

*Maritime*

# 1968

## ANNUAL REPORT OF THE MARITIME ADMINISTRATION

U.S. DEPARTMENT OF COMMERCE / Maritime Administration



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U.S. DEPARTMENT OF COMMERCE / Maritime Administration

# LETTERS OF TRANSMITTAL

U.S. DEPARTMENT OF COMMERCE,  
MARITIME ADMINISTRATION,  
*Washington, D.C., October 8, 1968*

To: Secretary of Commerce.  
FROM: Acting Maritime Administrator.  
SUBJECT: Annual report of the Maritime Administration for fiscal year 1968.

I am submitting herewith the report of the Maritime Administration covering activities of the fiscal year ended June 30, 1968.



J. W. GULICK.

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SECRETARY OF COMMERCE,  
*Washington, D.C., October 22, 1968*

TO THE CONGRESS:

I have the honor to present the annual report of the Maritime Administration of the Department of Commerce for fiscal year 1968.



SECRETARY OF COMMERCE.



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## **HIGHLIGHTS OF 1968**

- During the year contracts were awarded for 12 highly productive new ships at a cost of \$250.5 million, of which the Government will pay approximately \$124.8 million in construction-differential subsidy. Bids for a total estimated cost of \$280.4 million were received on 11 additional ships. Fourteen lines operating about 300 ships received \$200,129,670 in operating-differential subsidy payments during the year for amounts due in fiscal year 1968 and prior years.
- One hundred forty-four Government-owned ships operated by private steamship companies carried 2,600,000 measurement tons of cargo for use of U.S. troops in Vietnam, or 27 percent of the military cargo shipped to Southeast Asia.
- The United States has more containerships in operation or under construction than any other country. Progress is being made in developing a "land-bridge," by which land and water carriers will join forces to move full containerloads swiftly across oceans and continents.
- U.S. subsidized and nonsubsidized operators have indicated an interest in building 220 ships in the 5 years 1969-1973, of which about 35-40 would be bulk carriers. A research study of a competitive U.S.-flag dry-bulk shipping system has been awarded to pave the way for economic U.S. participation in the growing bulk trades.
- New applications for Federal Ship Mortgage Insurance on 15 vessels were approved and contracts to insure mortgages were placed on 11 vessels, for which commitments had previously been approved, bringing total insurance in effect to \$651.6 million on 129 vessels. Under the Ship Exchange program 22 privately owned ships were exchanged for 22 Government-owned ships to be converted for nonsubsidized services. Together the mortgage insurance and ship exchange programs have resulted in nearly \$2 billion in ship construction and conversion work for U.S. shipyards.

# **INTRODUCTION AND SUMMARY**

The Maritime Administration administers programs authorized by the Merchant Marine Act of 1936, as amended, and related shipping statutes to aid the development, operation, and maintenance of an efficient and modern American Merchant Marine. These include the operating-differential and construction-differential subsidy programs, ship mortgage insurance, vessel exchange, cargo preference, research, maintenance of reserve fleet, maritime training, and other Government aids to merchant shipping.

In addition to carrying out the day-by-day functions required to maintain and promote the U.S. merchant fleet, the Maritime Administration has been working toward the development of new plans and new concepts designed to improve the American Merchant Marine. At the same time it has given particular emphasis to the need for economy and efficiency of operation in all areas.

## **SHIPBUILDING**

A 5-year plan of shipbuilding projections was being worked out to permit the development of programs and budgets related to future overall requirements of the Merchant Marine. In January all American shipping lines, subsidized and unsubsidized, were requested to submit their shipbuilding plans for the next 5 years (1969-1973), so that the Maritime Administration could base its plans on the indicated needs for new ships. Some 35 lines replied that they would like to build a total of about 220 ships of all types during the period. These would include about 35-40 bulk carriers, some 25 tankers, and the rest liners, most of which would be advanced unitized cargo ships such as containerships, lighter-aboard ships, seabarges, roll-on/roll-off types, etc.

Applications for new ships to be built with any kind of Government help are reviewed by the Maritime Administration to insure that the

proposed plans and specifications are for ships that will be suitable for the proposed service, the most productive available, devoid of unnecessary equipment, and procured in a manner and in numbers that will result in the lowest overall cost.

This insistence upon productive ships has led to design of such new concepts as the LASH and Seabarge types, which carry loaded barges, and full containerships. The United States has more specialized containerships in operation or under construction than any other country, including not only newly built ships, but many converted by nonsubsidized operators from standard type ships exchanged from the reserve fleet. Some of these converted containerships have been particularly valuable in carrying military cargoes to Vietnam because of the ease and rapidity with which they can be unloaded. In turn the increase in container fleets has made it possible for Maritime, working with railroads, truckers, freight forwarders, and foreign Governments, to assist in the development of the promising "land-bridge" concept, in which water carriers will join with land carriers to speed full containerloads across oceans and continents to their ultimate destination, thus improving service and lowering cost for shippers.

While these large sophisticated types of ships are more expensive than conventional ships to build, the Maritime Administration has been endeavoring to get the most for available funds by encouraging the use of multiple ship contracts. Owners are urged to group their requirements into common designs which can be ordered in large numbers to reduce per ship costs.

A most notable example of multiple-procurement savings was the contract placed for 11 LASH (Lighter-aboard ship) types for Prudential Lines, Inc., and Pacific Far East Line, Inc. The two companies had originally wanted to build five and six LASH ships respectively of a slightly differing design. They were persuaded to agree on identical ships which could be ordered from one yard. The award of the 11 LASH ships at a contract cost of \$234.6 million to Avondale Shipyards, New Orleans, La., was the largest order to be placed at one time in one yard since World War II. The total savings to the Government alone of ordering the ships in one package to one basic design is estimated at about \$6.9 million. The shipyard then proposed the use of a more economical type of steel in building the ships, to which the companies agreed. The additional saving of \$1.1 million will be shared by the lines, the Government, and the yard.

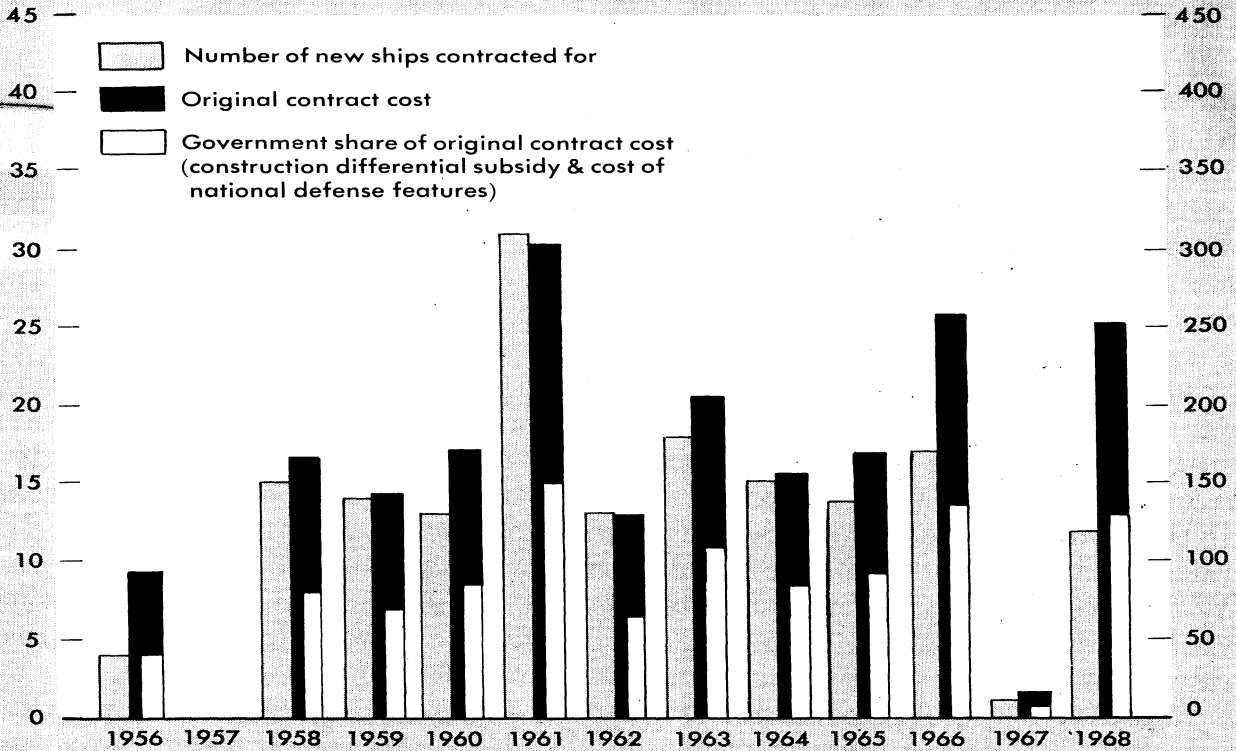
A 12th ship ordered for subsidized construction during the year also resulted in an overall cost saving, since it was a sixth ship for United States Lines identical to five containerships already under construction. Cost of the sixth ship at \$15.9 million was \$2 million less than each of the other five ships. The Government's share of the cost will be about \$7.9 million.

The award of contracts for these 12 ships brought to a total of 167 the ships delivered or ordered since the start in 1955 of the 300-ship long-range replacement program of the 14 subsidized operators. At the year's end, 131 had been delivered, and 36 were under construction, at a total contract cost of over \$2 billion. (See Chart 1.)

## CHART I. SHIP REPLACEMENT PROGRAM

Number of New Ships

Millions of Dollars



FISCAL YEAR	1956	1957	1958	1959	1960	1961	1962
New Ships Contracted for	4	0	15	14	13	31	13
Construction Contract Award (\$)	94,899,332	0	166,931,831	140,434,775	170,274,379	302,066,749	128,855,000
Owner's Share	55,637,470	0	87,429,528	73,366,595	87,431,905	152,054,988	65,090,000
Special Features, Paid 100% by Owner	0	0	291,100	368,796	146,089	0	0
Construction Differential Subsidy	38,609,730	0	77,921,575 *	65,051,776	81,479,145	147,146,807	63,353,628
National Defense Features	652,132	0	1,289,628	1,647,608	1,217,240	2,864,954	411,372

FISCAL YEAR	1963	1964	1965	1966	1967	1968	TOTAL
New Ships Contracted for	18	15	14	17	1	12	167
Construction Contract Award (\$)	205,598,652	155,999,087	168,283,260	254,436,365	15,715,450	250,536,000	2,054,030,880
Owner's Share	98,991,000	71,702,712	78,273,000	117,727,048	7,047,000	124,646,000	1,019,397,246
Special Features, Paid 100% by Owner	0	0	0	1,959,010	110,450	907,028	3,782,473
Construction Differential Subsidy	106,294,792	83,988,655	89,644,770	133,029,953	8,513,000	124,839,972	1,019,873,803
National Defense Features	312,860	307,720	365,490	1,720,354	45,000	143,000	10,977,358

Note: Figures exclude escalation, changes, and engineering and outfitting budgets.

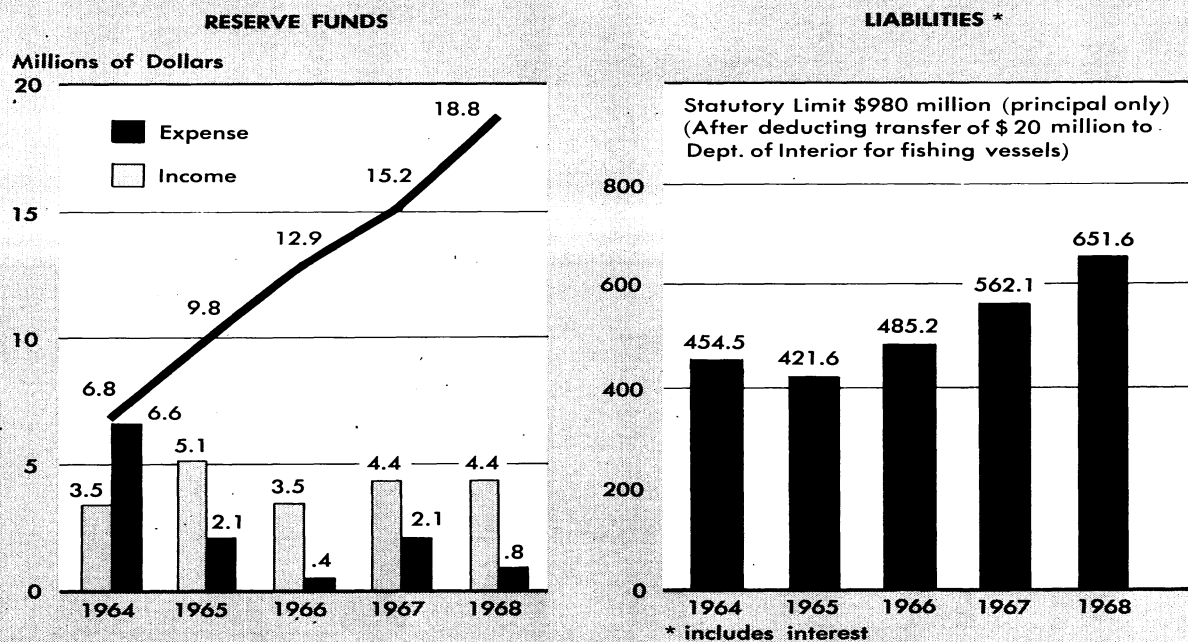
\* Includes extra cost of allocation of shipbuilding contracts involving 10 ships, rather than award by competitive bidding. This is in accordance with provisions of Sec. 502 (f) of 1936 Merchant Marine Act, which allow for contract allocation in special cases.

Bids on an additional 11 ships were received just before the end of the fiscal year. Again a multiple-procurement award would be made possible by the joining of American President Lines, Ltd., and Farrell Lines Inc., in ordering large containerships of almost identical design.

At the year's end applications were pending from four subsidized and eight nonsubsidized operators for construction-differential subsidy aid for building or converting 61 ships, including 30 bulk carriers.



## CHART II. MORTGAGE INSURANCE



## MORTGAGE INSURANCE AND EXCHANGES

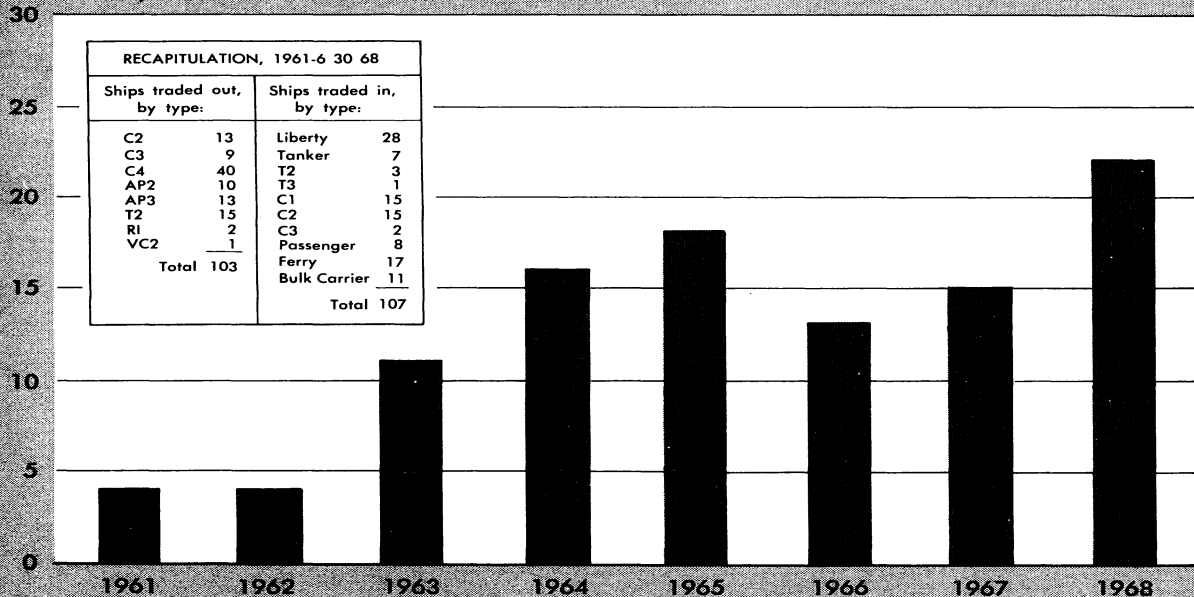
In addition to construction-differential subsidy, the Maritime Administration carries on two other programs designed to assist in building or converting ships for commercial service. Under the Federal Ship Mortgage Insurance program, the Government may insure commercial loans obtained to aid in building or converting ships. New applications to insure 15 ships for a total of \$121 million were approved, and contracts aggregating \$50.3 million on 11 ships for which commitments had been made in prior years, were placed during the year. Total insurance in effect at the year's end was \$651.6 million (including interest) on 129 vessels. Applications were pending for insurance of 43 ships, 10 tugs, and 713 barges (mostly for use with LASH and Seabarge ships), for a total of \$334 million. Retained income in the fund at the year's end was about \$19 million. (See Chart 2.)

The Federal Ship Mortgage Insurance program has resulted in more than \$1.7 billion worth of work for American shipbuilders. Only seven defaults have occurred on insured mortgages. There were no defaults in fiscal year 1968.

The vessel exchange program provides that unsubsidized operators may exchange old uneconomic ships for better types from the reserve fleet, paying in cash the excess value of the ship traded out over that traded in. During the year 22 privately owned ships were traded for 22 Government-owned ships, which were to be converted to upgrade the tramp and domestic services. Since 1960 this program has resulted in the exchange of 107 privately owned for 103 Government-owned

**CHART III. SHIP EXCHANGE PROGRAM**  
(Since Inception)

No. of Ships



FISCAL YEAR	1961	1962	1963	1964	1965
Ships Traded Out	4	4	11	16	18
Ships Traded In	4	4	13	18	18
Cash Received by MARAD					
Est. Cost to Put Ship to Sea, or \$ to U.S. Shipyards	276,836	115,473	920,274	1,146,279	1,348,280
	2,871,834	8,241,341	3,902,164	39,247,609	58,274,133

FISCAL YEAR	1966	1967	1968	1969	1970	TOTAL
Ships Traded Out	13	15	22			103
Ships Traded In	13	15	22			107
Cash Received by MARAD	3,413,653	3,663,921	8,079,496			18,957,212
Est. Cost to Put Ship to Sea, or \$ to U.S. Shipyards	42,334,486	18,121,211	6,204,018			179,196,796

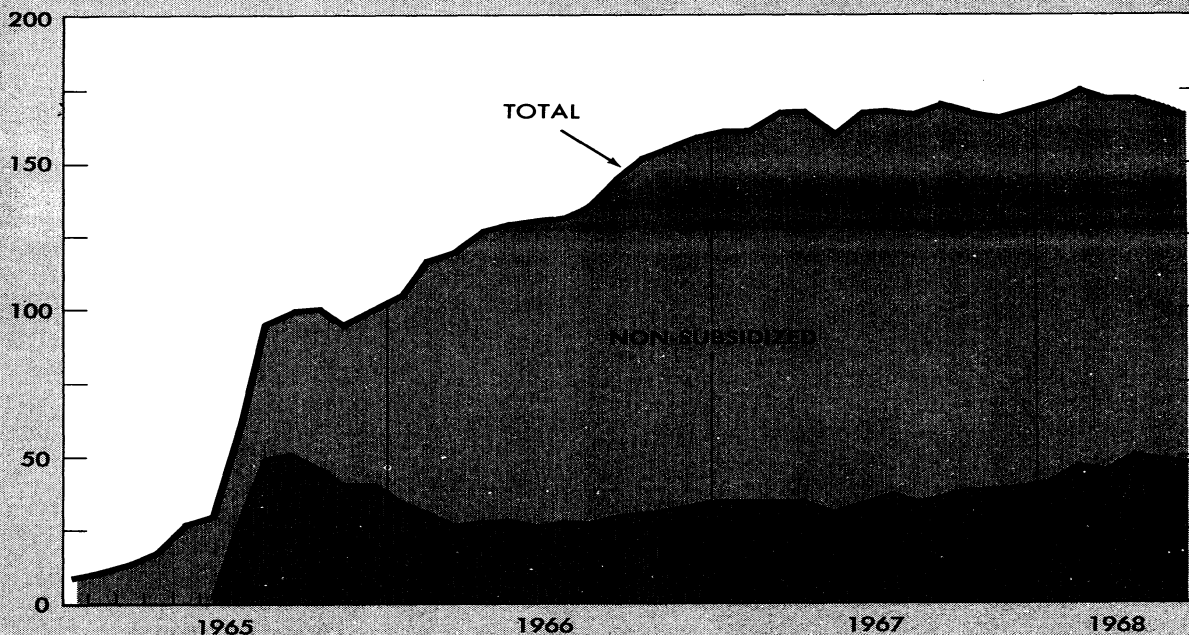
All "cash received" figures, FY 1965 to present, are subject to adjustment. Due to lack of information, figures on cost of putting ships to sea, 1967 to present, are only partial; 1968 figures reflect data available on three ships.  
NOTE: Public Law 86-575, enacted July 5, 1960, authorized the exchange of certain war-built vessels for more modern and efficient war-built vessels owned by the United States. Public Law 89-254, enacted Oct. 10, 1965, amended P.L. 86-575. Among its provisions: extension of time period for exchange program to 1970; further definition of U.S. citizen ownership requirements; and certain requirements for operation of traded out tanker vessels.

ships, about \$179 million in reconversion work for U.S. shipyards, and payment of nearly \$19 million in cash to the Government. (See Chart 3.)

**SHIP OPERATION**

The Maritime Administration is responsible for directing the operation of Government-owned merchant ships when required in national emergencies. After the Department of Defense in 1965 asked for ships from the National Defense Reserve Fleet to assist in carrying military supplies to support our armed forces in Vietnam, a total of 161 ships were withdrawn from the fleets, repaired, and assigned to private ship-

**CHART IV. PRIVATELY OWNED SHIP OPERATIONS TO SOUTH VIETNAM**



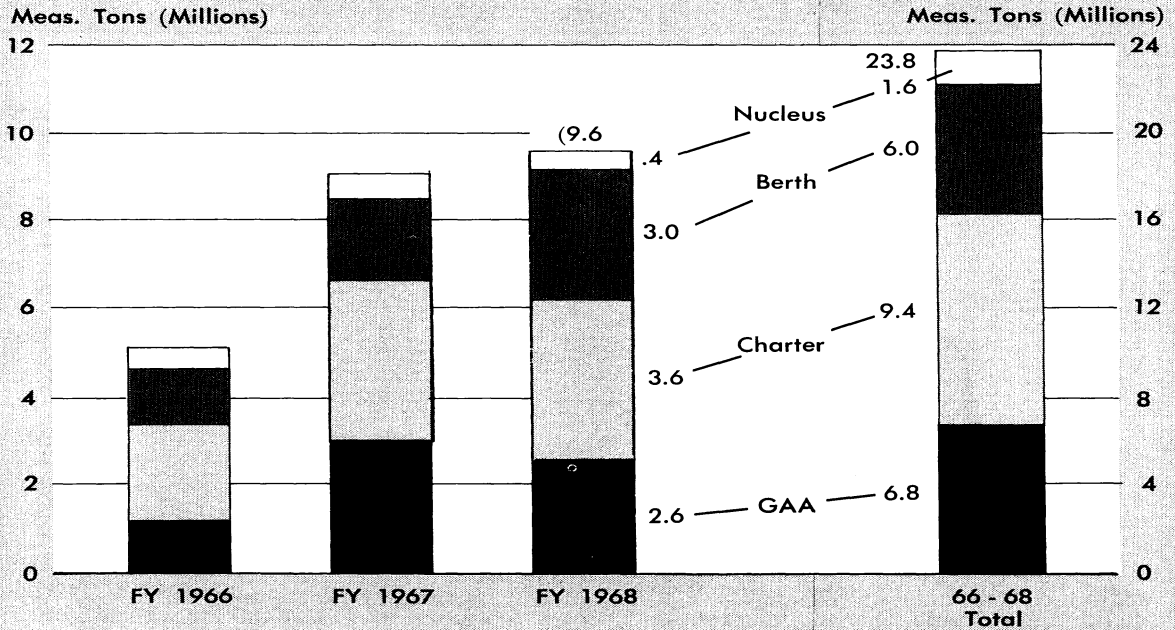
ping companies for operation under General Agency Agreements (GAA). At the end of fiscal year 1968 there were still 144 GAA ships in operation under the direction of the Military Sea Transportation Service (MSTS). During the year they carried 2,600,000 measurement tons, or 27 percent of all cargo from the United States to Vietnam which was handled by ships under the direction of MSTS.

In addition to Government-owned ships, many privately owned commercial ships were under charter to MSTS or carried partial loads of cargo for Vietnam. On June 30, 1968, there were 47 subsidized and 119 nonsubsidized dry cargo ships (Chart 4) and 51 tankers engaged in MSTS service. Of the 23.9 million tons of cargo carried to Vietnam by U.S. ships from July 1, 1965, through June 30, 1968, commercial merchant ships carried 15.4 million measurement tons or 64.6 percent of the total, and Maritime Administration ships carried 6.8 million tons, or 28.6 percent. The other 1.6 million tons, or 6.8 percent, was carried by the nucleus fleet owned by MSTS. (See Chart 5.)

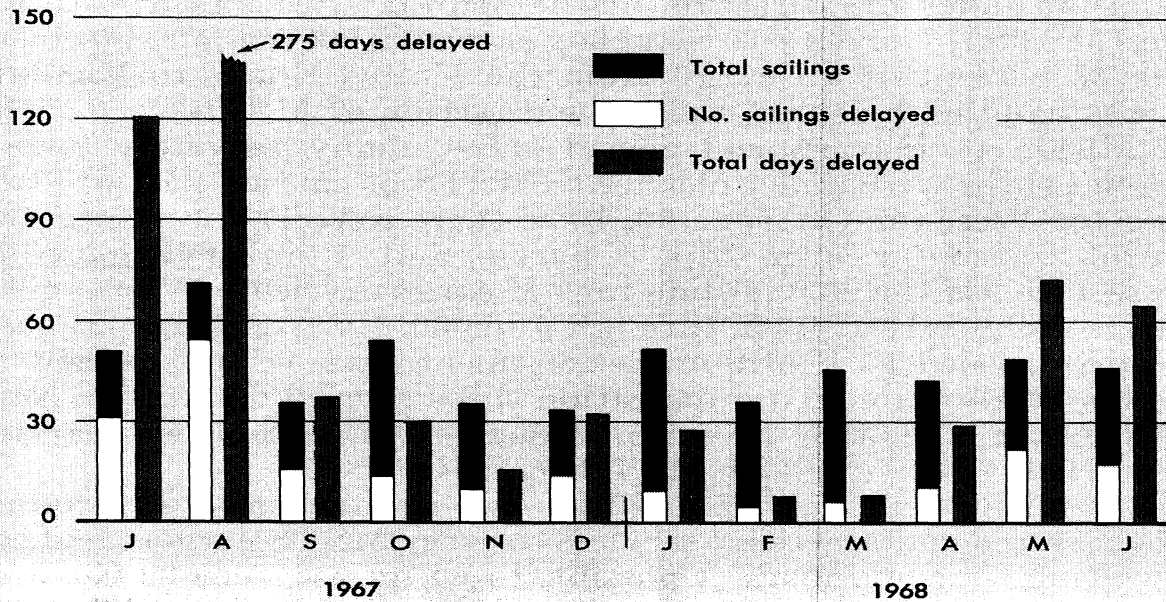
While improvement in port facilities in Vietnam and the introduction of chartered containership services to carry MSTS cargoes had cut down waiting time and made it possible to withdraw some 22 Government-owned ships from GAA service, there were serious delays to GAA ships because of continued shortages of seamen, especially in licensed officer categories. (See Chart 6.)

The demands for shipping to support military operations in Southeast Asia resulted in a severe drain on commercial services and on ships available to carry other Government-sponsored cargo, half of which

**CHART V. VIET NAM OPERATIONS**



**CHART VI. CREW SHORTAGES, GAA SHIPS**

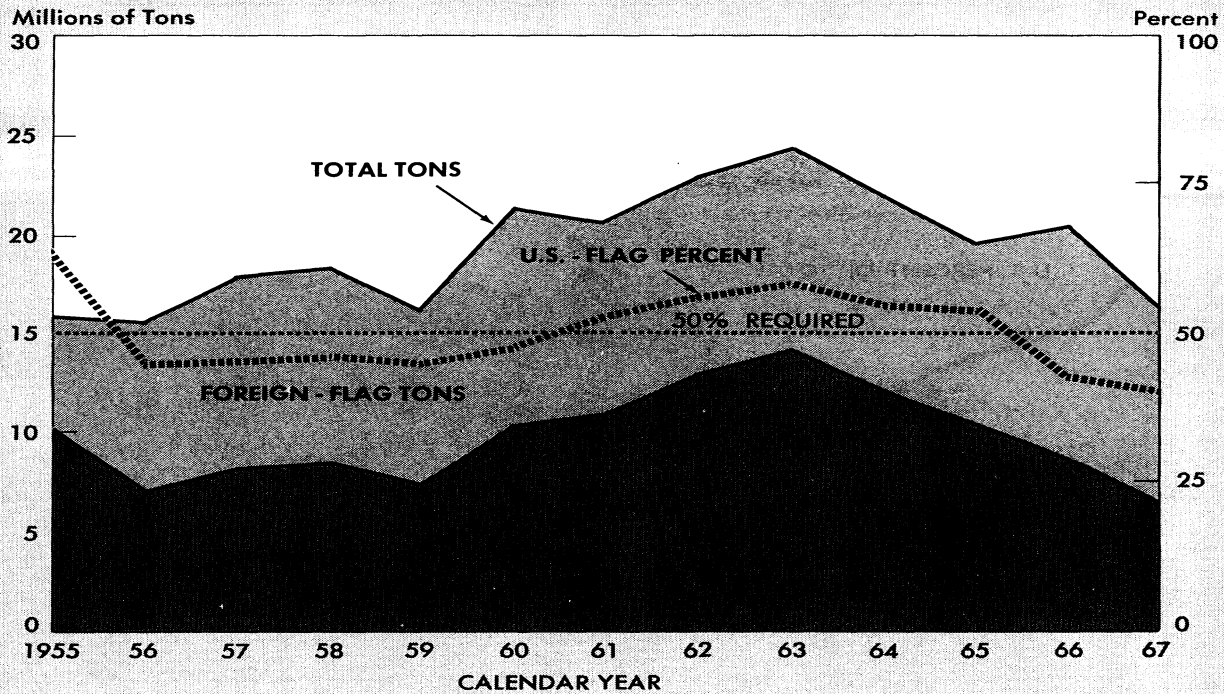


must, by law, be transported in U.S. flag ships if such ships are available at fair and reasonable rates. Of this so-called "cargo-preference cargo," U.S. ships in 1967 carried only about 40 percent (Chart 7), the



## CHART VII. CARGO PREFERENCE: U.S. FLAG PARTICIPATION

(All Agencies Except D.O.D.)



