

ANNUAL REPORT
of the
MARITIME ADMINISTRATION

1962



UNITED STATES DEPARTMENT OF COMMERCE

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UNITED STATES DEPARTMENT OF COMMERCE

LUTHER H. HODGES, *Secretary*
Washington, D.C.

MARITIME ADMINISTRATION

DONALD W. ALEXANDER, *Maritime Administrator*
J. W. GULICK, *Deputy Maritime Administrator*

LETTERS OF TRANSMITTAL

UNITED STATES DEPARTMENT OF COMMERCE,
MARITIME ADMINISTRATION,
Washington 25, D.C., October 23, 1962.

To: *The Secretary of Commerce.*

FROM: *Maritime Administrator.*

SUBJECT: *Annual Report for Fiscal Year 1962*

I am submitting herewith the report of the Maritime Administration covering activities for the fiscal year ended June 30, 1962.

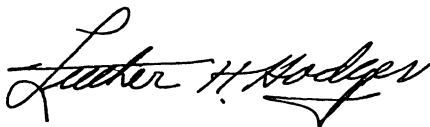


DONALD W. ALEXANDER.

SECRETARY OF COMMERCE,
Washington 25, D.C.

To the Congress:

I have the honor to present the annual report of the Maritime Administration of the Department of Commerce for fiscal year 1962.



Secretary of Commerce.

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FISCAL YEAR ACTIVITIES

Introduction

The Maritime Administration was established by Reorganization Plan No. 21 of 1950, effective May 24, 1950, as one of the successor agencies to the former U.S. Maritime Commission. It is headed by a Maritime Administrator, who is appointed by the President, by and with the advice and consent of the Senate.

The Maritime Administration, under delegation of authority by the Secretary of Commerce, is responsible for administering programs authorized by the Merchant Marine Act, 1936, as amended, and related shipping statutes to aid in the development, promotion, and operation of an American merchant marine adequate to carry the Nation's domestic waterborne commerce and a substantial portion of its foreign commerce during peacetime, and capable of serving as a naval and military auxiliary in time of war or national emergency.

During fiscal year 1962, the reorganization of maritime activities pursuant to Reorganization Plan No. 7 of 1961, effective August 12, 1961, was fully accomplished. Under this plan, the Maritime Administration was retained, but the Federal Maritime Board was abolished and all of its regulatory functions were transferred to the Federal Maritime Commission, which was established as an independent agency. Accordingly, this report does not include the portion on regulatory activities, which was previously contained in the joint *Annual Report of the Federal Maritime Board and Maritime Administration*.

In addition, under Reorganization Plan No. 7, the functions of the former Federal Maritime Board with respect to the subsidization of the American merchant marine were transferred to the Secretary of Commerce. The Secretary, in turn, delegated his authority to carry out these activities to a Maritime Subsidy Board, which was established by him within the Maritime Administration. As stated in the President's message to the Congress, the objective of the reorganization plan was to strengthen and revitalize the administration of maritime activities by concentrating responsibility for the performance of promotional and regulatory functions in two separate agencies.

The Maritime Subsidy Board is composed of three members: the Maritime Administrator, the Deputy Maritime Administrator, and the General Counsel. The Board performs the functions and exercises the authorities vested in the Secretary of Commerce with respect to awarding, amending, and terminating operating and construction-differential subsidy contracts; conducting hearings and mak-

ing determinations antecedent thereto; investigating the relative cost of building ships in the United States and in foreign countries, and of operating ships under United States and competitive foreign flags; and related functions under the Merchant Marine Act, 1936, as amended, and other statutes. All decisions and orders of the Board are final, unless within the limits of specified periods of time, the Secretary, on his own motion, or in certain cases on the basis of a petition by an interested party, enters a written order stating that he elects to review the action of the Board. Of the 439 actions taken by the Board since its establishment on August 12, 1961, through June 30, 1962, there were 273 of such a nature as to require referral to the Secretary for review. All of these actions became final within 20 days of the Board's initial action, except in 11 cases, which were taken under review by the Secretary of Commerce.

During the fiscal year, the Maritime Administration devoted its efforts and resources toward the effective discharge of its responsibilities under the Merchant Marine Act, 1936, as amended, and other shipping statutes, in consonance with the national maritime policy and the Government's fiscal policy. Administration of the operating and construction subsidy programs and other Government aid programs continued to provide an effective instrument for ensuring the development and maintenance of an American merchant marine and shipbuilding industry adequate for the commercial and military needs of the country.

The fiscal year was characterized by a reappraisal of major policies and programs with the objective of developing more realistic programs which could remain sound on a long-term basis and of achieving a more economical and effective administration of the Nation's maritime laws. The schedule for the replacement of war-built ships of subsidized operators was revised to provide a more stable program and thus eliminate periods of "feast" and "famine" which would otherwise ensue during the next 15 years on the basis of the operators' commitments to replace their ships. The new schedule will provide shipyards with a steady program of ship construction work from year to year; be easier for the shipping companies to finance, thereby improving the chances that it will be completed; stabilize Government budgeting of construction subsidy funds at a fairly consistent sum each year; and permit a greater opportunity to apply the fruits of maritime research to the new ships. During the year, 19 ships were delivered and 49 other ships were under construction, under this program. Construction of these ships, in addition to those previously delivered, will represent completion of the replacement of approximately 33 $\frac{1}{3}$ percent of the subsidized operators' postwar fleets, exclusive of the Mariner-type ships built during the period 1953-55.

The program for the preservation of World War II Liberty-type ships at the national defense reserve fleets was modified to provide for only limited preservation of 400 such ships as a commercial shipping reserve, at a substantial savings in preservation costs. In addition, a revised program was instituted for the scrapping of the least desirable

of Liberty-type ships at a level geared to the market, in order to obtain maximum return to the Government from its scrap sales. During the year, 60 of these ships were sold for scrap for a total of \$3,847,945.

Significant progress was made in the Agency's research and development program which is designed to promote greater efficiency and more rapid technical advancement in maritime fields, and enable U.S.-flag ships to compete more favorably with ships of other maritime nations. Planned activities were reprogramed to achieve a more effective program, with particular attention being given to: (a) NS *Savannah* program and nuclear development; (b) advanced ships and supporting research; and (c) automated ship program. At the end of the year, plans were being formulated with other Government agencies to undertake a study of labor-management relationships in the maritime industry, and to develop methods for resolving problems in this area.

Significant actions were taken also to assist the nonsubsidized segment of the American merchant marine, including: (a) exploration of various factors influencing the depressed U.S. tanker market and submission of proposals to interested agencies to achieve greater use of U.S.-flag tankers; and (b) close collaboration with other agencies and industry to ensure compliance with cargo preference statutes and to increase the extent of U.S.-flag participation in the carriage of Government-financed cargoes.

In addition to the foregoing, continued efforts were directed by the Maritime Administration to other programs and activities, including the following: (a) operation of Government-owned ships under charter and general agency agreement; (b) operation of warehouses; (c) custody and maintenance of reserve shipyards and other facilities; (d) design and construction of ships for Government account; (e) furnishing of war risk insurance on privately owned merchant ships when adequate insurance cannot be obtained on reasonable terms and conditions from private insurance companies of the United States; and (f) operation of the U.S. Merchant Marine Academy, Kings Point, N.Y., for the training of officers to serve in the American merchant marine, and administering a grant-in-aid program for State marine and nautical schools.

Government Aid

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. Through these programs, American-flag operators maintained their services on essential foreign trade routes of the United States and were able to proceed with the orderly replacement of obsolete ships with new and modern type ships, thus assuring the continued availability of an adequate American merchant marine and a minimum base of shipbuilding facilities and trained ship operating and construction personnel, to meet the Nation's normal trade and mobilization requirements.

CONSTRUCTION-DIFFERENTIAL SUBSIDY CONTRACTS AWARDED

Fiscal year 1962

During the fiscal year, the Maritime Subsidy Board executed construction-differential subsidy contracts for the construction of 13 ships at a total estimated domestic cost of \$133,276,000 for 4 companies, as follows:

Company.....	Grace Line Inc.	Gulf & South American Steamship Co., Inc.	Lykes Bros. Steamship Co., Inc.	Moore-McCormack Lines, Inc.	Total
Type of ships.....	Combination cargo/pas- senger-container.	Cargo	Cargo	Cargo	
Number of ships	1	2	4	6	13
Being built by.....	Bethlehem Steel Co., Sparrows Point, Md.	Avondale Shipyards, Inc., Avondale, La.	Avondale Shipyards, Inc., Avondale, La.	Ingalls Shipbuilding Corp., Pascagoula, Miss.	
Total estimated cost ¹	\$18,743,000	\$17,151,000	\$33,289,000	\$64,093,000	\$133,276,000
Estimated construction- differential subsidy.....	9,406,000	8,252,000	16,391,000	31,483,628	65,532,628
Estimated cost of national defense features.....	50,000	110,000	176,000	75,372	411,372
Number of ships traded in.....			4		4
Total trade-in allowances.....			\$1,817,000		\$1,817,000

¹ Including estimated cost of national defense features, changes and extras.

Pursuant to Public Law 87-401, which permits the trade-in of a ship at the time of delivery of the new ship, one obsolete ship was traded in for an allowance of \$592,000 against the construction cost of four ships being built for Lykes Bros. Steamship Co., Inc., under a construction-differential subsidy contract, executed in September 1960.

Public Law 86-607 as amended by Public Law 87-222, provided, among other things, for an increase in the maximum construction-differential subsidy allowance from 50 to 55 percent on certain ships reconstructed or reconditioned under contracts entered into after June 30, 1959. The Board during the past fiscal year authorized amendments to three construction-differential subsidy contracts previously awarded (and reported in prior annual reports), covering the reconstruction or reconditioning of three combination passenger/cargo ships owned and operated by American President Lines, Ltd., so as to establish the construction-differential subsidy rate at 55 percent.

On June 30, 1962, there were 7 applications pending from American-flag operators for construction-differential subsidy to aid in the construction of 26 cargo ships. In connection with these applications, there were also pending applications from 3 subsidized operators for trade-in allowances on 13 obsolete ships to be applied against the new construction. One other application was on hand at the end of this year for trade-in allowances on three obsolete ships which were proposed for trade-in against ships already under construction.

In addition, there were applications pending as of June 30, 1962, for construction-differential subsidy to aid in the reconstruction and reconditioning of four passenger ships for two subsidized operators.

Federal ship mortgage and loan insurance

The Maritime Administration during fiscal year 1962 executed contracts providing insurance for ship mortgages totaling \$7,662,750. These were financed by bank loans and through the sale of bonds to the general public, and covered the construction or reconstruction of four ships as follows: (a) American President Lines, Ltd., a mortgage of \$3,400,000 to cover the conversion of the SS *President Roosevelt* (ex-*Leilani*); (b) American Mail Line Ltd., a mortgage of \$4 million to cover the construction of one cargo ship; and (c) Norfolk, Baltimore and Carolina Lines, Inc., mortgages for the conversion of two ARL repair ships to containerships in the amounts of \$130,750 and \$132,000, respectively. Mortgage insurance totaling \$90,671,950, was placed on 10 ships pursuant to commitments entered into in previous years.

As of June 30, 1962, there were 11 applications pending for loan and/or mortgage insurance covering the construction of 34 ships at a total estimated cost to the applicants of \$232 million. Insurance for these has been requested covering estimated construction loans of \$119,700,000 and estimated mortgages of \$185 million. There was also an application pending from Moore-McCormack Lines, Inc., for mort-

gage insurance in the amount of \$9,500,000 on the SS *Brasil* to aid in financing the construction of six cargo ships.

The continued depression in the shipping industry, particularly with respect to tanker operations, necessitated the following deferrals of payments in order to avoid defaults under the Title XI insured mortgages which would have required payment of the insurance in full: (a) Overseas Oil Transport Corp., deferrals of 8 quarterly principal installments, aggregating \$1,236,930; and (b) Penn Tanker Co., deferrals of 24 monthly principal installments, aggregating \$635,446. The balance of principal and interest due on the insured mortgage on the barge *Judson K. Stickle*, owned by A. & S. Transportation Co., was paid and the mortgage insurance was terminated on September 28, 1961.

The SS *Coast Progress*, acquired by the Maritime Administration as a result of default on its mortgage by Coastwise Line and foreclosure proceedings, was offered for sale. A bid of \$751,500 by the Matson Navigation Co. was being considered by the Administration at the close of the fiscal year.

The outstanding balance of principal and interest on insured mortgages and commitment contracts amounted to \$458,847,432 covering 70 ships as of June 30, 1962.

Other forms of construction aid

As of June 30, 1962, balances in 9 construction reserve funds of nonsubsidized operators totaled \$12,113,923, compared with \$17,151,422 in 10 such funds as of June 30, 1961. Six additional funds were established during fiscal year 1962, and seven funds were closed by withdrawal of total balances. Deposits in the construction reserve funds amounted to \$1,635,544, and withdrawals totaled \$6,673,043.

In addition to mandatory deposits to special and capital reserve funds, as required by statute, voluntary deposits on a tax-deferred basis of free earnings of subsidized operators were authorized for five operators in the total amount of \$3,263,378.

Operating-differential subsidy

During the fiscal year a new long-range operating-differential subsidy agreement was executed with Isbrandtsen Steamship Co., Inc., covering services on three trade routes deemed essential to the foreign commerce of the United States: Round-the-World (eastbound), Trade Route 32 (Great Lakes-Western Europe) and Trade Routes 5-7-8-9 (U.S. North Atlantic/United Kingdom and Western Europe). This agreement, which also calls for the replacement of 12 ships, was consolidated with the existing operating-differential subsidy agreement of American Export Lines, Inc., following the merger of these 2 companies.

At the close of the fiscal year there were pending applications from four other American-flag operators for operating-differential subsidy contracts, involving services on essential trade routes of the United

States. There was also on file one application from an existing subsidized operator, American President Lines, Ltd., for authority to initiate new subsidized services on Trade Route 34 (Great Lakes/Mediterranean) and Trade Route 10 (U.S. North Atlantic/Mediterranean).

Under authorization granted by the Maritime Subsidy Board pursuant to Public Law 87-45, 3 operators made an aggregate of 30 "cruise" voyages during the fiscal year which were eligible for subsidy.

There were \$181,918,752 in net subsidy payments (subsidy less recapture) made during the fiscal year 1962.

A summary of the 15 operating-differential subsidy contracts in effect as of June 30, 1962, is shown in appendix A.

Aid involving overage ships

The Maritime Subsidy Board and the former 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. These actions were predicated on the ship replacement provisions of the new operating-differential subsidy contracts entered into by the companies involved. Cumulative authorizations in this connection are shown in appendix B.

Trade routes

The essentiality and U.S.-flag service requirements of 10 U.S.-foreign trade routes were reviewed during the year. As a result, four of these routes previously designated Trade Route Nos. 5, 7, 8, and 9 were consolidated into one essential route between U.S. North Atlantic ports and ports in the United Kingdom and Western Europe. The reviews made with respect to the other six routes resulted in reaffirmation of essentiality of the routes and certain revisions in service requirements. In addition, limited reviews were made of the service requirements of several other essential routes. These reviews were made in accordance with section 211 (a) and (b) of the Merchant Marine Act, 1936, as amended.

