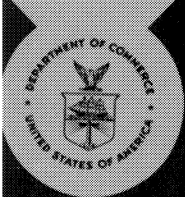
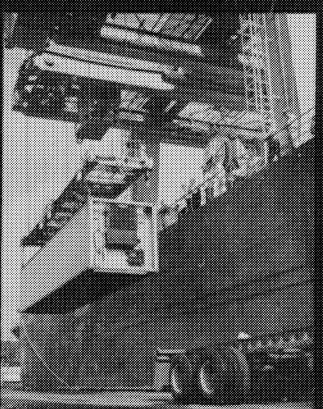
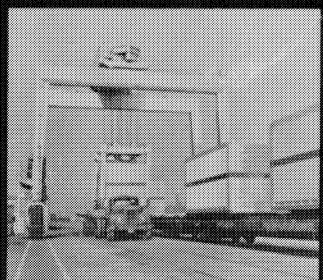


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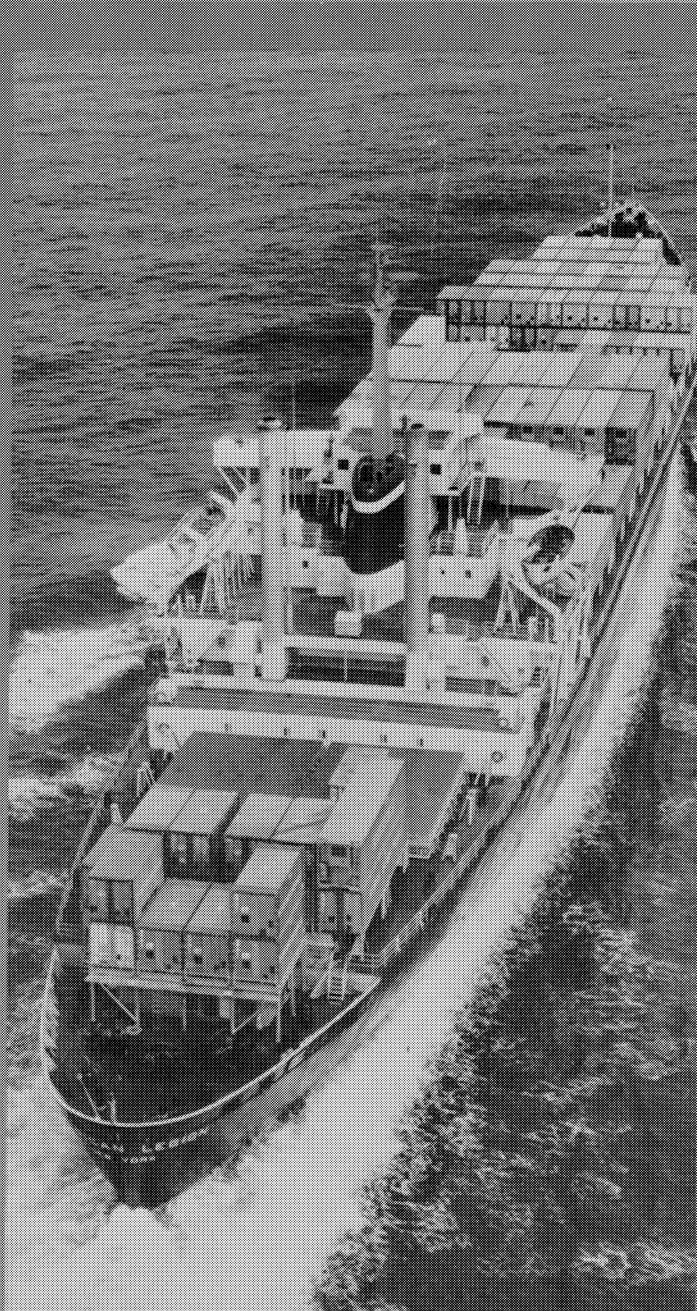
Marad 1969

Year of Challenge

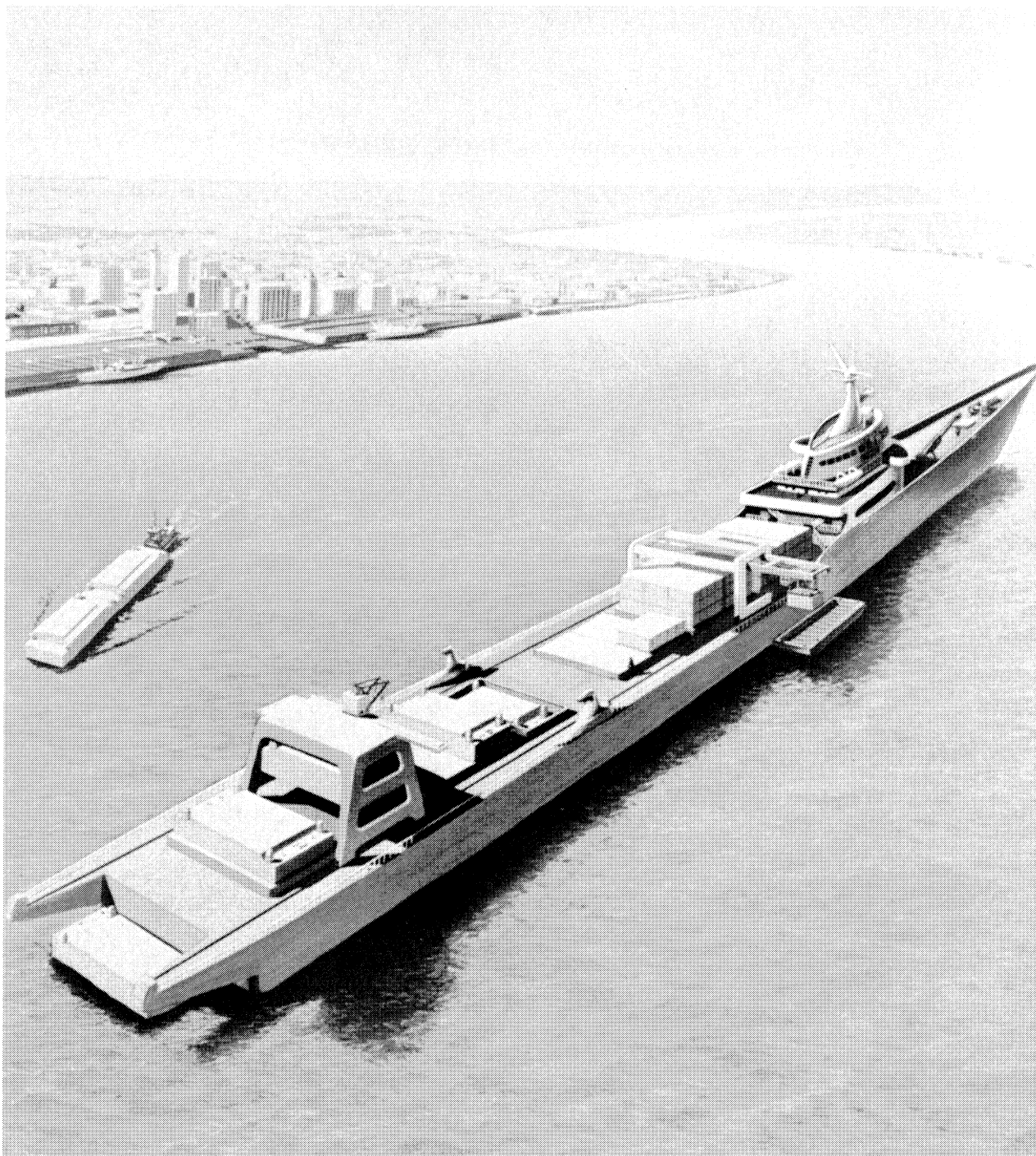


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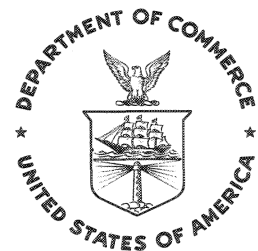


The containership (front cover) and the barge carrying ship or LASH (below) are the ocean links of an intermodal transportation chain that will speed delivery of goods from producer to consumer.



Marad 1969 Year of Challenge

**The Annual Report of the
Maritime Administration
for Fiscal Year 1969**



U.S. DEPARTMENT OF COMMERCE
Maurice H. Stans, Secretary
Rocco C. Siciliano, Under Secretary

Maritime Administration
A. E. Gibson, Administrator

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LETTER OF TRANSMITTAL

"I would like to emphasize once more the importance of the American Merchant Marine as a means of achieving sustained economic growth . . ."

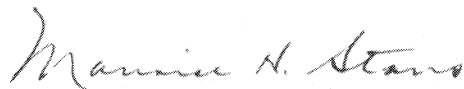
Message from the Secretary of Commerce Maurice H. Stans

In submitting this report of the Maritime Administration for the Fiscal Year 1969 to the Congress, I would like to emphasize once more the importance of the American Merchant Marine as a means of achieving sustained economic growth through increased international trade.

The existence of an adequate-sized U.S.-flag fleet of highly productive ships guarantees this country's access to foreign sources of raw materials to meet our productive needs and to markets for our manufactured goods. Regardless of the vicissitudes of shifting international trade patterns or the fluctuation of ocean freight rates, American exporters and importers must be assured that there will be ships available to carry their cargoes at reasonable rates on reasonable schedules.

Also involved are highly important considerations of national security. It stands to reason that if our foreign trade is vital to our peacetime economy, it will be even more vital to our economy under emergency conditions, especially since adequate numbers of foreign-flag ships may not be available. As in World War II, as in Vietnam, a pipeline of supplies must be built across the oceans to our forces overseas. Our merchant ships will carry the brunt of this demanding and critical task.

President Nixon's new maritime policy and program recognizes the national need for rebuilding our merchant fleet and furnishes the means to achieve the goal we all seek: the rebirth of a strong, productive and healthy American merchant marine.



Secretary of Commerce

INTRODUCTION AND SUMMARY

“ . . . at last the signposts have been erected to point the way to a new and hopeful future for the American Merchant Marine.”

A Year of Challenge

By A. E. Gibson, Maritime Administrator

A NEW MARITIME PROGRAM

The challenge of 1969 has been to plan for the revitalization of a Merchant Marine that despite a few encouraging developments has been drifting to the brink of disaster.

The Nixon Administration has met this challenge with a program that will once again provide our nation with a merchant fleet fully capable of promoting and protecting our foreign trade and supporting our military commitments.

Within a few months after taking office, President Nixon has presented to the Congress a new maritime policy for the United States. Now at last the signposts have been erected to point the way to a new and hopeful future for the American Merchant Marine.

President Nixon has proposed:

- Building 30 ships per year for 10 years beginning in 1971. This building program was adopted with the expectation that the construction subsidy will not exceed 45% in 1971 and will decline 2% each year until a maximum payment of 35% of domestic building cost is reached.

- An increase of the ceiling on mortgage and loan insurance from \$1 billion to \$3 billion.
- Extension of construction differential subsidy to bulk carriers.
- Appointment of a Commission to review the status of the American ship-building industry, to report within three years on its recommendations for future government policy.
- Restriction of operating subsidies to wage and insurance costs, with wage differentials based on a comparison of foreign wages with prevailing wage levels in several comparable sectors of the American economy.
- Elimination of recapture provisions of the operating subsidy system.
- Granting operating subsidies to bulk carriers and phasing out cargo preference freight rate differentials.
- Permitting all qualified ship operators in the foreign trade to use tax-deferred reserve funds for ship replacement programs.
- Finding ways for labor and management to resolve their differences without halting production.
- The Secretaries of Commerce and Transportation working with related industries and local governments to improve sea ports and promote intermodal transportation systems.
- The Secretaries of Commerce and Labor working with industry and labor organizations to insure that minority groups receive their rightful place in the expansion of employment opportunities provided by the new program.
- Enlarging and redirecting maritime research and development to place greater emphasis on practical applications of theoretical advances and on coordination of Federal with industry programs.

THE MERCHANT MARINE TODAY

The need for a new maritime program is very clear when we examine the present state of our merchant fleet.

Since the end of World War II, there have been two opposing trends in the U.S. Merchant Marine. One was toward progress, the other toward decay. The huge war-built fleet provided many new first-class ships which American operators purchased at modest prices to provide better fleets than they had before the war. But the availability of such ships precluded the building of even newer and more advanced ships such as those soon on the ways of many foreign nations, often with the aid of U.S. funds.

As these competitive new foreign ships were launched into service, the U.S. merchant ships, which for several years had held almost unchallenged supremacy in international trade, were gradually but steadily driven out of service. Our active fleet declined from 1,212 in 1949 to 1,013 on June 30, 1969.

During the wars with North Korea and North Vietnam the number of active ships turned upward, but this was deceptive. The additional ships placed in service came from the Government's National Defense Reserve fleets of war-built ships. These laid-up ships, returned to service, have performed well their role as emergency military support, but they are not economically competitive and will soon be too old even for emergency service.

The total privately owned fleet has declined in numbers, though it has increased somewhat in deadweight tonnage since the end of World War II. In 1949 there were 1,188 ships of 14,240,000 deadweight tons in the private fleet. On July 1, 1969, there were 963 ships of 15,522,000 deadweight tons. At that time it ranked fifth in deadweight tonnage among the world's merchant fleets.¹ Two-thirds of the total were over 20 years old.

The United States ranked tenth among world fleets in deadweight tonnage of new ships built in fiscal year 1969² and twelfth in the tonnage under construction at the end of calendar year 1968.

The Government-owned fleet had declined from 2,201 in 1949 to 1,050 by the end of fiscal year 1969, mostly because of sales of the least economic ships for scrap. All of the U.S. government-owned fleet was over 20 years of age, and by the end of fiscal year 1971 there were expected to be only about 145 general dry cargo ships still available for emergency use.

The situation in U.S. shipyards had reached a desperate state in 1954, when not a single new oceangoing dry cargo ship had been ordered for over 1½ years. Under President Eisenhower's direction, in 1955 a beginning was made on a long-range replacement program for the subsidized operators of liners on U.S. essential foreign trade routes.

In the course of the next 15 years, 179 ships were built or placed under construction as part of the program to replace the 293 ships operated by 14 subsidized operators.

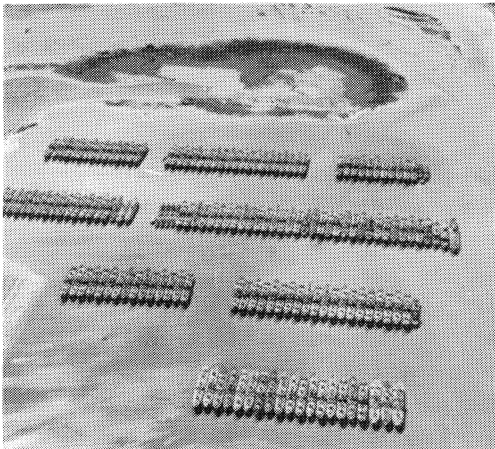
In the past fiscal year a total of 10 new and eight converted ships were ordered at a total contract cost of \$314 million. Shortly after the end of the year two more ships were ordered for a total of \$35 million.

The total cost of the 179 ships has been \$2.4 billion, of which about \$1.3 billion has been contributed by the Government in the form of construction-differential subsidies. Such subsidies are designed to make up the difference between the cost of building ships in a U.S. shipyard and the estimated cost of building a similar ship in a representative foreign shipyard. Subsidy may be paid up to 55% of the U.S. domestic cost of the ship.

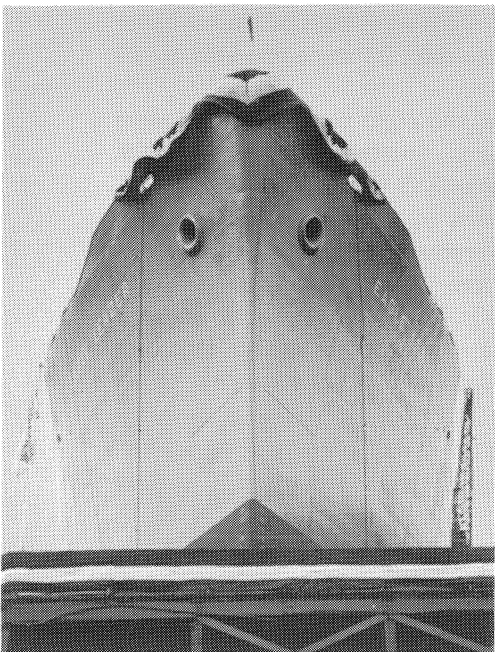
The lines building these ships have been those receiving government operating-differential subsidy, amounting to \$194.7 million in fiscal year 1969. This subsidy was designed to help U.S. ocean common carriers in regular

¹ Appendixes I and II.

² Appendix III.



World War II-built ships from the National Defense Reserve Fleet have served in many national crises, including transporting military supplies to Vietnam. But to be competitive in foreign trade, the commercial fleet must have new ships, built with the aid of government construction subsidy, like the containership AMERICAN LANCER, or with Government Federal Ship Mortgage Insurance, like the tanker EAGLE LEADER, or converted under the Ship Exchange Program like the TRANSCOLUMBIA.



service on essential trade routes to provide the dependable service required by U.S. foreign traders. The subsidy helps to make up the difference in cost between such major items for expense as seamen's wages on U.S. ships as compared to the far lower costs on competing foreign ships. In return the U.S. operators must agree to maintain required services, submit to rigorous financial controls, and repay half of any profit over 10% on their capital necessarily employed, up to the full amount of the subsidy received.

While this subsidy puts U.S. operators on a comparatively equal footing with their foreign competitors, it does not assure them of a profit, nor even protect them against serious losses, nor does it give them the advantage necessary to regain from the steadily growing foreign fleets the ever larger share of U.S. trade they have been capturing. From 38.7% in 1956, the share of U.S. liner tonnage carried by U.S. ships dropped to 23.6% in calendar year 1968.

Passenger services especially suffered heavy losses in spite of subsidy, with three of the remaining 13 subsidized passenger ships withdrawn from service during the past year. Every effort is being made to explore methods of assisting the U.S. flag passenger fleet.

The situation for the unsubsidized dry cargo segment of the fleet was far worse. From 13.6% of cargo carried by non-liner vessels in 1956, their share had dropped to 3.2% in calendar year 1968.

Very few new ships have been built for unsubsidized dry cargo operators since the end of World War II. Although no direct aids were available to this group, help was provided to them by several government programs—cargo preference, vessel exchange, and federal ship mortgage insurance.

More than 120 ships from the government's reserve fleets have been traded out since 1960 to unsubsidized domestic and tramp operators in return for 124 old worn-out ships and a cash payment to the government of \$25 million. Seventeen such exchanges were made in fiscal year 1969. The traded-out ships have been renovated and in many cases substantially upgraded, at a cost to the operators of about \$313 million.

Several of these exchange ships were used by two domestic operators to institute containership services, which were so successful that they have now branched out into transoceanic services in competition with subsidized and foreign operators. One of these operators has recently applied for both construction and operating subsidy for such services, however.

Federal Ship Mortgage Insurance is available to both subsidized and unsubsidized operators in the form of a government guarantee of 100% of the principal and interest of ship construction loans and mortgages obtained from private financial institutions. Six tankers and 2 new containerships were ordered by unsubsidized operators with the aid of mortgage and loan insurance contracts approved or signed during the year.

Cargo preference provides that at least 50% of government-sponsored cargo shall be carried in U.S. flag ships if they are available at fair and reasonable rates. Such cargoes comprise AID shipments, agricultural surplus disposal under PL 480, and Export-Import Bank financed cargoes. The U.S. government or the recipient nation pays the difference in freight rate between what a foreign flag ship would charge and the rate required by the U.S.-flag ship. The fairness and reasonableness of the U.S. rates have been measured by the "guideline rates" set by the Maritime Administration, taking into consideration the level of expenses and an estimated fair profit.

Cargo preference has provided the only assured cargoes for U.S. dry cargo tramp vessels and for many tankers operated as dry bulk carriers, which do not receive operating subsidies and are therefore unable to meet foreign rates. It has not provided either the incentive or profit to enable these carriers to replace their fleets with new ships, and it is understandably unpopular with foreign nations and U.S. government agencies who must pay the rate differentials.

At the outbreak of war in Vietnam in 1965 the Military Sea Transportation Service requested the Maritime Administration to break vessels out of lay-up in the reserve fleets to help carry military supplies. A peak of 172 government-owned ships were assigned to private companies under general agency agreement for operation. The use of such Government-owned ships for Vietnam service continued through the fiscal year 1969, with 144 remaining under general agency agreement throughout the year. About 35 of these were in Reduced Operating Status at the end of the year, however, meaning that they were not in active service, though available if needed. Shortly after the end of the fiscal year, an additional 13 ships were withdrawn from general agency operation and 36 were placed in ROS.

The continued operation of government-owned ships at a time when the need for additional ships was decreasing led to strong demands from private operators that government-owned ships be withdrawn.

Most of the U.S. tramp fleet and many of the ships of the berth line operators had been chartered by the Military Sea Transportation Service to carry military supplies during the acute shipping shortage. At the year's end, MSTS was employing 44 dry cargo ships owned by subsidized operators, 116 dry cargo ships owned by nonsubsidized operators, and 51 tankers.

With a drop in the need for commercial shipping for this purpose at the end of fiscal year 1969, many of the older and less economic ships were without employment, and several of the tramp operators feared bankruptcy if more government cargoes were not made available to them. Rates for carrying government-sponsored surplus agricultural and AID cargoes were generally well below the Maritime Administration's "fair and reasonable" guideline

rates. The subsidized and nonsubsidized operators were in dispute, each claiming they should be given preference in allocation of government cargo.

The Maritime Administration instituted a reporting system by which ships available for charter were listed with the agency so that they could be readily available for any government cargoes offered. The Administration also in September 1969 suspended its guideline rates for a period of six months, since they were no longer needed to keep rates at reasonable levels. The right was reserved, however, to reimpose the guidelines if necessary.

The tanker segment of the U.S. fleet is for the most part owned and operated by financially secure oil companies in their own services. Some of the independently owned tankers, however, have been in much the same position as the tramp ships, dependent largely on government cargoes to stay in operation. U.S. flag tankers carried only 5.4% of U.S. flag tanker tonnage in calendar year 1968 compared to 20.6% in 1956.

Eight new tankers were ordered in fiscal 1969, and a number of conversions were undertaken. There is at present only one tanker of over 100,000 deadweight tons in the U.S. fleet, although the world trend is toward very large vessels. That ship, the SS MANHATTAN, was the subject of a dramatic experiment in the summer and fall of 1969. A private oil company undertook to reconstruct the ship as an ice-breaker oil tanker to test the economic and practical feasibility of the Northwest passage as a way of transporting oil from the North Slope of Alaska to East Coast ports. The practical aspects of the test were demonstrated when the westward passage was successfully completed on September 21, 1969. The economic feasibility was still under study by the company at the year's end.

If the answer is in the affirmative, it is expected that many more such tankers will be built in U.S. shipyards for U.S. operation. Such a development would undoubtedly spur several U.S. shipyards to increase the size of their building facilities and some U.S. ports to improve their capability for handling tankers of 200,000 deadweight and over. Federal Ship Mortgage Insurance has already been applied for to cover two 225,000 dwt. ton tankers, and three others were reported ordered in late fall 1969.

Labor problems have for many years been a serious source of disruption to stable U.S. shipping. In a declining industry, as job opportunities decrease, there is a steady drain of experienced workers, leading to serious shortages when emergencies such as Vietnam arise. Delays to ships in Vietnam service because of shortages of seamen continued throughout the year, though they were less serious than in the early years of the Vietnam war.

Even more troublesome was the loss of some 2½ million mandays through strikes by longshoremen, seamen, and shipyard workers in fiscal 1969 alone. Efforts were being made by union, government, and industry

leaders, however, to resolve the problems of container handling and equalization of fringe benefits and wages which had for several years been serious sources of contention in the industry.

THE MERCHANT MARINE TOMORROW

It has for some time been evident that what was needed to improve the status of the U.S. Merchant Marine was the harnessing of American productive genius to the highly individualistic shipping industry. This came about when the advent of the containership and the development of intermodal transportation systems in recent years returned the advantage to U.S. shipping. In the past few years during which full containership services have been developing, U.S. firms have placed in operation 77 full and 91 partial containerships and have ordered 23% of the new containerships under construction. They dominate the principal Atlantic and Pacific trades in which containership service has been most successful. In the first quarter of 1969 they carried about two-thirds of the container cargo on Trade Routes 5-7-8-9 and 29. While most of the containership operators are the subsidized lines, two of the most successful and innovative are nonsubsidized operators who got their start in protected domestic trades but have since gone into direct competition with subsidized and foreign lines in transoceanic foreign service.

Recently one of the subsidized lines declared itself ready to compete in a foreign trade without subsidy. Since the purpose of government aid has been to help U.S. lines to obtain a financial strength and security and to develop an operating efficiency that would eventually permit reduction of government subsidy, this most hopeful development appears to be a vindication of the government's policy in aiding and encouraging the adoption of advanced ships and ship operating systems by U.S. companies.

At a time when the U.S. non-liner fleet has been in serious straits, ironically the need for efficient U.S. dry bulk carriers has been steadily growing. Bulk cargoes form a rapidly increasing percentage of U.S. trade. In 1950 about 70% of U.S. trade consisted of non-liner and tanker cargoes. By 1968 the percentage was 88. The need for incentives to provide such bulk carriers has been one of the essential ingredients in the search for a new maritime policy. A comprehensive research study financed by the Maritime Administration last year resulted in a series of reports examining the need for such ships, and recommending the type of ships and forms of financing that might be employed.

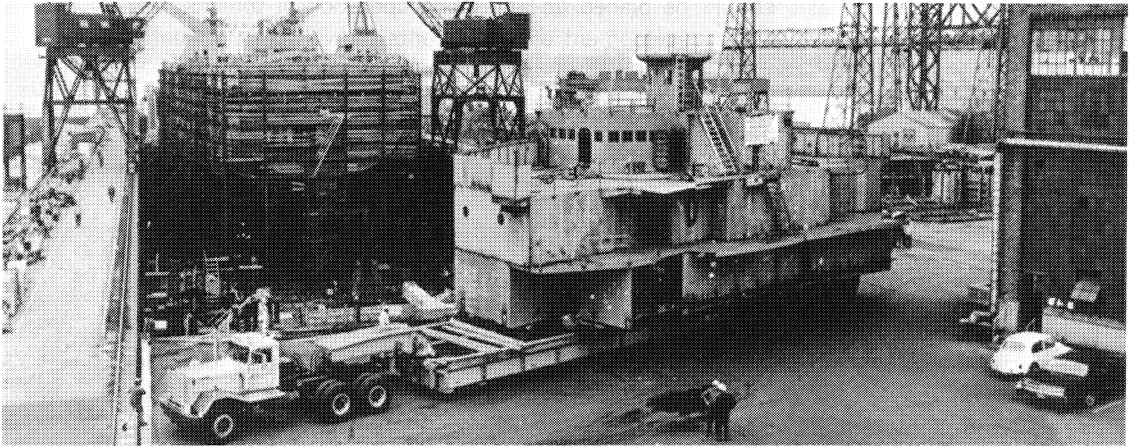
The search for a more productive fleet has motivated the Maritime Administration's research and development effort. In addition to the implementation of intermodal transportation through operation of containerships, other technological developments offered promise of a more competitive U.S. fleet.

Research and development will point the way to a more efficient and competitive Merchant Marine of Tomorrow, making use of automated cargo handling equipment, new methods of ship construction, and new methods of operation.

Right: Containers being loaded by huge cranes.



Below: Modular deckhouse is transported by tractor-trailer for erection on ship.



Principals discuss Woods Hole R&D Conference



The SS MANHATTAN explores the Northwest Passage



Surface-effect ship research under the Joint Surface-Effect Ship Program of the Navy and Maritime Administration advanced to the point that contracts were awarded to implement the testcraft program, a major phase in the determination of the feasibility of building and operating large, high-speed surface-effect craft for oceangoing service.

A milestone in the history of the NS SAVANNAH was passed when the world's first nuclear-powered merchant vessel underwent its first partial refueling in the fall of 1968, after traveling 331,680 miles using only 122.4 lbs. of uranium. It then returned to a fifth year of commercial operation.

Early in July the first large scale maritime research and development conference to be held in this country was sponsored by the Maritime Administration at Woods Hole, Mass. For three weeks experts from shipping management, labor, government, research organizations, and educational institutions participated in working out a five-year research and development program directed to improving the competitive status of the U.S. Merchant Marine. They reviewed marine sciences and component technology, transportation economics and shipping requirements, ship systems engineering and development, and ship systems operations and support. Their recommendations were:

- Heavy emphasis should be placed on improving operation of today's fleet, ranging from subsystems development of components to evaluation of human problems of the labor force.
- Data should be developed for families of standardized unitized cargo ships in the range of 30-40 knots, coupled with research and development in the field of 50-100 knots.
- Research should be continued in technological problems of increased size and speed. Scientific capability should be extended in disciplines of hydrodynamics, ship structures, propulsion, and component reliability for high speed and very large ships.
- Programs should be developed leading to second generation nuclear ships which would go into operation in 1977 and which would validate the basic technical design and confirm the economics of the nuclear ship system and third generation ship applications.
- Better understanding should be acquired of the sea spectrum, of dynamics of ship motion, mooring, and materials .

We have sought also to provide incentives for developing multi-year, multi-ship production by asking for proposals to develop basic ship designs to meet our total foreign trade needs over the next decade. Proposals have been received for the first phase of the program, to develop preliminary designs. This will be followed by detailed engineering development of the designs and commitments to build. The last phase will be the actual construction of the ships.

The U.S. shipbuilding industry is undergoing evolutionary changes in technology, procurement practices and ship design, all of which are directed at reductions in cost of building ships. Shipyards presently in operation are continuing to expand and modernize their facilities with multi-million dollar programs designed to improve efficiency and reduce costs.

Since 1962, when spending for plant improvements was at a low of \$23 million per year, there have been increasing amounts spent. In 1967 expenditures were reported to be \$66 million, and indications are that outlays in 1968 will approximate \$100 million. It is expected that incentives in the new proposed Maritime Program will induce the U.S. shipbuilding industry to continue their expenditures for plant improvements in the 1969-1970 period at an increasing rate.

This emphasis on plant improvements has been by a substitution of automated and highly mechanized equipment and systems for the labor intensive shipyard process, and on prefabrication and preoutfitting of large sub-assemblies. Two completely new shipyards are under construction and are scheduled to start production during the coming year. One yard, located on the Gulf, is designed and equipped for series production using modular construction techniques; the other, located on Lake Erie, will specialize in the construction of hull modules for large bulk carriers.

To carry out the new policies and programs which are being developed for the U.S. Merchant Marine in the most efficient and effective way, a reorganization of the Maritime Administration has been undertaken to upgrade the organization level and place increased emphasis on certain activities (see page 88). It established three Assistant Administrators, in addition to the existing Assistant Administrator for Administration. They are: Assistant Administrator for Research and Development, Assistant Administrator for Operations, and Assistant Administrator for Maritime Aids.

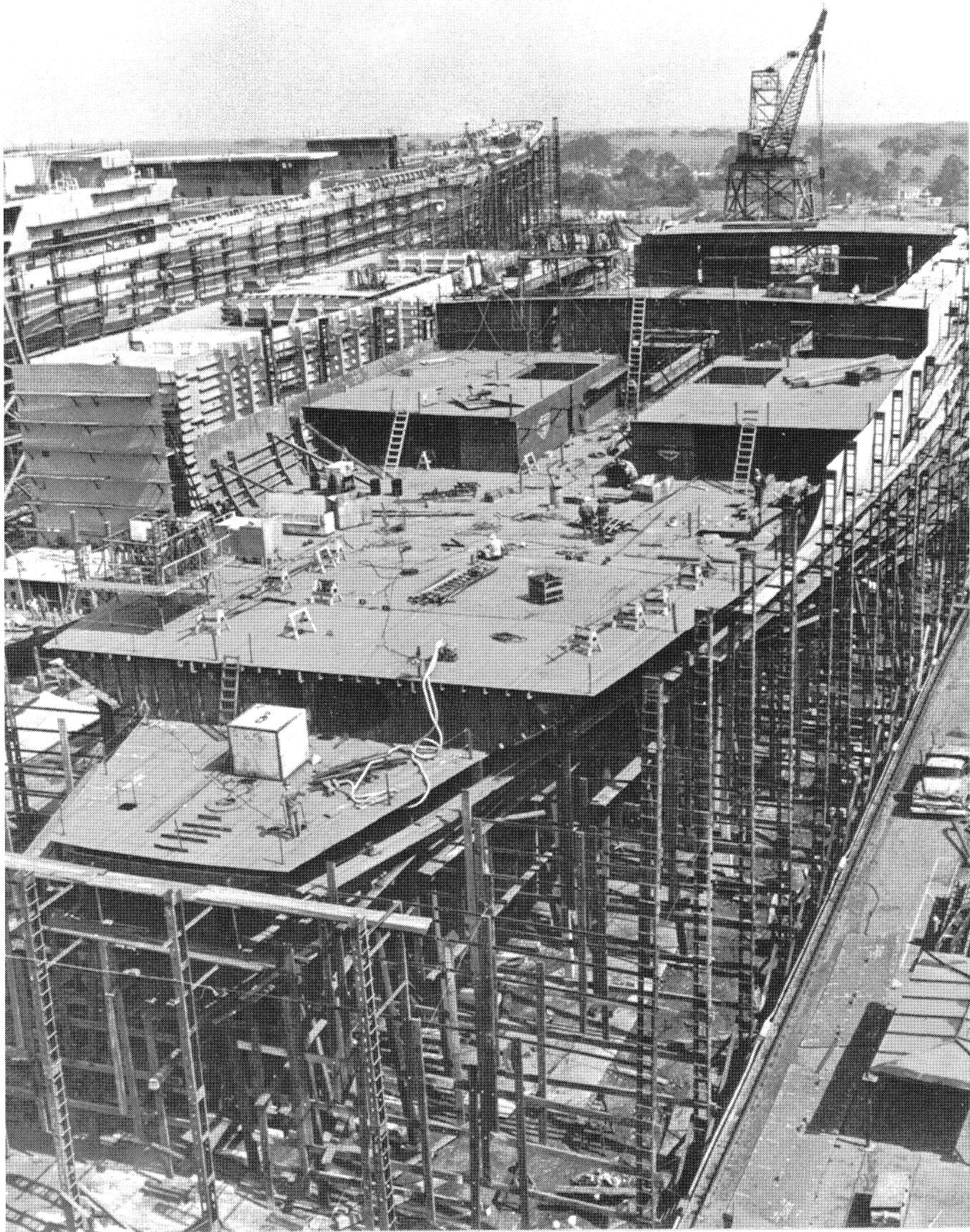
Three new offices were also established to provide increased emphasis in areas vital for improvement and expansion of the American Merchant Marine.