CALENDAR YEAR	1955	1956	1957	1958	1959	1960
TOTAL TONS <sup>1</sup>	15.825	15.706	17.867	18.322	16.153	21.379
U.S. Flag Tons <sup>1</sup>	10.022	7.012	8.116	8.487	7.345	10.255
U.S. Flag Percent	63.3	44.6	45.4	46.3	45.5	48.0
Dept. of Agriculture <sup>1</sup>	2.758	6.057	8.055	9.489	9.446	14.266
A.I.D. <sup>1</sup>	6.662	9.357	8.899	8.079	6.693	7.094
Others <sup>1, 2</sup>	6.405	.292	.913	.754	.014	.019

CALENDAR YEAR	1961	1962	1963	1964	1965	1966	1967
TOTAL TONS <sup>1</sup>	20.528	22.992	24.334	21.988	19.574	20.448	16.217
U.S. Flag Tons <sup>1</sup>	10.920	12.992	14.119	12.023	10.478	8.651	6.480
U.S. Flag Percent	53.2	56.5	58.0	54.7	53.5	42.3	40.0
Dept. of Agriculture <sup>1</sup>	12.976	15.837	15.443	16.029	13.646	14.584	10.659
A.I.D. <sup>1</sup>	7.526	7.127	8.813	5.871	5.889	5.788	5.470
Others <sup>1, 2</sup>	.026	.028	.078	.088	.039	.076	.088

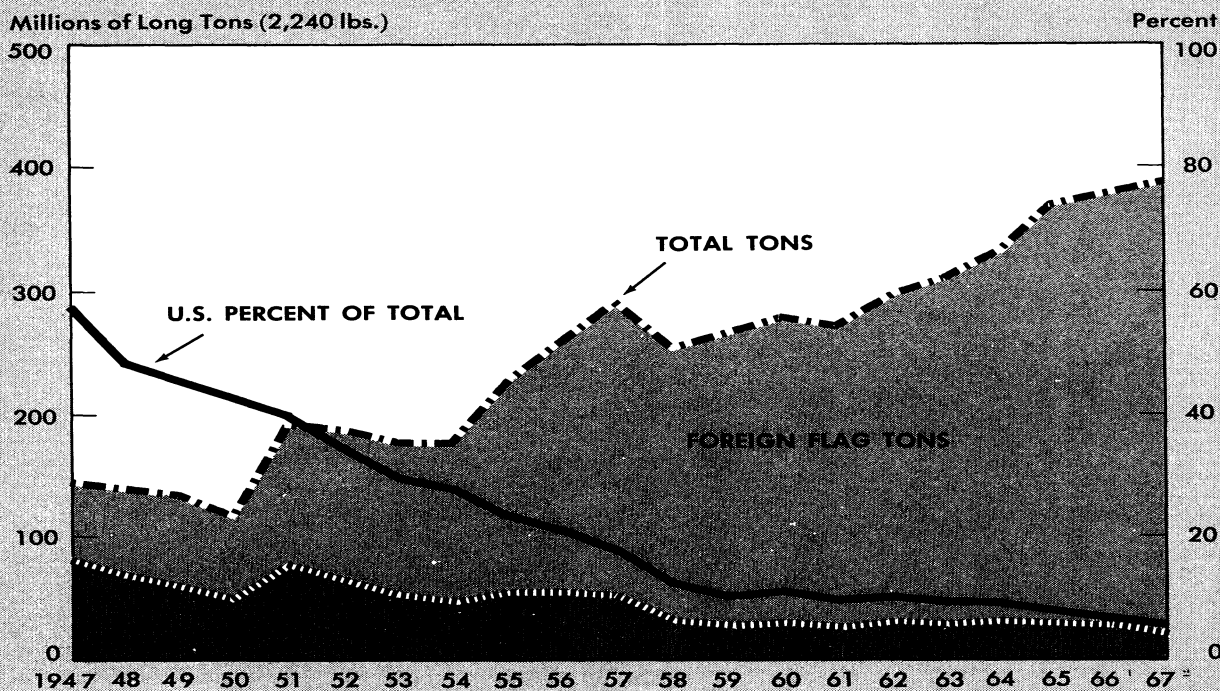
NOTE: P.L. 664, 83rd Congress, enacted August 26, 1954, requires that at least 50% of the gross tonnage of all cargoes procured for the United States for its own account, or for any foreign nation or when the U.S. shall assist in the financing of any goods, equipment or commodities for a foreign nation, shall be transported in privately owned U.S. commercial vessels.

<sup>1</sup> In millions of tons. <sup>2</sup> Includes shipments by Dept. of Interior, T.V.A., Inter-American Development Bank, Bureau of Public Roads, and the General Services Administration through 1963, after which the GSA shipments are included with Dept. of Agriculture.

second consecutive year in which foreign flag ships carried more than their maximum share of 50 percent, because of unavailability of U.S. flag ships.

The "fair and reasonable" or "guideline" rates, which are established as a ceiling on rates to be paid U.S. flag ships carrying cargo preference cargoes, are set by the Maritime Administration. During the

## CHART VIII. U.S. OCEANBORNE FOREIGN TRADE: COMMERCIAL CARGO CARRIED (TONNAGE)



CALENDAR YEAR	1947	1948	1949	1950	1951	1952	1953	1954	1955	1956	1957
Total Tons (Millions)	142.2	139.0	133.2	117.5	193.1	187.9	178.0	177.0	226.2	260.1	289.3
U.S. Flag Tons	81.9	67.0	60.3	49.7	76.8	64.4	51.7	48.7	53.1	53.9	50.8
U.S. Percent of Total	57.6	48.2	45.2	42.3	39.8	34.3	29.1	27.5	23.5	20.7	17.6
Liner Total Tons	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	46.4	46.7
Liner U.S. Flag Tons	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	18.0	17.8
Liner U.S. Percent	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	38.7	38.0
Non-Liner Total Tons	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	116.0	135.1
Non-Liner U.S. Flag Tons	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	15.8	16.2
Non-Liner U.S. Percent	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	13.6	12.0
Tanker Total Tons	36.1	38.6	43.2	51.1	58.0	63.7	67.0	66.0	74.2	97.7	107.5
Tanker U.S. Flag Tons	22.6	24.3	27.7	27.4	26.7	24.4	22.1	19.9	17.8	20.1	16.8
Tanker U.S. Percent	62.8	63.1	64.0	53.6	46.0	38.3	32.9	30.2	23.1	20.6	15.7

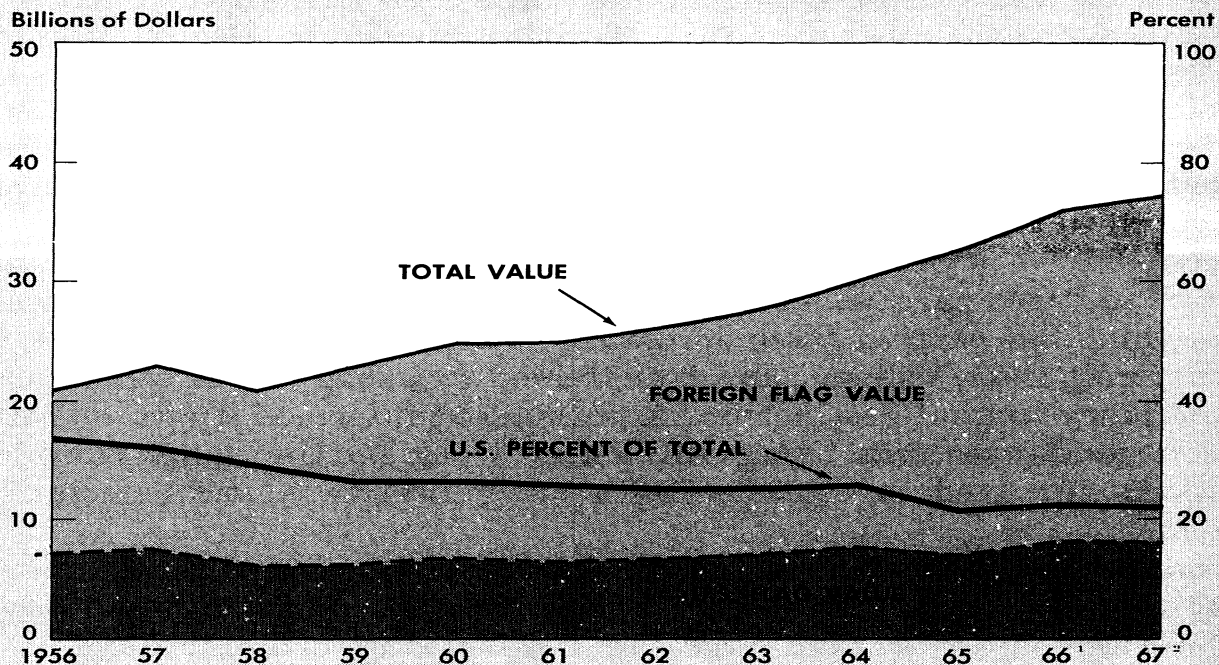
CALENDAR YEAR	1958	1959	1960	1961	1962	1963	1964	1965	1966 <sup>1</sup>	1967 <sup>2</sup>
Total Tons (Millions)	253.3	267.0	277.9	272.4	296.8	311.6	332.8	371.3	378.0	386.7
U.S. Flag Tons	30.9	27.1	31.0	26.3	29.6	28.5	30.5	27.7	25.9	21.7
U.S. Percent of Total	12.2	10.2	11.1	9.7	10.0	9.2	9.2	7.5	6.8	5.6
Liner Total Tons	43.4	48.1	50.7	49.0	48.3	48.9	50.3	49.2	50.8	50.2
Liner U.S. Flag Tons	14.0	13.5	14.5	12.6	12.7	13.5	14.2	11.2	11.3	10.8
Liner U.S. Percent	32.3	28.1	28.6	25.8	26.2	27.7	28.1	22.8	22.2	21.5
Non-Liner Total Tons	105.1	106.9	109.0	106.7	125.2	136.2	161.4	171.6	180.4	185.3
Non-Liner U.S. Flag Tons	8.8	8.2	8.4	7.8	8.3	8.2	9.8	8.2	6.6	5.5
Non-Liner U.S. Percent	8.4	7.7	7.7	7.3	6.7	6.0	6.1	4.8	3.6	2.9
Tanker Total Tons	104.8	112.0	118.2	116.7	123.3	126.5	121.1	150.5	146.8	151.2
Tanker U.S. Flag Tons	8.0	5.4	8.1	5.9	8.5	6.8	6.6	8.2	8.0	5.4
Tanker U.S. Percent	7.6	4.8	6.9	5.1	6.9	5.4	5.4	5.5	5.4	3.5

N.A. — Not Available. NOTE: Includes Government sponsored cargo; excludes Department of Defense cargo and U.S. Canada translates cargo.  
<sup>1</sup> 1966 data revised 5/7/68. <sup>2</sup> Preliminary data — subject to future revision.

year nonsubsidized operators complained that the last general guideline rates set in 1957 were inadequate because of rising costs, and after extensive hearings and review, the Maritime Administration in March 1968 set revised increased rates for the movement of full shiploads of Government cargoes effective for the remainder of calendar year 1968.

The overall share of U.S. commercial trade carried in U.S. flag ships

## CHART IX. U.S. OCEANBORNE FOREIGN TRADE: COMMERICAL CARGO CARRIED (DOLLAR VALUE)



CALENDAR YEAR	1956	1957	1958	1959	1960	1961
Total Value (\$ billions).....	20.6	22.8	20.9	22.8	24.7	24.7
U.S. Flag Value (\$ billions).....	7.0	7.3	6.0	6.0	6.5	6.3
U.S. Percent of Total.....	33.8	32.1	28.6	26.1	26.4	25.6
Liner Total Value.....	15.3	16.4	15.3	16.8	18.5	18.3
Liner U.S. Flag Value.....	6.1	6.4	5.4	5.5	5.9	5.7
Liner U.S. Percent.....	39.6	39.1	35.3	32.5	32.1	31.4
Non-Liner Total Value.....	3.3	4.0	3.4	3.7	3.6	3.7
Non-Liner U.S. Flag Value.....	.5	.5	.3	.3	.3	.4
Non-Liner U.S. Percent.....	15.0	12.6	9.2	8.4	9.0	10.6
Tanker Total Value.....	2.0	2.4	2.2	2.3	2.6	2.7
Tanker U.S. Flag Value.....	.4	.4	.3	.2	.3	.2
Tanker U.S. Percent.....	20.4	16.8	11.4	7.5	10.4	7.3

CALENDAR YEAR	1962	1963	1964	1965	1966 <sup>1</sup>	1967 <sup>2</sup>
Total Value (\$ billions).....	25.9	27.5	30.0	32.4	35.7	37.0
U.S. Flag Value (\$ billions).....	6.5	6.9	7.7	6.9	8.1	8.1
U.S. Percent of Total.....	25.1	25.1	25.8	21.4	22.5	21.9
Liner Total Value.....	18.9	19.5	21.3	22.3	24.5	25.4
Liner U.S. Flag Value.....	5.8	6.2	7.0	6.2	7.4	7.5
Liner U.S. Percent.....	30.1	31.5	32.8	27.8	30.2	29.8
Non-Liner Total Value.....	4.3	5.2	5.9	6.6	7.8	8.4
Non-Liner U.S. Flag Value.....	.4	.5	.5	.4	.4	.4
Non-Liner U.S. Percent.....	9.6	9.6	8.6	6.3	5.0	4.5
Tanker Total Value.....	2.7	2.8	2.8	3.5	3.4	3.2
Tanker U.S. Flag Value.....	.3	.2	.2	.3	.3	.2
Tanker U.S. Percent.....	9.4	9.0	8.8	8.2	7.8	5.2

N.A. — Not Available. Note: Includes Government sponsored cargo; excludes Department of Defense cargo and U.S./Canada transatlantic cargo.  
<sup>1</sup> 1966 data revised 5/7/68. <sup>2</sup> Preliminary data — subject to future revision.

continued to decline in calendar year 1967 to a new low of 5.6 percent in tonnage and 21.9 percent in value. The liner segment of the fleet carried a comparatively high level of liner cargoes, with 21.5 percent of the tonnage and 29.8 percent of the value of U.S. cargoes, but non-liners carried only 2.9 percent of nonliner tonnage and 4.5 percent by value, while tankers carried 3.5 percent of the tanker tonnage and 5.2 percent of the value. (See Charts 8 and 9.)

Nevertheless, the Maritime Administration continued its efforts to encourage U.S. traders, especially importers, to use U.S.-flag liners, since space was available on inbound ships even though the outbound ships were for the most part full. Maritime continued also to promote the "systems" approach in transportation, with special emphasis on developing unitized cargo handling and containerization. Numerous conferences were held with various transportation groups in an effort to develop "land-bridge USA." In this latest refinement of the systems approach to international distribution, land and ocean carriers will set up cooperative arrangements providing for the fast transfer and transport of unitized cargoes which would be picked up on one coast from a ship which has carried them across the ocean, transported by truck or train across the continent, and transferred to a ship on the other coast for delivery to final destination. A permanent intermodal (water-rail) liaison committee was being formed to work on the many complex problems involved in establishing a truly integrated transportation system.

Commercial shipping was plagued by various strikes in the maritime industry, which resulted in a loss of 69,100 seafaring man-days, 468,900 longshoremen man-days, and 542,000 shipyard man-days.

To insure the most economical and efficient operation of subsidized shipping, the Maritime Administration made a comprehensive review of provisions of union wage agreements and manning scales for new ships to determine the fairness and reasonableness of such wage and manning scales. Several subsidy disallowances were made in the number of particular categories of seamen or in certain benefits agreed to by the operators which the Maritime Subsidy Board found not to be eligible for subsidy payment. In several cases the Board approved accommodations for a smaller number of crewmen on some new ships than had been called for by agreements between the operators and the unions, on the basis that such additional men were not needed for the safe and efficient operation of these ships. A number of appeals were taken against these decisions, including a suit instituted in the U.S. Court of Claims by Moore-McCormack Lines.

## **RESEARCH AND DEVELOPMENT**

The development of better and more productive ship types and improved methods of building and operating ships are important methods of improving the capability and efficiency of the U.S. Merchant Marine. The Maritime Administration's Research and Development efforts are directed to these ends.

Research contracts were awarded for design and research into a competitive U.S.-flag dry bulk shipping system which the 5-year plans of shipping lines indicate is an urgent need.

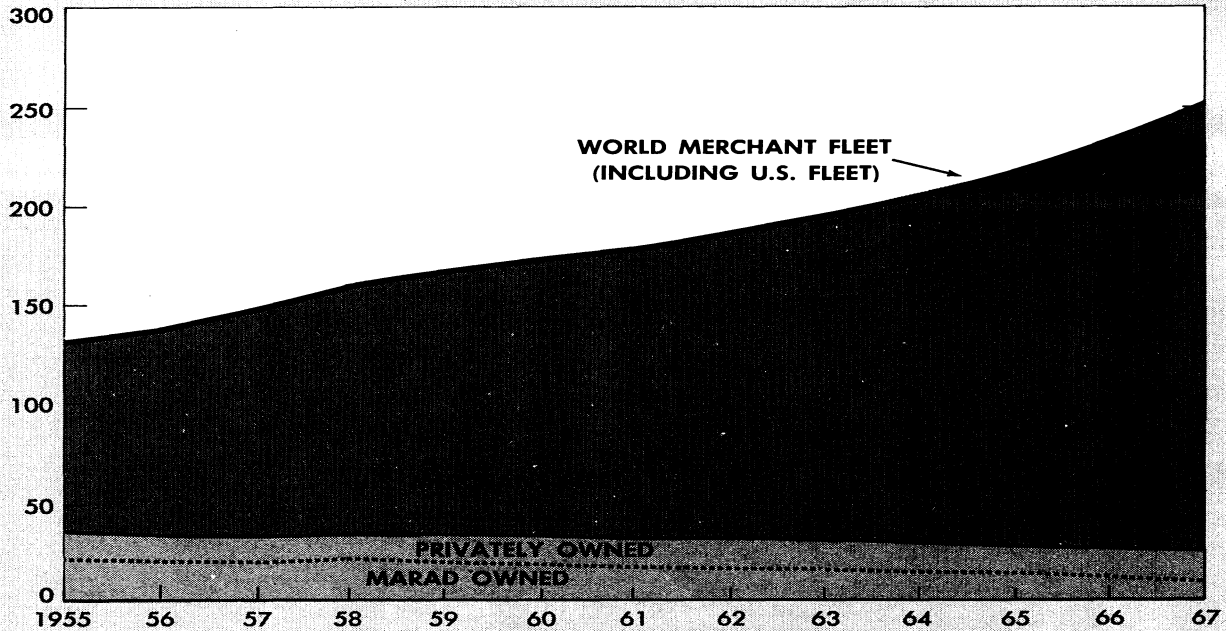
The most economic methods of carrying out ship maintenance, the use of modular concepts in fabricating deckhouses, and advanced con-



## CHART X. WORLD MERCHANT FLEET

(Oceangoing Vessels of 1,000 Gross Tons and Over)

Millions of Deadweight Tons



DATE	12/31 1955	12/31 1956	12/31 1957	12/31 1958	12/31 1959	12/31 1960	12/31 1961	12/31 1962
World Fleet (Dwt.).....	130.0	136.9	147.3	158.0	166.0	171.9	177.3	185.8
U.S. Fleet (Dwt.).....	34.7	33.7	33.3	33.7	33.3	32.6	31.0	31.1
Privately Owned.....	13.6	13.5	13.1	13.4	14.0	14.1	14.1	14.6
Marad Owned.....	21.1	20.1	20.1	20.2	19.3	18.5	16.9	16.5

DATE	12/31 1963	12/31 1964	12/31 1965	12/31 1966	12/31 1967	1968	1969	1970
World Fleet (Dwt.).....	194.3	204.2	217.2	232.2	250.4			
U.S. Fleet (Dwt.).....	30.5	29.6	28.3	27.2	26.1			
Privately Owned.....	14.6	14.7	14.7	15.0	15.1			
Marad Owned.....	15.9	14.9	13.6	12.3	11.0			

cepts such as nuclear shipping, the surface-effect ship, and oceangoing separable cargo/propulsion units were also under study.

### SAVINGS AND SALES

Savings of \$19 million were made during the year through value engineering and economy, efficiency, and effectiveness projects. In addition, 122 ships were sold for scrap or nontransportation use for a return of \$5.8 million. This made a total of 1,181 ships sold for scrap or nontransportation since 1958, for a return of over \$70 million.

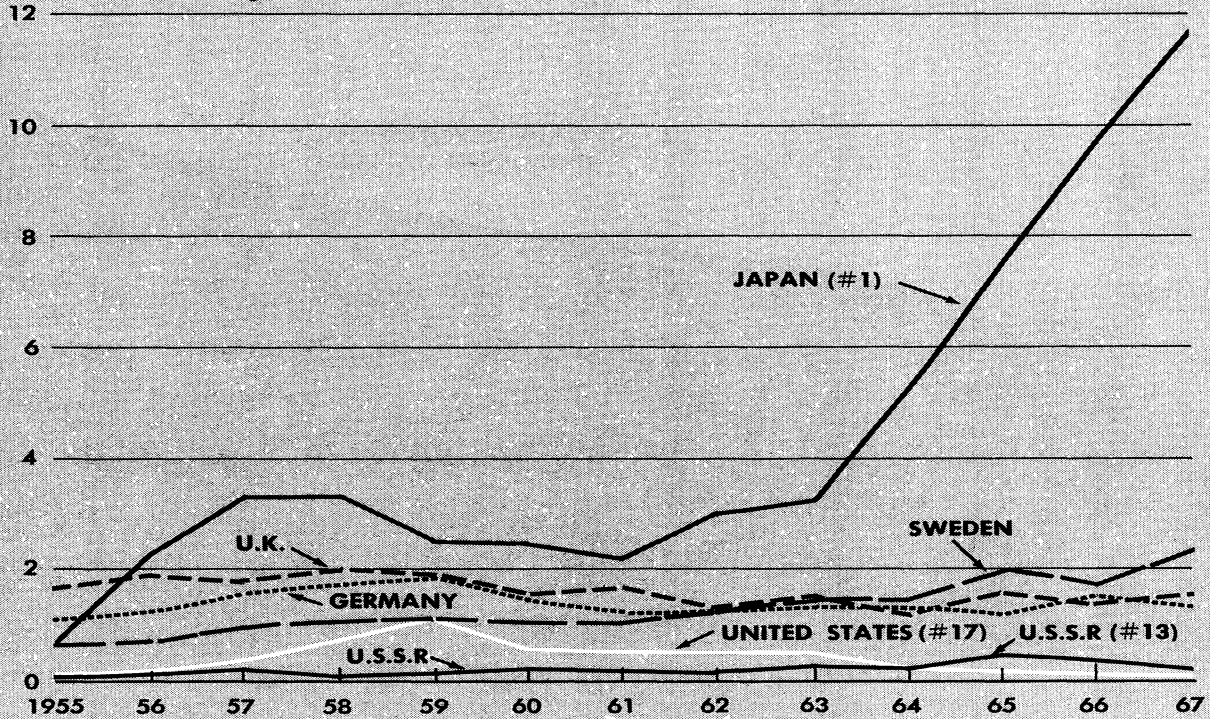
### STATUS OF FLEET

On June 30, 1968, there was a total of 2,101 ships of 25.7 million dwt. tons in the U.S. Merchant Marine, of which 1,104 of 16.4 million dwt. were in active service. (Appendix III.) There were 1,062 ships in the National Defense Reserve Fleet, a decrease of 998 in the last 10

## CHART XI. WORLD SHIPBUILDING: MERCHANT VESSELS PRODUCED

(Oceangoing Vessels of 1,000 Gross Tons & Over by Country in Which Built)

Millions of Deadweight Tons



CALENDAR YEAR	1955	1956	1957	1958	1959	1960
World Total.....	6,230	8,165	10,801	12,459	12,667	11,206
Principal Shipbuilding Countries						
Japan.....	.695	2,264	3,271	3,355	2,538	2,465
Sweden.....	.697	.669	.945	1,033	1,135	1,050
U. K.....	1,658	1,893	1,795	1,972	1,927	1,586
Germany (F. R.).....	1,118	1,203	1,527	1,722	1,838	1,486
USSR.....	.125	.151	.216	.084	.172	.210
United States.....	.131	.159	.373	.794	1,070	.548

CALENDAR YEAR	1961	1962	1963	1964	1965	1966	1967
World Total.....	10,189	11,295	12,311	13,279	16,495	19,416	22,524
Principal Shipbuilding Countries							
Japan.....	2,232	2,989	3,185	5,103	7,364	9,556	11,679
Sweden.....	1,055	1,288	1,429	1,502	1,987	1,751	2,303
U. K.....	1,685	1,301	1,562	1,220	1,603	1,397	1,552
Germany (F. R.).....	1,246	1,213	1,342	1,333	1,239	1,516	1,312
USSR.....	.196	.153	.285	.252	.480	.389	.211
United States.....	.504	.512	.514	.297	.246	.197	.149

years, of which 626 were on the retention list for emergency use, and most of the rest were scheduled to be scrapped.

The U.S. Merchant Marine on December 31, 1967, ranked fourth among world's merchant fleets in tonnage (including government-owned ships) and 17th in tonnage of new ships built during the 1967 calendar year. (Charts 10 and 11 and Appendixes I and II.)

## **GOVERNMENT ASSISTANCE**

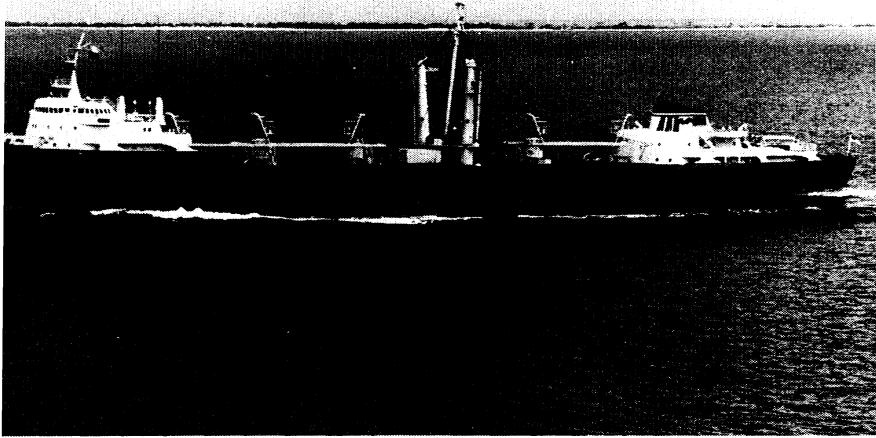
The Maritime Administration continued to implement the programs of Government financial assistance designed to aid and encourage U.S.-flag operators in the operation and maintenance of an efficient, modern, competitive American Merchant Marine.

These programs included the administration of operating-differential and construction-differential subsidy programs and other Government aids to merchant shipping. Under the operating subsidy program, the Government may pay the difference between certain foreign and domestic costs of ship operation on U.S.-foreign trade routes which have been found to be essential. Under the construction subsidy program, the Government also may pay the difference between American and foreign shipbuilding costs for ships to be operated in foreign trade. Current law provides that the maximum construction subsidy allowed is 55 percent of domestic cost for any new construction, and 60 percent for reconstruction of passenger ships.

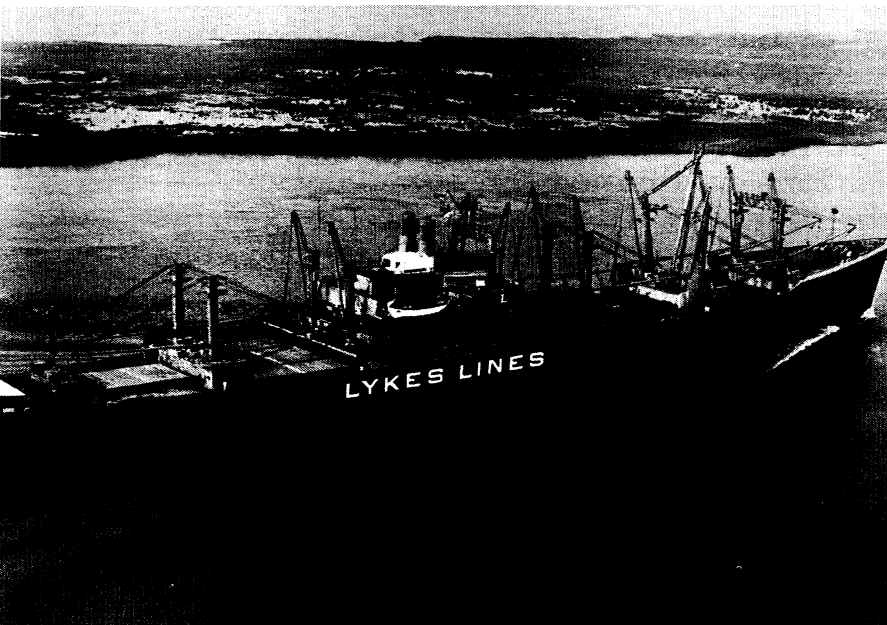
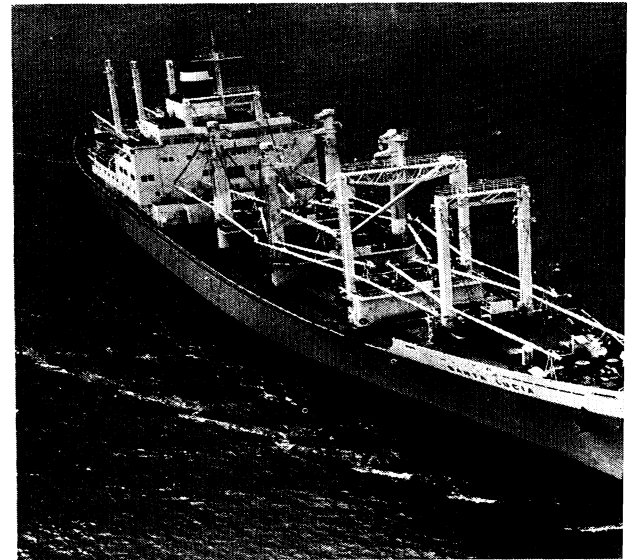
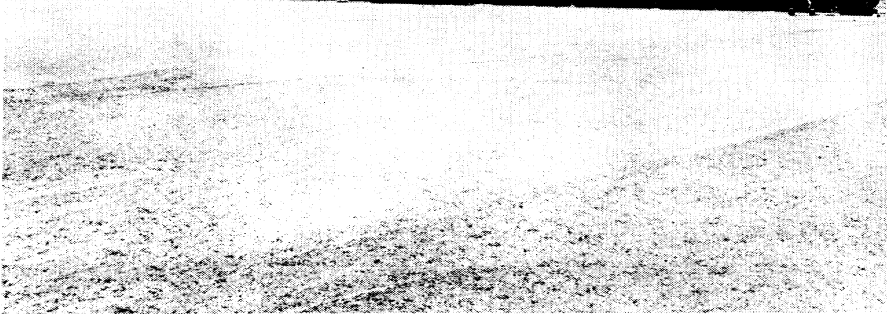
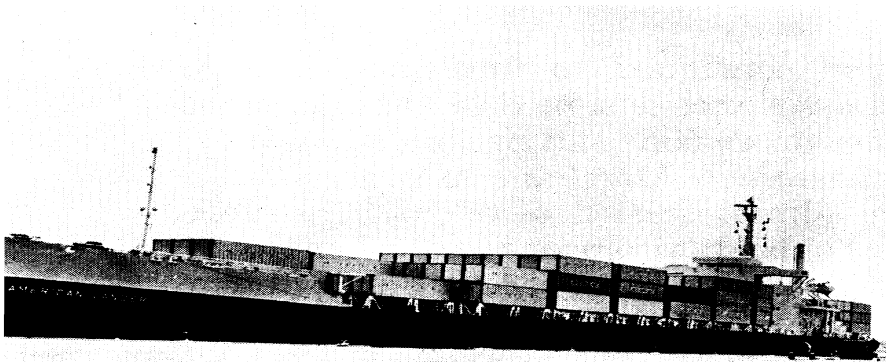
Construction reserve funds may be set up by a U.S. ship operator for the purpose of building new vessels for U.S. foreign and domestic commerce. Such funds are granted certain tax deferment benefits.

