,703	665,896
Maintenance of reserve shipyards	797,529	662,747
	13,085,443	12,521,163
Net costs and expenses:		
Maintenance of reserve fleet vessels	6,863,492	7,129,187
Maritime training program	3,197,586	2,932,362
Operation of warehouses	763,977	612,616
Maintenance of reserve shipyards	236,617	455,503
	11,061,672	11,129,668
Direct subsidies and costs attributable to national defense:		
Estimated operating-differential subsidies (note 6)	142,736,716	129,831,753
Adjustment of estimated recapturable subsidies	-30,885,210	-23,109,512
	111,851,506	106,722,241
Construction-differential subsidies	* 27,369,148	* 17,496,709
Cost of national defense features	1,174,263	377,350
	140,394,916	124,596,360
Administrative expenses	8,350,325	7,173,564
Other costs and expenses:		
Loss on vessels sold, lost, or abandoned	42,112,295	62,146,214
Loss on sale of fixed assets, other than vessels	2,847,777	2,536,124
Loss on sale of surplus material and scrap	420,771	373,466
Inventory and other property adjustments	-394,983	--1,024,228
Research and tests	1,422,318	227,113
Cost of repairing reserve fleet vessels	626,373	544,851
Miscellaneous	-306,004	-136,982
	46,728,547	64,671,558
Other income:		
Interest earned on notes and mortgages receivable	9,134,148	9,847,066
Other costs and expenses (net)	37,594,399	54,824,492
Net cost of current year operations (note 4)	197,401,312	197,724,074
ADJUSTMENTS APPLICABLE TO PRIOR YEARS:		
Net charges arising from adjustments and settlements related principally to World War II activities:		
Participation in profits of World War II insurance syndicates	534,721	^b 1,046,303
	-75,000	-294,025
	459,721	752,278
NET COST OF MARITIME ADMINISTRATION OPERATIONS	197,861,033	198,476,352
Net income (-loss) from National Shipping Authority operations (schedule 1)	11,814,011	-21,357,400
Net income from War Risk Insurance Program	334,009	143,678
Net income (-loss) from Federal Ship Mortgage Insurance Program	-117,591	340,328
	12,030,429	-20,873,394
NET COST OF COMBINED OPERATIONS (note 4)	\$185,830,613	\$219,349,746

* Includes reconstruction-differential subsidy of \$4,731,608, 1958 and \$1,117,694, 1957.

^b See note (a) on schedule 1.

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

FEDERAL MARITIME BOARD AND MARITIME ADMINISTRATION
DEPARTMENT OF COMMERCE

*Statement of Equity of the United States Government for the Years Ended
June 30, 1958 and 1957*

	YEAR ENDED JUNE 30	
	1958	1957
BALANCE, BEGINNING OF YEAR.....	\$4,846,556,102	\$4,961,859,271
ADDITIONS:		
Funds appropriated by the Congress.....	122,242,258	242,910,000
Recorded value of 43 vessels transferred from the Department of the Navy in fiscal year 1958, and 2 vessels in fiscal year 1957.....	141,201,979	12,861,672
Expenditures from funds appropriated to the Secretary of the Treasury for liquidation of obligations incurred against funds of the War Shipping Administration prior to January 1, 1947.....	864,458	2,846,875
Payment of prior year obligations from lapsed appropriations.....	-----	343,014
Contributions received for construction of Chapel at the United States Merchant Marine Academy, Kings Point, N. Y.....	206,511	38,778
Inventories of materials and supplies recovered from the Grain Storage Program for the Department of Agriculture, Production and Marketing Administration, exclusive of expenditures of \$2,423,108 in fiscal year 1958, and \$3,692,270 in fiscal year 1957 which were reimbursed.....	94,209	399,869
Equipment received from U. S. Government agencies and others (net).....	64,322	43,814
Adjustment of cost of vessels transferred to the Department of the Navy in prior years.....	-----	9,032
Leasehold improvements (-adjustment of cost) to Hoboken Terminal by the Port of New York Authority.....	-437,568	2,894,275
	264,236,169	262,347,329
	<u>5,110,792,271</u>	<u>5,224,206,600</u>
REDUCTIONS:		
Net cost of operations (exhibit 2).....	185,830,613	219,349,746
Payments into the General Fund of the U. S. Treasury.....	51,201,072	100,182,070
Recorded cost of 6 vessels transferred to the Department of the Navy in fiscal year 1958 and 12 vessels in fiscal year 1957.....	12,100,200	46,335,662
Cost of accrued annual leave not previously recorded.....	2,887,258	-----
Recorded cost of 5 vessels transferred to the Department of the Air Force.....	-----	9,904,045
Recorded cost of 1 vessel transferred to the Department of the Army..	1,711,270	-----
Write off of recorded value of 9 vessels sunk during World War II determined to be non-salvageable.....	421,534	-----
Unobligated balance of appropriations transferred to Treasury Department (net of restoration of \$14,897, in 1958).....	286,703	728,374
Materials and supplies transferred to State and U. S. Government agencies (net).....	155,756	246,920
Proceeds of settlement of accounts receivable retained by the Department of Justice.....	125,000	-----
Proceeds of ship sales in foreign areas deposited in Treasury symbol 20FT6186.....	-----	903,681
Adjustment of reserves established to reduce the value of vessels by the cost of the original complement of outfitting items and spare parts that were removed during prior years.....	28,691	-----
	254,748,097	377,650,498
BALANCE, CLOSE OF YEAR.....	<u>\$4,856,044,174</u>	<u>\$4,846,556,102</u>