Ship Operations and Repair

Oceangoing traffic

The world chartering market continued in a depressed state throughout the year; however, some improvement was noted in the employment status of the world merchant fleets. The percentage of U.S.-flag laid-up dry cargo and tanker tonnage in relation to world tonnage in

similar status was reduced from 12 percent as of June 30, 1961, to 11 percent at the close of fiscal year 1962.

The volume of U.S. waterborne export and import trade during the first 6 months of the fiscal year 1962 totaled 121.3 million tons, a slight reduction of some 105,000 tons from that of the corresponding period of fiscal year 1961. The participation of U.S.-flag ships in our total waterborne foreign trade declined from 11.6 percent in 1961 to 10.3 percent in 1962.

During the year, the Maritime Administration conducted a series of meetings with industry, labor, and Government agencies involved to explore the factors influencing the depressed U.S. tanker market. The following steps were taken: (a) A proposal was submitted to the Assistant Secretary of Defense urging Military Sea Transportation Service to make greater use of U.S.-flag commercial tankers, in lieu of their own nucleus tankers, for military shipments; (b) Urged the Department of Defense to make greater use of U.S.-flag tankers for the shipment of oil procured by the Defense Petroleum Supply Center for military purposes; (c) Favored reduction of crude oil import quotas and presented certain factors concerning the influences of oil import quotas on the U.S. tanker fleet in a memorandum to the Deputy Assistant Secretary of Commerce for Domestic Affairs, who forwarded the views to the President's Petroleum Study Committee; (d) Solicited comments from the Secretary of the Navy with respect to possible relaxation of the foreign transfer policy on T-2 type tankers; and (e) Refused to support an industry proposal to reserve a portion of commercial oil imports to U.S.-flag ships.

The Maritime Administration continued to exercise general surveillance over the administration of cargo preference activities under Public Law 664, 83d Congress and Public Resolution 17, 73d Congress. It has chairmanship of the Interagency Committee on Cargo Preference, which includes Department of Agriculture, General Services Administration, Agency for International Development, Military Sea Transportation Service, and others. In these capacities, the Maritime Administration worked closely with the other agencies to insure compliance with the statutes. In addition, it maintained close liaison with the shipping industry to assure that adequate U.S.-flag ships will be available for foreign aid cargoes and thus keep to a minimum the number of waivers which will be requested for use of foreign-flag ships in these programs.

In the administration of Public Resolution 17, 73d Congress, 23 general waivers involving 18 nations were approved which permitted ships of such countries to participate up to 50 percent in the carriage of cargoes financed by the Export-Import Bank. In addition, surveillance continued on 63 general waivers granted in prior years in order to confirm compliance with the terms of the waivers. More than 50 percent of the total cargo moving during the year, under the general waivers granted, was carried on U.S.-flag ships.

Charters and general agency operations

As of the end of the fiscal year, 28 Government-owned ships were under bareboat charter to private operators, a decrease of 13 as compared with the corresponding total at the close of the preceding fiscal year. Three were war-built cargo ships chartered under the provisions of the Merchant Ship Sales Act of 1946, as amended, for use in the Alaskan service. Twenty-four were ships which had been traded in on new construction under section 510, Merchant Marine Act, 1936, as amended, and were being used by the former owners to maintain their services until the new ships are completed. In addition, the barge, NS *Atomic Servant*, designed for servicing the NS *Savannah*, was delivered to Todd Shipyards Corp. for operation under a bareboat charter contract, pursuant to section 715 of the Merchant Marine Act, 1936, as amended.

At the beginning of the fiscal year there were three refrigerated ships on assignment to one general agent for employment in the Pacific area to meet requirements of the Military Sea Transportation Service. One was redelivered subsequently from general agency and delivered to the Navy for operation.

During the year, the NS *Savannah* was turned over to States Marine Lines for operation under general agency agreement.

Ship custody

At the end of fiscal year 1962 there were 1,862 ships in the National Defense Reserve Fleet. During the year 89 ships were received and 150 were withdrawn, for a net decrease of 61.

These ships were located in the eight reserve fleets as follows:

Hudson River-----	185	Beaumont -----	214
James River-----	353	Suisun Bay-----	340
Wilmington -----	178	Astoria -----	166
Mobile -----	269	Olympia -----	157

Funds appropriated for fiscal year 1962 permitted the scheduling of 78 percent of the preservation work due on the 928 priority ships held for national defense. At the end of the year the entire scheduled workload had been completed. The Berlin crisis in the fall of 1961 resulted in withdrawal by the Navy of a number of ships and the deferment of preservation on others. This permitted the accomplishment of long overdue but unscheduled preservation measures on a number of priority Liberty ships.

In accordance with section 11(a) of the Merchant Ship Sales Act of 1946, as amended, a review was completed of ships selected for retention in the reserve fleets for national defense purposes. The review was made in consultation with the Department of the Navy. As a result, the number of priority ships was increased from 928 to 974.

In the annual report for fiscal year 1961 it was stated that a reevaluation had been made of the 5-year plan for disposal of Liberty ships. It was contemplated that 500 Liberty ships would be retained and

represerved as a reserve for shipping emergencies apart from merchant ship requirements for national defense purposes. During fiscal year 1962 plans for the Liberty ship "reserve" were modified. The number of ships for retention was reduced to 400, with restoration of minimum preservation of these ships to be accomplished in fiscal year 1963 if funds are appropriated for this purpose.

At the close of the year there were 161 ships loaded with grain in 3 of the reserve fleets, for the account of the Commodity Credit Corp., Department of Agriculture. This was a net increase of 27 loaded ships over the preceding year.

Ship repair

During the fiscal year, 25 full ship condition surveys were made to establish outstanding defects and deficiencies on ships at time of changes in status under subsidy agreements. In addition, there were conducted 2,747 shipboard inspections to verify the necessity for and satisfactory completion of repairs, drydocking and under-water work on subsidized ships. A total of 1,598 repair summaries submitted by the subsidized operators were reviewed to determine eligibility of repair costs for subsidy participation and to determine the fair, reasonable prices for the repairs involved. These repair costs totaled \$29.7 million, of which \$0.8 million was determined to be ineligible for subsidy.

Approximately 1,340 other surveys, inspections and repair cost estimates were made to assure compliance with contractual requirements on ships which were: (a) sold for dismantling and scrapping; (b) traded in to the Administration; (c) operated under preferred mortgage or Title XI mortgage insurance contracts; (d) operated for Government account under General Agency agreement; (e) exchanged pursuant to Public Law 86-575; (f) operated as training ships; (g) subject to construction guarantee; or (h) damaged.

Merchant marine awards

During fiscal year 1962 the Maritime Administration, under authority of Public Law 759, 84th Congress, awarded meritorious service medals for acts of heroism to the master and 15 crew members of the SS *Gulf Deer*; the chief officer and 3 crew members of the SS *African Pilot*; and 1 crew member of the USNS LST 664.

Research and Development

A research and development program directed toward achieving greater efficiency and economy in the operation of the American merchant marine was continued during the fiscal year. The program's major objectives are the adoption of new and improved scientific and

technical advances, thereby providing a strong U.S. maritime industry capable of competing in the world market with a minimum of Government support. The program was organized around the following principal areas of research and development: (1) NS *Savannah* program and nuclear development; (2) advanced ship development and supporting research; and (3) automated ship program.

NS "Savannah" program and nuclear development

Construction of the NS *Savannah* was completed August 1, 1961, after which tests of systems and equipment were made without the nuclear fuel. Fuel elements were installed in the reactor in November and the powerplant was made critical on December 22, 1961. Low power nuclear tests were conducted at the New York Shipbuilding Corp., Camden, N.J., until 10 percent of power was reached. Then the ship was moved to the U.S. Coast Guard Training Center, Yorktown, Va., for completion of dockside and sea trials. The *Savannah* was delivered to the Maritime Administration May 1, 1962, and was then assigned to States Marine Lines under a General Agency agreement for operation. The ship was experimentally operated from the Yorktown base pending authorization from the Atomic Energy Commission to permit extended operation along the coasts of this country and abroad, including visits to major ports. Such authorization is expected shortly when review of test and trial work and operating plans by the Atomic Energy Commission has been completed. The ship is scheduled to sail first to Savannah, Ga., and from there make its maiden voyage to Norfolk, Va., and then to Seattle, Wash., for the Century 21 World's Fair. A program for upgrading the *Savannah* nuclear components has been in progress throughout the year, and these improved systems will be installed in the ship after sufficient operating experience has been gained with the present equipment.

In conjunction with the Atomic Energy Commission, investigations are also under way for several promising nuclear maritime propulsion applications involving pressurized water systems and gas-cooled systems.

Advanced ships and supporting research

Construction of the hydrofoil ship, HS *Denison*, was completed by the Grumman Aircraft Co. on June 5, 1962. The ship is now undergoing an extensive 6-months' test program to prove out its experimental features. It has achieved foilborne operation logging 62 knots at less than full power. The speed guarantee for the ship is 60 knots. If the test results are satisfactory the craft will be converted for commercial operation between Miami, Fla., and Nassau, in the Bahama Islands. Grace Line Inc., was selected to operate the *Denison* in this service as general agent for the Maritime Administration and will assist in the conversion plans.

Preliminary studies and model tests of a ground effect or surface effect ship, based on the principle of producing a drive-lift capability

from a cushion of air beneath the bottom, has been under way since December 7, 1961. Consideration is being given to building a 1/7-scale, man-carrying model as the next step to gain actual performance information on the proposed design.

Basic research was carried out under contracts with the University of Michigan, Stevens Institute of Technology, University of California, and Massachusetts Institute of Technology, in the field of ship motions, propulsion, structures, and control. It is planned to continue this work in order to attain improvements in basic ship design, construction, and operation, related reductions in cost, and improved services.

A pilot model of a device to separate fuel oil from ballast water, in order to prevent pollution of coastal waters, has been successfully operated. Data are now being gathered from ships to determine the precise nature of oily ballast, before proceeding to build the prototype separator. It is hoped that this program will enable the U.S. Merchant Marine to comply realistically with the International Convention for the Prevention of Pollution of the Seas by Oil. Research into fouling organisms was continued in cooperation with the Organization for Economic Cooperation and Development (OECD) program of testing the same paint throughout the coastal waters of the world.

Research in the field of waterborne transportation was also continued and progress made in the development of a mathematical simulator for use by the Maritime Administration to predict the effects of the many factors involved in ship construction and operation, and to allow rapid evaluation for new services, trade areas, ship design characteristics, etc.

Automated ship program

A study of the feasibility of merchant ship automation was completed for the Maritime Administration by the Norden Division of United Aircraft. Component construction of several auxiliaries necessary for automation was begun, including an anticollision radar computer which was completed and is being tested aboard the Coast Guard cutter *Unimak*. In addition, a 600-kw gas-driven turboelectric generator and exhaust heat steam boiler was completed and is now being tested aboard the *Pioneer Moor* of United States Lines Co. Work was instituted with 11 contractors to study the engineering and design of ship control systems, powerplants, and cargo-handling systems having simple, economic, and reliable characteristics. It is planned to continue this work and develop usable hardware and equipment for installation in ships already in operation or under construction in order to obtain performance and test data.

During fiscal year 1962, the Maritime Administration entered into contracts with 2 companies for studies of integrated gas turbine main propulsion plants in the 20,000 shaft horsepower range intended to reduce manning requirements and overall cost through the centralization and integration of controls. This program is similar to the one

entered into in fiscal year 1961 for the development of integrated steam turbine powerplants for merchant ships.

It is hoped that the work done in automation during the last 2 years will lead to the design of an experimental automated ship. Construction and operation of such a ship is expected to demonstrate the safety, reliability, and feasibility of operating merchant ships with a substantially reduced crew as compared with ships now afloat.

The National Academy of Sciences, Maritime Cargo Transportation Conference, has undertaken a shipboard manpower and mechanization study for the Maritime Administration, to evaluate significant proposed improvements in maritime shipping systems, in order to determine their economic worth and to estimate their impact on the interests of Government, management, labor, and the general public.

Ship Construction

Ship construction and conversion

The total number of merchant ships (1,000 gross tons and over) under construction, conversion, reconstruction or on order in privately owned shipyards in the United States decreased from 86 as of July 1, 1961, to 63 as of June 30, 1962. At the beginning of the year, the 86 under contract consisted of 72 new ships and 14 conversions and reconstructions. Contracts were awarded for 15 new ships and 2 conversions and reconstructions. During the same period, 26 new ships and 14 conversions and reconstructions were completed. At the end of the fiscal year, there were 61 new ships and 2 conversions and reconstructions under contract, having a total contract value of approximately \$624.1 million. Of these, 51 ships, having a contract value of approximately \$511.8 million, were under the subsidized operators' replacement program.

Out of 59 ships being constructed under Maritime Administration or Maritime Subsidy Board contracts, 21 were completed during the year. These consisted of 19 cargo vessels under Title V, Merchant Marine Act, 1936, as amended; 1 nuclear powered merchant ship, the NS *Savannah*, authorized by Public Law 848, 84th Congress; and 1 hydrofoil seacraft, HS *Denison*, under the Maritime Administration research program. The *Savannah* and *Denison* are discussed in greater detail in the section of this report titled "Research and Development."

During fiscal year 1962, contracts were awarded pursuant to Title V, Merchant Marine Act, 1936, as amended, for 13 cargo ships under the subsidized operators' replacement program. These are enumerated under "Construction-Differential Subsidy."

In connection with these contract awards, consideration was given to the applicability of Public Law 805, 84th Congress (amending sec.

502(f) of the Merchant Marine Act, 1936, as amended) which provides for allocation of contracts under certain conditions without regard to competitive bidding. No need for such allocation was found justified and no contract was awarded under provisions of this allocating authority during the year. A summary of new ship construction as of June 30, 1962, is contained in appendix C.

The conversion of the SS *President Roosevelt*, under Title V, Merchant Marine Act, 1936, as amended, was completed for American President Lines, Ltd., and the ship was returned to service.

Fishing vessel construction

Public Law 86-516, approved June 12, 1960, authorizes the Secretary of the Interior to pay in accordance with that law a subsidy for the construction of fishing vessels in the shipyards of the United States. Under provisions of the same law the Maritime Administration is charged with the determination of foreign cost and supervision of construction. As of June 30, 1962, five applications had been received. Bids were invited and low bids approved for all five applicants, and construction contracts were signed during the fiscal year.

Technical accomplishments

A concerted drive was undertaken during the year to reduce ship construction costs by multiple ship awards, simplification of design, and improved procurement practices. Emphasis was placed on standardization with the result that contracts were awarded for the construction of six ships, four for Lykes Bros. Steamship Co., Inc., and two for Gulf & South American Steamship Co., using the same basic hull form and propulsion plant design. A reduction in the number of engine room components, simplification of piping, and elimination of excess margins of individual components are also exemplified on recent plans and specifications of cargo ships for Moore-McCormack Lines, Inc., and United States Lines Co. In addition, Grace Line Inc., and Lykes Bros. Steamship Co., Inc., have agreed on standard machinery design criteria and duplication of major components in connection with their next groups of ships which will be advertised for bid during fiscal year 1963.