The Government pays the cost of national defense features certified by the Navy Department as necessary for national defense, but which are found by the Maritime Administration to be in excess of commercial requirements. In addition, Maritime insures mortgages and loans made by private lending institutions to finance the construction, reconstruction, and reconditioning of ships. It also acquires old ships in exchange for better types, or for allowances of credit on the construction of new ships.

Maritime investigates and determines which ocean services, routes, and lines are essential for the development and maintenance of the foreign commerce of the United States, and the type, size, speed, and other requirements of ships to provide adequate service on such routes. Only operators who agree to provide regular services on these routes are eligible for award of operating-differential subsidy contracts.



These are representative of the 13 fine new ships delivered to subsidized operators during the year.



## OPERATING-DIFFERENTIAL SUBSIDY

Fourteen operators participated in the operating-differential subsidy program, with a total of 307 ships under contract at the end of the fiscal year. Payments during the year on operating subsidy due for fiscal 1968 and for prior years totaled \$200,129,670.

Operating-differential subsidy accrued from January 1, 1937, to June 30, 1968, totaled \$2,912 million; recapture amounted to \$243 million; net payable as of June 30, 1968, was \$2,669 million, of which \$2,517 million had been paid out, leaving an estimated unpaid balance of \$152.6 million at the end of the fiscal year. (Appendix IV and Chart 12.) (See also Appendix VI.)

A summary of the operating-differential subsidy contracts in effect at year's end is shown in Appendix V.

Operating subsidy was being paid on 109 overage ships pending their replacement.

Determinations made on applications for various types of permission under operating differential subsidy contracts are shown below.

Table 1

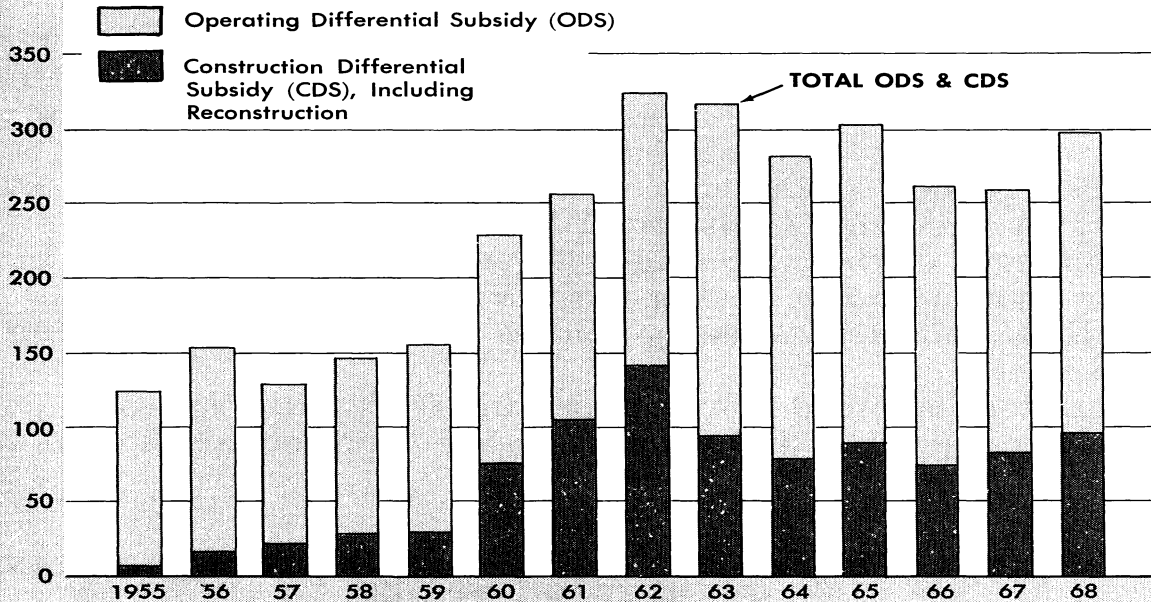
### APPLICATIONS UNDER ODS CONTRACTS OF SUBSIDIZED LINES GRANTED OR DENIED

Line	Request	Determination
American Export Isbrandtsen Lines, Inc.	Increase maximum TR 12 sailings from 15 to 30 for calendar year 1968. Reconstruct SS <i>Independence</i> at company expense. Cancel ODS contract on <i>Container Despatcher</i> and <i>Container Forwarder</i> and combine that contract with ODS for other subsidized vessels. Convert O3s <i>Export Courier</i> , <i>Export Commerce</i> , <i>Export Challenger</i> and <i>Export Champion</i> to containerhips and use capital reserve funds to finance the work. Merger of the Dragor Shipping Corp. into AEIL's parent company, American Export Isbrandtsen Co., Inc.	Approved: " Denied: Approved:
American Mail Line Ltd.	Increase maximum sailings on TR 29 from 42 to 46 and revise service description to provide greater operating flexibility and clearer description.	"
American President Lines, Ltd.	Increase in maximum sailings on Trans-Pacific freight service from 37 to 48; increase maximum sailings on round-the-world westbound from 28 to 36; reduce minimum sailings on line O, TR 17 from 24 to 12, provided a minimum of 42 sailings is made on RTW westbound and line O combined. Use capital reserve fund moneys for reconstruction and improvement of container capacity of <i>Presidents Lincoln</i> and <i>Tyler</i> .	" "
Delta SS Lines, Inc.	Phase out passenger service on 3 O3-P combos on TR 20 in 1967, and operate vessels as freighters on TR 20 in 1968 until replaced by third replacement group ships.	"
Grace Line Inc.	Decrease maximum sailings from 66 to 50 for O2 ships on TR 4 upon withdrawal of O2 combo. Furnish certain agency services at U.S. ports to foreign vessels of Compañia Anonima Venezolano de Navegacion. Rescind permission for corporate reorganization, as company was not going to proceed with the reorganization.	" " "
Lykes Bros. SS Co., Inc.	Increase of 2 sailings per month on TR 22, for duration of disruption of normal commercial relations with Arab nations in Mediterranean. Recapitalization and reorganization of corporate structure and creation of wholly owned subsidiary to take over ODS contract and certain assets and liabilities. Name of the subsidiary Lykes Bros. Steamship Co., Inc., parent company's name changed to Lykes Corp.	" "
Prudential Lines, Inc.	Allowance of credit for trade-in of 3 Victory-type vessels against purchase price of 3 LASH-type ships.	"



## CHART XII. MARITIME SUBSIDY EXPENDITURES

Millions of Dollars  
400

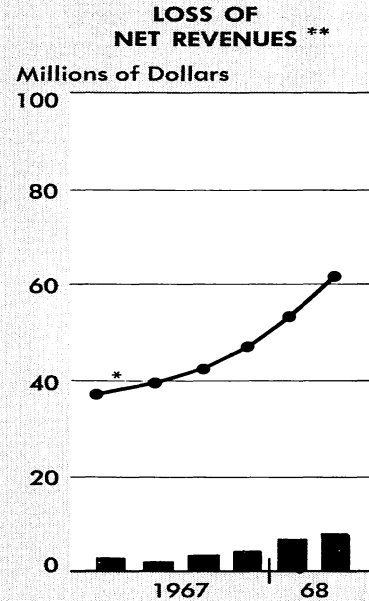
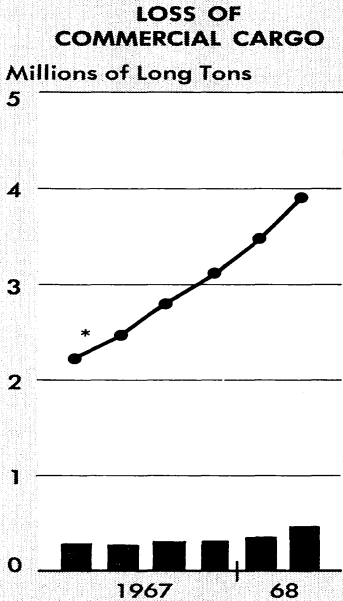
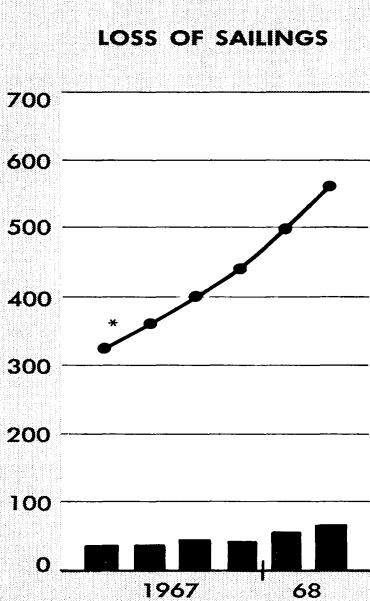
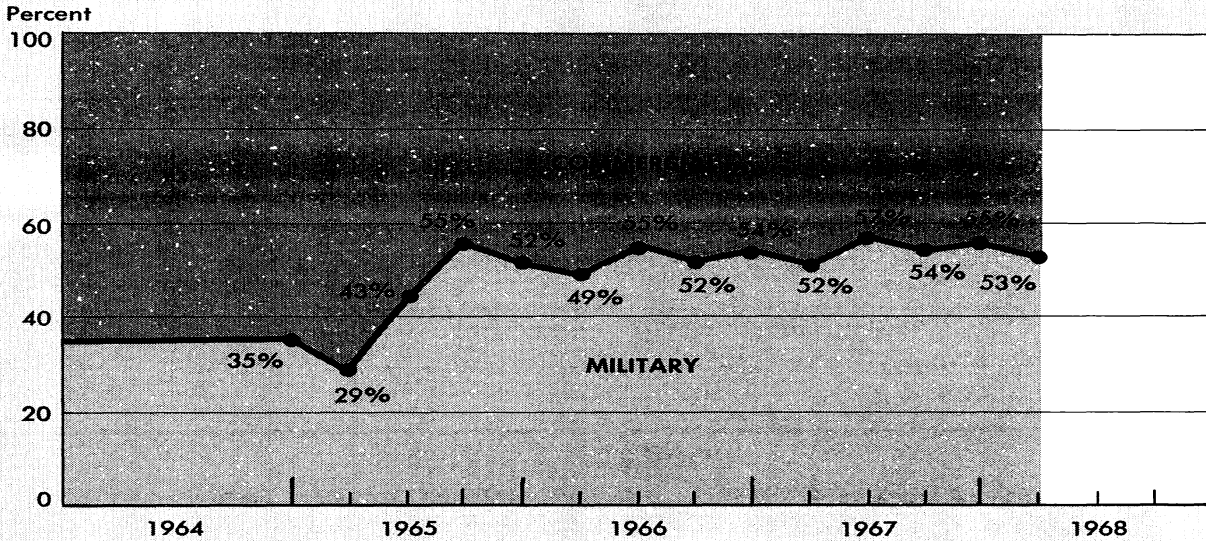


FISCAL YEAR	1955	1956	1957	1958	1959	1960	1961	1962	1963	1964	1965	1966	1967	1968
Total ODS & CDS	120.7	151.3	128.6	147.4	156.4	226.7	253.5	323.0	315.4	282.0	301.0	260.0	258.2	297.8
ODS	115.4	135.3	108.3	120.0	127.7	152.8	150.1	181.9	220.7	203.0	213.3	186.6	175.6	200.1
CDS (incl. Reconst.)	5.4	16.0	20.3	27.3	28.7	74.0	103.3	141.0	94.7	78.9	87.7	73.4	82.5	97.7

Fiscal Year	Construction Differential Subsidy <sup>1</sup>	Reconstruction Differential Subsidy <sup>1</sup>	Total Construction and Reconstruction Subsidy (CDS) <sup>1</sup>	Operating Differential Subsidy (ODS) <sup>2</sup>	Total ODS and CDS
1936					
1937					
1938					
1939					
1940					
1941					
1942					
1943		\$ 3,286,888	\$ 246,249,167	\$ 16,601,213	\$ 471,968,043
1944					
1945					
1946					
1947					
1948					
1949					
1950				\$ 5,784,595	
1951				14,018,284	
1952				41,437,567	
1953				62,838,704	
1954	\$ 5,538,417			85,038,513	
1955	5,358,663	0	\$ 5,358,663	115,391,111	\$ 120,749,774
1956	1,613,737	\$14,368,668	15,982,405	135,342,146	151,324,551
1957	16,379,076	3,909,195	20,288,271	108,292,274	128,580,545
1958	22,637,540	4,709,383	27,346,923	120,031,522	147,378,445
1959	21,679,547	7,065,416	28,744,963	127,693,052	156,438,015
1960	69,156,794	4,828,227	73,985,021	152,756,154	226,741,175
1961	102,118,519	1,215,432	103,333,951	150,142,575	253,476,526
1962	136,858,263	4,160,591	141,018,854	181,918,753	322,937,607
1963	90,514,302	4,181,314	94,695,616	220,676,685	315,372,301
1964	77,234,458	1,665,087	78,899,545	203,036,847	281,936,392
1965	87,649,008	38,138	87,687,146	213,334,409	301,021,555
1966	70,810,939	2,571,566	73,382,505	186,628,357	260,010,862
1967	81,592,502	932,114	82,524,616	175,631,860	258,156,476
1968	97,610,561	96,707	97,707,268	200,129,670	297,836,938
TOTAL	\$1,124,176,188	\$53,028,726	\$1,177,204,914	\$2,516,724,291	\$3,693,929,205

Notes: <sup>1</sup> Data for construction and reconstruction subsidies are stated on an accrued expenditure basis and do not include any refunds of CDS made for operation of CDS ships in domestic trades. <sup>2</sup> Data for operating differential subsidy are stated on basis of vouchers approved for payment.

**CHART XIII. COMMERCIAL IMPACT ON SUBSIDIZED SERVICES OF SHIPPING TO VIETNAM**  
**UTILIZATION OF SHIPPING SPACE ON SUBSIDIZED SHIPS**



\* Cumulative from July 1965

\*\* Revenue loss from subsidized operations, plus subsidy accrual loss, minus MSTs charter hire

Many of the subsidized lines were given permission to reduce the required number of minimum sailings on various services during calendar year 1967 because of disruptions caused by closing of the Suez Canal, charter of some of their vessels to MSTs, and for other reasons beyond their control. The effect on subsidized operations of diversions to military service is shown in Chart 13.



## Pending Applications

Applications were pending from four subsidized operators seeking increased sailings on their existing services, or on a new service.

**Table 2**  
**PENDING APPLICATIONS FROM SUBSIDIZED OPERATORS FOR INCREASED SAILINGS AND NEW SERVICE**

Company	Trade route	Number new sailings requested
American Export Isbrandtsen Lines, Inc.....	18 12 5-7-8-9	25 26 26
American Mail Line Ltd.....	1 26	28
Lykes Bros. Steamship Co., Inc.....	29	18
	13	12
United States Lines, Inc.....	1 26	18
	12	26
	1 26	26

<sup>1</sup> New.

**Table 3**  
**OTHER PENDING APPLICATIONS FROM SUBSIDIZED LINES FOR AUTHORIZATIONS UNDER ODS AGREEMENTS**

Lines (and date of request)	Request
American Export Isbrandtsen Lines, Inc. (Aug. 2, 1967). (Mar. 22, 1968 and Mar. 25, 1968)..... (May 16, 1968).....	Partial rescission and modification of Lines G and H (Great Lakes and Atlantic/Continent conventional vessel) and Line F (East-bound round-the-world) services. Indefinite suspension from subsidy of passenger ship <i>Atlantic</i> and use of the ship in the American World Trade Ship program. (Ship was temporarily withdrawn from subsidy as of Oct. 13, 1967.) Withdraw <i>Container Despatcher</i> and <i>Container Forwarder</i> from subsidized service and charter to the Military Sea Transportation Service for "Operaton SHEDS". Substitute containerhips under construction in subsidized service.
American Mail Line Ltd.....	ODS to retrofit five freighters. (Approval of a retrofit program at AML expense was granted in Feb. 1968, subject to later MarAd determination of CDS for the work. AML withdrew request for CDS in April 1968 and requested ODS as a betterment.)
American President Lines, Ltd. (Amended appl. Aug. 21, 1967. Orig. Feb. 11, 1966). (June 14, 1968).....	Nonsubsidized cargo service to Hawaii (docket S-191). (Hearing held, decision pending). Establish a wholly owned subsidiary, American President Lines Passenger Service, Inc. to operate APL's 3 passenger ships.
American President Lines, Ltd., American Mail Line Ltd. and Pacific Far East Line, Inc. (May 25, 1966) Delta SS Lines, Inc.: (June 27, 1968)..... (July 31, 1967).....	Merger of the companies, and immediate coordination of sailings and solicitation. Carry cargo between U.S. Gulf ports and San Juan, Ponce, and Mayaguez, P.R., on trade routes 14-2 and 20. Approval of the acquisition through May 1968 of more than 80 percent of Delta common stock by TCO Industries Inc. (formerly Transcontinental Bus System, Inc.) through a tender offer to exchange a new issue of TCO convertible preferred stock for Delta common stock.
Lykes Bros. SS Co., Inc. (Mar. 21, 1968)	Make 8 calls during balance of 1968 to lift cargo from Hawaii for Europe with possible transshipment at U.S. Gulf ports. Domestic service between Hawaii and U.S. Gulf ports.
Moore-McCormack Lines, Inc., (June 13, 1968)	Merger of City Moore, Inc., a subsidiary of City Investing Co., and Moore and McCormack Co., Inc., (Merger would make Moore and McCormack Co., Inc., a wholly owned subsidiary of City Investing Co.)
Oceanic S.S. Co. (Oct. 18, 1967).....	Permission for Parent Company, Matson Navigation Co. to enter into Basic Shoreside Container Service Agreement with 2 Japanese steamship lines.
United States Lines, Inc.: (May 1, 1968)..... (June 24, 1968).....	Additional calls at Hawaii in domestic commerce, to the existing maximum of 55 sailings per year. Merger of United States Lines Company, parent of United States Lines, Inc., and Walter Kidde & Co., with creation of a new Delaware corporation Walter Kidde & Co., Inc., into which the two merged companies will be consolidated. (Merger was approved shortly after the close of the fiscal year.)

Other applications from subsidized lines for various authorizations were also pending at the end of the year. (Table 3.)

Applications for operating subsidy were pending from five non-subsidized operators at the end of the fiscal year. (Table 4.)

**Table 4**

**ODS APPLICATIONS PENDING FROM NONSUBSIDIZED OPERATORS**

Company	Trade routes	Sailings requested	Date filed
Atlantic Express Lines of America, Inc.-----	5-7-8-9-----	50-60	Nov. 30, 1960
Central Gulf Steamship Corp.-----	18-----	36-40	June 16, 1964
	10-13-----	44-48	Oct. 4, 1963
Isthmian Lines, Inc. (amended)-----	R/W (westbound) and 18-----	62-76	Aug. 7, 1963
States Marine Lines, Inc. (amended)-----	Tri-Continent, TR 13 and 29-----	108-168	Aug. 7, 1963
Waterman Steamship Corp. (amended)-----	5-7-8-9, 21, 22/12, 29 and 32-----	98-138	Sept. 21, 1965

**CONSTRUCTION-DIFFERENTIAL SUBSIDY**

**Policy and Plans**

By the end of the fiscal year, the combined 1967-1968 24-vessel ship-building program had been largely implemented, with 13 ships contracted for, and bids received on the remainder.

At mid-year the first step in a long-range program was taken with a request to all U.S. ship operators that they submit their plans for ship construction for the five fiscal years 1969-1973 inclusive. Both subsidized and non-subsidized operators in the U.S. foreign trades were invited to submit their plans for operation of either liner or non-liner dry cargo vessels (conventional, container, barge or novel type) or dry bulk carriers, and for oil tankers or other liquid bulk carriers. Agency planning for ship construction during the next 5 years will rely heavily on the data received. Responses from about 35 U.S. ship operators had been received by the end of the year and were being carefully reviewed. One conclusion drawn early from the responses received was the need for some 35-40 dry bulk vessels in the next 5 years.

**Building Contracts**

Construction-differential subsidy contracts for two shipyards to build 12 new ships for three companies at a total estimated domestic cost of \$250.5 million and estimated construction subsidy of \$124.8 million were signed during fiscal year 1968. (See Table 5). This made a total of 163 cargo ships contracted for by the subsidized operators since beginning of the replacement program in 1958 (excluding four passenger ships ordered in 1955 and 1956), at a total contract cost of about \$2 billion. Total construction subsidy paid out since 1936 is \$1.2 billion. (Chart 12.)

**Table 5**

**CONTRACTS AWARDED IN FISCAL YEAR 1968 ON WHICH CONSTRUCTION-DIFFERENTIAL SUBSIDY IS TO BE PAID**

Shipping line	Shipyard	Type of ship	Number of ships	Total estimated cost <sup>1</sup>	Estimated CDS cost	Estimated cost of NDF
Pacific Far East Line, Inc.	Avondale Shipyard, New Orleans, La.	C8-S-81b----	6	\$127,956,000	\$63,762,432	\$78,000
Prudential Lines, Inc.	Avondale Shipyard, New Orleans, La.	C8-S-81b----	5	106,630,000	53,199,540	65,000
United States Lines, Inc.	Sun S.B./D.D. Co., Chester, Pa.	C7-S-68e----	1	15,950,000	7,878,000	-----

<sup>1</sup> Total contract cost including CDS and National Defense Features, but excluding engineering and change orders.

The eleven LASH ships, six for Pacific Far East Line, Inc. and five for Prudential Lines, Inc., contracted for at Avondale Shipyards, in November, 1967, represented the largest number of ships of one design contracted for in one shipyard at one time since World War II. Maritime Administration review of the plans and specifications submitted by Prudential and Pacific Far East Line resulted in modifications involving total cost savings of approximately \$900,000, of which about half accrued to the Government. Maritime also persuaded the lines to eliminate minor differences between the two designs. A savings in subsidy of about \$6.9 million resulted from ordering 11 ships of the same design from one yard, clearly indicating the advantages of such large scale orders.

No contracts were allocated under section 502(f) of the Merchant Marine Act, 1936.

Bids were requested on 11 additional new ships on which construction subsidy was to be paid, including rebids on three Seabarge carriers for Lykes Bros. which were modified to attract lower bids, and a joint invitation for eight ships, three for American President Lines, Ltd., and five <sup>1</sup> for Farrell Lines, Inc. (Table 6.) Contracts had not been awarded at the year's end.

**Table 6**

**BIDS REQUESTED FOR SUBSIDIZED SHIP CONSTRUCTION ON WHICH CONTRACTS HAD NOT BEEN AWARDED**

Company	Number of ships	Design	Invitation date	Apparent low bid (including national defense features)
American President Lines, Ltd. } joint invitation. Farrell Lines, Incorporated. }	{ 3 1 5	C6-S-85b-- C6-S-85a----	Mar. 15, 1968 Mar. 15, 1968	Ingalls SB Corp., Pascagoula, Miss. (\$182,645,- 490 for all eight.)
Lykes Bros. Steamship Co., Inc.-----	3	C8-S-82a----	Mar. 27, 1968 <sup>2</sup>	General Dynamics Corp., Quincy, Mass. (\$32,617,- 333 ea. of 3.)

<sup>1</sup> Farrell requested reduction to 4 ships on July 16, 1968.

<sup>2</sup> Revised.

## Applications Pending

At the end of the year, applications were pending from four subsidized operators and from eight nonsubsidized operators for construction-differential subsidy on 61 new and converted ships, including 30 bulk carriers. (See Table 7.)

**Table 7**  
**PENDING APPLICATIONS FOR CONSTRUCTION SUBSIDY**

Company	Number of ships	Type
<i>Subsidized</i>		
American Export Isbrandtsen Lines, Inc.....	3	Containerships:
	1 5	“
	10	Bulk Carriers:
American President Lines, Ltd.....	2 1	Constitution:
	*3	Containerships:
Farrell Lines Incorporated.....	4	Bulk Carriers:
Lykes Bros. Steamship Co., Inc.....	*5	Containerships:
	*3	Sea barge carriers:
	2 9	Pride class ships:
<b>Total.....</b>	<b>43</b>	
<i>Non-subsidized</i>		
Hudson Waterways Corp.....	2	Bulk carriers:
Jackson Agents, Inc.....	2	“
Marine Carriers Corp.....	4	“
Matson Navigation Co.....	2	Containerships:
Overseas Transportation, Inc.....	2	Bulk Carriers:
Penn Steamship Co.....	3	“
T.C.C. Shipping Co., Inc.....	2	“
T. J. Stevenson & Co., Inc.....	1	“
<b>Total.....</b>	<b>18</b>	

\* Bids received.

<sup>1</sup> Original application was for 10—amended to 5 on 1/25/68.

<sup>2</sup> Reconstruction/conversion.

<sup>3</sup> Reduced to 4 on July 16, 1968.

No application pending for trade-in allowances.

## FEDERAL SHIP MORTGAGE INSURANCE

New applications for Federal Ship Mortgage or Loan Insurance covering 15 ships, and aggregating \$121,072,000, were approved. In addition, mortgage insurance contracts aggregating \$50,273,400 were placed on 11 ships for which commitments had been made in previous fiscal years. (Table 8).

At year's end, the Title XI contracts in force covered a total of 126 ships, 2 ferries (including 1 hydrofoil), and 1 barge, for a total outstanding balance of principal and interest of \$651,551,562. There were no defaults during the year.

At the end of the year, 14 applications for loan and/or mortgage insurance were pending. They covered the construction of 43 ships, 10 tugs, and 713 barges, at a total estimated cost to the applicants of \$334,097,428. Insurance applied for would cover estimated construction loans of \$205,852,000 and estimated mortgage loans of \$334,434,821.

The Federal Ship Mortgage Insurance Revolving Fund received over \$3,824,000 in net income during the year (after depreciation of \$132,857 on the *Carib Queen*, on loan to the Navy), making the retained income of the fund approximately \$19,025,030.

**Table 8**

**FEDERAL SHIP MORTGAGE INSURANCE, FISCAL YEAR 1968**

No. ships	Name or type	Company	Date	Amount to be insured
APPLICATIONS APPROVED				
5	<i>Alaskan Mail</i> ----- <i>Indian Mail</i> ----- <i>Korean Mail</i> ----- <i>Hong Kong Mail</i> ----- <i>American Mail</i> -----	American Mail Line Ltd-----	Sept: 8, 1967	\$28, 800, 000
5	LASH-----	Prudential Lines, Inc-----	Nov: 14, 1967	43, 975, 000
1	Tanker-----	Penn Tankers, Inc-----	Dec: 1, 1967	10, 325, 000
4	Tanker-----	Falcon Tankers, Corp-----	Jan: 5, 1968	37, 972, 000
15				121, 072, 000
CONTRACTS SIGNED				
5	<i>President Van Buren</i> ----- <i>President Grant</i> ----- <i>President Taft</i> ----- <i>President McKinley</i> ----- <i>President Fillmore</i> -----	American President Lines, Ltd----- "----- "----- "----- "-----	Sept: 29, 1967 Oct: 27, 1967 Oct: 15, 1967 Mar: 13, 1968 May 31, 1968	\$4, 830, 000 5, 000, 000 4, 893, 000 4, 893, 000 5, 000, 000
2	<i>Santa Barbara</i> ----- <i>Santa Isabel</i> -----	Grace Line Inc----- "-----	July 14, 1967 Sept: 15, 1967	4, 899, 000 4, 900, 000
1	<i>HS Victoria</i> -----	Northwest Hydrofoil Lines, Inc-----	Apr: 26, 1968	932, 400
2	<i>Del Sol</i> ----- <i>Del Rio</i> -----	Delta SS Lines, Inc----- "-----	July 13, 1967 Oct: 10, 1967	2, 825, 000 2, 825, 000
1	<i>Overseas Alice</i> -----	Intercontinental Bulktank Corp-----	June 14, 1968	9, 266, 000
11				50, 273, 400

**RESERVE FUNDS**

On June 30, 1968, balances in five construction reserve funds of operators totaled \$995,219, compared with \$2,320,621 in eight funds at the beginning of the fiscal year, a decrease of \$1,325,402. Two funds were established during fiscal year 1968, and five were closed. (See Appendix VII.)

At year's end, statutory reserve funds of subsidized operators totaled \$130,030,307 consisting of \$53,685,373 capital and \$76,344,934 special reserve funds, as compared with \$185,621,257 at the beginning of the fiscal year, a decrease of \$55,590,950. (See Appendix VIII.)

In addition to the mandatory deposits in special and capital reserve funds, four subsidized operators were authorized to make voluntary deposits of \$6,683,756.

**TRADE ROUTES**

At year's end a review of all essential trade routes was nearing completion. The extensive review was being made to keep abreast of the changing U.S.-flag ship and service requirements on these routes resulting from the container revolution and systems approach to shipping services.

Attention was also being given to the requirements of particular routes in connection with ship replacement requirements of subsidized operators. Such new developments as the "land-bridge concept" were being considered from the standpoint of the effect on trade flows and ship requirements.

# **PROMOTION**

## **CARGO PROMOTION**

The Maritime Administration continued its cargo promotion program, endeavoring to increase the percentage of import and export cargo carried by the American Merchant Marine in our foreign commerce and to protect and develop the domestic segment. However, despite this effort, participation of all segments of the U.S.-flag merchant fleet declined further below a satisfactory level during the year.

Two adverse factors contributing to the decline since 1965 continued to prevail, resulting in further decline in the percentage of liner tonnage carried by U.S.-flag ships on the essential trade routes from 23.1 percent in 1966 to 22 percent in 1967. These were the diversion of vessels to carry military cargoes for the Military Sea Transportation Service and the demand for space by the Department of Defense in those vessels remaining in regular service.

The volume of the country's foreign commerce carried in liner vessels also declined slightly in 1967 to 50,153,000 tons from 50,763,000 on all routes in 1966. U.S. flag liner cargoes declined from 11,282,000 to 10,820,000. By value, however, U.S.-flag ships carried 29.8 percent of all U.S. liner cargoes in calendar year 1967.

U.S. flag participation in tanker and non-liner or irregular carrying declined to new low points during 1967, although these areas have shown the greatest growth in the foreign waterborne commerce of the United States; however, the demand for nonscheduled vessels for Vietnam use and the continued closure of the Suez Canal put increased demands on tankers and bulk carriers.

Efforts were continued to solicit the support of commercial importers and exporters to maximize the use of U.S. flag bottoms. Because of the heavy demand for outbound space on American ships, emphasis was again placed on soliciting the importer's support. Pre-



liminary data indicated that in the first quarter 1968, U.S.-flag ships carried 25.1 percent of imports, an increase of 3.4 percent over the corresponding period of 1967.

The Merchant Marine traveling exhibit was remodeled to display a containership rather than a break-bulk cargo ship, to reflect the leadership of the American Merchant Marine in the containership field. The exhibit was displayed at several trade fairs and conferences during the year.

