

DISCRIMINATORY OCEAN FREIGHT RATES AND THE BALANCE OF PAYMENTS

HEARINGS BEFORE THE JOINT ECONOMIC COMMITTEE CONGRESS OF THE UNITED STATES EIGHTY-EIGHTH CONGRESS FIRST AND SECOND SESSIONS

JUNE 20, 21; OCTOBER 9, 10; NOVEMBER 19, 20, 1963;
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PART 5—APPENDIX

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OUTLINE OF MATERIAL CONTAINED IN THIS APPENDIX

Part 1. Materials submitted by the American Steamship Traffic Executives Committee (ASTECC) and the Committee of American Steamship Lines (CASL).

The Joint Economic Committee requested ASTECC to justify rate disparities on approximately 75 commodities. The commodity list was obtained from the Federal Maritime Commission in cooperation with the Department of Commerce. This list, as well as the ASTECC study, is included.

Also included is detailed information on the tax treatment of subsidized steamship lines submitted by Mr. Frank Nemec, a spokesman for the CASL, for the committee record during its hearing on November 19, 1963.

A study by Standard & Poor's Corp. is included, entitled "Comparative Financial Analysis of American Industry," prepared for the CASL for use at the Joint Economic Committee hearings, November 19, 20, 1963.

Part 2. Materials submitted by the Federal Maritime Commission.

This section contains a summary of pilot studies encompassing 20 commodities prepared by the Federal Maritime Commission's Bureau of Financial Analysis. The studies indicate the levels of rate disparities, general conclusions reached by the Commission's staff concerning these disparities, and areas in which the Commission's staff considers further investigation necessary.

A detailed analysis of nonconference competition serving U.S. freight trade routes is also contained in this section.

Part 1 of the Joint Economic Committee's hearings, "Discriminatory Ocean Freight Rates and the Balance of Payments," pages 135-168, contains a list of conferences serving the same U.S. foreign trade routes as the list contained in this section.

A study indicating the use of open rates by major U.S. steamship conferences is also included to indicate the relationship between the extent of nonconference competition and the use of open rates by conferences.

A letter from the Federal Maritime Commission to the principal steamship conferences serving U.S. foreign trade regulating shippers requests and complaints is reproduced in this section of the appendix.

Part 4 of the committee's hearings entitled "Discriminatory Ocean Freight Rates and the Balance of Payments" provides a summary of the actions taken by the Federal Maritime Commission as the result of the conferences' responses.

Part 3. Coffee pool.

Because of the Federal Maritime Commission testimony presented in part 4 of the committee's hearings on discriminatory ocean freight rates, members of the Brazilian coffee pool (Delta Steamship Lines, Inc., and Moore-McCormack Lines, Inc.) have submitted detailed information concerning their participation in the coffee pool. The

Federal Maritime Commission's response thereto is also contained in this section.

A statement by the IRS of the tax treatment of pooling arrangements is also printed in this section of the appendix.

Part 4. Shippers' correspondence.

Since the inauguration of the Joint Economic Committee's investigation of ocean freight rates in May 1963, many U.S. and foreign shippers have provided information for freight rate discrimination. Part 4 contains a random sampling of this information.

Part 5. Materials submitted by the U.S. Department of State, the Department of the Navy, and the Agency for International Development.

This section contains a description of the rate-setting practices of the Military Sea Transportation Service, Department of the Navy. It also contains a summary prepared by the Department of State on regulations of ocean freight rates maintained by foreign governments. Finally, it contains a copy of the correspondence between Senator Paul H. Douglas, chairman of the Joint Economic Committee, and the Agency for International Development, on freight charges of AID exports.

Part 6. Miscellaneous information submitted during the course of the Joint Economic Committee Hearings on ocean freight rates and the balance of payments.

SEPTEMBER 26, 1963.

Mr. D. F. WIERDA,
Vice President, Traffic Division,
United States Lines Co., New York, N.Y.

DEAR MR. WIERDA: Confirming our earlier conferences and negotiations, we request that the American Steamship Traffic Executives Committee, representing U.S.-flag berth companies, prepare a study dealing with the disparities in out-bound-inbound ocean freight rates for the Joint Economic Committee. The study will encompass 75 products previously submitted on which there are considerable disparities in outbound and inbound rates between the United States and the following countries:

Argentina	Italy
Benelux	Japan
Brazil	Peru
Chile	Sweden
Colombia	United Kingdom
France	West Germany, Republic of

The following information would be helpful to the Joint Economic Committee:

1. What criteria are used in establishing ocean freight rates?
2. In general, why are there discrepancies between outbound and inbound rates?
3. If all commodities were the same, what would be the average freight rate required on a weight or measurement basis to cover cost on each trade route? Would this rate be the same for the outboud-inbound voyage?
4. Why do freight rates on commodities of almost identical value, movement, and size differ?

Evidence so far introduced in the committee's hearing record indicates that European and Japanese producers enjoy a competitive advantage over U.S. producers because of ocean freight rate disparities. The problem is twofold. First, it costs more to ship a product to Europe or Japan than it does to ship the same product from these countries to the United States. Second, it costs more to ship U.S. exports to countries of Latin America, India, and Africa on a per-ton-mile basis than it does from Japan and Europe to these countries. Additional information involving this "triangular" freight problem would be most helpful.

The committee's main interest is the effect of ocean freight rates on the balance of payments. A general statement in this area, pointing out suggestions to the committee which would generate more dollars to U.S.-flag carriers would be welcomed.

Hearings on this study are expected to begin November 19.

Faithfully yours,

PAUL H. DOUGLAS, *Chairman.*

U.S. GOVERNMENT MEMORANDUM

FEDERAL MARITIME COMMISSION,
August 22, 1963.

To: Chairman, Federal Maritime Commission.
From: Acting Managing Director.
Subject: Ocean freight rates.

Recently, the members of the staff of the Commission met with representatives of the Department of Commerce and representatives of the Joint Economic Committee (Douglas committee). These meetings were held pursuant to a request of the committee for a list of selected commodities to be used by the committee in hearings in late September or early October. It is understood that industry representatives will present at these hearings their justification of inbound and outbound freight rates on these selected commodities. In this connection, it is entirely possible that the Commission may be called to testify at these hearings.