FEDERAL MARITIME BOARD AND MARITIME ADMINISTRATION
DEPARTMENT OF COMMERCE

*Statement of Sources and Application of Funds for the Year Ended
June 30, 1958*

SOURCES:		
Funds appropriated by the Congress.....		\$122,242,258
Fund advanced by the Department of the Navy.....		*106,377,214
Collections on mortgage loans receivable.....		35,439,987
Proceeds from the sale of vessels owned.....		2,756,437
Funds provided by the Secretary of the Treasury for liquidation of obligations incurred against funds of the War Shipping Administration prior to January 1, 1947.....		864,458
Proceeds from the sale of fixed assets other than vessels.....		263,236
Contributions received for construction of Chapel.....		206,511
Total funds provided.....		\$268,150,161
APPLICATION:		
Net cost of operations (per Statement of Operations).....	\$185,830,613	
Items considered in net cost of operations:		
Loss on fixed assets sold, lost or abandoned:		
Vessels.....	-42,112,295	
Other.....	-2,847,777	
Payments into the General Fund of U. S. Treasury.....		\$140,870,541
Expenditures for vessels owned and under construction.....		51,201,072
Cost of accrued annual leave.....		37,172,270
Expenditures for land and site development, structures and equipment including construction in progress.....		2,887,258
Warehouse materials transferred to mobilization inventories.....		1,478,204
Unobligated balance of appropriations transferred to U. S. Treasury (net).....		814,053
Proceeds of settlement of accounts receivable retained by Department of Justice.....		286,703
Material and supplies transferred to State and U. S. Government agencies (net).....		125,000
Increase in working capital during the year (per summary below).....		79,001
Total funds applied.....		\$268,150,161

Summary of Changes in Working Capital

	Year ended June 30		Changes in Working Capital	
	1958	1957	Increase	Decrease
ASSETS:				
Cash.....	\$231,214,057	\$287,164,708		\$55,950,651
Advances.....	1,987,476	266,121	\$1,721,355	
Notes and accounts receivable.....	15,696,556	15,381,658	314,898	
Accrued interest.....	2,872,761	3,109,082		236,321
Materials and supplies.....	9,105,381	8,192,355	913,026	
Other assets.....	1,305,846	1,349,362		43,516
Total.....	262,182,077	315,463,286		
LIABILITIES:				
Accounts payable and other liabilities.....	*156,256,597	241,729,789	85,473,192	
Reserves.....	5,284,694	6,286,679	1,001,985	
Net untermiated voyage revenue.....	-30,853	11,238	42,091	
Total.....	161,510,438	248,027,706		
WORKING CAPITAL.....	100,671,639	67,435,580		
INCREASE IN WORKING CAPITAL.....				33,236,059
			\$89,466,547	\$89,466,547

* Disbursements of \$106,377,214 for vessels constructed for and delivered to the Department of the Navy offset against liabilities for advances received.