Continued emphasis was placed also on the application of value engineering techniques designed to remove unnecessary cost from the manufacturing, fabrication and/or construction methods employed in the construction of ships and their components. During the year, this program was made mandatory with both the ship owners and shipbuilders by a special article covering value engineering requirements to be incorporated in all future contracts for construction of ships with construction-differential subsidy.

Progress is being made, under a development contract, in the investigation of cargo winches with motor speeds regulated by a static alternating current controller employing thyatron tubes. The winches will be installed on a cargo ship for proper evaluation.

During the year, a study was instituted and proposals were requested from industry covering thermoelectric refrigeration and its application to air-conditioning and ship stores refrigeration.

Maritime Training

U.S. Merchant Marine Academy

The U.S. Merchant Marine Academy, a permanent institution under the provisions of Public Law 415, 84th Congress, had in training during fiscal year 1962 an average of 917 cadets with 209 successfully completing the 4-year course of instruction. All graduates received U.S. Merchant Marine officer licenses, issued by the U.S. Coast Guard, as third mates (95 in number) or third-assistant engineers (114 in number) of ocean ships; they also received bachelor of science degrees and, if qualified, commissions as ensigns in the U.S. Naval Reserve. In addition, 14 prospective reactor engineers for the NS *Savannah* are being given an extensive course of instruction at the Academy, upon completion of which they will be assigned to the ship for on-the-job training in preparation for an AEC reactor operator license.

There were 2,400 candidates for the 1962 incoming class nominated by Members of Congress, 313 of whom will be admitted upon passing the entrance and physical examinations. The nomination of cadets by Members of Congress, pursuant to Public Law 415, 84th Congress, has, since this practice was instituted in 1957, continued to improve the national representation by State in the student body.

Pursuant to Public Law 691, 84th Congress, Dr. Mason W. Gross, Chairman, Advisory Board to the U.S. Merchant Marine Academy convened a meeting of the Board at Kings Point, N.Y., on May 18, 1962. The Board was composed of the following members: Dr. Mason W. Gross, president, Rutgers University; Dr. Carl L. Bailey, dean, Concordia College; Capt. John W. Clark, president, Delta Steamship Lines, Inc.; Dr. Jess H. Davis, president, Stevens Institute of Technology; Adm. James L. Holloway, Jr., USN (ret.), former Superintendent, U.S. Naval Academy; Vice Adm. Telfair Knight, USMS (ret.), former Chief, Office of Maritime Training, Maritime Administration; and Martin A. Mason, dean, school of engineering, George Washington University. Because of other commitments, Dr. Carl L. Bailey and Capt. John W. Clark were unable to attend the meeting. The Board held discussions with the Maritime Administrator, the Superintendent and other staff officials of the Academy, at the conclusion of which it expressed satisfaction that: (1) a special outside committee's recommended changes in the curriculum have been adopted; (2) an approved faculty salary scale has been put into effect; (3) new and up-to-date equipment has been ordered; (4) in general the problem of placing graduates is being handled satisfactorily; (5)

the academic standard of performance of students is good; and (6) the general business of maintenance and repairs is proceeding satisfactorily. In addition, the Board made the following specific recommendations: (1) that funds be provided to cover the cost of a contract for test administration and scoring for applicants to the U.S. Merchant Marine Academy similar to those provided other Federal academies for selecting the most highly qualified students; and (2) that funds be provided for the construction of a library building as soon as possible, presently estimated to cost \$750,000.

The Congressional Board of Visitors for the U.S. Merchant Marine Academy conducted its annual inspection of the Academy on June 14, 1962. Its membership consists of: Senators Warren G. Magnuson, Washington, (*ex officio*); Clair Engle, California; Kenneth B. Keating, New York; and Benjamin A. Smith, Massachusetts; Representatives Herbert C. Bonner, North Carolina (*ex officio*); Hugh L. Carey, New York; Thomas N. Downing, Virginia; Clifford G. McIntire, Maine; William K. Van Pelt, Wisconsin; and Herbert Zelenko, New York. Representatives Robert R. Casey, Texas and Milton W. Glenn, New Jersey were appointed as alternate members. Senator Keating and Representatives Carey, Casey, Van Pelt and Zelenko were unable to attend the meeting. The Board was accompanied by the Chief Counsel, Merchant Marine and Fisheries Committee, U.S. House of Representatives; the Staff Counsel, Commerce Committee, U.S. Senate; and the Maritime Administrator. It is anticipated that the Board's report will be issued early in fiscal year 1963.

During fiscal year 1962, the following actions were taken on previous recommendations of these boards: (1) Public Law 87-93 was enacted on July 20, 1961, and became effective January 1, 1962, to clarify the status of the faculty and staff of the Academy and to provide for the establishment of suitable personnel policies applicable to such personnel; (2) Funds were provided in fiscal year 1962 for an additional Public Health Service Medical Officer at the Academy; (3) The programs of facility repairs and modernization of instructional equipment and laboratory facilities were continued in fiscal year 1962 at a cost of approximately \$250,000.

State maritime academies

The State Maritime Academies at Vallejo, Calif.; Castine, Maine; and Buzzards Bay, Mass.; and the New York State Maritime College at Fort Schuyler, N.Y., had a combined average enrollment of 1,223 cadets for the fiscal year. Pursuant to Public Law 85-672 approximately 1,192 of these cadets received a Government allowance of \$600 each for the purpose of defraying the cost of uniforms, textbooks, and subsistence, and each school received an annual Federal assistance payment of \$75,000 for use in the maintenance and support of the school. There were 265 graduates who received their U.S. Merchant Marine officer licenses as third mate (118 in number) or third-assistant engineer (147 in number) of ocean ships from the U.S. Coast Guard, and those who qualified received commissions as ensigns in the U.S. Naval

Reserve. In addition, the graduates of the New York State Maritime College (94) received bachelor of science degrees.

On February 24, 1962, the Texas Maritime Academy, at Galveston, Tex., was established by the Texas Agricultural and Mechanical College System, by authority of the Maritime Academy Act of 1958 and Acts of the Fifty-sixth Legislature, Regular Session 1959, State of Texas.

Other activities

The Maritime Administration's radar observer training program was continued with three radar observer schools operating in New York, New Orleans, and San Francisco. This training program was initiated pursuant to the recommendations of the Safety of Life at Sea Study of the House Merchant Marine and Fisheries Committee (H.R. 2969, January 3, 1957). Since the inception of the program in November 1957, over 7,468 certificates for successful completion of the course have been issued to seagoing personnel covering radar fundamentals, operation, use, interpretation, and analysis of radar information.

The training of licensed U.S. Merchant Marine officers in atomic, biological and chemical warfare, defense firefighting and damage control was also continued at training centers in New York, New Orleans, and San Francisco. This training is supported jointly by the Maritime Administration and the Military Sea Transportation Service. Certificates of successful completion of the course have been issued to over 6,000 U.S. Merchant Marine officers, unlicensed personnel and associated shoreside marine personnel.

Shipping Studies and Reports

A number of shipping studies of national and international significance were prepared and published, including:

1. "An Analysis of the Ships under 'Effective U.S. Control' and Their Employment in U.S. Foreign Trade During 1960."
2. "An Analysis of the Participation of U.S. and Foreign Flag Ships in the Oceanborne Trade of the United States—1937, 1938, 1951-60."
3. "Subsidies; a Summary of the Principal Subsidies and Aids Granted by the Major Foreign Maritime Nations to Their Shipping and Shipbuilding Industries."

The Maritime Administration continued to participate with other Government agencies in a study to simplify, standardize, and reduce the inordinate number of reports, forms, and documents required of ocean carriers and shippers. This study was given additional stimulus this year by movements toward simplification and standardiza-

tion on an international scale. As its first step toward formulating a work program on facilitation of travel and transport, the Intergovernmental Maritime Consultative Organization of the United Nations has called for a meeting of a group of experts in which the Maritime Administration will participate. Also, the Permanent Technical Committee on Ports of the Organization of American States has drafted a proposed convention on facilitation of international waterborne transportation in the Western Hemisphere. The Maritime Administration is taking an active part in the consideration being given this proposed convention by the U.S. Government.

Ship and cargo data

During fiscal year 1962, about 58,000 ship utilization and performance reports were received covering the operations of U.S. and foreign flag ships engaged in the foreign trade of the United States. From these data comprehensive statistical tabulations were prepared for use in connection with hearings covering applications for subsidy, rate adjustments, and conference agreements.

Important publications issued during the year were: *A Statistical Analysis of the World's Merchant Fleets*, as of December 31, 1960, and *Domestic Oceanborne and Great Lakes Commerce of the United States, 1960*. Among the regular reports which were continued to be issued are those shown in appendixes D, E, and F.

During the year, the records of essential ship characteristics which are maintained by the Maritime Administration for all U.S.-flag privately owned ships for use by the Planning Board for Ocean Shipping, North Atlantic Treaty Organization, were updated in cooperation with the ship owners. These data can be reproduced mechanically and readily be made available for defense purposes.

Port development

At the request of the State of Washington, the Maritime Administration made a field appraisal of the administration, operation and development of the port of Seattle. The Administration also provided port consultative services to the Area Redevelopment Administration of the Department of Commerce in a program to convert the harbor of Cambridge, Md., to a deep water port, with minimum ocean ship berthing facilities, which would permit the opening of a long unused fruit packing plant for the purpose of packing tuna fish received from ocean reefer vessels. In anticipation of this port improvement, the plant has been purchased and reopened with 170 employees. It is estimated that when the deep-water wharf is completed employment at the plant will increase to approximately 300. A similar project has been requested for the port of Rockland, Maine, to determine whether the provision of deep water ship berthing facilities will provide means of generally stimulating the local economy.

In accordance with an agreement between the Maritime Administration and the Board of Engineers for Rivers and Harbors, Depart-

ment of the Army, the Maritime Administration issued its first publication under a revised format, Part I of the Port Series entitled, *United States Seaports—Alaska, Pacific Coast and Hawaii*. Reports for the Atlantic and Gulf Coasts and the Great Lakes will follow. These reports will include information on port administration, services, and charges. The Board of Engineers retains responsibility for the publication of Part II of the Port Series, covering port and harbor conditions and facilities.

Labor data and labor-management relations

During fiscal year 1962, seafaring employment during nonstrike periods averaged 47,650 jobs per month compared with 48,800 for 1961. Shipyard employment in commercial yards with facilities to build ships 1,000 gross tons or over, 475 feet by 68 feet, fluctuated during the year, but increased by 2,600 production workers from July 1, 1961, to June 30, 1962. Nonetheless the average monthly employment decreased from 54,000 to 52,200. The longshore labor force remained relatively stable at approximately 70,000 men, subject to minor dislocations due to the several seafaring labor disputes.

During periods of active maritime labor disputes, detailed information on employment and the status of ships involved were maintained and disseminated to Government and other interested officials, on a daily basis, to reflect the impact on U.S.-flag shipping.

Longshore and shipyard labor experienced a year of limited interruptions to waterfront employment. Termination of the 3-year collective bargaining agreements of the major seafaring unions on June 15 and September 30, 1961, initiated three major work stoppages. Fifty-nine operating days were lost, involving 391 ships. Jurisdictional disputes between several seafaring unions also tied up ships and interrupted sailing schedules.

The injunction process for national emergencies, incorporated in the Labor-Management Act, 1947, was utilized twice during this period. One strike was resumed when the court discharged the 80-day injunction, and another was resolved with assistance of a special representative of the President.

The Secretary of Commerce, in a report to the House Merchant Marine and Fisheries Committee, restated our national policy favoring the collective bargaining process and outlined the major role of Government in providing a minimum legal framework that will encourage the parties to settle their own disputes. He emphasized that issues applicable to the maritime industry are of critical importance to our national economy, international relations and trade and national security.

At the end of the fiscal year, plans were being formulated by the Maritime Administration, in cooperation with the Department of Labor and the Federal Mediation and Conciliation Service, to study the underlying causes of instability in the maritime labor field and to develop methods for preventing or resolving problems in this area.

Flags of convenience and cargo preference

The Maritime Administrator served as a member of a Cabinet Committee on Flags of Convenience and Cargo Preference established by the President on February 1, 1962, to develop a uniform national policy on foreign-flag shipping beneficially owned by U.S. citizens. Other members of the Committee were the Secretaries of State, Treasury, Defense, Agriculture, Commerce, and Labor, the Director of the Bureau of the Budget, and the Attorney General, with the Secretary of Labor serving as Chairman. The Maritime Administration has worked closely with the committee in the conduct of this study and in drafting the report to be submitted to the President.

Property and Supply

Real property

Real properties under jurisdiction of the Maritime Administration include the reserve shipyards at Richmond, Calif., and Wilmington, N.C.; terminals at Hoboken, N.J., and Norfolk, Va.; warehouses at Kearny, N.J., Baltimore, Md., Norfolk, Va., New Orleans, La., and Richmond, Calif.; reserve training station at St. Petersburg, Fla.; the U.S. Merchant Marine Academy, Kings Point, N.Y.; reserve fleet sites at Tomkins Cove, N.Y., Wilmington, N.C., Bay Minette, Ala., Lee Hall, Va., Beaumont, Tex., Benecia, Calif., Astoria, Oreg., and Olympia, Wash.

The Maritime Administration continued its program of reevaluating its real property holdings from the standpoint of immediate future needs and maintenance costs with the following results: (a) The Baltimore warehouse property, valued at \$2,345,873, was declared as excess for disposition by the General Services Administration; (b) Use of Army-leased property at New Orleans, La., was discontinued resulting in consolidation of two warehouses into one operating installation at Algiers, La., on property permitted from the U.S. Navy; (c) A rental/purchase agreement was entered into with the State of North Carolina for the rental and eventual purchase by the State of the remaining portion of the North Carolina Reserve Shipyard at Wilmington; and (d) Leases of real property to private interests were continued, resulting in rental returns for the year of \$345,875. These actions will result in substantial savings in maintenance and operating costs.

Warehousing

A revised policy was put into effect providing for a substantial reduction in warehouse stocks, based on the minimum essential items required for mobilization purposes and current ship operating programs. In this connection, new allowance lists of ship outfitting ma-

materials were developed as well as revised lists of maintenance and repair parts requirements. As a result of these determinations, warehouse stocks of ship outfitting and repair materials in the amount of \$12,671,781 were cleared for disposal. Of this total, approximately one-third has been finally disposed of and the remainder is in process of clearance and disposition.

Material control, inventory, and disposal

A number of contracts were executed with private industry for the lease of Government-owned machine tools and equipment to be used in defense contracts, or in support of merchant marine programs. In addition to the leasing fees, the contracts provide for insurance coverage, or bonding, to assure that these tools and the equipment will be returned in as good condition as received, less ordinary wear and tear, with all transportation costs borne by lessees. Revenue from rentals was \$392,000 for the fiscal year.