As a result of these meetings, the staff selected 103 commodities on the basis of (1) products which U.S. exporters have indicated are discriminated against in their complaints; (2) products which are presently substantially exported or for which there is an export potential; (3) products which the Commission presently knows are discriminated against; and (4) products on which freight rates are a high percentage of landed cost. In addition, the products referred to by Senators Douglas and Bartlett during the course of recent hearings on ocean freight rates are included. There is attached a list of these commodities by name and the basis for their inclusion. The list was prepared in cooperation with the Department of Commerce, particularly with respect to the information furnished by them as to the export potential of the commodities and the specific foreign areas in which such potential lies. Copies of the list have been forwarded to the Douglas committee. The staff will furnish to the committee, as requested, the inbound-outbound rates on the listed commodities for the export potential areas.

The information being developed with respect to the above, as well as other available information, shows that in connection with the transportation of various commodities, the freight rates charged for the transportation of some commodities from the United States to a foreign country are in excess of the rates charged for the carriage of the same commodities to the United States from that country.

The Commission has already undertaken an investigation of iron and steel rates to various areas of the world, docket No. 1114. Formal investigations of this type may be necessary with respect to a number of other commodities. However, it is believed that with respect to many commodities, the Commission should direct a letter to the conference involved, pointing out the prima facie discrimination against U.S. exports and requesting the conference and/or carriers to take immediate action to remove such prima facie discrimination or submit reasons for justification of the rates. This procedure, it is believed, may result in the removal of some of the prima facie discriminations. If so, it would be the most expeditious method available and, if not, should assist the Commission in deciding whether to initiate a formal proceeding with respect to the rates on a particular commodity. If this procedure is approved, the staff will submit promptly to the Commission a list of commodities together with appropriate letters to conferences and/or carriers. This initial list would be supplemented periodically as additional information concerning disparities in freight rates becomes available.

The above procedure is intended to complement the program recommended in the memorandum, dated August 21, 1963, subject, "Programing of Freight Rate Studies and Recommendations Thereon to the Federal Maritime Commission."

JAMES L. PIMPER.

Exhibits appearing in the following pages were prepared for hearings before the Joint Economic Committee, Congress of the United States, November 19, 20, 1963.

PART 1

**Materials submitted by the American Steamship Traffic
Executives Committee (ASTECC) and the Committee of
American Steamship Lines (CASL)**

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SECTION A—JAPAN

Comparison of the value of U.S. exports¹ and U.S. general imports in trade with Japan: 1958-62

[In millions of dollars]

	Exports	Imports	Balance
1958.....	845	666	+179
1959.....	967	1,029	-62
1960.....	1,341	1,149	+192
1961.....	1,739	1,055	+684
1962.....	1,414	1,358	+56
Average.....	1,261	² 1,051	+210

¹ Including reexports.

² 20 percent.

Source: U.S. Statistical Abstracts 1963.

REMARKS COVERING STATEMENTS ON EXPORT VERSUS IMPORT RATES, IN THE UNITED STATES/JAPAN TRADE

(See list of abbreviations used in these remarks and in the statements at the end of this article, p. 792.)

AUTOMOBILES

Japan spent more money on United States-made automobiles than the United States spent on the Japanese product.

The movement in each direction consisted chiefly of passenger automobiles, but the average value of the United States product at United States port of export was \$2,332 whereas the average value of the Japan product at Japan port of export was only \$951. (The two products cannot be called competitive in any practical sense, based on the cost of manufacture.)

United States passenger automobiles competed successfully in Japan with those imported from other countries. The average value of the United States car delivered in Japan (including cost, insurance, and freight) ran \$1.65 per kilogram while that from other countries ran \$1.89, so the freight rate included in this value could not have been much of a deterrent to the movement. Of every dollar Japan spent to import passenger automobiles, over 62 cents was spent in the United States.

Though the inbound rates to the United States ran 22 percent lower than the outbound, the outbound movement, using the higher freight rates, produced the greater volume and brought twice as many dollars to the United States as were expended in Japan. (This proves that a lower freight rate in itself will not necessarily increase volume.)

A detailed examination of trucks and buses could not be made from TOJ figures because they include large numbers of trucks and buses used by the United States military in Japan for several years and when worn out were sold to the Japanese at almost scrap prices. These figures are not included in any we have used because they would have resulted in a large distortion.

DISTILLED SPIRITS—LIQUOR

Reasons for low volume of imports from United States are:

(1) Japan is traditionally a Scotch consumer, and not United States bourbon, rye, Irish, or Canadian. Gin comes from England, according to Japanese, wines from France and Italy. Thus, except for tourist trade, there is no important demand for bourbon.

(2) Foreign exchange allocations are restricted for whisky (both United States, Irish, Canadian, and Scotch), gin, and brandy, and allocation is in-

sufficient to meet even demands for Scotch. Of present allocation, 99 percent went for Scotch, but there is still a shortage. Allocations are given to a restricted group of importers and only one United States firm has any allocation.

(3) Duties and taxes are a factor but not as much as the restricted exchanges allocations and the public preference for Scotch. In fact, United States bourbon and liquors get better duty and liquor tax treatment than Scotch, but still cannot compete.

In view of the above this is clearly a case where the level of the freight rate will have little, if anything, to do with the volume of cargo moving. If the inbound freight rate is added to the FAS JPE value of \$1.69 per kilogram on the inbound shipments they will just equal the CIF JPI value of the outbound shipments.

ELECTRIC BATTERIES

Census figures show value by number but Japanese figures supply kilograms and value.

The CIF value in Japan of the relatively few United States batteries shipped to them (only 36 metric tons in 1962) was \$2.69 per kilogram. The highest outbound freight rate from the United States equals only 6½ cents per kilogram, therefore the value of the United States product in Japan without freight was \$2.62 per kilogram or \$1.15 per kilogram over the average value of Japan's batteries shipped to the United States.

It is no surprise the movement United States to Japan was only 36 metric tons as opposed to 2,700 tons in the opposite direction. Carrying the United States product to Japan free would not have made it competitive.

ELECTRIC LIGHT BULBS

Census figures show value only on *number* of light bulbs basis which makes comparison with the freight rate difficult.