FEDERAL MARITIME BOARD AND MARITIME ADMINISTRATION
DEPARTMENT OF COMMERCE

Notes to Financial Statements—June 30, 1958, and 1957

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

2. No provision for loss has been made in connection with any notes or accounts receivable which may prove to be uncollectible. Notes and accounts receivable and accrued interest included amounts due from domestic firms, and individuals and foreign nationals totaling \$3,306,300 at June 30, 1958, and \$3,683,039 at June 30, 1957, which had been referred to the Department of Justice for collection. Mortgage loans receivable at June 30, 1958, included mortgages which had been declared in default on or before that date as follows:

	Number of vessels	Mortgage balance	Accrued interest
Domestic.....	1	\$189,038	\$3,045
Foreign.....	5	1,517,813	783,248
Total.....	6	1,706,851	786,293

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

4. In accordance with generally accepted accounting practices of noncorporate Federal agencies the financial statements do not include allowances for depreciation of vessels or other tangible fixed assets. As a result of this practice recorded losses on sales of fixed assets are greater, and other recorded net costs and expenses are less than they would have been if depreciation were recognized in the accounts.

5. Included in vessels under construction at June 30, 1958, are fourteen vessels with accrued construction costs of \$118,732,056 and at June 30, 1957, seven vessels with accrued construction costs of \$74,120,513, which have been delivered to the Department of the Navy. The value of these vessels will be transferred when total actual construction costs have been determined.

6. The net operating-differential subsidies payable to each subsidized operator are determinable only after termination of the recapture period provided by the individual contracts, generally a ten-year period. Therefore, the estimated recapturable amount of \$188,750,837 at June 30, 1958, and \$157,317,052 at June 30, 1957, will be revised subsequently in the light of operating revenues or losses during the later years of the contracts. The provisions for estimated operating-differential subsidies of \$142,736,715 for the year ended June 30, 1958, and \$129,831,753 for the year ended June 30, 1957, include credit adjustments of approximately \$5 million and \$8 million, respectively, applicable to prior years.

7. The Maritime Administration was contingently liable under agreements insuring mortgages, construction loans and accrued interest payable to lending institutions totaling \$78,589,686 at June 30, 1958, and \$36,396,030 at June 30, 1957. Commitments to insure additional loans and/or mortgages amounted to \$139,692,212 at June 30, 1958, and \$44,442,300 at June 30, 1957. There were also conditional liabilities for pre-launching War Risk Builders Risk Insurance of \$78,176,707 at June 30, 1958, and \$44,731,947 at June 30, 1957.

8. The Maritime Administration was contingently liable for undetermined amounts in connection with settlements to be made under 574 claims against the Administration aggregating \$139,410,298 at June 30, 1958, and 743 claims aggregating \$186,490,907 at June 30, 1957. These unrecorded liabilities were partially offset by unrecorded assets and claims receivable in connection with settlements to be made under 144 claims in favor of the Administration aggregating \$15,502,017 at June 30, 1958, and 172 claims aggregating \$15,751,973 at June 30, 1957. Many of the claims both against or in favor of the Administration represent adjustments of preliminary settlements and others require original determinations to be made. Based on previous experience, it is anticipated that settlements of these claims will be made for amounts substantially less than the gross amounts of the claims. In addition to the foregoing there were outstanding at June 30, 1958, approximately 83 continuing seamen's disability payment claims under the provisions of Public Law 449—78th Congress for which the annual liability for payment is approximately \$200,000. There were also 5 outstanding cases under the Second Seamen's War Risk Policies for which the final adjustment obligations at June 30, 1958, amounted to a total of \$9,528. Included among the funds available for payment of claims was an unexpended balance of \$9,133,347 at June 30, 1958, and \$9,997,805 at June 30, 1957, in a fund appropriated to the Secretary of the Treasury for payment of obligations incurred by the War Shipping Administration prior to January 1, 1947. This fund, which was continued available to December 31, 1958, for payment of general claims and to June 30, 1959, for payment of seamen's disability claims, is not included in the accounts of the Administration.

9. At June 30, 1958, the Administration was obligated to return to their owners \$4,960,350 of United States Government securities and \$160,000 of municipal bonds. At June 30, 1957, the obligation was \$4,673,000 of United States Government securities and \$335,000 of municipal bonds. These securities had been accepted from vessel charterers, subsidized operators, and other contractors to assure performance under contracts, and are held for safekeeping in the United States Treasury.