Marine equipment on loan to steamship operators and other Government agencies outstanding at the beginning of the fiscal year was valued at \$317,682; new loans were made during the year valued at \$219,850 and there were outstanding at the end of the fiscal year loans to the value of \$175,963. User charges collected from steamship operators for this equipment during the year amounted to \$8,640.

Excess and surplus personal property having a reported original acquisition value of \$5,975,709 was disposed of by the Maritime Administration. Although this property was kept on the books of account at original acquisition value in accordance with regulations, it is estimated that the current fair market sales value of the property was between 10 and 15 percent of its acquisition value. Included was property having an acquisition value of \$3,532,153 which was disposed of domestically by donation and transfer without exchange of funds, and property having a value of \$23,857 which was destroyed or abandoned. In addition, property having an acquisition value of \$2,419,247 was sold or transferred to other Government agencies with exchange of funds for a return of \$377,326.

There were 100 ship and related inventories accomplished, resulting in accounts payable in the amount of \$42,326 and accounts receivable in the amount of \$314,762.

Ship Sales and Transfers

Ship sales and disposal

The program, initiated during fiscal year 1958 to scrap the least desirable of the World War II Liberty-type ships in the National Defense Reserve Fleet, was continued throughout fiscal year 1962. Under the authority of the Merchant Marine Act, 1936, as amended, 60 of

these ships having a collective sales price of \$3,847,945 were sold for scrap. The sale of these ships, plus the sale of 416 during fiscal years 1958, 1959, 1960, and 1961, has resulted in a total monetary return to the Government of nearly \$33 million. In addition, the Tanker *Amoco Rhode Island*, acquired by the Government as an exchange ship pursuant to Public Law 86-575, was sold for scrap for \$91,690.

Five other ships, four seaplane tenders and 1 amphibious force flagship, declared surplus by the Department of the Navy, were sold under authority of the Merchant Marine Act, 1920, as amended, for a total monetary return to the Government of \$857,525. These ships, which were built on commercial hulls of Maritime design and capable of reconversion to civilian use, were sold under terms allowing the respective buyers the option of converting them for commercial use.

In addition to returns from the sales of ships, moneys totaling \$4,515 were collected for liquidated damages, \$50,000 for forfeitures, and \$96,500 for metallic ballast.

The Maritime Administration exchanged four Government-owned ships for four other privately owned war-built cargo ships, pursuant to Public Law 86-575. Two of the ships traded out were troopships which are to be converted for commercial use, and two were standard cargo ships.

Transfer to foreign ownership and registry

Approvals of applications for the transfer to foreign ownership and/or registry of 964 ships owned by U.S. citizens were granted, pursuant to sections 9 and 37 of the Shipping Act, 1916, as amended. Of the total approved, 81 were of 1,000 gross tons and over, including 16 tankers, 40 dry-cargo ships, and 25 miscellaneous types (schooners, dredges, barges, etc.). The remaining 883 were of less than 1,000 gross tons, such as tugs, barges, fishing craft, and pleasure craft. In addition, 125 charters of U.S. privately owned ships to aliens were approved by the Maritime Administration, the majority of which were under 1,000 gross tons.

In December 1961, the Maritime Administration adopted a modification in policy which eliminated the requirement for prior approval of certain transactions involving ships of less than 40 feet in length and of less than 50 horsepower sold to citizens of the Soviet Bloc, Communist China, Viet Nam and Cuba, who are residents of the United States. This relaxation was adopted (1) because these aliens residing in the United States are lawfully admitted aliens who have, for the most part, filed for U.S. citizenship, and (2) because ships of that size purchased by such aliens would be used on the inland and coastal waters of the United States, and not exported.

With respect to transfers previously approved with conditions providing for continuing contractual control by the Maritime Administration, there were authorized during the year: (a) the transfer of ownership and flag of 22 ships (14 from foreign ownership and flag to foreign ownership and flag, and 8 from foreign ownership and flag to U.S. ownership and flag); (b) the sale of 51 ships from one

alien to another without transfer of flag; (c) the sale of 18 ships by aliens for scrapping in foreign countries; and (d) the transfer of stock ownership in 47 ships between aliens.

Administrative Management

Defense planning

The Maritime Administration continued its participation in the Industrial Readiness program. This is an interagency program designed to assure the immediate availability or ready manufacture of equipment and repair components essential for survival and retaliation in periods of emergency. The participants include the armed services agencies, Atomic Energy Commission, the merchant shipping operators, and some 15,000 privately owned factories and mills. The program within the Maritime Administration enlists the active participation of 1,200 privately owned factories and 145 shipping lines.

Continued progress was made under the Port Emergency program, delegated to the Department of Commerce, Maritime Administration, by Executive Order 10999. This program covers some 110 ocean ports and port complexes in the United States, Puerto Rico, and the Virgin Islands. Under this program, the Maritime Administration provided guidance and assistance to local port authorities in the development of plans for continued operation of their ports under emergency conditions. About 40 ports have already submitted such plans. It is estimated that a staff of about 200 National Defense Executive Reservists recruited from the port industry will be required to staff the emergency port control organization and execute the policies and functions set up in the Maritime Administration's *Manual for the Emergency Utilization and Control of United States Ports*. Approximately 100 technically qualified reservists had been recruited at the end of fiscal year 1962.

Internal management

A number of significant actions were taken during the year to improve the management, efficiency, and effectiveness of the Agency's operations. These include major reorganizations and realignments of functions for legal, research and development, and government aid activities, and decentralization of functions and authorities to the Coast Districts. A number of management surveys were also conducted, including a study on the basis of which the tabulating equipment was converted from a conventional system to a more modern electronic punch card system, with greater speed, capacity and flexibility, at no additional cost to the Agency. This new system was used successfully to eliminate certain operations previously performed largely by hand.

Personnel

The composition of the former Federal Maritime Board was affected by one appointment and one resignation of Board Members, as well as Reorganization Plan No. 7 of 1961. Rear Adm. John Harllee, of the District of Columbia, was appointed August 4, 1961, as a member of the Board for a term of 4 years expiring June 30, 1965, replacing Mr. Sigfrid B. Unander whose term expired June 30, 1961. Vice Adm. Ralph E. Wilson, USN (retired), resigned as a member of the Board effective August 4, 1961.

The appointments of Rear Adm. John Harllee as a member of the Federal Maritime Board and Mr. Thomas E. Stakem, Jr., as Chairman of the Federal Maritime Board and, *ex officio*, Maritime Administrator, were terminated August 11, 1961, by section 304 of Reorganization Plan No. 7 of 1961. Also, under provisions of this plan, 106 employees of the former Federal Maritime Board and the Maritime Administration were transferred on August 12, 1961, to the new Federal Maritime Commission.

Pursuant to section 302 of Reorganization Plan No. 7, pending initial appointment of a Maritime Administrator, Mr. Thomas E. Stakem, Jr., of Virginia, was appointed, effective August 12, 1961, as Acting Maritime Administrator for a period not exceeding 90 days. His appointment was terminated October 8, 1961. He was appointed Chairman of the Federal Maritime Commission by the President on October 7, 1961, effective October 9, 1961.

Mr. Donald W. Alexander, of Florida, was appointed by the President, effective October 9, 1961, as Maritime Administrator. Mr. Alexander's recess appointment was confirmed by the Senate on March 16, 1962, and approved by the President on April 7, 1962.

Pursuant to Public Law 87-93, approved July 20, 1961, all former administrative enrollees of the U.S. Maritime Service, who comprised the faculty and administrative staff of the U.S. Merchant Marine Academy, were changed to positions subject to the civil service laws generally applicable to other civilian employees of the United States, effective January 1, 1962. Employment provisions and compensation for faculty members of the Academy, however, were established similar to provisions and compensation provided for civilian faculty members of the U.S. Naval Academy, on the premise of being more appropriate to an accredited educational institution.

During the year, total employment decreased by 197 positions, from 2,766 on June 30, 1961, to 2,569 on June 30, 1962. The primary reasons for the decrease in total employment during the fiscal year were the transfer of personnel to the new Federal Maritime Commission under provisions of Reorganization Plan No. 7 of 1961; the completion of special reimbursable programs for the Navy; and reductions in force at the Wilmington Reserve Shipyard and the Baltimore Warehouse.

Finance

Financial relationships with contractors

Because of the depressed conditions in the shipping industry, more frequent and detailed analyses of financial statements were required to protect the Government's interests as mortgagee and insurer of construction and mortgage loans, in the processing of applications for the exchange of war-built ships authorized by Public Law 86-575, and in maintaining and reviewing restricted funds required of mortgagors insured under Title XI of the Merchant Marine Act, 1936, as amended.

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 Maritime Administration are contained in the exhibits and schedules following the text of this report.

Of the 51 general agents under National Shipping Authority operations originating in 1951, only one, Pacific Far East Line, Inc., was active as of June 30, 1962, and the accounts of 38 had been closed. In addition, as of June 30, 1962, the Maritime Administration had one active general agent for the operation of the nuclear ship *Savannah*.

Audits

Under operating-differential subsidy contracts, audits of annual subsidy accountings were completed during the fiscal year for 12 subsidized operators covering calendar years 1952 through 1958, resulting in payments to the operators of the final 10 percent of accrued operating-differential subsidy. Expenses eligible for subsidy, except for wages and protection and indemnity insurance, were audited generally through the calendar year 1960. Wage expenses for 10 subsidized operators were audited through the calendar year 1961, and protection and indemnity insurance expenses generally through the calendar year 1958. These audits permitted payments of up to 90 percent of accrued operating-differential subsidy for such expenses. Audits under bareboat charter agreements have, for the most part, developed data in connection with the various litigated matters arising under prior charter contracts. Audit functions with respect to ship construction and related contracts are being performed on a current basis. Audits completed during the fiscal year disclosed approximately \$819,000 in additional recapture due the Government.

Capital and special reserve funds balances as of June 30, 1962, totaled \$77,546,275 and \$128,295,247, respectively, and are set forth by operators in appendix G. As of the beginning of fiscal year such balances amounted to \$136,884,134 and \$124,620,292, respectively.

Insurance

The war risk insurance program authorized by Title XII of the Merchant Marine Act, 1936, as amended, was continued during the fiscal year. The program was further amended effective June 8, 1962, to incorporate changes authorized by the Maritime Administrator, including extension of outstanding binders to June 8, 1963. Under the program, binders in effect as of June 30, 1962, were as follows: 1,259 for hull insurance; 1,121 for protection and indemnity insurance; and 967 for insurance of crew life and personal effects. Since the inception of this program net binder fees and binder extension fees of \$670,262 have been received, and a total of \$305,067 has been expended, of which \$238,970 was paid to the underwriting agent.

Collections were continued of monthly premiums on war risk builder's risk insurance underwritten as provided by regulations. From the inception of the program to June 30, 1962, 117 war risk builder's risk policies had been issued and premiums totaling \$2,495,385 had been received. War risk insurance on cargoes in the event of war is also provided should commercial insurance not be available on reasonable terms and conditions. Of the 43 contracts executed with cargo underwriting agents, 37 remain in effect.

At the request of the Secretary of the Army (Office of the Chief of Transportation), legal liability insurance was provided, without premium, to a maritime contractor with a limit of \$10 million for the aggregate of all claims arising from the same event. This insurance has been in effect continuously since July 1, 1951, when commercial insurance in the required amount could not be obtained and has been extended to September 28, 1962. The arrangement provides for indemnification by the Department of the Army for all losses paid by the Maritime Administrator. To date no claims have been reported.

Under the Maritime Administration self-insurance program, marine hull, war risk and Second Seamen's insurance continued to be assumed on its Government-owned ships, except in the case of the experimental hydrofoil HS *Denison* where commercial marine hull and protection and indemnity insurances were acquired to establish a market for insurance and premium costs for this type of craft. Second Seamen's insurance written at the request of the Department of the Navy, without premium and on a reimbursable basis, remained in effect on 20 Navy contract-operated tankers. As of June 30, 1962, after 8½ years under this arrangement, claim payments totaling \$100,287 were made, and a sum of approximately \$25,300 was set aside as a reserve for pending claims. Under this plan a net premium saving to the Department of the Navy was estimated at \$36,000.

Marine protection and indemnity insurance for vessels operated by general agents of the National Shipping Authority for the Military Sea Transportation Service was renewed, effective April 1, 1962; on the basis of competitive bids the contract was awarded to the Continental Insurance Co. A policy was arranged with the American insurance Co. covering marine protection and indemnity insurance for

the NS *Savannah*. This represents the first placing of such insurance on a nuclear-powered merchant ship.

During fiscal year 1962, under the recapture provisions of wartime protection and indemnity insurance agreements, \$60,000 was recovered from underwriters bringing the total recoveries to date to \$48,160,000. As of June 30, 1962, the commercial underwriters were retaining \$142,378 as a reserve for the settlement of outstanding claims.

Mortgagee insurance was renewed, effective April 1, 1962, on ships with mortgages insured under Title XI of the Merchant Marine Act, 1936, as amended, except those owned by subsidized operators. In 1961, the first year that this form of insurance was in effect, 20 percent was placed on the American market; in 1962, this percentage increased to 50 percent.

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

Kind of insurance	Total amount	Percentage American	Percentage foreign
Marine Hull.....	\$1,469,273,350	46	54
Marine Protection and Indemnity.....	1,473,188,811	35	65
War Risk Hull.....	1,745,095,050	5	95
War Risk Protection and Indemnity.....	1,663,585,350	5	95

Notes and accounts receivable

Of the balance of notes and accounts receivable on June 30, 1962, totaling approximately \$12.4 million, an amount approximating \$1.1 million represents items on which active collection efforts are being 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, matters pending in a claim or litigation status, and accounts on the books of the National Shipping Authority general agents. Of the billings made during the fiscal year totaling \$21,151,254, only \$270,734, or about 1 percent, was outstanding and due from miscellaneous debtors, exclusive of other Government agencies, at the end of the year.

Legal Activities

Litigation

Suits under the Merchant Ship Sales Act of 1946, as amended, comprised the major activity in this area. Still pending are 11 libels involving reactivation expenses under 1956-57 charters, pursuant to the 1946 Act, totaling \$1,707,796 in claims, and 36 libels against the Government concerning Ship Sales Act charters and additional charter hire or contingent basic charter hire claims and involving an estimated potential total of \$40 million. One of these is a new libel for

\$2,018,962. Two of this group of libels were dismissed pursuant to court decision, and two were dismissed with prejudice on motion of libelants. One of the latter had been to the U.S. Supreme Court twice and was pending on remand in the district court. One case was closed by adverse decision of the Court of Claims, and another charter suit in the Court of Claims under 28 U.S.C. section 1494 was ordered transferred to the district court for want of jurisdiction (*Luckenbach Steamship Company, Inc. v. United States*, SDNY). The district court opinion in one case in the Government's favor is pending on appeal on the issues of sliding scale and Foreign Trade Addendum cutoff (*Eastern Gas and Fuel Associates v. United States*, Dist. Mass.).