## CARGO PREFERENCE

The Maritime Administration exercises general surveillance over the operation and administration of the Cargo Preference Act, which reserves half of all Government-sponsored cargoes to U.S.-flag ships. The shortage of ship space caused two important programs—the agricultural surplus disposal and AID shipments—to drop below the required 50 percent minimum. Table 9 shows the percentage of U.S.-flag carryings under the several major Government-sponsored programs:

**Table 9**

### U.S. FLAG CARRYINGS UNDER GOVERNMENT-SPONSORED PROGRAMS IN CALENDAR YEAR 1967

Program	Total tonnage or freight revenue	U.S. flag	Percent U.S.
Public Law 480.....tons..	10, 659, 000	3, 932, 000	<sup>1</sup> 36. 9
AID.....do.....	5, 470, 000	2, 517, 000	<sup>2</sup> 46. 0
Export-Import Bank.....	\$76, 300, 435	\$66, 143, 813	86. 7
Inter-American Development Bank.....tons..	12, 000	12, 000	100. 0

<sup>1</sup> Continuing U.S. flag deficiency caused by large proportion of U.S. tramp fleet being diverted to meet Vietnam military requirements. Calendar year 1966 percentage was 40.

<sup>2</sup> Low U.S. flag participation is attributed to non-availability of U.S. tramp vessels for carriage of Public Law 480—Title II grain and fertilizer, chiefly to India. Calendar year 1966 percentage was 43.2.

During the year the Maritime Administration met with representatives of industry and labor and conducted a review of the adequacy of guideline rates for the movement of full shipload lots of U.S. Government-sponsored cargoes coming within the purview of the Cargo Preference Act. Two interim rate adjustments based upon tentative estimates of general cost increases were made, and on March 20 and March 26, 1968, the Maritime Administration issued a series of guideline rates effective for the remainder of calendar year 1968.

## Waivers

Public Resolution 17, enacted in 1934, requires that exports of agricultural and other products from the United States, purchased with the aid of Government loans, must be carried on U.S. ships except

when waivers are granted by the Maritime Administration. It has been Government policy to grant waivers permitting 50 percent of such cargoes to be carried on ships of recipient nations when there is no discrimination by those countries against U.S.-flag ships.

The Maritime Administration approved 30 general waivers of Public Resolution 17 during calendar year 1967 to 10 nations, authorizing foreign ships to carry up to 50 percent of their U.S. purchases financed by the Export-Import Bank.

Discriminatory practices by Brazil and the Philippines led to suspension of action on requested waivers of Public Resolution 17 during fiscal year 1968, and discriminatory practices of the Dominican Republic led to the cancellation in December 1967 of waivers previously granted for movement of cargoes under three Export-Import Bank credits.

## **INTEGRATED TRANSPORTATION SYSTEMS**

During the fiscal year, the Maritime Administration continued to emphasize promotion of the integrated transportation system concept. Through conferences with representatives of the various transportation industries, specific attention was directed toward development of a greater team relationship among the various transportation modes, particularly with a view toward promoting the development of the "land-bridge" concept. Under this concept, cargoes moving between the Far East and Europe would transit the U.S. by truck or rail. At the year's end, a permanent intermodal (water-rail) liaison committee was being formed to work toward the implementation of the "land-bridge."

The Through Container project undertaken in conjunction with the Federal Republic of Germany in 1967 was completed during the year and a final report was being developed. Diverse containerized cargoes, requiring the employment of many cargo-handling techniques, were moved between points in the United States and inland German cities, and the techniques underwent thorough review.

In December 1967 regulations concerning utilization of capital reserve funds were amended to delete reference to specific configurations of containers as requisite for eligibility to use capital reserve funds in purchase of reconstruction of containers.

## **MARITIME DAY**

The 12th annual National Maritime Day Poster Contest sponsored among U.S. high school students by the Maritime Administration and U.S. shipping industry, in cooperation with the Post Office Department, was won by George Maskaly, of Carteret, N.J. The winning poster was unveiled on the steps of the Capitol and the winner was presented a \$500 award. The poster was displayed on all U.S. mail trucks during the month of May, and the placing of the first local poster was a ceremonious occasion in many communities.



Maritime Day poster contest winner George Maskaly and his family with the winning poster on the Capitol steps.

Maritime Day was observed at the Maritime Administration headquarters by special tours of the Merchant Marine Museum and showing of films for area students. Illustrated talks on the American Merchant Marine were also presented to over a thousand area students in their classrooms around Maritime Day.

Maritime Day was also celebrated with the first public demonstration of a two-way ship-to-shore communication via satellite, when the Acting Maritime Administrator spoke from Baltimore to the master of the *Santa Lucia* off the coast of Chile during a Maritime Day luncheon.

## **PORT DEVELOPMENT**

The Maritime Administration participated in the work of various Government and private agencies to develop broad planning programs for nationwide water resources development, including long-range plans for improving and expanding the system of deep-draft harbors and channels or developing possible alternatives to serve the trade of the United States, its territories and possessions.

Several studies and reviews of proposed port development projects in economically depressed regions of the country were again undertaken during the year at the request of the Economic Development Administration. Maritime also presented several studies and ideas

concerning its participation in port activities to the National Council on Marine Resources and Engineering Development.

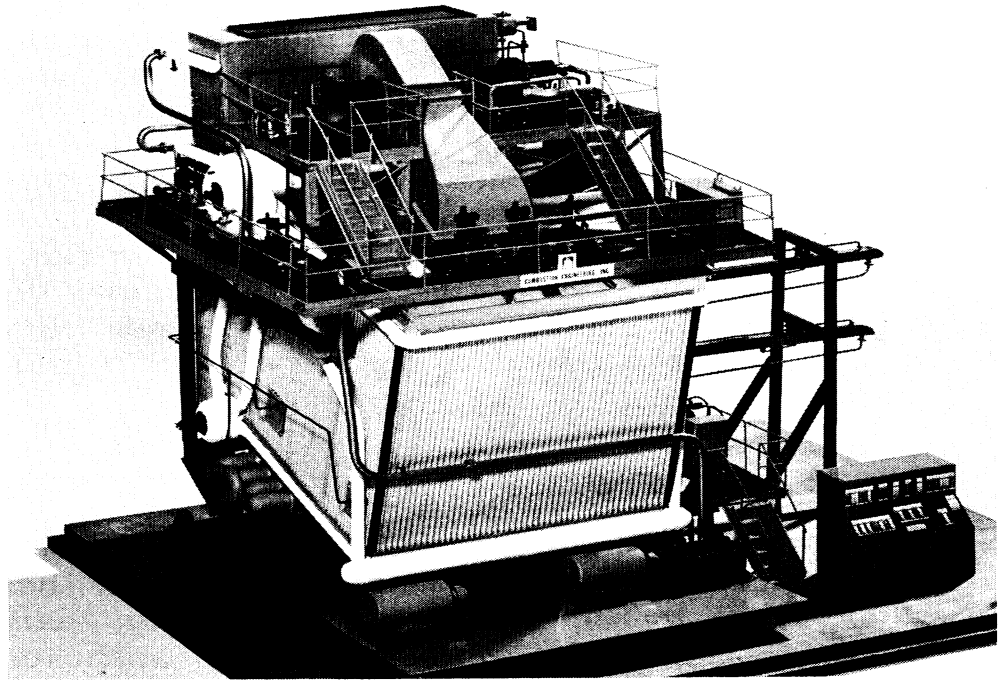
Additional comprehensive evaluations were made on several proposed Corps of Engineers river and harbor projects, with specific attention to the effect of the proposals on the economic and technical aspects of port development and on the movement of waterborne commerce.

A report, "Information and Preliminary Criteria on Planning Container Terminals," including data on terminal design criteria and summary of existing and proposed container port terminals in the United States, was issued to assist ports in container terminal construction programs.

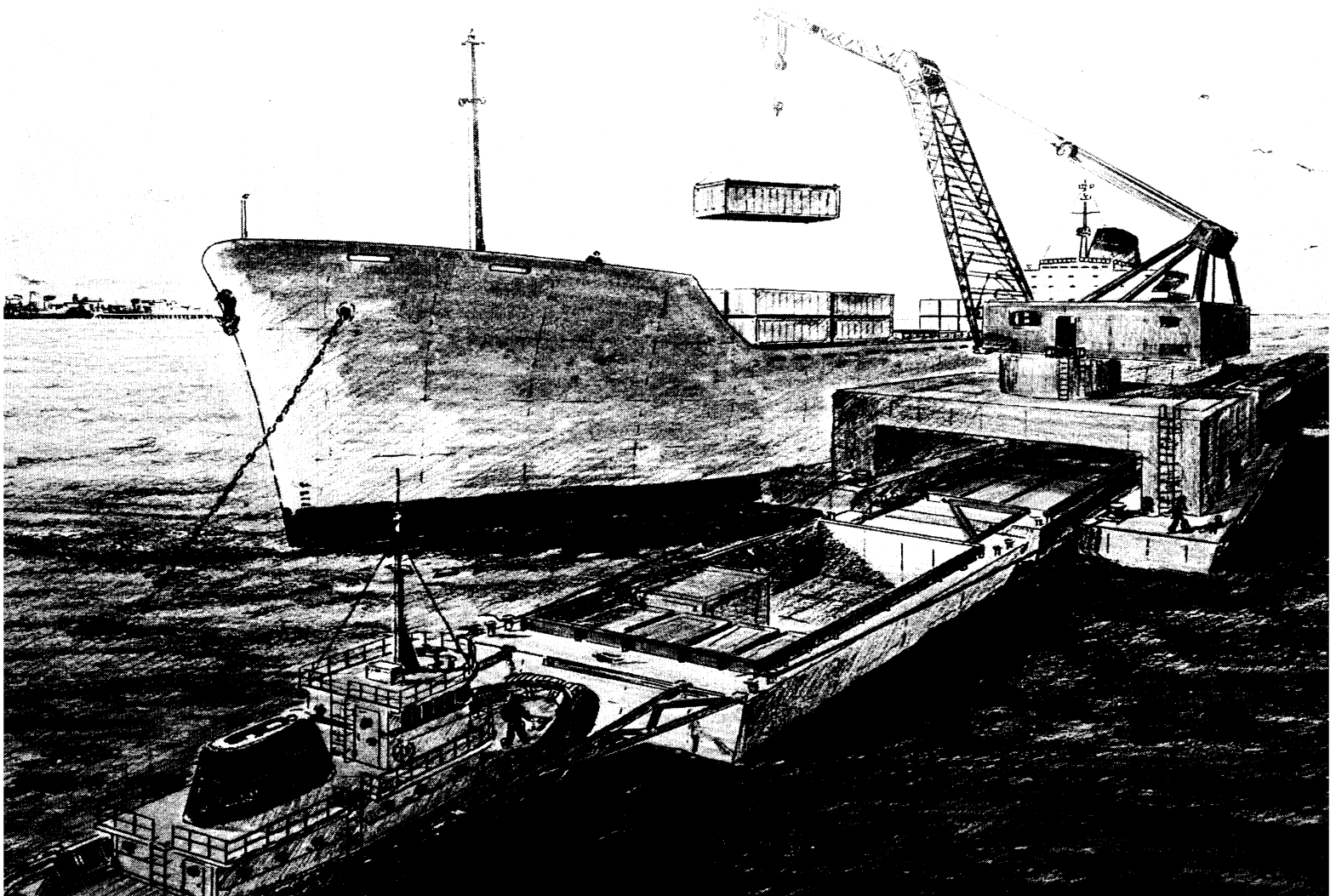
## **DOMESTIC SHIPPING**

A study to determine the feasibility of developing Puerto Rico as a distribution center for the Caribbean area and the prospects for expansion of Puerto Rico's exports, including an analysis of trade flows within the Caribbean basin, was undertaken at the request of the Secretary of Commerce and the Commonwealth of Puerto Rico.

Efforts to relieve a shortage of shipping space for non-containerizable cargoes reported by shippers since the suspension of Alcoa Steamship Co.'s sailings in late 1966, resulted in an application by Delta Steamship Line to serve Gulf ports and Puerto Rico, which was pending hearing.



New ship designs or systems and improved ships' components to improve the efficiency of the U.S. Merchant Marine are the goals of the research and development programs of the Maritime Administration.



# **RESEARCH AND DEVELOPMENT**

## **ADVANCED RESEARCH CONCEPTS**

*Competitive Merchant Ship*—Three research contracts were awarded to initiate a program which will include the design, research, and procurement of a competitive U.S.-flag dry bulk shipping system. Booz-Allen Applied Research, Inc., of Bethesda, Md., was awarded a \$300,000 contract for a 9-month study of system requirements and constraints, with an analysis of alternative concepts. To back up the Booz-Allen study, a \$85,000 contract was awarded to Stanford Research Institute of Menlo Park, Calif., to complete a bulk commodity forecast, and a \$120,000 contract was awarded to Litton Industries, Culver City, Calif., for a technology and technical innovations study. The contracts were awarded after response from U.S. shipping companies to the Maritime Administration's request for 5-year shipbuilding plans revealed a need for some 35-40 dry bulk vessels in the next 5 years.

The Booz-Allen study will be in five parts: (1) a forecast of dry bulk cargo movement in U.S. foreign trade and development of alternative ways of assessing the national need for American dry bulk carriers; (2) a systems analysis of the number, performance, characteristics, and lifetime costs of a fleet of dry bulk cargo ships as a basis for soliciting proposals for the competitive design; (3) identification of financing arrangements which will utilize private financial channels to the maximum extent, and provide maximum incentive to the shipowners at minimum cost to the Government; (4) evaluation of the effects of variations in ship characteristics and determination of technological innovations to be included in the ships, such as modular construction and automation; (5) an analysis of specific dry bulk trades and routes to identify those with a high potential for competitive American-flag participation.



*Transocean Tug Barge*—A transocean tug barge feasibility study was undertaken by Matson Research Corp. under a \$186,000 contract. The study is to evaluate the technical and economic feasibility of utilizing separable cargo and propulsion vehicle units in the international transportation of bulk, break-bulk, and unitized cargoes.

The “tug barge” concepts offer potential for significantly improving the utilization of those components of a ship not associated with the cargo handling operations in port. This refers to the propulsion system, navigational capabilities, and crew accommodations, all of which may be consolidated into a single, smaller vehicle, a “tug”. The remaining, cargo-oriented functions may then be ascribed to a second vehicle, a “barge”. Thus, a “tug” provides operational capabilities at sea to one or more “barges” and is free to drop off and pick up these cargo-carrying subunits during relatively short stays in port. The tug-barge concept is not limited to the slow speed inland and coastal tug-barges now in operation.

*Surface-Effect Ship*—As part of the Joint Surface-Effect Ship program established by the Navy Department and Commerce Department to develop a large oceangoing surface-effect ship, a number of contracts were let during the year for study of various propulsion systems and other components and test facilities for a surface-effect ship.

A \$129,776 contract was awarded to Stanford Research Institute, Menlo Park, Calif., for a surface-effect ship economic opportunity study. The study is being undertaken to identify trade areas of interest to the Maritime Administration for surface-effect ship operations; to define and evaluate the operational and economic feasibility of future surface-effect ship and commercial enterprises; to define vehicle and system operation support requirements; and to define and evaluate the national potential of surface-effect ships.

## **SHIP OPERATIONS RESEARCH**

*Maintenance Management Systems*—A 1-year \$395,431 contract for the first phase of a study to analyze the economics of ship maintenance and to develop the most economic policy for performing ship maintenance was awarded to Litton Systems, Inc., Culver City, Calif. The study is designed to determine the economic and operational optimum between the extremes of providing both personnel and material aboard ship for the performance of all maintenance, and carrying out all maintenance on shore.

## **SHIPBUILDING AND PORT PROGRAMS**

*Shipbuilding Methods*—As a preliminary step in research to reduce the cost of building ships in U.S. yards, a study titled “Modular Design Applications” (Deckhouse and Outfit) was conducted by J. J. Henry Co. under a \$31,452 contract. This study was completed during the year, producing the preliminary design of a deckhouse in which the

design and the fabrication methods were coordinated to exploit modular concepts. The report indicated that after allowing for approximately \$800,000 in special jigs and facilities, net cost reductions of over 15 percent could be obtained for deckhouses built in lots of 5, and over 25 percent for deckhouses built in lots of 20.

*Cargo Handling*—A \$64,852 contract was awarded to Control Systems Research Co., Arlington, Va., to analyze the use of industrial mobile cranes as a means of reducing the number of booms and winches installed on future ships. Economic analysis of four alternative systems on a representative route showed capital cost reductions from \$155,000 to \$290,000 per ship, with about one-half of the ship's gear retained. An added feature was the fact that removal of kingposts provided deck space for containers which could produce \$67,000 additional revenue per voyage.

*Shipbuilding Cost Estimating Methodology*—A \$9,825 research contract was awarded to Engineering and Management Sciences Corp., Woodland Hills, Calif., for a study "Shipbuilding Cost Estimating Methodology". The study is to identify significant cost differences between conventional practice and the anticipated future shipbuilding practice of building vessels in yards in which construction and partial outfitting will be performed simultaneously in major subassemblies, and will develop basic principles for a method of recording costs and analyzing data which will adequately forecast the effects of innovations in the shipbuilding process.

## **NUCLEAR SHIP PROGRAM**

*NS Savannah*—The NS *Savannah* has been operating in regularly scheduled cargo liner service efficiently, reliably, and on schedule for almost 3 years.

Experimental commercial operation began in August 1965 under a bareboat charter to First Atomic Ship Transport, Inc. (FAST). The ship has operated on trade routes 5, 7, 8, 9 to North European ports, trade route 10 to Mediterranean ports and trade route 12 to the Far East.

The new ports visited for the first time during fiscal year 1968 included: Split, Yugoslavia; Piraeus, Greece; Haifa and Ashdad, Israel; Beirut, Lebanon; Tunis, Tunisia; and Alicante, Famagusta, Gijon, and Valencia in Spain.

Preparations were under way at the Nuclear Ship Servicing Facility in Galveston, Tex., at the end of the fiscal year for the first nuclear merchant ship refueling. Refueling operations were scheduled to begin in late August 1968, and to be completed in approximately 3 months.

*Stabilization*—John J. McMullen Associates was awarded a \$17,820 contract to analyze ship motions for a large loaded nuclear container-ship with and without a flume stabilization system. The study concluded that such a system would improve ship stability dead in the water in seas with waves up to 20 feet in height.

## RESEARCH AND DEVELOPMENT ADVISORY COMMITTEE

During the year, the Maritime Administration Research and Development Advisory Committee reviewed and discussed the current Research and Development program. The Committee was organized into working panels in the following subject areas to provide guidance for the Maritime Administration's research program:

Panel No. 1—The roles of government, industry, and education in Maritime Research and Development.

Panel No. 2—The requirements for innovation in marine transportation from idea to utilization.

Panel No. 3—The main thrust of a long-range Maritime Research and Development program.

Separate committee reports will be prepared and submitted on each of these subject as they are completed.

## OTHER RESEARCH ACTIVITIES

A number of contracts placed prior to fiscal year 1968 were still in effect on June 30, 1968. (See Table 10.)

For reports on completed contracts see Shipping Studies and Reports.

**Table 10**  
**CONTINUING RESEARCH CONTRACTS PLACED PRIOR TO FISCAL YEAR 1968**

Company under contract	Research contracts	Status
Advanced ship research: IIT Research Institute, Chicago, Ill; Stevens Institute of Tech- nology, Hoboken N.J; George G. Sharp, Inc., N.Y., N.Y; General Dynamics Corp., Groton, Conn;	Combustion of residual fuels with recirculation; Operation of barge trains in a seaway; Transitional containership concept; Catamaran cargo ship feasi- bility study;	Continuing. " " The initial phase, concept formula- tion and parametric analysis, was completed; The second phase, encompassing work in model testing, vehicle dynamics, and cargo configurations, was under- way.
Ship operations research: Sperry Piedmont Co., Charlottesville, Va;	Look-out assist device.....	Undergoing evaluation in service on Great Lakes ship SS <i>William Greene</i> of the Cleveland Cliffs Steamship Co.
F. R. Harris, Inc., N.Y.; N.Y.	Mooring improvement system.	Fabrication work underway in preparation for shop tests prior to shipboard installation and testing.
Combustion Engineering, Windsor, Conn;	Self-regulating steam generator.	Progress demonstration held at test facility for marine industry representatives; Automatic boiler control system installed on Great Lakes ore carrier <i>William G. Mather</i> underwent another sea- son of operation and evaluation; No major maintenance or opera- tional faults.
General Dynamics, Groton, Conn;	Human factors in ship control.	Final report of the first phase devel- oped a human factors guide for ship designers, and 3 proposed ship bridge designs;
Radio Technical Commission for Marine Services, Wash- ington, D.C;	Improved standards for radio and electronic equipment;	Continuing;

Table 10—Continued

**CONTINUING RESEARCH CONTRACTS PLACED PRIOR TO FISCAL YEAR 1968—Continued**

Company under contract	Research contracts	Status
Ship operations research—Con. Maritime Transportation Research Bd., Nat'l Acad. of Sciences, Washington, D.C. Maritime Transportation Research Bd., Nat'l Acad. of Sciences, Washington, D.C. Maritime Transportation Research Bd., Nat'l Acad. of Sciences, Washington, D.C. Robert Taggart, Inc. Fairfax, Va.	Shipboard systems costs-----	Continuing.
	Shipboard information system development.	“
	Shipboard manpower-----	“
	Functional and Economic Analysis of Ship Maneuvering Systems.	Cause of long period ship motion requiring speed reductions to avoid ship and cargo damage was identified as steering control systems coupling with the ship's natural roll period for an augmentation causing periodic build-up to severe ship rolls and yaw over an 8-12 min. period; then decoupling occurs with reversal of augmentation; Seeking further data to permit development of mathematical model of equation of behavior to aid in ship design.
Westinghouse Electric Corp., Baltimore, Md.	VHF Satellite Communications.	Two test runs made aboard Grace Lines ship SS <i>Santa Lucia</i> . Results of tests presented to U.S. and foreign shipping communications officials, and public demonstration held.
Litton Systems, Inc., Culver City, Calif. Cleveland Cliffs Iron Co., Cleveland, Ohio. MIT, Cambridge, Mass.-----	Economic analysis of the ship maintenance function; Automatic boiler controls-----	Continuing; “
Stevens Inst. of Technology, Hoboken, N.J.	Seakeeping qualities—motions and powering predictions; Ship maneuvering and control manual—rational rudder design methods.	“
Univ. of Michigan, Ann Arbor, Mich.	Resistance and propulsion—bulbous bows and transom sterns.	“
Naval Ship Research & Development Center, Carderock, Md.	Frictional resistance—ship hull (scale and coatings):	“
Naval Ship Research & Development Center, Carderock, Md.	Propulsion efficiency (U versus V form bows):	“
Naval Ship Research & Development Center, Carderock, Md.	Propulsion efficiency—contrarotating propellers.	“
IIT, Chicago, Ill.-----	Oil monitor instrumentation--	Instrument to be modified and retested to make it more specific to oil;
Cuno Engineering Corp., Meriden, Conn.	Oil water separator-----	Tests on a small scale, land-based separator system completed in preparation for design and trial of a shipboard prototype.
Shipbuilding and port research: Univ. of California, Berkeley, Calif. Ship Structures Committee (Navy, Coast Guard, ABS): Society of Naval Architects & Marine Engineers, New York, N.Y. Batelle Memorial Institute Columbus, Ohio. National Bureau of Standards Washington, D.C.	Ship structure lab: testing and analysis; Structural design criteria-----	Continuing; “
	Full-scale stress measurement tests of Great Lakes ore carrier.	“
	Paint testing-----	“
	Inland cargo consolidation centers.	Analytical techniques have been developed which are being applied to a hinterland region of the Delaware River port group:
Nuclear research: First Atomic Ship Transport, Inc., Hoboken, N.J. Todd Shipyards, Galveston, Tex. First Atomic Ship Transport, Inc., Hoboken, N.J. U.S. Public Health Dept: Washington, D.C.	Experimental commercial operation of N.S. <i>Savannah</i> .	Continuing:
	Facilities and support—NS <i>Savannah</i> .	“

**Table 10—Continued**  
**CONTINUING RESEARCH CONTRACTS PLACED PRIOR TO**  
**FISCAL YEAR 1968—Continued**

Company under contract	Research contracts	Status
<p>Nuclear research—Continued  U.S. Merchant Marine Academy, Kings Point, N.Y.  Bull &amp; Roberts, Inc., Murray Hill, N.J.  General Dynamics Corp., Groton, Conn.</p> <p>Babcock &amp; Wilcox, Lynchburg, Va.  Westinghouse Electric Corp., Pittsburgh, Pa.  Nuclear Fuel Services, Bethesda, Md.</p>	<p>Nuclear training—NS  <i>Savannah.</i></p> <p>Advanced nuclear cargo ship study.</p> <p>Merchant ship reactor—preliminary safety analysis.  Merchant ship reactor—preliminary safety analysis.  Spent Fuel shipping services.</p>	<p>Continuing.</p> <p>A “universal” machinery space was designed to accommodate all combinations of maritime reactors and propulsion machinery presently offered in the 100,000 SHP range. Analysis completed and submitted to AEC for evaluation.  Continuing.</p> <p>“</p>

# SHIP CONSTRUCTION

The total number of large merchant ships under construction or conversion on order in private U.S. shipyards, on which the Maritime Administration had information, increased from 66 on July 1, 1967, to 69 on June 30, 1968, as shown in Table 11. These included new ships built with subsidy, privately financed ships, and Government-owned ships built under Maritime supervision.

**Table 11**  
**SHIPS UNDER CONSTRUCTION**

	Number of ships		
	Total	New	Conversions
Under contract July 1, 1967.....	1 68	52	1 16
Contracts awarded during fiscal year 1968.....	45	27	18
Subtotal.....	113	79	34
Completed during fiscal year 1968.....	44	22	22
Under contract June 30, 1968.....	69	57	12

<sup>1</sup> Includes 5 ships under conversion for private owners on June 30, 1967, that were not reported until after close of the fiscal year, and were therefore omitted from 1967 yearend report.

The 69 ships under contract at the end of the year had a contract value of about \$940 million. Of these, 36 with a contract value of approximately \$610 million, were being built under the subsidized operators' replacement program. (See Appendix IX.) The other new ships under construction or on order were 15 private tankers, two private containerships, two Great Lakes ore carriers, one research ship for the National Science Foundation, and one ocean survey ship for the Coast and Geodetic Survey.



## CONTRACT AWARDS

In addition to contracts awarded for 12 ships to be built with the aid of the construction-differential subsidy (see Table 5), orders were placed for 12 nonsubsidized ships, including four tankers at Ingalls Shipbuilding Corp., Pascagoula, Miss., three tankers at Avondale Shipyards, Inc., New Orleans, La., one tanker and two containerships at Bethlehem Steel Corp., Sparrows Point, Md., one Great Lakes bulk carrier at American Shipbuilding Co., Toledo, Ohio, and one Great Lakes ore carrier at Erie Marine Division of Litton Industries, Erie, Pa. Contracts were also awarded for the construction of three small special purpose vessels for the Coast and Geodetic Survey.

## SHIP DELIVERIES

On July 1, 1967, there were 42 new ships (excluding fishboats) being constructed under Maritime Subsidy Board and Maritime Administration contracts. Of these, 13 subsidized ships and 3 Coast and Geodetic Survey ships were delivered. The three small Coast and Geodetic Survey ships ordered during the year were also delivered. Three non-subsidized vessels, a tanker and two roll-on/roll-off vessels, were delivered, making a total of 22 deliveries all together. (Table 12.)

**Table 12**  
**SHIP DELIVERIES**

Owner	Builder	Design	Delivered
Grace Line Inc. <sup>1</sup>	Sun Shipbuilding & Drydock Co.	C4-S-65a	2
American President Lines, Ltd. <sup>1</sup>	Ingalls Shipbuilding Corp.	C4-S-69a	5
Delta Steamship Line, Inc. <sup>1</sup>	"	C3-S-76a	2
U.S. Lines, Inc. <sup>1</sup>	Sun Shipbuilding & Drydock Co.	C7-S-68c	1
Lykes Brothers Steamship Co. <sup>1</sup>	Avondale Shipyard, Inc.	C4-S-66a	3
Sunexport Holding Corp.	Sun Shipbuilding & Drydock Co.	RO/RO	1
Transamerican Trailer Transport, Inc.	"	RO/RO	1
Intercontinental Bulktank Corp.	Bethlehem Steel Corp., Sparrows Point.	Tanker	1
U.S. Coast and Geodetic Survey	Aerojet-General	S1-MT-MA72a	1
"	"	S1-MT-MA63a	2
"	Equitable Equipment Co.	S1-MT-MA84a	1
"	do	S1-MT-MA84b	1
"	Zigler Shipyards, Inc.	S1-MT-MA83a	1
Total			22

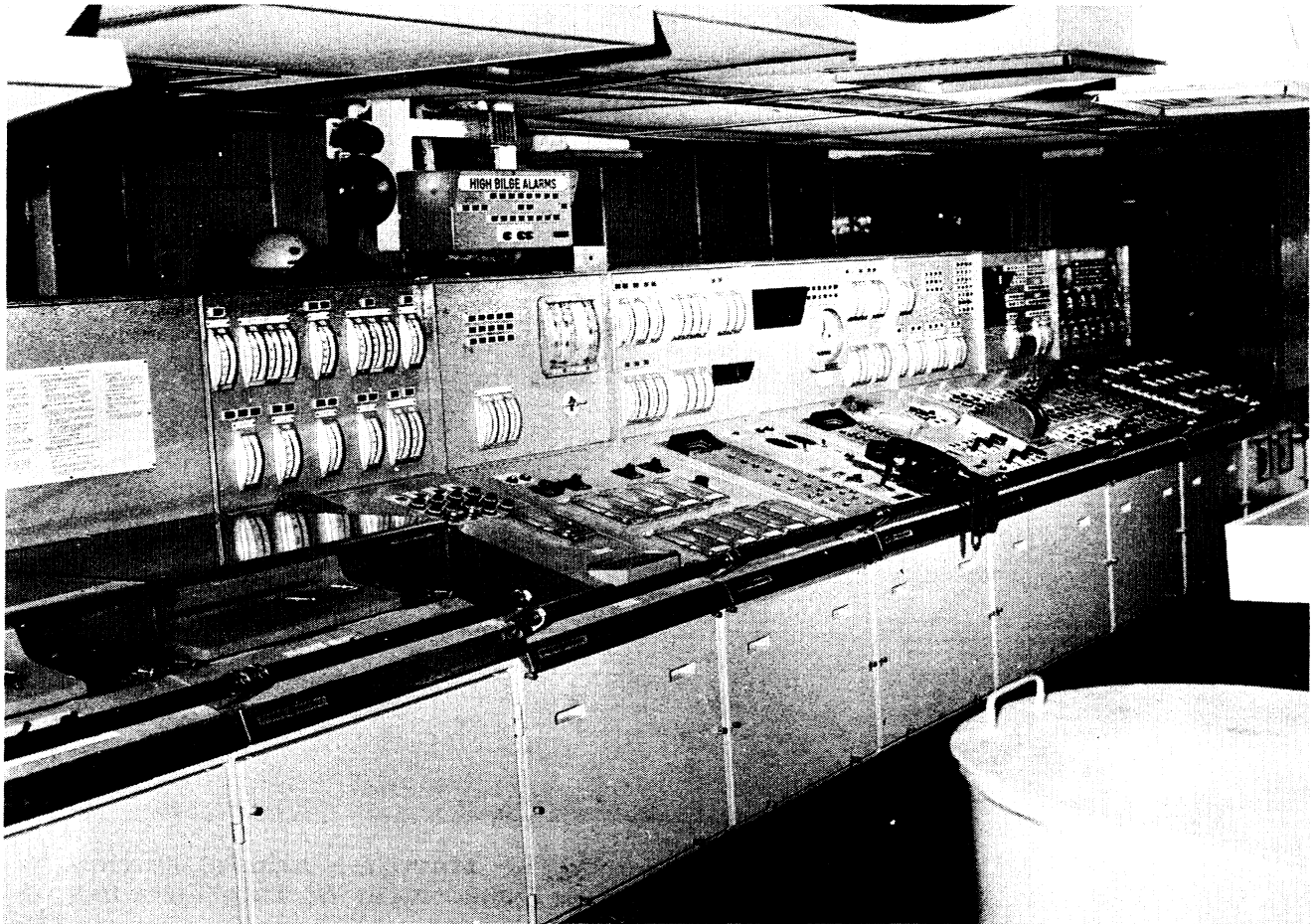
<sup>1</sup> Subsidized.