FEDERAL MARITIME BOARD AND MARITIME ADMINISTRATION
DEPARTMENT OF COMMERCE

*Statement of Operations of National Shipping Authority for the Years Ended
June 30, 1958 and 1957*

	YEAR ENDED JUNE 30	
	1958	1957
SHIPPING OPERATIONS:		
Vessels operated by general agents:		
Terminated voyage results (terminated voyages: 58, 1958; 157, 1957):		
Revenue.....	\$8,972,237	\$12,025,611
Expenses.....	8,007,949	11,775,063
Gross profit from vessel operations.....	964,288	250,548
Chartering of vessels to others:		
Revenue.....	14,111,198	* 7,900,572
Expenses.....	248,426	26,927
Gross profit from chartering operations.....	13,862,772	7,873,645
Total gross income from shipping operations.....	14,827,060	8,124,193
NONSHIPPING OPERATIONS:		
Vessel reactivation costs.....	1,927,254	32,105,750
Vessel deactivation costs (expense of restoring vessels to the reserve fleet).....	3,043,478	152,695
Miscellaneous expenses.....	547,515	189,248
	5,518,247	32,447,693
Less:		
Reimbursement of vessel reactivation costs.....	2,037,972	3,360,670
Reimbursement of vessel deactivation costs.....	1,040,296	152,695
Miscellaneous income.....	722,079	690,470
	3,800,347	4,203,735
Net cost of nonshipping operations.....	1,717,900	23,243,958
	13,109,160	-20,119,765
ADMINISTRATIVE EXPENSES.....	1,295,149	1,287,635
NET INCOME (-LOSS) FROM OPERATIONS.....	\$11,814,011	-\$21,357,400

* Excludes \$3,840,421 transferred to General Fund Receipts Symbol 131734 (17) to cover charter hire receipts determined to have been erroneously deposited to the Vessel Operations Revolving Fund during the fiscal years 1952 to 1956.

APPENDIXES

United States domestic trade.....	356	3,520	5,369	3	56	30	133	940	1,366	220	2,525	3,973
Maritime Administration ships.....												
Chartered.....	3	11	17				3	11	17			
General agency agreement.....	3	11	17				3	11	17			
Privately owned.....	353	3,508	5,352	3	56	30	130	928	1,349	220	2,525	3,973
Foreign to foreign privately owned.....	6	66	105				1	7	11	5	59	94
Inactive ships.....	2,077	15,234	20,958	194	1,606	1,225	1,768	12,478	18,075	115	1,061	1,633
Temporarily inactive.....	106	839	1,415	3	27	24	43	301	423	60	610	969
Maritime Administration ships.....												
Chartered.....	2	11	17				14	99	145			
General agency agreement.....	12	88	128				12	88	128			
Privately owned.....	92	840	1,271	3	27	24	29	203	278	60	610	969
Maritime Administration reserve fleet.....	1,971	14,295	19,543	191	1,608	1,201	1,725	12,176	17,653	55	450	689

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

	31	237	263	5	74	39	23	153	207	3	10	12
--	----	-----	-----	---	----	----	----	-----	-----	---	----	----

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

U. S. E. (lend-lease).....	83	518	785
----------------------------	----	-----	-----

² Includes ships originally constructed as combination passenger and cargo ships and freighters, later converted to troop transports, hospital ships, etc., and not reconverted to their original types.
³ Includes ships converted to store ships, repair ships, cargo attack, etc.
⁴ Includes tankers converted to distilling ships.

Note: Tonnage figures are not additive since the detailed figures have been rounded to the nearest thousand.

APPENDIX B

Deliveries of New Merchant Ships During the Fiscal Year Ended June 30, 1958

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

(Excludes ships built for the Great Lakes, inland waterways; Armed Forces; and special types such as Tugs, Ferries, Cable Ships, etc.)

[Tonnage in thousands]