In addition to the libels previously filed, the Government filed nine new libels covering receivables for additional charter hire in favor of the Government. A district court decision in the Government's favor in one of these (*United States v. Moore-McCormack Lines, Inc.*, Dist. Md.) on profit carry-forward from one year to another is pending on appeal. Libel by Government for additional charter hire under a War Shipping Administration charter was decided against the Government.

There has been little definitive change in the status of the ship sales litigation in the Court of Claims under the 1946 Act. Three out of five suits pending under section 9 of the 1946 Act are awaiting award by the Court against the Government, after a Commissioner's report recommending \$940,272. Of the remaining two cases the court decided one adverse to the Government and decided that proceedings in the other case would be held in abeyance until the Maritime Administration was given a reasonable opportunity to recompute the trade-in allowance involved in the Government's counterclaim. No change of status has occurred in a suit for \$384,881 for class work on a ship purchased by a citizen; a suit for \$293,950 for invalidity of the conditions imposed on a foreign transfer, and three suits by citizen buyers for desirable features refunds involving \$4,100. Claims totaling \$189,000 against foreign buyers for desirable features were paid in full. Only one other case against a foreign buyer involving one ship is still pending.

Other areas of litigation included the following: Claims against the bankrupt Gibbs Corp. were paid in full with the Gibbs purchasers assuming four Gibbs contracts; suits against West Side Iron Works for excessive profits under the Renegotiation Act and for unpaid taxes, were settled for \$225,000; suit against John A. Cosmas, et al. for breach of contract, was settled for \$33,435; and a claim of \$28,209 against Prudential Steamship Corp. for charter redelivery inventory shortages, was paid in full. The following reflects claims settled under the Suits in Admiralty Act during the year: one NSA collision libel claiming \$20,000 damages against the Government was dismissed; out of six claims for \$359,000 and involving grain storage ships, two were compromised for a total of \$10,000 and four were dismissed; in 15 seamen's P & I death or injury actions claiming \$1,001,200

commercially insured by the Government, there was 1 judgment and 8 were settled for a total of \$106,351 with 6 dismissed; in 5 longshoremen's death or injury claims for \$310,000, there was 1 judgment and 4 were settled for a total of \$8,407; and 1 claim for \$16,031 was settled in favor of the Government for \$6,485.

Legislation

The Maritime Administration testified or submitted statements or reports to congressional committees, and reports and recommendations to the Secretary of Commerce and the Director, Bureau of the Budget, on some 160 maritime bills and proposals, some of the more significant being: to continue the 55-percent limit on construction-differential subsidy for construction, reconstruction, and reconditioning of ships for 1 additional year; to allow certain foreign built ships coastwise trade privileges; to unify apportionment of liability in cases of collision between ships, and related casualties; to limit the liability of ship owners; to authorize investment of the War Risk Insurance fund; to extend for 1 more year the 12-year minimum age for trade-in of ships; to modify the Jones Act; and to pay subsidy under certain circumstances for operation in domestic waterborne trade. Some of the more significant bills enacted during this fiscal year on which the Maritime Administration worked were: Public Law 87-93—to clarify the status of faculty and administrative staff at the U.S. Merchant Marine Academy; Public Law 87-271—to authorize payments from capital reserve funds for research and development and for purchase of containers; Public Law 87-243—to increase the amount of operating-differential subsidy which may be paid on account prior to final accounting; Public Law 87-222—to make applicable to reconstruction the increase in the maximum construction-differential subsidy rate from 50 to 55 percent; Public Law 87-208—to authorize the Secretary of Commerce to accept gifts of personal property for the U.S. Merchant Marine Academy; Public Law 87-199—to permit appointment of United States nationals to the U.S. Merchant Marine Academy; Public Law 87-303—to permit preferred mortgages on ships of less than 200 tons but more than 25 tons; and Public Law 87-401—to permit the trade-in of obsolete ships either at the time of the execution of the construction contract for the new ship or at the time of delivery of the new ship.

Contract administration

A voluminous number of contracts, addenda, bonds, and other documents were drafted and executed, the details of which are described in other sections of this report. These matters involved considerations of executive and administrative policy and the application and interpretation of statutes and judicial decisions.

A special form of General Agency Agreement was prepared to cover the experimental operation of the Hydrofoil Ship *Denison*, and also a form of "mortgagee" insurance policy for certain Title XI ships.

International Maritime Affairs

The 14th meeting of the Planning Board for Ocean Shipping of the North Atlantic Treaty Organization was held in Washington during May 1962. The Maritime Administrator in his capacity as Washington Chairman of the Planning Board chaired the meeting, and a member of the Maritime Administration staff was designated as the U.S. delegate. The meeting was attended by government shipping representatives of all the North Atlantic Treaty Organization countries, a representative of the International Secretariat, and observers from the various North Atlantic Treaty Organization Naval Commands. The Maritime Administration was represented also at a meeting of the Special Working Group of the Planning Board for Ocean Shipping which met in London in November 1961.

During the period of February 20-23, 1962, the Maritime Administrator served as U.S. representative to the meeting in London of the Council of the Intergovernmental Maritime Consultative Organization of the United Nations. The United States was successful in securing the Council's approval for: (1) establishing a committee of experts on the simplification of shipping paperwork, and (2) convening a Load-line Conference by 1964 if possible.

The Maritime Administration, representing the United States on the Permanent Technical Committee of the Inter-American Port Conference, participated in the Third Meeting of the Committee held in Washington August 23-29, 1961, and prepared a number of technical reports for submission to the conference. In addition, it participated in: (a) the 11th session of the Diplomatic Conference on Maritime Law, in Brussels, Belgium, in May 1962, which adopted and opened for signature an international convention on the liability of operators of nuclear ships; and (b) in the development of the portion of the draft international convention, sponsored by the International Atomic Energy Agency, which relates to the transport of nuclear materials. The Maritime Administration also coordinated and directed bilateral negotiations with various foreign governments with respect to the acceptance into foreign ports of the nuclear ship *Savannah*, and assisted in preparing draft agreements.

The Maritime Administration, in conjunction with the Federal Maritime Commission and the Department of State, continued to combat discriminatory actions by foreign governments which deny equality of opportunity for the carriage of cargoes by American merchant shipping. Also, it continued to work closely with the Department of State in providing supervision and instruction programs for foreign nationals training in this country as United Nations Fellows or trainees of the Agency for International Development. As requested by that Agency, the Maritime Administration has provided the necessary technical staff for the reorganization of the Merchant Marine Training Academy of Indonesia.

Active participation has continued on the Committee for Biological Fouling and Corrosion of Ships' Hulls under the Committee for Scientific Research and the Organization for Economic Cooperation and Development. A Maritime Administration representative attended the eighth plenary session in Paris, France, June 12-14, 1962. Research will be continued through 1962 on hydrology and ecology at four test stations in the United States. Upon completion, the results of these tests will be published by the O.E.C.D. Data on European tests stations were published and distributed in 1961. In other areas of international significance, the Maritime Administration: (a) was represented at a meeting of the Working Group on War Risk Insurance which met in London in October 1961; and (b) participated in the 22d Congress of the Permanent International Association of Navigation Congresses which met in Baltimore in September 1961, and in the Conference for the Prevention of Pollution of the Seas by Oil which took place in London, March 26, 1962.

Proceedings Before Hearing Examiners

At the beginning of fiscal year 1962 there were no proceedings pending before the Maritime Administration or the Maritime Subsidy Board for which hearings had been commenced but decisions not rendered. During the year, hearings were held on 13 noncontested applications by subsidized operators for permission under section 805(a) of the Merchant Marine Act, 1936, as amended, to engage in one-voyage domestic, intercoastal, or coastwise operations. Initial or recommended decisions were rendered in these cases and in due course they were finalized by action of the Maritime Administrator.

In addition, initial decisions were rendered by hearing examiners in the following two highly controverted section 805(a) applications:

Docket S-128—an application by States Steamship Co. to make an additional sailing for the carriage of cargo between the State of California and the State of Hawaii in calendar 1961. The examiner denied the application finding that it would not result in unfair competition to any persons exclusively engaged in the domestic trade but that approval would be prejudicial to the objects and policy of the 1936 Act. The Maritime Subsidy Board approved the application by order dated October 26, 1961.

Docket S-134—American Export Lines, Inc., application for permission to operate ships of its related company Isbrandtsen Steamship Co., carrying sugar in containers from Puerto Rico to Baltimore, Philadelphia, and New York. In this case the examiner found that the application would not constitute unfair competition with the incumbent Sea-Land Service, Inc., a nonsubsidized domestic carrier, and that approval of the application would not be prejudicial to the

objects and policy of the Merchant Marine Act. The initial decision was subsequently affirmed by order of the Maritime Administrator dated April 26, 1962.

Hearings were conducted in four cases involving applications for amendments to operating-differential subsidy contracts pursuant to section 605(c) of the act and initial decisions issued in two cases, as follows:

(1) *Docket S-120*—U.S. Atlantic and Gulf ports to ports in the Republic of Panama and the Canal Zone. Applicants were Grace Line Inc., and Gulf & South American Steamship Co., Inc. The examiner recommended approval of the application over the objection of intervenor United Fruit Co., on the grounds: (a) that the existing Republic of Panama service was inadequate; (b) that more complete operating flexibility for Grace Line vessels to and from the Panama Canal Zone would be consistent with the purposes and policy of the act; and (c) that approval of the application would have no substantial adverse effect on intervenor United Fruit.

(2) *Docket S-106*—Modification of Trade Routes 5 and 8 to authorize the operation by Moore-McCormack Lines, Inc., of ships then engaged in service to Scandinavia and the Baltic to call at ports in Belgium/Netherlands and/or the United Kingdom. The examiner recommended approval of the application insofar as it related to the service to Belgium and the Netherlands but denied the application as related to the proposed United Kingdom service.

At the close of the year, hearings had been held and initial decisions were pending in two cases:

(1) *Docket S-124*, involving the application by American Express Lines of America for the payment of operating-differential subsidy for the operation of combination passenger and cargo vessels between the ports of Newport News, Baltimore and Philadelphia on the one hand, and ports in the United Kingdom, Belgium and Netherlands on the other.

(2) *Docket S-132*—The Atlantic/Straits Case, involving an application by American President Lines, Ltd., for amendment of its operating-differential subsidy contract so as to authorize applicant's ships now operating in the Indonesia-Malaya area on Trade Route 17 to add calls at ports in Okinawa, Japan, Korea and Taiwan to and from California and/or ports in the U.S. North Atlantic.

Prehearing conferences were held and prehearing rulings issued in two other pending cases in which hearings were ordered under the discretionary authority of the Maritime Administrator. These are as follows:

(1) *Docket CA-1*—Shipbuilding contract appeal by NASSCO Marine Co. from the decision of the Maritime Administration contracting officer assessing liquidated damages in the amount of \$268,000 for delay in the construction of the SS *Surveyor*, a hydrographic vessel, for use by the U.S. Coast and Geodetic Survey. The appellant has counterclaimed for \$2,802,592 in damages representing its loss on the contract allegedly due to delays caused by the Government.

(2) *Docket S-137*—The Intercoastal Shipping Investigation, involving an application by American-Hawaiian Steamship Co. for Title XI mortgage insurance in the principal amount of \$60 million to cover the construction of three lift-on/lift-off 24-knot container-ships for operation in the intercoastal service. The railroads and the incumbent intercoastal containership carriers Sea-Land Service, Inc., and Seatrain, Inc., contest the application.

In addition to cases decided on the merits, there was one important interlocutory matter, as follows: *Docket S-133*—The examiner heard oral argument on a petition of States Marine Lines, a nonsubsidized operator, for leave to intervene in *Docket S-133*, an application by American President Lines, Ltd., for permission to call at Okinawa with the SS *President Hoover* carrying passengers and MSTTS military cargo only pursuant to section 605(c) of the Act. The petition was denied on the ground that States Marine had no competitive interest within the meaning of section 605(c) since it did not contest the passenger issue and issues relating to military cargo are not a proper subject for litigation in section 605(c) proceedings. The Maritime Subsidy Board affirmed the decision on February 19, 1962.

At the end of fiscal year 1962 there were eight other applications affecting subsidized carrier operations pending hearing or further hearing before hearing examiners.

FINANCIAL STATEMENTS

Department of Commerce—Maritime Administration

Exhibit 1

<i>Balance Sheet—June 30, 1962 and 1961</i>					
ASSETS	<i>June 30</i>		LIABILITIES		
	<u>1962</u>	<u>1961</u>		<u>1962</u>	<u>1961</u>
CASH:			ACCOUNTS PAYABLE AND OTHER LIABILITIES:		
Fund Balances with U.S. Treasury:			U.S. Government agencies:		
Operating funds-----	\$286,602,479	\$320,402,711	Advances-----	\$34,427,837	\$68,182,970
Trust and deposit funds--	9,478,165	10,351,556	Amounts withheld and contributed for payment of Federal taxes-----	694,420	688,499
Allocations from other agencies-----	12,808,698	10,174,831	Accounts payable and accrued liabilities-----	65,869	363,843
	308,889,342	340,929,098		35,188,126	69,235,312
Cash in banks-----	816,413	808,523	Other:		
Cash on hand and in transit----	747,051	166,362	Accrued estimated operating-differential subsidies--	156,691,884	170,952,812
	310,452,806	341,903,983	Less: Estimated recapturable subsidies--	-11,043,958	-10,680,259
ADVANCES:				145,647,926	160,272,553
U.S. Government agencies-----	85,828	354,257	Amounts due shipbuilders for construction of vessels-----	25,962,958	27,551,972
Others-----	65,657	51,768	Unclaimed wages of seamen and others-----	7,414,629	7,415,045
	151,485	406,025	Vessel trade-in allowances payable-----	545,824	7,915,476
NOTES AND ACCOUNTS RECEIVABLE:			Other accounts payable and accrued accounts-----	2,731,365	3,028,358
U.S. Government agencies-----	1,040,607	824,762	Accrued annual leave-----	2,590,263	2,881,592
Domestic firms and individuals--	13,033,922	19,627,679	Amounts withheld from employees for purchase of savings bonds and payment of State and local taxes-----	78,559	46,092
Foreign governments and nationals-----	271,054	338,369	Deposits by contractors, amounts related to unconsummated transactions and unallocated collections-----	178,240	1,279,177
	14,345,583	20,790,810	Miscellaneous deferred credits-----	52,104	454,321
Less: Allowance for doubtful notes and accounts-----	-2,083,800	-2,410,587		185,201,868	210,844,586
	12,261,783	18,380,223		220,389,994	280,079,898
ACCRUED INTEREST (note 2):					
On ship mortgage loans receivable:					
Domestic firms and individuals-----	913,400	1,116,694			
Foreign governments and nationals-----	91,038	134,852			
Notes receivable and other loans-----	80,740	48,872			
	1,085,178	1,300,418			