Trade of Japan figures show value by kilograms so they have been used. Japan imported from the United States only 9 metric tons of electric light bulbs in 1962. The United States product was worth in Japan \$26.18 per kilogram CIF. The highest freight rate from the United States was 60 cents per kilogram, therefore the average value of the United States bulbs in Japan was \$25.58 per kilogram. This, compared with the value of \$9.66 of bulbs from other countries including the freight rate, shows the cost of the United States bulbs without freight was not competitive.

We may also contrast the \$25.58 per kilogram value with the value in Japan of bulbs shipped to the United States. The latter was \$3.50 per kilogram which indicates a much cheaper product or a different weight of the various items within the general heading. The breakdown supplies the answer: 83 percent of the value covered small cheap Christmas decorative lights.

We find the movement from the United States to Japan extremely small and pricewise far above Japan's import from other countries and Japan's exports to the United States.

ELECTRIC MOTORS

Census figures covering electric motors show *number* and *value*. It would be quite difficult to translate the freight rate directly into so much per motor. Japanese trade figures show *number*, *kilograms*, and *value* of the motors so they have been used.

United States shipped to Japan in 1962, 242,000 motors with an average CIF value at Japan port of import of \$9.81 per motor or \$9.64 without the freight. (This compared with the average value of \$0.91 per motor at Japan port of export of motors shipped to the United States shows the two products are not comparable. Of United States motors shipped to Japan, 96 percent were between 10 and 70 watts whereas 68 percent of those shipped from Japan to the United States were not more than 10 watts and worth less than \$1 per motor. The two types are not competitive and would not even be purchased in the same store.)

The highest outbound freight rate is 8½ cents per kilogram. If this is deducted from the average CIF value of United States motors at Japanese port of import, it shows that deadheading these motors would not make them competitive pricewise with the motors Japan ships to the United States.

Also note, of the money Japan spent to import motors from all countries, 78 percent was spent in the United States. Motors from the United States were

valued at Japanese port at \$4.83 per kilogram, and at \$4.74 without the freight. The value of the motors they imported from other countries including the freight was \$3.49 per kilogram; so, based on an average kilogram of motors, the United States product was noncompetitive even before the freight rate was added.

ELECTRIC MACHINERY

The United States manufactured and was able to deliver to Japan port of entry over 2,800 metric tons electric power machinery and switch gear at an average CIF price of \$6.14 per kilogram. This was competitive with Japan's cost of manufacturing the same.

Of every dollar Japan spent to import electric machinery, *75 cents was spent to bring in the article manufactured in the United States.*

The price of the Japanese manufacturer on the other items was much lower—the difference being far greater than the 10 cents per kilogram difference in the inbound and outbound freight rates. This 10 cents could be contrasted with the roughly \$4.50 per kilogram difference in the average of the United States manufactured article (without the freight rate) and the Japanese article.

ELECTRICAL INDUSTRIAL CONTROLS

In 1962, the United States shipped to Japan 526 metric tons which was 61 percent of Japan's imports of this commodity.

This was rather remarkable in view of the fact the average CIF value at Japan port of import of the United States product was \$13.06 per kilogram as against \$6.46 for the same commodity from other countries.

The highest United States/Japan freight rate was 17 cents per kilogram, so, deducting this from the \$13.06 per kilogram, we have a value without the freight rate for the United States product of \$12.89 per kilogram which is just twice as high as the value of Japan's imports from other countries. Obviously the quality of the United States product justified the higher value.

Comparing value of import and export commodities of identical description we find after deducting the freight rate included in the CIF JPI value that the average value per kilogram is \$19.93 for the United States/Japan shipments as against \$4.63 for the Japan/United States shipments. In other words, with the element of freight rates completely removed, the United States product is 4.3 times the value of the Japan product.

Can a difference of 5 cents/6 cents per kilogram in the outbound versus inbound freight rate be said to be a serious deterrent to our exports when the value per kilogram of our exports exceeds the imports by over \$15 per kilogram?

HIGH PRESSURE BOILERS (OTHER THAN LOCOMOTIVES)

No sign here that the United States/Japan freight rate, though higher than the Japan/United States rate, has done anything to deter United States exports.

United States/Japan movement was 5,227 metric tons as against only 13 tons in the opposite direction. (United States/Japan freight rate enabled the United States product to sell in Japan at 4 cents per kilogram less than the competitive product from other countries and resulted in Japan buying 86 percent of her imports in the United States.)

Though the Japan/United States shipments were only 40 percent of the value of the United States/Japan shipments, only 13 metric tons moved inbound. Here again, if quality or a better product is tied in with a higher price, the higher price and a higher freight rate can move the cargo.

ELECTRONICS—EDP COMPUTERS

No commodity rate in either direction.

The United States product was competitive on a CIF basis in Japan and made up 64 percent of Japan's imports.

No inbound movement though the inbound rate is lower.

Reports from Japan indicate imports are restricted in order to protect the growing Japanese industry. Furthermore, such equipment is being made in Japan by IBM, National Cash Register, Sperry Rand, etc.

Import duties are generally—

	Percent
Digital computers.....	25
Auxiliary machinery for digital computers.....	15
Analog computers.....	15
Electronic calculating apparatus.....	15

which make the United States units very high in price. Although there should be a demand for some time, Japan's technology is improving and she is now able to export; with improvement of technology, the demand for imported products should decline.

TV AND RADIO BROADCASTING AND RECEIVING EQUIPMENT (INCLUDING MICROWAVE RELAY EQUIPMENT)

Schedules A and B numbers covering TV broadcast equipment do not provide for a unit of quantity. TOJ figures show kilograms as well as value but mixes radio and television and also mixes broadcasting and receiving apparatus. It has been thought better to enlarge the commodity scope to obtain the essential volume information. These figures also include microwave relay equipment.

Of Japan's total imports of these commodities, 78 percent are obtained in the United States. The average CIF value of the United States product at Japanese port of entry was \$7.28 per kilogram compared with \$20.90 per kilogram on the same products imported into Japan from other countries. Because these values include ocean freight there is no basis, generally speaking, for a complaint regarding the United States/Japan freight rates. If an exporter considers he has good cause for complaint on some particular item it would be necessary he furnish volume of movement and value on that item to the freight conference concerned.

It is unlikely that there will be any new TV broadcasting station licensed for some time and all present stations are well equipped. Hence we can see no particular market here for United States equipment except perhaps very new, technically advanced pieces of equipment. For all normal purposes the local industry is quite able to supply.