Twenty-two conversions were completed, of which one was a Great Lakes carrier, 11 were C4's converted as part of the Ship Exchange program, and the 10 others were private ventures.

## MECHANIZATION

The Maritime Administration continued efforts to increase shipboard mechanization to attain further increases in productivity and operating efficiency.

Efforts were continued to achieve an effective one-man engineroom watch, and studies were being made to determine the economic and



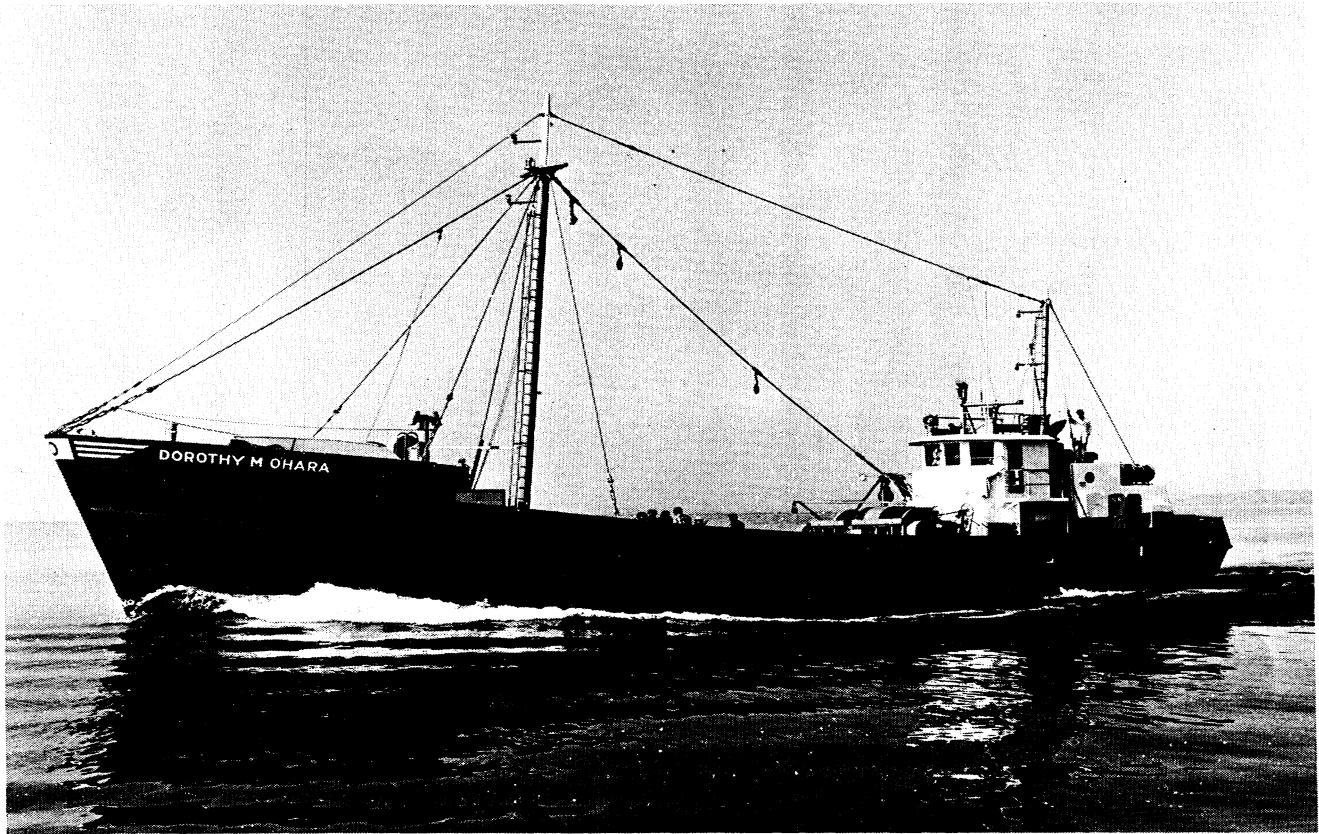
Mechanized controls, including bridge controls and the control station for a mechanized engine room designed for a one-man watch place full control of the ship at the fingertips of the officers in charge.

engineering feasibility of an unattended engine room. In addition, studies were initiated to develop a standardized engine room control console and to simplify automatic electrical control systems for application to future ship designs.

In other areas of mechanization, studies were underway to evaluate effect on shipboard maintenance of reliability of equipment, and to improve designs for more effective navigation and communication equipment. A study of shipboard convenience food service system was completed, indicating methods whereby workload may be reduced and quality of meals improved.

## **SMALL VESSELS**

The Maritime Administration administers the technical aspects of design and oversees the construction of ships built under the U.S. Fishing Fleet Improvement Act, which authorized the Secretary of the Interior to pay up to half the construction cost of new fishing vessels.



A steel trawler, built under the direction of the Maritime Administration by Sturgeon Bay S.B. & D.D. Co. as part of the Department of Interior's fishing vessel program.

Applications for four vessels under this program were approved. Nineteen vessels were under construction, and six vessels were delivered in fiscal year 1968. In addition, applications for 11 vessels were under review.

### **TRIAL AND GUARANTEE SURVEYS**

Sea trials and acceptance surveys were conducted on 13 subsidized ships and three ships for Coast and Geodetic Survey, and final guarantee surveys on 10 subsidized ships, four Coast and Geodetic Survey ships, one Navy roll-on/roll-off ship, and one converted ship.

### **DESIGN AND DEVELOPMENT**

Supplemental work was performed in connection with the preliminary design for a low-cost commercially acceptable cargo ship, completed in fiscal year 1967, to investigate two additional propulsion plants using diesel engines. The design was prepared for ready adaptation for construction under emergency conditions and for National Defense Reserve Fleet requirements.

The Maritime Administration applied for a patent for a simplified ship hull called the "helical ship," which utilizes straight frames and

large flat plates in the hull construction. A testing program was initiated to evaluate the performance of the hull form. The results will be used in studies to determine the trade-offs between decreased construction cost and increased operating cost.

A parametric study to develop characteristics of large and fast containerships was begun. Information derived will provide standards for evaluating proposed ship construction programs and will furnish data for optimization studies.

A conceptual study was completed to identify the most promising system that would enable Coast and Geodetic Survey vessels to obtain oceanographic data without stopping the engines.

Work was continued in the investigation of the effectiveness of passive antiroll tank installations, comparing their performance with that of conventional bilge keels on a general cargo ship.

A study involving the availability of residual fuel oil during the next thirty years for use in steam-propelled ships was completed. Results indicated that despite lack of domestic sources, barring a general war, bunker fuel oil will remain in plentiful supply within the foreseeable future.

Maritime Administration representatives joined in intergovernmental and international studies on projections of waterborne commerce through the Panama Canal, on new industrial standards for design of marine lubricating systems, and in corrosion tests on preservation of materials in a marine environment.

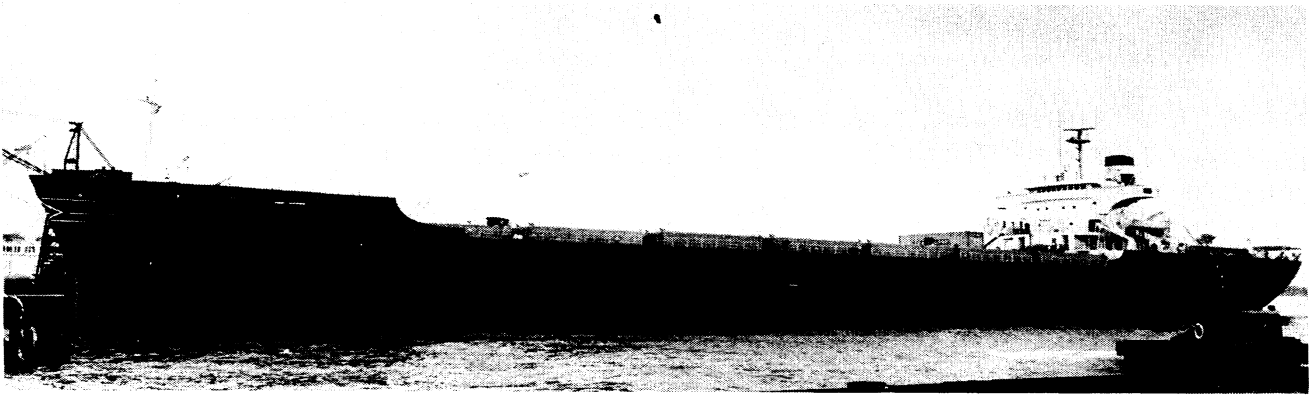
Computer programs were developed to permit continuous processing of standard naval architecture computations, to project shipyard manpower and costs for a given contract, to permit a quick and accurate check on ships' bunkering systems, and to process ship maintenance and repair data of subsidized ships for technical evaluation.

Continued development of standard specifications for ship design, components, and systems has helped to reduce the cost of subsidized ship construction, to save man-hours in reviewing specifications, and to contribute to selection of the most economic of various alternative shipboard systems by life cycle cost methods.

## **VALUE ENGINEERING**

The value engineering program for reduction of shipbuilding costs produced savings to the subsidized shipbuilding program of approximately \$1.51 million, of which about 42 percent accrued to the Government and the remainder to the marine industry.

Avondale Shipyards proposed a change in type of steel specified for the LASH ships for Prudential and Pacific Far East Line that it was estimated would result in a reduced cost of \$1.5 million for the 11 ships. The Maritime Subsidy Board approved the change as a value engineering item, entitling the shipyard to receive one-half of the total amount saved. The companies had not accepted the change at the year's end, but shortly thereafter worked out a compromise proposal with the yard resulting in an estimated saving of \$1.1 million.

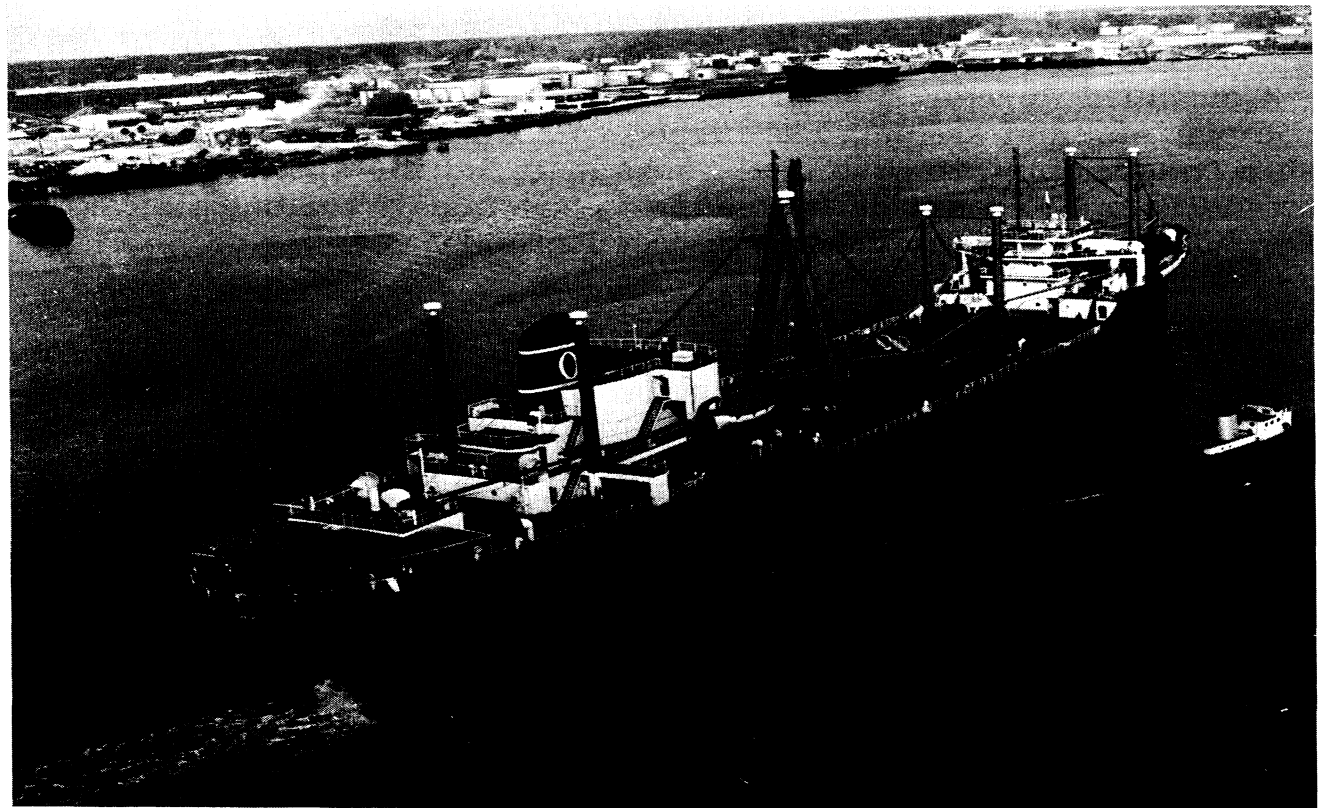


A C4 (ex MARINE SHARK) converted to a containership for domestic service.



Helicopters for Vietnam are transported by ship and flown off at destination.

Another efficient ship added to the nonsubsidized fleet at a reasonable cost by converting a former C4 troopship.



# SHIP OPERATIONS

## GENERAL AGENCY OPERATIONS

Logistic support for our Armed Forces in Southeast Asia continued to be a major Agency program. One hundred forty-four Government-owned ships were operating under General Agency Agreement (GAA) at the end of the year, with 35 General Agents responsible for bunkering, crewing, and the general operation of these vessels. They carried approximately 2,600,000 measurement tons of cargo to Southeast Asia, nearly 27 percent of all cargo handled by or for MSTs from the United States to South Vietnam during the fiscal year. The vessels completed 52,800 voyage days, with each voyage averaging over 16,000 miles.

The logistic requirement of MSTs for ship tonnage dropped slightly at the beginning of the year. This condition effected a temporary reduction in the active GAA fleet by placing several ships in a reduced operational status (ROS) at various U.S. ports for short periods of time. As logistic requirements increased, ROS ships were again returned to full operating status.

No additional ships from the National Defense Reserve Fleet were activated for the GAA program, and 22 ships, primarily those requiring extensive repairs, were permanently withdrawn from the program during the fiscal year. The withdrawals were possible principally because of an excess in tonnage brought about by a marked reduction in ship turnaround time. Installation of additional deep-draft berths in Vietnam, now numbering over 30; increased storage areas; more barges, experienced longshoremen, and improved equipment reduced average cargo discharge time in Vietnam from 12 to 15 days in fiscal year 1967, to less than 12 days in fiscal year 1968.

A hindrance to GAA operations was the continued shortage of seamen, especially licensed officers. During the year, there were approximately 200 delayed sailings, totaling over 700 days lost.



Several GAA ships sustained minor damages while in Vietnam waters, attributed to numerous enemy harassing incidents. No serious injuries or fatalities were sustained.

## **CHARTERS**

Eight Government-owned ships were under bareboat charter at the end of the year, a decrease of three from the preceding year. One was the NS *Savannah*, chartered for experimental commercial operation to First Atomic Ship Transport, Inc. The other seven were ships traded in to the Government for credit toward construction cost of new ships and used under charter by the former owners to maintain their services until the new ships were completed.

## **SUEZ CANAL**

The Suez Canal, closed on June 6, 1967, had not been reopened by the end of the fiscal year, and there was no indication of when it would be reopened. Two U.S.-flag vessels remained trapped in the canal: the *African Glen*, under charter to the Military Sea Transportation Service, and the *Observer*, a 28,000 dwt. ton tanker en route to India with a full cargo of surplus grain.

## **VESSEL EXCHANGES**

Under the Ship Exchange Act as amended (Public Law 86-575 and 89-254), Maritime exchanged 22 Government-owned ships for 22 privately owned ships during the year in an effort to upgrade the privately owned nonsubsidized fleet. (Table 13.)

Of eight C4 troopships offered for exchange five had been allocated, three to Hudson Waterways Corp. and two to Sea-Land Service, Inc., all for conversion to containerships. Applications had been received from two applicants for the other three C4s, but no assignment had been made at the end of the year. In the last 8 years, 1960-68, the Maritime Administration had exchanged 103 Government-owned ships for 107 privately owned ships, and had received approximately \$18,957,212 in excess value of the ships going to operators over those traded in, subject to adjustment when contract work on certain of the ships is completed.

## **SHIP SALES**

During the year, 122 Government-owned ships were sold for scrap or nontransportation use for \$5,844,316. From 1958 through 1968, 1,181 ships have been sold for scrap or nontransportation for a return of \$70,184,954 to the Government.

### **Mortgage sales**

Of the 446 ships sold to noncitizens under the Merchant Ship Sales Act of 1946, for total original mortgages of \$229,001,030, at the end of

Table 13

EXCHANGE OF VESSELS, FISCAL YEAR 1968

Company	Exchange ship (in)	Type	Transfer ship (out)	Type	Cash received	Conversion
Central Gulf Steamship Corp.	<i>Knickerbocker</i>	Ferry	<i>General S. D. Sturgis</i>	C-4	\$399, 026	Break-bulk:
	<i>Astoria</i>	"	<i>Marine Carp</i>	C-4	398, 720	Break-bulk:
Columbia Steamship Co., Inc.	<i>Chippewa</i>	"	<i>Pierre Victory</i>	VC-2	1 138, 000	General cargo:
Hudson Waterways Corp.	<i>Oceanic</i>	Liberty	<i>Cohocton</i>	AP-2	1 326, 400	Containership:
" " "	<i>Leonard C. Hanna</i>	Lake bulk	<i>Marine Lynx</i>	C-4	1 478, 000	Heavy-lift cargos hip:
" " "	<i>Ann Arbor No. 5</i>	Ferry	<i>Marine Adder</i>	C-4	1 511, 000	Heavy-lift cargo ship:
" " "	<i>Texas Gulf Sulphur 1</i>	Lib. col.	<i>General W. C. Langfitt</i>	C-4	1 328, 000	Containership:
Marine Navigation Co., Inc./Marine Chemical Carriers Corp.	<i>Marine Trader</i>	"	<i>Parkersburg</i>	T-2	1 230, 000	Liquified gas/chemical carrier.
Merrimac Transport, Inc./James River Transport, Inc.	<i>Lebanon</i>	Lake bulk	<i>General H. F. Hodges</i>	C-4	1 430, 000	Break-bulk:
Oceanic Ore Carriers, Inc./Chatham Shipping Corp.	<i>Oceanic Cloud</i>	C2-S-AJ1	<i>Hagerstown Victory</i>	AP-2	-----	General cargo carrier:
Pacific Far East Line, Inc.	<i>Tanana</i>	C1-M-AV1	<i>General Robert L. Howze</i>	C-4	1 326, 700	Containership:
" " " "	<i>Susitna</i>	"	<i>General A. W. Greely</i>	C-4	1 242, 500	Containership:
Penn Navigation Co.	<i>Beacon</i>	Ferry	<i>Anacostia</i>	AP-2	1 294, 500	Dry bulk carrier:
Sea-Land Service, Inc.	<i>State of Pennsylvania</i>	Passenger	<i>Claiborne</i>	C-2	605, 350	General cargo:
Sea-Land Service, Inc./Containership Chartering Service:	<i>Wilkes-Barre</i>	Ferry	<i>General D. E. Aultman</i>	C-4	1 512, 500	Containership:
" " "	<i>John A. Meseck</i>	Passenger	<i>General M. M. Patrick</i>	C-4	1 512, 500	Containership:
" " "	<i>Peavey Pioneer</i>	Lake bulk carrier	<i>General H. B. Freeman</i>	C-4	1 478, 000	Containership:
Sea-Land Service, Inc.	<i>Canadiana</i>	Passenger	<i>General C. C. Ballou</i>	C-4	1 294, 300	Containership:
" " " "	<i>Lackawanna</i>	Ferry	<i>Gen. Stuart Heintzelman</i>	C-4	1 394, 000	Containership:
Union Carbide Corp.	<i>Pleiades</i>	Tanker	<i>Haven</i>	C-4	1 424, 000	Liquid chemical carrier:
Victory Transport, Inc./Albany River Transport, Inc.	<i>Sullivan Brothers</i>	Lake bulk carrier	<i>General M. B. Stewart</i>	C-4	1 478, 000	Break-bulk:
Winco Tankers, Inc.	<i>Pocono</i>	Ferry	<i>Abiqua</i>	T-2	1 278, 500	D r y bulk carrier:
Total					8, 079, 496	

<sup>1</sup> Subject to adjustment;

the fiscal year a cumulative total of \$225,911,536 in principal and \$54,974,403 in interest had been collected. During the fiscal year \$39,826 in principal and \$6,297 in interest were collected from Banco do Brazil under its agreement with the Maritime Administration dated June 1, 1965, whereby Banco assumed the payment of 11 outstanding Brazilian mortgages with total balances of \$379,270.

On June 30, 1968, the principal balance outstanding on foreign ship sales under the 1946 act amounted to \$242,981, consisting of a balance of \$212,389 on the Banco do Brazil agreement, and a balance of \$30,591 on one defaulted mortgage on a Greek ship. The total due on the defaulted Greek mortgage at the year's end was \$43,807, including \$13,215 interest. There were also outstanding principal balances of \$90,447 on three mortgages on ships sold to U.S. citizens under the 1946 act.

A total of \$115,400,796 in interest had been collected from U.S. and foreign ship sales under the 1946 act.

## NATIONAL DEFENSE RESERVE FLEET

On June 30, 1968, 1,062 ships, excluding five ships sold but not delivered, were moored in the National Defense Reserve Fleet, at the six remaining anchorages. During the year 70 ships were placed in the fleets and 165 were withdrawn.

Two anchorages of the original eight established, those in Astoria, Oreg., and Wilmington, N.C., were phased out during the year. The Astoria fleet site was leased to the Ports of Astoria and Portland. One thousand six hundred thirty-seven acres of the 1,710 acre Wilmington Reserve Fleet site were transferred to the Army and the North Carolina State Ports Authority, and the remaining 73 acres were transferred to the General Services Administration for disposal. Certain real property at the site was transferred to the Navy.

The number of ships located in each of the six reserve fleets at the year's end is shown in Table 14.

**Table 14**  
**SHIPS IN RESERVE FLEETS AS OF JUNE 30, 1968**

Fleet	Retention	Scrap	Special program	Total
Hudson River, N.Y.-----	68	66	1	135
James River, Va.-----	121	164	-----	285
Mobile, Ala.-----	100	65	-----	165
Beaumont, Tex.-----	99	24	1	124
Suisun Bay, Calif.-----	129	82	14	225
Olympia, Wash.-----	109	18	1	128
Total-----	626	419	17	1,062

<sup>1</sup> Excludes 5 ships sold for scrap but not delivered.

This total represented a decrease of 998 ships in the past 10 years. (See Appendix X.) The number of priority ships decreased from 721 to 626 during the year.

All preservation work scheduled on retention ships was completed during the year.

## **REPAIR AND MAINTENANCE**

Repairs to General Agency Ships serving Vietnam amounted to \$10,007,943 in contracts placed in the United States and \$971,000 abroad. Repair time and cost were lessened by using \$996,000 worth of machinery and equipment salvaged from reserve fleet scrap candidates.

Approximately 1,492 repair inspections and 2,459 other surveys, inspections, and repair cost estimates were made to assure compliance with various contractual requirements. Of \$45.9 million in repair costs for subsidized ships, \$2.8 million was found ineligible for subsidy.

## **FOREIGN TRANSFERS**

Applications for transfer foreign of 50 ships of 1,000 gross tons and over were approved during the year, 20 more than in the preceding year. Approximately 53 percent were sold for scrapping abroad, and 14 of the 50 were undocumented or registered under foreign flag though owned by a U.S. citizen. (See Appendix XI.) Charter of U.S.-owned ships to aliens was approved on 32 ships of 1,000 gross tons and over.

Applications for transfer foreign of 287 ships of less than 1,000 gross tons, 192 commercial and 95 pleasure craft, were approved during the year, and charters of 87 ships to aliens were approved.

Of 54 violations on privately owned ships, 43 were mitigated or settled.

## **FACILITIES MANAGEMENT**

Real property of the Maritime Administration at the end of the year included the former reserve shipyard at Wilmington, N.C.; warehouses at Kearney, N.J.; New Orleans, La.; and Fort Mason, San Francisco, Calif.; terminals at Hoboken, N.J. and Norfolk, Va.; the U.S. Merchant Marine Academy, Kings Point, N.Y.; and National Defense Reserve Fleet sites at Tomkins Cove, N.Y.; Lee Hall, Va.; Mobile, Ala.; Beaumont, Tex.; Benicia, Calif.; and Olympia, Wash.

The General Services Administration executed the sale of the Richmond Shipyard to the City of Richmond, Calif. The Wilmington Shipyard was under lease-purchase and long-term lease agreements with the North Carolina State Ports Authority.

The National Defense Reserve Fleet anchorage at Astoria, Oreg., was closed and leased to the Ports of Astoria and Portland. The Wilmington, N.C., anchorage was closed.

The Hoboken Terminal was under long-term lease to the Port of New York Authority, and the Norfolk Terminal was under lease to the City of Norfolk until June 30, 1969, during which time the city has agreed to purchase the property. In the meantime, the city was proceeding with improvements to develop the property as a modern cargo-handling facility.

Rents from leases of real property to private interests during the year amounted to \$260,190.

## **MATERIAL CONTROL AND DISPOSAL**

Rental of mobilization reserve machine tools and equipment to commercial concerns working on defense contracts or in support of merchant marine programs produced a revenue of \$341,128.

Marine equipment valued at \$398,878 was loaned to steamship operators and Government agencies during the year. At the end of the year, equipment with a value of \$598,533 was on loan. User charges for this equipment amounted to \$3,800.

Excess personal property having an acquisition value of \$4,830,043 was disposed of during the year, including property with an acquisition value of \$2,839,558 donated or transferred to other Government agencies. Property valued at \$37,204 was destroyed or abandoned, and property with acquisition value of \$1,953,281 was sold for \$116,313.

Warehouse inventories were increased by \$2.8 million in the fiscal year; equipment in stock was valued at approximately \$12.8 million.

# MARITIME MANPOWER

## LABOR DATA

Seafaring employment decreased approximately 1.6 percent as compared to the 1967 normal monthly average, employment in commercial shipyards rose slightly, and the longshore labor force remained at the normal level during the fiscal year. (Table 15.)

**Table 15**

### MARITIME MANPOWER MONTHLY AVERAGE EMPLOYMENT

Type	Normal monthly average	
	1968	1967
Seafaring.....	53,880	54,790
Shipyards (commercial yards able to construct oceangoing ships 475 x 68 ft.):		
Production employees.....	60,940	58,753
Total force, including management and clerical staff.....	74,625	72,135
Longshoremen.....	1 70,000	70,000

<sup>1</sup> Generally, however, more than 95,000 men were usually available for work; Manpower shortages were experienced at container terminals, notably in the Port Newark and Elizabeth areas.

## LABOR-MANAGEMENT RELATIONS

Strikes in the seafaring segment of the industry were primarily of a jurisdictional nature. A total of 69,100 seafaring man-days were lost.

Disagreement between the Seafarers International Union and Marine Engineer's Beneficial Association (District I) concerning the work rules applicable to a new engineer-apprentice rating resulted in a 71-day dispute affecting 18 ships.



The sales of several ships by various subsidized operators, involving changes in union representation, were protested by the unions, and resulted in one 49-day work stoppage. Agreements reached generally required upholding of prevailing union representation.

The only contract dispute to arise during the fiscal year occurred during the final days of June, when the NMU's demand for a wage re-opener was resisted by management. A work stoppage involving 100 ships on all three coasts was ended after the third day by an arbitrator's ruling.

Contract negotiations resulted in an 121-day shipyard work stoppage in the San Diego area, and employee grievances brought a 16-day stoppage at Newport News, Virginia. These stoppages resulted in a loss of 542,000 shipyard employee man-days.

Longshoremen at the Port of New York struck over disputes on seniority hiring practices in the Port Newark-Elizabeth area, and on opening of the work register which was planned to alleviate a shortage of dock labor. Brooklyn, N.Y., longshoremen observed picket lines of a union established to represent pier supervisors. Approximately 468,900 longshore man-days were lost during the fiscal year as a result of strikes and work stoppages.

## **SEAMEN SHORTAGES**

Shortages of skilled seafaring personnel continued to plague the industry, with shortages of licensed marine engineers and deck officers continuing to be the principal cause of delayed and shorthanded sailings of Government-owned ships serving military requirements in Southeast Asia. A total of 201 sailings under General Agency operation experienced a cumulative delay of 714 days during the fiscal year, for an average of 3.6 days' delay per ship affected, compared to the average of 3.3 days' delay for 228 sailings affected in fiscal year 1967. Local, state, and national draft boards continued to cooperate in granting deferments to categories of seamen in short supply.

## **SEAMEN TRAINING**

One thousand ninety-four seamen completed Maritime's radar, gyro and Loran training program, and 1,403 completed the nuclear, biological, and chemical warfare, and firefighting and damage control courses sponsored by the Maritime Administration and the Military Sea Transportation Service.

Two-hundred fifty deck and engine officers and 54 purser-pharmacist mates were graduated from the training programs of various seafaring labor unions, while upgradig programs were also sponsored by several unlicensed unions.

## **U.S. Merchant Marine Academy**

Seventy third mates and 109 third assistant engineers were graduated from the U.S. Merchant Marine Academy, Kings Point, N.Y. In

addition to their licenses, they received bachelor of science degrees, and, if qualified, commissions as ensigns in the U.S. Naval Reserve. The academy had an average of 915 students.

In March 1968 cadet sea-year pay was increased from \$151.95 to \$160.50 per month.

In April, revision of General Order No. 97, "Admission and Training of Cadets at the U.S. Merchant Marine Academy" increased cadets' obligation to serve in the merchant marine after graduation from 3 to 5 years.

### **State Marine Schools**

One hundred eighty-three third mates and 259 third assistant engineers were graduated from the State marine schools at Vallejo, Calif.; Castine, Maine; Buzzards Bay, Mass.; Galveston, Tex.; and New York State Maritime College at Fort Schuyler, N.Y. All who qualified received commissions as ensigns in the U.S. Naval Reserve in addition to their licenses.

The schools had a combined enrollment of 1,660 cadets during the year, most of whom received a Government allowance of \$600 toward the cost of uniforms, textbooks, and subsistence. Each school received an annual Federal assistance payment of \$75,000 for use in maintenance and support of the school.



Capt. Bohle of the SS PRESIDENT MCKINLEY receives his Distinguished Service Medal for rescue of survivors of the KWONG SHUN.

## **MERCHANT MARINE AWARDS**

Two Gallant Ship awards were presented during the year. The tug *Julia C. Moran*, owned by Moran Towing & Transportation Co., was recognized for outstanding action in the rescue of 23 survivors following the fiery collision of the tankers *Alva Cape* and *Texaco Massachusetts* in New York Harbor on June 16, 1966. The *President McKinley*, owned by American President Lines, Ltd., was honored for its heroic participation in the rescue of survivors from the SS *Kwong Shun* when it foundered and sank in heavy seas off Luzon, Philippines, January 5, 1967.