MATERIALS AND SUPPLIES (note 3)--	8, 509, 852	7, 612, 096	NET UNTERMINATED VOYAGE REVENUE (unterminated voyage revenue less unterminated voyage expense total- ing \$294,150, 1962; \$51,984, 1961)-----	146, 479	32, 119
LOANS RECEIVABLE (note 2) :			FUNDS BORROWED FROM U.S. TREAS- URY BY THE FEDERAL SHIP MORT- GAGE INSURANCE REVOLVING FUND_		1, 400, 000
Ship mortgage loans :					
Domestic firms and indi- viduals -----	119, 549, 626	135, 346, 352			
Foreign governments and nationals -----	9, 491, 819	15, 491, 139			
Other loans -----	483, 262	779, 083			
	<u>129, 524, 707</u>	<u>151, 616, 574</u>	EQUITY OF THE U.S. GOVERNMENT (exhibit 3)-----	<u>3, 879, 291, 415</u>	<u>3, 962, 891, 786</u>
VESSLS OWNED (at cost or assigned amount) (note 4)-----	4, 066, 147, 359	4, 267, 568, 453			
Less: Allowance for losses from scrapping of obsolete vessels--	- 650, 362, 709	- 831, 034, 272			
	<u>3, 415, 784, 650</u>	<u>3, 436, 534, 181</u>			
VESSLS UNDER CONSTRUCTION (note 5) -----	54, 266, 021	91, 603, 769			
LAND AND SITE DEVELOPMENT, STRUC- TURES AND EQUIPMENT (at cost, es- timated cost or assigned amounts) (note 4) :					
Reserve shipyards-----	42, 654, 148	63, 705, 985			
Marine terminals-----	43, 246, 028	43, 459, 649			
Maritime service training facili- ties -----	22, 158, 804	24, 005, 018			
Reserve fleet sites-----	22, 243, 770	22, 082, 605			
Warehouses -----	3, 706, 585	3, 764, 014			
Administrative offices-----	1, 972, 474	2, 000, 732			
Loaned, leased or permitted to others -----	2, 520, 615	1, 531, 854			
	<u>138, 502, 424</u>	<u>160, 549, 857</u>			
Construction in progress-----	5, 596, 829	5, 644, 561			
	<u>144, 099, 253</u>	<u>166, 194, 418</u>			
OTHER ASSETS :					
Mobilization inventories of ma- terials and supplies (note 3)_	23, 110, 465	28, 047, 186			
Deferred charges and other mis- cellaneous items-----	581, 688	804, 930			
	<u>23, 692, 153</u>	<u>28, 852, 116</u>			
	<u>\$4, 099, 827, 888</u>	<u>\$4, 244, 403, 803</u>		<u>\$4, 099, 827, 888</u>	<u>\$4, 244, 403, 803</u>

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

Department of Commerce—Maritime Administration

Exhibit 2

Statement of Operations for the Years Ended June 30, 1962 and 1961

	YEAR ENDED JUNE 30	
	1962	1961
OPERATIONS OF MARITIME ADMINISTRATION :		
Operating activities :		
Revenue and reimbursements :		
Maintenance of reserve fleet vessels-----	\$1, 917, 886	\$2, 214, 783
Maritime training program-----	80, 824	47, 775
Operation of warehouses-----	104, 135	109, 548
Maintenance of reserve shipyards-----	847, 770	775, 923
	<hr/>	<hr/>
	2, 950, 615	3, 148, 029
Costs and expenses :		
Maintenance of reserve fleet vessels-----	7, 097, 451	7, 553, 452
Maritime training program-----	3, 137, 347	3, 085, 060
Operation of warehouses-----	821, 881	799, 308
Maintenance of reserve shipyards-----	497, 974	559, 868
	<hr/>	<hr/>
	11, 554, 653	11, 997, 688
Net costs and expenses :		
Maintenance of reserve fleet vessels-----	5, 179, 565	5, 338, 669
Maritime training program-----	3, 056, 523	3, 037, 285
Operation of warehouses-----	717, 746	689, 760
Maintenance of reserve shipyards-----	-349, 796	-216, 055
	<hr/>	<hr/>
	8, 604, 038	8, 849, 659
Direct subsidies and costs attributable to national defense :		
Estimated operating-differential subsidies (note 6)-----	174, 526, 174	180, 390, 248
Adjustment of estimated recapturable subsidies-----	-7, 232, 049	-3, 529, 530
	<hr/>	<hr/>
	167, 294, 125	176, 860, 718
Construction-differential subsidies-----	^a 140, 765, 028	^a 102, 775, 898
Cost of national defense features-----	2, 305, 616	1, 972, 865
Cost of national defense allocations-----	-905	944, 125
	<hr/>	<hr/>
	310, 363, 864	282, 553, 606
Uncapitalized ship construction costs-----	^b 2, 933, 409	^b 3, 327, 504
Financial assistance to State marine schools-----	1, 294, 743	1, 414, 402
Administrative expense-----	7, 793, 760	8, 594, 117
Adjustment of allowances for losses on :		
Provision for estimated losses on scrapping of obsolete vessels-----	-86, 837, 251	91, 388, 846
Provision for uncollectible accounts and notes receivable-----	-302, 715	537, 292
	<hr/>	<hr/>
	-87, 139, 966	91, 926, 138
Other costs and expenses :		
Loss on vessels sold, lost, or abandoned-----	13, 898, 839	15, 638, 484
Fire loss, Kearney, N.J., warehouse-----		2, 263, 270
Loss on sale of fixed assets other than vessels---	726, 565	748, 191
Loss on sale of surplus material and scrap-----	1, 087, 695	1, 851, 333
Research and tests-----	3, 162, 452	1, 207, 642
Inventory and other property adjustments-----	860, 413	-1, 561, 400
Miscellaneous-----	132, 432	92, 036
	<hr/>	<hr/>
	19, 868, 396	20, 239, 556
Other income :		
Interest earned on notes and mortgages receivable-----	4, 932, 647	5, 934, 339
Recoveries for use of national defense features on vessels sold-----	123, 156	120, 180
Miscellaneous-----	253, 309	501, 228
	<hr/>	<hr/>
	5, 309, 112	6, 555, 747
Other costs and expenses (net)-----	14, 559, 284	13, 683, 809
Net cost of current year operations (note 4)-----	<hr/>	<hr/>
	258, 409, 132	410, 349, 235
ADJUSTMENTS APPLICABLE TO PRIOR YEARS :		
Net charges arising from adjustments and settlements related principally to World War II activities-----	-217, 500	-765, 228
Participation in profits of World War II insurance syndicates-----		-100, 000
	<hr/>	<hr/>
	-217, 500	-865, 228

See footnotes at end of table.

Statement of Operations for the Years Ended June 30, 1962 and 1961—Cont.

	YEAR ENDED JUNE 30	
	1962	1961
NET COST OF MARITIME ADMINISTRATION OPERATIONS-----	\$258, 191, 632	\$409, 484, 007
Net income (—loss) from National Shipping Authority Operations-----	—1, 081, 142	—1, 579, 386
Net income from War Risk Insurance Program-----	598, 379	736, 239
Net income from Federal Ship Mortgage Insurance Program-----	2, 838, 219	1, 105, 578
	<u>2, 355, 456</u>	<u>262, 431</u>
NET COST OF COMBINED OPERATIONS-----	<u>\$255, 836, 176</u>	<u>\$409, 221, 576</u>

^a Includes reconstruction-differential subsidy of \$3,906,765 June 30, 1962, and \$657,379 June 30, 1961.

^b Principally administrative expense.

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

Exhibit 3

Department of Commerce—Maritime Administration

Statement of Equity of the United States Government for the Years Ended June 30, 1962 and 1961

	YEAR ENDED JUNE 30	
	1962	1961
BALANCE, BEGINNING OF YEAR-----	\$3, 962, 891, 786	\$3, 032, 442, 466
ADDITIONS :		
Funds appropriated by Congress-----	325, 340, 136	295, 834, 000
Recorded value of 9 vessels transferred from the Department of the Navy in fiscal year 1962 and 77 vessels in fiscal year 1961-----	9, 539, 266	295, 155, 635
Contributions received for construction of Chapel at the U.S. Merchant Marine Academy, Kings Point, N.Y.-----	9, 952	12, 335
Adjustment of provision for estimated losses on scrapping of obsolete vessels-----	-----	826, 358, 000
Recorded value of 1 vessel transferred from the Panama Canal Co.-----	1, 973, 783	-----
Recorded value of 3 vessels transferred from the Department of the Army-----	-----	100, 000
	<u>336, 863, 137</u>	<u>1, 417, 459, 970</u>
	<u>4, 299, 754, 923</u>	<u>4, 449, 902, 436</u>
REDUCTIONS :		
Net cost of operations (exhibit 2)-----	255, 836, 176	409, 221, 576
Reversion of title to shipyard at Pascagoula, Miss., to Ingalls Shipbuilding Corp. per contract No. MCC-1674, dated Aug. 26, 1941-----	6, 684, 668	-----
Payments into General Fund of U.S. Treasury-----	38, 440, 876	51, 405, 500
Recorded costs of 23 vessels transferred to the Department of the Navy in fiscal year 1962 and 7 vessels in fiscal year 1961-----	90, 827, 014	23, 071, 871
Recorded cost of 1 vessel transferred to the Department of the Interior-----	11, 342, 724	-----
Unobligated balance of appropriations transferred to Treasury Department-----	168, 206	94, 051
Recorded cost of 1 vessel transferred to the Department of the Air Force-----	-----	33, 895
Equipment transferred to U.S. Government agencies (net)-----	15, 838, 853	1, 386, 538
Materials and supplies transferred to U.S. Government agencies (net)-----	205, 127	178, 067
Inventories of materials and supplies used in the Grain Storage Program for the Department of Agriculture, Production and Marketing Administration, exclusive of expenditures of \$1,601,366 in fiscal year 1962 and \$2,096,191 in fiscal year 1961 which were reimbursed-----	-----	51, 738
Equipment \$976,330, and materials and supplies \$143,534, donated to State agencies-----	1, 119, 864	964, 314
Accounts receivable transferred to U.S. Government agencies-----	-----	603, 100
	<u>420, 463, 508</u>	<u>487, 010, 650</u>
BALANCE, CLOSE OF YEAR-----	<u>\$3, 879, 291, 415</u>	<u>\$3, 962, 891, 786</u>

Department of Commerce—Maritime Administration

Statement of Sources and Application of Funds for Year Ended June 30, 1962

SOURCES :			
Funds appropriated by the Congress.....			\$325, 340, 136
Collection on mortgage loans receivable.....			22, 091, 868
Proceeds from sale of vessels owned.....			5, 616, 334
Mobilization inventories transferred to warehouse stock.....			2, 780, 920
Funds advanced by other Government agencies.....			11, 144, 905
Proceeds from sale of fixed assets other than vessels.....			79, 658
Contributions received for construction of Chapel.....			9, 952
Decrease in working capital.....			5, 617, 503
Total funds provided.....			\$372, 681, 276
APPLICATION :			
Net cost of operations (per Statement of Operations).....	\$255, 836, 176		
Items considered in net cost of operations :			
Loss on fixed assets sold, lost, or abandoned :			
Vessels.....	-13, 898, 839		
Other.....	-726, 565		
Provision for loss on scrapping of vessels.....	86, 837, 251		\$328, 048, 023
Payments into general fund of U.S. Treasury.....			38, 440, 876
Expenditures for vessels owned or under construction.....			4, 220, 401
Expenditures for land and site development, structures and equipment, including construction in progress.....			55, 108
Expenditures for mortgages and other loans.....			1, 400, 000
Working capital transferred to Government agencies and others (net).....			348, 662
Unobligated balances transferred to Treasury.....			168, 206
Total funds applied.....			\$372, 681, 276

Summary of Changes in Working Capital

	YEAR ENDED JUNE 30		CHANGES IN WORKING CAPITAL	
	1962	1961	Increase	Decrease
ASSETS :				
Cash.....	\$310, 452, 806	\$341, 903, 983		\$31, 451, 177
Advances.....	151, 485	406, 025		254, 540
Notes and accounts re- ceivable.....	12, 261, 783	18, 380, 223		6, 118, 440
Accrued interest.....	1, 085, 178	1, 300, 418		215, 240
Materials and supplies.....	8, 509, 852	7, 612, 096	\$897, 756	
Other assets.....	581, 688	804, 930		223, 242
Total.....	333, 042, 792	370, 407, 675		
LIABILITIES :				
Accounts payable and other current liabil- ities.....	^a 186, 818, 920	^a 218, 680, 660	31, 861, 740	
Net unterminated voy- age revenue.....	146, 479	32, 119		114, 360
Total.....	186, 965, 399	218, 712, 779		
WORKING CAPITAL.....	146, 077, 393	151, 694, 896		
DECREASE IN WORKING CAPITAL.....			5, 617, 503	
			\$38, 376, 999	\$38, 376, 999

^a Expenditures of \$33,571,073 at June 30, 1962, and \$61,399,238 at June 30, 1961, for vessel construction costs for other Government agencies offset against liabilities for advances received. In light of subsequent determinations the original amount of \$50,190,916 shown on the June 30, 1961, statements has been revised.

DEPARTMENT OF COMMERCE—MARITIME ADMINISTRATION

Notes to Financial Statements—June 30, 1962 and 1961

1. The balance sheet and the statement of operations include the assets, liabilities, income and expense of the Maritime Administration, the National Shipping Authority, the War Risk Insurance Revolving Fund and the Federal Ship Mortgage Insurance Revolving Fund, and also accounts maintained by certain steamship companies for vessels operated for the National Shipping Authority under General Agency agreements.

2. Ship mortgage loans receivable at June 30, 1962, included 4 mortgages with principal balance of \$1,372,969 and accrued interest of \$38,804 and at June 30, 1961, 4 mortgages with principal balance of \$375,034 and accrued interest of \$15,147, which had been declared in default on or before those dates.

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 on fixed assets. As a result of this practice recorded losses on sales of fixed assets are greater, and 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, 1962, is 1 vessel with accrued construction costs of \$5,761,996, which has been delivered to Coast and Geodetic Survey, and at June 30, 1961, 7 vessels with accrued construction costs of \$43,760,512 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 amounts of operating-differential subsidy and of recapturable excess profits are determined generally on the basis of a 10 year recapture period. Until the period expires and final accountings are formally agreed to, the amounts accrued and paid are subject to adjustment. In addition to the amounts shown on the balance sheet, the Administration had offset \$184,220,809 at June 30, 1962, and \$177,352,466 at June 30, 1961, of recapturable excess profits against a corresponding amount of accrued subsidy pending formal agreement on final accountings.

7. The Maritime Administration was contingently liable under agreements insuring mortgages, construction loans and accrued interest payable to lending institutions totaling \$395,220,533 at June 30, 1962, and \$354,617,734 at June 30, 1961. Commitments to insure additional loans and/or mortgages amounted to \$63,626,900 at June 30, 1962, and \$109,501,900 at June 30, 1961. U.S. Government securities of \$11,798,455 at June 30, 1962, and \$37,183,593 at June 30, 1961, were held in escrow by the Government in connection with insurance of loans and mortgages which were financed by the sale of bonds to the general public. There were also conditional liabilities for pre-launching War Risk Builders Risk Insurance of \$80,299,197 at June 30, 1962, and \$132,364,600 at June 30, 1961.