An Office of Nuclear Programs, under the Assistant Administrator for Research and Development, will provide for planned expanded research in nuclear power for merchant ships, leading to a new nuclear ship program.

An Office of Ports and Intermodal Systems, under the Assistant Administrator for Operations, will furnish added emphasis to development of ports and intermodal transportation.

An Office of Trade Promotion, under the Assistant Administrator for Maritime Aids, will concentrate its efforts on the promotion of trade for American-flag ships.

The succeeding pages of this report give the details of the Administration's activities on behalf of the U.S. Merchant Marine throughout the fiscal year 1969.



OPERATIONS

Ship Operations

General Agency

The Maritime Administration is responsible for directing the operation of government-owned merchant ships when required in national emergencies. The Department of Defense in 1965 asked for ships from the National Defense Reserve Fleet to assist in carrying military supplies to support the Armed Forces in Vietnam. A total of 161 ships were withdrawn from the Reserve Fleet, repaired and assigned to private shipping companies under General Agency Agreement (GAA) for operation under the direction of the Military Sea Transportation Service (MSTS). Eleven operating ships were also assigned to GAA service.

The GAA operation continued on a slightly reduced basis during the year. Throughout fiscal year 1969 there were 144 ships under GAA, unchanged from June, 1968, with 34 General Agents responsible for husbanding and general operation. During the year they carried nearly 1,800,000 measurement tons, approximately 20 percent of all MSTS cargo from the U.S. to Vietnam. However, there was a decline both by carrier and by amount of tonnage from the previous year, reflecting a decrease in logistic requirements. (See Chart 1). Several GAA ships were placed in reduced operational status (ROS) at various reserve fleet sites during the year, ready to be returned to service immediately if needed. On June 30, 1969, there were 35 ships in ROS, and 109 active GAA ships.

Average cargo discharge time in Vietnam during fiscal year 1969 continued at the 1968 level of under 12 days. There were approximately 135 delayed sailings, principally because of shortages of licensed crewmen.

Harassing incidents continued to cause minor damages to GAA ships in Vietnam

waters. No serious injuries or fatalities were reported.

A Maritime Administration Study Group for Procedure Analysis of Logistic Support of GAA ships, established in fiscal year 1968, completed its task, and several of its recommendations were implemented. Among them were new standard shipboard material allowances, requisition/inventory forms, development of a subsistence storing guide, expansion of contractual procurement on national or regional basis, more complete utilization of government supply sources, and establishment of a survey team to monitor the administration of the recommendations on a continuing basis.

Charters

Six government-owned ships were under bareboat charter at the end of the year, a decrease of two from the preceding year. One was the N.S. SAVANNAH, chartered for experimental commercial operation to First Atomic Ship Transport, Inc. The other five 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.

Repair and Maintenance

Repairs to General Agency ships amounted to \$25,029,472 in contracts placed in the United States and \$870,362 abroad.

There were 1,271 repair inspections made on subsidized ships to determine eligibility for subsidy and satisfactory completion. Of \$46.6 million repair costs, \$4.8 was found ineligible for subsidy.

Approximately 2,376 other surveys, inspections, and repair cost estimates were made to assure compliance with various contractual requirements.

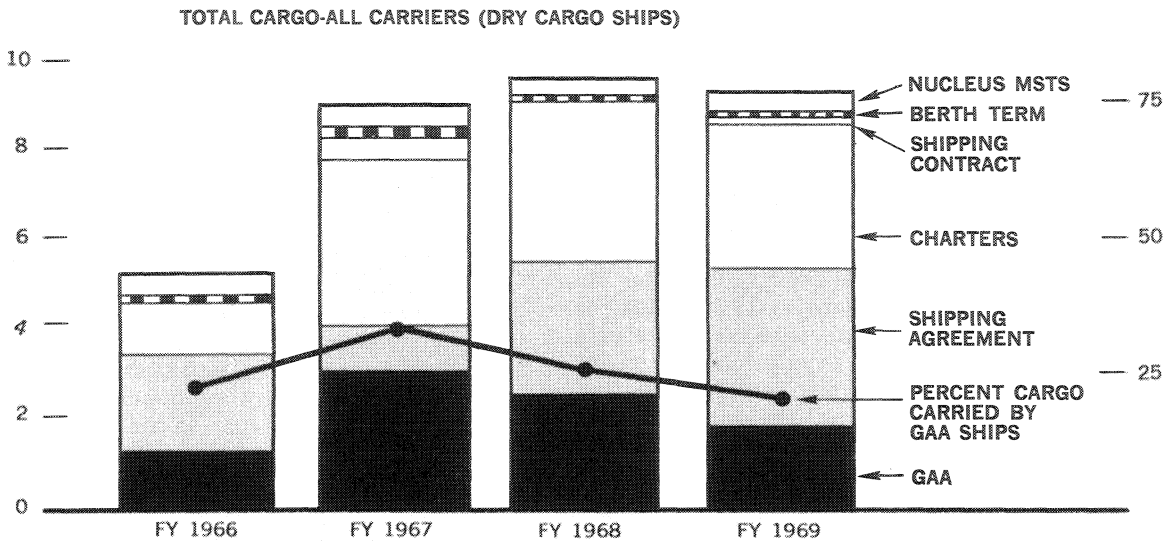
Chart I. GAA/MSTS Operations: Shipping Trends

Millions of Measurement Tons (40 cu. ft.)

PERCENT

12

100



MSTS OUTBOUND CONTINENTAL U.S. MILITARY CARGO MANIFESTED FOR DISCHARGE IN REPUBLIC OF VIETNAM*

| FISCAL YEAR | | FY 1966 | FY 1967 | FY 1968 | FY 1969 | TOTAL 7/1/65- 6/30/69 |
|---|--------------------------|-----------|-----------|-----------|-----------|-----------------------------|
| Cargo Carried (Measurement Tons) | Total—All Carriers | 5,138,700 | 9,032,900 | 9,723,900 | 9,275,700 | 33,171,200 |
| | Nucleus MSTS | 472,300 | 591,500 | 549,200 | 517,400 | 2,130,400 |
| | Berth Term | 128,100 | 288,100 | 100,600 | 89,600 | 606,400 |
| | Shipping Contract | 1,197,800 | 560,200 | — | 700 | 1,758,700 |
| | Charters | 2,168,100 | 3,572,400 | 3,660,300 | 3,285,500 | 12,686,300 |
| | Shipping Agreement | — | 960,300 | 2,866,300 | 3,559,800 | 7,386,400 |
| | General Agency Agreement | 1,172,400 | 3,060,400 | 2,547,500 | 1,822,700 | 8,603,000 |
| % Cargo Carried | Total—All Carriers | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% |
| | Nucleus MSTS | 9.2% | 6.6% | 5.7% | 5.6% | 6.4% |
| | Berth Term | 2.5% | 3.2% | 1.0% | 1.0% | 1.8% |
| | Shipping Contract | 23.3% | 6.2% | — | 0.0% | 5.3% |
| | Charters | 42.2% | 39.5% | 37.6% | 35.4% | 38.2% |
| | Shipping Agreement | — | 10.6% | 29.5% | 38.4% | 22.3% |
| | General Agency Agreement | 22.8% | 33.9% | 26.2% | 19.6% | 26.0% |
| Coast of Origin (% Measurement Tons) | Atlantic Coast | 17% | 17% | 23% | 16% | 18% |
| | Gulf Coast | 14% | 15% | 11% | 16% | 14% |
| | Pacific Coast | 69% | 68% | 66% | 68% | 68% |

NOTE: No GAA cargo for Vietnam carried prior to July 1, 1965. Figures may not be additive due to rounding.

* Does not include tanker cargo.

TOTAL CARGO BY SEA AND AIR, CONUS TO VIETNAM (SHORT TONS)

TOTAL PASSENGERS BY SEA AND AIR, CONUS TO VIETNAM

| YEAR | SEA | AIR | TOTAL | YEAR | SEA | AIR | TOTAL |
|----------------------|-------------------|----------------|-------------------|----------------------|----------------|------------------|------------------|
| 1965 (7/1-12/31) | 971,000 | 26,300 | 997,300 | 1965 (7/1-12/31) | 71,900 | 65,900 | 137,800 |
| 1966 | 2,831,500 | 117,500 | 2,949,000 | 1966 | 91,000 | 371,100 | 462,100 |
| 1967 | 4,114,000 | 207,400 | 4,321,400 | 1967 | 50,800 | 425,300 | 476,100 |
| 1968 | 5,046,400 | 212,800 | 5,259,200 | 1968 | 7,800 | 574,100 | 581,900 |
| 1969 (1/1-5/31) | 1,746,600 | 81,500 | 1,828,100 | 1969 (1/1-5/31) | 0 | 229,300 | 229,300 |
| TOTAL | 14,709,500 | 645,500 | 15,355,000 | TOTAL | 221,500 | 1,665,700 | 1,887,200 |
| TOTAL PERCENT | 96% | 4% | 100% | TOTAL PERCENT | 12% | 88% | 100% |

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, and the OBSERVER, a 28,000 DWT tanker en route to India with a full cargo of surplus grain.

Ship Sales

Ninety-nine government-owned ships were sold for scrap or nontransportation use during the year for a sales return of \$4,922,881. From 1958 through 1969, a total of 1,286 were sold for a total return of approximately \$76,302,229.

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 the fiscal year a total of \$226,017,980 in principal and \$54,983,354 in interest had been collected. During the fiscal year \$75,853 in principal and \$8,951 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, 1969, the principal balance outstanding on foreign ship sales under the 1946 Act amounted to \$208,596, consisting entirely of amounts to be paid under the Banco agreement. The previously reported defaulted Greek mortgage was settled during the year by the payment of the principal of \$30,591 and the waiving of the accrued interest. There was also an outstanding principal balance of \$18,134 due on one mortgage sold to a U.S. citizen under the 1946 Act.

A total of \$115,412,214 had been collected from U.S. and foreign ship sales under the 1946 Act.

Foreign Transfers

Approval was granted to transfer foreign 95 ships of 1,000 gross tons and over, 45 more than in fiscal year 1968. Over 50% were sold for scrapping abroad. Twenty-two of the 95 ships were undocumented or registered under foreign flag though owned by a U.S. citizen. (See Appendix IV)

Charter of U.S.-owned ships to aliens was approved on 14 ships of 1,000 gross tons and over.

Applications for transfer foreign of 379 ships of less than 1,000 gross tons, 239 commercial and 140 pleasure craft, were approved, and charters of 72 ships to aliens were approved.

Of 34 violations on privately owned ships, 28 were mitigated or settled.

National Defense Reserve Fleet

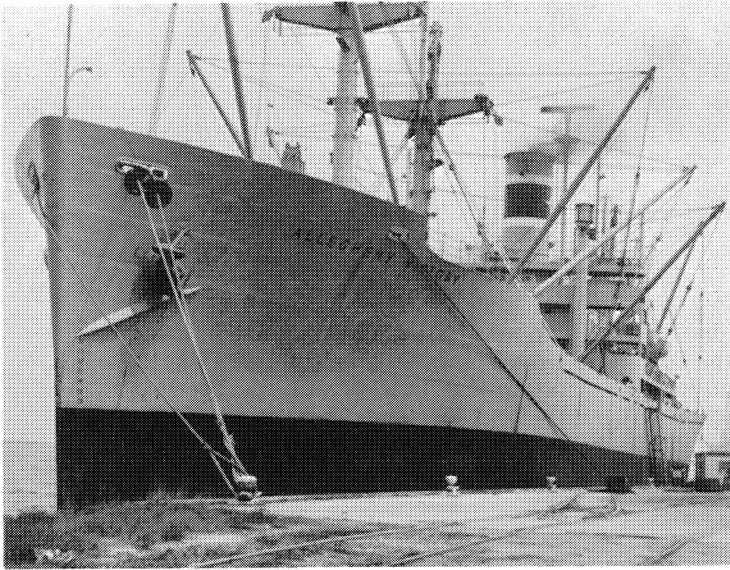
On June 30, 1969, 1,017 ships, excluding nine ships sold but not delivered, were moored in the six National Defense Reserve Fleet anchorages. Of these, 623 were preserved ships, 358 scrap candidates, and 36 special program ships, including GAA vessels in reduced operational status. (See Table 1) During the year 89 ships were placed in the Reserve Fleet and 130 were withdrawn. The number of preserved ships in the Reserve Fleet decreased by three during the year.

The determination was made to phase out the Hudson River, N.Y., anchorage

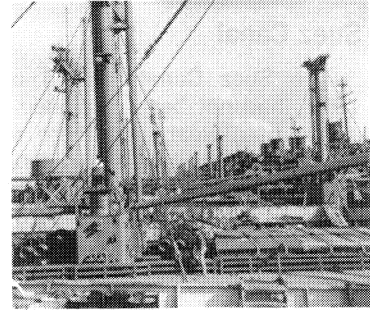
Table 1 — SHIPS IN RESERVE FLEETS
June 30, 1969

| Fleets | Retention | Scrap | Special Program | Total |
|--------------------|-----------|-------|-----------------|-------|
| Hudson River, N.Y. | 66 | 56 | 0 | 122 |
| James River, Va. | 127 | 153 | 6 | 286 |
| Mobile, Ala. | 100 | 50 | 0 | 150 |
| Beaumont, Texas | 97 | 19 | 3 | 119 |
| Suisun Bay, Calif. | 132 | 67 | 26 | 225 |
| Olympia, Wash. | 101 | 13 | 1 | 115 |
| Total | 623 | 358 | 36 | 1017* |

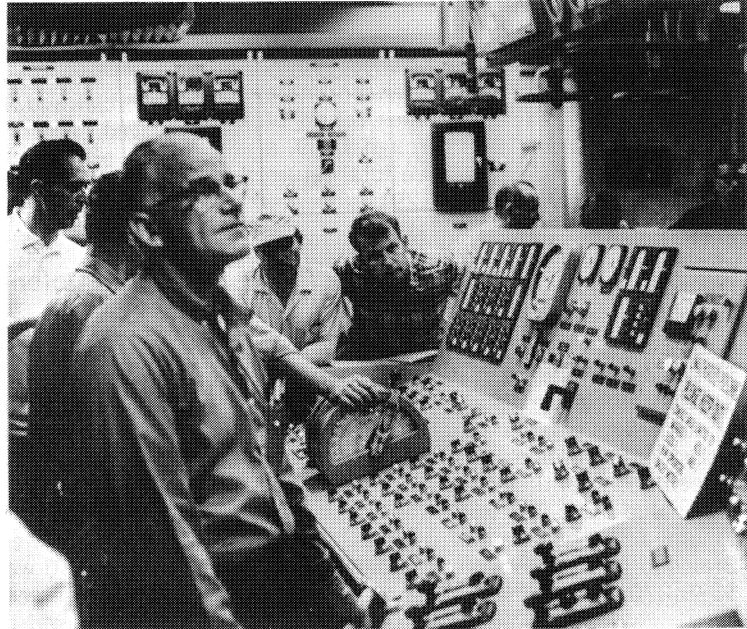
* Excludes 9 ships sold for scrap but not delivered.



The government-owned ships like the ALLEGHENY VICTORY which have carried military supplies to Vietnam are being withdrawn from service as soon as they are no longer needed. Many of the ships in the reserve fleets are too old for further use and are being sold for scrap as rapidly as possible.



Right: As new ships are built, they must be checked out at sea trials to be sure everything is in working order.



Below: Some small vessels like fishing boats and oceanographic research ships are also built under supervision of the Maritime Administration.



beginning with its reduction to custodial status during fiscal year 1970. Phaseout will be completed by 1974 or 1975.

A summary of the number of ships in the Reserve Fleet since 1945 is presented in Appendix VII.

Ports and Intermodal Systems

The Maritime Administration continued to work with other government agencies, including the Economic Development Administration and the Army Corps of Engineers, and private concerns to develop broad planning programs for nationwide water resources development. Work included long-range plans for improving deep-draft harbors, channels and port terminal facilities, and developing alternatives to accommodate changing ocean shipping technology.

Efforts were continued during the year to encourage and facilitate integrated, intermodal systems transportation, working with other government agencies and the private sector.

Plans were completed to make trial "through intermodal" shipments of containerized cotton in bales from inland U.S. points to foreign destinations. The trial movements were expected to be made in fiscal year 1970.

Ship Construction

Ships under 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 71 on July 1, 1968, to 79 on June 30, 1969, as shown in Table 2. These included new ships built with subsidy, privately financed ships, and one government-owned ship built under Maritime supervision.

The 79 ships under contract at the end of the year had a contract value of about

\$1,172 million. Of these, 28 with a contract value of approximately \$591.1 million, were being built under the subsidized operators' replacement program. (See Appendix V) The other 26 new ships under construction or on order were 18 new tankers, 2 new containerships, 2 new Great Lakes ore carriers, 3 new bulk chemical carriers, and 1 ocean survey ship for the Coast and Geodetic Survey.

Ships under conversion at the end of the year included 14 C4's being converted to containerships (8 Mariners with Title V subsidy and 6 C4 troop ships exchanged

Table 2 — SHIPS UNDER CONSTRUCTION

| | Number of Ships | | |
|--|-----------------|-----------------|-------------|
| | Total | New | Conversions |
| Under Contract July 1, 1968 | 71 ¹ | 59 ¹ | 12 |
| Contracts Awarded during Fiscal Year 1969 | 48 | 20 | 28 |
| Subtotal | 119 | 79 | 40 |
| Completed during Fiscal Year 1969 | 40 | 25 | 15 |
| Under Contract June 30, 1969 | 79 | 54 | 25 |

¹ Two commercial ships awarded in fiscal year 1968 not reported to Maritime until after end of year.

under the Ship Exchange Program), 5 T2 containership conversions and 2 C4 cargo conversions under the Ship Exchange Program. Three additional T2's were being converted to bulk carriers. The supertanker MANHATTAN was being converted to an icebreaker to attempt a transit through the Northwest Passage to the new Alaskan oil fields.

Contract Awards

In addition to contracts awarded for 10 new ships to be built with construction-differential subsidy (see Table 3), orders were placed for 10 new non-subsidized ships, including 6 tankers and one chemical carrier at Bethlehem Steel Corporation, Sparrows Point, Md., 1 chemical carrier at Ingalls Shipbuilding Division of Litton Systems, Inc., Pascagoula, Miss., and 2 tankers at Sun Shipbuilding and

Dry Dock Co., Chester, Penn. Contracts for eight subsidized conversions (see Table 4) and 20 non-subsidized conversions were also awarded.

Deliveries

On July 1, 1968, there were 38 new ships (excluding fishing boats) being constructed under Maritime Subsidy Board and Maritime Administration contracts. Of these, 18 subsidized ships and one ketch-rigged floating laboratory for the National Science Foundation were delivered. Six non-subsidized tankers were delivered, making a total of 25 new ship deliveries all together. (Table 4)

Fifteen conversions were completed, of which 11 C4's and 2 T2's were converted as part of the Ship Exchange Program, and the 2 others were private ventures.

Table 3 — CDS CONTRACTS AWARDED IN FISCAL YEAR 1969

| Shipping Line | Shipyard | Type of Ship | No. of Ships | Total Estimated Cost ¹ | Estimated CDS Cost | Estimated Cost of NDF |
|---------------------------------|--|--------------|--------------|-----------------------------------|--------------------|-----------------------|
| Farrell Lines Incorporated | Litton Systems, Inc. Pascagoula, Miss. | C6-S-85a | 4 | \$ 83,855,240 | \$ 41,620,536 | \$ 54,072 |
| American President Lines, Ltd. | Litton Systems, Inc., Pascagoula, Miss. | C6-S-85b | 3 | 65,771,837 | 32,066,805 | 43,214 |
| Lykes Bros. Steamship Co., Inc. | General Dynamics Corp., Quincy, Mass. | C8-S-82a | 3 | 97,887,999 | 53,581,812 | 430,518 |
| United States Lines, Inc. | Alabama DD/DD Co., Mobile, Ala. | C6-S-1w | 2* | 16,151,820 | 8,075,910 | — |
| United States Lines, Inc. | Bethlehem Steel Corp., Baltimore, Md. | C6-S-1w | 2* | 16,609,396 | 8,300,198 | 9,000 |
| United States Lines, Inc. | Norfolk SB/DD Co., Norfolk, Va. | C6-S-1w | 1* | 8,274,934 | 4,137,467 | — |
| United States Lines, Inc. | Todd Shipyards Corp., Galveston, Tex. & Brooklyn, N.Y. | C6-S-1w | 3* | 25,524,000 | 12,762,000 | — |
| | | | | \$314,075,226 | \$160,544,728 | \$536,804 |

¹ Total Contract Cost including CDS and National Defense Features, but excluding engineering and change orders.

* Reconstruction.

Table 4 — SHIP DELIVERIES

| Owner | Builder | Design | Delivered |
|--------------------------------------|---|----------|-----------|
| Subsidized | | | |
| U.S. Lines | Sun Shipbuilding & Dry Dock Co. | C7-S-68c | 1 |
| " " | " | C7-S-68d | 3 |
| " " | " | C7-S-68e | 1 |
| American Export Isbrandtsen Lines | Bath Iron Works | C5-S-73b | 3 |
| States Steamship | Avondale | C4-S-69b | 3 |
| American Mail Line | Newport News Ship- Building & DD Co. | C5-S-75a | 3 |
| Delta Steamship | Ingalls Shipbuilding Division | C3-S-76a | 3 |
| Moore-McCormack Lines | " | C5-S-78a | 1 |
| | | | 18 |
| Non Subsidized | | | |
| Keystone Shipping | Bethlehem, Sparrows Point Yard | Tanker | 1 |
| Overseas Bulk Tank Corp. | " " | " | 1 |
| Ocean Tankship Corp. | " " | " | 1 |
| Willamette Transport | " " | " | 1 |
| Wabash Transport | " " | " | 1 |
| Eagle Terminal Tanker | " " | " | 1 |
| National Science Foundation | Harvey F. Gamage | SV-BP | 1 |
| | | | 7 |
| TOTAL | | | 25 |

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 authorizes the Secretary of Interior to pay up to half of the construction cost of new fishing vessels.

Plans for construction of nine vessels under the program were approved by the Maritime Administration. Nine vessels were under construction at the end of the year, and nine were delivered during the year, including two 296-foot factory stern trawlers, the largest fishing vessels ever built in the United States. Applications for three vessels were withdrawn after receipt of bids, and one other application also was withdrawn. Two applications were under review at the end of the fiscal year.

Trial and Guarantee Surveys

Sea trials and acceptance surveys were conducted on 19 subsidized ships and one ship for the National Science Foundation. In addition, sea trials were witnessed by the Trial Board on five tankers insured under the Federal Ship Mortgage Insurance Program. Final guarantee surveys were conducted on 18 subsidized ships and one Coast and Geodetic Survey ship.

Design and Development

Studies completed during the year established the engineering feasibility of an unattended engine room for a steam power plant. The economic feasibility of implementing the technological advancement was still under investigation at the end of the year.

A standardized engine room control console design was developed and was submitted to industry for review.

In other areas of mechanization, studies were in progress at year's end to evaluate the effects of maintenance on control systems, and investigate known control problem areas, in an attempt to improve shortcomings in control systems.

Supplemental work investigating two diesel propulsion units, performed in fiscal year 1968 in connection with a 1967 preliminary design for a low-cost commercially acceptable cargo ship, was extended to investigate a gas turbine power plant. The design is to be readily adaptable for construction under emergency conditions and for meeting National Defense Reserve Fleet requirements.

The testing program to investigate the performance of a simplified ship hull, the "helical ship", utilizing straight frames and large flat plates, was extended to investigate the effect of a bulbous bow and bulbous stern on the performance of this hull.

A parametric study begun in fiscal year 1968 was continued during the year to develop characteristics of large, fast containerships. The data provided the basis for a computer program to be used to calculate the "least cost" containership, given certain requirements of owners. The same program is now being used by the Maritime Administration to develop optimum containerships in the 35-40 knot speed range.

A conceptual study and design for a multipurpose cargo ship was completed for the Military Sea Transportation Service (MSTS) to provide a basis for MSTS to evaluate responses to their request for proposals for such a ship.

Nuclear tanker and nuclear containership studies were conducted to investigate the use of nuclear propulsion for large ice-breaking tankers in the Arctic service and for large, high speed containerships.

A design and feasibility study for a propeller shaft flexible coupling was concluded during the year. It will be used on a ship experiencing serious torsional propeller shaft vibrations as a measure to reduce these vibrations.

A study of passive anti-roll tanks, including full scale ship tests, was concluded. Results indicated that when properly designed, anti-roll tanks are effective in reducing a ship's motion under most conditions.

The Maritime Administration participated in the development of a shipboard information system formulated by an industry/government advisory group serving at the invitation of the National Research Council-National Academy of Sciences. A request for proposals to implement the system, expected to be an efficient tool for providing information to management and labor on the nature of the work performed aboard ship and its cost, was issued by Maritime at the end of the year.

Further tests conducted as part of an on-going project to determine a new method of calibrating shaft horsepower meters using ultrasonics, yielded promising results. A decision on whether to switch from the conventional and more expensive method of forcibly twisting the shaft is expected to be made after additional tests in the coming fiscal year. Accurate measurement of shaft horsepower is necessary to establish shipbuilders' compliance with contractual requirements for the guarantee fuel and steam rates.

Value Engineering

The value engineering program for reducing shipbuilding costs produced record savings to the subsidized shipbuilding program of approximately \$4.93 million, of which about 43.5 percent accrued to the Government and the remainder to the marine industry. The amount saved was more than three times the total savings for fiscal year 1968. Included in the FY 1969 savings is a saving of approximately \$1.1

million resulting from a change proposed by Avondale Shipyards, New Orleans, La. in a type of steel specified for the 11

LASH ships under construction for Prudential Lines, Inc. and Pacific Far East Line, Inc.

Equal Employment Compliance

The Maritime Administration is responsible for the development and effective implementation of a contract compliance program to insure that government contractors within the shipbuilding, ship repair, and operating industries provide equal employment opportunities to employees and applicants for employment regardless of race, color, religion, sex or national origin. The Department of Labor, Office of Federal Contract Compliance, has assigned to the Maritime Administration all contractors in these industries for the purpose of administering this program and to insure compliance with the equal opportunity clauses contained in contracts entered into by federal contracting agencies.

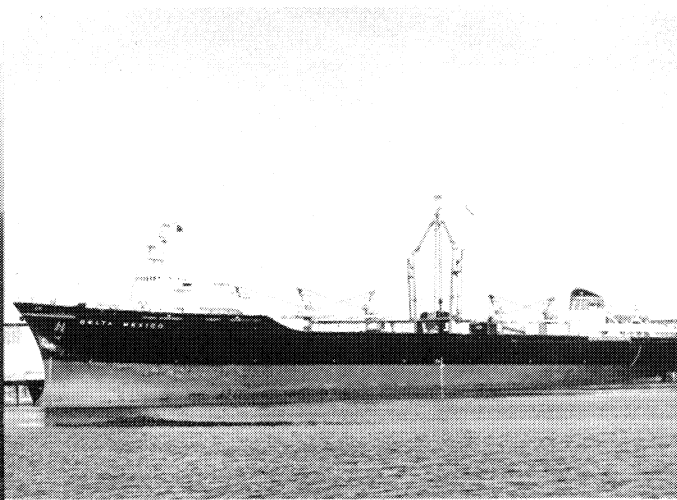
As a result of the examination of equal opportunity practices of shipbuilding and

ship repair facilities holding major contracts with the Agency, and those seeking to obtain large contracts, the major shipbuilding and repair facilities have developed plans and taken action to improve hiring and promotional practices within their organizations and to correct discriminatory practices found to exist. The companies and the unions and employment sources with which they deal were given technical assistance to implement equal opportunity policies.

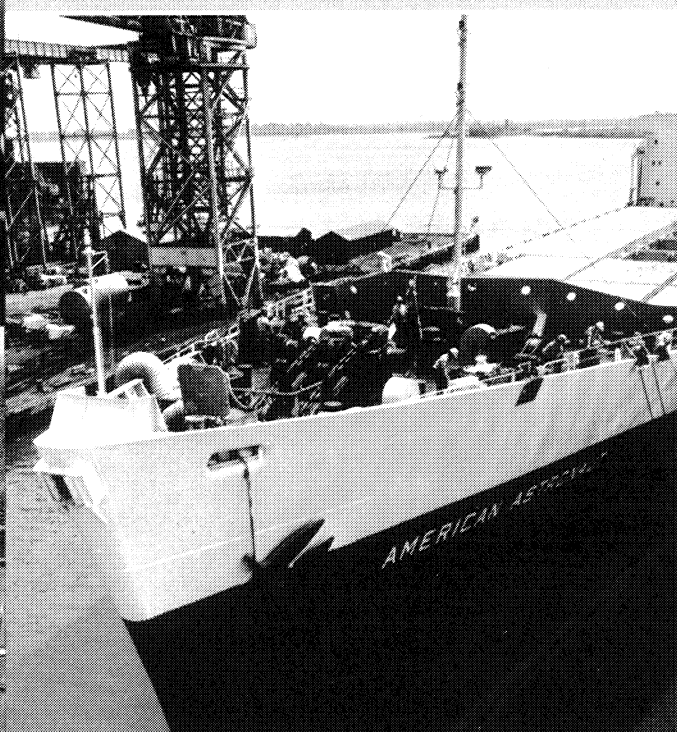
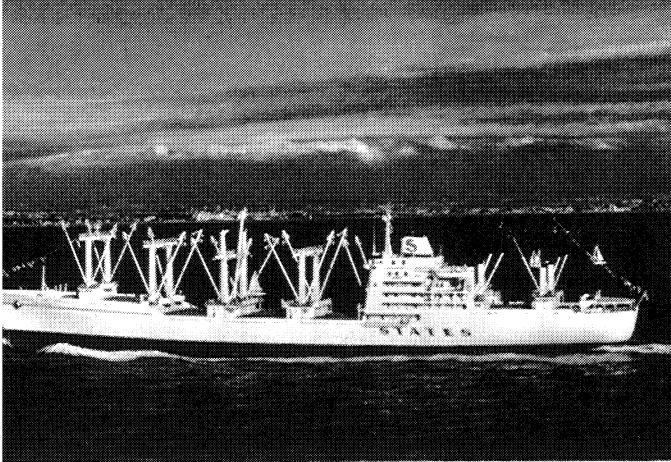
Equal opportunity compliance reviews were conducted in several steamship companies. It was anticipated that reviews of all of the subsidized operators would be completed by the end of calendar year 1969, and that affirmative action plans would be developed and analyzed for each.

The Maritime Administration is responsible for assuring that minority groups receive fair and equal employment opportunities in the maritime industry.





These ships delivered in fiscal year 1969 are representative of the new vessels built with government construction subsidy aid to serve American foreign trade.



MARITIME AIDS

Subsidy Administration

Government assistance programs for the U.S. Merchant Marine are designed to assist and encourage U.S.-flag operators in the operation and maintenance of an efficient, modern, competitive American Merchant Marine.

The operating- and construction-differential subsidy programs are the principal aids administered by the Agency. Under the operating subsidy program, the Government may pay the difference between certain foreign and domestic costs of regularly scheduled U.S.-flag ship operation on foreign trade routes which the Agency has found essential to the national economy and security. Under the construction subsidy program, the Government also may pay the difference between American and foreign shipbuilding costs of ships to be operated in foreign trade. Current law provides that the maximum construction subsidy allowed is 55% of the domestic cost for new construction or for reconstruction or reconditioning, except that up to 60% may be paid for reconstruction of passenger ships.