Merchant Marine Distinguished Service Medals were awarded to the master of the *Julia C. Moran*, and to Paul Hellebrand, former third mate of the SS *Steel Maker*, for his efforts in rescuing four survivors of the Spanish MV *Monte Palomares* which sank in the Atlantic on January 10, 1966; and to Capt. Cecil F. LaForce, master of the MV *Delta Service*, for his efforts in rescuing survivors of the drill barge *C. P. Baker* following an explosion and fire on June 30, 1964, in the Gulf of Mexico.

Seventeen Merchant Marine Meritorious Service medals were also awarded to seamen during the year for heroic rescues.

A Vietnam service ribbon was authorized in May for issuance to seamen who have served in Vietnam waters aboard U.S.-flag merchant ships at any time since July 4, 1965. The ribbon recognizes the important contribution of American merchant seamen to the U.S. effort in Southeast Asia.

# **ADMINISTRATION**

## **PROGRAM PLANNING**

Program planning activities in 1968 continued toward the goal of developing plans, programs, and policies to assure adequate and economic shipping services by reducing the economic disadvantages that the American Merchant Marine encounters in relation to its foreign-flag competition. These included examination of the financial structure of subsidized lines; analysis of current and projected trends in ocean shipping technology, including containerships, surface-effect, and lighter-aboard ships and the development of plans for maintaining merchant shipping and support services in a national emergency.

The computer program to simulate ship operations, developed in fiscal year 1967, was extended to include analysis of "feeder services" to aid in planning for new ship types and operations.

Planning and analysis of Maritime Administration programs were conducted as an integral part of the planning-programing-budgeting system.

## **EMERGENCY READINESS**

Emergency plans to provide a capability for continuity of agency operations were further developed and strengthened during the year. Among programs carried on were the upgrading of the capability level of all relocation sites, and the improvement in organization and equipment for on-site damage assessment and analysis.

Approximately 110 U.S. port entities were assisted in preparing plans for emergency port operations. About 70 percent of the authorized membership of 360 had been reached in recruitment for the National Defense Executive Reserve, which enlists private industry officials and trains them to assume emergency operational assignments if required. Industrial mobilization planning for the provision of essential marine components in an emergency also continued.

## **AUDITS**

In response to a recommendation of the General Accounting Office, the Maritime Administration advised subsidized and nonsubsidized ship operators of the benefits to the United States of making purchases of foreign currencies from the Treasury Department in cases where the Government is holding foreign currencies in excess of its normal requirements, and advised them as to which foreign currencies are available and the procedures that should be followed in making such purchases.

In accordance with another General Accounting Office recommendation, a revised instruction was issued to all general agents requiring them to request cash advances on a weekly basis, to cover only their anticipated operating requirements for the following week. Previously, advances had been made in predetermined amounts.

## **INTERNAL MANAGEMENT**

A major reorganization at midyear was designed to improve the agency's organization structure. The reorganization placed all administrative functions under an assistant administrator for administration, and established a small staff to evaluate the agency's operating programs.

A Management Information Center was established as an executive staff unit to develop and operate a management information system to collect, maintain, and retrieve management information to meet requirements of maritime officials.

Cost reduction actions under the 3-E improvement program resulted in savings of \$17.8 million for the year. Principal actions were (a) the modification of bonding requirements in ship construction contracts, (b) the award of a multiple 11-ship contract (the LASH ships) of one design in lieu of two contracts and two designs, (c) the application of value-engineering techniques, and (d) an intensive review and analysis of all controllable elements of costs involved in the operation of Government-owned ships in the GAA program.

The National Archives and Records Services was given a contract for an intensive study to modernize the Maritime Administration files and records systems.

Service to the public was improved by providing information to help small fishboat operators seeking Government assistance in building fishing vessels; and by providing data developed on ship characteristics, complex naval architectural and marine engineering calculations, and reliability reports on maintenance and repair of ship components.

## **PERSONNEL**

During the year, the total of Maritime personnel employed increased by 20 positions from 2,289 to 2,309. These figures do not in-

clude an average of 6,451 seamen employed by contractors operating ships under the GAA program. Over 19 percent of the agency work force consisted of minority group employees.

To develop disadvantaged and underutilized employees, a secretarial development program was instituted, consisting of shorthand and typing refresher courses, clerical office practice, and English grammar. A series of forums on current maritime issues was initiated for new professional and junior management level employees. Nineteen employees were trained in the middle management development program and four were in the training program for naval architects and marine engineers. Approximately 1,215 employees were trained in various managerial, technical, and clerical courses.

During the year, eight Maritime employees were awarded the Department of Commerce Bronze Medal Award for extremely competent performance of official duties over a long period of time. One hundred ten employees received cash awards totalling \$20,653 for superior accomplishment, 99 for sustained superior performance, and three for special act or service and singular achievement.

Sixty-one employee suggestions were adopted, with savings estimated at \$54,997, for which a total of \$3,245 was paid in awards.

## **SAFETY**

The President's goal of 30 percent reduction in the number and cost of injuries by 1970 was surpassed by Maritime in 1967, when the accident frequency rate was reduced by 32.9 percent compared to the basic year of 1963.

Representatives of management, labor, and the Government discuss maritime problems at forums for professional and junior management agency personnel.



## **EQUAL OPPORTUNITY COMPLIANCE**

The Maritime Administration is responsible for insuring compliance with equal employment opportunity clauses in Government contracts with general agents operating Government-owned ships and with major commercial shipbuilding and ship repair facilities in the United States. Maritime has been made responsible for conducting policing activities in contractor facilities related to the shipbuilding and ship repair industry to insure nondiscrimination in employment policy and practices. During the year specific attention was given to those shipyards which submitted bids for subsidized or naval ship construction.

Maritime also is responsible for compliance of subsidized shipping lines with the requirements of the Civil Rights Act of 1964 providing for no discrimination in services provided to the public by contractors receiving Federal assistance. Compliance reviews were conducted of 8 of the 14 subsidized operators during the year.



## **FINANCE**

### **ACCOUNTING**

The accounts of the Maritime Administration were maintained on an accrual basis and in conformity with the principles, standards, and related requirements prescribed by the Comptroller General of the United States.

Net cost of combined operations of the Maritime Administration for the fiscal year totaled \$374.8 million. The cost included \$226.9 million for operating- and construction-differential subsidies, \$99.7 million for depreciation on reserve fleet vessels and other assets, \$8.3 million for research and development, and \$10.3 million for administrative expenses. The equity of the Government at June 30, 1968, totaled \$1,278.9 million, a decrease of \$68.0 million from June 30, 1967. The decrease includes the net cost of combined operations of \$374.8 million and the return of \$29.1 million in collections and unobligated balances to the Treasury, offset by \$375.0 million appropriated by Congress and \$94.1 million in property transfers to other agencies.

The details of the financial position of the Maritime Administration at June 30, 1968, and the financial results of its operations for the fiscal year are presented in the financial statements at the end of this report.

Of the \$7.4 million of notes and accounts receivable on June 30, 1968, \$4.9 million consisted of amounts of additional charter hire collectible only upon submission and approval of final accountings, amounts referred to the General Counsel or Department of Justice for collection or litigation, amounts on the books of National Shipping Authority agents, and amounts represented by notes and formal agreements accepted in place of open-account indebtedness. Of the approximately \$4.5 million billings made during the fiscal year, only \$26,595, or about 1/2 percent, remained to be collected at the end of the year from miscellaneous debtors, exclusive of other Government agencies.

## **CONTRACT AUDITING**

Maritime auditors review the operators' annual subsidy accountings, which have been certified by independent public accountants, before payment of the final 5 percent of operating-differential subsidy. They also audit expenses eligible for subsidy to permit payment to the operators of up to 95 percent of the accrued operating-differential subsidy for such expenses.

Audits to permit final payments were completed for five operators generally covering the period from 1957 through 1964. Most of the audits of expenses eligible for subsidy of the 14 subsidized operators were completed through calendar year 1965. Wage expenses of three of the operators were audited through calendar year 1967.

Audits under bareboat charter agreements were made primarily to develop data in connection with various litigated matters arising under the charter contracts. Audits were made of general agency agreements, contracts for ship construction and repair, research and development, and related contracts.

Audits completed during the fiscal year resulted in reduced billings of about \$3.2 million to the Government.

## **TITLE XII INSURANCE**

War risk insurance and certain marine and liability insurance programs authorized by Title XII, Merchant Marine Act, 1936, as amended, were continued during the fiscal year.

War risk insurance binders, covering shipowners from the time commercial war risk insurance ceases to provide adequate coverage until 30 days after the outbreak of war involving the major powers, which were outstanding on June 30, 1968, were: 1,467 for war risk hull insurance, 1,341 for war risk protection and indemnity insurance, and 1,140 for war risk insurance of crew life and personal effects. From the inception of the binder program in 1952 to June 30, 1968, binder fees totaled \$848,388, and expenses totaled \$555,679, of which \$319,694 was paid to the underwriting agent appointed by Maritime to process the binders.

War risk builder's risk insurance for the prelaunching construction period was written on 150 ships from the inception of the program in 1953 through June 30, 1968. Premiums totaled \$2,964,188. From October 1962 through June 30, 1968, 37 policies were issued for war risk builder's risk insurance for the postlaunching construction period, each with a service fee of \$75, and each subject to attachment and premium assessment upon the automatic termination of commercial insurance resulting from outbreak of hostilities.

A standby war risk cargo insurance program was continued, which becomes effective when the Maritime Administrator finds that insurance adequate for the needs of U.S. waterborne commerce cannot be obtained on reasonable terms and conditions from companies authorized to do an insurance business in a State of the United States. Com-

mercial underwriting agents will be employed to write this insurance, and as of June 30, 1968, 38 were under contract.

The Maritime Administration is continuing its review of the war risk insurance program referred to in the "Notice of Proposed Rule-making," published in the Federal Register on May 28, 1966. The notice proposed the revision and restatement of the terms and conditions under which war risk insurance would be provided.

At the request of the Navy, war risk insurance was provided, without premium charge but on a reimbursable basis for losses incurred, as authorized under section 1205, Merchant Marine Act, 1936, as amended. During the fiscal year, insurance coverage in effect was as follows:

1. Twenty tankers, operated for the account of MSTS, were provided Second Seamen's war risk insurance.
2. War risk hull and Second Seamen's war risk insurance were provided on one ship under bareboat charter to MSTS.
3. Nine range-instrumentation ships, operated in the MSTS service and used in Department of Defense and NASA test programs, were provided Second Seamen's war risk insurance.

Claims to date have involved only the tanker program (No. 1 above), with payments totaling \$110,740, and pending claims approximating \$11,250. Net premium saving to the Navy from inception of the program in 1954 to June 30, 1968 was estimated at \$557,000.

Arrangements were made with the Department of the Navy whereby the Maritime Administration will provide Second Seamen's war risk insurance for more than 210 U.S.-flag vessels under charter to MSTS. This coverage is effective July 15, 1968, and is expected to result in considerable premium saving to the Government.

Under section 1208(a) of the Merchant Marine Act, 1936, money in the war risk insurance revolving fund may be invested in securities of the United States or in securities on which the United States guarantees principal and interest. Since 1962, when the initial investment was made, through June 30, 1968, interest earned totaled \$799,423.

## **OTHER INSURANCE ACTIVITIES**

Maritime continued to self-insure Government-owned ships, with the exception of 144 ships operated by general agents of the Maritime Administration, on which marine protection and indemnity insurance was purchased to take advantage of the worldwide claims-settling facilities of commercial underwriters. By assuming the war risk hull and Second Seamen's war risk insurance, it is estimated that Maritime has effected for MSTS a net premium saving of \$4,100,000 for the period of the expansion of Vietnam hostilities from July 1965 through June 30, 1968.

Claims of a marine and war risk insurance nature assumed by the Government (not recoverable from commercial insurance) are as shown in Table 16.

**Table 16**  
**MARINE AND WAR RISK INSURANCE CLAIMS**

Fiscal year 1968	Claims reported	Number of claims settled <sup>1</sup>	Amount settled
Marine protection and indemnity: Against the Government <sup>2</sup> ..	6,218	2,638	\$1,114,070
Marine hull:			
In favor of the Government .....	204	105	37,863
Against the Government .....	19	14	10,880
Marine builder's risk: Against the Government .....	1	1	12,422
Second Seamen's war risk: Against the Government .....	9	8	20,000

<sup>1</sup> Settlements include claims reported in prior years:

<sup>2</sup> Approximate:

Mortgagee insurance providing coverage when marine policies are invalidated was renewed on April 1, 1968, at expiring premium rates on ships owned by unsubsidized operators who have mortgages insured under Title XI. Owners of 28 vessels were covered. Primary coverage was placed in the American market to the extent of 14 percent, the maximum available, with the balance plus 100 percent of the excess coverage over \$13 million per vessel placed in the British market. The mortgagor pays the insurance premium.

The Maritime Administration determines whether the insurance placed in commercial markets by mortgagors of ships on which the Government holds or insures mortgages, by charterers of Government-owned ships, and by subsidized operators of ships, complies with the contract requirements. During the fiscal year, insurance in the following amounts was approved:

**Table 17**  
**INSURANCE APPROVED**

Kind of insurance	Total amount	Percentage American	Percentage foreign
Marine hull .....	\$1,831,888,000	61	39
Marine protection and indemnity .....	1,726,118,000	63	37
War risk hull .....	1,738,982,000	9	91
War risk protection and indemnity .....	1,677,423,000	9	91

# **LEGAL**

## **LEGISLATION**

Appendix XII lists legislation in which Maritime had an interest and shows its status at the end of the year.

## **CONFERENCE ON MARITIME LAW**

During the year the General Counsel of the Maritime Administration, as chairman of the delegation, submitted to the Secretary of State the Report of the United States delegation outlining actions taken at the 12th session of the Diplomatic Conference on Maritime Law held at Brussels, Belgium in May, 1967. The 12th session considered proposals for amendments to existing conventions relating to rules governing ocean bills of lading and assistance and salvage at sea, for new conventions related to ocean carrier liability for passenger luggage, rules for maritime liens and mortgages, and rules for the registration of rights in ships under construction.

## **LITIGATION**

A total of 294 claims by or against the United States were in various stages of litigation as of July 1, 1967, and 536 were in litigation as of June 30, 1968. During the year 199 claims of all types were closed and removed from the workload as a result either of negotiated settlements, or of final adjudication by the courts with no further appeal authorized, and 441 claims were added to the workload. A total of \$872,314.35 was paid to claimants out of a total of \$41,286,663.40 claimed or now being claimed, and \$1,795,549.13 was collected on claims by the United States out of \$44,134,391.81 claimed or now being claimed by the United States.

Noteworthy during the year was the continued progress made in closing out the pending charter claims by and against the Government and the commencement of six legal actions testing the authority of the Maritime Administration to make final decisions regarding application of its formulas for the computation of the amounts of its subsidy payment obligations. Five operators having construction- or operating-differential subsidy contracts with the United States began litigation with the objective of increasing the amounts of subsidy payable to them by up to \$8,741,389.26.

A summary of suits and nonlitigated claims appears in Table 18.

**Table 18**  
**SUITS AND NONLITIGATED CLAIMS**

Admiralty litigation	Case load activity during fiscal year				Amounts claimed and paid				
	Pending 7-1-67	Opened 7-1-67 to 6-30-68	Closed	Pending 6-30-68	Claimed by U.S.	Paid to U.S.	Claimed against U.S.	Paid by U.S.	
Seamens' claims: Seamens' and shoreworkers' proceedings brought under Suits in Admiralty Act, involving claims for death, injuries, illness, maintenance and cure, loss of effects, detention or repatriation:	249	425	178	496	0	0	\$13,563,766.00	\$817,314.35	Amounts "paid by U.S." were either paid as "deductibles" under protection and indemnity insurance policies or paid out of premiums for insurance policies. Four cases were tried and payments made in response to judgments. The remaining cases were settled before final adjudication and judgment.
Ship collision and property loss claims: Shipowners' and others' proceedings involving claims against the U.S. for collision, striking submerged objects, ship damage to shore property, buoys and other property and exoneration and cargo loss and damage claims.									
(a) Complaints for damages....	1	3	0	4	\$1,797.74	0	\$232,751.96	0	One claim by U.S. and counter-claim subject to proof of damages at trial. No amounts stated in complaint or answer:
(b) Petitions for exoneration from liability:	4	0	1	3					
(c) Libel for cargo loss and damage.	1	0	1	0			96,000.00	0	Cargo underwriters paid \$40,000. In two cases filed by United States, alternative causes of action involving a total of \$4,607,989.67 were not pursued by the Government:
Charter Hire Actions: Proceedings for the purpose of adjudicating rights under charter hire undertakings authorized by the Merchant Ship Sales Act, 1946.	10	0	6	4	337,549.30	\$92,761.00	255,583.97	35,000.00	

Civil Litigation: Contracts—Proceedings involving claims for faulty performance of contracts for construction- or operating-differential subsidy payments and for ship repair and construction.								
(a) Construction-differential subsidy.	3	5	1	7	0	0	6,916,457.90	0
(b) Operating-differential subsidy.	1	1	0	2	0	0	1,824,931.36	0
(c) Ship Repair and Construction.	2	1	0	3	1,567,194.94	0	17,518,496.19	0
(d) Ship Supply -----	1	0	0	1			22,006.00	0
Secured Lien Transactions: Foreclosure of ship mortgages under Merchant Marine Act, 1920, and Merchant Marine Act, 1936, title XI:	13	0	4	9	42,180,695.49	1,687,307.13	756,670.02	0
Tort Claims: Private individuals' proceedings involving claims for injury or loss of property, or personal injury or death:	1	0	1	0			100,000.00	20,000.00
Uncollected judgments in favor of United States.	3	0	1	2	36,856.13	481.00		
Miscellaneous litigated actions-----	5	6	6	5	10,298.21	15,000.00	0	0

Amounts of claims in favor of United States are based on pleadings, without taking into account credits that may be allowed against Government by the courts or upon settlement.

In one bankruptcy case, United States has filed total claims of \$7,804,730.11, of which Marad claims total \$4,147,449.01.

**Miscellaneous unlitigated claims:**

Ten miscellaneous non-litigated claims were pending on July 1, 1967, and two additional claims were presented during the year: Five claims, in which the Government claimed a total of \$95,637.77 were closed with total recovery of \$72,962.44; Seven

**claims are pending:**

One claim against a foreign government relating to a note payment guarantee on the purchase of a ship was in process of negotiation by the Department of State and not the subject of litigation during the fiscal year.



# MARITIME SUBSIDY BOARD

## ORGANIZATION AND FUNCTIONS

The Maritime Subsidy Board is composed of three members: the Maritime Administrator, as chairman, the Deputy Maritime Administrator, and the General Counsel. The Secretary of the Board serves as an Alternate. The Board performs the functions and exercises the authority vested in the Secretary of Commerce to award, amend, and terminate operating- and construction-differential subsidy contracts. It conducts hearings and makes determinations, and investigates the relative costs of building and operating ships in the United States and abroad. Decisions and orders of the Board are final, unless within specified periods of time the Secretary of Commerce enters a written order stating that he elects to review the action of the Board.

## BOARD DECISIONS

During fiscal year 1968 14 decisions of the Board were appealed to the Secretary of Commerce for review. Review was denied in 10 of the cases. The other four were pending decision by the Secretary at the end of year.

Formal decisions of the Board concerning matters involving construction- and operating-differential subsidy and contract appeals which became final during the year are shown in Table 19.

**Table 19**  
**DECISIONS OF THE MARITIME SUBSIDY BOARD**

Docket No.	Description	Decision
S-185-----	<p style="text-align: center;">CONSTRUCTION- AND OPERATING-DIFFERENTIAL SUBSIDY</p> Protest of Prudential Lines, Inc. relating to the Board's determination of operating subsidy on wages and subsistence on vessels on TR 10, and for protection and indemnity premium costs and crew deductible average cost for cargo vessels for the period April 1, 1960-Dec: 31, 1961:	The Board reaffirmed previous subsidy rates on July 27, 1967. Prudential petitioned Secretary for review on Aug. 11, 1967. Petition denied May 29, 1968:

**Table 19**  
**DECISIONS OF THE MARITIME SUBSIDY BOARD—Continued**

Docket No.	Description	Decision
	CONSTRUCTION- AND OPERATING-DIFFERENTIAL SUBSIDY—continued	
S-200.....	Application of American Export Isbrandtsen Lines, Inc. for written permission, pursuant to section 805 (a) of the Merchant Marine Act, 1936, as amended, for AEIL and/or its affiliates to charter the <i>Admiral William C. Callaghan</i> to the Military Sea Transportation Service and to act as operating agent for the vessel, which may be deployed, on occasion, to move military cargo in the domestic trade whenever so directed by MSTTS.	On Feb. 1, 1968, Board found Section 805 (a) to be no bar to the unsubsidized construction and operation of the ship and services by AEIL to the ship. Inter-venors petitioned Secretary for review. Petition denied April 29, 1968.
	CONTRACT APPEALS	
CA-3.....	Appeal of Lykes Bros. Steamship Co. from decision of Chief, Ship Construction, authorizing extension of contract delivery dates of 4 C3 ships built by Bethlehem Steel Corp., Sparrows Point, Md. to the actual dates of delivery because of a steel strike and a strike in the shipyard.	Appeal was denied on Feb. 19, 1968. Lykes petitioned Secretary for review, but on April 1, 1968, reached settlement agreement with Bethlehem and withdrew appeal.
CA-34.....	Appeal of Sun Shipbuilding and Dry Dock Co. from decision of the Acting Chief, Ship Construction, denying issuance of a change order for costs involved in bow thruster castings on 4 ships constructed for Grace Line Inc.	Appeal was denied September 11, 1967.
CA-37.....	Appeal of Sun Shipbuilding and Dry Dock Co. from a decision of the Chief, Ship Construction, denying a contract change increasing the contract price by \$101,200 for installation of partial floors (required by the ABS where struts could not be fitted) in the conversion of two ore carriers to containerships for American Export Isbrandtsen Lines, Inc.	Appeal was denied, November 29, 1967. Sun petitioned the Secretary for review. Petition denied January 15, 1968.



The Maritime Subsidy Board has encouraged placing of multiple ship orders to reduce per-ship costs. Here the Board and representatives of U.S. Lines and Sun S.B. & D.D. Co. sign the contract for a sixth identical containership.

# **INTERNATIONAL AFFAIRS**

## **MEETINGS**

The Acting Maritime Administrator served as chairman of the 20th meeting of the NATO Planning Board for Ocean Shipping (PBOS) held in Washington, D.C., May 7-9. The Board made significant progress in developing a war losses insurance scheme for shipping, planning for oil bunkering of merchant ships in war, and in civilian shipping exercise simulations.

The Maritime Administration continued its participation in the U.S. Interagency Shipping Coordinating Committee, which is responsible for drawing up a coordinated U.S. policy in matters concerning the Intergovernmental Maritime Consultative Organization. The Committee continued work on the issues of safety measures for passenger ships failing to meet current international safety standards, and technical problems arising from oil pollution. In addition, a representative was appointed to the legal subcommittee, which considered the legal ramifications of oil pollution resulting from ship disasters.

Representatives of the agency participated in an extensive meeting of the NATO Military Shipping Working Group regarding the plans for naval control of shipping in war emergencies.

Meetings were held with the joint US/Canada working group on civil transportation emergency planning, with an ultimate goal of an overall emergency transportation agreement between the two countries which would include the reciprocal use of ports.

## **SHIPPING RESTRICTIONS**

Free world and Polish flag vessels which make calls at Cuba or North Vietnam ports are barred from carrying U.S. Government-financed cargoes from the United States. They may become eligible to carry such cargoes upon promise of the controlling party to keep all vessels under its control from calling at the ports of these nations.

At the end of the fiscal year there were 194 ships of 1,385,893 gross tons on the list prepared by the Maritime Administration of those ineligible to carry Government cargoes because of calls at Cuban ports since January 1, 1963. Twenty-one were added to the list during the year, and 95 were removed, of which 15 had been reinstated and 80 had been broken up, sunk or wrecked. The number of reported arrivals in Cuba of ships listed was 209, one less than in 1967.

At the end of the fiscal year there were 53 ships of 359,720 gross tons ineligible to carry Government cargoes because of calls at Vietnam ports since January 25, 1966. Fifteen ships were added to the list during the fiscal year, and 7 were removed, of which 1 was reinstated and six were broken up, sunk, or wrecked.

## **SHIPPING STUDIES AND REPORTS**

Where prices are not indicated, a limited number of copies are available from Public Information Office, Maritime Administration.

*General:*

- "Annual Report of the Maritime Administration," 1967, 102 pp., 35¢, GPO.
- "Fishing Vessels Designed and Built Under the Fishboat Subsidy Program," by Thomas Pross, October 21, 1967, 15 pp., Maritime Administration.
- "Index of Current Regulations of the Maritime Administration, Maritime Subsidy Board, National Shipping Authority," revised as of March 31, 1968, 38 pp., 35¢, GPO.
- "Information and Preliminary Criteria on Planning Container Terminals," June 1968, 18 pp., Maritime Administration.
- "Marine Museums In the United States," October 16, 1967, 52 pp., 50¢, GPO.
- "The Maritime Administration Maintenance and Repair Data Processing and Evaluation System," by Edward S. Karlson and John J. Davis, February 28, 1968, 37 pp., Maritime Administration.
- "Maritime Administration Office of Research and Development Activities," May 2, 1968, 37 pp., Maritime Administration.
- "The National Defense Reserve Fleet," May 1967, 4 pp., Maritime Administration.
- "Relative Cost of Shipbuilding in the Various Coastal Districts of the United States," Report to the Congress of the United States, June 1968, 27 pp., 50¢ Department of Commerce.
- "Research Ship Procurement by Request for Proposal Methods," by H. B. Stover, May 21, 1968, 13 pp., Maritime Administration.
- "Research Ships Special Design Features OSS 01 Oceanographer and OSS 02 Discoverer," by CPT A. L. Powell and H. B. Stover, September 30, 1967, 62 pp., Maritime Administration.
- "Review of United States Oceanborne Foreign Trade 1966," November 1, 1967, 24 pp., 20¢, GPO.
- "Ship Characteristics," April 1968, 17 pp., Maritime Administration.
- "Some Observations on Present and Future Marine Power Plants," by John H. Lancaster, June 21, 1968, 7 pp., Maritime Administration.
- "The Soviet Merchant Marine," September 1967, 44 pp., 35¢, GPO.

- "Status Report—The United States Fishing Fleet Improvement Act, Public Law 88-498—What It Has Accomplished,"** March 1967, 49 pp., Maritime Administration.
- "Technical Reports Index,"** July 1967, 72 pp., 30¢, GPO.
- "Unitized Cargo Transportation Systems,"** by F. G. Ebel and M. S. Pennington, June 18-21, 1968, 12 pp., Maritime Administration.
- "United States Owners of United States Flag Oceangoing Dry Cargo Ships of 1,000 Gross Tons and Over,"** October 16, 1967, 9 pp., Maritime Administration.
- "United States Owners of United States Flag Oceangoing Tank Vessels of 1,000 Gross Tons and Over,"** October 12, 1968, 7 pp., Maritime Administration.
- Statistical:*
- "Bulk Carriers in the World Fleet, Oceangoing Merchant Type Ships of 1,000 Gross Tons and Over (Excludes vessels on the Great Lakes) as of December 31, 1966,"** 41 pp., 50¢, Department of Commerce.
- "Containerships Under Construction and On Order (Including Conversions) In United States and Foreign Shipyards,"** oceangoing ships of 1,000 gross tons and over as of June 30, 1967, Dec., 31, 1967, Maritime Administration.
- "Employment Report of United States Flag Merchant Fleet, Oceangoing Vessels of 1,000 Gross Tons and Over,"** June 30, 1967, September 30, 1967, December 31, 1967, March 31, 1968, 6 pp., Maritime Administration.
- "Merchant Type Ships of 100,000 Tons Deadweight and Over Including Those in Operation and Those Under Construction or on Order,"** June 7, 1967, 6 pp., Maritime Administration.
- "New Ship Construction,"** oceangoing ships of 1,000 gross tons and over, in United States and foreign shipyards, as of December 31, 1967, Part I—Deliveries: Part II—Under Construction and on Order, 16 pp., Maritime Administration.
- "North Atlantic Container Statistics Report for Six Month Period Ending December 31, 1967,"** 5 pp., and figures, Maritime Administration.
- "Number and Tonnage of Oceangoing Ships (1,000 Gross Tons and Over) Constructed for Foreign Subsidiaries which are owned by United States Incorporated Parent Companies 1946-1967,"** February 28, 1968, 14 pp., Maritime Administration.
- "Number and Tonnage of Ships Built in the United States by Individual Yards For the Years 1946 through 1967,"** February 28, 1968, 12 pp., Maritime Administration.
- "Oceangoing Foreign Flag Merchant Type Ships of 1,000 Gross Tons and Over Owned by United States Parent Companies,"** as of December 31, 1967, 34 pp., Maritime Administration.
- "Oceangoing Merchant Ships of 1,000 Gross Tons and Over Lost and Scrapped During the Calendar Year 1967,"** May 9, 1968, 22 pp., Maritime Administration.
- "Seafaring Wage Rates,"** Atlantic, Gulf and Pacific Districts, June 1967, 156 pp., 75¢, GPO.
- "Ships Registered Under the Liberian, Panamanian, and Honduran Flags Deemed by the Navy Department to be Under Effective U.S. Control,"** September 30, 1967, December 31, 1967, 8 pp., Maritime Administration.
- "A Statistical Analysis of the World's Merchant Fleets" showing age, size, speed, and draft by frequency groupings as of December 31, 1966,** 133 pp., 70¢, GPO.
- "Status of Ship Replacement Programs of Subsidized Operators, as of January 1, 1968,"** 2 pp., Maritime Administration.
- "United States and Canadian Great Lakes Fleets, Steam and Motor Ships of 1,000 Gross Tons and Over, as of December 31, 1967,"** 16 pp., Maritime Administration.

- "United States Flag Containerships and United States Flag Ships with Partial Capacities for Containers and/or Vehicles,"** February 20, 1968, 5 pp., Maritime Administration.
- "Value and Tonnage of Commercial Cargo Carried in United States Oceanborne Foreign Trade,"** comparison of calendar years 1965, 1966 and 1967, May 1, 1968, 1 p., Maritime Administration.
- "Vessel Inventory Report,"** June 30, 1967, 160 pp., December 31, 1967, 156 pp., Maritime Administration.
- "World Fleet of Liquefied Petroleum Gas Tankers and Liquefied Natural Gas Tankers, Oceangoing Ships of 1,000 Gross Tons and Over, as of December 31, 1967,"** 11 pp., Maritime Administration.