FOUNTAIN PENS

TOJ code has a separate classification covering fountain pens decorated with precious stones or precious metals. These were not included in the tonnage reported in the statement.

Figures show the average pen from the United States was valued at Japan port of entry at \$2.80 of which the freight rate was about \$0.005 or one-half cent. That leaves the cost of the article without ocean freight at about \$2.795 each.

The value of the average pen shipped from Japan to the United States without ocean freight was less than 8 cents per pen.

This makes the two pens so dissimilar they probably would not be sold in the same retail store. They can hardly be called competitive.

CANNED FRUITS AND PREPARATIONS

Kinds of canned fruits moving between United States and Japan differ. Pineapples, peaches, and fruit cocktail made up 84 percent of the United States/Japan movement. Mandarin oranges made up 96 percent of the Japan/United States movement.

In the case of a small part of the tonnage, the same fruits seem to move in both directions, but the wide difference in price suggests the preparations probably vary greatly in quality.

TOJ figures covering Japan's total imports of canned fruits show that only 5 percent comes from the United States. This is no surprise when we note the delivered CIF value of United States canned fruit in Japan is 46 cents per kilogram against 34 cents for imports from other countries. The freight rate from the United States of just under 7 cents per kilogram can be deducted from the 46 cents leaving 39 cents per kilogram, which is still 15 percent over the average value from other sources. This would be the situation if the canned fruit were carried freight free from United States to Japan.

GLASS, FLAT, INCLUDING PLATE GLASS

Census shows square feet for some glass items and no unit of volume for others so it is impossible to get value based on a common unit.

TOJ figures show only 134 weight tons shipped United States to Japan in 1962 while 33,000 tons shipped in opposite direction.

Average CIF value at Japan port of import of the 134 tons from the United States was 88 cents per kilogram, while the freight rate was not more than 6 cents per kilogram. This leaves the United States product at 82 cents per kilogram as opposed to 33 cents on Japan's imports of the same items from other countries and 12 cents on their shipments of the same to the United States.

Japan advises the glass industry is now capable of supplying domestic demand despite the huge amount of construction.

Special plate glass, shatter proof glass for autos, etc., also are now produced in sufficient quantity, with technique of the United States and elsewhere (e.g., Asahi Glass Co.-Corning Glass). In fact, Japan exports glass in large volume.

GLASSWARE; TABLE, KITCHEN AND HOUSEHOLD, HOTEL AND RESTAURANT

Here the United States manufacturer seems to have a cost advantage over his foreign competitor, at least in the Japan market. United States glassware of this type was delivered at Japan port of import at \$0.61 per kilogram. This was cheaper than the FAS Japan port of export value of their shipments to the United States which was \$0.81 per kilogram, and much cheaper than the \$2.16 value of Japan's imports from other countries. The United States/Japan freight rate of about \$0.30 per kilogram is included in the \$0.61 figure.

The freight rate here certainly cannot be said to discourage exports.

Japan advises there was a good market up to some few years ago, but Japan's glass industry has sufficiently advanced to supply local demand and to export. The major part of the market would be the large hotels (foreign style) but the rush of building of new hotels seems to be about over. Furthermore, local products are available and cheaper than United States products. Japan is an exporter rather than an importer.

HOUSEHOLD REFRIGERATORS AND PARTS

Practically all (96 percent) of the type of household refrigerators shipped from the United States to Japan are *not* shipped in the other direction. In fact, the total Japan/United States movement in 1962 was less than 5 weight tons, a negligible movement.

Of each dollar Japan spends to import this commodity, 87 cents is spent in the United States.

The United States product is delivered in Japan at a value (including ocean freight) less than 30 percent of the value of refrigerators of the same type imported from countries other than the United States.

If the level of the freight rate determines the volume of the movement, the bigger movement would have been from Japan to the United States, but that was less than 2 percent of the outbound movement.

The higher United States/Japan rate gives no indication of having diminished the outbound movement. Japan is now making her own refrigerators.

A reason for the reduction in the market for United States goods in household appliances is the rather obvious fact that Japan can now adequately supply the local demand at cheaper prices than prevail for United States imported goods. However, United States refrigerators are preferred over local products by some able to afford them, but this group is a very small percentage of the market. It is significant that, even in the new hotels for foreign guests, the refrigerators and stoves are all Japanese make (including the new Tokyo Hilton Hotel).

HOUSEHOLD VACUUM CLEANERS

In 1962, the United States shipped to Japan only 10 electric household-type vacuum cleaners. The United States received from Japan 94,142 electric vacuum cleaners, valued at 67 cents apiece.

This clearly indicates Japan sent the United States a type other than household.

Japanese figures fortunately give the weight as well as the number of the cleaners. Also, their classification includes all vacuum cleaners with self-contained motors. They show the United States/Japan movement of this classification covered 103 cleaners with an average weight of 40 pounds.

Shipments in the other direction averaged 0.93 pound. Clearly this is not the same commodity as that moving in the other direction under the same general heading. Japan manufactures and the United States imports a very small battery-operated vacuum cleaner used to clean automobiles, pockets, and shorn heads by barbers.

The average CIF value of the United States product in Japan was \$97.17 per cleaner. With the highest freight rate at 8½ cents per pound this would run \$3.40 for a 40-pound cleaner. This means the value in Japan not including the ocean freight was still \$93.77 each or over three times the CIF value of Japan's imports from other countries.

HOUSEHOLD STOVES, FURNACES, HEATERS, AND PARTS

Census figures show the United States exported to Japan in 1962 only nine gas stoves but over 56,000 stoves and space heaters other than gas or electric. The unit of quantity is "number." Census import figures show no quantity unit on such commodities and do not differentiate between heating and cooking stoves.

TOJ figures mix heating and cooking stoves but show kilograms and value on all types. Therefore, gas stoves and parts, and furnaces, heaters, and parts have been taken together from TOJ.

The United States manufactured their "stoves of iron or steel" and placed them in Japan cheaper than Japan's export price on the same. There can be no complaint against this rate. This was 96 percent of United States shipments.

Japan, however, manufactured their domestic cookers and ovens at less than half of the United States cost (without freight), so were able to ship over 900 weight tons to the United States.