Other aids administered by the Agency include the Federal Ship Mortgage Insurance program under which the Government may insure mortgages and loans made by private lending institutions to finance the construction, reconstruction, and reconditioning of ships, the Ship Exchange program permitting nonsubsidized operators to receive ships from the Reserve Fleet in exchange for older, less efficient vessels; and the Cargo Preference Act which reserves half of all government-sponsored cargoes to U.S.-flag ships.

The Maritime Administration also assists the Merchant Marine by administering construction reserve funds which receive certain tax deferment benefits and which may be set up by U.S. ship operators for the purpose of building new vessels for U.S. foreign and domestic commerce; and accepting old ships for allowances of credit on construction of new ships.

A less direct but very important aid to the Merchant Marine is rendered through cargo promotion activities.

Operating-Differential Subsidy

Fourteen operators participated in the operating-differential subsidy program, with a total of 293 ships under contract at the end of the fiscal year. Payments during the year on operating subsidy due for 1969 and for prior years totaled \$194,702,567.

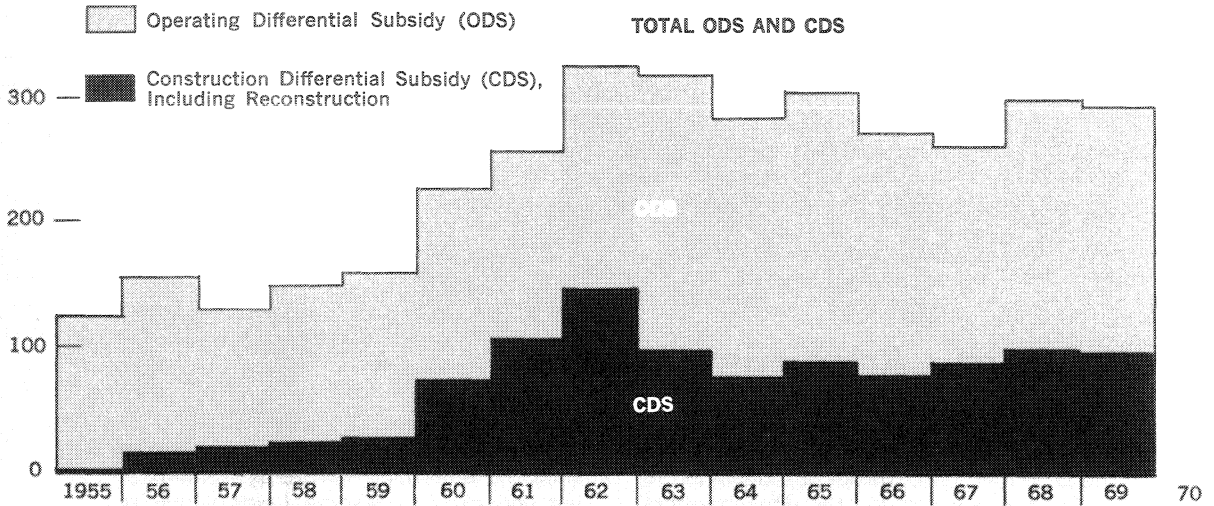
Operating-differential subsidy accrued from January 1, 1937, to June 30, 1969, totaled \$3,108 million; recapture amounted to \$244 million; net payable as of June 30, 1969, was \$2,863 million, of which \$2,711 million had been paid out, leaving an estimated unpaid balance of \$152 million at the end of the fiscal year. (See Chart 2 and Appendix VI. See also Appendix IX)

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

Operating subsidy was being paid on 83 overage ships pending their replacement.

Chart II. Maritime Subsidy Expenditures

Millions of Dollars
400



| FISCAL YEAR | 1955 | 1956 | 1957 | 1958 | 1959 | 1960 | 1961 | 1962 | 1963 | 1964 | 1965 | 1966 | 1967 | 1968 | 1969 |
|----------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| 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 | 290.2 |
| 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 | 194.7 |
| 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 | 95.5 |

| Fiscal Year | Construction Differential Subsidy ¹ | Reconstruction Differential Subsidy ¹ | Total Construction and Reconstruction Subsidy (CDS) ² | Operating Differential Subsidy (ODS) ² | Total ODS and CDS |
|-------------|--|--|--|---|-------------------|
| 1936 | | | | | |
| 1937 | | | | | |
| 1938 | | | | | |
| 1939 | | | | | |
| 1940 | | | | | |
| 1941 | | | | | |
| 1942 | | | | | |
| 1943 | | | | | |
| 1944 | | | | | |
| 1945 | | | | | |
| 1946 | | | | | |
| 1947 | | | | | |
| 1948 | | | | | |
| 1949 | | | | | |
| 1950 | | | | | |
| 1951 | | | | | |
| 1952 | | | | | |
| 1953 | | | | | |
| 1954 | | | | | |
| 1955 | \$ 5,538,417 | | \$ 5,538,663 | 85,038,513 | \$ 120,749,774 |
| 1956 | 5,358,663 | | 15,982,405 | 115,391,111 | 151,324,551 |
| 1957 | 1,613,737 | \$14,368,688 | 15,982,405 | 135,342,146 | 128,580,545 |
| 1958 | 16,379,076 | 3,909,195 | 20,288,271 | 108,292,274 | 147,378,445 |
| 1959 | 22,637,540 | 4,709,383 | 27,346,923 | 120,031,522 | 156,438,015 |
| 1960 | 21,679,547 | 7,065,416 | 28,744,963 | 127,693,052 | 226,741,175 |
| 1961 | 69,156,794 | 4,828,227 | 73,985,021 | 152,756,154 | 253,476,526 |
| 1962 | 102,118,519 | 1,215,432 | 103,333,951 | 150,142,575 | 322,937,607 |
| 1963 | 136,858,263 | 4,160,591 | 141,018,854 | 181,918,753 | 315,372,301 |
| 1964 | 90,514,302 | 4,181,314 | 94,695,616 | 220,676,685 | 281,936,392 |
| 1965 | 77,234,458 | 1,665,087 | 78,899,545 | 203,036,847 | 301,021,555 |
| 1966 | 87,649,008 | 38,138 | 87,687,146 | 213,334,409 | 260,010,862 |
| 1967 | 70,810,939 | 2,571,566 | 73,382,505 | 186,628,357 | 258,156,476 |
| 1968 | 81,592,502 | 932,114 | 82,524,616 | 175,631,860 | 297,836,938 |
| 1969 | 97,610,561 | 96,707 | 97,707,268 | 200,129,670 | 290,219,990 |
| 1969 | 95,460,092 | 57,329 | 95,517,421 | 194,702,569 | |
| TOTAL | \$1,219,636,280 | \$53,086,055 | \$1,272,722,335 | \$2,711,426,860 | \$3,984,149,195 |

The Maritime Administration and subsidized operators explored the feasibility of applying an Indexed Wage Subsidy System which would substantially eliminate the need for detailed review by the Administration of each collective bargaining agreement to determine whether employment costs are fair and reasonable. The rate of change in an appropriate index would be deemed the measure of change in fair and reasonable employment costs after an initial determination is made. Work on the Index system will continue in fiscal 1970.

Many of the subsidized lines were given permission to reduce the required number of minimum sailings on various services during calendar year 1968 because of disruptions caused by the Atlantic and Gulf coast longshore strike, closing of the Suez Canal, charter of some of their vessels to the Military Sea Transportation Service, and for other reasons beyond their control. The effect on subsidized operations of diversions to military service is shown in Chart 3.

On the other hand, applications were pending at the end of the year from seven of the subsidized lines for some 500 additional sailings on various trade routes.

Passenger services continued to be a problem, with American Export Isbrandtsen Lines withdrawing the SS ATLANTIC from service for an indefinite period and removing the INDEPENDENCE and CONSTITUTION from operation at the year's end. The United States Lines had applied for a countervailing subsidy retroactive to 1962 on the SS UNITED STATES to offset the effect of subsidy paid to the SS FRANCE by the French government. Consideration was still being given to the possibility of establishing a consolidated company to operate the passenger vessels of United States Lines, Moore McCormack Lines, and American-Export Isbrandtsen Lines.

An application was received from Admiralty Enterprises, Inc., parent company of Prudential Lines Inc., to acquire Grace

Line Inc. from Grace's parent, W. R. Grace & Co. with subsequent sale of assets of Prudential Lines to Grace Line.

Trade Routes

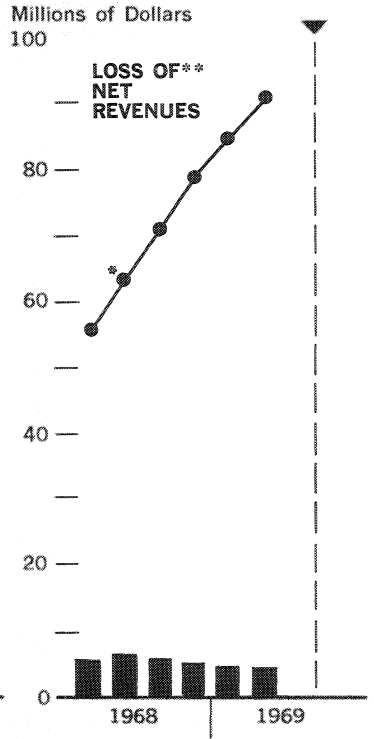
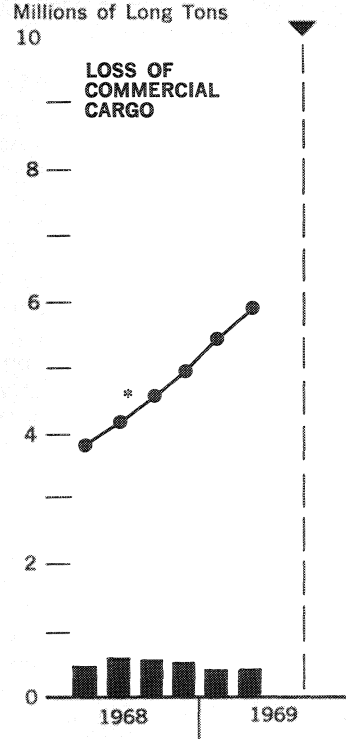
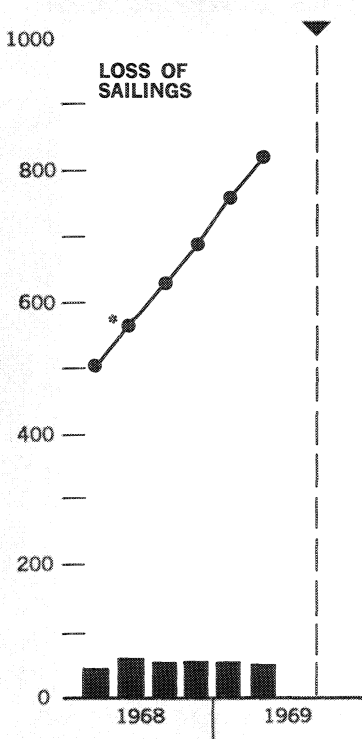
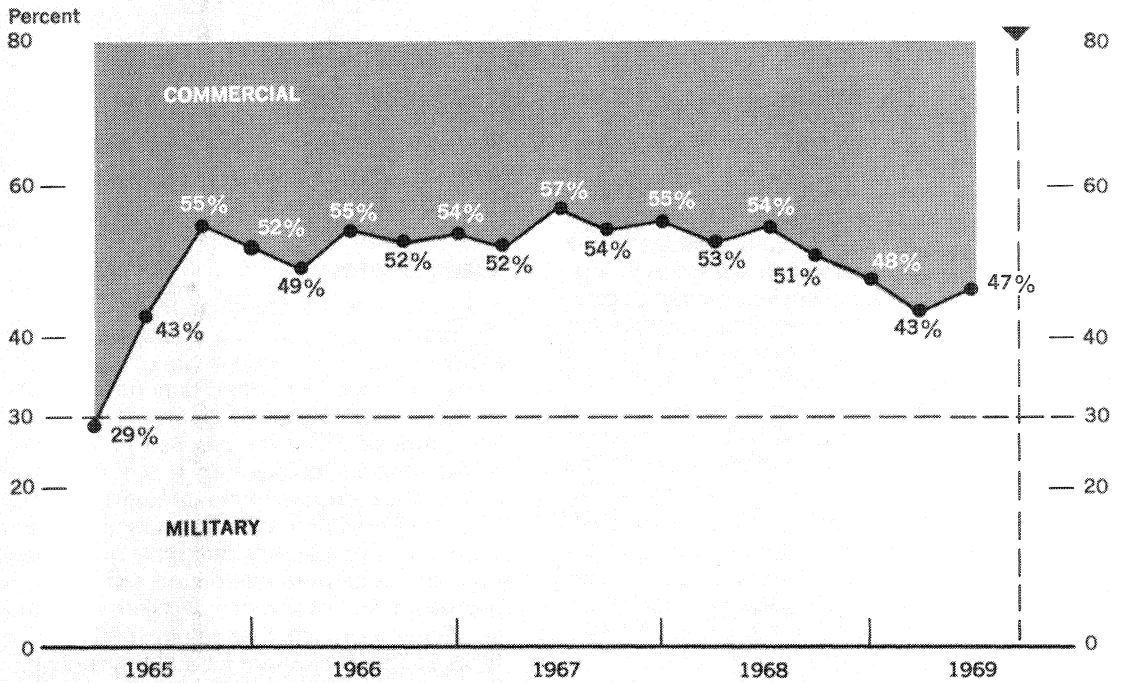
A review of all essential trade routes, the routes on which ship operators must agree to provide regular service before being eligible for operating-differential subsidy, was completed during the year. The purpose of the review was to obtain information on changes in U.S.-flag ship and service requirements brought about by containerization and the application of a systems approach to shipping services. Problem areas were pinpointed and priorities established for more detailed studies on routes on which changes in traffic patterns and ship requirements are occurring most rapidly. Such studies of the North Atlantic routes are under way, and are scheduled for the trans-Pacific trade routes.

Construction-Differential Subsidy

The Maritime Administration continued previously established policy of allocating subsidy funds on the basis of the most productive ship designs that will best meet the needs of the waterborne commerce of the United States in essential trade routes. Subsidized ship construction plans and specifications were reviewed to assure that the ships were suitable for the intended purpose, productive, devoid of unnecessary equipment, and procured in a manner and in numbers that will generate the lowest overall cost.

The mid-fiscal year 1968 request that all ship operators submit ship construction plans for fiscal years 1969-1973, inclusive, was followed up with a mid-fiscal year 1969 request for five year ship construction plans for 1970-74. The information for liner or non-liner dry cargo vessels, and for dry and liquid bulk carriers received from 24 U.S. operators was being examined and analyzed in connection with the development of possible new policy on the

Chart III. Use of Shipping Space on Subsidized Ships to the Far East



* Cumulative from July 1965
 ** Revenue Loss from subsidized operations + Subsidy Accrual Loss — MSTS Charter Hire

merchant marine, as well as in the light of how best to meet anticipated merchant marine ship construction needs within the framework of existing policy.

Construction-differential subsidy contracts for two shipyards to build 10 new ships for three companies, and for four shipyards to convert 8 Mariner cargo vessels to full containerhips for a fourth company, at a total estimated domestic cost of \$314 million and estimated construction subsidy of \$160.5 million were signed during fiscal year 1969 (see Table 3).

All of the vessels were designed specifically to implement the intermodal concept of transportation, with 7 of the new vessels to be container and unitized cargo ships, and three to be built as barge-carrying ships.

A total of 173 cargo ships, including the fiscal year 1969 vessels, have been contracted for by the subsidized operators since the beginning of the replacement program in 1958 (excluding four passenger ships ordered in 1955 and 1956), at a total contract cost of about \$2.25 billion. (See Chart 4.)

Total construction subsidy paid out since 1936 is \$1.27 billion (See Chart 2.)

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

Bids were requested on 4 additional new ships, all containerhips, on which construction subsidy had been requested.

Two of the vessels were planned as part of the replacement program for United States Lines, and two were for Matson Navigation Company, an unsubsidized operator. (See Table 5)

At the end of the year, applications were pending from six subsidized operators and 8 nonsubsidized operators for construction-differential subsidy on 54 new and converted ships, including 30 bulk carriers. (See Table 6)

Federal Ship Mortgage Insurance

Applications for Federal Ship Mortgage and/or Loan Insurance covering 18 ships and 360 ship-carried lighters or barges, aggregating \$141,863,000 were approved. In addition, mortgage insurance contracts aggregating \$56,629,000 were placed on 7 ships for which commitments had been made in previous fiscal years. (Table 7)

At year's end, Title XI contracts in force covered a total of 144 ships and 360 ship-carried lighters and barges for a total outstanding balance of principal and interest of \$751,555,138.

One default occurred during the year, the eighth under the Federal Ship Mortgage Insurance Program. The Maritime Administration paid the mortgage on the H.S. VICTORIA, owned by Northwest Hydrofoil Lines, after the vessel sustained heavy damage upon striking a submerged log in Puget Sound. The ship was repaired and is on a six-month charter in

Table 5 — PENDING CDS BIDS

| Company | Number of Ships | Design | Invitation Date | Apparent Low Bid (Including National Defense Features) |
|---------------------------|-----------------|----------|-----------------|---|
| United States Lines, Inc. | 2 | C7-S-68e | April 16, 1969 | Sun S.B./D.D. Co., Chester, Pa. (\$17,588,000 for each of 2) |
| Matson Navigation Company | 2 | C7-S-88a | May 13, 1969 | Bid Opening Scheduled July 31, 1969 |

Table 6 — PENDING CDS APPLICATIONS

| Company | Number of Ships | Type |
|---|-----------------|--|
| Subsidized | | |
| American Export Isbrandtsen Lines, Inc. | 6 | Containerships |
| | 10 | Bulk Carriers |
| American President Lines, Ltd. | 4 | Bulk Carriers |
| Delta Steamship Lines, Inc. | 3 | Containerships |
| Lykes Bros. Steamship Co., Inc. | 9 | Reconstruction to partial containerships |
| The Oceanic Steamship Company | 2 | Containerships |
| United States Lines, Inc. | 2* | Containerships |
| | <u>36</u> | |
| Nonsubsidized | | |
| Hudson Waterways Corporation | 2 | Bulk Carriers |
| Jackson Agents, Inc. | 2 | Bulk Carriers |
| Marine Carriers Corp. | 4 | Bulk Carriers |
| Matson Navigation Company | 2* | Containerships |
| Overseas Transportation, Inc. | 2 | Bulk Carriers |
| Penn Steamship Company | 3 | Bulk Carriers |
| T.C.C. Shipping Co., Inc. | 2 | Bulk Carriers |
| T. J. Stevenson & Co., Inc. | 1 | Bulk Carriers |
| | <u>18</u> | |

* Bids received.
No applications pending for trade-in allowance.

the San Pedro/Santa Catalina, California service. The USNS TAURUS (ex-CARIB QUEEN), which had been on loan to the Military Sea Transportation Service since 1959 following Government acquisition of the mortgage upon default of TMT Trailer Ferry, Inc., was sold to commercial interests for \$456,000. It had a book value at the date of sale of \$1,922,147.

At the end of the year, pending applications for loans and/or mortgage insurance covered construction or reconstruction of 29 freighters and 6 tankers, 55 tugs, barges, or miscellaneous types, and 831 lighters and barges to be carried on board ship at a total estimated cost to the applicants of \$486,844,175, of which \$401,700,000 is the estimated amount to be covered by mortgage insurance. (See Chart 5)

The Federal Ship Mortgage Revolving Fund received about \$1,000,000 in net income during the year, making the retained income of the fund approximately \$20 million.

Vessel Exchanges

Under the Ship Exchange Act of 1960, as amended, 17 Government-owned ships from the National Defense Reserve Fleet were exchanged for 17 privately owned ships. (Table 8)

Since the inception of the Exchange Program in 1960, 120 Government-owned ships have been traded out to nonsubsidized operators in exchange for 124 privately owned ships and approximately \$25,298,067 in excess value of the ships

going to operators over those traded in, subject to adjustment when contract work in certain of the ships is completed. (See Chart 6.)

Reserve Funds

On June 30, 1969, balances in four construction reserve funds of operators totaled \$1,966,261, compared with \$995,219 in five funds at the beginning of the fiscal year, an increase of \$971,042. Three funds were established during

fiscal year 1969, and four were closed. (See Appendix VIII)

At year's end, statutory reserve funds of subsidized operators totaled \$135,950,367 consisting of \$75,248,654 capital and \$60,701,713 special reserve funds, as compared with \$130,030,307 at the beginning of the fiscal year, an increase of \$5,920,060. (See Appendix XI.)

In addition to the mandatory deposits in special and capital reserve funds, four subsidized operators were authorized to make voluntary deposits of \$2,559,437.

Table 7 — MORTGAGE INSURANCE APPLICATIONS APPROVED

| No. Ships | Name or type | Company | Date | Amount to be Insured |
|------------|-------------------|-------------------|----------|----------------------|
| 4 | Hull No. 244 | Farrell Lines | 10/ 3/68 | \$ 25,000,000 |
| | Hull No. 245 | " " | " " | |
| | Hull No. 246 | " " | " " | |
| | Hull No. 247 | " " | " " | |
| 2 | Hull No. 4622 | Matson Navigation | 10/17/68 | \$ 34,428,000 |
| | Hull No. 4623 | " " | " " | |
| 7 | EXPORT BAY | AEIL | 11/20/68 | \$ 20,052,000 |
| | EXPORT BANNER | " " | " " | |
| | EXPORT BUILDER | " " | " " | |
| | EXPORT BUYER | " " | " " | |
| | EXPORT COMMERCE | " " | " " | |
| | EXPORT CHALLENGER | " " | " " | |
| | EXPORT CHAMPION | " " | " " | |
| 1 | OVERSEAS ALASKA | Intercontinental | 12/31/68 | \$ 14,000,000 |
| 1 | OVERSEAS ARCTIC | Ocean Tankships | 12/31/68 | \$ 14,000,000 |
| 360 | Barges | Bank of America | 1/16/69 | \$ 9,600,000 |
| 3 | Hull No. 248 | APL | 6/17/69 | \$ 24,783,000 |
| | Hull No. 249 | " " | " " | |
| | Hull No. 250 | " " | " " | |
| 378 | | | | \$141,863,000 |

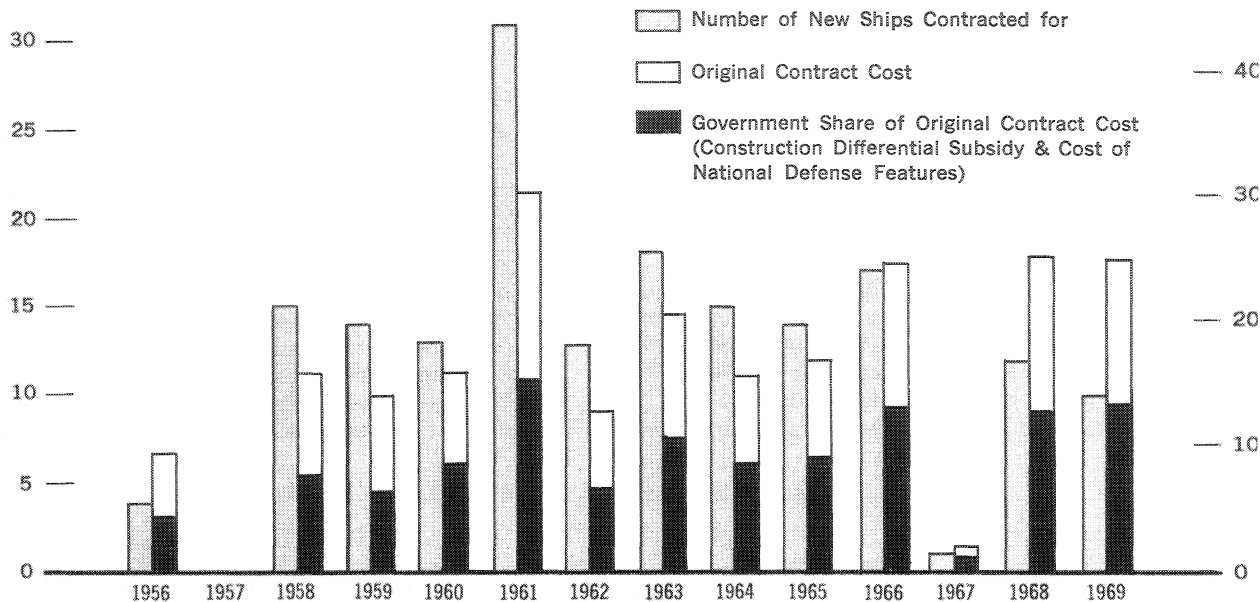
Contracts Signed

| No. Ships | Name or type | Company | Date | Amount to be Insured |
|-----------|------------------|-------------------|----------|----------------------|
| 1 | OVERSEAS AUDREY | Overseas Bulktank | 11/ 1/68 | \$ 9,375,000 |
| 1 | EAGLE LEADER | Eagle Terminal | 6/12/69 | \$ 10,200,000 |
| 1 | OGDEN WABASH | Wabash Transport | 6/ 6/69 | \$ 9,887,000 |
| 1 | OGDEN WILLAMETTE | Willamette | 3/14/69 | \$ 9,887,000 |
| 3 | ALASKAN MAIL | American Mail | 10/29/68 | \$ 5,800,000 |
| | INDIAN MAIL | " " | 12/30/68 | \$ 5,800,000 |
| | KOREAN MAIL | " " | 4/25/69 | \$ 5,680,000 |
| 7 | | | | \$ 56,629,000 |

Chart IV. Ship Replacement Program

Number of New Ships
35

Millions of Dollars
50



| FISCAL YEAR | 1956 | 1957 | 1958 | 1959 | 1960 | 1961 | 1962 | 1963 |
|--------------------------------------|------------|------|-------------|-------------|-------------|-------------|-------------|-------------|
| New Ships Contracted for | 4 | 0 | 15 | 14 | 13 | 31 | 13 | 18 |
| Construction Contract Award (\$) | 94,899,332 | 0 | 166,931,831 | 140,434,775 | 170,274,379 | 302,066,749 | 128,855,000 | 205,598,652 |
| Owner's Share | 55,637,470 | 0 | 87,429,528 | 73,366,595 | 87,431,905 | 152,054,988 | 65,090,000 | 98,991,000 |
| Special Features, Paid 100% by Owner | 0 | 0 | 291,100 | 368,796 | 146,089 | 0 | 0 | 0 |
| Construction Differential Subsidy | 38,609,730 | 0 | 77,921,575* | 65,051,776 | 81,479,145 | 147,146,807 | 63,353,628 | 106,294,792 |
| National Defense Features | 652,132 | 0 | 1,289,628 | 1,647,608 | 1,217,240 | 2,864,954 | 411,372 | 312,860 |

| FISCAL YEAR | 1964 | 1965 | 1966 | 1967 | 1968 | 1969 | TOTAL |
|--------------------------------------|-------------|-------------|-------------|------------|-------------|-------------|---------------|
| New Ships Contracted for | 15 | 14 | 17 | 1 | 12 | 10 | 177 |
| Construction Contract Award (\$) | 155,999,087 | 168,283,260 | 254,436,365 | 15,715,450 | 250,536,000 | 247,515,076 | 2,301,545,956 |
| Owner's Share | 71,702,712 | 78,273,000 | 117,727,048 | 7,047,000 | 124,646,000 | 117,527,013 | 1,136,924,259 |
| Special Features, Paid 100% by Owner | 0 | 0 | 1,959,010 | 110,450 | 907,028 | 2,191,106 | 5,973,579 |
| Construction Differential Subsidy | 83,988,655 | 89,644,770 | 133,029,953 | 8,513,000 | 124,839,972 | 127,269,153 | 1,147,142,956 |
| National Defense Features | 307,720 | 365,490 | 1,720,354 | 45,000 | 143,000 | 527,804 | 11,505,162 |

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.

Table 8 — SHIP EXCHANGE PROGRAM—FISCAL YEAR 1969

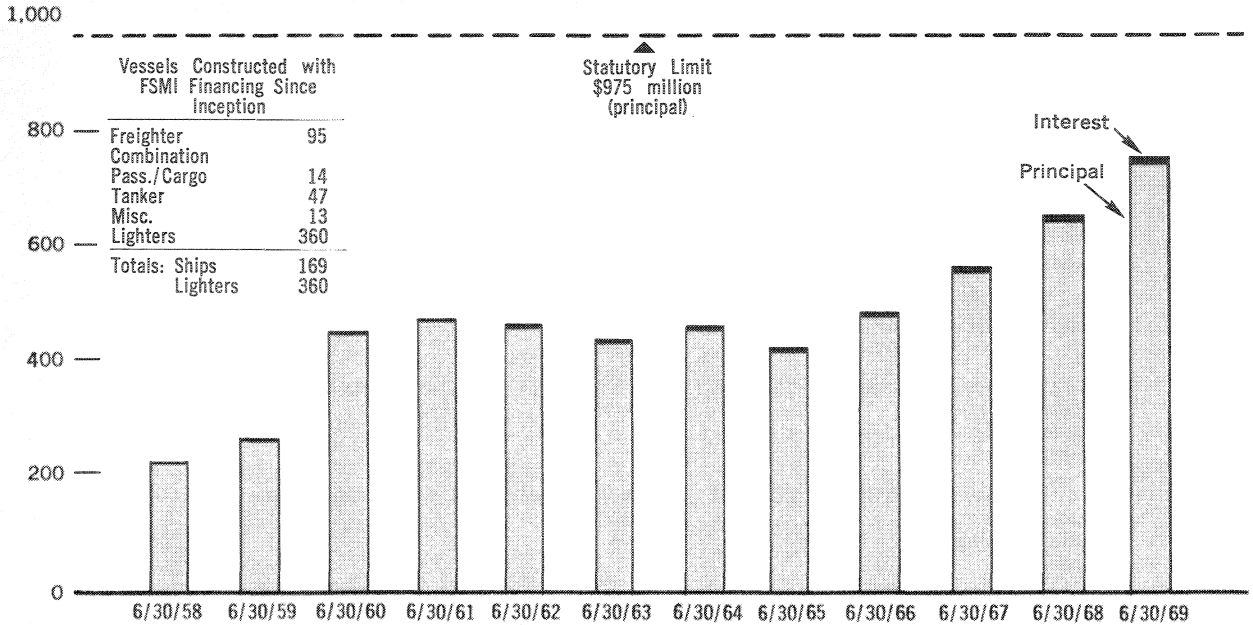
| Company | Exchange Ship (in) | Type | Transfer Ship (out) | Type | Type of Conversion | Cash Received |
|---|--------------------|-----------------|--------------------------|------|-------------------------|---------------------|
| Sea-Land Service, Inc. | DELAWARE | Ferry | MARINE SERPENT | C-4 | Containership | \$ 431,160 |
| Sea-Land Service, Inc. | EDWARD Y. TOWNSEND | Bulk Carrier | GENERAL MARK L. HERSEY | C-4 | Containership | 255,000* |
| Hudson Waterways Corporation/ Hase Shipping Corporation | ZEPHYRHILLS | T2-SE-A1 | GENERAL WILLIAM F. HASE | C-4 | Containership | 325,000* |
| Hudson Waterways Corporation/ McRae Shipping Corporation | DOROTHY | EC2-S-C1 | GENERAL JAMES H. McRAE | C-4 | Containership | 355,500* |
| Hudson Waterways Corporation | DUTCHESS | Ferry | GENERAL W. G. HAAN | C-4 | Containership | 512,500* |
| Sea-Land Service, Inc. | ALAMAR | EC2-S-C1 | GENERAL A. W. BREWSTER | C-4 | Containership | 378,600* |
| Sea-Land Service, Inc. | LOSMAR | EC2-S-C1 | GENERAL C. H. MUIR | C-4 | Containership | 307,500* |
| Sea-Land Service, Inc. | FRANK E. TAPLIN | Bulk Carrier | GENERAL EDGAR T. COLLINS | C-4 | Containership | 382,500* |
| Waterman Steamship Corporation | ELBA | Bulk Carrier | NEW YORK | C-3 | General Cargo | 843,750 |
| Waterman Steamship Corporation | ELMIRA | Ferry | GENERAL R. M. BLATCHFORD | C-4 | Break-Bulk | 511,300* |
| Waterman Steamship Corporation | BINGHAMTON | Ferry | GENERAL LEROY ELTINGE | C-4 | Break-Bulk | 511,200* |
| Waterman Steamship Corporation | CATSKILL | Passenger Ferry | MICHIGAN | C-3 | General Cargo | 666,500 |
| Sea-Land Service, Inc. | PHILIP MINCH | Bulk Carrier | MISSION DOLORES | T-2 | Containership | 342,500* |
| Sea-Land Service, Inc. | HARRY W. CROFT | Bulk Carrier | PETROLITE | T-2 | Containership | 250,000* |
| Sea-Land Service, Inc. | J. E. UPSON | Bulk Carrier | ROANOKE | T-2 | Containership | 250,000* |
| Sea-Land Service, Inc. | PETER ROBERTSON | Bulk Carrier | BULL RUN | T-2 | Containership | 222,000* |
| Marine Navigation Company, Inc. | MARINE COLLIER | Bulk Carrier | LYNCHBURG | T-2 | Spec. Liq. Blk. Carrier | 229,000* |
| TOTAL | 17 | | 17 | | | \$6,774,010* |

* Subject to Adjustment

Chart V. Federal Ship Mortgage And Loan Insurance Program

Millions of Dollars

APPROVED APPLICATIONS AND CONTRACTS IN FORCE



| DATE | 6/30/58 | 6/30/59 | 6/30/60 | 6/30/61 | 6/30/62 | 6/30/63 | 6/30/64 | 6/30/65 | 6/30/66 | 6/30/67 | 6/30/68 | 6/30/69 |
|---|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| Total Approved Applications and Contracts in Force (millions of \$) | 219.093 | 257.119 | 448.990 | 464.119 | 458.847 | 431.169 | 454.467 | 421.584 | 485.184 | 562.096 | 651.552 | 751.555 |
| Interest | .642 | 1.213 | 1.833 | 2.896 | 3.038 | 3.274 | 3.452 | 2.946 | 3.407 | 4.002 | 6.004 | 5.876 |
| Principal | 218.451 | 255.906 | 447.157 | 461.223 | 455.809 | 427.895 | 451.015 | 418.638 | 481.777 | 558.094 | 645.548 | 745.679 |
| Number of Vessels | 26 | 34 | 53 | 64 | 67 | 70 | 82 | 79 | 98 | 113 | 129 | 144 |
| Number of Lighters (Lash, etc.) | — | — | — | — | — | — | — | — | — | — | — | 360 |

CURRENT STATUS 6/30/69

| Vessel Type | In Force | | Pending | |
|--|----------|---------------|---------|---------------|
| | Number | Amount | Number | Amount |
| Freighter | 93 | \$406,233,469 | 29 | \$133,729,000 |
| Combination Passenger/Cargo | 12 | 44,306,585 | — | — |
| Tanker | 36 | 287,350,421 | 6 | 122,325,962 |
| Miscellaneous (tugs, barges, hydrofoils, etc.) | 3 | 4,064,813 | 55 | 114,662,000 |
| Lighters (Lash, etc.) | 360 | 9,599,850 | 831 | 30,983,306 |
| TOTALS: | | | | |
| Ships | 144 | \$741,955,288 | 90 | \$370,716,962 |
| Lighters | 360 | \$ 9,599,850 | 831 | \$ 30,983,306 |

NOTE: Under Title XI of the Merchant Marine Act of 1936, the Maritime Administration is authorized to insure mortgages not to exceed 87½% of actual cost on (1) passenger vessels 1,000 g.t. and over and capable of at least 8 knots sustained speed, to be used solely on inland rivers and waterways, (2) oceangoing tugs of more than 2,500 h.p., (3) oceangoing barges of more than 2,500 g.t. and (4) other vessels of not less than 3,500 g.t., capable of 14 knots sustained speed. On ships not meeting these requirements, and on those built or rebuilt with construction subsidy, the agency may insure loans and mortgages for up to 75% of the actual cost of building and rebuilding.