Registry for which built	Country in which built																		
	Total		United States		United Kingdom		Sweden		Netherlands		France		Japan		Germany		All others		
	Num-ber	Dead-weight tons	Num-ber	Dead-weight tons	Num-ber	Dead-weight tons	Num-ber	Dead-weight tons	Num-ber	Dead-weight tons	Num-ber	Dead-weight tons	Num-ber	Dead-weight tons	Num-ber	Dead-weight tons	Num-ber	Dead-weight tons	
Total.....	816	11,364	14	440	153	1,829	59	962	47	624	29	565	183	3,354	163	1,756	163	1,825	
United States.....	12	362	12	362															
United Kingdom.....	140	1,754			128	1,475			2	11			1	36	10	193	10	49	
Sweden.....	30	374				6	23	291							6	63	6	20	
Netherlands.....	38	438			1		29	525	26	344	1	3		32	8	90	1	13	
Norway.....	97	1,458			5	76	29	525	3	98	5	71	5	87	24	294	26	307	
Denmark.....	26	271					1	38	3	8			3	61	2	10	18	192	
France.....	36	520					1	38	2	29		31	31	425	1	3	1	30	
Italy.....	25	483																	
Japan.....	108	1,130											108	1,130				463	
Germany.....	75	853					4	32	5	61	1	53		56	16	312	6	112	
Liberia.....	100	2,670	2	87	14	117	2	21	6	73	1	13	11	210	21	208	76	609	
All others.....	151	1,511																	

SUMMARY—FREIGHTERS AND TANKERS

FREIGHTERS

Total.....	601	5,508			120	1,115	33	331		216	121	1,269	148	1,866	118	905
United States.....																
United Kingdom.....	108	982			97	882	2	11					6	40	3	30
Sweden.....	21	185					16	127					5	38	1	38
Netherlands.....	36	302			1	6	19	160		3			8	90	1	13

Norway.....	64	471	2	20	13	151	3	8	4	38	2	28	19	166	14	78
Denmark.....	20	131											2	10	16	113
France.....	23	165						22	162				1	3	19	219
Italy.....	10	219									94	861				
Japan.....	94	861											73	562		
Germany.....	73	562	7	98	2	32	4	41					13	290	3	38
Liberia.....	48	774	13	99	2	21	5	56	1	13	0	65	21	203	68	414
All others.....	111	876														

TANKERS

Total.....	215	5,856	14	440	33	714	26	631	14	318	11	340	62	2,085	15	300	40	920
United States.....	12	362	12	362									1	36	4	144	1	19
United Kingdom.....	32	782			26	583	7	104							1	26	1	20
Sweden.....	9	209							7	154			1	32				229
Netherlands.....	8	186			3	56	10	374	3	98	1	33	3	69	5	138	12	239
Norway.....	43	937											3	61			3	79
Denmark.....	6	140			1			33	2	29	9	263					1	30
France.....	13	353															6	214
Italy.....	6	214																
Japan.....	12	529											12	260	2	21		74
Germany.....	2	29			3	57	2	60	1	20	1	53	37	1,483	3	62	3	74
Liberia.....	52	1,803			1	18			1	17			5	5			13	255
All others.....	20	435																

COMBINATION PASSENGER AND CARGO SHIPS

Total.....	11	106	1	15	2	6			2	14			1	11	1	10	4	50
United States.....	1	15	1	15														
United Kingdom.....	1	2			1	2												
Sweden.....	2	14							2	14								
Netherlands.....																		
Norway.....																		
Denmark.....																		
France.....																		
Italy.....	2	31																31
Japan.....	1	11											1	11				
Germany.....																		
Liberia.....																		
All others.....	4	33			1	4							1	10	2	10	2	19

APPENDIX C

Summary of Operating-Differential Subsidy Agreements as of June 30, 1958

Name of operator	Expiration date of agreement	Number of ships assigned on June 30, 1958	
		Passenger and cargo combination	Cargo
American Banner Lines, Inc.	Dec. 31, 1977	1	—
American Export Lines, Inc.	Dec. 31, 1965	6	24
American Mail Line Ltd.	Dec. 31, 1960	—	9
American President Lines, Ltd.	Dec. 31, 1976	5	19
Bloomfield Steamship Company	Dec. 31, 1963	—	4
Farrell Lines Incorporated	Dec. 31, 1977	2	14
Grace Line Inc.	Dec. 31, 1977	11	16
Gulf & South American Steamship Co., Inc.	Dec. 31, 1963	—	4
Lykes Bros. Steamship Co., Inc.	Dec. 31, 1977	—	54
Mississippi Shipping Company, Inc.	Dec. 31, 1977	3	11
Moore-McCormack Lines, Inc.	Dec. 31, 1977	1	41
The Oceanic Steamship Company	Dec. 31, 1972	2	4
Pacific Far East Line, Inc.	Dec. 31, 1962	—	9
States Steamship Company	Dec. 31, 1977	—	13
United States Lines Company:			
Cargo Service	Dec. 31, 1965	—	54
S. S. America	Dec. 31, 1959	1	—
S. S. United States	June 19, 1967	1	—