**Technical:**<sup>1</sup>

- "The Added Resistance of Ships in Waves,"** prepared by Mass. Institute of Technology, 67 pp., PB 175 654.
- "Collation of Power Plant Studies,"**—final report—prepared by IIT Research Institute, 110 pp., PB 175 612.
- "Combustion of Residual Fuel with Massive Recirculation,"** prepared by IIT Research Institute, 72 pp., plus appendix and tables, PB 178 167.
- "Economic Considerations for the Application of Nuclear Power to Merchant Ships,"** prepared by Mario I. Andrea, 74 pp., PB 175 510.
- "The Limiting Height of Ocean Waves,"** prepared by Mass. Institute of Technology, 34 pp., PB 175 655.
- "Lookout Assist Device Feasibility Studies" volume IV,** (sonic bearing sensing techniques and requirements, microphone wind silencing, automatic detection, magnetic recorders, spectrum analyzers, display system design, tentative specifications for LAD system, performance estimates), prepared by Sperry Piedmont Co., 47 pp., plus appendix, PB 176 229.
- "Modular Design Applications Study (Deckhouse & Outfit),"** prepared by J. J. Henry Co., Inc., 59 pp., PB 178 196, "Appendix" PB 178 197.
- "A Pilot Plant Study of Low Excess Air Combustion—Its Effect on Fireside Problems in Oil-Fired Boilers,"** prepared by the Babcock and Wilcox Co., 50 pp., plus appendix and tables, PB 175 805.
- "A Profile of Human Factor Requirements in the Maritime Industry,"** prepared by The George Washington University, 64 pp., PB 175 940.
- "Spent Fuel Pool,"** prepared by Todd Shipyards Corporation, 11 pp., PB 176 235.
- "Standard Specification for Cargo Ship Construction,"** second revision, March 1, 1968, PB 177 493, \$9.00.
- "Technical, Operational and Economic Report on the N.S. Savannah Second Year of Experimental Commercial Operation 1966—1967,"** prepared by Maritime Administration, 48 pp., plus appendix, PB 178 167.

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<sup>1</sup> Above technical reports may be purchased from the Clearinghouse for Federal Scientific and Technical Information, Springfield, Va. for \$3 each, or 65¢ in microfiche.

## Appendix I

## MERCHANT FLEETS OF THE WORLD

## Oceangoing Steam and Motor Ships of 1,000 Gross Tons and Over as of June 30, 1968

(Excludes ships operating exclusively on the Great Lakes and inland waterways and special types such as channel ships, icebreakers, cable ships, etc., and merchant ships owned by any military force.)

(Tonnage in Thousands)

Country of Registry	Total			Type of Vessel																	
				Combination Passenger and Cargo			Combination Passenger and Cargo Refrigerated			Freighters			Freighters Refrigerated			Bulk Carriers			Tankers (Including Whaling 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	Number	Gross Tons	Dead-weight Tons	Number	Gross Tons	Dead-weight Tons	Number	Gross Tons	Dead-weight Tons
Total—All Countries.....	18,910	176,523	260,742	956	7,620	5,492	42	599	376	10,885	61,519	85,565	750	3,994	4,205	2,469	34,204	54,064	3,808	68,587	111,040
United States <sup>1</sup> .....	2,101	18,819	25,699	201	1,839	1,305	4	45	37	1,482	11,535	15,706	44	247	258	55	628	1,030	315	4,525	7,363
Privately owned.....	976	10,589	15,349	22	304	190	4	45	37	600	5,281	7,076	19	109	110	52	607	999	279	4,243	6,937
Government-owned.....	1,125	8,230	10,350	179	1,535	1,115	-----	-----	-----	882	6,254	8,630	25	138	148	3	21	31	36	282	426
Reserve Fleet.....	949	6,901	8,535	176	1,496	1,092	-----	-----	-----	717	5,012	6,888	19	96	106	3	21	31	34	276	418
Other <sup>2</sup> .....	176	1,329	1,815	3	39	23	-----	-----	-----	165	1,242	1,742	6	42	42	-----	-----	-----	2	6	8
The British Commonwealth of Nations:																					
United Kingdom.....	1,857	20,119	28,252	67	989	551	24	460	286	914	5,917	7,864	143	1,343	1,539	294	3,278	4,999	415	8,132	13,013
Australia.....	100	627	868	5	21	14	-----	-----	-----	40	121	151	-----	-----	-----	44	352	506	11	133	197
British Colonies.....	134	1,303	1,982	9	33	28	-----	-----	-----	87	480	684	-----	-----	-----	21	318	489	17	472	781
Canada.....	64	264	312	18	47	21	-----	-----	-----	20	58	72	2	2	2	8	77	108	16	80	109
Cyprus.....	97	626	1,778	4	26	905	-----	-----	-----	75	466	677	1	6	5	8	30	44	9	98	147
Ghana.....	14	105	134	-----	-----	-----	-----	-----	-----	14	105	134	-----	-----	-----	-----	-----	-----	-----	-----	-----
India.....	220	1,906	2,799	14	73	71	-----	-----	-----	168	1,096	1,570	-----	-----	-----	28	544	851	10	193	307
New Zealand.....	46	134	166	-----	-----	-----	3	12	9	35	104	136	1	2	2	6	13	15	1	3	4
Nigeria.....	11	65	101	-----	-----	-----	-----	-----	-----	11	65	101	-----	-----	-----	-----	-----	-----	-----	-----	-----
Pakistan.....	65	503	677	6	67	56	-----	-----	-----	53	389	553	2	14	20	3	22	32	1	11	16
Singapore.....	25	115	137	8	43	43	-----	-----	-----	17	72	94	-----	-----	-----	-----	-----	-----	-----	-----	-----
All others.....	25	98	128	5	10	6	-----	-----	-----	12	54	83	2	12	8	1	2	3	5	20	28
Argentina.....	143	1,008	1,370	13	84	63	3	27	20	65	369	519	6	18	18	5	61	91	51	449	659
Belgium.....	69	863	1,277	2	21	19	-----	-----	-----	34	245	321	6	32	29	13	262	424	14	303	484
Brazil.....	225	1,214	1,682	12	68	39	-----	-----	-----	144	583	851	2	7	7	20	122	169	47	434	616
Bulgaria*.....	81	521	756	2	20	7	-----	-----	-----	41	190	286	-----	-----	-----	24	175	256	14	136	287
Chile.....	47	263	358	6	21	19	-----	-----	-----	27	123	160	-----	-----	-----	9	53	77	5	66	102
China (Taiwan).....	125	764	1,081	4	18	18	-----	-----	-----	94	570	816	13	45	44	5	47	79	9	84	124



China (Communist)*	196	888	1,183	20	67	41	2	17	10	134	644	910	1	1	2	19	64	83	20	95	137
Colombia	27	149	195							26	139	179							1	10	16
Cuba*	40	223	305							34	210	291	3	7	8	1	1	1	2	5	5
Denmark	333	2,873	4,301	16	45	24				218	1,163	1,571	17	67	78	24	390	621	58	1,208	2,007
Finland	214	1,048	1,555	7	18	7				149	494	729	1	1	2	17	97	151	40	438	666
France	515	5,449	7,561	31	376	182	1	10	2	225	1,224	1,573	40	181	153	65	806	1,179	153	2,852	4,472
Germany (West)	892	6,124	8,889	5	86	21	1	2	1	684	3,136	4,430	74	302	330	77	1,306	1,992	51	1,292	2,115
Germany (East)*	113	712	928	5	46	33				84	450	609	4	20	12	10	101	131	10	95	143
Greece	987	7,436	10,825	48	361	192				693	3,796	5,551	16	65	67	89	1,246	1,957	141	1,968	3,058
Honduras	13	51	52							3	6	10	9	44	40				1	1	2
Hungary*	18	25	29							18	25	29									
Iceland	23	51	67	2	5	3				11	23	34	6	15	19	2	3	4	2	5	7
Indonesia	161	571	711	30	121	86				98	288	388				7	16	23	26	146	214
Ireland	15	112	162							12	69	94				3	43	68			
Israel	91	750	1,033	3	27	7				63	310	419	12	76	81	13	337	526			
Italy	617	6,043	8,288	70	776	283	1	14	8	252	1,181	1,745	25	116	103	114	1,709	2,611	155	2,247	3,538
Japan	1,664	17,357	26,815	27	104	68				974	5,365	7,685	57	218	253	316	4,874	7,632	290	6,796	11,177
Korea (South)	66	383	597	1	1	2				53	221	333				4	26	38	8	135	224
Kuwait	14	154	230							9	49	67	2	3	2				3	102	161
Lebanon	98	441	674							90	410	627	1	2	3	7	29	44			
Liberia	1,547	25,195	41,901	17	189	135				461	3,185	4,709	11	52	48	434	7,449	12,906	624	14,320	24,103
Malagasy	10	32	46							9	30	44							1	2	2
Mexico	48	360	544							18	62	94	2	5	5				28	293	445
Morocco	17	56	80							13	49	73	4	7	7						
Netherlands	459	4,667	6,428	28	347	253				290	1,942	2,552	17	35	40	33	489	731	91	1,854	2,852
Norway	1,352	19,111	30,209	28	143	58	2	9	2	529	2,915	4,101	29	120	120	319	5,832	9,090	445	10,092	16,838
Panama	613	5,041	7,842	26	208	131				375	1,623	2,429	10	26	25	57	428	674	145	2,756	4,583
Peru	29	168	247	2	15	19				21	106	154							6	47	74
Philippines	146	756	1,061	13	27	26				113	610	850	1	2	3	8	80	129	11	37	53
Poland*	199	1,207	1,702	1	14	5				151	900	1,283	10	27	28	31	195	278	6	71	108
Portugal	95	626	756	25	237	153				52	189	286	1	1	1				17	199	316
Rumania*	36	312	457	1	7	2				22	90	129				9	143	216	4	72	110
Saudi Arabia	13	42	49	4	20	17				7	18	28				2	4	4			
South Africa	53	334	452							43	238	312	6	44	61	3	40	61	1	12	18
Spain	368	2,103	2,936	39	230	148				200	706	1,007	16	39	44	22	139	209	91	989	1,528
Sweden	413	4,448	6,534	7	69	16				212	1,207	1,584	38	255	258	87	1,454	2,247	69	1,463	2,429
Switzerland	28	217	305							22	154	218	2	3	3	4	60	84			
Thailand	13	43	62							8	34	49							5	9	13
Turkey	99	566	754	19	96	49				67	307	452				1	2	3	12	161	250
United Arab Republic	45	214	275	11	56	50				23	70	89							11	88	136
Uruguay	19	126	189	1	8	10				14	77	115							4	41	64
U.S.S.R.* <sup>3</sup>	1,442	8,643	10,996	73	433	200	1	3	1	846	4,125	5,371	104	505	446	120	512	675	298	3,065	4,303
Venezuela	34	293	419							18	60	88				2	4	6	14	229	325
Yugoslavia	182	1,237	1,751	15	83	81				131	704	980	2	6	7	17	278	425	17	166	258
All others	104	569	790	5	25	25				77	373	516	7	21	24	8	63	92	7	87	133

\*Source material limited:

<sup>1</sup> Excludes 113 non-merchant type ships which are currently in the National Defense Reserve Fleet;

<sup>2</sup> Comprised of vessels under general agency agreement, bareboat charter, and in the custody of the Departments of Defense, State and Interior;

<sup>3</sup> Includes the following U.S. Government-owned ships transferred to U.S.S.R. under lend-lease agreements and still remaining under that registry:

U.S.S.R. (Lend-lease)	51	350	525							50	343	514							1	7	11
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## Appendix II

### Ship Deliveries for Fiscal Year 1968—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 operating exclusively on the Great Lakes and inland waterways and special types such as tugs, ferries, cable ships, etc.)

(Tonnage in thousands)

Registry for which built	Total		Country in which built																				
			Japan		Sweden		United Kingdom		Germany (West)		Norway		France		Denmark		Spain		Italy		Netherlands		All others <sup>1</sup>
	No:	Dwt:	No:	Dwt:	No:	Dwt:	No:	Dwt:	No:	Dwt:	No:	Dwt:	No:	Dwt:	No:	Dwt:	No:	Dwt:	No:	Dwt:	No:	Dwt:	No:

#### SUMMARY—ALL TYPES

Total.....	915	24,915	365	13,444	46	1,991	62	1,872	80	1,333	33	881	26	817	18	733	44	661	19	618	30	417	192	2,148
United States.....	16	242	9	891	4	73	27	635	1	14	3	48	1	5	1	115	10	174	1	19	16	242		
United Kingdom.....	57	1,974	3	35	2	29	1	25	4	7	5	93	9	370	1	25	1	5	2	25				
Denmark.....	21	790	2	32			9	353	52	675			17	733					2	25				
France.....	68	1,164	1	102															2	5	4	29		
Germany (West).....	14	532																	14	532				
Italy.....	180	4,797	180	4,797																				
Japan.....	89	4,317	79	3,936	1	91	7	262													1	2	1	26
Liberia.....	100	4,296	29	1,965	19	947	10	380	6	124	21	576	1	17	3	206							11	81
Norway.....	27	1,305	2	164	17	806	1	51	4	189	1	73	1	14									1	8
Sweden.....	84	768																					84	768
U.S.S.R.*.....	233	4,141	60	1,522	3	45	7	166	13	324	3	91	6	48	5	42	44	661	4	61	16	231	72	950
All others.....																								

#### FREIGHTERS

Total.....	719	14,230	278	7,218	34	1,142	51	1,357	70	934	24	447	14	249	14	317	31	194	13	441	22	187	163	1,744
United States.....	15	205																					15	205
United Kingdom.....	39	837	5	165			24	530	1	14	3	48									5	61	1	19
Denmark.....	22	381	3	35	2	29	1	25	3	6	5	93			7	168			1	25				
France.....	14	260	2	32									10	203									2	25
Germany (West).....	64	752					7	46	51	672											2	5	4	29

Italy.....	9	358																9	358					
Japan.....	146	2,813	146	2,813																				
Liberia.....	68	2,546	60	2,321			6	197												1	2	1	26	
Norway.....	72	2,479	19	820	15	776	7	364	5	117	13	214			2	107						11	81	
Sweden.....	21	619	2	164	14	292	1	51	1	17	1	73	1	14								1	8	
U.S.S.R*.....	59	437																				59	437	
All others.....	185	2,543	41	868	3	45	5	144	9	108	2	19	3	32	5	42	31	194	3	58	14	119	69	914

TANKERS

Total.....	190	10,647	83	6,223	12	849	10	502	9	397	9	434	11	565	4	416	12	466	5	174	8	230	27	391
United States.....	1	37																				1	37	
United Kingdom.....	19	1,304	4	726	4	73	3	105	1	167			1	5	1	115					5	113		
Denmark.....	4	208							1	1					2	202					1	5		
France.....	7	530											7	530										
Germany (West).....	4	412	1	102			2	307	1	3														
Italy.....	4	171																	4	171				
Japan.....	31	1,982	31	1,982																				
Liberia.....	21	1,771	19	1,615	1	91	1	65																
Norway.....	28	1,817	10	1,145	4	171	3	16	1	7	8	362	1	17	1	99								
Sweden.....	5	519			3	514			2	5														
U.S.S.R*.....	23	318																				23	318	
All others.....	43	1,578	18	653			1	9	3	214	1	72	2	13			12	466	1	3	2	112	3	36

COMBINATION PASSENGER AND CARGO SHIPS

Total.....	11	38	4	3			1	13	1	2			1	3			1	1	1	3			2	13
United States.....																								
United Kingdom.....																								
Denmark.....																								
France.....																								
Germany (West).....																								
Italy.....	1	3																		1	3			
Japan.....	3	2	3	2																				
Liberia.....																								
Norway.....																								
Sweden.....																								
U.S.S.R*.....	2	13																				2	13	
All others.....	5	20	1	1			1	13	1	2			1	3			1	1						

<sup>1</sup> The United States, with 16 ships of 242,000 dwt. tons, ranked 14th as a shipbuilder on a deadweight tonnage basis: In addition to the countries listed above, she was preceded by Yugoslavia with 22 ships of 359,000 dwt.; Poland with 27 ships of 289,000 dwt.; and the U.S.S.R. with 25 ships of 244,000 dwt.

\*Source material limited.

## Appendix III

## EMPLOYMENT OF UNITED STATES FLAG OCEANGOING MERCHANT FLEET AS OF JUNE 30, 1968

### VESSELS OF 1,000 GROSS TONS AND OVER BY OWNERSHIP, STATUS AND AREA OF EMPLOYMENT

(Excludes vessels operating exclusively on the inland waterways, Great Lakes and those owned by the United States Army and Navy and special types such as cableships, tugs, etc.)

(Tonnage in Thousands)

Status and area of employment	Total			Vessel type								
				Combination passenger & 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
Grand total.....	2,101	18,819	25,699	205	1,884	1,343	1,581	12,410	16,993	315	4,525	7,363
Active vessels.....	1,104	11,412	16,416	26	359	227	811	6,996	9,569	267	4,057	6,620
Foreign trade.....	479	4,662	6,310	22	311	200	419	3,770	5,158	38	581	952
Nearby foreign.....	24	245	359	4	35	37	11	71	93	9	139	229
Great Lakes-Seaway foreign.....	6	39	59				6	39	59			
Overseas foreign.....	449	4,378	5,892	18	276	163	402	3,660	5,006	29	442	723
Foreign to foreign.....	2	13	22				2	13	22			
Domestic trade.....	242	3,162	4,934	1	19	4	65	605	797	176	2,538	4,133
Coastwise.....	134	1,901	3,105				9	75	123	125	1,826	2,982
Intercoastal.....	35	446	693				15	154	221	20	292	472
Noncontiguous.....	73	814	1,136	1	19	4	41	376	453	31	419	679
Other U.S. agency operations.....	381	3,575	5,150	3	29	23	325	2,608	3,592	53	938	1,535
GAA and TC M.S.T.S.....	357	3,401	4,940	1	6	10	305	2,463	3,403	51	932	1,527
Other (custody, etc.).....	24	174	210	2	23	13	20	145	189	2	6	8
Inactive Vessels.....	997	7,407	9,283	179	1,525	1,116	770	5,414	7,424	48	468	743
Temporarily inactive.....	28	331	492				19	196	257	9	135	235
Merchant types.....	28	331	492				19	196	257	9	135	235
Military types.....												
Laid-up (Privately owned).....	20	177	257	3	29	24	12	90	143	5	58	90
National Defense Reserve Fleet <sup>1</sup> .....	949	6,900	8,535	176	1,496	1,092	739	5,128	7,025	34	276	418
Merchant types.....	638	4,477	6,503	5	41	46	618	4,285	6,222	15	151	236
Military types.....	311	2,423	2,032	171	1,455	1,046	121	843	803	19	125	182

<sup>1</sup> Includes 419 ships to be sold for scrap and 287 Naval Auxiliaries; excludes 5 ships sold but remaining in custody of reserve fleet pending delivery, and 69 non-merchant type ships which are currently in the National Defense Reserve Fleet.

NOTE: 1. Tonnage figures are not additive since the detailed figures have been rounded to the nearest thousand.

2. Nearby foreign includes Canada, Central America, West Indies, and North Coast of South America, and Mexico.

## Appendix IV

### OPERATING-DIFFERENTIAL SUBSIDIES

**Expenditures for the Fiscal Year 1968 and Total Subsidies Payable and Expenditures for the Period January 1, 1937 to June 30, 1968, by Years**

Calendar year	Accruals			Expenditures		
	Subsidies	Recapture	Net payable	In fiscal year 1968 for calendar years indicated	Cumulative to end of fiscal year 1967 for calendar years indicated	Estimated balance to be paid
1937-46	\$48,725,478	\$32,695,537	\$16,029,941		\$16,029,941	
1947	13,438,553	10,066,979	3,371,574		3,371,574	
1948	28,077,303	13,718,252	14,359,051		14,359,051	
1949	44,213,378	14,559,787	29,653,591		29,653,591	
1950	57,873,647	9,251,028	48,622,619		48,622,619	
1951	71,968,636	25,686,097	46,282,539		46,282,539	
1952	89,361,880	26,045,199	63,316,681		63,316,681	
1953	106,296,046	13,262,316	93,033,730		93,033,730	
1954	107,357,156	842,870	106,514,286		106,514,286	
1955	115,145,469	11,041,919	104,103,550		104,103,550	
1956	128,187,005	25,299,563	102,887,442		102,764,316	\$123,126
1957	148,308,318	25,029,355	123,278,963	2,313,701	122,449,221	829,742
1958	147,138,156	6,397,361	140,740,795	(2,218)	139,361,895	1,378,900
1959	159,884,904	5,505,293	159,379,611	119,415	158,153,874	1,225,737
1960	167,951,388	4,925,666	163,025,722	1,042,482	161,635,663	1,390,054
1961	170,368,825	1,750,581	168,618,244	(135,285)	165,434,026	3,134,218
1962	181,892,446	4,402,477	177,489,969	1,299,217	170,462,197	7,027,772
1963	191,112,114	(1,087,021)	192,199,135	768,116	180,731,121	11,468,014
1964	206,586,660	2,359,974	204,226,686	72,837	191,199,153	13,027,528
1965	186,638,204	2,166,624	184,471,580	566,883	171,751,758	12,719,822
1966	204,309,172	5,259,311	199,049,861	4,519,496	183,538,907	15,510,954
1967	222,095,698	5,879,146	216,216,552	136,076,466	190,664,027	25,552,525
1968	114,962,653	2,534,863	112,427,790	53,290,560	53,290,560	59,137,230
<b>Total</b>	<b>2,911,893,089</b>	<b>242,593,177</b>	<b>2,669,299,912</b>	<b>200,129,670</b>	<b>2,516,724,290</b>	<b>152,575,622</b>

**Expenditures for the Fiscal Year 1968 and Total Subsidies Payable and Expenditures for the Period January 1, 1937 to June 30, 1968, by Lines**

	Accruals			Net subsidies paid	Estimated balance to be paid
	Subsidies	Recapture	Net payable		
*Amer: Banner Line	\$2,626,512		\$2,626,512	\$2,626,512	
*Amer: Diamond Lines	185,802	\$28,492	157,310	157,310	
Amer: Export Isbrandtsen Lines	434,309,972	10,925,033	423,384,939	380,527,546	\$42,857,393
Amer: Mail Line	85,749,584	8,171,759	77,577,825	74,316,471	3,261,354
Amer: President Lines	346,894,856	17,676,493	329,218,363	305,652,502	23,565,861
*Amer: South African Line	140,314		140,314	140,314	
*Atlantic Carib: S/N Co	63,209	45,496	17,713	17,713	
*Baltimore Mail S/S Co	416,269		416,269	416,269	
*Bloomfield S/S Co	15,583,865	2,668,935	12,914,930	12,646,155	268,775
Delta S/S Lines	108,883,016	8,185,313	100,697,703	96,016,740	4,680,963
Farrell Lines	118,160,128	1,855,375	116,304,753	109,941,521	6,363,232
Grace Line	256,353,620	23,882,291	232,471,329	218,520,289	13,951,040
Gulf So: Amer: S/S Co	23,870,760	5,860,476	18,010,284	16,533,404	1,476,880
Lykes Bros: S/S Co	303,603,048	52,050,599	251,552,449	242,430,155	9,122,294
Moore McCormack Lines	349,568,787	17,762,445	331,806,342	317,331,839	14,474,503
*N: Y: Cuba Mail S/S Co	8,090,107	1,207,331	6,882,776	6,882,776	
Oceanic S/S Co	81,440,365	2,513,627	78,926,738	75,527,183	3,399,555
*Pacific Argen: Brazil Line	7,963,939	270,701	7,693,238	7,693,238	
Pacific Far East Line	83,026,092	21,673,751	61,352,341	56,931,040	4,421,301
Prudential Lines	20,522,256	1,591,425	18,930,831	17,465,804	1,465,027
*Seas Shipping Co	25,819,800	2,429,102	23,390,698	23,390,698	
*South Atlantic S/S Co	96,374	84,692	11,682	11,682	
States S/S Co	90,285,913	9,602,969	80,682,944	73,763,648	6,919,296
U.S: Lines	548,238,501	54,106,872	494,131,629	477,783,481	16,348,148
<b>Total</b>	<b>2,911,893,089</b>	<b>242,593,177</b>	<b>2,669,299,912</b>	<b>2,516,724,290</b>	<b>152,575,622</b>

\*No longer subsidized or combined with other subsidized lines:

## Appendix V

### OPERATING DIFFERENTIAL SUBSIDY CONTRACTS

As of June 30, 1968

Operator	Operating-differential subsidy agreement		Number of subsidized ships (6/30/68)	Service on essential U.S. foreign trade routes	
	Contract No:	Contract termination date		Trade route	Annual sailings, min./max:
American Export Isbrandtsen Lines, Inc:	FMB-87.....	Dec: 31, 1979	39	U.S. North Atlantic/Mediterranean (T.R: 10), Passenger.....	24/31:
				do.....	10/13.
				U.S. North Atlantic/Mediterranean (T.R: 10), Freight.....	76/102:
				Great Lakes/Western Europe.....	6/9.
				Great Lakes/Mediterranean.....	9/13:
				U.S. North Atlantic/Western Europe (T.R: 5-7-8-9).....	6/10:
				U.S. North Atlantic/India—Pakistan (T.R: 18).....	24/29:
				Round-the-World Eastbound.....	24/28:
				U.S. Atlantic/Far East (T.R: 12).....	24/30.
				U.S. North Atlantic/Continent (T.R: 5-7-8-9).....	18/26:
American Mail Line Ltd.....	MA/MSB-52... Dec: 31, 1971	2	U.S. Pacific/Far East (T.R: 29-17-28).....	36/46:	
American President Lines, Ltd.....	FMB-76..... Dec: 31, 1978	9	California/Far East (T.R: 29), Passenger.....	23/27:	
	FMB-50..... Dec: 31, 1976	28	California/Far East (T.R: 29), Freight.....	32/48:	
			Round-the-World (Westbound).....	24/36:	
			Atlantic Straits (T.R: 17) (Atlantic—California/Far East—Indonesia and return):	12/28.	
Delta Steamship Lines, Inc.....	FMB-63..... Dec: 31, 1977	13	U.S. Gulf/East Coast South America (T.R: 20).....	43 min. } overall max:	
			U.S. Gulf/West Africa (T.R: 14).....	24 min. } not to exceed 79:	
Farrell Lines Incorporated.....	FMB-64..... Dec: 31, 1977	21	U.S. Atlantic/West Africa (T.R: 14).....	36/48:	
			U.S. Atlantic/South and East Africa (T.R: 15A).....	24/30.	
			U.S. Atlantic and Gulf/Australasia (T.R: 16).....	16/21:	

Grace Line Inc.....	FMB-49.....	Dec: 31, 1977	25	U.S. Atlantic/West Coast South America (T.R: 2).....	96/106 (Comb; & freight):
				U.S. Atlantic/Caribbean (T.R. 4).....	96/119 (Total):
					(48/53 Pass. Comb.):
					(24/50 C2 Comb.):
					24 min. overall max:
					20 min. not to exceed 60:
Gulf & South American SS: Co, Inc:	FMB-75.....	Dec: 31, 1978	5	U.S. Gulf/West Coast South America (T.R: 31).....	30/36.
Lykes Bros: Steamship Co., Inc:..	FMB-59.....	Dec: 31, 1977	59	Gulf/Mediterranean (T.R: 13).....	42/48:
				Gulf/South and East Africa (T.R. 15B).....	18/24:
				Gulf/Caribbean (T.R. 19).....	20/30
				Gulf/U.K.—Continent (T.R: 21).....	90/110:
				Gulf/Far East (T.R. 22).....	48/60.
Moore-McCormack Lines, Inc.....	FMB-48 (Rev.):	Dec: 31, 1977	35	U.S. Atlantic/East Coast South America (T.R: 1), Combination (including: U.S. Atlantic/Scandinavia (T.R: 6) U.S. North Atlantic/E. Coast S. America & S. and E. Africa):	19/23. (1/4). (1/2).
				U.S. Atlantic/East Coast South America (T.R: 1), Freight.....	84/96:
				U.S. Atlantic/Scandinavia—Belgium & Netherlands (T.R: 6 and 5-7-8-9), Freight.	54/66:
The Oceanic Steamship Co.....	FMB-44.....	Dec: 17, 1972	5	U.S. Atlantic/South and East Africa (T.R: 15-A), Freight.....	24/30:
				U.S. Pacific/Australasia (T.R: 27), Freight.....	10/13:
				California/Australasia (T.R. 27), Combination.....	12/16.
Pacific Far East Line, Inc.....	FMB-81.....	Dec: 31, 1978	10	California/Far East (T.R: 29), Freight.....	53/63.
Prudential Lines, Inc.....	FMB-113.....	Dec: 31, 1979	5	U.S. North Atlantic/Mediterranean.....	28/35.
States Steamship Company.....	FMB-62.....	Dec: 31, 1977	13	Washington-Oregon/Far East.....	10/16.
				Washington-Oregon-California/Far East.....	20/30.
				California/Far East.....	22/28:
United States Lines, Inc.....	FMB-19.....	Dec: 31, 1969	38	New York/Europe (T.R: 5-7-8-9), Passenger.....	21/25:
				U.S. North Atlantic/Europe (T.R: 5-7-8-9).....	235/269:
				U.S. South Atlantic/Europe (T.R: 11).....	34/42:
				U.S. Atlantic/Far East (T.R. 12).....	45/55:
Total.....	14		307		1,622/2,038:



**Appendix VI**  
**SUBSIDIZED AND SELECTED UNSUBSIDIZED**  
**OPERATORS (1)**

**Combined Condensed Balance Sheets, December 31, 1967. See Notes**

[Stated in thousand dollars]

	Subsidized	Unsubsidized	
		Tanker	Cargo
<b>ASSETS</b>			
Current assets:			
Cash.....	\$36,151	\$29,954	\$32,364
Marketable securities.....	60,820	500	9,521
Accounts receivable.....	187,238	13,374	121,496
Other.....	35,274	3,093	13,361
Total current assets.....	319,483	46,921	176,742
Special funds and deposits.....	<sup>2</sup> 336,177	24,720	4,411
Investments.....	34,662	2,750	78,370
Deferred ODS receivable (see contra).....	<sup>3</sup> 42,617	0	0
Property and equipment—less depreciation			
Vessels.....	781,397	192,304	75,238
Other.....	145,805	3,691	117,149
Other assets.....	42,106	3,934	45,588
Total assets.....	\$1,702,247	\$274,320	\$497,498
<b>LIABILITIES AND NET WORTH</b>			
Liabilities:			
Current liabilities:			
Accounts payable and accruals.....	\$142,686	\$10,831	\$101,142
Current long-term debt.....	2,903	13,190	33,223
Other.....	24,847	1,245	8,303
Total.....	170,436	25,266	142,668
Voyages in progress—net.....	45,307	6,077	20,490
Long-term debt.....	<sup>2</sup> 419,378	166,488	113,246
Recapturable ODS (see contra).....	<sup>3</sup> 42,617	0	0
Operating reserves.....	29,621	1,302	13,250
Other liabilities.....	27,984	17,442	30,623
Total liabilities.....	735,343	216,575	320,277
Net worth:			
Capital stock.....	128,811	23,093	47,532
Surplus:			
Capital.....	252,645	31,496	26,106
Earned.....	585,448	3,156	103,583
Total surplus.....	<sup>4</sup> 838,093	34,652	129,689
Total net worth.....	966,904	57,745	177,221
Total liabilities and net worth.....	\$1,702,247	\$274,320	\$497,498

<sup>1</sup> The data were obtained from Forms MA-172 filed (1) by 14 subsidized operators for the calendar year 1967, and (2) by 20 tanker and 18 cargo unsubsidized operating companies for fiscal years ending during the fiscal year July 1, 1967 through June 30, 1968, covering 323 subsidized vessels, and 24 unsubsidized tankers and 124 unsubsidized cargo vessels.

<sup>2</sup> Long-term debt includes \$16,137,000 of mortgage indebtedness due within 1 year and payable from special funds and deposits of subsidized operators.