Chart VI. Ship Exchange Program

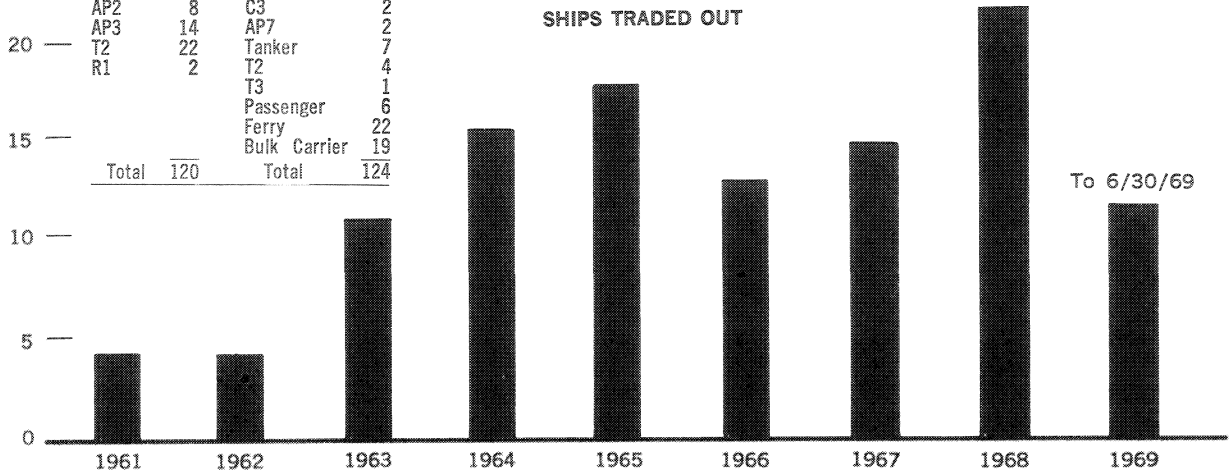
(SINCE INCEPTION ON JULY 5, 1960)

Number of Ships

30

| Recapitulation | | 1961—6/30/69 | |
|---------------------------|------------|--------------------------|------------|
| Ships Traded Out, by Type | | Ships Traded In, by Type | |
| C2 | 18 | Liberty | 31 |
| C3 | 6 | C1 | 15 |
| C4 | 50 | C2 | 15 |
| AP2 | 8 | C3 | 2 |
| AP3 | 14 | AP7 | 2 |
| T2 | 22 | Tanker | 7 |
| R1 | 2 | T2 | 4 |
| | | T3 | 1 |
| | | Passenger | 6 |
| | | Ferry | 22 |
| | | Bulk Carrier | 19 |
| Total | 120 | Total | 124 |

| Total Applications | | 414 |
|------------------------|--|-----|
| Applications Withdrawn | | 284 |
| Applications Pending | | 13 |
| Applications Completed | | 117 |



| FISCAL YEAR | 1961 | 1962 | 1963 | 1964 | 1965 | 1966 | 1967 | 1968 | 1969 | TOTAL |
|---|-----------|-----------|-----------|------------|-------------|------------|------------|------------|-----------|-------------|
| Ships Traded Out | 4 | 4 | 11 | 16 | 18 | 13 | 15 | 22 | 17 | 124 |
| Ships Traded In | 4 | 4 | 13 | 18 | 18 | 13 | 15 | 22 | 17 | 124 |
| Cash Received by Marad (\$) ¹ | 276,836 | 115,473 | 920,274 | 1,146,279 | 1,341,280 | 3,413,653 | 3,695,947 | 7,614,315 | 6,774,010 | 25,298,067 |
| Est. Cost of Putting Traded-out Ships to Sea, or \$ to U.S. Shipyards (\$) ² | 2,871,834 | 8,241,341 | 3,902,164 | 39,247,609 | 109,930,133 | 42,334,486 | 44,440,247 | 62,046,643 | N.A. | 313,014,457 |

SHIP EXCHANGE ACTIVITY, FISCAL YEAR 1969

| Company | Ship Traded in (Type) | Ship Traded out (Type) | Cash Received by Marad ¹ |
|----------------------------------|-----------------------|------------------------|-------------------------------------|
| Sea-Land Service | Ferry | C4 | \$493,600 |
| Sea-Land Service | Bulk-Carrier | C4 | 255,000 |
| Hudson Waterways/Hase Shipping | T2 | C4 | 325,000 |
| Hudson Waterways/McRae Shipping | EC2 | C4 | 355,500 |
| Hudson Waterways | Ferry | C4 | 512,500 |
| Sea-Land Service | EC2 | C4 | 378,600 |
| Sea-Land Service | EC2 | C4 | 307,500 |
| Sea-Land Service | Bulk-Carrier | C4 | 382,500 |
| Waterman | Bulk-Carrier | C3 | 840,000 |
| Waterman | Ferry | C4 | 511,200 |
| Waterman | Ferry | C4 | 511,300 |
| Waterman | Ferry | C3 | 666,500 |
| Sea-Land Service | Bulk-Carrier | T2 | 342,500 |
| Sea-Land Service | Bulk-Carrier | T2 | 250,000 |
| Sea-Land Service | Bulk-Carrier | T2 | 250,000 |
| Sea-Land Service | Bulk-Carrier | T2 | 222,000 |
| Marine Nav./Marine Sulphur Shpg. | Bulk-Carrier | T2 | 229,000 |

Analysis—The 50 C4's shown as trade-out ships were mostly troopships made available for the exchange program with the concurrence of the Department of Defense on the condition that the ships would be converted by the unsubsidized ship operator recipients to conventional cargo ships, containerships, roll-on/roll-off, or heavy-lift cargo ships, and that, further, the ships would be made available after conversion to the MSTs at fair and reasonable rates. These requirements were lifted after the first group of 25 were offered for exchange. Conversions proposed and in process include 18 breakbulk cargo vessels, 26 containerships, 1 vehicle and container carrier, 2 bulk carriers, 1 liquid chemical carrier, and 2 heavy-lift cargo vessels.

¹ All "cash received" figures, FY 1965 to present, are subject to adjustment when contract work on certain of the ships is completed.

² Due to lack of information, figures on cost of putting traded out ships to sea, 1967 to present, are only partial; 1968 figures reflect data available on nine ships.

NOTE: Public law 86-575, enacted July 5, 1960, authorized the exchange of certain unsubsidized 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 defining U.S. citizen ownership requirements, and certain requirements for operation of traded-out tanker vessels.

Table 9 — U.S. FLAG CARRIINGS UNDER GOVERNMENT-SPONSORED EXPORT PROGRAMS IN CALENDAR YEAR 1968

| | | Total Tonnage or freight revenue | U.S. flag | Percent U.S. |
|---------------------------------|-----------------|--|--------------|-----------------|
| Public Law 480 | tons | 9,686,000 | 4,303,000 | 44.4 |
| AID | tons | 6,838,000 | 3,524,000 | 51.5 |
| Export-Import Bank | freight revenue | \$96,164,252 | \$83,908,881 | 87.2 |
| Inter-American Development Bank | tons | 31,741 | 25,916 | 81.6 |

Trade Promotion

Cargo Preference

The Maritime Administration exercises general surveillance over the operation and administration of Public Law 664, the Cargo Preference Act, which reserves half of all government-sponsored cargoes to U.S.-flag ships. Agricultural and AID shipments aboard U.S.-flag vessels were closer to the 50% requirement in the second half of the calendar year 1968, as Vietnam shipping requirements were reduced. (See Table 9)

The revised series of guideline rates for the movement of full shipload lots of U.S. government-sponsored cargoes subject to the Cargo Preference Act, issued by the Maritime Administration in March, 1968, effective for the remainder of the calendar year 1968, were extended for an indefinite period on December 19, 1968. The Maritime Administration continued work on development of a new approach to the establishment of rate ceilings.

Waivers

Fifteen general waivers of Public Resolution 17, enacted in 1934 to require that 100% of exports of agricultural and other products from the U.S. purchased with the aid of Government loans be carried in U.S.-flag ships, were granted in calendar year 1968 to 10 nations. The waivers permit 50% of such cargoes to be carried by ships of the recipient nations, provided there is no discrimination by those countries against U.S.-flag ships.

Discriminatory practices by Argentina and Brazil led to suspension of action on requested waivers during fiscal 1967. Following meetings with the Argentine government delegation leading to progress and understanding, although no final agreement, the determination was made to continue waivers of PR 17 through the negotiating period. Action on Brazilian waivers was held in abeyance because of failure of the Brazilian government to implement an agreement to permit U.S.-flag ships to carry 50% of Brazilian government-favored cargoes. Passage of a Dominican Republic law removing existing discriminatory port charges against U.S.-flag ships led to reinstatement of waivers cancelled in December 1967.

Cargo Promotion

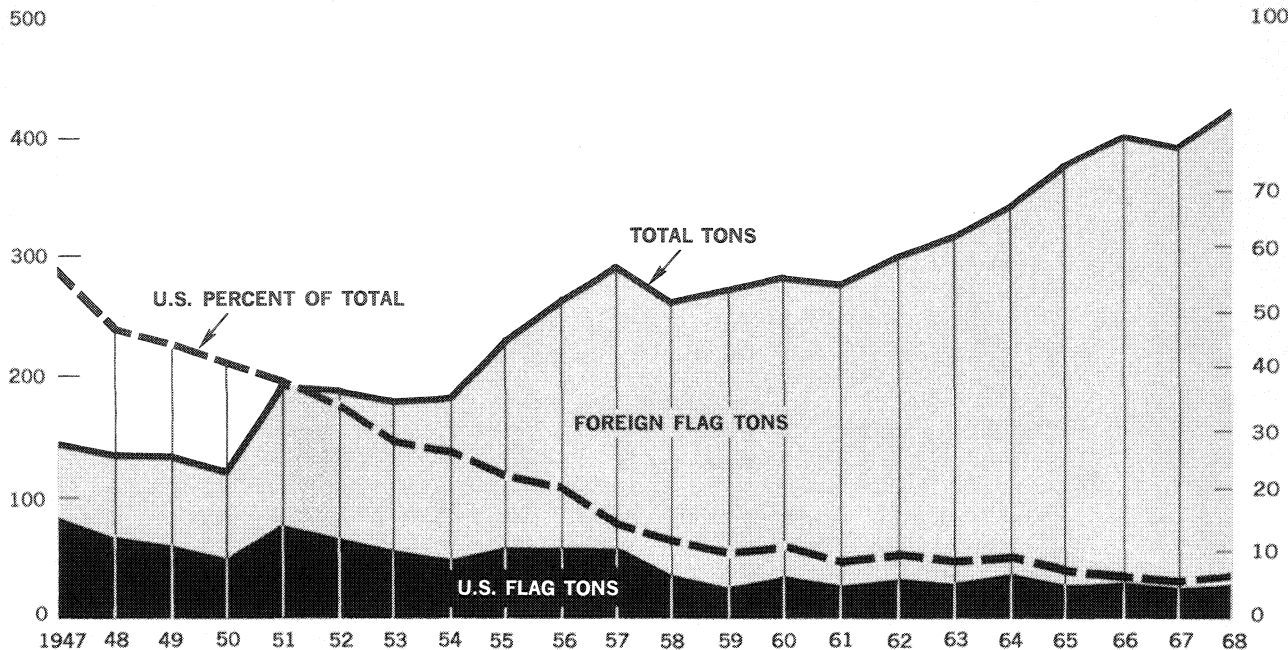
Efforts were continued to solicit the support of commercial importers and exporters to maximize the use of U.S. flag bottoms to promote the continuation of a slight upward trend in U.S. flag carriage of U.S. foreign trade realized by the liner fleet in terms of tonnage, and the non-liner and tanker fleet in terms of tonnage and value, in calendar year 1968. (See Charts 7 and 8.)

Included in the promotional efforts, which were primarily directed toward the liner fleet, were the promotion and coordination of experimental shipments utilizing

Chart VII. U. S. Oceanborne Foreign Trade: Commercial Cargo Carried [Tonnage]

Millions of Long Tons (2,240 lbs.)

Percent



| 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. | N.A. | 46.4 |
| Liner U.S. Flag Tons | N.A. | N.A. | N.A. | N.A. | N.A. | N.A. | N.A. | N.A. | N.A. | N.A. | 18.0 |
| Liner U.S. Percent | N.A. | N.A. | N.A. | N.A. | N.A. | N.A. | N.A. | N.A. | N.A. | N.A. | 38.7 |
| Non-Liner Total Tons | N.A. | N.A. | N.A. | N.A. | N.A. | N.A. | N.A. | N.A. | N.A. | N.A. | 116.0 |
| Non-Liner U.S. Flag Tons | N.A. | N.A. | N.A. | N.A. | N.A. | N.A. | N.A. | N.A. | N.A. | N.A. | 15.8 |
| Non-Liner U.S. Percent | N.A. | N.A. | N.A. | N.A. | N.A. | N.A. | N.A. | N.A. | N.A. | N.A. | 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 |

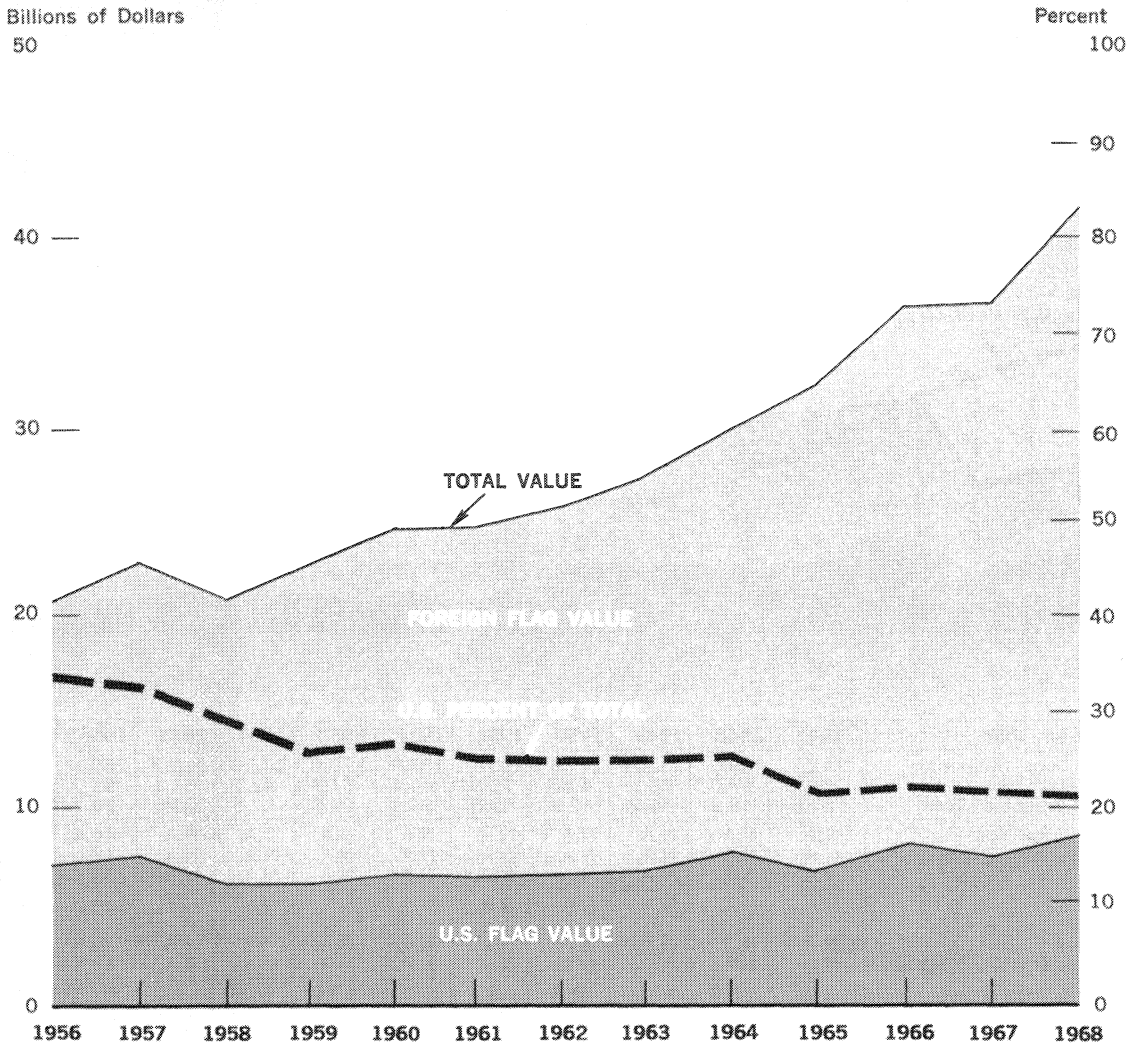
| Calendar Year | 1958 | 1959 | 1960 | 1961 | 1962 | 1963 | 1964 | 1965 | 1966 ¹ | 1967 ¹ | 1968 ² |
|--------------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------------------|-------------------|-------------------|
| Total Tons (Millions) | 253.3 | 267.0 | 277.9 | 272.4 | 296.8 | 311.6 | 332.8 | 371.3 | 392.3 | 387.6 | 418.3 |
| U.S. Flag Tons | 30.9 | 27.1 | 31.0 | 26.3 | 29.6 | 28.5 | 30.5 | 27.7 | 26.2 | 20.5 | 26.8 |
| U.S. Percent of Total | 12.2 | 10.2 | 11.1 | 9.7 | 10.0 | 9.2 | 9.2 | 7.5 | 6.7 | 5.3 | 6.4 |
| Liner Total Tons | 43.4 | 48.1 | 50.7 | 49.0 | 48.3 | 48.9 | 50.3 | 49.2 | 49.9 | 47.9 | 48.0 |
| Liner U.S. Flag Tons | 14.0 | 13.5 | 14.5 | 12.6 | 12.7 | 13.5 | 14.2 | 11.2 | 11.4 | 10.6 | 11.3 |
| Liner U.S. Percent | 32.3 | 28.1 | 28.6 | 25.8 | 26.2 | 27.7 | 28.1 | 22.8 | 22.9 | 22.2 | 23.6 |
| Non-Liner Total Tons | 105.1 | 106.9 | 109.0 | 106.7 | 125.2 | 136.2 | 161.4 | 171.6 | 189.5 | 190.4 | 207.3 |
| Non-Liner U.S. Flag Tons | 8.8 | 8.2 | 8.4 | 7.8 | 8.3 | 8.2 | 9.8 | 8.2 | 6.9 | 5.4 | 6.6 |
| Non-Liner U.S. Percent | 8.4 | 7.7 | 7.7 | 7.3 | 6.7 | 6.0 | 6.1 | 4.8 | 3.6 | 2.8 | 3.2 |
| Tanker Total Tons | 104.8 | 112.0 | 118.2 | 116.7 | 123.3 | 126.5 | 121.1 | 150.5 | 152.8 | 149.3 | 162.9 |
| Tanker U.S. Flag Tons | 8.0 | 5.4 | 8.1 | 5.9 | 8.5 | 6.8 | 6.6 | 8.2 | 7.9 | 4.5 | 8.8 |
| Tanker U.S. Percent | 7.6 | 4.8 | 6.9 | 5.1 | 6.9 | 5.4 | 5.4 | 5.5 | 5.2 | 3.0 | 5.4 |

N.A.—Not Available.

Note: Includes Government sponsored cargo; excludes Department of Defense cargo and U.S./Canada transatlantic cargo.

¹ 1966 and 1967 data revised 3/7/69. ² Preliminary data—subject to future revision.

Chart VIII. U.S. Oceanborne Foreign Trade: Commercial Cargo Carried [Dollar Value]



| Calendar Year | 1956 | 1957 | 1958 | 1959 | 1960 | 1961 | 1962 | 1963 | 1964 | 1965 | 1966 ¹ | 1967 ² | 1968 ² |
|-------------------------------|------|------|------|------|------|------|------|------|------|------|-------------------|-------------------|-------------------|
| Total Value (\$ billions) | 20.6 | 22.8 | 20.9 | 22.8 | 24.7 | 24.7 | 25.9 | 27.5 | 30.0 | 32.4 | 36.4 | 36.6 | 41.5 |
| U.S. Flag Value (\$ billions) | 7.0 | 7.3 | 6.0 | 6.0 | 6.5 | 6.3 | 6.5 | 6.9 | 7.7 | 6.9 | 8.2 | 7.9 | 8.7 |
| U.S. Percent of Total | 33.8 | 32.1 | 28.6 | 26.1 | 26.4 | 25.6 | 25.1 | 25.1 | 25.8 | 21.4 | 22.5 | 21.7 | 21.1 |
| Liner Total Value | 15.3 | 16.4 | 15.3 | 16.8 | 18.5 | 18.3 | 18.9 | 19.5 | 21.3 | 22.3 | 24.8 | 24.8 | 27.2 |
| Liner U.S. Flag Value | 6.1 | 6.4 | 5.4 | 5.5 | 5.9 | 5.7 | 5.8 | 6.2 | 7.0 | 6.2 | 7.5 | 7.4 | 7.9 |
| Liner U.S. Percent | 39.6 | 39.1 | 35.3 | 32.5 | 32.1 | 31.4 | 30.1 | 31.5 | 32.8 | 27.8 | 30.4 | 29.8 | 29.1 |
| Non-Liner Total Value | 3.3 | 4.0 | 3.4 | 3.7 | 3.6 | 3.7 | 4.3 | 5.2 | 5.9 | 6.6 | 8.2 | 8.6 | 10.8 |
| Non-Liner U.S. Flag Value | .5 | .5 | .3 | .3 | .3 | .4 | .4 | .5 | .5 | .4 | .4 | .4 | .5 |
| Non-Liner U.S. Percent | 15.0 | 12.6 | 9.2 | 8.4 | 9.0 | 10.6 | 9.6 | 9.6 | 8.6 | 6.3 | 4.9 | 4.5 | 5.0 |
| Tanker Total Value | 2.0 | 2.4 | 2.2 | 2.3 | 2.6 | 2.7 | 2.7 | 2.8 | 2.8 | 3.5 | 3.4 | 3.2 | 3.5 |
| Tanker U.S. Flag Value | .4 | .4 | .3 | .2 | .3 | .2 | .3 | .2 | .2 | .3 | .3 | .2 | .3 |
| Tanker U.S. Percent | 20.4 | 16.8 | 11.4 | 7.5 | 10.4 | 7.3 | 9.4 | 9.0 | 8.8 | 8.2 | 7.7 | 4.8 | 8.2 |

Note: Includes Government sponsored cargo; excludes Department of Defense cargo and U.S./Canada translake cargo.

¹1966 and 1967 data revised 3/7/69. ²Preliminary data—subject to future revision.

the intermodal concept and container handling. A merchant marine traveling exhibit was placed on display in several locations, accompanied by promotional literature emphasizing benefits to be derived by the nation and the shipper from using U.S.-flag ships.

An indirect aspect of cargo promotion carried out by the Agency was an attempt to increase the awareness of the general public as to the importance of the American Merchant Marine to the national economy and security. The principal project was sponsorship, with the U.S. shipping industry, for the thirteenth year, of the National Maritime Day Poster Contest, open to all U.S. high school students. The winner, Felix Saucedo of San Antonio, Texas, was presented a \$500 award, and his poster was unveiled in a ceremony on the Capitol steps attended by Congressional and Executive branch dignitaries. Through the cooperation of the Post Office Department, the winning poster, bearing the message: "American Ships: Freedom's Life-line", was displayed on all U.S. mail trucks throughout May, with appropriate ceremonies held in many cities and towns to place the first poster on a local mail truck.

Other educational efforts undertaken included providing speakers to school groups and other groups of interested citizens, and providing literature on the merchant marine to classroom teachers.

Domestic Shipping

During the year, shippers were given assistance in determining cargo space

availability in the non-contiguous trades.

Hearings were held on Delta Steamship Lines' application to serve Gulf ports and Puerto Rico, which was submitted in fiscal year 1968 to relieve a shortage of shipping space for non-containerizable cargoes reported by shippers since suspension of Alcoa Steamship Company's sailings in late 1966.

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 173 ships of 1,245,904 gross tons on the Maritime Administration list of those ineligible to carry government cargoes because of calls at Cuban ports since January 1, 1963. Eighteen were added to the list during the year, and 39 were removed, of which 5 had been reinstated, 2 transferred to Cuban registry, and 32 had been broken up, sunk or wrecked. The number of reported arrivals in Cuba of ships listed was 190, nineteen less than in 1968.

At the end of the fiscal year there were 55 ships of 370,829 gross tons ineligible to carry Government cargoes because of calls at Vietnam ports since January 25, 1966. Thirteen ships were added to the list during the fiscal year, and 11 were removed, having been broken up, sunk, or wrecked.

Maritime Manpower

Labor Data

Seafaring employment decreased approximately eight percent as compared to fiscal year 1968 employment, caused pri-

marily by the 113-day Atlantic and Gulf longshore strike, which at its peak had immobilized 191 U.S.-flag merchant ships.

Commercial shipyard employment rose by more than five percent. The longshore labor force decreased by approximately 1.9 percent. (See Table 10)

Labor-Management Relations

Almost all seafaring union contracts expired on June 15, 1969. The major Atlantic and Gulf Coast contracts covering licensed marine engineers (Marine Engineers Beneficial Association), radio officers (American Radio Association) and unlicensed seamen (National Maritime Union) were renewed with tentative agreements based on a reported 32 percent package increase for a three-year contract term without strike action. The licensed deck officers (Masters, Mates & Pilots), however, sought to uphold the primacy of Masters' earnings and the elimination of alleged contract inequities, which precipitated strike action on June 16 against two management associations, the Maritime Service Committee (MSC) composed of dry cargo ship operators, and the Tanker Service Committee. A tentative accord was reached with MSC on the second day of the MM & P strike, while the work stoppage against tanker operators continued through July 1. The initial two-day MM & P strike against dry cargo and tanker operators affected 23 ships. The subsequent strike action against tanker operators involved 35 vessels.

On the West Coast, agreements with the major seafaring unions had not been reached by the end of the fiscal year; however, negotiations were in progress.

Six other seafaring union strikes during the year over representation rights, interpretation of contract provisions, and inter-union disputes contributed to the total loss of 18,550 man-days during the fiscal year.

The expiration of the Atlantic and Gulf International Longshoremen's Association contract on September 30, 1968, initiated a two-day strike terminated by an injunction under the Taft-Hartley Act. The strike resumed December 20, ending with a return to work at New York on the 56th day of the strike, followed by other Atlantic and Gulf ports at varying intervals until the last of the Texas ports returned to work on the 113th day, April 13, 1969. Other ILA longshoremen's wildcat strikes erupted because of employer refusal to hire short-handed gangs, disputes concerning vacation payments, and the distribution of container royalties.

Problems over the handling of containers at Pacific Coast ports led to a 12-day work stoppage as the International Longshoremen's and Warehousemen's Union disputed the right of the International Brotherhood of Teamsters to stuff and strip containerized cargo.

The longshore industry suffered a loss of 2,398,200 mandays of productivity as a result of strikes during the fiscal year.

Table 10 — MARITIME MANPOWER DAILY AVERAGE EMPLOYMENT

| Type | Normal Daily Average | |
|---|----------------------|---------------------|
| | 1969 | 1968 |
| Seafaring (Shipboard jobs) | 49,534 | 53,880 |
| Shipyards (commercial yards able to construct oceangoing ships 475 by 68 feet.) | | |
| Production employees | 64,290 | 60,940 |
| Total force including management & clerical | 78,209 | 74,625 |
| Longshoremen | 68,700 | 70,000 ¹ |

¹ Estimated; generally, however, more than 95,000 men were associated with the longshore workforce.

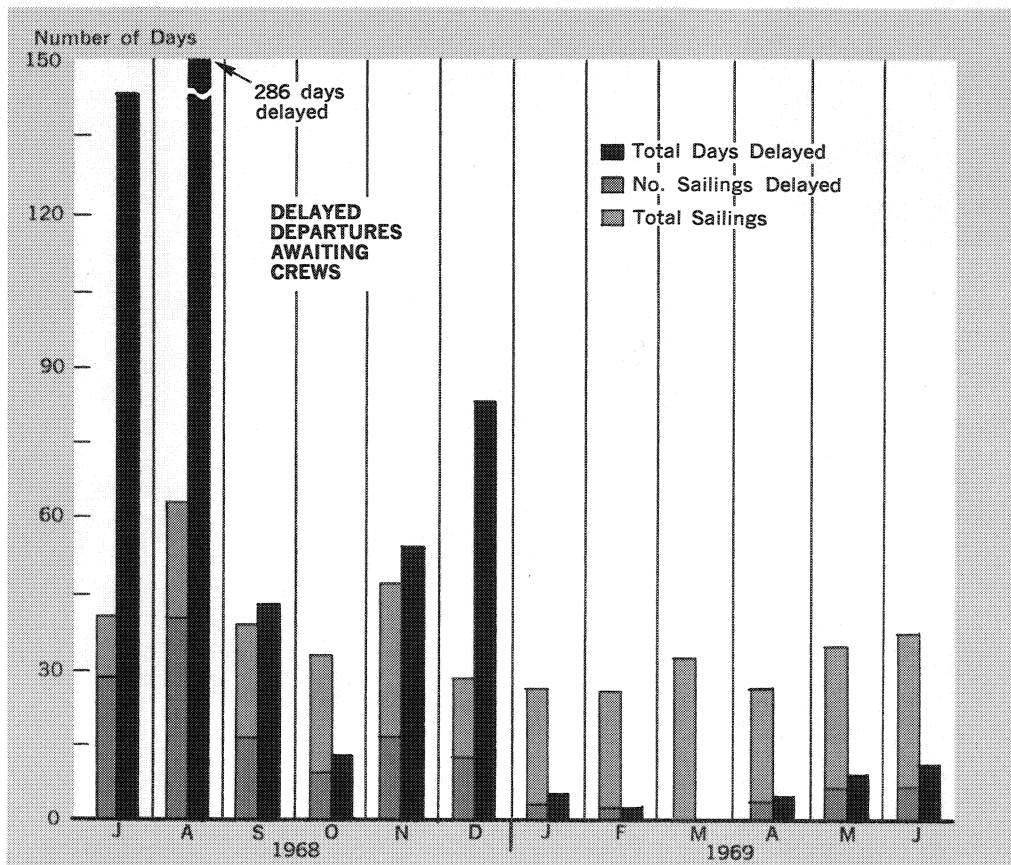
Shipyard strikes over sub-contracts and the termination of contracts at repair yards at Houston, Tex., and Los Angeles, Calif., resulted in 30,000 man-days of idleness for shipyard workers.