On gas stoves and appliances for household sizes the several large gas companies have virtual monopolies in their respective areas and sell their own makes through their own channels. Thus, it can be estimated that there is virtually no market for United States gas stoves; a small but declining market for refrigerators, and virtually no market for vacuum cleaners. In all cases, United States prices are higher than those for local products.

IRON AND STEEL CASTINGS AND FORGINGS

These Census figures show only movement of any size United States to Japan was rough forgings of alloy steel (including stainless steel) which in 1962 amounted to less than 220 short tons; all other besides this item was less than 35 tons. The chief movement inbound from Japan consisted of castings and die blocks. Shipments in each direction are not similar.

Regarding the total of this group, the average value at point of shipment from the United States to Japan ran just about four times the value of Japan's exports to the United States at Japan port of export.

If the United States product had been carried to Japan freight free, it would not have been competitive. There are many different rates on the various items but United States/Japan rates are less than 3 cents per pound and Japan/United States rates are less than 2 cents per pound but the 1-cent-per-pound difference is insignificant compared to difference in value.

TUBES, PIPES, AND FITTINGS OF IRON OR STEEL

Could not limit to 6- to 8-inch-diameter pipe because statistics did not give breakdown on this basis. Therefore, all iron and steel pipe was included.

An analysis of the movement shows shipments in each direction are not similar. Of the United States/Japan movement, 65 percent consists of seamless pipes at an average CIF value in Japan of \$964 per metric ton. Of the Japan/United States movement, 84 percent was of welded tubes and pipes at an average FAS value in Japan of \$186 per metric ton. The CIF value of the United States pipe would be reduced to about \$900 without the freight so the values on a comparable basis are still not competitive.

Speaking of an average pound of this cargo, Japan's imports from the United States had a CIF value in Japan about 9 cents higher than that from other countries. Nevertheless, 68 percent of Japan's imports were from the United States. This is not indicative of a discriminatory freight rate.

Nor are there signs of a discriminating outbound freight rate versus the inbound rate. We have shown in the second paragraph the items are not similar from a commodity standpoint. The average price of the United States/Japan pound of this commodity less the freight is over 72 cents, whereas the corresponding price of the Japan/United States shipments is less than 8 cents. Here is a difference of 64 cents per pound. The difference in the freight rates is 2 cents per pound.

OIL WELL CASING

Movement from the United States to Japan was negligible, running under 15 short tons for year 1962, while inbound movement was 6,700 tons.

Average value per pound of United States product at United States port of export ran over 21 cents while Japan/United States shipments averaged 7½ cents at Japanese port of export. Therefore, to have carried United States product to Japan freight free would not have made it competitive.

The United States undoubtedly has an export potential but certainly not to Japan. What demand there is for oil country goods in Japan is extremely small and fully supplied by local makers. Japan imports 90 percent of the crude oil she consumes. Japan exports oil pipe and casings in large quantities to United States, Venezuela, Persian Gulf, etc. Her standards are equivalent to United States, API and prices cheaper than United States products. There is no market in Japan for such United States products and there will not be in the foreseeable future.

STEEL PLATE

U.S. Bureau of the Census could not be used as not having comparable export and import designations, also no clean division between *sheet* and *plate*: TOJ used because definitions could be kept consistent. Have included all plates or sheets thicker than 3 millimeters (0.118 inch). This is just under one-eighth of an inch.

United States shipped to Japan 5,860 metric tons at an average CIF Japan port of import value of 21½ cents per kilogram. Of every dollar Japan spent to import this commodity, 86 cents was spent in United States even though CIF value of imports from other countries ran only 9.6 cents per kilogram. Highest freight rate from United States was less than 3 cents per kilogram so even if carried freight free the United States product would not have been competitive in Japan.

Japan exported to the United States 74,000 metric tons of this commodity as opposed to less than 6,000 tons United States/Japan. Value of Japanese product delivered in United States was about 14 cents per kilogram. Value of United States product at United States port of export would have been about 19 cents per kilogram. Therefore, the difference in cost of manufacture made the big difference in price, not the freight rate.

ROLLED AND FINISHED STEEL STRUCTURALS

For comments regarding this classification, see Statement, page 807.

IRON AND STEEL WIRE RODS

Practically no movement from United States to Japan; in 1962 only 2 metric tons with a delivered value CIF at Japan port of import of \$5.85 per kilogram. Freight rate was less than 9 cents.

This could not compete with wire rods delivered Japan from other countries at 0.4 cent per kilogram.

Total of 287,000 metric tons were shipped Japan/United States at value of 10 cents per kilogram at Japan port of export.

NAILS, TACKS, STAPLES, AND SPIKES

In 1962 United States shipped to Japan only 17 metric tons at CIF value at Japan port of entry of \$1.88 per kilogram, of which value freight was less than 8 cents.

Same commodity from other countries into Japan ran 96 cents at Japan port of entry.

Japan shipped to United States 126,000 metric tons at value at Japanese port of less than 17 cents per kilogram.

IRON AND STEEL WIRE (EXCLUDING WIRE ROD)

Over 80 percent of the small United States/Japan movement consisted of clad wire, practically none of which (only 151 metric tons) was shipped in the other direction.

Freight rates from the United States enabled the United States exporter to land his wire in Japan cheaper than that from other countries.

If the United States product had been carried freight free it could not have competed price wise with the Japanese product.

IRON OR STEEL CONCRETE REINFORCEMENT BARS

The freight rates have little meaning here because if the United States product were carried to Japan freight free it would not be competitive with price of the Japan product.

As a result of the big difference in these values (United States bars are over 60 percent higher than Japanese bars) no cargo has moved United States/Japan while over 150,000 metric tons moved Japan/United States.

STAINLESS STEEL BARS

United States shipped to Japan only 33 short tons in 1962, average value of which at United States port of shipment was over 91 cents per pound.

Japan shipped to the United States over 160 short tons, average value of which FAS Japan port of export was 31 cents per pound.

If the United States product had been carried to Japan freight free it would not have been competitive.

According to Japan's figures they imported only 8,000 kilograms from all foreign sources. The CIF value of the United States product at Japanese port of import was \$9.47 per kilogram as against corresponding value of \$1.47 on that imported from other countries. Of \$9.47 value on the United States product, less than 7 cents of that amount was the freight rate from the United States. This illustrates that it was the manufactured cost of the United States product but not the freight rate which made it for the most part noncompetitive in Japan.