APPENDIX D

Ships Approved for Transfer to Alien Ownership and/or Registry and Flag, Fiscal Year 1958

	Number	Total gross tonnage	Average age
PRIVATELY OWNED			
Ships under 1,000 gross tons:			
Commercial craft (tugs, barges, etc.)	525	71,483	6.54
Pleasure craft (over 5 tons)	97	3,160	11.33
Undocumented motorboats (5 tons or less)	422	2,110	2.99
Total	1,044	76,753	5.6
Ships of 1,000 gross tons and over:			
Tankers	11	99,982	18.8
Cargo	6	33,260	14.
Cargo/passenger	2	13,987	24.5
Miscellaneous (schooners, dredges, barges, etc.)	17	125,382	21.2
New construction by United States shipyards for foreign-flag operation	7	104,472	—
Total	43	377,083	19.4
GOVERNMENT OWNED			
Cargo	2	11,059	38.5
Dredge	1	1,164	31.
Total	3	12,223	36.
Grand total	46	389,306	20.7

APPENDIX E
New Ship Construction on June 30, 1958

	Num-ber of ships	Type	Shipyard	Gross tonnage	Estimated completion date	Basic contract cost	Maritime Administration Contract Cost (Incl. National Defense allowances)	Owner	Owner's contract cost
Ships under construction: Title VII Merchant Marine Act of 1936.	1	T5-S-RM2a	Ingalis S/B Corp.	15, 600	Indefinite	\$10, 097, 600	\$10, 097, 600	Maritime Administration	-----
	2	P2-S2-9a	do	18, 200	November 1958	40, 343, 972	19, 816, 502	Moore-McCormack	\$29, 527, 470
	1	P2-S2-11a	Newport News S/B	7, 500	October 1958	22, 777, 690	9, 722, 680	Grace Line	13, 055, 000
	2	C3-S-38a	New York S/B Corp.	20, 400	July 1960	22, 541, 966	11, 085, 816	American Export	11, 756, 150
	2	C3-S-38a	Nat. Steel & S/B	20, 400	March 1961	22, 500, 002	11, 159, 084	American Export	12, 349, 918
	2	C4-S-1q	Beth. Pacific Const.	19, 200	August 1960	14, 565, 000	4, 962, 600	American President Lines	9, 604, 000
	5	C3-S-37b	Ingalis S/B Corp.	45, 000	September 1960	48, 180, 135	21, 530, 135	Lykes Bros. SS	23, 650, 000
	2	C3-S-33a	Swan S/B & D/D Co.	18, 400	May 1960	21, 243, 886	10, 143, 506	Moore-McCormack	11, 100, 380
	2	C3-S-33a	Todd Shipyards Corp.	18, 400	February 1961	22, 024, 842	10, 710, 662	Moore-McCormack	11, 314, 180
	1	S2-S-1RM28a	Nat. Steel & S/B Corp.	2, 400	July 1959	5, 813, 243	5, 813, 243	Coast and Geodetic Administration	5, 813, 243
1	P2-N1-MA40	New York S/B Corp.	12, 220	March 1960	*30, 881, 046	14, 222, 987	Maritime Administration	-----	
Total ships under construction				197, 720		\$271, 279, 372	\$123, 450, 972		\$131, 170, 341

* Includes funds chargeable to Atomic Energy Commission appropriations.

APPENDIX F
Merchant Fleets of the World
Oceangoing Steam and Motor Ships of 1,000 Gross Tons and Over as of June 30, 1958

(Excludes ships on the Great Lakes and Inland Waterways and Special Types such as Channel Ships, Icebreakers, Cable Ships, etc., and Merchant Ships owned by any Military Force)

[Tonnage in thousands]