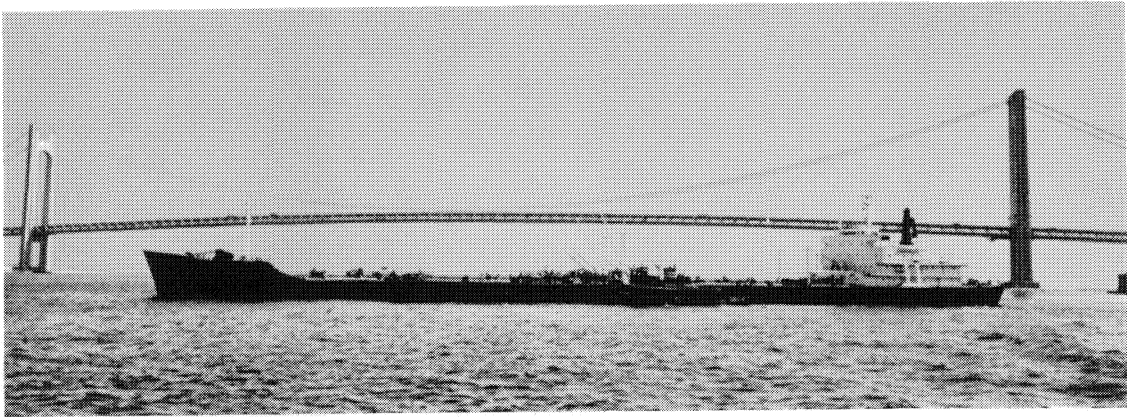
Seamen Shortages

Shortages of skilled seafaring personnel continued unabated, with shortages of licensed marine engineers and deck officers remaining the principal cause of delayed and short-handed sailings of government-owned ships serving military requirements in Southeast Asia. A total of

135 sailings under General Agency operation experienced a cumulative delay of 649 days during the fiscal year, for an average of 4.8 days' delay per ship affected, compared to the average of 3.6 days' delay for 201 sailings affected in fiscal year 1968, and the average of 3.3 days' delay for 201 sailings affected in fiscal year 1967. (See Chart 9) Local, state, and national units of the Selective Service System continued their cooperation in considering occupational deferments for categories of seamen in short supply.

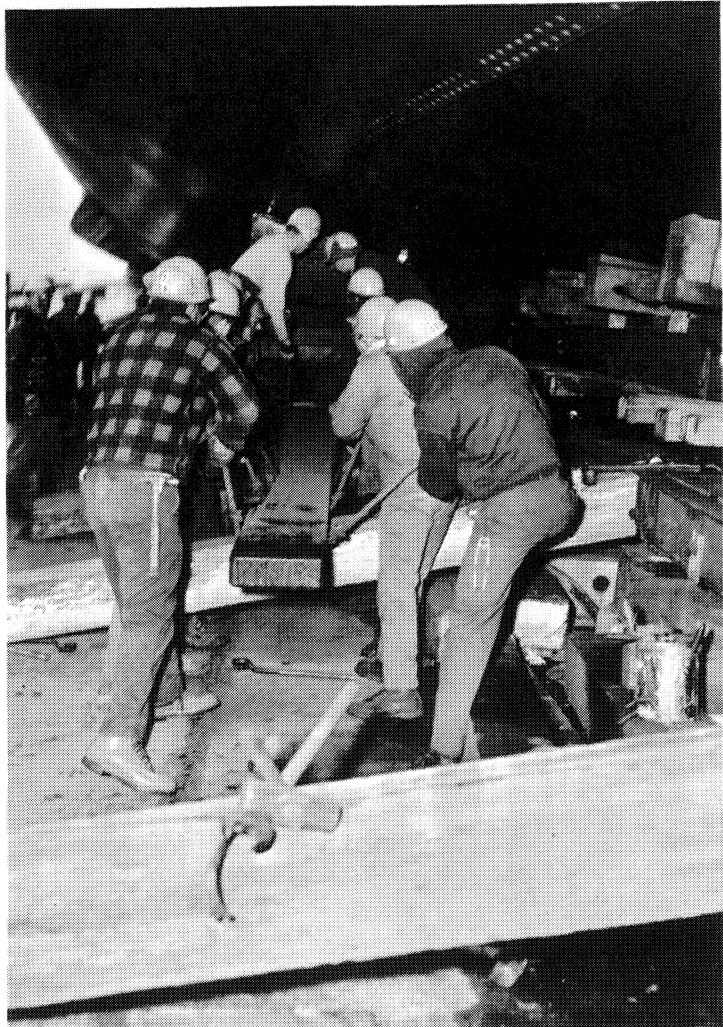
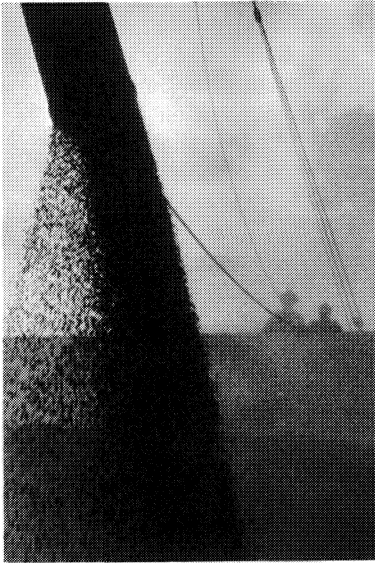
Chart IX. Crew Shortages GAA Ships





Above: Federal Ship Mortgage Insurance has helped to make private capital available for building new tankers.

Left: The share of government-sponsored cargoes such as the wheat sent to under-developed countries which must be carried by U.S. ships helps to keep nonsubsidized U.S. flag tramp ships in operation. Below: Stability of labor relations among seamen, shipyard workers and longshoremen is an essential ingredient in improving the competitiveness of the U.S. Merchant Marine.



Below: High school students help to promote the U.S. Merchant Marine by competing in a National Maritime Day Poster Contest. The winner for 1969 was Felix Saucedo.



Seamen Training

Nine hundred and ninety-six seamen completed the Maritime Administration's radar, gyro, and loran training programs, and 1,728 completed the fire fighting and damage control courses sponsored by MarAd and MSTs.

Two hundred and eighty-seven deck and engine officers and 38 purser-pharmacist mates were graduated from the training programs of various seafaring labor unions, while upgrading programs were sponsored by several unlicensed unions.

Eighty-five third mates, 109 third assistant engineers, and 19 with dual training as third mates and third assistant engineers were graduated from the U.S. Merchant Marine Academy, Kings Point, N.Y. The 19 with dual training were the first graduates of the dual deck-engine curriculum. In addition to their licenses, the graduates received bachelor of science degrees, and, if qualified, commissions as ensigns in the U.S. Naval Reserve. The Academy had an average of 918 students during the year.

Effective July 1, 1968, cadet sea-year pay was increased from \$160.50 to \$171.60 per month.

A new library, with capacity for 100,000 volumes, was opened. The facility was named for Schuyler Otis Bland, a former chairman of the House of Representatives' Merchant Marine and Fisheries Committee.

One hundred fifty-six third mates and 249 third assistant engineers were graduated from the State marine schools at Vallejo, California; Castine, Maine; Buzzards Bay, Mass.; Galveston, Texas; and Fort Schuyler, New York. All who qualified received commissions as ensigns in the U.S. Naval Reserve in addition to their licenses.

The schools had a combined average enrollment of 1,640 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.

Merchant Marine Awards

Two Gallant Ship awards were presented during the year. The West German flag ship MATHILDE BOLTEN, owned by August Bolten, was recognized for outstanding action displayed in rescuing 34 survivors of the crew of the American-flag ship SMITH VOYAGER, when it foundered in heavy seas in the Atlantic on December 20, 1964. The German-flag ship WEISENBURG, owned by Hamburg American Lines, was granted the award for outstanding action in rescuing 25 survivors following the collision of the American-flag ship CEDARVILLE and Norwegian-flag ship TOPDALSFJORD in heavy fog in the Straits of Mackinac, Michigan, May 7, 1965. Both awards were presented in Germany.

Merchant Marine Meritorious Service medals were presented to William P. Vause, crew member of the USNS MICHELSON, in recognition of his participation in the successful rescue of survivors of the Chinese-flag GRAND when it foundered and sank about 350 miles off the coast of Japan, January 13, 1965; to Captain Eugene A. Olsen, William J. Murphy, and Thurmond Perry in recognition of their courage and teamwork while their vessel, PRESIDENT BUCHANAN, was under attack in the Long Tao River, Saigon, South Vietnam, November 18, 1967; and to six members of the crew of the Tug E. WHITNEY OLSON, JR. for their rescue of four men swept from the Tow JALISCO by huge seas off the coast of California, November 15, 1966.

Authorization was granted for issuing 4,220 Vietnam Service Bars during the year. The bars may be issued to seamen who have served in Vietnam waters aboard U.S.-flag merchant ships at any time since July 4, 1965.

Artist's concept of the 100-ton surface-effect ship, a major phase in a long-range effort to determine the feasibility of building and operating large high-speed transocean ships of 4,000-5,000 tons.



RESEARCH AND DEVELOPMENT

Program Guidance

The Maritime Administration Research and Development Advisory Committee concluded its work during the year and submitted a report to the Administrator recommending a strong research and development effort with participation of senior industry executives in planning such a program.

Following up this recommendation, a new and more extensive effort was being planned at the end of the fiscal year to develop guidelines for the Agency's research and development work. A three-

week conference was being planned for just after the close of the fiscal year which would bring together high-ranking representatives from all segments of the maritime industry to consider a long-range research and development program for the Agency. Specific projects and priorities were to be discussed, working toward the goal of charting the direction of government-sponsored research in the commercial marine field over the next five years. The conference was to be the first large-scale maritime research and development meeting ever held in the United States.

Advanced Research Concepts

Waterborne Feeder Subsystems

A one-year \$116,857 contract for a study to explore the potential capability of waterborne feeder concepts to complement planned transoceanic unitized cargo transportation by ship was awarded to Arthur D. Little, Inc., Cambridge, Mass. The investigation will include parametric analyses, engineering development, and conceptual designs, along with technical and economic evaluations of the concepts developed.

Information Dissemination

A \$98,800 contract was awarded to the National Academy of Sciences to perform services necessary to set up and operate a Maritime Research Information Service that would make latest research data known and available to the public.

Ship Operations Research

Approximately \$20,000 has been transferred to the Office of Naval Research for Marad's participation with ONR and other

government agencies in a mechanical working group involving analysis, detection and control of mechanical equipment failures.

Shipbuilding & Port Programs

As an initial step to define ways in which U.S. ports can improve their productivity, a contract for \$31,898 was awarded to Arthur D. Little, Inc. to survey the management problems of ten ports. The objective, initially defined by the Association of American Port Authorities, is to determine the type of information which would be of the greatest help to U.S. ports which are undertaking the development of container facilities, and also determine ways in which ports which do not intend to compete as major container ports can most effectively allocate their resources.

As a means to insure that U.S. port capability can be maintained in time of emergency, a contract for \$82,280 was awarded to Bechtel Corporation, Vernon, Calif., for an exploratory study to determine the cost and characteristics of a modular system of equipment which could

be kept in reserve to provide emergency berthing for unloading general cargo ships in a port damaged by natural disaster, or military action, in the continental U.S. or overseas. The study, completed during the

year, found that a towed barge, using the roll-on/roll-off lighterage concept of cargo handling, makes the most suitable mobile emergency port package based on cost, application potential, and relative safety of operation.

Nuclear Program

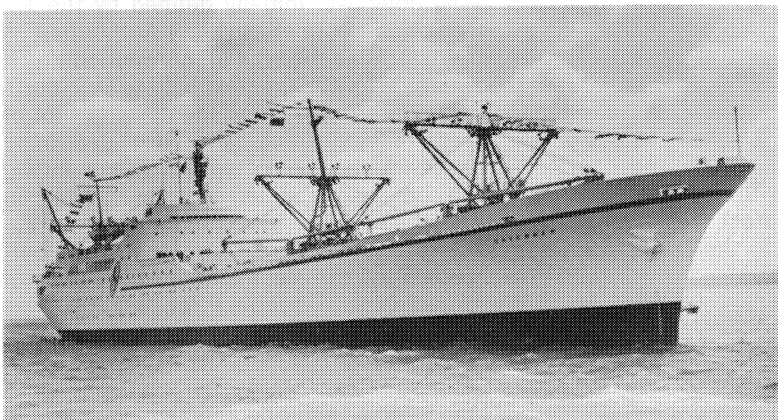
N.S. SAVANNAH

The N.S. SAVANNAH was in service for its fourth year of experimental commercial operation during fiscal year 1969, bareboat-chartered to First Atomic Ship Transport, Inc. (FAST). It continued operation 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.

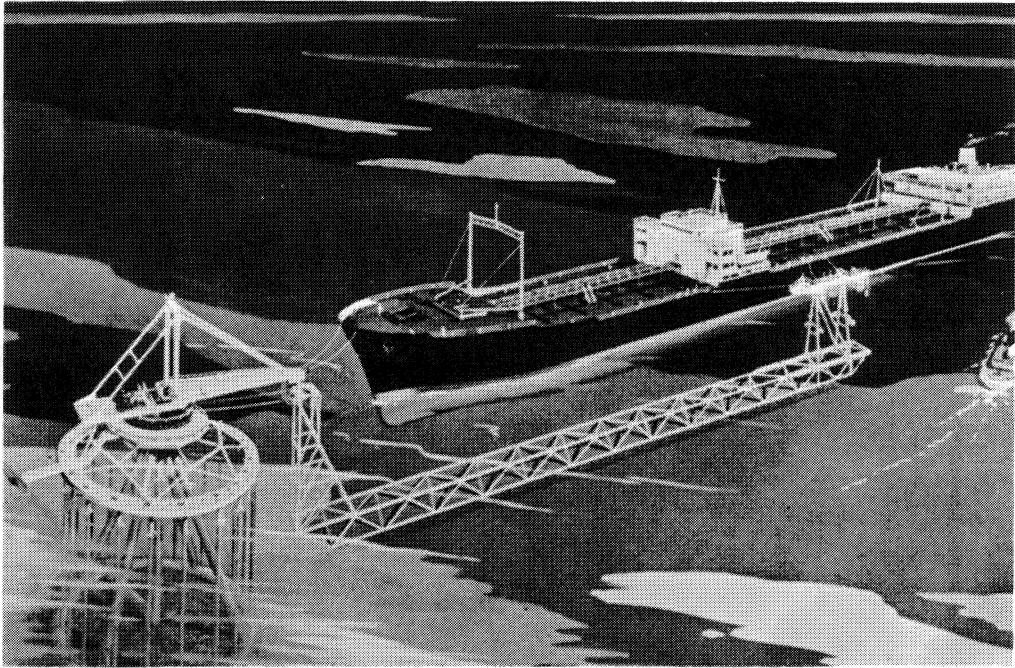
The N.S. SAVANNAH underwent its first refueling in August 1968 at the Nuclear Ship Servicing Facility in Galveston, Texas. The refueling consisted of replacement of one-eighth of the fuel elements and "shuffling" of the remainder, relocating them in the core matrix. Accomplished within two months, the refueling was expected to enable the ship to operate for an additional two years. Between its first voyage in February 1962 and its refueling, the ship traveled over 330,000 miles and burned

approximately 122 pounds of uranium fuel.

Two invitations were issued during the year requesting proposals for using the SAVANNAH to develop a marine nuclear propulsion system that would be cost competitive with fossil-fueled systems, and for proposals for long-term operation of the ship either under a 5-10 year bareboat charter agreement or with transfer of title of the ship. None of the proposals received under either invitation would have reduced the Government's cost of operating the SAVANNAH, nor were any of the proposals considered fully responsive to the Government's objectives; therefore, the ship was bareboat-chartered to FAST for a fifth year of operation to provide a continuing training base for reactor operators, to continue to keep ports open, and to assist in opening ports for follow-up nuclear ships.



The NS SAVANNAH, in regular commercial service for its fourth year, has continued to serve as a training base for nuclear ship operation of the future.



Research is being undertaken into the possibility of offshore loading facilities for the huge ships of the future which will be too large for land ports.

Surface Effect Ship

The Joint Surface-Effect Ship Program Office, established by the Navy Department and Commerce Department to develop a large oceangoing surface-effect ship, continued working toward its goal. Several contracts were awarded during the year to investigate various aspects of a large surface-effect ship, and two contracts were awarded to implement the testcraft program on a 100-ton surface-effect ship. The testcraft contracts were awarded to Aerojet-General Corpora-

tion, El Monte, Calif., which will use waterjet propulsion units driven by gas turbines, and to Bell Aerosystems Company, Buffalo, N.Y., whose craft will be propelled by supercavitating propellers driven by gas turbine engines. Both are cost-plus-incentive-fee contracts, which are to be incrementally funded. Funding for each contractor in FY 1969 was set at \$1.55 million to cover detailed engineering designs.

Other Research Activities

The status of contracts placed prior to fiscal year 1969 is indicated in Table 11.

For reports on completed contracts see Shipping Studies and Reports.

Table 11 — RESEARCH CONTRACTS PLACED PRIOR TO FISCAL YEAR 1969

| Company Under Contract | Research Contracts | Status |
|---|---|--|
| Advanced Ship Research: | | |
| Matson Research, San Francisco, Cal. | Transocean Tug-Barge Systems Study | Engineering analyses are being undertaken in sufficient detail to establish a reasonable degree of certainty as to technical feasibility and component cost. |
| IIT Research Institute Chicago, Ill. | Combustion of residual fuels with recirculation | Completed. |
| Stevens Institute of Technology, Hoboken, N.J. | Operation of barge trains in a seaway. | Completed. Report not complete |
| George G. Sharp, Inc. N.Y., N.Y. | Transitional Containership concept | Completed. Report published. |
| General Dynamics Corp. Groton, Conn. | Catamaran cargo ship feasibility study | Completed. Report published. |
| Booz-Allen Applied Research, Inc., Bethesda, Md. | Competitive Merchant Ship— System requirements and constraints, and analysis of alternative concepts | Completed. Report published. |
| Stanford Research Institute Menlo Park, Calif. | Competitive Merchant Ship— Bulk commodity forecast | Completed. Report published. |
| Litton Industries Culver City, Calif. | Competitive Merchant Ship— Technology and technical innovations study | Completed. |
| Ship Operations Research: | | |
| General Dynamics Groton, Conn. | Human Factors in Ship Control | A guide for ship designers and three variations of proposed bridge designs have been completed. Work is continuing on human factors on radar display and usage. |
| Sperry Marine Co. Charlottesville, Va. | Look-Out Assist Device | Continued evaluation in service on Great Lakes ship SS WILLIAM GREENE. |
| Westinghouse Electric Baltimore, Maryland | VHF Satellite Communications | Specifications being developed for a modular satellite communications transmitting/receiving station for shipboard application with the ATS and similar satellites. |
| Combustion Engineering Windsor, Connecticut | Self-Regulating Steam Generator | Testing is continuing at the Naval Ship Engineering Center, Philadelphia, Pa. The current test phase involves the use of alternate burners and a modified fuel system. |

Table 11 — RESEARCH CONTRACTS PLACED PRIOR TO FISCAL YEAR 1969—continued

| Company Under Contract | Research Contracts | Status |
|--|--|--|
| Ship Operations Research—continued | | |
| Maritime Transportation Research Board, National Academy of Sciences Washington, D.C. | Shipboard Safety and Information System Development | Continuing |
| Radio Technical Commission For Marine Services Washington, D.C. | Improved Standards for Radio and Electronic Equipment | Continuing |
| Naval Ship Research and Development Center Carderock, Maryland | Bulbs on Hull Form Blohn and Voss | Additional tank tests being performed with straight line form and MarAd equivalent rounded form. |
| Massachusetts Institute of Technology Cambridge, Massachusetts | Seakeeping Qualities, Motions and Powering Predictions | Research continues in the areas of improving ship performance in rough weather; improving power characteristics and solving ship powering problems as they may present themselves in specific ship design cases; various shape sterns, and frictional resistance of hull scale and coatings. |
| Stevens Institute of Technology Hoboken, New Jersey | Ship Maneuvering and Control Manual-Rational Rudder Design Methods | Research continues in areas of rudder shape determination for efficient operation at sea; improved control during docking and stopping; analyzing systems currently in use to upgrade operating efficiency and improve economy; and research into new concepts. |
| University of Michigan Ann Arbor, Michigan | Resistance and Propulsion Bulbous Bows and Transom Sterns | Continuing |
| IIT Chicago, Illinois | Oil Monitor Instrumentation | Instrument being modified and retested to make it more specific to oil. |
| AMF-Cuno Division Meriden, Connecticut | Oil Water Separator | Drawings have been completed and specifications determined for a full scale shipboard prototype design. |
| F. R. Harris, Inc. N.Y., N.Y. | Mooring Improvement System | Completed. Final report not yet complete. |
| Robert Taggart, Inc. Fairfax, Virginia | Functional and economic analysis of ship maneuvering systems | Completed. Report not yet published. |

Table 11 — RESEARCH CONTRACTS PLACED PRIOR TO FISCAL YEAR 1969—continued

| Company Under Contract | Research Contracts | Status |
|--|---|------------------------------|
| Ship Operations Research—continued | | |
| Litton Systems, Inc. Culver City, Calif. | Economic analysis of the ship maintenance function | Completed. Report published. |
| Cleveland Cliffs Iron Co. Cleveland, Ohio | Automatic boiler controls | Completed. |
| Naval Ship Research & Development Center Carderock, Maryland | Frictional resistance—ship hull (scale and coatings) | Completed. |
| Naval Ship Research & Development Center Carderock, Maryland | Propulsion efficiency (U versus V form bows) | Completed. |
| Naval Ship Research & Development Center Carderock, Maryland | Propulsion Efficiency—contra-rotating propellers | Completed. |
| Shipbuilding and Port Research: | | |
| University of California Berkeley, California | Ship Structure Laboratory Testing and Analysis | Continuing. |
| Ship Structures Committee (Navy, Coast Guard, ABS) | Structural Design Criteria | Continuing. |
| Society of Naval Architects & Marine Engineers New York, New York | Full-scale stress measurement tests of Great Lakes ore carrier | Completed. |
| National Bureau of Standards Washington, D.C. | Inland cargo consolidation centers | Completed. |
| Control Systems Research Co., Arlington, Virginia | Feasibility of reduced cargo gear installations on board break-bulk cargo ships | Completed. Report published. |
| Engineering & Management Sciences Corp., Woodland Hills, Calif. | Shipbuilding cost estimating methodology | Completed. Report published. |
| Batelle Memorial Institute Columbus, Ohio | Paint testing | Completed. Report published. |
| Nuclear Research: | | |
| First Atomic Ship Transport, Inc., Hoboken, New Jersey | Experimental Commercial Operation of N.S. SAVANNAH | Continuing. |
| Todd Shipyards Galveston, Texas | Facilities and Support of N.S. SAVANNAH | Continuing. |
| First Atomic Ship Transport, Inc., Hoboken, New Jersey | Nuclear Training N.S. SAVANNAH | Continuing. |

Table 11 — RESEARCH CONTRACTS PLACED PRIOR TO FISCAL YEAR—continued

| Company Under Contract | Research Contracts | Status |
|--|--|------------------------------|
| Nuclear Research—continued | | |
| U.S. Merchant Marine Academy, Kings Point, New York | Nuclear Training N.S. SAVANNAH | Continuing. |
| Nuclear Fuel Services Bethesda, Maryland | Spent Fuel Shipping Services | Continuing. |
| U.S. Public Health Service | Facilities and Support of N.S. SAVANNAH | Completed. |
| Bull & Roberts, Inc. Murray Hill, New Jersey | Nuclear Training N.S. SAVANNAH | Completed. |
| General Dynamics Corp. Groton, Connecticut | Advanced nuclear cargo ship study | Completed. Report published. |
| Babcock & Wilcox Lynchburg, Virginia | Merchant ship reactor— preliminary safety analysis | Completed. Report published. |
| Westinghouse Electric Corp. Pittsburgh, Pennsylvania | Merchant ship reactor— preliminary safety analysis | Completed. Report published. |
| J. J. McMullen Associates | Analysis of ship motions for a large loaded nuclear containership with and without a flume stabilization system. | Completed. Report published. |

The first container berth has been completed at the Norfolk Terminal, sold to the City of Norfolk by the Maritime Administration in fiscal year 1969 for development as a modern terminal for handling intermodal and containerized cargo.



ADMINISTRATION

Management

Audits

In response to recommendations included in the General Accounting Office report to Congress, "Need to Improve Procurement Procedures for Outfitting Vessels Activated for Use in Southeast Asia," the Maritime Administration adopted uniform procurement procedures, standardized outfitting and established uniform specifications for standard items, and increased consolidated purchases through central procurement and use of government sources of supply.

In response to another recommendation of the General Accounting Office, steps were taken to improve the administration and control of automatic data processing activities.

Facilities

Real Property

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.; a terminal at Hoboken, N.J.; the U.S. Merchant Marine Academy at Kings Point, N.Y.; and National Defense Reserve Fleet sites at Tomkins Cove, N.Y.; Lee Hall, Va.; Mobile, Ala.; Beaumont, Texas; Benica, Calif.; and Olympia, Wash.

The Wilmington, N.C. Shipyard was under lease-purchase and long-term lease agreements with the North Carolina State Ports Authority.

The former National Defense Reserve Fleet anchorage at Astoria, Ore., was under lease to the Ports of Astoria and Portland. The General Services Administration turned over the buildings and im-

Internal Management

Cost reduction actions under the 3-E program to improve the economy, efficiency and effectiveness of Maritime Administration operations resulted in savings of \$8,192,000 for the year. Principal actions were: (a) use of standard ship design for seven new ships; (b) reduction of daily costs of subsistence, stores, supplies, and equipment for ships operating under General Agency Agreement for the Vietnam sealift; (c) application of value engineering techniques to new ship construction; and (d) developing a plan to reshuffle fuel elements of the SAVANNAH rather than replace the entire core.

A major reorganization of the agency was being planned at year's end to provide a more effective organizational structure.

provements at the former Wilmington, N.C., fleet anchorage to the North Carolina State Highway Commission, and was proceeding with the disposition of the remainder of the fleet site.

The Hoboken Terminal was under long-term lease to the Port of New York Authority. The Norfolk Terminal was sold to the City of Norfolk on December 27, 1968, for use as a public marine terminal on an open basis, so that all users will receive equal treatment with respect to the facilities available, under customary port practices and established rate schedules. Under the terms of the sale, the City of Norfolk is required to develop the property as a modern terminal for the handling of intermodal and containerized cargo.

Rents from leases of real property to private interests during the year amounted to \$1,500.

Material Control

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 \$186,107.

Marine equipment valued at \$425,827 was loaned to steamship operators and government agencies during the year. At the end of the year, equipment with a value of \$477,704 was on loan. User charges for this equipment amounted to \$4,200.

Personnel

Employment

Andrew E. Gibson was sworn in as Maritime Administrator on March 25, 1969.

During the year, the total of Maritime Administration personnel employed decreased by 77 positions from 2,309 to 2,232. These figures do not include an average of 6,241 seamen employed by contractors operating ships under the GAA program. Over 22 percent of the agency work force consisted of minority group employees.

Training

An advanced Secretarial Techniques Course and a beginning Shorthand Course were initiated to supplement courses initiated in FY 1968 to develop disadvantaged and underutilized employees. A new Supervisory Development Program was established for first line supervisors, and a seminar, The Effects of Technological Change and Transportation, was held for upper level personnel in agency operating units to consider technological changes affecting transportation systems, particularly maritime transportation. Eighteen employees were trained in the third annual middle management program, and nine were in the training program for naval architects and marine engineers.

Excess personal property having an acquisition value of \$4,090,065 was disposed of during the year, including property with an acquisition value of \$2,563,646 donated or transferred to other government agencies. Property valued at \$15,107 was destroyed or abandoned, and property with acquisition value of \$1,511,312 was sold for \$118,606.

Warehouse inventories were increased by \$50,000 in the fiscal year; equipment in stock was valued at approximately \$12.9 million.

Approximately 940 employees were trained in various professional, managerial, technical and clerical courses.

Awards

During the year, 3 employees received the Department of Commerce Gold Medal award for contributions of major significance to the Department, the nation or the world; three received the Silver Medal for contributions of unusual value to the Department; and six received the Bronze Medal for extremely competent performance of official duties in the Department over a long period of time. One hundred eight employees received cash awards totalling \$20,885, of which 76 were honored for sustained superior performance and 32 for special act or service or for singular achievement.

Forty-seven employee suggestions were adopted, with savings estimated at \$1,790, for which a total of \$905 was paid in awards.

Safety

The President's goal of a 30 percent reduction in the number of injuries was surpassed by Maritime in 1968, when the injury frequency rate was reduced by 64.8 percent compared to the base year of 1963.

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 \$288.3 million. The cost included \$231.2 million for operating- and construction-differential subsidies, \$13.0 million for depreciation on reserve fleet vessels and other assets, \$11.1 million for research and development, and \$10.9 million for administrative expenses. The equity of the Government at June 30, 1969, totaled \$1,349.0 million, an increase of \$71.3 million from June 30, 1968. The increase includes the net cost of combined operations of \$288.3 million and the return of \$21.0 million in collections and unobligated balances to the Treasury, offset by \$356.2 million appropriated by Congress and \$24.6 million in property transfers from other agencies.

The details of the financial position of the Maritime Administration at June 30, 1969, and the financial results of its operations for the fiscal year are presented in the financial statements at the end of this report.

At the close of the fiscal year, a major effort was underway to revise completely and automate accounting and financial information. The new system will be installed for fiscal year 1971.

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 periods from 1958 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 two of the operators were audited through calendar year 1968.

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 \$3.4 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, outstanding on June 30, 1969, were: 1,418 for war risk hull insurance, 1,298 for war risk protection and indemnity insurance, and 1,101 for war risk insurance of crew life and personal effects.

From the inception of the war risk binder program in 1952 to June 30, 1969, binder fees totaled \$871,188, and expenses totaled \$611,981, of which \$333,816 was paid as fees and expenses to the underwriting agent appointed by Maritime to process the binders.

During the year the determination was made to limit availability of hull insurance on tankers or reefers owned or controlled by U.S. citizens, registered under Panamanian, Honduran or Liberian flag, to those 25 years old or less, with the exception of tankers modified or jumboized by adding a new forebody within the past ten years. Modified or jumboized tankers will be eligible for the insurance until the oldest section of the ship is thirty years old.

War risk builder's risk insurance for the prelaunching construction period was written on 152 ships from the inception of the program in 1953 through June 30, 1969. Premiums totaled \$3,087,271. From October 1962 through June 30, 1969, 50 policies were issued for war risk builder's risk insurance for the post-launching 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. Commercial underwriting agents will be employed to write this insurance, and as of June 30, 1969, 38 were under contract.

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. Second Seamen's war risk insurance was provided for the crews of 20 Government-owned tankers operated for the account of MSTs.

2. War risk hull and Second Seamen's war risk insurance were provided on one privately owned U.S.-flag vessel and its crew while under bareboat charter to MSTs.

3. Second Seamen's war risk insurance was provided for the crews of 205 privately owned U.S.-flag tankers and dry cargo vessels chartered to MSTs. The coverage provided is limited to the "Vietnam Combat Zone," referred to by commercial underwriters as an additional premium trading area.

Net premium savings to the Navy under Programs Nos. 1 and 2, above, from inception in 1954 and 1964, respectively, to June 30, 1969, were estimated at \$775,560, after deducting claim payments of \$110,740 and pending estimates of \$11,250. Net premium savings to the Navy under program No. 3 above, from inception on July 15, 1968, to June 30, 1969, were estimated at \$1,335,475, after deducting claim payments of \$40,075 and pending estimates of \$1,000.

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, 1969, interest earned totaled \$999,522.

Other Insurance Activities

Maritime continued to self-insure government-owned ships, with the exception of 109 ships in active operation under 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 \$6 million for the period of the expansion of Vietnam

Table 12 — MARINE AND WAR RISK INSURANCE CLAIMS

| Fiscal year 1969 | Claims Reported | Number of claims settled ¹ | Amount Settled |
|---|-----------------|---------------------------------------|----------------|
| Marine protection and indemnity: Against the Government ² | 3,927 | 2,714 | \$1,317,559 |
| Marine Hull: | | | |
| In favor of the Government | 161 | 210 | 99,674 |
| Against the Government | 10 | 15 | 68,213 |
| Marine builder's risk: Against the Government | 1 | 1 | 13,576 |
| Second Seamen's war risk: Against the Government | 2 | 0 | 0 |

¹ Settlements include claims reported in prior years

² Approximate

hostilities from July 1965 through June 30, 1969.