For some years there was a market in Japan for imported products as the stainless steel industry here was small, technically inferior, and prices were higher than world prices. However, in the past three years this situation has changed and Japan now produces ample quantities of high quality and so priced that they have now some export capacity, thus the former need for imported products has been overcome.

LUBRICATING OILS AND GREASES

Total movement United States/Japan in 1962 was 208,054 metric tons while only a negligible amount or 45 tons moved in the other direction.

CIF value of United States product at Japanese port of import was 11 cents as opposed to 7.8 cents corresponding value on lubricating oils from all other countries.

Imports from the United States accounted for 77 cents out of every dollar spent by Japan for foreign lubricating oil. The freight rate included in the CIF values could not have been a serious deterrent to the movement of this commodity United States/Japan. U.S. Bureau of Census Annual SA 705 shows that about 200,000 long tons of lubricating oil moved from United States to Japan in 1962 by tanker. This means the great majority of the movement was at rates not named by liner conferences.

The fact that Japan buys 77 percent of this commodity from the United States, even though the delivered price on the United States product is 42 percent higher, means that the United States either supplies a particular kind of lubricating oil Japan requires, which they cannot buy elsewhere, or the kind of oil may be the same but the quality of the United States product is worth the differential in price.

WELL-DRILLING MACHINERY AND EQUIPMENT

Could not use Census figures because there is no unit of quantity used throughout. Furthermore, there are no Schedule A numbers covering exclusively this commodity.

TOJ commodity designations do not cover oilfield machinery exclusively, but rather all well-drilling machinery and equipment, but kilograms are consistently given with value.

Of each dollar Japan spent abroad for this commodity, 47 cents was spent for United States products which covered 74 percent of the tonnage.

The CIF value of the United States product at Japanese port of import was less than one-third of the CIF value of the same products imported by Japan from other countries. There certainly does not appear to be a discriminatory rate relationship here.

Shipments from United States to Japan ran 886 metric tons while shipments in the reverse direction were negligible, running only 38 kilograms in 1962.

This is no surprise because Japan's need for what little oil-well drilling there is, is supplied quite completely by Japanese industry. Japan imports 90 percent of the crude oil she consumes.

(See statement on Oil-Well Casing.)

PIGMENTS

Detail as to kinds of pigments shows 87 percent of the United States/Japan shipments consist of carbon black valued at less than 12 cents per pound with an outbound freight less than 2 cents per pound (the two lower outbound rates).

Ninety-one percent of Japan/USA movement are compounds of chromium valued at 22 cents per pound.

Therefore the two movements are not similar and no discrimination can be involved.

The outbound freight rates are generally lower, but as shown in the first paragraph the kinds of pigments moving in each direction are not similar. If one wants a black pigment, a green pigment is not only dissimilar but also noncompetitive.

PLYWOOD

Census figures show the United States shipped only 24 square feet of plywood to Japan in 1962 while the movement was 740 million square feet in the other direction.

All import from Japan was hardwood plywood and was valued at 7 cents per square foot at Japan port of shipment. The United States shipped no hardwood plywood to Japan but the value in the United States of hardwood plywood shipped to other countries was 49 cents per square foot. Free carriage would not have made the United States product competitive in Japan.

The CIF value in Japan of the plywood from the United States was \$1.38 per kilogram, about 10 cents of which represents the freight. Therefore, even without the freight the United States product would not compete pricewise with Japan's imports from other countries (\$0.38 per kilogram).

RAILWAY CARS

Japan-United States movement in 1962 was negligible (2,000 kilograms) and must have been typical of other years because Conference has not named a commodity rate.

Movement from United States to Japan ran to a modest 279 metric tons during the year but this was greater than Japan's imports from all other countries combined.

The CIF value at Japan port of import was only 63 cents per kilogram as opposed to \$2.72 per kilogram on imports from all other countries.

There is no sign here of the United States-Japan freight rate being discriminatory. The biggest movement was from the United States to Japan, and delivered there at a cost less than one-fourth of the delivered cost from other countries.

RAILWAY LOCOMOTIVES

See remarks on Statement, page 814.

RUBBER TIRES AND INNER TUBES

United States shipped to Japan 975 tires in 1962. The average value at United States port of export was \$75.95 per tire; 58 percent of the tires exceeded \$100 each, being truck and bus tires.

Japan shipped to the United States almost 700,000 tires, 90 percent of which were bicycle tires valued at 65 cents each. These are hardly "similar" commodities. They do not compete for the same dollar.

It has been claimed by some that the outbound rate is more than four times as high as the inbound rate. In making such a claim they are failing to note that the outbound rate is on a weight basis whereas the inbound rate is figured on a measurement basis. When the necessary adjustment is made so that a comparison may be made it will be seen the difference is negligible.

The best test of the outbound rates is that they made possible Japan importing 86 percent of their total tire imports from the United States.

COTTON PIECE GOODS—SEMIMANUFACTURES

In the list of items supplied by Census coming under this heading were included cotton waste and carded and combed cotton. It has been decided to show the story of these two items separately. They differ greatly from general cotton piece goods both in value and rate. A separate statement will be found for them.

Census does not use a consistent weight unit for volume; therefore, we have used TOJ figures giving kilograms and value for all items.

CIF value of the United States product at Japan port of entry is less than half that of cotton piece goods from other countries. While this indicates freight rates from the United States are not discriminatory it also indicates there are many varieties at different values included in the description. In spite of the value of the United States product, being lower, 75 percent of Japan's imports

were from other countries. This indicates they were different, more expensive items under the same general designation.

This is an excellent example of the freight rate itself not deciding the volume in which the cargo moves.

Japan's woven cotton fabrics were produced at a much lower cost than the United States article. The U.S. product was some \$1.00 per kilogram higher than the Japanese product, freight rates not considered. A difference of 10 cents per kilogram in freight rate could have little influence in view of the great difference in cost.

COTTON WASTE

Cotton waste from the United States is delivered in Japan at 35 cents per kilogram, while waste from other countries is delivered at 34 cents per kilogram. These prices are close enough so that 38 percent of Japan's imports of waste is from the United States.

There must be a quality factor involved in trading in this item because Japan shipped to the United States over a million kilograms valued at Japan port of export at 22 cents per kilogram. This would have been delivered at United States port of entry at about 25 cents or 26 cents per kilogram, still quite a bit cheaper than the cotton waste we shipped to Japan.