<sup>3</sup> Represents Government's share of recapturable subsidy deducted from subsidy payments pending settlement of 10-year subsidy recapture periods. Of the amount shown, \$28,137,000 applies to completed but unsettled subsidy recapture periods, and \$14,480,000 applies to current incomplete subsidy recapture periods. The corresponding amounts at December 31, 1966 were \$33,276,000 and \$10,526,000.

<sup>4</sup> Retained earnings (including amounts capitalized) of the 14 subsidized operators on which Federal income taxes have been deferred, amounted to \$590,325,894 as of December 31, 1967, and \$598,002,392 as of December 31, 1966, a decrease of \$7,676,498.

**Appendix VI—Continued**  
**SUBSIDIZED AND SELECTED UNSUBSIDIZED**  
**OPERATORS (1)—Continued**

**Combined Condensed Income and Surplus Accounts December 31, 1967.**  
**See Notes**

[Stated in thousand dollars]

	Subsidized	Unsubsidized	
		Tanker	Cargo
Shipping Operations:			
Terminated voyage revenue.....	\$889,091	\$80,431	\$567,593
Terminated voyage expense (net):			
Vessel expense (net):			
Wages, payroll taxes, and welfare contributions.....	298,523	11,111	62,108
Subsistence.....	26,089	994	5,446
Maintenance and repairs.....	51,227	3,555	19,616
Insurance (Hull and P&I).....	53,865	1,855	16,815
Total.....	429,704	17,515	103,985
Less: Operating-differential subsidy (ODS).....	212,405	0	0
Total.....	217,299	17,515	103,985
Other vessel expense.....	86,474	18,206	147,156
Total.....	303,773	35,721	251,141
Voyage expense.....	385,324	9,511	182,061
Total.....	689,097	45,232	433,202
Profit (loss) from vessel operations.....	199,994	35,199	134,391
Other shipping operations expense:			
Administrative and general, etc.....	94,595	1,223	46,072
Depreciation on shipping property.....	44,772	13,314	10,561
Other shipping expense (net).....	17,830	545	34,474
Total.....	157,197	15,082	91,107
Profit (loss) from shipping operations.....	42,797	20,117	43,284
Interest and other income.....	19,729	1,507	10,597
Interest and other expense.....	(19,456)	(9,712)	(8,628)
Net profit (loss) from shipping operations.....	43,070	11,912	45,253
Nonshipping operations—net profit (loss).....	12	(1)	(118)
Ordinary income (loss).....	43,082	11,911	45,135
Provision for Federal income taxes.....	9,103	3,495	11,959
Ordinary income (loss) after taxes.....	33,979	8,416	33,176
Extraordinary and prior period items:			
Extraordinary items (net).....	4,178	0	397
Prior period item (net).....	(7,970)	840	491
Federal income taxes thereon.....	(10,200)	(30)	986
Total.....	(13,992)	810	1,874
Net income (loss).....	19,987	9,226	35,050
Add: Surplus (capital and earned) beginning of year.....	849,351	27,426	97,268
Total surplus available.....	869,338	36,652	132,318
Surplus changes:			
Cash dividends.....	(24,431)	(2,000)	(3,721)
Stock dividends.....	(3,840)	0	0
Other (net).....	(2,974)	0	1092
Total.....	(31,245)	(2,000)	(2,629)
Surplus (capital and earned) end of year.....	\$838,093	\$34,652	\$129,689

† Stock dividends:

Credit to:

  Capital stock.....

  Capital surplus.....

*Subsidized*

\$3,840,120

12,341,794

16,181,914

‡ Other changes include: Debits of \$2,974,000 resulting from a company reorganization; net credits of \$1,092,000 resulting from the issue and purchase of company stock and from mergers.

## Appendix VII

### CONSTRUCTION RESERVE FUNDS

**Authorized Under Section 511 of the Merchant Marine Act, 1936,  
as Amended, as of June 30, 1968**

Operator	Cash	Securities	Total
Central Gulf Steamship Corporation.....	\$35, 642	\$120, 962	\$156, 604
Pacific Far East Line, Inc.....	248	628, 000	628, 248
Red Star Barge Line, Inc.....	117, 874	-----	117, 874
B: Turecamo Towing Corporation.....	1, 209	-----	1, 209
Turecamo Transportation Corp.....	-----	91, 284	91, 284
Total June 30, 1968.....	154, 973	840, 246	995, 219
Total June 30, 1967.....	206, 521	2, 114, 100	2, 320, 621
Net increase (decrease).....	(51, 548)	(1, 273, 854)	(1, 325, 402)

## Appendix VIII

### CAPITAL AND SPECIAL RESERVE FUNDS

**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, 1968**

Operator	Capital reserve fund			Special reserve fund			Combined total	Common stocks included in total (1)
	Cash	Securities	Total	Cash	Securities	Total		
American Export Isbrandtsen Lines, Inc.....	\$31,893	\$260,875	\$292,768	\$130,477	\$8,749,739	\$8,880,216	\$9,172,984	\$502,327 (S)
American Mail Line Ltd.....	4,709	-----	4,709	302,353	1,642,800	1,945,153	1,949,862	645,587 (S)
American President Lines, Ltd.....	3,340,149	-----	3,340,149	705,573	1,985,158	2,690,731	6,030,880	935,855 (S)
Delta Steamship Lines, Inc.....	1,162	33,681	34,843	477	4,447,914	4,448,391	4,483,234	0
Farrell Lines Incorporated.....	93,826	4,729,242	4,823,068	88,602	3,140,569	3,229,171	8,052,239	0
Grace Line Inc.....	113,165	11,107,464	11,220,629	11,091	4,117,725	4,128,816	15,349,445	100,846 (S)
Gulf & South American Steamship Co., Inc.....	168,667	3,407,161	3,575,828	11,262	2,217,104	2,228,366	5,804,194	253,370 (S)
Lykes Bros. Steamship Co., Inc.....	149,641	15,493,773	15,643,414	40,088	14,661,118	14,701,204	30,344,618	4,714,389 (S)
Moore-McCormack Lines, Inc.....	26,539	1,749,681	1,776,220	970	4,249,501	4,250,471	6,026,691	0
The Oceanic Steamship Co.....	133,137	8,035,007	8,168,144	1,666	260,000	261,666	8,429,810	1,090,310 (C)
Pacific Far East Line, Inc.....	49,130	898,094	947,224	1,665	14,097,642	14,099,307	15,046,531	480,840 (S)
Prudential Lines, Inc.....	43,632	-----	43,632	688	-----	688	44,320	0
States Steamship Co.....	761,705	1,399,375	2,161,080	4,182	1,849,750	1,853,932	4,015,012	0
United States Lines, Inc.....	609,920	1,043,745	1,653,665	78,822	13,548,000	13,626,822	15,280,487	0
June 30, 1968.....	5,527,275	48,158,098	53,685,373	1,377,914	74,967,020	76,344,934	130,030,307	8,723,524
June 30, 1967.....	2,904,939	48,084,439	50,989,378	7,260,008	127,371,871	134,631,879	185,621,257	7,137,207
Increase (decrease).....	2,622,336	73,659	2,695,995	(5,882,094)	(52,404,851)	(58,286,945)	(55,590,950)	1,586,317
(1) Common stock trusts market value reported by trustees:								
June 30, 1968.....			1,290,101			9,728,341		11,018,442
June 30, 1967.....			711,813			8,835,432		9,547,245
Increase.....			578,288			892,909		1,471,197

NOTE: Accrued mandatory deposits, not included in the above, at December 31, 1967, amounted to \$101,228,250 comprised of \$89,434,674 applicable to the capital reserve fund (depreciation and other required deposits) and \$11,793,576 applicable to the special reserve fund (excess profits net of over deposits):

S=Special reserve fund; C=Capital reserve fund;

**Appendix IX**  
**SHIP CONSTRUCTION ON JUNE 30, 1968**  
**Title V and Economy Act of 1932, New Construction**

Ships under construction	Number of ships	Type	Shipyard	Gross tonnage	Estimated completion date	Estimated construction cost <sup>1</sup>	Maritime Administration including national defense allowances	Owner	Estimated cost to owner
Title V; Merchant Marine Act of 1936, as amended	1	C7-S-68c-----	Sun Shipbuilding & Drydock Co..	19,700	July 9, 1968	\$17,400,000	\$9,200,000	United States Lines Co..	\$8,200,000
" "	3	C7-S-68d	" " " "	59,100	Dec: 15, 1968	53,900,000	24,800,000	" " " "	29,100,000
" "	1	C7-S-68e	" " " "	19,700	Mar: 15, 1969	16,300,000	8,100,000	" " " "	8,200,000
" "	3	C3-S-76a	Ingalls Shipbuilding Corp.....	31,200	Nov: 15, 1968	32,800,000	17,300,000	Delta Steamship Lines..	15,500,000
" "	3	C5-S-73b	Bath Iron Works.....	51,000	Apr: 25, 1969	41,400,000	21,500,000	American Export Isbrandtsen Lines, Inc.	19,900,000
" "	5	C4-S-69b	Avondale Shipyard, Inc.....	70,000	Aug: 2, 1969	74,700,000	40,000,000	States Steamship Co....	34,700,000
" "	5	C5-S-75a	Newport News Shipbuilding & Drydock Co.	80,000	Aug: 29, 1969	87,000,000	47,400,000	American Mail Line, Ltd.	39,600,000
" "	4	C5-S-78a	Ingalls Shipbuilding Corp.....	57,600	July 18, 1969	65,400,000	32,800,000	Moore-McCormack, Lines, Inc.	32,600,000
" "	5	C8-S-81b	Avondale Shipyard, Inc.....	132,000	Feb: 6, 1972	109,800,000	54,800,000	Prudential Lines, Inc....	55,000,000
" "	6	C8-S-81b	" " " "	158,400	Apr: 21, 1972	131,700,000	65,700,000	Pacific Far East Line, Inc.	66,000,000
Economy Act of 1932..	1	S2-MT-MA 74a	American Shipbuilding Co.....	2,550	May 1, 1969	8,600,000	-----	Coast and Geodetic Survey.	8,600,000
" "	1	SV-BP	Harvey F. Gamage Shipbuilder Inc.	300	Aug: 11, 1968	1,050,000	-----	National Science Found- ation:	1,050,000
Total.....	38	-----	-----	681,550	-----	640,050,000	321,600,000	-----	318,450,000

<sup>1</sup> Including estimated cost of changes:

**Appendix X**  
**NATIONAL DEFENSE RESERVE FLEET**

Dates (fiscal years)	Total ships in fleets	Dates (fiscal years)	Total ships in fleets
1945.....	5	1957.....	1,889
1946.....	1,421	1958.....	2,074
1947.....	1,204	1959.....	2,060
1948.....	1,675	1960.....	2,000
1949.....	1,934	1961.....	1,923
1950.....	2,277	1962.....	1,862
1951.....	1,767	1963.....	1,819
1952.....	1,853	1964.....	1,739
1953.....	1,932	1965.....	1,594
1954.....	2,067	1966.....	1,327
1955.....	2,068	1967.....	1,152
1956.....	2,061	1968.....	1,062

## Appendix XI

### APPROVALS FOR TRANSFER FOREIGN

**Approvals Granted, Pursuant to sections 9 and/or 37 of the Shipping Act, 1916, as Amended, of the Transfer to Foreign Ownership and/or Registry of Vessels of 1,000 Gross Tons and Over by Type, Number, Size, and Age for July 1, 1967, Through June 30, 1968**

	Pursuant to sections 9 and 37 (U:S: owned and U:S: documented)			Pursuant to section 37 (only) (U:S: owned, not U:S: documented)			Combined totals		
	Number of vessels	Gross tons	Average age	Number of vessels	Gross tons	Average age	Number of vessels	Gross tons	Average age
U:S: privately owned:									
(a) Tankers.....	7	66,045	28.1	5	63,480	14.7	12	129,525	23.2
(b) Cargo.....	20	140,045	24.6	5	21,799	22.7	25	161,844	24.3
(c) Cargo/passenger.....									
(d) Miscellaneous.....	9	36,074	19.8	4	8,340	8.5	13	44,414	17.8
Total.....	36	242,164	24.1	14	93,619	16.7	50	335,783	22.5
Departures from U:S: port.....				2	2,800		2	2,800	
U:S: Government owned (for scrapping).....	11	74,549	32.2				11	74,549	32.2
By nationality (U:S: privately owned):									
British.....	1	5,026		1	1,915		2	6,941	
Canadian.....	1	3,384					1	3,384	
Iranian.....	1	8,199					1	8,199	
Korean.....				1	31,642		1	31,642	
Liberian.....	2	16,042					2	16,042	
Mexican.....	3	5,814		1	2,700		4	8,514	
Nigerian.....				1	1,580		1	1,580	
Panamanian.....	7	46,054		5	24,491		12	70,545	
Philippine.....	2	14,278					2	14,278	
	17	98,797		9	62,328		26	161,125	
Sale alien.....	19	143,367		5	31,291		24	174,658	
Total.....	36	242,164		14	93,619		50	335,783	



## Appendix XII

### MARITIME LEGISLATION

Bill No.	Subject	MA action	June 30, 1968, status
S. 2525-----	To amend the Federal Water Pollution Control Act, as amended, to control pollution from vessels within the navigable waters of the United States.	Marad testified favorably before Senate Subcommittee on Air and Water Pollution:	Reported to the Senate; Senate Report No. 1371:
H.R. 159-----	To amend title II of the Merchant Marine Act, 1936, to create an independent Federal Maritime Administration, and for other purposes:	Marad testified unfavorably.	Passed the House Oct. 17, 1967:
H.R. 163-----	To prevent vessels built or rebuilt outside the United States or documented under foreign registry from carrying cargoes restricted to vessels of the United States.	“	Passed the House July 15, 1968:
H.R. 11354, S. 2247:	To amend the Merchant Marine Act, 1936, to increase the Federal ship mortgage insurance available in the case of certain oceangoing tugs and barges.	“	Became Public Law Dec. 18, 1967, Public Law 90-214:
H.R. 12954, S. 2419	To amend the Merchant Marine Act, 1936, with respect to the development of cargo container vessels, and for other purposes:	“	Became Public Law March 11, 1968, Public Law 90-268:
S. 2211, H.R. 13368, H.R. 13369, H.R. 13053:	To amend title 46, section 1159, to provide for construction aid for certain vessels operating on the inland rivers and waterways.	“	Became Public Law Dec. 10, 1967, Public Law 90-183
S. 3017, H.R. 14796.	To change the provision with respect to the maximum rate of interest permitted on loans and mortgages insured under title XI of the Merchant Marine Act, 1936.	Marad testified favorably--	Became Public Law June 15, 1968, Public Law 90-341.
H.R. 12639, S. 2360.	To remove certain limitations on ocean cruises.	“ “ “	Became Public Law June 22, 1968, Public Law 90-358.
S. 3102-----	To postpone for two years the date on which passenger vessels operating solely on the inland rivers and waterways must comply with certain safety standards.	Marad testified unfavorably.	Became Public Law July 27, 1968, Public Law 90-435.
H.R. 158-----	To amend section 209 of the Merchant Marine Act, 1936, so as to require future authorization of funds for certain programs of the Maritime Administration.	Marad testified favorably.	Became Public Law September 5, 1967; Public Law 90-81.
H.R. 15189, S. 3016.	To authorize appropriations for certain maritime programs of the Dept. of Commerce.	“ “ “	Became Public Law August 9, 1968, Public Law 90-471.
S. 2140, H.R. 12638.	To authorize the exchange of certain vessels for conversion and operation in nonsubsidized service between the west coast of the United States and the territory of Guam.	“ “ “	Became Public Law Dec. 14, 1967, Public Law 90-195.
S.J. Res. 101, S.J. Res. 751:	Amending title XI of the Merchant Marine Act, 1936, to authorize the Secretary of Commerce to guarantee certain loans made to the National Maritime Historical Society for the purpose of restoring and returning to the United States the last surviving American square rigged merchant ship, the <i>Kaialani</i> :	Marad testified favorably before Subcommittee on Merchant Marine and Fisheries:	Became Public Law 90-194, Dec. 14, 1967:

**Financial Statements**  
**DEPARTMENT OF COMMERCE—MARITIME**  
**ADMINISTRATION**

**Exhibit 1**

**Balance Sheet—June 30, 1968 and June 30, 1967 (Note 1)**

ASSETS	1968	June 30 1967
CASH AND FUND BALANCES (notes 2 and 8) .....	\$415,796,761	\$367,187,748
Advances:		
U.S. Government agencies .....	134,016	64,306
Others .....	2,082,435	3,131,016
	2,216,451	3,195,322
NOTES AND ACCOUNTS RECEIVABLE :		
U.S. Government agencies .....	2,770,684	22,438,954
Domestic firms and individuals .....	6,976,270	6,498,692
Foreign governments and nationals .....	45,938	45,938
	9,792,892	28,983,584
Less allowance for losses .....	2,391,047	2,233,733
	7,401,845	26,749,851
ACCRUED INTEREST RECEIVABLE (note 3) .....	693,719	731,405
MATERIAL AND SUPPLIES (at cost or estimated cost) .....	1,041,483	1,219,399
INVESTMENTS—U.S. TREASURY SECURITIES .....	8,947,422	5,065,860
LOANS RECEIVABLE:		
Ship mortgage loans:		
Domestic firms and individuals .....	88,215,364	97,102,396
Foreign governments and nationals .....	1,111,122	1,313,721
	89,326,486	98,416,117
Less allowance for losses .....	9,173,904	9,204,541
	80,152,582	89,211,576
JUDGMENT RECEIVABLE .....		2,500,022
Less allowance for losses .....		2,500,022
		0
VESSELS UNDER CONSTRUCTION .....	61,009,788	52,473,317
FIXED ASSETS USED IN OPERATIONS (at cost, estimated cost or assigned amounts):		
Facilities and equipment .....	31,887,819	33,557,000
Less accumulated depreciation .....	15,539,259	15,577,559
	16,348,560	17,979,441
Land and improvements .....	6,902,157	8,508,645
Construction in progress .....	1,208,102	168,079
	24,458,819	26,656,165
ASSETS HELD PRIMARILY FOR MOBILIZATION PURPOSES (at cost, estimated cost or assigned amounts):		
Vessels .....	2,142,992,614	2,462,420,453
Less accumulated depreciation .....	2,057,850,987	2,371,354,246
	85,141,627	91,066,207
Facilities and equipment .....	52,352,646	70,547,086
Less accumulated depreciation .....	26,614,008	46,761,035
	25,738,638	23,786,051
Land and improvements .....	7,384,297	10,221,344
	33,122,935	34,007,395
Stand-by inventories .....	13,660,141	10,842,508
	131,924,703	135,916,110
OTHER ASSETS:		
Vessels held primarily for scrapping .....	806,407,054	741,653,620
Less allowance for losses .....	781,670,073	716,828,582
	24,736,981	24,825,038
Deferred charges:		
Unamortized construction-differential subsidies .....	785,140,441	722,083,688
Other deferred charges and miscellaneous items .....	11,772,355	13,404,466
	796,912,796	735,488,154
Less allowance for losses .....	710,682	710,918
	796,202,114	734,777,236
	\$1,554,582,668	\$1,468,009,027

## Exhibit 1—Continued

### Balance Sheet—June 30, 1968 and June 30, 1967 (Note 1)—Con.

#### LIABILITIES

	<i>Year ended June 30</i>	
	<i>1968</i>	<i>1967</i>
<b>ACCOUNTS PAYABLE AND OTHER LIABILITIES (note 4):</b>		
U.S. Government agencies:		
Liability for vessels under construction.....	\$61,009,788	\$52,473,317
Advances and contributions.....	7,663,428	13,771,695
Withholdings and contributions for Federal taxes.....		791,900
Accounts payable and accrued liabilities.....	1,512,956	977,080
	70,186,172	68,013,992
Other:		
Accrued operating-differential subsidies (note 5).....	157,298,792	127,174,205
Less estimated recapturable subsidies.....	4,723,169	1,332,717
	152,575,623	125,841,488
Amounts due shipbuilders for construction of vessels.....	14,475,693	13,472,204
Accrued annual leave.....	2,529,694	2,593,730
Accounts payable and accrued liabilities.....	33,463,639	39,452,602
Deposits by contractors and others.....	903,942	350,848
Vessel trade-in allowance payable.....	822,436	
Withholding for purchase of savings bonds and payments of State and local taxes.....	177,522	119,553
Deferred credits.....	596,450	567,026
	205,544,999	187,397,451
	275,731,171	255,411,443
<b>FUNDS BORROWED FROM U.S. TREASURY BY THE FEDERAL SHIP MORT- GAGE INSURANCE REVOLVING FUND.....</b>		
		1,650,000
<b>EQUITY OF THE UNITED STATES GOVERNMENT (exhibit 2):</b>		
Maritime Regular.....	1,238,468,727	1,173,914,802
Vessel Operations Revolving Fund.....	17,298,646	18,033,929
Federal Ship Mortgage Revolving Fund.....	19,025,030	15,201,028
War Risk Insurance Revolving Fund.....	4,059,094	3,797,825
	1,278,851,497	1,210,947,584
	\$1,554,582,668	\$1,468,009,027

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

## Exhibit 2

### Statement of Equity of the United States Government for the Years Ended June 30, 1968 and 1967 (Note 1)

	<i>Year ended June 30</i>	
	<i>1968</i>	<i>1967</i>
<b>BALANCE, BEGINNING OF FISCAL YEAR.....</b>	<b>\$1,210,947,584</b>	<b>\$1,232,727,752</b>
<b>ADDITIONS:</b>		
Funds appropriated by the Congress.....	375,017,000	311,080,000
Vessels transferred from other Government agencies (net).....	91,079,005	50,835,884
Property other than vessels transferred from others (net).....	3,013,462	3,815,212
Contributions received for Chapel at United States Merchant Marine Academy, Kings Point, N.Y.....	50,449	39,651
	1,680,107,500	1,598,498,499
<b>REDUCTIONS:</b>		
Net cost of combined operations (exhibit 3).....	374,780,964	356,993,528
Payments into General Fund of U.S. Treasury.....	26,215,598	30,255,589
Unobligated balance of appropriations transferred to U.S. Treasury....	259,441	301,798
	401,256,003	387,550,915
<b>BALANCE, CLOSE OF FISCAL YEAR (EXHIBIT 1).....</b>	<b>\$1,278,851,497</b>	<b>\$1,210,947,584</b>

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

### Exhibit 3

## Statement of Operations for Years Ended June 30, 1968 and 1967 (Note 1)

	<i>Year ended June 30</i>	
	1968	1967
<b>OPERATIONS OF MARITIME ADMINISTRATION:</b>		
Net costs of operating activities (note 6):		
Reserve fleet program:		
Depreciation of reserve fleet vessels.....	\$97,524,513	\$100,952,907
Maintenance and preservation.....	5,490,431	5,778,657
Estimated loss from scrapping of obsolete vessels.....		491,911
	103,014,944	107,223,475
Maritime training program.....	4,612,827	4,387,887
Maintenance of reserve shipyards.....	354,935	562,137
Operation of warehouses.....	173,380	99,219
	108,156,086	112,272,718
Direct subsidies and costs attributable to national defense:		
Estimated operating-differential subsidies (note 5).....	226,863,805	196,936,294
Construction-differential subsidies.....	32,586,507	29,747,120
Cost of national defense features.....	1,620,975	1,437,050
	261,071,287	228,120,464
Administrative expense (note 6).....	10,280,752	9,179,172
Research and development (note 6).....	8,334,211	6,775,585
Uncapitalized expense incidental to ship construction.....	2,049,604	2,050,044
Financial assistance to State marine schools.....	1,865,429	1,592,688
	22,529,996	19,597,489
Other costs (—income):		
Loss (—gain) on vessels sold.....	-6,867,924	1,337,581
Depreciation on facilities and equipment not allocated to current programs.....	214,992	629,967
Increase (—decrease) in allowance for uncollectible accounts and notes receivable.....	-118,064	244,004
Adjustments applicable to prior years.....	-5,861,567	168,155
Loss on sale of surplus material and scrap.....	403,231	155,834
Loss (—gain) on sale of fixed assets other than vessels.....	3,617,712	-67,134
Inventory and property adjustments.....	-736,023	150,155
Interest earned.....	-2,471,963	-2,760,622
Miscellaneous (net).....	-317,691	-70,260
	-12,137,297	-212,320
Net cost of Maritime Administration operations.....	379,620,072	359,778,351
<b>OPERATIONS OF REVOLVING FUNDS (—NET INCOME OR LOSS):</b>		
Vessel Operations Revolving Fund.....	-753,837	767,295
War Risk Insurance Revolving Fund.....	-261,269	-121,918
Federal Ship Mortgage Insurance Revolving Fund.....	-3,824,002	-3,430,200
	-4,839,108	-2,784,823
<b>NET COST OF COMBINED OPERATIONS (EXHIBITS 2 AND 4).....</b>	<b>\$374,780,964</b>	<b>\$356,993,528</b>

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

## Exhibit 4

### Statement of Sources and Application of Funds for the Year Ended June 30, 1968 (Note 1)

<b>SOURCES:</b>		
Funds appropriated by the Congress.....		\$375,017,000
Collections on mortgage loans receivable.....		8,464,112
Proceeds from sale of vessels.....		5,971,045
Proceeds from sale of non-current assets other than vessels.....		4,821,011
Contributions received for construction of Chapel.....		50,449
<b>Total funds provided.....</b>		<b>394,323,617</b>
<b>APPLICATION:</b>		
Net cost of combined operations (exhibit 3).....	\$374,780,964	
Items considered in net cost of combined operations:		
Provision for depreciation.....	-99,722,170	
Amortization of construction-differential subsidies.....	-34,650,516	
Gain (- loss) on disposal of non-current assets:		
Vessels.....	6,133,020	
Other.....	-4,073,943	
Increase in allowance for losses on loans receivable.....	-594,882	
Property and other adjustments.....	6,574,239	248,446,712
Unamortized construction-differential subsidies.....		97,707,268
Payment into the General Fund of U.S. Treasury.....		26,215,598
Repayment of borrowings from U.S. Treasury.....		1,650,000
Increase in investments—U.S. Treasury Securities.....		3,881,562
Unobligated balances returned to U.S. Treasury.....		259,441
Donations and transfers.....		1,489,120
Other assets acquired.....		22,514
<b>Total funds applied.....</b>		<b>379,672,215</b>
<b>Increase in working capital.....</b>		<b>\$14,651,402</b>

### Summary of Changes in Working Capital, Year Ended June 30, 1968

	<i>June 30</i>		<i>Increase (- Decrease)</i>
	1968	1967	
<b>Assets:</b>			
Cash.....	\$415,796,761	\$367,187,748	\$48,609,013
Advances.....	2,216,451	3,195,322	-978,871
Notes and accounts receivable.....	7,401,845	26,749,851	-19,348,006
Accrued interest receivable.....	693,719	731,405	-37,686
Materials and supplies.....	1,041,483	1,219,399	-177,916
Other deferred charges and miscellaneous items (net).....	11,061,673	12,693,548	-1,631,875
<b>Total.....</b>	<b>438,211,932</b>	<b>411,777,273</b>	<b>26,434,659</b>
<b>Liabilities:</b>			
Accounts payable and other liabilities (note 7).....	214,721,383	202,938,126	11,783,257
<b>Working capital.....</b>	<b>\$223,490,549</b>	<b>\$208,839,147</b>	<b>\$14,651,402</b>

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

## Notes to Financial Statements—June 30, 1968 and 1967

1: The preceding financial statements include the assets, liabilities, income and expense of the Maritime Administration, the Vessel Operations Revolving Fund, 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 Vessel Operations Revolving Fund under General Agency agreements:

2: Cash and fund balances consist of:			
Fund balances with U.S. Treasury:			
Operating funds.....	1968	1967	
Trust and deposit funds.....	\$402,299,644	\$343,903,048	
Allocations from other agencies.....	1,081,464	1,262,301	
Cash in banks, on hand, and in transit.....	7,380,163	14,083,987	
	5,035,490	7,938,412	
3: Accrued interest receivable:			
On ship mortgage loans:			
Domestic firms and individuals.....	\$415,796,761	\$367,187,748	
Foreign governments and nationals.....	\$655,651	\$681,645	
On other loans and investments.....	38,068	11,692	
	\$693,719	\$731,405	

4: The Maritime Administration was contingently liable under agreements insuring mortgages, construction loans, and accrued interest payable to lending institutions totaling \$518,910,412 at June 30, 1968, and \$483,514,449 at June 30, 1967. Commitments to insure additional loans and/or mortgages amounted to \$132,641,150 at June 30, 1968, and \$78,581,725 at June 30, 1967. U.S. Government securities and cash of \$47,101,366 at June 30, 1968, and \$42,973,891 at June 30, 1967, 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 prelaunching War Risk Builder's Risk Insurance of \$24,696,461 at June 30, 1968, and \$7,629,737 at June 30, 1967. The Maritime Administration was also contingently liable for undetermined amounts in connection with settlements to be made under 84 claims against the Administration aggregating \$18,346,270 at June 30, 1968, and 70 claims aggregating \$12,654,704 at June 30, 1967. 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.

At June 30, 1968, and 1967 the U.S. Treasury held in safekeeping for the Maritime Administration \$445,000 and \$545,000, respectively, of U.S. Government securities which had been accepted from vessel charterers, subsidized operators, and other contractors as collateral for their performance under contracts.

5: Operating-differential subsidies are paid subject to final adjustments at the end of the operators' recapture periods which are established by contracts generally as 10-year terms. The Administration was contingently liable for subsidies in the amounts of \$45,658,562 and \$52,296,571 at June 30, 1968, and June 30, 1967, respectively, which had not been paid because of estimated recapturable excess profits in the same amounts pending final accountings for applicable recapture periods.

6: Costs on the Statement of Operations are shown after deductions for revenue and reimbursements and include depreciation on facilities and equipment used in operations and on reserve fleet vessels held primarily for mobilization purposes.

Costs shown for the following programs include:

	Year ended June 30			
	1968		1967	
	Depreciation	Revenue and reimbursements	Depreciation	Revenue and reimbursements
Maintenance and preservation of reserve fleet vessels.....	\$465,640	\$283,191	\$477,352	\$316,306
Maritime training program.....	303,876	208,101	312,308	206,794
Maintenance of reserve shipyards.....	867,236	548,517	988,308	723,679
Operation of warehouses.....	13,848	129,442	13,568	107,343
Administrative expense.....	100,580	6,322,810	99,180	5,939,702
Research and development.....	98,628	-----	92,044	-----
Federal Ship Mortgage Insurance Revolving Fund.....	132,857	-----	132,858	-----
<b>Total.....</b>	<b>\$1,982,665</b>	<b>\$7,492,061</b>	<b>\$2,115,618</b>	<b>\$7,293,824</b>

7: Accounts payable and other liabilities shown on exhibit 4 exclude \$61,009,788 at June 30, 1968 and \$52,473,317 at June 30, 1967, which were offset against related costs for vessels under construction.

8: The following cash and related liability account balances at June 30, 1968 are excluded from the body of the Statement of Financial Condition:

Employees Federal income tax deductions.....	\$1,566,582
Employees F.I.C.A. tax deductions.....	20,403
Employers F.I.C.A. tax deductions.....	18,506
Imprest funds.....	9,800
	<u>\$1,615,291</u>

The Maritime Administration acknowledges the courtesy of the following for permitting use of their photographs: American President Lines, Ltd.; Delta Steamship Lines, Inc.; Environmental Science Services Administration; Grace Line, Inc.; Hudson Waterways Corp.; Lykes Bros. Steamship Co., Inc.; Oriental Exporters, Inc.; Sea-Land Service, Inc.; United States Lines, Inc.





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