Claims of a marine and war risk insurance nature assumed by the Government (not recoverable from commercial insurance) are as shown in Table 12.

Mortgagee insurance providing coverage when marine policies are invalidated was renewed on April 1, 1969, at expiring premium rates on ships owned by unsubsidized operators who have mortgages insured under Title XI. Owners of 32 vessels were covered. Primary coverage was placed in the American market to the extent of 13½ 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 13 — INSURANCE APPROVED

| Kind of insurance | Total amount | Percentage American | Percentage Foreign |
|-----------------------------------|-----------------|---------------------|--------------------|
| Marine hull | \$1,847,211,500 | 66 | 34 |
| Marine protection and indemnity | 1,719,730,000 | 82 | 18 |
| War risk hull | 1,517,982,000 | 7 | 93 |
| War risk protection and indemnity | 1,694,347,400 | 6 | 94 |

POLICY AND PLANS

Program Planning

Efforts continued throughout the year to develop a new maritime program for presentation to the Congress in calendar year 1969. The object was revitalization of the industry, replacement of obsolete tonnage, and reversal of the decline toward a serious deficiency in tonnage to meet emergency requirements in the mid-1970's.

The primary thrust of the program planning was toward increased ship construction in U.S. shipyards and improved systems of government aid directed to all segments of the industry. Policy development involved extensive examination of alternative systems of aid with the view to incorporation of greater incentives for increased production. Another major concentration of the planning activity was directed to exploration and analysis of alternative systems of program financing, including consideration of inducements for private financing and deferred payment systems.

Planning and analysis of Maritime Administration programs were conducted as an integral part of the planning-programming-budgeting system. Special program memoranda were prepared on the future requirements of the national defense reserve fleet and the ultimate disposition of the useable vessels remaining in the fleets.

Other special studies included analysis of dry bulk ships, trade, and systems; formulation of various maritime research goals and techniques; examination of U.S. merchant marine marketing strategies, including the impact of government policies, containerization, and aircraft competition; and publication of the computer program to simulate ship operations.

Emergency Readiness

Emergency plans for agency continuity and operations were strengthened at the national and local levels for meeting limited and general war contingencies. The

operating capability at emergency relocation sites was improved, particularly in administrative procedures, damage assessment, and communications.

Approximately 110 U.S. port entities continued to receive assistance in developing and upgrading port emergency plans and procedures. Technical research on emergency programs for ports and port facilities continued.

The Maritime Administration participated in an emergency exercise in May to test NATO civil wartime procedures in Europe and the United States.

An additional 5 percent of the authorized complement of 360 members for the National Defense Executive Reserve Fleet was added during the year, bringing the membership to approximately 75 percent of full strength. The Reserve enlists private industry officials and trains them to assume emergency operational assignments if required.

International Affairs

The Maritime Administrator represented the United States at the twenty-first meeting of the NATO Planning Board for Ocean Shipping held in London, March 17-20. During the year, working groups had met to refine plans on staffing and preparedness of the NATO wartime shipping agency; bunkering of ships; the impact of the containership on war plans for ocean transportation; and plans for war risk coverage of NATO shipping.

Representatives of the agency participated in the NATO Shipping Working Group on Naval Control of Shipping, held in Naples, June 17-20.

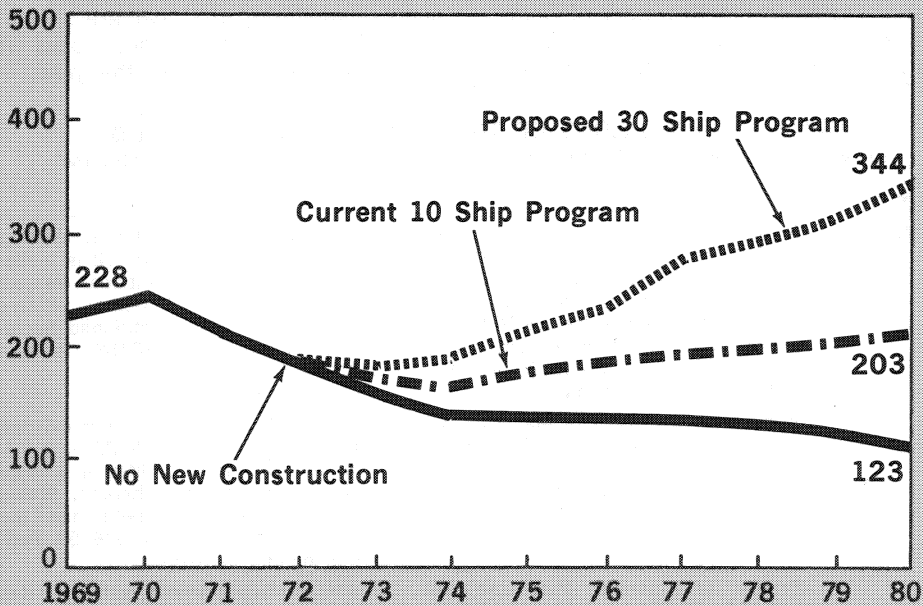
The Maritime Administration was represented at meetings of the Intergovernmental Maritime Consultative Organization (IMCO) on subdivision and stability in ship construction in London, January 21-24, and on tonnage measurement, also in London, May 27-June 23. Agency representatives also participated in deliberations of (1) the U.S. Interagency Shipping

Coordinating Committee, charged with formulating a coordinated national position at IMCO Council policy sessions; (2) the IMCO Maritime Safety Committee technical meetings on various matters including oil pollution and international safety standards; and (3) the IMCO Legal Committee formed to draft an international convention on oil pollution liability.

Representatives also participated in the Third Inter-American Port and Harbor Conference in Vina del Mar, Chile, and in international studies on waterborne commerce through the Panama Canal and the proposed Atlantic-Pacific International Canal, and in studies relating to the preservation of materials in the marine environment.

Planning for improvement of the American Merchant Marine projects an increase in the quantity and quality of ships available in the next decade.

**PROJECTED U.S. FOREIGN TRADE FLEET
AT CURRENT AND PROPOSED CONSTRUCTION LEVELS,
1969-1980, SHOWN IN MODERN SHIP EQUIVALENTS***



*Modern Ship Equivalent—A planning factor which reflects design trends for present and future ship construction applied to a simulated trade route in order to provide a common expression of annual capacity in the foreign trade.

MARITIME SUBSIDY BOARD



The Maritime Subsidy Board Robert J. Blackwell, Deputy Maritime Administrator; A. E. Gibson, Chairman; Roy G. Bowman, General Counsel

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 1969, 21 decisions of the Board were appealed to the Secretary of Commerce for review. Review was denied in 10 of the cases, two were withdrawn, and nine were pending decision by the Secretary at the end of the year.

The seven formal decisions of the Board appealed to the Secretary concerning matters involving construction- and operating-differential subsidy which became final during the year are shown in Table 14. No contract appeal cases were finally determined during the year.

Table 14 — DECISIONS OF THE MARITIME SUBSIDY BOARD on which Secretary of Commerce took Final Action on Petition for Review

| Docket No. | Description | Decision |
|---------------|--|--|
| S-201 & S-202 | Application of United States Lines, Inc. (S-201) to increase maximum sailings on TR 12 from 55 to 81, and application from American Export Isbrandtsen Lines Inc. (S-202) to increase minimum/maximum sailings on TR 12 from 24 to 30 and from 45 to 55, respectively. | On 8/9/68 Board found that existing U.S. flag service on TR 12 is inadequate, and that additional vessels should be operated thereon. States Marine Lines, Inc., petitioned Secretary for review on 9/6/68. Petition denied 9/30/68. |
| S-208 | Application of American Mail Line, Ltd. to increase maximum sailings on TR 29 (as extended) from 42 to 60 sailings, and increase its subsidized fleet from 9 to 10 ships. | On 8/16/68 Board found that existing U.S. flag service on TR 29 is inadequate, and that additional service should be operated thereon. States Marine Lines, Inc. petitioned the Secretary for review on 9/6/68. Petition denied 9/30/68. |
| S-184 | Protest of American Mail Line, Ltd., Pacific Far East Line, Inc. and States Steamship Company relating to Board's determinations on subsidy rates for wages and protection and indemnity insurance for vessels on TR 29 for calendar years 1962 and 1963. | Board affirmed previous subsidy rates on 11/22/68. The three operators petitioned the Secretary for review on 12/6/68. Petition denied 12/27/68. |

Table 14 — DECISIONS OF THE MARITIME SUBSIDY BOARD—continued

| Docket No. | Description | Decision |
|-------------------------|--|---|
| S-205 | Application of Moore-McCormack Lines, Inc. for written permission, pursuant to Section 805(a) of the Merchant Marine Act, 1936 for an affiliate, Commercial Steamship to construct, operate and/or charter two 37,250 dwt. tankers to MSTs or to other private companies interested in transportation of petroleum products in domestic intercoastal and coast-wise trade. | On 11/21/68, Board found Section 805(a) to be no bar to granting of the permission. Intervenor petitioned Board on 12/10/ and 12/11/68 to reopen and reconsider the case. Petitions denied 12/18/68. Intervenor petitioned the Secretary for review on 1/2/69. Petition denied 4/8/69. ¹ |
| S-199 (sub 2) and S-203 | Application of Moore McCormack Lines Inc. S-199 (sub 2) to make certain sailings to ports in France and Germany on a permissive basis, and application of American Export Isbrandtsen Lines, Inc. to increase service on TR 5-7-8-9 from minimum/maximum of 18 and 26 to 36 and 52 sailings per year respectively. | On 12/23/68 Board found that U.S. flag service on TR 5-7-8-9 is inadequate, and Section 605(c) is no bar to consideration of the applications. Sea-Land Service, Inc. petitioned the Secretary for review on 1/7/69. Petition denied 4/8/69. |
| A-31 | Petition of Committee of American Steamship Lines (CASL) for declaratory order finding the concluding paragraph of Accounting Instruction No. 37 invalid, or, in the alternative, for interpretation of the instruction therein on income tax treatment as treating any investment tax credit to CASL member lines as a payment of tax. | Board/Acting Maritime Administrator denied the petition 9/29/67. On 10/9/67 CASL petitioned the Secretary for review. At request of Secretary, GAO reviewed Acc. Inst. #37 and on 10/30/68 found it not invalid. Petition denied 11/12/68. |
| A-25 | Petition of Committee of American Steamship Lines (CASL) for declaratory order holding invalid Accounting Instruction No. 39, which is based on Office of Government Aid determination in OGA No. 11 that severance pay paid in accordance with union contract provisions relating to sale or transfer foreign of a ship does not come within the Board's approved definition of subsidizable wages. | Board and Acting Maritime Administrator affirmed OGA No. 11 on 4/14/66. CASL petitioned the Secretary for review on 4/22/66. On 11/25/66 the Secretary ordered case remanded to the Board with instructions to withdraw Accounting Instruction No. 39 and to reconsider the issue. On 8/9/68 Board established guidelines indicating the circumstances under which the Maritime Administration would pay subsidy relating to severance payments; however subject payments were not included in the guidelines. CASL again petitioned the Secretary for review on 10/1/68. Petition denied 12/11/68. |

¹ Case reopened just prior to close of fiscal year in accordance with Moore-McCormack's request to amend its original application and the Board decision, in order to obtain permission to construct two tankers of any size.

GENERAL COUNSEL

The Office of the General Counsel has primary responsibility for legislation and litigation which directly involves or affects the Maritime Administration. In other areas this Office supports others by providing legal services to the Administrator, the Maritime Subsidy Board, and to the operating Offices within the Administration. These include the preparation and approval of documents, and the rendering of advice and legal opinions, as needed.

Legislation

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

Litigation

A total of 536 claims by or against

the United States were in various stages of litigation as of July 1, 1968, and 594 were in litigation as of June 30, 1969. During the year, 339 claims of all types were closed and removed from the workload as a result of either negotiated settlements or final adjudication by the courts with no further appeal authorized, and 397 claims were added to the workload. A total of \$1,711,401.44 was paid to claimants out of a total of \$28,986,219.65 claimed or now being claimed, and \$109,477.54 was collected on claims by the United States out of \$129,186.79 claimed or now being claimed by the United States.

A summary of suits and nonlitigated claims appears in Table 15.

Table 15 — SUITS AND NONLITIGATED CLAIMS

| | Case load activity during fiscal year | | | | Amounts claimed and paid | | | |
|--|---------------------------------------|------------------------------|--------|--------------------|--------------------------|-----------------|-------------------------|-----------------|
| | Pending 7/1/68 | Opened 7/1/68- 6/30/69 | Closed | Pending 6/30/69 | Claimed by U.S. | Paid to U.S. | Claimed against U.S. | Paid by U.S. |
| ADMIRALTY LITIGATION | | | | | | | | |
| 1. SEAMEN'S AND SHOREWORKERS' CLAIMS. Litigation authorized by the Suits in Admiralty Act (46 USC 741) and the Public Vessels Act (46 USC 781) for damages caused by a public vessel of the United States involving claims against the United States for death, injuries, illness, maintenance and cure, loss of effects, detention or repatriation. | 496 | 385 | 330 | 551 | — 0 — | — 0 — | \$25,279,268.77 | \$1,710,601.10 |
| 2. SHIP COLLISION AND PROPERTY LOSS CLAIMS. Litigation authorized by the Public Vessels Act (46 USC 781) for damages caused by a public vessel of the United States involving claims against the United States for collision, striking submerged objects, ship damage to shore property, to navigational aids and to other property; exoneration and cargo loss claims, and compensation for towage and salvage service, including contract salvage rendered to a public vessel. | | | | | | | | |
| a. collision, etc. | 4 | 3 | 1 | 6 | — 0 — | — 0 — | 2,075.86 | 880.00 |

Table 15 — SUITS AND NONLITIGATED CLAIMS—continued

| | Case load activity during fiscal year | | | | Amounts claimed and paid | | | |
|---|---------------------------------------|--------------------|--------|--------------------|--------------------------|-----------------|-------------------------|-----------------|
| | Pending 7/1/68 | Opened | | Pending 6/30/69 | Claimed by U.S. | Paid to U.S. | Claimed against U.S. | Paid by U.S. |
| | | 7/1/68- 6/30/69 | Closed | | | | | |
| Admiralty Litigation—continued | | | | | | | | |
| b. exoneration | 3 | 0 | 1 | 2 | —0— | —0— | — | — |
| c. cargo loss | 0 | 0 | 0 | 0 | —0— | —0— | — | — |
| d. towage and salvage | 0 | 0 | 0 | 0 | —0— | —0— | — | — |
| 3. CHARTER HIRE CLAIMS. Litigation involving program authorized by Merchant Ship Sales Act, 1946 (50 USC App. 1735) adjudicating rights under charter hire undertakings. | 4 | 0 | 3 | 1 | \$326,167.26 | \$477.54 | 3,694,183.48 | — |
| CIVIL LITIGATION | | | | | | | | |
| 1. CONTRACT CLAIMS. Litigation involving program authorized by Merchant Marine Act, 1936, (46 USC 1101) adjudicating rights under construction-differential subsidy, operating-differential subsidy and ship repair or construction and supply contracts. | 7 | 0 | 0 | 7 | —0— | —0— | — | — |
| a. Construction-differential subsidy | 2 | 5 | 2 | 5 | —0— | —0— | — | — |
| b. Operating-differential subsidy | 3 | 0 | 0 | 3 | —0— | —0— | — | — |
| c. Ship repair or construction | | | | | | | | |
| 2. SECURED LIEN TRANSACTIONS. Litigation involving program authorized by Merchant Marine Act 1936, (Title XI, 46 USC 1271) and Merchant Marine Act 1920 (46 USC 861) adjudicating rights under ship mortgages and insured ship loans related to foreclosure on ships or bankruptcy of obligees. | | | | | | | | |
| a. Foreclosures | 3 | 0 | 0 | 3 | —0— | —0— | — | — |
| b. Bankruptcies | 6 | 0 | 0 | 6 | —0— | —0— | — | — |
| 3. TORT CLAIMS. Litigation involving personal injury or death, or damage or loss of property authorized by the Federal Tort Claims Act (28 USC 2672). | 0 | 1 | | 0 | —0— | —0— | 83.30 | 83.30 |
| 4. CLAIMS COLLECTIONS. Litigation involving claims by the United States authorized by Federal Claims Collection Act of 1966 (80 Stat. 309). | — | — | — | | —0— | —0— | — | — |
| 5. MISCELLANEOUS LITIGATED ACTIONS. | | | | | | | | |
| a. Uncollected judgments in favor of United States. | 1 | 0 | 0 | 1 | —0— | —0— | — | — |
| b. Grievances. | 4 | 4 | 0 | 8 | —0— | —0— | — | — |

SHIPPING STUDIES AND REPORTS

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

General

- "Annual Report of the Maritime Administration," 1968, 90pp., 45¢, GPO.
- "Index of Current Regulations of the Maritime Administration, Maritime Subsidy Board, and National Shipping Authority," revised as of April 30, 1969, 38pp., 50¢, GPO.
- "Maritime Subsidies," April 1969, 124 pp., 60¢, GPO.
- "Research & Development Progress," June 30, 1968, 50pp., 35¢, GPO.
- "Seafaring Guide and Directory of Labor Management Affiliations 1969," June 1969, 85pp., Maritime Administration.
- "Stern Trawlers SEAFREEZE ATLANTIC — SEAFREEZE PACIFIC Designed and Built Under the Fishboat Subsidy Program," by Thomas Pross, May 21, 1969, 37pp., Maritime Administration.
- "Technical Report Index," June 30, 1968, 64pp., 70¢, GPO.
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Employment of U.S. Flag Oceangoing Merchant Fleets as of June 30, 1969

Vessels of 1,000 Gross Tons and Over by 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 cable ships, tugs, etc.)

(Tonnage in Thousands)

| Status and Area of Employment | Vessel Type | | | | | | | | | | | | |
|---|-------------|-------------------------------|------------|------------------|--------|------------|------------------|------------|------------|------------------|---------|------------|------------------|
| | Total | 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 | 2,013 | 18,373 | 25,079 | 187 | 1,695 | 1,214 | 1,521 | 12,191 | 16,462 | 305 | 4,487 | 7,403 | |
| Active Vessels | 1,013 | 10,650 | 15,180 | 22 | 300 | 198 | 780 | 6,975 | 9,412 | 211 | 3,375 | 5,570 | |
| Foreign Trade | 447 | 4,503 | 6,021 | 20 | 266 | 187 | 398 | 3,793 | 5,100 | 29 | 444 | 734 | |
| Nearby Foreign | 13 | 116 | 151 | 2 | 23 | 17 | 7 | 52 | 69 | 4 | 41 | 65 | |
| Great Lakes-Seaway Foreign | 3 | 21 | 32 | — | — | — | 3 | 21 | 32 | — | — | — | |
| Overseas Foreign | 431 | 4,366 | 5,838 | 18 | 243 | 170 | 388 | 3,720 | 4,999 | 25 | 403 | 669 | |
| Foreign to Foreign | — | — | — | — | — | — | — | — | — | — | — | — | |
| Domestic Trade | 199 | 2,657 | 4,062 | 2 | 34 | 11 | 69 | 661 | 823 | 128 | 1,962 | 3,228 | |
| Coastwise | 105 | 1,593 | 2,619 | — | — | — | 8 | 75 | 111 | 97 | 1,518 | 2,508 | |
| Intercoastal | 25 | 283 | 416 | — | — | — | 17 | 169 | 227 | 8 | 114 | 189 | |
| Noncontiguous | 69 | 781 | 1,029 | 2 | 34 | 11 | 44 | 417 | 486 | 23 | 330 | 532 | |
| Other U.S. Agency Operations | 367 | 3,490 | 5,097 | — | — | — | 313 | 2,521 | 3,489 | 54 | 969 | 1,608 | |
| GAA and M.S.T.S. Charter | 346 | 3,346 | 4,905 | — | — | — | 295 | 2,392 | 3,317 | 51 | 954 | 1,588 | |
| Other (Custody) etc. | 21 | 145 | 192 | — | — | — | 18 | 130 | 172 | 3 | 15 | 20 | |
| Inactive Vessels | 1,000 | 7,724 | 9,898 | 165 | 1,396 | 1,015 | 741 | 5,215 | 7,050 | 94 | 1,113 | 1,833 | |
| Temporarily Inactive | 94 | 1,179 | 1,815 | — | — | — | 34 | 328 | 380 | 60 | 851 | 1,435 | |
| Merchant Types | 94 | 1,179 | 1,815 | — | — | — | 34 | 328 | 380 | 60 | 851 | 1,435 | |
| Military Types | — | — | — | — | — | — | — | — | — | — | — | — | |
| Laid-up (Privately Owned) | 28 | 238 | 309 | 4 | 59 | 29 | 17 | 123 | 193 | 7 | 56 | 87 | |
| National Defense Reserve Fleet ¹ | 878 | 6,307 | 7,773 | 161 | 1,337 | 986 | 690 | 4,764 | 6,477 | 27 | 206 | 311 | |
| Merchant Types | 572 | 3,978 | 5,775 | 1 | 9 | 9 | 563 | 3,888 | 5,638 | 8 | 81 | 129 | |
| Military Types | 306 | 2,329 | 1,997 | 160 | 1,328 | 977 | 127 | 876 | 839 | 19 | 125 | 182 | |

¹ Includes 344 ships to be sold for scrap; 291 Naval Auxiliaries, and excludes 9 ships sold but remaining in custody of reserve fleet pending delivery, and 90 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, North Coast of South America, and Mexico.

Merchant Fleets of the World

Oceangoing Steam and Motor Ships of 1,000 Gross Tons and Over as of June 30, 1969

(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 | | | 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 |
| | Type of Vessel | | | | | | | | | | | | | | | | | | | | |
| TOTAL—ALL COUNTRIES | 19,415 | 189,480 | 283,877 | 925 | 7,395 | 4,407 | 41 | 590 | 383 | 10,974 | 62,590 | 86,602 | 832 | 4,323 | 4,577 | 2,676 | 39,580 | 63,607 | 3,967 | 75,002 | 124,301 |
| United States ¹ | 2,013 | 18,373 | 25,079 | 183 | 1,650 | 1,177 | 4 | 45 | 37 | 1,430 | 11,287 | 15,128 | 42 | 233 | 245 | 49 | 671 | 1,089 | 305 | 4,487 | 7,403 |
| Privately owned | 963 | 10,774 | 15,522 | 21 | 297 | 181 | 4 | 45 | 37 | 600 | 5,418 | 7,073 | 16 | 91 | 92 | 47 | 657 | 1,067 | 275 | 4,266 | 7,072 |
| Government-owned | 1,050 | 7,599 | 9,557 | 162 | 1,353 | 996 | — | — | — | 830 | 5,869 | 8,055 | 26 | 142 | 153 | 2 | 14 | 22 | 30 | 221 | 331 |
| Reserve Fleet | 878 | 6,307 | 7,774 | 161 | 1,337 | 986 | — | — | — | 668 | 4,651 | 6,345 | 20 | 99 | 110 | 2 | 14 | 22 | 27 | 206 | 311 |
| Other ² | 172 | 1,292 | 1,783 | 1 | 16 | 10 | — | — | — | 162 | 1,218 | 1,710 | 6 | 43 | 43 | — | — | — | 3 | 15 | 20 |
| The British Commonwealth of Nations | | | | | | | | | | | | | | | | | | | | | |
| United Kingdom | 1,810 | 21,332 | 31,075 | 64 | 982 | 542 | 20 | 357 | 234 | 872 | 5,873 | 7,804 | 141 | 1,335 | 1,554 | 293 | 3,609 | 5,606 | 420 | 9,176 | 15,335 |
| Australia | 102 | 673 | 945 | 4 | 14 | 9 | — | — | — | 42 | 136 | 166 | — | — | — | 43 | 376 | 553 | 13 | 147 | 217 |
| British Colonies | 129 | 1,333 | 2,034 | 8 | 30 | 24 | 1 | 18 | 13 | 76 | 432 | 619 | — | — | — | 23 | 318 | 497 | 21 | 535 | 881 |
| Canada | 64 | 277 | 331 | 17 | 46 | 20 | — | — | — | 19 | 56 | 69 | 2 | 2 | 2 | 8 | 76 | 108 | 18 | 97 | 132 |
| Cyprus | 127 | 781 | 1,123 | 6 | 38 | 40 | — | — | — | 94 | 544 | 794 | 3 | 13 | 12 | 12 | 56 | 80 | 12 | 130 | 197 |
| Ghana | 14 | 104 | 133 | — | — | — | — | — | — | 14 | 104 | 133 | — | — | — | — | — | — | — | — | — |
| India | 240 | 2,175 | 3,270 | 14 | 73 | 71 | — | — | — | 181 | 1,229 | 1,767 | 1 | 9 | 12 | 34 | 671 | 1,105 | 10 | 193 | 315 |
| New Zealand | 48 | 138 | 171 | — | — | — | 2 | 8 | 6 | 35 | 107 | 138 | 4 | 7 | 8 | 6 | 13 | 15 | 1 | 3 | 4 |
| Nigeria | 13 | 81 | 121 | — | — | — | — | — | — | 13 | 81 | 121 | — | — | — | — | — | — | — | — | — |
| Pakistan | 67 | 523 | 706 | 6 | 64 | 56 | — | — | — | 55 | 413 | 584 | 2 | 14 | 20 | 3 | 21 | 31 | 1 | 11 | 15 |
| Singapore | 49 | 229 | 282 | 11 | 60 | 62 | — | — | — | 34 | 153 | 198 | — | — | — | — | — | — | 4 | 16 | 22 |
| All others | 26 | 92 | 117 | 6 | 12 | 7 | — | — | — | 12 | 55 | 84 | 2 | 12 | 9 | 2 | 4 | 5 | 4 | 9 | 12 |
| Argentina | 147 | 1,077 | 1,465 | 12 | 78 | 57 | 3 | 27 | 20 | 63 | 364 | 510 | 9 | 27 | 26 | 8 | 94 | 139 | 52 | 487 | 713 |
| Belgium | 72 | 926 | 1,387 | 1 | 11 | 9 | — | — | — | 36 | 274 | 365 | 7 | 38 | 36 | 14 | 300 | 493 | 14 | 303 | 484 |
| Brazil | 228 | 1,276 | 1,766 | 13 | 82 | 64 | — | — | — | 143 | 585 | 852 | 2 | 7 | 7 | 23 | 159 | 227 | 47 | 443 | 616 |
| *Bulgaria | 94 | 610 | 888 | 2 | 20 | 7 | — | — | — | 51 | 231 | 342 | — | — | — | 26 | 196 | 286 | 15 | 163 | 253 |
| Burma | 10 | 53 | 71 | 2 | 4 | 3 | — | — | — | 8 | 49 | 68 | — | — | — | — | — | — | — | — | — |
| Chile | 47 | 262 | 356 | 6 | 21 | 19 | — | — | — | 26 | 121 | 157 | 1 | 1 | 1 | 9 | 53 | 77 | 5 | 66 | 102 |
| China (Taiwan) | 139 | 940 | 1,344 | 4 | 18 | 18 | — | — | — | 99 | 611 | 859 | 16 | 56 | 57 | 9 | 107 | 176 | 11 | 148 | 234 |
| *China (Communist) | 206 | 939 | 1,254 | 20 | 67 | 41 | 2 | 17 | 10 | 144 | 695 | 981 | 1 | 1 | 2 | 19 | 64 | 83 | 20 | 95 | 137 |
| Colombia | 29 | 163 | 209 | — | — | — | — | — | — | 27 | 151 | 191 | — | — | — | 1 | 2 | 2 | 1 | 10 | 16 |
| *Cuba | 45 | 249 | 342 | — | — | — | — | — | — | 38 | 233 | 324 | 4 | 10 | 11 | 1 | 1 | 1 | 2 | 5 | 6 |
| *Czechoslovakia | 10 | 84 | 122 | — | — | — | — | — | — | 8 | 43 | 59 | — | — | — | 2 | 41 | 63 | — | — | — |
| Denmark | 311 | 2,893 | 4,407 | 16 | 45 | 24 | — | — | — | 196 | 1,122 | 1,520 | 20 | 74 | 87 | 24 | 418 | 666 | 55 | 1,234 | 2,110 |
| Finland | 201 | 1,120 | 1,684 | 7 | 18 | 7 | — | — | — | 135 | 470 | 683 | 1 | 1 | 1 | 18 | 137 | 216 | 40 | 494 | 777 |
| France | 473 | 5,489 | 7,807 | 24 | 307 | 143 | 1 | 10 | 2 | 203 | 1,176 | 1,514 | 42 | 211 | 180 | 60 | 799 | 1,177 | 143 | 2,986 | 4,791 |

| | | | | | | | | | | | | | | | | | | | | | |
|------------------------|-------|--------|--------|----|-----|-----|---|----|----|-------|-------|-------|-----|-----|-----|-----|-------|--------|-----|--------|--------|
| Germany (West) | 915 | 6,517 | 9,519 | 7 | 121 | 27 | 1 | 2 | 1 | 698 | 3,344 | 4,709 | 77 | 320 | 369 | 81 | 1,386 | 2,144 | 51 | 1,344 | 2,269 |
| *Germany (East) | 119 | 809 | 1,065 | 4 | 39 | 24 | — | — | — | 92 | 509 | 676 | 4 | 20 | 13 | 11 | 109 | 142 | 8 | 132 | 210 |
| Greece | 1,059 | 8,828 | 13,096 | 50 | 392 | 199 | — | — | — | 698 | 3,879 | 5,660 | 16 | 61 | 60 | 124 | 1,895 | 3,047 | 171 | 2,601 | 4,130 |
| Honduras | 13 | 51 | 52 | — | — | — | — | — | — | 3 | 6 | 10 | 9 | 43 | 40 | — | — | — | 1 | 2 | 2 |
| *Hungary | 20 | 31 | 37 | — | — | — | — | — | — | 20 | 31 | 37 | — | — | — | — | — | — | — | — | — |
| Iceland | 21 | 45 | 61 | 2 | 5 | 3 | — | — | — | 11 | 22 | 34 | 4 | 10 | 13 | 2 | 3 | 4 | 2 | 5 | 7 |
| Indonesia | 155 | 524 | 638 | 30 | 121 | 86 | — | — | — | 96 | 285 | 381 | — | — | — | 7 | 16 | 23 | 22 | 102 | 148 |
| Iran | 10 | 95 | 134 | — | — | — | — | — | — | 8 | 55 | 71 | — | — | — | — | — | — | 2 | 40 | 63 |
| Ireland | 14 | 103 | 151 | — | — | — | — | — | — | 11 | 60 | 83 | — | — | — | 3 | 43 | 68 | — | — | — |
| Israel | 96 | 808 | 1,136 | 3 | 19 | 5 | — | — | — | 65 | 312 | 423 | 14 | 97 | 106 | 14 | 380 | 602 | — | — | — |
| Italy | 607 | 6,314 | 8,815 | 68 | 768 | 276 | 1 | 14 | 8 | 230 | 1,099 | 1,619 | 20 | 99 | 87 | 113 | 1,835 | 2,870 | 175 | 2,499 | 3,955 |
| Japan | 1,843 | 20,347 | 31,892 | 27 | 104 | 68 | — | — | — | 1,070 | 5,886 | 8,458 | 59 | 217 | 256 | 361 | 6,332 | 10,088 | 326 | 7,808 | 13,022 |
| Korea (South) | 88 | 655 | 1,055 | 2 | 11 | 13 | — | — | — | 60 | 247 | 366 | 1 | 1 | 2 | 12 | 123 | 195 | 13 | 273 | 479 |
| Kuwait | 24 | 327 | 529 | — | — | — | — | — | — | 19 | 117 | 159 | 1 | 1 | 1 | — | — | — | 4 | 209 | 369 |
| Lebanon | 84 | 341 | 519 | 1 | 5 | 4 | — | — | — | 74 | 310 | 475 | 3 | 5 | 8 | 6 | 21 | 32 | — | — | — |
| Liberia | 1,652 | 28,686 | 48,835 | 19 | 216 | 153 | 1 | 22 | 15 | 457 | 3,094 | 4,558 | 15 | 70 | 66 | 492 | 8,590 | 15,113 | 668 | 16,694 | 28,930 |
| Malagasy | 11 | 38 | 53 | — | — | — | — | — | — | 10 | 36 | 51 | — | — | — | — | — | — | 1 | 2 | 2 |
| Mexico | 42 | 360 | 542 | — | — | — | — | — | — | 14 | 53 | 80 | 2 | 5 | 5 | 2 | 32 | 52 | 24 | 270 | 405 |
| Morocco | 21 | 64 | 92 | — | — | — | — | — | — | 13 | 49 | 73 | 8 | 15 | 19 | — | — | — | — | — | — |
| Netherlands | 447 | 4,595 | 6,579 | 20 | 259 | 169 | — | — | — | 284 | 1,908 | 2,522 | 19 | 38 | 42 | 32 | 493 | 744 | 92 | 1,897 | 3,102 |
| Norway | 1,240 | 18,562 | 29,817 | 28 | 155 | 59 | 1 | 3 | 1 | 463 | 2,541 | 3,547 | 26 | 106 | 109 | 330 | 6,309 | 9,964 | 392 | 9,448 | 16,137 |
| Panama | 620 | 5,286 | 8,264 | 25 | 228 | 132 | — | — | — | 362 | 1,539 | 2,333 | 11 | 33 | 31 | 61 | 455 | 711 | 161 | 3,031 | 5,057 |
| Peru | 34 | 221 | 312 | 2 | 15 | 19 | — | — | — | 25 | 154 | 221 | 2 | 10 | 7 | — | — | — | 5 | 42 | 65 |
| Philippines | 159 | 855 | 1,231 | 15 | 29 | 28 | 1 | 4 | 3 | 115 | 602 | 837 | 3 | 9 | 10 | 8 | 80 | 130 | 17 | 131 | 223 |
| *Poland | 208 | 1,316 | 1,831 | 2 | 29 | 13 | — | — | — | 154 | 933 | 1,313 | 10 | 27 | 28 | 36 | 256 | 369 | 6 | 71 | 108 |
| Portugal | 95 | 641 | 782 | 24 | 230 | 146 | — | — | — | 51 | 197 | 299 | 1 | 1 | 1 | — | — | — | 19 | 213 | 336 |
| *Rumania | 46 | 326 | 478 | 1 | 7 | 2 | — | — | — | 32 | 106 | 150 | — | — | — | 9 | 144 | 216 | 4 | 69 | 110 |
| Saudi Arabia | 13 | 41 | 54 | 3 | 15 | 13 | — | — | — | 8 | 23 | 37 | — | — | — | 2 | 3 | 4 | — | — | — |
| Somalia | 48 | 294 | 436 | 2 | 12 | 15 | — | — | — | 38 | 176 | 256 | — | — | — | — | — | — | 8 | 106 | 165 |
| South Africa | 49 | 351 | 429 | — | — | — | 2 | 60 | 32 | 38 | 210 | 282 | 6 | 44 | 61 | 2 | 24 | 36 | 1 | 13 | 18 |
| Spain | 376 | 2,358 | 3,407 | 38 | 229 | 149 | — | — | — | 197 | 690 | 992 | 19 | 47 | 55 | 23 | 178 | 276 | 99 | 1,214 | 1,935 |
| Sweden | 404 | 4,706 | 7,035 | 6 | 68 | 15 | — | — | — | 193 | 1,156 | 1,494 | 37 | 258 | 259 | 93 | 1,731 | 2,745 | 75 | 1,493 | 2,522 |
| Switzerland | 26 | 207 | 294 | — | — | — | — | — | — | 20 | 145 | 206 | 2 | 3 | 3 | 4 | 59 | 85 | — | — | — |
| Thailand | 13 | 45 | 66 | — | — | — | — | — | — | 7 | 32 | 47 | — | — | — | — | — | — | 6 | 13 | 19 |
| Turkey | 92 | 534 | 704 | 18 | 91 | 45 | — | — | — | 60 | 277 | 402 | — | — | — | 1 | 2 | 3 | 13 | 164 | 254 |
| United Arab Republic | 44 | 201 | 255 | 11 | 56 | 49 | — | — | — | 23 | 70 | 89 | — | — | — | — | — | — | 10 | 75 | 117 |
| Uruguay | 18 | 136 | 209 | 1 | 8 | 10 | — | — | — | 12 | 57 | 85 | — | — | — | — | — | — | 5 | 71 | 114 |
| *U.S.S.R. ^a | 1,670 | 9,630 | 12,123 | 73 | 427 | 192 | 1 | 3 | 1 | 975 | 4,729 | 6,104 | 154 | 700 | 621 | 133 | 569 | 749 | 334 | 3,202 | 4,456 |
| Venezuela | 36 | 317 | 458 | — | — | — | — | — | — | 19 | 62 | 91 | — | — | — | 2 | 4 | 6 | 15 | 251 | 361 |
| Yugoslavia | 188 | 1,375 | 1,940 | 15 | 83 | 82 | — | — | — | 135 | 751 | 1,015 | 2 | 6 | 7 | 18 | 298 | 461 | 18 | 237 | 375 |
| All others | 81 | 348 | 463 | 2 | 13 | 11 | — | — | — | 60 | 523 | 327 | 7 | 26 | 28 | 7 | 24 | 33 | 5 | 42 | 64 |

¹ Excludes 104 non-merchant type ships which are currently in the National Defense Reserve Fleet.