COTTON SHEETING

Movement United States to Japan was negligible: only two weight tons in 1962, while the Japan-United States movement ran 600 weight tons.

It cannot be said the freight rate held down exports. The value of the sheeting the United States shipped to Japan was \$1.99 per pound. The average value of all sheeting United States exported in 1962 was \$1.11 per pound. This means carrying the product to Japan freight free would not have made it competitive with Japan's 48 cents per pound sheeting.

This tonnage was also reported in statement covering "Cotton Piece Goods—Semimanufactures." The tonnage was not removed from this statement, however, because it represented only 2 percent of the outbound and 4 percent of the inbound tonnage.

SEWING MACHINES

Essentially, sewing machines, moving in each direction are not the same. Over 97 percent of the movement from the United States was industrial sewing machines; while 98 percent of the tonnage from Japan was domestic sewing machines and parts.

The United States/Japan freight rate enables the United States exporter to deliver his sewing machines in Japan at a price 30 percent under the average of sewing machines from third countries. These are CIF values and include the freight rate.

The CIF value of the Japanese machines at United States port of entry would be about \$2.03 per kilogram which compares with an average value of about \$5.01 per kilogram for the United States product at Japanese port of entry. Neither the United States domestic nor industrial type would be competitive in Japan even if carried to Japan freight free.

SODA ASH

This is a commodity which is exported quite heavily by both the United States and Japan. They obviously produce sufficient for their own use so their imports are negligible. In 1962 the United States exported over 150,000 weight tons and imported less than 71 tons. Japan exported 25,000 metric tons and imported less than 1 ton.

As with most commodities, there are grades at varying prices. Japanese imports are really too small on which to base values but if one may on such small quantities, the United States product has a lower cost at Japanese port of import than that from other countries.

The value of United States and Japanese exports are very close: the United States product is \$0.0156 per pound while the Japanese is \$0.018 per pound.

Certainly the freight rates to Japan cannot be called discriminatory against the United States exporter because they are lower than the Japan/United States rates. In spite of the lower United States/Japan rates there are no United States/Japan shipments.

SODIUM CYANIDE

In 1962 no sodium cyanide moved between the United States and Japan.

The United States exported 3,500 weight tons and imported 10,000 tons. Japan exported 510 metric tons and imported less than one.

Japan appears to be self-sufficient in sodium cyanide and no amount of rate adjustment in the United States/Japan rates would affect the volume.

STANDARD NEWSPRINT PAPER

The United States/Japan rates are lower than the Japan/United States freight rates. They produce a small movement to Japan while none moves from Japan to the United States.

SULPHATE WOODPULP

A few years ago the majority of this cargo moved in nonliners. The conference lines have, more recently, lowered their rates to a level which would be competitive with the tramp rates and, as a result, are again sharing in its carriage, although in 1962 over 20,000 long tons of all kinds of woodpulp still moved from the United States to Japan in nonliners.

Are the United States/Japan freight rates making the export of the United States product difficult? We think not. The average CIF price of a metric ton of the United States product at Japanese port of entry was \$195.35 in 1962. The highest freight rate from the United States was \$21 per metric ton, making the cost of the United States product about \$174 as against \$125 cost of the product from other countries.

Delivery price in Japan is an important factor in how the cargo moves, but not the only factor. Canada supplies most of Japan's sulphate woodpulp but she does not always deliver at the lowest cost. For instance, here are a few examples of the tons imported and the CIF values of Japan's imports from the principal suppliers.

	Metric tons	Delivered CIF cost in Japan
Bleached (total).....	39,179	\$129.76
From Canada.....	30,411	128.54
From United States.....	8,658	134.20
From Mexico.....	110	117.50
Unbleached (total).....	13,565	115.85
From Canada.....	5,448	103.70
From Finland.....	4,376	146.94
From Sweden.....	2,192	92.33
From United States.....	1,012	101.83
From New Zealand.....	537	108.33
Dissolving grades (total).....	34,148	210.33
From United States.....	32,690	214.44
From Canada.....	1,458	118.20

■ These tables clearly illustrate that all cargo is not purchased from the lowest priced producer. He may be short in supply or his product may be less desirable even at his lower price than another producer's higher priced product.

MANUFACTURED TOBACCO

Tobacco, in general

Japan's imports of tobacco, both manufactured and unmanufactured, are controlled by the Japan Monopoly Bureau. Only the Monopoly Bureau may import. Imports of United States products are determined by them within the framework of their budget and are calculated upon the estimated demand by foreign travelers, not for general Japanese public demand. Supplies of United States cigarettes are always short but the Bureau tends not to increase orders in order to protect and promote the market for their own domestic brands. Advertising of foreign brands is restricted.

Imports of leaf tobacco (from United States, Turkey, and Egypt) are increasing. Cigars and cheroots pay 200 percent import duty while cigarettes and pipe tobacco pay 355 percent.

Tobacco, manufactured

The CIF of the United States product at Japan's port of entry is \$4.44 per kilogram of which the freight was not more than 25 cents. This leaves a price on the United States product of \$4.19 per kilogram as against \$1.97 as a corresponding figure for shipment from other foreign countries and \$2.86 per kilogram on very small shipments from Japan to the United States.

In view of this big difference in the fundamental cost of the products and Japanese control of their imports, none could blame the freight rate for holding down United States exports of this commodity to Japan.

The Japan/United States conferences have named no commodity rate for this item.

UNMANUFACTURED TOBACCO

The highest freight rate from the United States would be less than 10 cents per kilogram, which if taken from the CIF value of the American import would leave a \$1.98 price per kilogram over 43 percent higher than that of Japan's imports from other countries.

In spite of all this and the United States/Japan freight rate, Japan spends 75 cents of her import dollar for the United States product.

The Japan/United States shipments are negligible (111 metric tons in 1962) though they are valued at only 30 percent of the United States product.

Freight rates are about the same in each direction.

HAND AND MACHINE TOOLS AND BASIC HARDWARE

The United States shipped to Japan just under 1,000 metric tons of these commodities. While relatively small tonnage, it amounted to over three-quarters of Japan's total imports of these commodities. The CIF value of the United States product at Japan port of entry was just 55 percent of the value of an average kilogram Japan purchased from other countries. This does not indicate discriminatory freight rates from the United States.