8. The Maritime Administration was contingently liable for undetermined amounts in connection with settlements to be made under 179 claims against the Administration aggregating \$35,521,513 at June 30, 1962, and 361 claims aggregating \$97,660,292 at June 30, 1961. These unrecorded liabilities were partially offset by unrecorded assets and claims receivable in connection with settlements to be made under 56 claims in favor of the Administration aggregating \$3,729,467 at June 30, 1961. 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.

9. Congress has authorized the Administration, prior to the appropriation of funds, to enter into contracts for training of cadets at State marine schools. At June 30, 1962, \$1,798,166 of \$1,845,339 of unliquidated obligations were unfunded, and at June 30, 1961, \$1,775,512 of \$1,807,190 of unliquidated obligations were unfunded.

10. At June 30, 1962, the Administration held, in safekeeping at the U.S. Treasury, securities of \$2,390,000 accepted from vessel charterers, subsidized operators, and other contractors to assure their performance under contracts. At June 30, 1961, the amount was \$2,580,000.

APPENDIXES

APPENDIX A

Summary of Operating-Differential Subsidy Contracts as of June 30, 1962

Name of operator	Expiration date of agreement	Number of ships assigned as of June 30, 1962	
		Passenger and cargo combination	Cargo
American Export Lines, Inc.	Dec. 31, 1979	5	38
American Mail Line Ltd.	Dec. 31, 1978	-----	9
American President Lines, Ltd.	Dec. 31, 1976	6	19
Bloomfield Steamship Co.	Dec. 31, 1963	-----	4
Delta Steamship Lines, Inc. (ex-Mississippi Shipping Co., Inc.) ..	Dec. 31, 1977	3	10
Farrell Lines Inc.	do	-----	15
Grace Line Inc.	do	10	16
Gulf & South American Steamship Co., Inc.	Dec. 31, 1978	-----	5
Lykes Bros. Steamship Co., Inc.	Dec. 31, 1977	-----	46
Moore-McCormack Lines, Inc.	do	2	41
The Oceanic Steamship Co.	Dec. 17, 1972	2	3
Pacific Far East Line, Inc.	Dec. 31, 1978	-----	9
Prudential Lines, Inc.	Dec. 31, 1979	-----	5
States Steamship Co.	Dec. 31, 1977	-----	12
United States Lines Co.: Cargo service	Dec. 31, 1969	-----	52
SS AMERICA	Dec. 31, 1963	1	-----
SS UNITED STATES	June 20, 1967	1	-----

APPENDIX B

Aid to Ships Over 20 Years of Age, or Which Will Become Overage Prior to Delivery of Scheduled Replacements Approved Under Section 605(b), Merchant Marine Act, 1936, as Amended

APPROVED DURING FISCAL YEAR 1962

Company	Vessel	20 years of age	Scheduled replacement	
American Export Lines, Inc.-----	*EXPLORER.....	1959	1963	
	*EXCELLENCY.....	1960	1963	
	*EXCHANGE.....	1960	1963	
	*EXHIBITOR.....	1960	1963	
	EXEMPLAR.....	1960	1965	
	EXCELSIOR.....	1963	1965	
	EXCHEQUER.....	1963	1965	
	EXILONA.....	1963	1967	
	EXMINSTER.....	1964	1967	
	EXPEDITOR.....	1963	1967	
	EXPRESS.....	1964	1967	
	EXCHESTER.....	1965	1969	
	EXECUTOR.....	1965	1969	
	EXPORTER.....	1965	1969	
	EXFORD.....	1966	1971	
	EXTAVIA.....	1961	1971	
	EXIRIA.....	1962	1971	
	BROOKLYN HEIGHTS.....	1965	1967	
	FLYING TRADER.....	1965	1967	
	FLYING ENDEAVOR.....	1961	1968	
	FLYING FISH.....	1961	1968	
	FLYING GULL.....	1961	1968	
	FLYING HAWK.....	1961	1970	
	FLYING ENTERPRISE II.....	1964	1970	
	FLYING EAGLE.....	1964	1972	
	FLYING CLIPPER.....	1964	1972	
	FLYING CLOUD.....	1964	1972	
	FLYING SPRAY.....	1964	1972	
	FLYING INDEPENDENT.....	1964	1972	
	American President Lines, Ltd.-----	PRESIDENT MONROE.....	1960	1965
		PRESIDENT POLK.....	1961	1965
	Gulf & South American Steamship Co., Inc.---	GULF TRADER.....	1963	1965
United States Lines Co.-----	AMERICA.....	1960	1963	

APPROVED IN PRIOR YEARS

American Mail Line Ltd.-----	*OCEAN MAIL.....	1961	1961
	INDIA MAIL.....	1963	1965
	CANADA MAIL.....	1964	1965
	JAVA MAIL.....	1964	1965
	ALASKA MAIL.....	1965	1968
American President Lines, Ltd.-----	AMERICAN MAIL.....	1965	1968
	OREGON MAIL.....	1965	1968
	PRESIDENT HOOVER.....	1959	1964
	PRESIDENT HARRISON.....	1963	1966
	PRESIDENT JOHNSON.....	1963	1966
Farrell Lines Inc.-----	PRESIDENT VAN BUREN.....	1963	1966
	PRESIDENT TAFT.....	1965	1966
	AFRICAN PILOT.....	1964	1964
	AFRICAN PATRIOT.....	1964	1964
	AFRICAN GLEN.....	1965	1965
Grace Line Inc.-----	SANTA MALTA.....	1964	1967
	SANTA CLARA (ex-Santa Mariana).....	1964	1967
	SANTA JUANA.....	1962	1967
	SANTA ADELA.....	1962	1967
	SANTA FLAVIA.....	1963	1967
	SANTA ANITA.....	1964	1968
	SANTA FE.....	1964	1968
	SANTA ANA.....	1960	1964
	SANTA TERESA.....	1960	1964
	Gulf & South American Steamship Co., Inc.---	GULF SHIPPER.....	1964
Lykes Bros. Steamship Co., Inc.-----	GULF MERCHANT.....	1964	1965
	SUE LYKES.....	1965	1966
	FREDERICK LYKES.....	1960	1966
	ALMERIA LYKES.....	1965	1966
	TILLIE LYKES.....	1965	1966
	DOCTOR LYKES.....	1965	1966
	NORMAN LYKES.....	1965	1967
	LIPSCOMB LYKES.....	1965	1967
	HOWELL LYKES.....	1960	1967
	MALLORY LYKES.....	1963	1967
	HELEN LYKES.....	1964	1967
	SYLVIA LYKES.....	1965	1968

See footnote at end of table.

Aid to Ships Over 20 Years of Age, or Which Will Become Overage Prior to Delivery of Scheduled Replacements Approval Under Section 605(b), Merchant Marine Act, 1936, as Amended—Continued

APPROVED IN PRIOR YEARS—Continued

Company	Vessel	20 years of age	Scheduled replacement
Lykes Bros. Steamship Co., Inc.—Continued	GIBBES LYKES.....	1964	1968
	FRANK LYKES.....	1964	1968
	GENEVIEVE LYKES.....	1964	1968
	MASON LYKES.....	1964	1968
	LETTIA LYKES.....	1964	1969
	KENNETH MCKAY.....	1965	1969
	REUBEN TIPTON.....	1965	1969
	HARRY CULBREATH.....	1965	1970
	JESSE LYKES.....	1965	1970
	WILLIAM LYKES.....	1965	1970
Delta Steamship Line, Inc. (ex-Mississippi Shipping Co.).	DEL VALLE.....	1964	1965
	DEL MONTE (ex-Del Oro).....	1965	1966
	DEL SANTOS.....	1964	1965
	DEL MUNDO.....	1964	1965
Moore-McCormack Lines, Inc.-----	DEL ALBA.....	1964	1964
	ROBIN LOCKSLEY.....	1961	1962
	MORMACTIDE.....	1961	1962
	ROBIN SHERWOOD.....	1961	1962
	MORMACMAR.....	1963	1963
	MORMACSUN.....	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	1966
	MORMACWREN.....	1964	1966
	MORMACOAK.....	1964	1966
	MORMACWAVE.....	1964	1966
	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
	MORMACFIR.....	1965	1970
The Oceanic Steamship Co.-----	SIERRA.....	1965	1969
	SONOMA.....	1964	1969
	VENTURA.....	1965	1969
Prudential Lines, Inc.-----	MOLINE VICTORY.....	1965	1966
	ATTLEBORO VICTORY.....	1965	1966
	NEWBERRY VICTORY.....	1965	1968
	BIDDEFORD VICTORY.....	1965	1968
States Steamship Co.-----	SAN ANGELO VICTORY.....	1965	1968
	IDAHO.....	1963	1966
	TEXAS.....	1961	1966
United States Lines Co.-----	MICHIGAN.....	1961	1967
	OHIO.....	1964	1967
	NEW YORK.....	1965	1967
	AMERICAN PRODUCER.....	1963	1964
	AMERICAN PLANTER.....	1963	1964
	AMERICAN MILLER.....	1963	1965
	AMERICAN SCIENTIST.....	1963	1965
	AMERICAN PACKER.....	1963	1965
	AMERICAN CHIEF.....	1964	1965
	AMERICAN BUILDER.....	1965	1966
	AMERICAN VETERAN.....	1965	1966
	AMERICAN PRESS.....	1965	1966
	AMERICAN FLYER.....	1965	1966
	AMERICAN MANUFACTURER.....	1965	1966
	AMERICAN FORESTER.....	1965	1966
	PIONEER REEF.....	1963	1968
	PIONEER SURF.....	1964	1968
PIONEER ISLE.....	1964	1968	
AMERICAN PILOT.....	1965	1968	
PIONEER GLEN.....	1965	1968	
PIONEER STAR.....	1965	1968	
PIONEER GEM.....	1965	1969	
AMERICAN MERCHANT.....	1965	1969	
AMERICAN SHIPPER.....	1965	1969	

*Traded in to the Government and chartered back to operator for use during construction of new ship.

APPENDIX C

New Ship Construction on June 30, 1962

	Number of ships	Type	Shipyard	Gross tonnage	Estimated completion date	Estimated construction cost	Estimated cost to Maritime Administration (including National Defense Allowance)	Owner	Estimated cost to owner
Ships under construction: Title V of Merchant Marine Act, 1936, as amended.....	1	C4-S-1s.....	Todd Shipyards Corp., San Pedro, Calif.	12,600	July 1962.....	\$13,200,000	\$6,700,000	American Mail Line, Ltd.	\$6,500,000
Do.....	1	C4-S-1t.....	Bethlehem Steel Co., San Francisco, Calif.	12,700	July 1962.....	15,000,000	7,700,000	Pacific Far East Line, Inc.	7,300,000
Do.....	3	C4-S1-49a.....	Bethlehem Steel Co., Sparrows Point, Md.	42,300	April 1962.....	56,500,000	28,400,000	Grace Line Inc.....	28,100,000
Do.....	1	C4-S-49a.....	do.....	14,100	April 1964.....	18,800,000	9,500,000	do.....	9,300,000
Do.....	1	C4-S-1u.....	Newport News Ship- building and Dry Dock Co.	12,700	August 1962.....	12,000,000	5,700,000	States Steamship Co..	6,300,000
Do.....	2	C4-S-1u.....	National Steel & Shipbuilding Co.	25,400	January 1963....	23,000,000	11,100,000	do.....	11,900,000
Do.....	5	C4-S-57a.....	Newport News Ship- building and Dry Dock Co.	57,000	March 1963.....	55,300,000	27,900,000	United States Lines Co.	27,400,000
Do.....	6	C4-S-57a.....	Bethlehem Steel Co., Quincy, Mass.	68,400	September 1963.	60,800,000	28,800,000	do.....	32,000,000
Do.....	3	C3-S-37b.....	Bethlehem Steel Co., Sparrows Point, Md.	30,600	April 1963.....	27,800,000	14,800,000	Lykes Bros. Steam- ship Co.	13,000,000
Do.....	6	C4-S-58a.....	Ingalls Shipbuilding Corp.	69,600	June 1963.....	64,800,000	31,900,000	Farrell Lines, Inc.....	32,900,000
Do.....	4	C3-S-37c.....	Bethlehem Steel Co., Sparrows Point, Md.	40,800	July 1963.....	35,000,000	17,900,000	Lykes Bros. Steam- ship Co.	17,100,000
Do.....	4	C3-S-37c.....	Avondale Shipyards, Inc.	40,800	March 1964.....	33,000,000	16,400,000	do.....	16,600,000
Do.....	4	C3-S-46b.....	Sun Shipbuilding & Dry Dock Co.	43,348	June 1963.....	36,100,000	17,500,000	American Export Lines, Inc.	18,600,000
Do.....	2	C3-S-37d.....	Avondale Shipyards, Inc.	19,600	July 1964.....	17,200,000	8,400,000	Gulf & South Ameri- can Steamship Co., Inc.	8,800,000
Do.....	6	C4-S-60a.....	Ingalls Shipbuilding Corp.	67,800	April 1967.....	63,700,000	31,200,000	Moore-McCormack Lines, Inc.	32,500,000
Economy Act of 1932.....	2	S1-MT-59a.....	Marietta Manufac- turing Co.	2,000	January 1963....	3,900,000	3,900,000	Maritime Adminis- tration	-----
Total.....	51			559,748		\$536,100,000	\$267,800,000		\$268,300,000

APPENDIX D

Employment of U.S. Flag Merchant Ships as of June 30, 1962, Oceangoing Ships of 1,000 Gross Tons and Over

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

[Tonnage in thousands]

Status and area of employment	Total			Combination passenger and cargo			Freighters			Tankers		
	Number	Gross tons	Dead-weight tons	Number	Gross tons	Dead-weight tons	Number	Gross tons	Dead-weight tons	Number	Gross tons	Dead-weight tons
<i>Total all ships</i> ¹	2,691	22,410	30,746	286	2,784	1,905	1,998	14,594	20,844	407	5,032	7,998
<i>Active ships</i>	915	9,104	13,265	31	449	275	608	4,850	6,903	276	3,806	6,087
U.S. foreign trade.....	562	5,104	7,075	29	412	260	488	3,947	5,609	45	745	1,206
Maritime Administration ships.....	25	196	252				25	196	252			
Chartered.....	23	180	238				23	180	238			
General agency agreement.....												
For U.S. agency operations.....	2	16	14				2	16	14			
Privately owned.....	537	4,908	6,823	29	412	260	463	3,751	5,357	45	745	1,206
For commercial operations.....	507	4,477	6,139	29	412	260	454	3,679	5,255	24	386	624
For U.S. agency operations.....	30	431	684				9	72	102	21	359	582
U.S. domestic trade.....	340	3,848	5,951	2	37	14	115	861	1,233	223	2,949	4,703
Maritime Administration ships.....	2	8	12				2	8	12			
Chartered.....	2	8	12				2	8	12			
General agency agreement.....												
Privately owned.....	338	3,840	5,939	2	37	14	113	853	1,221	223	2,949	4,703
Foreign to foreign privately owned.....	13	153	239				5	41	61	8	111	179
<i>Inactive ships</i>	1,776	13,306	17,481	255	2,335	1,630	1,390	9,744	13,941	131	1,226	1,911

Temporarily inactive.....	101	960	1,431	4	46	38	47	342	477	50	573	916
Maritime Administration ships.....	3	25	27	1	14	10	2	11	17			
Chartered.....	2	11	17				2	11	17			
General agency agreement.....	1	14	10	1	14	10						
Privately owned.....	98	936	1,404	3	32	28	45	330	460	50	573	916
Maritime Administration reserve fleet.....	1,675	12,345	16,050	251	2,290	1,592	1,343	9,402	13,464	81	653	995

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.