² Comprised of vessels under general agency agreement, bareboat charter, and in the custody of the Departments of Defense, State and Interior.

³ Includes the following U.S. Government-owned ships transferred to U.S.S.R. under lend-lease agreements, 49 of which are still under that registry; and 2 under North Korean registry.

^a Source material limited.

| | | | | | | | | | | | | | | | | | | | | | |
|-----------------------|----|-----|-----|---|---|---|---|---|---|----|-----|-----|---|---|---|---|---|---|---|---|----|
| U.S.S.R. (lend-lease) | 51 | 354 | 524 | — | — | — | — | — | — | 50 | 347 | 513 | — | — | — | — | — | — | 1 | 7 | 11 |
|-----------------------|----|-----|-----|---|---|---|---|---|---|----|-----|-----|---|---|---|---|---|---|---|---|----|

Ship Deliveries for Fiscal Year 1969

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 | | Japan | | Germany (West) | | Sweden | | Country in Which Built | | United Kingdom | | Denmark | | Norway | | France | | Italy | | Spain | | United States | | All Others | | |
|----------------------------|-------|--------|-------|--------|----------------|-------|--------|-------|------------------------|-------|----------------|------|---------|------|--------|------|--------|------|-------|------|-------|------|---------------|-------|------------|-------|--|
| | No. | Dwt. | No. | Dwt. | No. | Dwt. | No. | Dwt. | No. | Dwt. | No. | Dwt. | No. | Dwt. | No. | Dwt. | No. | Dwt. | No. | Dwt. | No. | Dwt. | No. | Dwt. | No. | Dwt. | |
| Summary — All Types | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| TOTAL | 903 | 26,448 | 366 | 14,575 | 83 | 1,934 | 43 | 1,870 | 54 | 1,340 | 12 | 930 | 30 | 899 | 29 | 831 | 23 | 629 | 32 | 586 | 24 | 546 | 207 | 2,308 | | | |
| United States | 24 | 546 | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — | 24 | 546 | — | — | | |
| United Kingdom | 83 | 3,942 | 10 | 1,119 | 13 | 767 | 10 | 316 | 34 | 597 | 3 | 611 | 4 | 88 | 1 | 190 | — | — | — | — | — | — | — | 8 | 254 | | |
| Denmark | 15 | 370 | 1 | 16 | 4 | 31 | — | — | — | — | 4 | 230 | 4 | 78 | — | — | — | — | — | — | — | — | — | 2 | 15 | | |
| France | 21 | 573 | — | — | — | — | — | — | — | — | — | — | — | — | — | 21 | 573 | — | — | — | — | — | — | — | — | — | |
| Germany (West) | 48 | 702 | — | — | 40 | 530 | — | — | 3 | 130 | — | — | 1 | 10 | — | — | — | — | — | — | — | — | — | 4 | 32 | | |
| Italy | 12 | 497 | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — | 12 | 497 | — | — | — | — | — | — | — | |
| Japan | 194 | 5,356 | 194 | 5,356 | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — | |
| Liberia | 95 | 5,557 | 85 | 4,957 | 1 | 167 | 3 | 322 | 2 | 91 | — | — | 3 | 18 | — | — | — | — | — | — | — | — | — | — | 1 | 2 | |
| Norway | 61 | 2,613 | 12 | 906 | 9 | 68 | 11 | 571 | 4 | 302 | 1 | 51 | 17 | 695 | 2 | 3 | — | — | — | — | — | — | — | — | 5 | 17 | |
| Sweden | 20 | 413 | 1 | 90 | 4 | 24 | 12 | 241 | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — | 3 | 58 | |
| U.S.S.R.* | 101 | 704 | — | — | 1 | 13 | 3 | 29 | — | — | 1 | 3 | — | — | — | — | — | 3 | 13 | — | — | — | — | — | 93 | 646 | |
| All Others | 229 | 5,175 | 63 | 2,131 | 11 | 334 | 4 | 391 | 11 | 220 | 3 | 35 | 1 | 10 | 5 | 65 | 8 | 119 | 32 | 586 | — | — | — | — | 91 | 1,284 | |
| Freighters | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| TOTAL | 681 | 12,923 | 281 | 6,722 | 63 | 799 | 21 | 911 | 45 | 1,173 | 7 | 111 | 19 | 355 | 18 | 131 | 13 | 336 | 24 | 179 | 18 | 320 | 172 | 1,886 | | | |
| United States | 18 | 320 | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — | 18 | 320 | — | — | | |
| United Kingdom | 52 | 1,093 | 5 | 102 | 9 | 154 | 2 | 161 | 26 | 545 | — | — | 4 | 88 | — | — | — | — | — | — | — | — | — | 6 | 43 | | |
| Denmark | 12 | 159 | 1 | 16 | 3 | 28 | — | — | — | — | 2 | 22 | 4 | 78 | — | — | — | — | — | — | — | — | — | 2 | 15 | | |
| France | 13 | 115 | — | — | — | — | — | — | — | — | — | — | — | — | — | 13 | 115 | — | — | — | — | — | — | — | — | — | |
| Germany (West) | 42 | 476 | — | — | 36 | 420 | — | — | 2 | 15 | — | — | 1 | 10 | — | — | — | — | — | — | — | — | — | 3 | 31 | | |
| Italy | 2 | 204 | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — | 2 | 204 | — | — | — | — | — | — | — | |
| Japan | 153 | 3,350 | 153 | 3,350 | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — | |
| Liberia | 71 | 1,978 | 67 | 1,873 | — | — | — | — | 2 | 91 | — | — | 2 | 14 | — | — | — | — | — | — | — | — | — | — | — | — | |

| | | | | | | | | | | | | | | | | | | | | | | | | |
|------------|-----|-------|----|-------|---|-----|---|-----|----|-----|---|----|---|-----|---|----|----|-----|----|-----|---|---|----|-------|
| Norway | 40 | 1,308 | 7 | 279 | 5 | 56 | 9 | 445 | 4 | 302 | 1 | 51 | 7 | 155 | 2 | 3 | — | — | — | — | — | — | 5 | 17 |
| Sweden | 12 | 378 | 1 | 90 | 2 | 8 | 6 | 222 | — | — | — | — | — | — | — | — | — | — | — | — | — | — | 3 | 58 |
| U.S.S.R.* | 78 | 570 | — | — | 1 | 13 | 3 | 29 | — | — | 1 | 3 | — | — | — | 3 | 13 | — | — | — | — | — | 70 | 512 |
| All Others | 188 | 2,972 | 47 | 1,012 | 7 | 120 | 1 | 54 | 11 | 220 | 3 | 35 | 1 | 10 | 3 | 13 | 8 | 119 | 24 | 179 | — | — | 83 | 1,210 |

Tankers

| | | | | | | | | | | | | | | | | | | | | | | | | | |
|----------------|------------|---------------|-----------|--------------|-----------|--------------|-----------|------------|----------|------------|----------|------------|-----------|------------|-----------|------------|-----------|------------|----------|------------|----------|------------|-----------|------------|-----|
| TOTAL | 215 | 13,504 | 85 | 7,853 | 15 | 1,125 | 22 | 959 | 8 | 157 | 5 | 819 | 11 | 544 | 11 | 700 | 10 | 293 | 8 | 407 | 6 | 226 | 34 | 421 | |
| United States | 6 | 226 | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — | 6 | 226 | — | — |
| United Kingdom | 29 | 2,837 | 5 | 1,017 | 3 | 611 | 8 | 155 | 7 | 42 | 3 | 611 | — | — | 1 | 190 | — | — | — | — | — | — | — | 2 | 211 |
| Denmark | 3 | 211 | — | — | 1 | 3 | — | — | — | — | 2 | 208 | — | — | — | — | — | — | — | — | — | — | — | — | — |
| France | 8 | 458 | — | — | — | — | — | — | — | — | — | — | — | — | 8 | 458 | — | — | — | — | — | — | — | — | — |
| Germany (West) | 4 | 221 | — | — | 3 | 106 | — | — | 1 | 115 | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — |
| Italy | 10 | 293 | — | — | — | — | — | — | — | — | — | — | — | — | — | — | 10 | 293 | — | — | — | — | — | — | — |
| Japan | 41 | 2,006 | 41 | 2,006 | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — |
| Liberia | 24 | 3,579 | 18 | 3,084 | 1 | 167 | 3 | 322 | — | — | — | — | 1 | 4 | — | — | — | — | — | — | — | — | — | 1 | 2 |
| Norway | 20 | 1,303 | 5 | 627 | 3 | 10 | 2 | 126 | — | — | — | — | 10 | 540 | — | — | — | — | — | — | — | — | — | — | — |
| Sweden | 8 | 35 | — | — | 2 | 16 | 6 | 19 | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — |
| U.S.S.R.* | 23 | 134 | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — | 23 | 134 | |
| All Others | 39 | 2,201 | 16 | 1,119 | 2 | 212 | 3 | 337 | — | — | — | — | — | — | 2 | 52 | — | — | 8 | 407 | — | — | 8 | 74 | |

Combination Passenger and Cargo Ships

| | | | | | | | | | | | | | | | | | | | | | | | | | |
|----------------|----------|-----------|----------|----------|----------|-----------|----------|----------|----------|-----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|---|
| TOTAL | 7 | 21 | — | — | 5 | 10 | — | — | 1 | 10 | — | — | — | — | — | — | — | — | — | — | — | — | 1 | 1 | |
| United States | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — |
| United Kingdom | 2 | 12 | — | — | 1 | 2 | — | — | 1 | 10 | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — |
| Denmark | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — |
| France | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — |
| Germany (West) | 2 | 5 | — | — | 1 | 4 | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — | 1 | 1 | |
| Italy | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — |
| Japan | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — |
| Liberia | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — |
| Norway | 1 | 2 | — | — | 1 | 2 | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — |
| Sweden | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — |
| U.S.S.R.* | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — |
| All Others | 2 | 2 | — | — | 2 | 2 | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — | |

*Source material limited.

¹The U.S.S.R., with 43 ships of 315,000 dwt. tons, ranked 13th as a shipbuilder on a deadweight tonnage basis. In addition to the countries listed above, it was preceded by Yugoslavia with 24 ships of 489,000 dwt. tons and Poland with 27 ships of 336,000 dwt. tons.

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 1000 Gross Tons and Over by Type, Number, Size, and Age for period July 1, 1968, through June 30, 1969

| | Pursuant to Sections 9 and 37 (U.S. owned & U.S. documented) | | | Pursuant to Section 37 (only) (U.S. owned, not U.S. documented) | | | Combined Totals | | |
|--|--|----------------|----------------|--|----------------|----------------|-------------------|----------------|----------------|
| | No. of Vessels | Gross Tons | Average Age | No. of Vessels | Gross Tons | Average Age | No. of Vessels | Gross Tons | Average Age |
| U.S. Privately Owned | | | | | | | | | |
| Tankers | 9 | 90,242 | 28.2 | 8 | 77,628 | 21.1 | 17 | 167,870 | 25.1 |
| Cargo | 55 | 390,286 | 26.9 | 3 | 11,372 | 25.0 | 58 | 401,658 | 26.9 |
| Cargo/Passenger | — | — | — | — | — | — | — | — | — |
| Miscellaneous | 9 | 21,079 | 26.1 | 11 | 32,549 | 25.6 | 20 | 53,628 | 25.9 |
| TOTAL | 73 | 501,607 | 27.0 | 22 | 121,549 | 23.3 | 95 | 623,156 | 26.4 |
| U.S. Government Owned (for Scrapping) | | | | | | | | | |
| | 10 | 61,906 | 49.1 | — | — | — | 10 | 61,906 | 49.1 |
| By Nationality (U.S. Privately owned for operation) | | | | | | | | | |
| British | 4 | 20,574 | — | — | — | — | 4 | 20,574 | — |
| Canadian | 3 | 13,314 | — | — | — | — | 3 | 13,314 | — |
| Caymanian | 1 | 1,267 | — | — | — | — | 1 | 1,267 | — |
| Liberian | 1 | 7,628 | — | 4 | 32,067 | — | 5 | 39,695 | — |
| Panamanian | 21 | 143,068 | — | 6 | 18,504 | — | 27 | 161,572 | — |
| Venezuelan | 1 | 1,096 | — | — | — | — | 1 | 1,096 | — |
| TOTAL | 31 | 186,947 | — | 10 | 50,571 | — | 41 | 237,518 | — |
| Sale Alien | 42 | 314,660 | — | 12 | 70,978 | — | 54 | 385,638 | — |

Ship Construction on June 30, 1969

| Ships Under Construction | Number of Ships | Type | Shipyard | Gross Tonnage | Estimated Completion Date | Estimated Construction Cost ¹ | Maritime Admin. Including NDF Allowance | Owner | Estimated Cost to Owner |
|--|-----------------|-------------|--------------------------|----------------|---------------------------|--|---|---------------------------------|-------------------------|
| Title V, Merchant Marine Act, 1936, as amended | 2 | C4-S-69b | Avondale Shipyards, Inc. | 28,000 | Aug. 2, 1969 | \$ 29,600,000 | \$ 15,800,000 | States Steamship Co. | \$ 13,800,000 |
| " | 2 | C5-S-75a | Newport News SB & DD Co. | 32,000 | Nov. 21, 1969 | 34,000,000 | 18,500,000 | Am. Mail Line Ltd. | 15,500,000 |
| " | 3 | C5-S-78a | Litton Systems (Ingalls) | 43,200 | Oct. 17, 1969 | 48,500,000 | 24,300,000 | Moore-McCormack Lines, Inc. | 24,200,000 |
| " | 5 | C8-S-81b | Avondale Shipyards, Inc. | 132,000 | Feb. 6, 1972 | 109,800,000 | 54,800,000 | Prudential Lines, Inc. | 55,000,000 |
| " | 6 | C8-S-81b | Avondale Shipyards, Inc. | 158,400 | Apr. 21, 1972 | 131,700,000 | 65,700,000 | Pacific Far East Line, Inc. | 66,000,000 |
| " | 4 | C6-S-85a | Litton Systems (Ingalls) | 74,800 | Sept. 3, 1971 | 86,500,000 | 43,000,000 | Farrell Lines, Inc. | 43,500,000 |
| " | 3 | C6-S-85b | Litton Systems (Ingalls) | 56,100 | Apr. 15, 1972 | 62,700,000 | 30,500,000 | Am. President Lines, Ltd. | 32,200,000 |
| " | 3 | C8-S-82a | General Dynamics Corp. | 55,260 | Oct. 16, 1971 | 101,600,000 | 55,900,000 | Lykes Bros. Steamship Co., Inc. | 45,700,000 |
| " ² | 2 | C6-S-1w | Alabama DD & SB Co. | 28,000 | Aug. 12, 1970 | 16,600,000 | 8,300,000 | United States Lines, Inc. | 8,300,000 |
| " ² | 2 | C6-S-1w | Bethlehem Steel Corp. | 28,000 | Aug. 12, 1970 | 17,000,000 | 8,500,000 | " | 8,500,000 |
| " ² | 1 | C6-S-1w | Norfolk SB & DD Co. | 14,000 | June 12, 1970 | 8,400,000 | 4,200,000 | " | 4,200,000 |
| " ² | 3 | C6-S-1w | Todd SB & DD Co. | 42,000 | Aug. 20, 1970 | 26,000,000 | 13,000,000 | " | 13,000,000 |
| Economy Act of 1932 | 1 | S2-MT-MA74a | American SB Co. | 2,550 | Nov. 28, 1969 | 8,600,000 | | Coast & Geodetic Survey | 8,600,000 |
| TOTAL | 37 | | | 694,310 | | \$681,000,000 | \$342,500,000 | | \$338,500,000 |

¹ Including estimated cost of changes.

² Reconstruction of Type C4-S-1a into Full Container Vessels.

Operating-Differential Subsidies

Expenditures for the Fiscal Year 1969 and Total Subsidies Payable and Expenditures for the Period January 1, 1937 to June 30, 1969

| Calendar Year | Accruals | | | Expenditures | | |
|---------------|------------------------|----------------------|------------------------|----------------------|-------------------------------------|---------------------------|
| | Subsidies | Recapture | Net Payable | In Fiscal Year 1969 | Cumulative through Fiscal Year 1969 | Estimated Balance Payable |
| 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 | 13,794,768 | 14,282,535 | (76,516) | 14,282,535 | — |
| 1949 | 44,213,377 | 14,553,310 | 29,660,067 | 6,476 | 29,660,067 | — |
| 1950 | 57,874,056 | 9,265,433 | 48,608,623 | (13,996) | 48,608,623 | — |
| 1951 | 71,968,636 | 25,805,608 | 46,163,028 | (119,511) | 46,163,028 | — |
| 1952 | 89,361,880 | 26,108,608 | 63,253,272 | (63,410) | 63,253,272 | — |
| 1953 | 106,296,046 | 13,198,975 | 93,097,071 | 63,342 | 93,097,071 | — |
| 1954 | 107,357,156 | 941,175 | 106,415,981 | (98,306) | 106,415,981 | — |
| 1955 | 115,145,469 | 10,998,345 | 104,147,124 | 43,574 | 104,147,124 | — |
| 1956 | 128,189,900 | 25,400,638 | 102,789,262 | 24,945 | 102,789,262 | — |
| 1957 | 148,309,951 | 25,592,209 | 122,717,742 | 268,521 | 122,717,742 | — |
| 1958 | 147,008,266 | 6,336,805 | 140,671,461 | 1,309,566 | 140,671,461 | — |
| 1959 | 159,885,256 | 518,437 | 159,366,819 | 266,614 | 158,420,487 | 946,332 |
| 1960 | 167,950,629 | 5,197,256 | 162,753,373 | 163,778 | 161,799,446 | 953,927 |
| 1961 | 170,104,927 | 1,962,938 | 168,141,989 | 190,081 | 165,624,107 | 2,517,882 |
| 1962 | 178,894,122 | 3,791,964 | 175,102,158 | (38,641) | 170,423,556 | 4,678,602 |
| 1963 | 187,924,308 | (1,886,033) | 189,810,341 | 1,283,878 | 182,014,998 | 7,795,343 |
| 1964 | 204,101,904 | 1,409,800 | 202,692,104 | 2,409,187 | 193,608,344 | 9,083,760 |
| 1965 | 183,252,618 | 3,180,590 | 180,072,028 | 2,540,388 | 174,292,146 | 5,779,882 |
| 1966 | 201,334,913 | 4,619,406 | 196,715,507 | 1,354,139 | 184,893,046 | 11,822,461 |
| 1967 | 218,056,506 | 5,618,718 | 212,437,788 | 6,906,974 | 197,571,001 | 14,866,787 |
| 1968 | 219,152,864 | 3,326,450 | 215,826,414 | 137,364,502 | 190,655,062 | 25,171,352 |
| 1969 | 111,380,363 | 2,049,570 | 109,330,793 | 40,916,984 | 40,916,984 | 68,413,809 |
| TOTAL | \$3,108,004,481 | \$244,547,486 | \$2,863,456,995 | \$194,702,569 | \$2,711,426,858 | \$152,030,137 |

Operating-Differential Subsidies

Total Subsidy Accruals, Recapture Payments, and Balances Payable, by Lines for Period January 1, 1937 to June 30, 1969

| Lines | Subsidies | Accruals | | Net Payable | Net Subsidies Paid | Estimated Balance Payable |
|---|------------------------|----------------------|------------------------|------------------------|----------------------|---------------------------|
| | | Recapture | | | | |
| Amer. Banner Line ¹ | \$ 2,626,512 | \$ — | \$ 2,626,512 | \$ 2,626,512 | \$ — | |
| Amer. Diamond Lines ¹ | 185,802 | 28,492 | 157,310 | 157,310 | — | |
| Amer. Export Isbrandtsen Lines | 461,627,601 | 10,700,587 | 450,927,014 | 409,488,026 | 41,438,988 | |
| Amer. Mail Line | 92,638,864 | 9,176,520 | 83,462,344 | 79,127,062 | 4,335,282 | |
| Amer. President Lines | 371,593,488 | 17,676,493 | 353,916,995 | 335,470,523 | 18,446,472 | |
| Atlantic & Carib. S/N Co. ¹ | 63,209 | 45,496 | 17,713 | 17,713 | — | |
| Baltimore Mail S/S Co. ¹ | 416,269 | — | 416,269 | 416,269 | — | |
| Bloomfield S/S Co. ¹ | 15,598,969 | 2,621,596 | 12,977,373 | 12,841,350 | 136,023 | |
| Delta S/S Lines | 113,249,420 | 8,185,313 | 105,064,107 | 101,590,405 | 3,473,702 | |
| Farrell Lines | 130,288,795 | 1,855,375 | 128,433,420 | 120,952,078 | 7,481,342 | |
| Grace Line | 280,617,339 | 23,987,470 | 256,629,869 | 239,430,726 | 17,199,143 | |
| Gulf & So. Amer. S/S Co. | 25,187,442 | 5,536,391 | 19,651,051 | 18,581,081 | 1,069,970 | |
| Lykes Bros. S/S Co. | 328,502,909 | 52,050,599 | 276,452,310 | 262,676,045 | 13,776,265 | |
| Moore-McCormack Lines | 365,861,462 | 17,762,445 | 348,099,017 | 337,071,059 | 11,027,958 | |
| N. Y. & Cuba Mail S/S Co. ¹ | 8,090,107 | 1,207,331 | 6,882,776 | 6,882,776 | — | |
| Oceanic S/S Co. | 88,222,213 | 1,189,180 | 87,033,033 | 83,092,715 | 3,940,318 | |
| Pacific Argen. Brazil Line ¹ | 7,963,939 | 270,701 | 7,693,238 | 7,693,238 | — | |
| Pacific Far East Line | 93,802,233 | 25,661,027 | 68,141,206 | 63,615,812 | 4,525,394 | |
| Prudential Lines | 24,367,168 | 1,950,172 | 22,416,996 | 20,531,409 | 1,885,587 | |
| Seas Shipping Co. ¹ | 25,819,800 | 2,429,102 | 23,390,698 | 23,390,698 | — | |
| South Atlantic S/S Co. ¹ | 96,374 | 84,692 | 11,682 | 11,682 | — | |
| States S/S Co. | 96,068,776 | 7,857,113 | 88,211,663 | 83,866,233 | 4,345,430 | |
| U.S. Lines | 575,115,790 | 54,271,391 | 520,844,399 | 501,896,136 | 18,948,263 | |
| TOTAL | \$3,108,004,481 | \$244,547,486 | \$2,863,456,995 | \$2,711,426,858 | \$152,030,137 | |

¹ No longer subsidized, or combined with other subsidized lines.

National Defense Reserve Fleet

| Dates (fiscal years) | Total Ships in Fleets | Dates (fiscal year) | Total Ships in Fleets |
|----------------------|--------------------------|---------------------|--------------------------|
| 1945 | 5 | 1958 | 2,074 |
| 1946 | 1,421 | 1959 | 2,060 |
| 1947 | 1,204 | 1960 | 2,000 |
| 1948 | 1,675 | 1961 | 1,923 |
| 1949 | 1,934 | 1962 | 1,862 |
| 1950 | 2,277 | 1963 | 1,819 |
| 1951 | 1,767 | 1964 | 1,739 |
| 1952 | 1,853 | 1965 | 1,594 |
| 1953 | 1,932 | 1966 | 1,327 |
| 1954 | 2,067 | 1967 | 1,152 |
| 1955 | 2,068 | 1968 | 1,062 |
| 1956 | 2,061 | 1969 | 1,017 |
| 1957 | 1,889 | | |

The number of retention ships decreased from 626 to 623 during the fiscal year 1969.

Construction Reserve Funds—June 30, 1969

| Operator | Cash | Securities | Total |
|------------------------------------|----------|------------|-----------|
| Central Gulf Steamship Corporation | \$ 6,916 | \$ 18,956 | \$ 25,872 |
| Commodity Chartering Corporation | 70,000 | 630,000 | 700,000 |
| Hudson Waterways Corporation | 70,000 | 630,000 | 700,000 |
| Pacific Far East Line, Inc. | 533 | 539,856 | 540,389 |
| Total June 30, 1969 | 147,449 | 1,818,812 | 1,966,261 |
| Total June 30, 1968 | 154,973 | 840,246 | 995,219 |
| Net increase (decrease) | (7,524) | 978,566 | 971,042 |

Subsidized and Selected Unsubsidized Operators¹

Combined Condensed Balance Sheets, December 31, 1968. See Notes.

(Stated in thousand dollars)

| | Subsidized | Unsubsidized | |
|--|----------------------|--------------|-----------|
| | | Tanker | Cargo |
| ASSETS | | | |
| Current Assets: | | | |
| Cash | \$ 29,731 | \$ 27,604 | \$ 45,567 |
| Marketable securities | 28,289 | 500 | 9,218 |
| Accounts receivable | 198,399 | 14,736 | 119,257 |
| Other | 39,546 | 3,621 | 16,016 |
| Total current assets | 295,965 | 46,461 | 190,058 |
| Special funds and deposits | 254,578 ² | 24,517 | 4,467 |
| Investments | 16,140 | 7,822 | 84,045 |
| Deferred ODS receivable (see contra) | 39,900 ³ | — | — |
| Property and equipment—less depreciation | | | |
| Vessels | 858,746 | 182,086 | 72,656 |
| Other | 160,449 | 12,399 | 166,137 |
| Other assets | 54,030 | 2,825 | 55,155 |
| Total assets | 1,679,808 | \$276,110 | \$572,518 |
| LIABILITIES AND NET WORTH | | | |
| Liabilities: | | | |
| Current Liabilities: | | | |
| Accounts payable and accruals | 158,535 | 14,450 | 119,060 |
| Current long-term debt | 4,541 | 12,399 | 22,450 |
| Other | 25,374 | 2,579 | 9,243 |
| Total | 188,450 | 29,428 | 150,753 |
| Voyages in progress—net | 36,582 | 4,627 | 18,778 |
| Long-term debt | 439,458 ² | 160,668 | 140,475 |
| Recapturable ODS (see contra) | 39,900 ³ | — | — |
| Operating reserves | 51,630 | 1,371 | 16,868 |
| Other liabilities | 27,285 | 20,740 | 22,221 |
| Total liabilities | 783,305 | 216,834 | 349,095 |
| Net Worth: | | | |
| Capital stock | 137,707 | 23,093 | 43,296 |
| Surplus: | | | |
| Capital | 359,725 | 31,940 | 24,174 |
| Earned | 399,071 | 4,243 | 155,953 |
| Total surplus | 758,796 ⁴ | 36,183 | 180,127 |
| Total net worth | 896,503 | 59,276 | 223,423 |
| Total liabilities and net worth | \$1,679,808 | \$276,110 | \$572,518 |

Subsidized and Selected Unsubsidized Operators¹

Combined Condensed Income and Surplus Accounts, December 31, 1968. See Notes.

(Stated in thousand dollars)

| | Subsidized | Unsubsidized Tanker | Cargo |
|---|----------------|------------------------|----------------|
| Shipping Operations: | | | |
| Revenue: | | | |
| Terminated voyages | \$ 928,378 | \$ 84,775 | \$665,045 |
| Other shipping operations | 18,268 | 247 | 22,099 |
| Total revenue | 946,646 | 85,022 | 687,144 |
| Expense: | | | |
| Terminated voyages expense: | | | |
| Wages, payroll taxes, welfare contributions | 315,959 | 17,411 | 98,411 |
| Subsistence | 24,463 | 1,001 | 5,566 |
| Maintenance and repairs | 50,514 | 4,476 | 20,883 |
| Insurance (Hull and P and I) | 58,026 | 5,004 | 19,549 |
| Total | 448,962 | 27,892 | 144,409 |
| Less: Operating-differential subsidy (ODS) | 204,713 | — | — |
| Total | 244,249 | 27,892 | 144,409 |
| Other vessel expense | 82,594 | 11,308 | 164,854 |
| Voyage expense | 413,919 | 11,238 | 209,361 |
| Total terminated voyages expense | 740,762 | 50,438 | 518,624 |
| Other shipping operations expense: | | | |
| Overhead | 113,956 | 2,025 | 65,920 |
| Depreciation on shipping property | 55,426 | 13,829 | 27,188 |
| Total expense | 910,144 | 66,292 | 611,732 |
| Gross profit (loss) from shipping operations | 36,502 | 18,730 | 75,412 |
| Interest and other income | 20,132 | 2,563 | 14,769 |
| Interest and other deductions | (28,759) | (9,672) | (14,686) |
| Net Profit (loss) from shipping operations | 27,875 | 11,621 | 75,495 |
| Non-Shipping operations—net profit (loss) | 3 | (1) | (53) |

| | | | |
|---|-------------------------|----------------|--------------------|
| Ordinary income (loss) before Federal income taxes | 27,878 | 11,620 | 75,442 |
| Provision for Federal income taxes | 2,552 | 6,906 | 20,682 |
| Ordinary income after taxes | 25,326 | 4,714 | 54,760 |
| Extraordinary and prior period items: | | | |
| Extraordinary items (net) | 4,819 | 152 | (232) |
| Prior period items (net) | 246 | (223) | (104) |
| Federal income taxes thereon | — | (16) | 282 |
| Total | 5,065 | (87) | (54) |
| Net income (loss) | 30,391 | 4,627 | 54,706 |
| Add: Surplus (capital and earned) beginning of year | 838,093 | 34,247 | 128,845 |
| Total surplus available | 868,484 | 38,874 | 183,551 |
| Surplus changes: | | | |
| Cash dividends | (28,776) | (2,700) | (9,730) |
| Other (net) | (80,912) ^c | 9 ^e | 6,306 ^e |
| Total | (109,688) | (2,691) | (3,424) |
| Surplus (capital and earned) end of year | \$ 758,796 ^d | \$ 36,183 | \$180,127 |

¹ The data were obtained from Forms MA-172 filed (1) by 14 subsidized operators for the calendar year 1968, and (2) by 20 tanker and 17 cargo unsubsidized operating companies for fiscal years ending during the fiscal year July 1, 1968 through June 30, 1969, covering 310 subsidized vessels, and 25 unsubsidized tankers and 114 unsubsidized cargo vessels.