Country of registry	Total						Type of vessel														
	DWT. tons		Gross tons		Num-ber		Combination pas-senger and cargo		Combination pas-senger and cargo refrigerated		Freighters		Freighters-refrigerated		Bulk carriers (in-cluding ore/oil carriers)		Tankers (including whaling tankers)				
	Num-ber	DWT. tons	Num-ber	Gross tons	DWT. tons	Num-ber	Gross tons	DWT. tons	Num-ber	Gross tons	DWT. tons	Num-ber	Gross tons	DWT. tons	Num-ber	Gross tons	DWT. tons	Num-ber	Gross tons		
Total—All flags.....	16,557	108,012	152,063	1,189	9,170	6,462	49	703	454	11,027	87,964	84,690	363	2,345	2,493	802	4,387	6,871	3,107	32,443	51,098
United States.....	3,047	23,840	33,315	238	2,289	1,638	.....	.....	2,341	15,830	24,313	45	270	268	39	289	543	384	4,162	6,558	.....
The British Commonwealth of Nations.....	3,105	20,903	27,424	247	2,242	1,481	23	532	394	1,771	9,708	13,794	152	1,367	1,544	304	1,169	1,651	598	5,885	8,570
United Kingdom.....	2,512	18,292	23,921	164	1,913	1,267	31	572	378	1,347	7,888	11,146	143	1,305	1,468	260	932	1,392	567	5,632	8,270
Australia.....	2,125	18,486	23,632	13	77	47	.....	.....	82	265	265	.....	.....	.....	.....	30	144	199	.....	.....	.....
Canada.....	68	289	316	28	88	27	.....	.....	21	79	104	.....	.....	.....	3	6	.....	.....	.....	.....	.....
Ceylon.....	2	.....	.....	3	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Ghana.....	1	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
India.....	115	694	859	10	61	57	.....	.....	1	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
New Zealand.....	57	212	244	5	34	10	2	10	7	103	527	779	.....	.....	.....	.....	.....	.....	.....	.....	.....
Other Colonies.....	178	756	1,063	16	69	69	.....	.....	47	161	219	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Pakistan.....	22	123	182	1	4	.....	.....	.....	127	560	815	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Union of South Africa.....	25	142	197	2	3	3	.....	.....	19	107	163	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Argentina.....	143	892	1,161	18	109	87	4	47	.....	66	376	550	6	18	13	3	4	6	47	338	467
Belgium.....	76	522	693	10	106	93	.....	.....	54	296	428	2	6	6	.....	1	3	4	.....	.....	.....

APPENDIX G

Aid to Vessels Over 20 Years of Age Approved by the Federal Maritime Board Under Section 605 (b), Merchant Marine Act, 1936, as Amended

Company	Vessel	20 years of age	Scheduled replacement
American Export Lines, Inc.	EXPLORER	1959	1962
American President Lines, Ltd.	PRESIDENT HARRISON	1963	1966
	PRESIDENT JOHNSON	1963	1966
	PRESIDENT VAN BUREN	1963	1966
	PRESIDENT MCKINLEY	1966	1966
	PRESIDENT MONROE	1960	1963
	PRESIDENT POLK	1961	1963
	PRESIDENT HOOVER	1959	1961
Farrell Lines, Inc.	AFRICAN GLADE	1964	1964
	AFRICAN PILGRIM	1964	1964
	AFRICAN PILOT	1964	1964
	AFRICAN PATRIOT	1964	1965
	AFRICAN GLEN	1965	1965
	AFRICAN PLANET	1966	1967
	AFRICAN RAINBOW	1966	1967
	AFRICAN CRESCENT	1966	1967
	AFRICAN LIGHTNING	1967	1969
	AFRICAN MOON	1967	1969
Grace Line Inc.	SANTA ANA	1960	1963
	SANTA TERESA	1960	1963
	SANTA JUANA	1962	1968
	SANTA ADELA	1962	1968
	SANTA CRUZ	1962	1969
	SANTA FLAVIA	1963	1968
	SANTA ELIANA	1964	1968
	SANTA LEONOR	1964	1968
	SANTA MERCEDES	1964	1968
	SANTA FE	1964	1969
	SANTA ANITA	1964	1969
	SANTA PAULA	1952	1958
Lykes Bros. Steamship Co., Inc.	SUE LYKES	1965	1966
	FREDERICK LYKES	1960	1966
	ALMERIA LYKES	1965	1966
	TILLIE LYKES	1965	1966
	DOCTOR LYKES	1965	1966
	NORMAN LYKES	1965	1967
	LIPSOOMB LYKES	1965	1967
	HOWELL LYKES	1960	1967
	MALLORY LYKES	1963	1967
	HELEN LYKES	1964	1967
	SYLVIA LYKES	1965	1968
	GIBBES LYKES	1964	1968
	FRANK LYKES	1964	1968
	GENEVIEVE LYKES	1964	1968
	MASON LYKES	1964	1968
	BRINTON LYKES	1964	1969
	SHIRLEY LYKES	1963	1969
	MARION LYKES	1964	1969
	FRED MORRIS	1964	1970
	GEORGE LYKES	1964	1970
	ADABELLE LYKES	1964	1970
Mississippi Shipping Co., Inc.	DEL VALE	1964	1965
	DEL ORO	1964	1966
	DEL MONTE	1964	1966
	DEL SANTOS	1964	1965
	DEL MUNDO	1964	1965
	DEL ALBA	1964	1964
	DEL SOL	1964	1964
Moore-McCormack Lines, Inc.	ARGENTINA	1949	1958
	ROBIN LOCKSLEY	1961	1962
	MORMACSEA	1961	1962
	MORMACTIDE	1961	1962
	ROBIN SHERWOOD	1961	1962
	MORMACTERN	1962	1963
	MORMACMAR	1963	1963
	MORMACREED	1963	1963
	MORMACBUN	1963	1963
	ROBIN TRENT	1963	1964
	ROBIN GRAY	1963	1964
	ROBIN KIRK	1963	1964
	ROBIN MOWBRAY	1963	1965
	MORMACTEAL	1964	1965
	MORMACDOVE	1964	1965
	MORMACOWL	1964	1965
	MORMACWIND	1964	1965
	MORMACWREN	1964	1965
	MORMACOCK	1964	1965
	MORMACWAVE	1964	1966