	25	180	208	3	33	20	20	141	180	2	6	8
--	----	-----	-----	---	----	----	----	-----	-----	---	---	---

¹ Excludes the following United States Government-owned tonnage transferred to U.S.S.R. (lend-lease).

	83	518	785	1	5	5	81	506	769	1	7	11
--	----	-----	-----	---	---	---	----	-----	-----	---	---	----

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.

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

APPENDIX E

Deliveries of New Merchant Ships During the Fiscal Year Ended June 30, 1962
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 operation on the Great Lakes and inland waterways; by the Armed Forces; and special types such as tugs, ferries, cable ships, etc.)

[Tonnage in thousands]

Registry for which built	Total		Country in which built														
			United States		United Kingdom		Sweden		Netherlands		France		Japan		Germany (West)		All others
	Number	Dead-weight tons	Number	Dead-weight tons	Number	Dead-weight tons	Number	Dead-weight tons	Number	Dead-weight tons	Number	Dead-weight tons	Number	Dead-weight tons	Number	Dead-weight tons	Number

SUMMARY—FREIGHTERS AND TANKERS

Total.....	688	9,827	24	544	94	1,483	56	1,051	46	617	29	496	160	2,353	80	992	199	2,291
United States.....	24	544	24	544														
United Kingdom.....	101	1,762			78	1,201	3	97	4	121	2	38	4	160	5	59	5	86
Sweden.....	35	492			1	22	24	370	2	23	2	23			2	22	4	32
Netherlands.....	23	374			1	67	3	46	17	230					2	31		
Norway.....	81	1,481			7	137	20	397	3	51	2	38	4	98	17	307	28	453
Denmark.....	30	288					1	6	8	24			3	77	5	17	13	164
France.....	21	407							1	48	19	326					1	33
Italy.....	16	460															16	460
Japan.....	110	1,226											110	1,226				
Germany (West).....	42	485													40	479	2	6
Liberia.....	14	537				2	105				1	34	8	310			3	88
All others.....	191	1,771			7	56	3	30	11	120	3	37	31	482	9	77	127	969

FREIGHTERS

Total.....	528	5,721	19	246	73	820	40	496	39	353	23	305	107	1,330	73	757	154	1,414
United States.....	19	246	19	246														
United Kingdom.....	77	972			58	605	1	12	2	12	2	38	4	160	5	59	5	86
Sweden.....	30	322			1	22	19	200	2	23	2	23			2	22	4	32
Netherlands.....	18	183					2	4	14	148					2	31		
Norway.....	66	1,013			7	137	15	248	3	51	2	38	4	98	14	175	21	266

Denmark.....	27	206					1	6	8	24			3	77	4	16	11	83
France.....	14	169									14	169						211
Italy.....	9	211															9	
Japan.....	69	543											69	543				6
Germany (West).....	39	383													37	377		2
Liberia.....	7	192											5	152				2
All others.....	153	1,281			7	56	2	26	10	95	3	37	22	300	9	77	100	690

TANKERS

Total.....	160	4,106	5	298	21	663	16	555	7	264	6	191	53	1,023	7	235	45	877
United States.....	5	298	5	298														
United Kingdom.....	24	790			20	596	2	85	2	109								
Sweden.....	5	170					5	170										
Netherlands.....	5	191			1	67	1	42	3	82								
Norway.....	15	468					5	149							3	132	7	187
Denmark.....	3	82													1	1	2	81
France.....	7	238							1	48	5	167					1	33
Italy.....	7	249																7
Japan.....	41	683											41	683				249
Germany (West).....	3	102													3	102		
Liberia.....	7	345					2	105			1	34	3	158			1	48
All others.....	38	490					1	4	1	25			9	182			27	279

COMBINATION PASSENGER AND CARGO SHIPS

	Number	Gross tons	Number	Gross tons	Number	Gross tons	Number	Gross tons	Number	Gross tons	Number	Gross tons	Number	Gross tons	Number	Gross tons	Number	Gross tons
Total.....	20	192			2	57					2	74	3	5	1	4	12	52
United States.....																		
United Kingdom.....	2	57			2	57												
Sweden.....																		
Netherlands.....																		
Norway.....																		
Denmark.....	2	7															2	7
France.....	1	66									1	66						
Italy.....																		
Japan.....	2	3											2	3				
Germany (West).....																		
Liberia.....																		
All others.....	13	59									1	8	1	2	1	4	10	45

APPENDIX F

Merchant Fleets of the World

Oceangoing Steam and Motor Ships of 1,000 Gross Tons and Over as of June 30, 1962

(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]

County of registry	Total			Type of Vessel																		
				Combination passenger and cargo			Combination passenger and cargo refrigerated			Freighters			Freighters refrigerated			Bulk carriers (including ore/oil carriers)			Tankers (including whaling tankers)			
	Number	Gross tons	Deadweight tons	Number	Gross tons	Deadweight tons	Number	Gross tons	Deadweight tons	Number	Gross tons	Deadweight tons	Number	Gross tons	Deadweight tons	Number	Gross tons	Deadweight tons	Number	Gross tons	Deadweight tons	
Total—All flags.....	17,585	128,298	180,716	1,143	9,165	5,955	51	781	479	10,983	59,580	85,605	530	2,898	3,083	1,489	11,723	17,726	3,389	44,151	67,868	
United States.....	2,715	22,580	30,947	288	2,808	1,918				1,908	13,901	19,808	45	252	259	65	581	956	409	5,038	8,006	
The British Commonwealth of Nations:																						
United Kingdom.....	2,342	19,887	25,916	127	1,687	1,003	32	644	396	1,194	7,275	9,969	162	1,452	1,610	289	1,784	2,487	538	7,045	10,451	
Australia.....	107	471	626	7	31	21				59	177	243				40	250	347	1	13	15	
British Colonies.....	207	1,059	1,510	21	76	62				155	771	1,151	5	27	29	12	62	88	14	123	180	
Canada.....	60	250	274	23	73	23				18	62	81				3	12	17	16	103	153	
Ghana.....	9	55	75							9	55	75										
India.....	156	924	1,320	12	66	72				140	814	1,181								4	44	67
Malaya.....	1	1	1	1	1	1																
New Zealand.....	59	203	236	4	23	5	3	13	9	45	147	199	1	2	2	5	15	18	1	3	3	
Nigeria.....	5	29	49							5	29	49										
Pakistan.....	44	293	398	6	57	45				33	199	298				3	16	25	2	21	30	
South Africa.....	31	169	234	1	1	2				28	136	187	1	8	10				1	24	35	
Argentina.....	167	1,135	1,513	17	107	82	4	39	30	70	405	576	6	18	18	4	15	22	66	551	785	
Belgium.....	78	646	883	4	44	37				53	353	482	4	13	13	5	51	73	12	185	278	
Brazil.....	226	1,026	1,455	25	103	102				139	491	733	2	7	7	17	67	95	43	358	518	
Chile.....	51	243	348	4	11	8				31	123	165				12	60	91	4	54	84	
China (Nationalist).....	85	499	724	3	16	16				66	383	563	1	3	4	2	9	13	13	88	128	
China (Peoples Republic of).....	164	583	780	19	49	34	2	17	10	107	416	601	1	1	2	18	54	70	17	46	63	
Colombia.....	26	105	153							25	95	138							1	10	15	
Cuba.....	28	94	133							26	92	130				1	1	1	1	1	2	

Denmark	357	2,162	3,088	26	81	55	1	2	2	244	1,087	1,543	17	55	63	9	111	162	60	816	1,263
Finland	231	786	1,186	7	15	6				182	490	757				18	52	76	24	229	347
France	637	4,825	6,326	54	529	280	2	26	10	332	1,570	2,121	34	150	127	60	408	552	155	2,142	3,236
Germany (West)	875	4,553	6,545	19	184	137	2	6	5	694	2,920	4,318	51	145	156	59	613	886	50	685	1,043
Germany (East)	36	260	332	4	35	24				22	150	206	2	10	6	1	9	11	7	56	85
Greece	763	6,410	9,465	33	189	108	1	14	9	550	3,843	5,062	7	12	9	78	836	1,263	99	1,516	2,414
Honduras	21	92	123							13	55	85		29	27				1	8	11
Indonesia	77	244	278	16	78	52				56	153	208							5	3	18
Israel	57	376	485	6	50	24				42	218	306	2	13	12	4	61	92	3	34	51
Italy	638	4,977	6,803	72	665	326				349	1,815	2,718	11	43	42	60	588	869	146	1,866	2,848
Japan	1,166	7,367	10,830	24	96	91				833	4,391	6,338	31	106	124	96	712	1,085	182	2,062	3,192
Korea (South)	31	106	160	2	3	4				24	88	136				1	2	3	4	13	17
Korea (North)	1	2	3							1	2	3									
Lebanon	166	826	1,259							152	780	1,188				14	46	71			
Liberia	795	10,390	16,935	5	46	22				320	2,176	3,257	3	9	6	114	1,361	2,725	353	6,798	10,925
Mexico	34	190	268	1	15	11				10	26	38	2	5	5	1	6	8	20	138	206
Netherlands	544	4,569	6,071	59	626	479				352	2,113	2,870	8	34	33	24	268	385	101	1,528	2,304
Norway	1,370	11,974	17,804	23	107	49	2	9	2	677	3,472	5,067	27	85	83	146	1,715	2,525	495	6,586	10,078
Panama	478	3,746	5,702	20	107	65	1	9	5	281	1,296	1,965	4	8	8	29	217	344	143	2,109	3,315
Peru	24	100	153	1	6	8				18	69	105							5	25	40
Philippines	60	329	436	7	14	12				46	301	404				1	1	2	6	13	18
Poland	144	727	1,047	1	14	5				111	594	883	5	13	12	22	54	69	5	52	78
Portugal	88	510	591	23	224	153				55	173	267							10	113	171
Spain	341	1,565	2,084	42	242	168				214	709	1,039	9	23	30	18	71	100	58	520	747
Sweden	565	3,882	5,541	11	74	27				354	1,509	2,182	34	182	182	70	792	1,105	96	1,325	2,045
Switzerland	29	183	270							24	147	224	2	3	3	3	33	43			
Turkey	131	627	821	27	125	76				92	413	609				1	2	3	11	87	133
United Arab Republic	42	204	260	11	60	59				22	67	84							9	77	117
U.S.S.R. ¹	938	4,137	5,488	68	349	207				516	1,795	2,577	41	164	170	163	680	890	150	1,149	1,644
Venezuela	36	299	428							11	41	61				6	28	39	19	230	328
Yugoslavia	159	845	1,249	10	49	55				134	670	1,006				6	58	87	9	68	101
All others	190	778	1,110	9	29	21	1	2	1	141	513	749	10	26	31	9	22	28	20	186	280
¹ Includes the following U.S. Government-owned ships transferred to U.S.S.R. under lend-lease agreement and still remaining under that registry	83	519	785	1	5	5				79	496	752				2	11	17	1	7	11

APPENDIX G

Cash, Approved Interest Bearing Securities and Common Stocks Under Approved Common Stock Trusts on Deposit in the Statutory Capital and Special Reserve Funds of Subsidized Operators as of June 30, 1962

Operator	Capital reserve fund			Special reserve fund			Combined total
	Cash	Securities	Total	Cash	Securities	Total	
American Export Lines, Inc.	\$4,860,754.25	\$3,514,183.33	\$8,374,937.58	\$4,867,695.34	\$6,703,057.18	\$11,570,752.52	\$19,945,690.10
*American Mail Line Ltd.	1,415,260.95	0	1,415,260.95	1,453,537.14	768,519.64	2,222,056.78	3,637,317.73
*American President Lines, Ltd.	95,288.22	0	95,288.22	477,871.63	3,030,528.49	3,508,400.12	3,603,688.34
Bloomfield Steamship Co.	414,678.07	0	414,678.07	2,059,269.52	0	2,059,269.52	2,473,947.59
Delta Steamship Lines, Inc.	47,474.10	0	47,474.10	613.39	3,677,329.09	3,677,942.48	3,725,416.58
(formerly Mississippi Shipping Co., Inc.).							
Farrell Lines Inc.	213,744.03	0	213,744.03	777,850.57	2,265,873.67	3,043,724.24	3,257,468.27
*Grace Line Inc.	77,956.22	2,102,555.13	2,180,511.35	1,514,463.43	15,987,088.56	17,501,551.99	19,682,063.34
Gulf & South American Steamship Co., Inc.	2,599.13	3,169,456.43	3,172,055.56	24,847.17	3,789,938.82	3,814,785.99	6,986,841.55
Lykes Bros. Steamship Co., Inc.	77,951.55	50,763,658.29	50,841,609.84	42,098.92	48,549,265.42	48,591,364.34	99,432,974.18
Moore-McCormack Lines, Inc.	28,583.75	933,738.23	962,321.98	13,715.12	4,074,501.25	4,088,216.37	5,050,538.35
*The Oceanic Steamship Co.	1,153,620.37	245,234.84	1,398,855.21	0	0	0	1,398,855.21
Pacific Far East Line, Inc.	372,353.22	0	372,353.22	1,657,249.79	0	1,657,249.79	2,029,603.01
Prudential Lines, Inc.	250,979.39	0	250,979.39	0	0	0	250,979.39
States Steamship Co.	166,900.51	248,221.67	415,122.18	37,162.70	0	37,162.70	452,284.88
United States Lines Co.	28,148.31	7,362,934.71	7,391,083.02	38,166.07	26,484,604.39	26,522,770.46	33,913,853.48
Total	9,206,292.07	68,339,982.63	77,546,274.70	12,964,540.79	115,330,706.51	128,295,247.30	205,941,522.00
*Includes common stock trust funds (Capital Reserve Fund, Oceanic Steamship Company—only common stock trust) aggregating			250,000.00	-----	-----	4,840,129.22	5,090,129.22
Market value as reported by the Trustees			250,000.00	-----	-----	4,016,374.01	4,266,374.01

NOTE: Accrued mandatory deposits applicable to the resumption period (generally Jan. 1, 1947, to Dec. 31, 1961), not included in the above, amount to approximately \$57,836,811, comprising \$36,707,784 applicable to the Capital Reserve Fund (depreciation), and \$21,129,027 applicable to the Special Reserve Fund (excess profits).