² Long-term debt includes \$18,174,000 of mortgage indebtedness due within 1 year and payable from special funds and deposits of subsidized operators.

³ Represents Government's share of recapturable subsidy deducted from subsidy payments pending settlement of 10-year subsidy recapture periods. Of the amount shown, \$22,895,337 applies to completed but

unsettled subsidy recapture periods, and \$17,004,279 applies to current incomplete subsidy recapture periods. The corresponding amounts at December 31, 1967, were \$28,137,000 and \$14,480,000.

⁴ Retained earnings (including amounts capitalized) of the 14 subsidized operators on which Federal income taxes have been deferred, amounted to \$614,416,830 as of December 31, 1968, and \$590,325,894 as of December 31, 1967, an increase of \$24,090,936.

⁵ Other surplus changes: The net debits for subsidized operators result from company reorganizations, subsidy recapture adjustments, and sale of assets; the net credits for unsubsidized operators result primarily from income tax adjustments.

U.S. Subsidized Shipping Operations: ODS Contracts

| Operator | Operating-Differential Subsidy Agreement | | Number of Subsidized Ships 7/1/69 | 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 | 12/31/79 | 37 | U.S. North Atlantic/Mediterranean (T.R. 10), Passenger | 24/31 |
| | | | | U.S. North Atlantic/Mediterranean (T.R. 10), Passenger | 10/13 |
| | | | | U.S. 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 |
| | | | | U.S. Atlantic/Far East (T.R. 12) | 24/30 |
| U.S. North Atlantic/Western Europe (T.R. 5-7-8-9) | 18/46 | | | | |
| American Mail Line Ltd. | FMB-76 | 12/31/78 | 9 | U.S. Pacific/Far East (T.R. 29-17-28) | 40/60 |
| American President Lines, Ltd. | FMB-50 | 12/31/76 | 27 | California/Far East (T.R. 29), Passenger-Freight | 23/27 |
| | | | | California/Far East (T.R. 29), Freight | 32/54 |
| | | | | Round-the-World (Westbound) | 42/36 |
| | | | | Atlantic/Straits (T.R. 17) | 42/28 |
| | | | | (Atlantic-California/Far East-Indonesia and return) | |
| Delta Steamship Lines, Inc. | FMB-63 | 12/31/77 | 14 | U.S. Gulf/East Coast South America (T.R. 20) | 43 min. } overall max not to exceed 79 |
| | | | | U.S. Gulf/West Africa (T.R. 14) | 24 min. } |
| Farrell Lines Incorporated | FMB-64 | 12/31/77 | 20 | 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 | 12/31/77 | 22 | U.S. Atlantic/West Coast South America (T.R. 2) | 96/106 (Comb. & freight) |
| | | | | U.S. Atlantic/Carribbean (T.R. 4) | 72/103 (Total) (48/53 Pass. Comb.) |
| | | | | | 24/50 |
| | | | | | Freight) |
| | | | | U.S. Pacific/East Coast South America (T.R. 23,24, 25) U.S. Pacific/Carib. & W. Coast Central America & Mexico (T.R. 23, 25) | 44/60 |

| | | | | | |
|--|------------------|----------|------------|---|--|
| Gulf & South American SS Co., Inc. | FMB-75 | 12/31/78 | 5 | U.S. Gulf/West Coast South America (T.R. 31) | 30/36 |
| Lykes Bros. Steamship Co., Inc. | FMB-59 | 12/31/77 | 59 | Gulf/Mediterranean (T.R. 13) Gulf/South and East Africa (T.R. 15-B) Gulf/Caribbean (T.R. 19) Gulf/U. K.-Continent (T.R. 21) Gulf/Far East (T.R. 22) | 42/48 18/24 20/30 90/110 48/60 |
| Moore-McCormack Lines, Incorporated | FMB-48 (Rev.) | 12/31/77 | 34 | 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) U.S. Atlantic/East Coast South America (T.R. 1), Freight U.S. Atlantic/Scandinavia-Belgium, Germany, France, Netherlands (T.R. 6 and 5-7-8-9), Freight U.S. Atlantic/South and East Africa (T.R. 15-A), Freight | 19/23 (1/4) (1/2) 84/96 54/66 24/30 |
| The Oceanic Steamship Company | FMB-44 | 12/77/72 | 5 | U.S. Pacific/Australasia (T.R. 27), Freight U.S. Pacific/Australasia (T.R. 27), Combination | 10/13 12/16 |
| Pacific Far East Line, Inc. | FMB-81 | 12/31/78 | 10 | California/Far East (T.R. 29), Freight | 48/63 |
| Prudential Lines, Inc. | FMB-113 | 12/31/79 | 5 | U.S. North Atlantic/Mediterranean | 28/35 |
| States Steamship Company | FMB-62 | 12/31/77 | 13 | Washington-Oregon/Far East (T.R. 29) Washington-Oregon-California/Far East (T.R. 29) California/Far East (T.R. 29) | 10/16 20/30 22/28 |
| United States Lines, Inc. | FMB-19 | 12/31/69 | 33 | New York/Europe (T.R. 5-7-8-9), Passenger U.S. North Atlantic/Western Europe (T.R. 5-7-8-9) U.S. South Atlantic/Western Europe (T.R. 11) U.S. Atlantic/Far East (T.R. 12) | 21/25 102/159 34/42 45/55 |
| TOTAL | 14 | | 293 | | 1,470/1,920 |

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, 1969

| 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. | \$ 36,156 | \$ — | \$ 36,156 | \$ 64,740 | \$ 8,863,648 | \$ 8,928,388 | \$ 8,964,544 | \$ 503,020(S) |
| American Mail Line Ltd. | 74,734 | 2,181,523 | 2,256,257 | 57,897 | 1,857,530 | 1,915,427 | 4,171,684 | 651,337(S) |
| American President Lines, Ltd. | 4,756,441 | 2,322,941 | 7,079,382 | 494,379 | 1,920,307 | 2,414,686 | 9,494,068 | 626,804(S) |
| Delta Steamship Lines, Inc. | 7,129 | — | 7,129 | 32,442 | 1,042,278 | 1,074,720 | 1,081,849 | — |
| Farrell Lines Incorporated | 352,926 | 210,000 | 562,926 | 39,176 | 100,000 | 139,176 | 702,102 | — |
| Grace Line Inc. | 99,087 | 11,927,813 | 12,026,900 | 10,186 | 4,180,578 | 4,190,764 | 16,217,664 | 1,000(S) |
| Gulf & South American Steamship Co., Inc. | 96,335 | 3,723,011 | 3,819,346 | 43,474 | 2,232,135 | 2,275,609 | 6,094,955 | 500,000 |
| Lykes Bros. Steamship Co., Inc. | 103,560 | 18,689,810 | 18,793,370 | 174,085 | 14,734,136 | 14,908,221 | 33,701,591 | 5,651,770(S) |
| Moore-McCormack Lines, Incorporated | 4,968 | 2,526,287 | 2,531,255 | 970 | 4,249,501 | 4,250,471 | 6,781,726 | — |
| Oceanic Steamship Company, The | 11,146 | 8,655,897 | 8,667,043 | 1,666 | 260,000 | 261,666 | 8,928,709 | 1,134,191(C) |
| Pacific Far East Line, Inc. | 25,315 | 2,241,461 | 2,266,776 | 1,767 | 12,318,619 | 12,320,386 | 14,587,162 | 467,110(S) |
| Prudential Lines, Inc. | 15,017 | — | 15,017 | 688 | — | 688 | 15,705 | — |
| States Steamship Company | (25,649) | 3,853,556 | 3,827,907 | 4,482 | 1,849,450 | 1,853,932 | 5,681,839 | — |
| United States Lines, Inc. | 1,557,883 | 11,801,307 | 13,359,190 | 239,836 | 5,927,743 | 6,167,579 | 19,526,769 | — |
| June 30, 1969 | 7,115,048 | 68,133,606 | 75,248,654 | 1,165,788 | 59,535,925 | 60,701,713 | 135,950,367 | 9,535,232 |
| 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 |
| Increase (Decrease) | 1,587,773 | 19,975,508 | 21,563,281 | (212,126) | (15,431,095) | (15,643,221) | 5,920,060 | 811,708 |
| (1) Common Stock Trusts Market Value reported by Trustees: | | | | | | | | |
| June 30, 1969 | — | — | 1,256,524 | — | — | 9,907,279 | — | 11,163,803 |
| June 30, 1968 | — | — | 1,290,101 | — | — | 9,728,341 | — | 11,018,442 |
| Increase (Decrease) | — | — | (33,577) | — | — | 178,938 | — | 145,361 |

NOTE: Accrued mandatory deposits, not included in the above, at December 31, 1968 amount to \$93,820,413 comprised of \$87,313,215 applicable to the capital reserve fund (depreciation and other required deposits) and \$6,507,198 applicable to the special reserve fund (excess profits net of over deposits).

C — Capital Reserve Fund S — Special Reserve Fund

Maritime Legislation

| Bill No. | Subject | MA Action | June 30, 1969 Status |
|---------------------|---|---|--|
| 90th Cong. | | | |
| H.R. 159 | To amend title II of the Merchant Marine Act, 1936 to create an Independent Federal Maritime Administration. | Sec. of Com. testified unfavorably before House Subcte. on Merchant Marine and Sen. Subcte. on Merchant Marine and Fisheries. | Pocket Veto by President Oct. 19, 1968 |
| H.R. 17524 | To amend sec. 502 of the Merchant Marine Act, 1936, relating to construction-differential subsidies. | | Became P.L. 90-572 10/12/68 |
| H.R. 15189 | To authorize appropriations for certain maritime programs of the Department of Commerce. | Marad testified favorably before House Cte. on Merchant Marine and Fisheries. | Became P.L. 90-471 8/9/68 |
| 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 P.L. 90-435 7/28/68 |
| H.R. 18254 | To amend further sec. 27 of the Merchant Marine Act. 1920. | Marad testified favorably before House Subcte. on Merchant Marine. | Became P.L. 90-474 |
| H.R. 163 | A bill 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. | Marad testified unfavorably before Senate Committee on Commerce and House Subcte. on Merchant Marine. | Passed House 7/15/68 |
| 91st Cong. | | | |
| H.R. 4152 | A bill to authorize appropriations for certain maritime programs of the Department of Commerce. | Marad testified favorably before House Cte. on Merchant Marine & Fisheries and Sen. Cte. on Merchant Marine. | Passed House 5/15/69 Sen. Report June 24 S. Rept. 91-272 |
| H.R. 265 S. 2341 | A bill to amend sec. 502 of the Merchant Marine Act, 1936, relating to construction-differential subsidies. | Marad testified favorably before House Cte. on Merchant Marine and Fisheries. | Passed House June 16, 1969 Passed Senate June 26, 1969 |
| H.R. 4813 | A bill to extend the provisions of the U.S. Fishing Fleet Improvement Act, as amended, and for other purposes. | Marad offered amendment before House Subcte. on Fisheries and Wildlife Conservation. | |
| H.R. 2359 | A bill to extend the U.S. Fishing Fleet Improvement Act and to increase the annual authorization for such act. | Marad deferred to Interior before House Subcte. on Fisheries and Wildlife Conservation. | |

Exhibit 1

Financial Statements

BALANCE SHEET—JUNE 30, 1969 AND JUNE 30, 1968 (NOTE 1)

| ASSETS | JUNE 30 | |
|--|------------------------|------------------------|
| | 1969 | 1968 |
| CASH AND FUND BALANCES (note 2) | \$ 445,137,174 | \$ 415,796,761 |
| ADVANCES: | | |
| U.S. Government agencies | 121,765 | 134,016 |
| Others | 2,088,171 | 2,082,435 |
| | <u>2,209,936</u> | <u>2,216,451</u> |
| NOTES AND ACCOUNTS RECEIVABLE: | | |
| U.S. Government agencies | 6,334,214 | 2,770,684 |
| Domestic firms and individuals | 5,486,154 | 6,976,270 |
| Foreign governments and nationals | 45,938 | 45,938 |
| | <u>11,866,306</u> | <u>9,792,892</u> |
| Less allowance for losses | 215,283 | 2,391,047 |
| | <u>11,651,023</u> | <u>7,401,845</u> |
| ACCRUED INTEREST RECEIVABLE (note 3) | 590,129 | 693,719 |
| MATERIAL AND SUPPLIES (at cost or estimated cost) | 988,962 | 1,041,483 |
| INVESTMENTS—U.S. TREASURY SECURITIES | 11,324,089 | 8,947,422 |
| LOANS RECEIVABLE: | | |
| Ship mortgage loans: | | |
| Domestic firms and individuals | 81,348,769 | 88,215,364 |
| Foreign government and nationals | 810,397 | 1,111,122 |
| | <u>82,159,166</u> | <u>89,326,486</u> |
| Less allowance for losses | 9,173,949 | 9,173,904 |
| | <u>72,985,217</u> | <u>80,152,582</u> |
| VESSLS UNDER CONSTRUCTION | 64,222,966 | 61,009,788 |
| FIXED ASSETS USED IN OPERATIONS (at cost, estimated cost or assigned amounts): | | |
| Facilities and equipment | 33,691,111 | 31,887,819 |
| Less accumulated depreciation | 15,845,625 | 15,539,259 |
| | <u>17,845,486</u> | <u>16,348,560</u> |
| Land and improvements | 6,948,507 | 6,902,157 |
| Construction in progress | 1,648,476 | 1,208,102 |
| | <u>26,442,469</u> | <u>24,458,819</u> |
| ASSETS HELD PRIMARILY FOR MOBILIZATION PURPOSES (at cost, estimated cost or assigned amounts): | | |
| Vessels | 2,313,930,796 | 2,142,992,614 |
| Less accumulated depreciation | 2,223,221,630 | 2,057,850,987 |
| | <u>90,709,166</u> | <u>85,141,627</u> |
| Facilities and equipment | 31,098,622 | 52,352,646 |
| Less accumulated depreciation | 12,838,205 | 26,614,008 |
| | <u>18,260,417</u> | <u>25,738,638</u> |
| Land improvements | 3,531,023 | 7,384,297 |
| | <u>21,791,440</u> | <u>33,122,935</u> |
| Stand-by inventories | 13,413,612 | 13,660,141 |
| | <u>125,914,218</u> | <u>131,924,703</u> |
| OTHER ASSETS: | | |
| Vessels held primarily for scrapping | 500,491,335 | 806,407,054 |
| Less allowance for losses | 483,621,582 | 781,670,073 |
| | <u>16,869,753</u> | <u>24,736,981</u> |
| Deferred charges: | | |
| Unamortized construction-differential subsidies | 836,321,037 | 785,140,441 |
| Other deferred charges and miscellaneous items | 9,077,522 | 11,772,355 |
| | <u>845,398,559</u> | <u>796,912,796</u> |
| Less allowance for losses | 713,498 | 710,682 |
| | <u>844,685,061</u> | <u>796,202,114</u> |
| | <u>\$1,623,020,997</u> | <u>\$1,554,582,668</u> |

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

Department of Commerce— Maritime Administration

| LIABILITIES | JUNE 30 | |
|---|----------------------|----------------------|
| | 1969 | 1968 |
| ACCOUNTS PAYABLE AND OTHER LIABILITIES (note 4) | | |
| U.S. Government agencies: | | |
| Liability for vessels under construction | \$ 64,222,966 | \$ 61,009,788 |
| Advances and contributions | 7,398,431 | 7,663,428 |
| Accounts payable and accrued liabilities | 680,091 | 1,512,956 |
| | <u>72,301,488</u> | <u>70,186,172</u> |
| Other: | | |
| Accrued operating-differential subsidies (note 5) | 154,245,437 | 157,298,792 |
| Less estimated recapturable subsidies | 2,215,300 | 4,723,169 |
| | <u>152,030,137</u> | <u>152,575,623</u> |
| Amounts due shipbuilders for construction of vessels | 11,303,292 | 14,475,693 |
| Accrued annual leave | 2,222,132 | 2,529,694 |
| Accounts payable and accrued liabilities | 30,418,844 | 33,463,639 |
| Deposits by contractors and others | 1,978,451 | 903,942 |
| Vessel trade-in allowance payable | — | 822,436 |
| Withholding for purchase of savings bonds and payments of State and local taxes | 230,854 | 177,522 |
| Unearned insurance premiums (note 6) | 1,887,711 | 1,489,938 |
| Other deferred credits | 1,688,508 | 596,450 |
| | <u>201,759,929</u> | <u>207,034,937</u> |
| | <u>274,061,417</u> | <u>277,221,109</u> |
| EQUITY OF THE UNITED STATES GOVERNMENT (exhibit 2) | | |
| Maritime Regular | 1,307,792,272 | 1,238,468,727 |
| Vessel Operations Revolving Fund | 16,965,943 | 17,298,646 |
| Federal Ship Mortgage Insurance Revolving Fund (note 6) | 19,851,614 | 17,535,092 |
| War Risk Insurance Revolving Fund | 4,349,751 | 4,059,094 |
| | <u>1,348,959,580</u> | <u>1,277,361,559</u> |

\$1,623,020,997

\$1,554,582,668

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

Exhibit 2

Department of Commerce— Maritime Administration

Statement of Equity of the United States Government for the Years Ended
June 30, 1969 and 1968 (Note 1)

| | YEAR ENDED JUNE 30 | |
|---|------------------------|------------------------|
| | 1969 | 1968 |
| BALANCE, BEGINNING OF FISCAL YEAR | \$1,277,361,559 | \$1,209,496,781 |
| ADDITIONS: | | |
| Funds appropriated by the Congress | 356,213,000 | 375,017,000 |
| Vessels transferred from other Government agencies (net) | 24,464,080 | 91,079,005 |
| Property other than vessels transferred from others (net) | 146,175 | 3,013,462 |
| Contributions received for Chapel at United States Merchant Marine Academy, Kings Point, N.Y. | 56,866 | 50,449 |
| | <u>1,658,241,680</u> | <u>1,678,656,697</u> |
| DEDUCTIONS: | | |
| Net cost of combined operations (exhibit 3) | 288,312,894 | 374,820,099 |
| Payments into General Fund of U.S. Treasury | 20,538,878 | 26,215,598 |
| Unobligated balance of appropriations transferred to U.S. Treasury | 430,328 | 259,441 |
| | <u>309,282,100</u> | <u>401,295,138</u> |
| BALANCE, CLOSE OF FISCAL YEAR (exhibit 1) | <u>\$1,348,959,580</u> | <u>\$1,277,361,559</u> |

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

**Department of Commerce—
Maritime Administration**

Statement of Operations for Years Ended June 30, 1969 and 1968 (Note 1)

| | YEAR ENDED JUNE 30 | |
|---|-----------------------|-----------------------|
| | <u>1969</u> | <u>1968</u> |
| OPERATIONS OF MARITIME ADMINISTRATION: | | |
| Net costs of operating activities (note 7) | | |
| Reserve fleet program: | | |
| Depreciation of reserve fleet vessels | \$ 11,418,059 | \$ 97,524,513 |
| Maintenance and preservation | 4,790,327 | 5,490,431 |
| | <u>16,208,386</u> | <u>103,014,944</u> |
| Maritime training program | 5,225,354 | 4,612,827 |
| Maintenance of reserve shipyards | 309,375 | 354,935 |
| Operation of warehouses | 181,630 | 173,380 |
| | <u>21,924,745</u> | <u>108,156,086</u> |
| Direct subsidies and costs attributable to national defense: | | |
| Estimated operating-differential subsidies (note 5) | 193,940,739 | 226,863,805 |
| Construction-differential subsidies | 37,221,396 | 32,586,507 |
| Cost of national defense features | 1,507,243 | 1,620,975 |
| | <u>232,669,378</u> | <u>261,071,287</u> |
| Administrative expense (note 7) | 10,913,493 | 10,280,752 |
| Research and development (note 7) | 11,090,092 | 8,334,211 |
| Uncapitalized expense incidental to ship construction | 2,603,748 | 2,049,604 |
| Financial assistance to State marine schools | 2,118,583 | 1,865,429 |
| | <u>26,725,916</u> | <u>22,529,996</u> |
| Other costs (—income) | | |
| Loss (—gain) on vessels sold | 2,603,154 | —6,867,924 |
| Depreciation on facilities and equipment not allocated to current programs | 531,124 | 214,992 |
| Increase (—decrease) in allowance for uncollectible accounts and notes receivable | —187,924 | —118,064 |
| Adjustments applicable to prior years | —33,112 | —5,861,567 |
| Loss on sale of surplus material and scrap | 254,531 | 403,231 |
| Loss (—gain) on sale of fixed assets other than vessels | 10,562,804 | 3,617,712 |
| Inventory and property adjustments | —1,894,634 | —736,023 |
| Interest earned | —2,170,176 | —2,471,963 |
| Miscellaneous (net) | —394,912 | —317,691 |
| | <u>9,270,855</u> | <u>—12,137,297</u> |
| Net cost of Maritime Administration operations | <u>290,590,894</u> | <u>379,620,072</u> |
| OPERATIONS OF REVOLVING FUNDS (—net income or loss): | | |
| Vessel Operations Revolving Fund | 329,179 | —753,837 |
| War Risk Insurance Revolving Fund | —290,657 | —261,269 |
| Federal Ship Mortgage Insurance Revolving Fund | —2,316,522 | —3,784,867 |
| NET COST OF COMBINED OPERATIONS (exhibits 2 and 4) | <u>\$ 288,312,894</u> | <u>\$ 374,820,099</u> |

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

Exhibit 4

Department of Commerce— Maritime Administration

Statement of Sources and Application of Funds for the Year Ended June 30, 1969 (Note 1)

SOURCES:

| | | |
|---|--|--------------------|
| Funds appropriated by the Congress | | \$356,213,000 |
| Collections on mortgage loans receivable | | 8,076,850 |
| Proceeds from sale of vessels | | 5,226,081 |
| Proceeds from sale of non-current assets other than vessels | | 5,300,725 |
| Contributions received for construction of Chapel | | 56,866 |
| Total funds provided | | <u>374,873,522</u> |

APPLICATION:

| | | |
|--|---------------|----------------------|
| Net cost of combined operations (exhibit 2) | \$288,312,894 | |
| Items considered in net cost of combined operations: | | |
| Provision for depreciation | —13,043,745 | |
| Amortization of construction-differential subsidies | —39,223,577 | |
| Gain or (—loss) on disposal of non-current assets: | | |
| Vessels | —4,069,301 | |
| Other | —10,817,335 | |
| Property and other adjustments | 3,441,661 | 224,600,597 |
| Unamortized construction-differential subsidy | | 90,325,158 |
| Payments into the General Fund of U.S. Treasury | | 20,538,878 |
| Increase in investments—U.S. Treasury Securities | | 2,376,667 |
| Unobligated balance returned to U.S. Treasury | | 430,328 |
| Donations and transfers | | 3,525 |
| Other assets acquired | | 909,485 |
| Total funds applied | | <u>339,184,638</u> |
| Increase in working capital | | <u>\$ 35,688,884</u> |

Summary of Changes in Working Capital, Year Ended June 30, 1969

| | JUNE 30 | | Increase (—Decrease) |
|--|----------------------|----------------------|-------------------------|
| | 1969 | 1968 | |
| Assets: | | | |
| Cash | \$445,134,795 | \$415,796,761 | \$ 29,338,034 |
| Advances | 2,209,936 | 2,216,451 | —6,515 |
| Notes and accounts receivable | 11,651,023 | 7,401,845 | 4,249,178 |
| Accrued interest receivable | 590,129 | 693,719 | —103,590 |
| Materials and supplies | 988,962 | 1,041,483 | —52,521 |
| Other deferred charges and miscellaneous items (net) | 8,443,039 | 11,061,673 | —2,618,634 |
| Total | <u>469,017,884</u> | <u>438,211,932</u> | <u>30,805,952</u> |
| Liabilities: | | | |
| Accounts payable and other liabilities | 209,838,451 | 214,721,383 | 4,882,932 |
| Working capital | <u>\$259,179,433</u> | <u>\$223,490,549</u> | <u>\$ 35,688,884</u> |

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

Notes to Financial Statements—June 30, 1969 and 1968

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:

| | 1969 | 1968 |
|--|----------------------|----------------------|
| Fund Balances with U.S. Treasury: | | |
| Operating funds | \$431,631,055 | \$402,299,644 |
| Trust and deposit funds | 2,209,305 | 1,081,464 |
| Allocations from other agencies | 7,628,941 | 7,380,163 |
| Cash in banks, on hand, and in transit | <u>3,667,873</u> | <u>5,035,490</u> |
| | <u>\$445,137,174</u> | <u>\$415,796,761</u> |

3. Accrued interest receivable:

| | 1969 | 1968 |
|-----------------------------------|------------------|------------------|
| On ship mortgage loans: | | |
| Domestic firms and individuals | \$552,061 | \$655,651 |
| Foreign governments and nationals | — | — |
| On other loans and investments | <u>38,068</u> | <u>38,068</u> |
| | <u>\$590,129</u> | <u>\$693,719</u> |

4. The Maritime Administration was contingently liable under agreements insuring mortgages, construction loans and accrued interest payable to lending institutions totaling \$542,315,289 at June 30, 1969 and \$518,910,412 at June 30, 1968. Commitments to insure additional loans and/or mortgages amounted to \$209,239,850 at June 30, 1969 and \$132,641,150 at June 30, 1968. U.S. Government securities and cash of \$29,425,051 at June 30, 1969 and \$47,101,366 at June 30, 1968 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 \$11 million at June 30, 1969 and \$25 million at June 30, 1968. The Maritime Administration was also contingently liable for undetermined amounts in connection with settlements to be made under 46 claims against the Administration aggregating \$180,000 at June 30, 1969 and 84 claims aggregating \$18,346,270 at June 30, 1968. 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, 1969, and 1968 the U.S. Treasury held in safekeeping for the Maritime Administration \$775,000 and \$445,000, 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 ten-year terms. The Administration was contingently liable for subsidies in the amounts of \$47,467,724 and \$45,658,562 at June 30, 1969 and June 30, 1968, respectively, which had not been paid because of estimated recapturable excess profits in the same amounts pending final accountings for applicable recapture periods.

6. As of June 30, 1968, the Maritime Administration adopted the practice of taking the revenue from insurance premiums into income as it is earned during the premium year. The financial statements as of June 30, 1968, and for fiscal year 1968 have been adjusted accordingly for comparative purposes. This resulted in a reduction of \$1,489,938 in the Equity of the United States Government at June 30, 1968 represented by unearned insurance premiums at that date which were taken into income in fiscal year 1969.

7. 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:

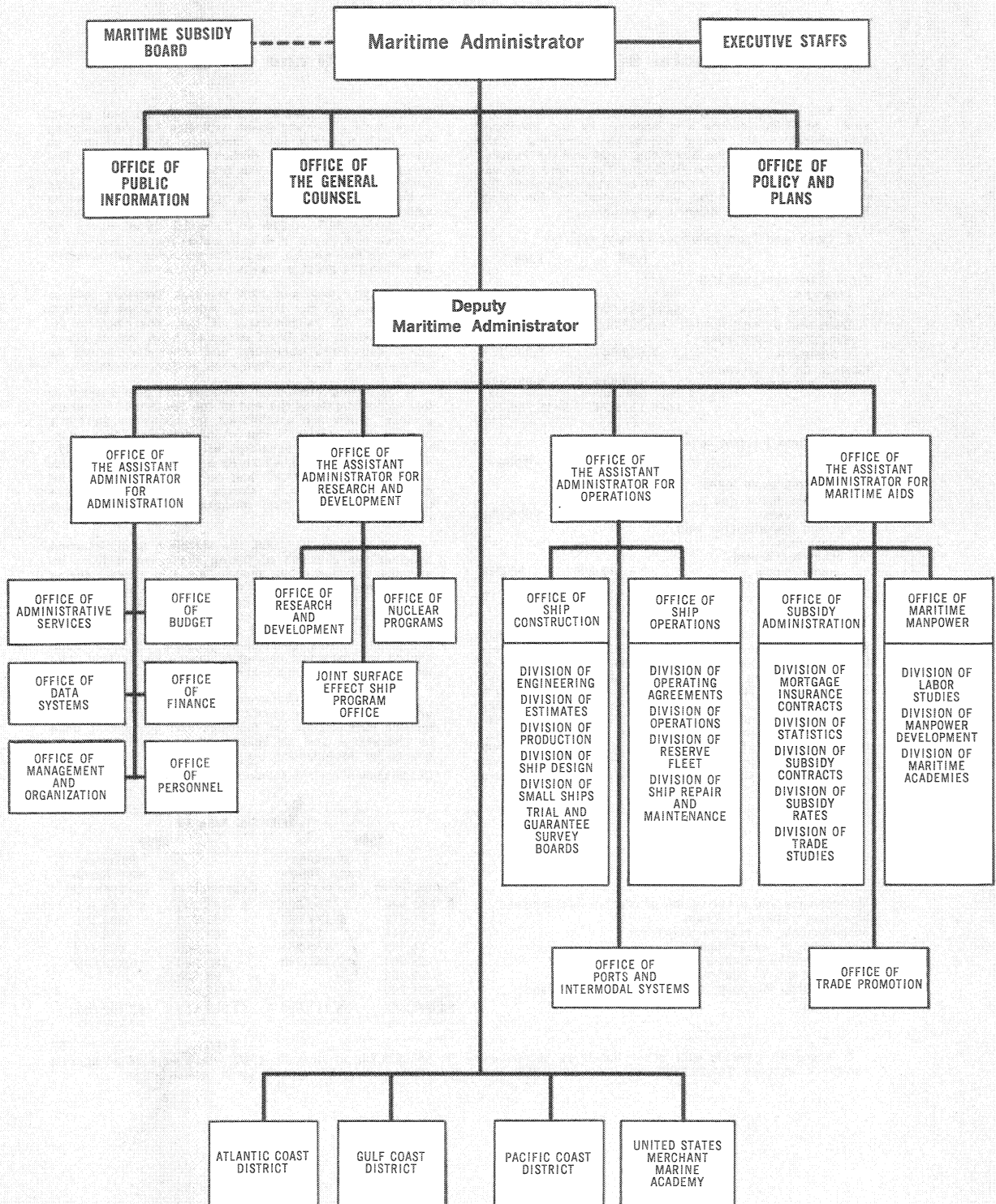
| | Year Ended June 30 | | | |
|---|--------------------|----------------------------|--------------------|----------------------------|
| | 1969 | | 1968 | |
| | Depreciation | Revenue and Reimbursements | Depreciation | Revenue and Reimbursements |
| Maintenance and preservation of reserve fleet vessels | \$ 182,824 | \$ 590,623 | \$ 465,640 | \$ 283,191 |
| Maritime training program | 296,912 | 184,029 | 303,876 | 208,101 |
| Maintenance of reserve shipyards | 310,616 | 14,014 | 867,236 | 548,517 |
| Operation of warehouses | 14,588 | 159,251 | 13,848 | 129,442 |
| Administrative expense | 68,384 | 7,163,938 | 100,580 | 6,322,810 |
| Research and development | 99,452 | | 98,628 | |
| Federal Ship Mortgage Insurance Revolving Fund | 121,786 | | 132,857 | |
| Total | <u>\$1,094,562</u> | <u>\$8,111,855</u> | <u>\$1,982,665</u> | <u>\$7,492,061</u> |

8. Accounts payable and other liabilities shown on exhibit 4 exclude \$64,222,966 at June 30, 1969 and

\$61,009,788 at June 30, 1968, which were offset against related costs for vessels under construction.

U. S. Department of Commerce

Maritime Administration



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Co.
Humble Oil and Refining Co.
Maryland Port Authority
Maryland Shipbuilding and Drydock Co.
Moore-McCormack Lines, Inc.
Delta Lines, Inc.
American Mail Line, Ltd.
States Steamship Company
Ocean Tankships Corporation
Bell Aerosystems Co.
Norfolk Port Authority