Company	Vessel	20 years of age	Scheduled replacement
Moore-McCormack Lines, Inc.	MORMACREY	1964	1967
	MORMACSURF	1964	1967
	ROBIN GOODFELLOW	1965	1968
	MORMACGUIDE	1965	1968
	MORMACPINE	1965	1968
	ROBIN HOOD	1965	1968
	MORMACHAWK	1965	1969
	MORMACELM	1965	1969
	MORMACRIO	1965	1969
	MORMACFTR	1965	1970
	MORMACGULF	1966	1970
	MORMACISLE	1966	1970
	MORMACDAWN	1966	1970
	MORMACLAND	1966	1971
	MORMACMAIL	1966	1971
	MORMACPENN	1966	1971
	MORMACSAGA	1967	1971
States Steamship Company	CHINA TRANSPORT	1963	1966
	JAPAN TRANSPORT	1961	1966
	AMERICA TRANSPORT	1961	1967
	PHILIPPINE TRANSPORT	1964	1967
	PACIFIC TRANSPORT	1965	1967
	C. E. DANT	1973	1973

APPENDIX H

Cash and Approved Securities on Deposit in the Statutory Capital and Special Reserve Funds of Subsidized Operators as of June 30, 1958

Operator	Capital Reserve Fund	Special Reserve Fund	Total
American Banner Lines, Inc. ¹			
American Export Lines, Inc.	\$23,315,067	\$12,688,795	\$36,003,862
American Mail Line Ltd.	5,359,046	6,408,436	11,767,482
American President Lines, Ltd.	1,715,928	4,449,482	6,165,410
Bloomfield Steamship Co.	115,005	861,462	976,467
Farrell Lines Inc.	6,962,447	3,951,273	10,913,720
Grace Line Inc.	5,726,404	6,742,600	12,469,004
Gulf & South American Steamship Co., Inc.	912,860	2,520,896	3,433,756
Lykes Bros. Steamship Co., Inc.	80,343,567	42,108,431	122,451,998
Mississippi Shipping Co., Inc.	5,693,537	5,596,156	11,229,693
Moore-McCormack Lines, Inc.	3,283,962	16,285,222	19,569,184
Oceanic Steamship Co., The	12,110	516,231	528,341
Pacific Far East Line, Inc.	715,963	2,554,701	3,270,664
States Steamship Co. (formerly Pacific Transport Lines, Inc.)	688,625	791,767	1,480,392
United States Lines Co.	2,455,822	11,844,005	14,299,827
Total	137,300,343	117,250,457	254,559,800

¹ First subsidized voyage commenced June 6, 1958.

NOTE: Accrued mandatory deposits applicable to the resumption period (generally January 1, 1947 to December 31, 1957), not included in the above, amount to approximately \$30,074,470, comprising \$7,293,280 applicable to the Capital Reserve Fund (depreciation), and \$22,781,190 applicable to the Special Reserve Fund (excess profits).