Japan shipped to the United States in 1962 over 178,000 metric tons of tools and basic hardware. This was because of the extremely low value of the Japan product: just 24 cents per kilogram against the average of \$4.48 for the United States product.

The highest United States/Japan freight rate runs less than 10 cents per kilogram and is a very small item alongside the more than \$4 per kilogram difference in value apart from the freight rate.

These are broad commodity classifications and include many items. We do not claim that exactly the same mixture of items moves in each direction. We know they are different though coming under these broad classifications. But the big difference in average value between the United States and the Japan shipments proves them to be dissimilar.

ABBREVIATIONS

FT 110: U.S. Bureau of Census annual report showing U.S. imports of merchandise by commodity by country of origin. This report always shows value in U.S. dollars and usually a unit of volume. The dollar value shown is defined generally as the market value in the foreign country, excluding the U.S. import duties, ocean freight, and marine insurance. This has been designated "FAS JPE" in the statements.

FT 410: U.S. Bureau of Census annual report showing U.S. exports of merchandise by commodity by country of destination. This report also always shows value in U.S. dollars and usually a unit of volume.

The value definition used in the export statistics is the value at the seaport, border point, or airport of exportation. It is based on the selling price (or cost if not sold) and includes inland freight, insurance, and other charges to the port of export. This has been designated "FAS USPE" in the statements.

TOJ: Trade of Japan issued annually by Ministry of Finance and published by Japan Tariff Association. These are in separate volumes covering imports and exports and show annual trade of Japan for the year reported by commodity and foreign country.

Volume of trade is reported in value (thousands of yen) and practically always in a metric unit of weight (kilogram or metric ton). In some cases a third unit is also shown such as number, liter, cubic meters, bales, etc., where such units are customarily used in the trade in such commodities.

The value of exports is computed on the basis of f.o.b. value, and shown as "FAS JPE" (Japan port of export) in the statements. The value of imports is computed on the basis of CIF value and designated "CIF JPI" (Japan port of import).

LT: Long ton of 2,240 pounds.

ST: Short ton of 2,000 pounds.

W/M: Per ton of 2,000 pounds, or 40 cubic feet, whichever is greater.

WT: Per ton of 2,000 pounds.

LT/M: Per ton of 2,240 pounds, or 40 cubic feet, whichever is greater.

USPE: U.S. port of export.

USPI: U.S. port of import.

FAS: Free alongside or charges paid up to shipside.

CIF: Cost, insurance, and freight.

JPE: Japan port of export.

JPI: Japan port of import.

Kg.: Kilogram—2.205 pounds.

NCR: No specific commodity rate named in tariff.

M³: Cubic meter.

NES: Not elsewhere specified.

NSPF: Not specifically provided for.

FPE: Foreign port of export.

Trade between United States and Japan in automobiles: 1962

UNITED STATES TO JAPAN

(FT 410)	Item	Number	Value FAS USPE	Value per unit
79011-45.....	Trucks.....	7	\$50,720	\$7,245
79053-67.....	Buses.....			
79070-78.....	Autos, passenger.....	2,251	5,248,446	2,332
79080-133.....	Special purpose.....	4	19,652	4,913
79136-39.....	Trailers.....	10	10,063	1,006
79142-277.....	Parts.....	N.Q.	2,258,408	
	Total, United States to Japan.....		7,587,289	

JAPAN TO UNITED STATES

(FT 110)	Item	Number	Value FAS JPE	Value per unit
7900-100.....	Trucks, not under \$1,000.....	170	\$221,631	\$1,304
7900-200.....	Truck and bus chassis, not under \$750.....	7	6,365	909
7900-350.....	Truck bodies not under \$250 and motor buses and bodies.....	10	10,883	1,088
7900-500.....	Automobiles, new, NES.....	5,137	4,884,732	951
7900-700.....	Automobiles, used, NES.....	3	3,005	1,002
7902-900.....	Automobile parts, NES.....	N.Q.	832,340	
	Total, Japan to United States.....		5,958,956	

JAPAN'S IMPORTS

(TOJ)	Item	Kilograms	Value CIF JPI	Value per kilogram
732-1.....	Autos, passenger:			
	United States/Japan.....	4,766,207	\$7,851,379	\$1.65
	Other countries to Japan.....	2,510,205	4,734,920	1.89
	Total to Japan.....	7,276,412	12,586,299	1.73

JAPAN TO UNITED STATES

(TOJ)	Item	Kilograms	Value FAS JPE	Value per kilogram
732-1.....	Autos, passenger.....	3,663,627	\$3,269,817	\$0.89

FREIGHT RATES

	W/M	Per kilogram
Atlantic and Gulf/Japan.....	\$39.25- ¹ \$49.25	\$0.17- ¹ \$0.38
Pacific/Japan.....	37.75- ¹ 47.75	.16- ¹ .37
Japan/Atlantic and Gulf.....	¹ \$4.00- 52.50	1.10- .41
Japan/Pacific.....	¹ \$3.00- 44.00	1.10- .34

¹ Rates italicized are those used for over 95 percent of shipments.
See p. 792 for key to abbreviations.

Trade between United States and Japan in distilled spirits—Liquor: 1962

UNITED STATES TO JAPAN

(TOJ)	Item	Kilograms	Value CIF JPI	Value per kilogram
112-411	Bourbon whisky	13,471	\$29,414	\$2.18
112-412	Rye whisky	219	247	1.13
112-419	Other whisky	1,266	2,347	1.85
112-420	Brandy including cognac	1,007	1,772	1.76
112-430	Gin	719	689	.96
112-440	Rum	351	408	1.16
112-440	Distilled alcoholic beverages, NES	3,686	4,256	1.15
112-459	Liqueurs	3,705	5,158	1.39
112-461	Liqueurs			
112-469	Alcoholic beverages, NES	512	722	1.41
	Total, United States to Japan	24,936	45,013	1.81
	All other countries to Japan	1,400,260	2,122,273	1.52

JAPAN TO UNITED STATES

(TOJ)	Item	Kilograms	Value FAS JPE	Value per kilogram
112-410	Whisky	16,082	\$23,928	\$1.49
112-420	Distilled beverages, NES	8	17	2.13
112-430	Liqueurs	42,144	125,405	2.98
112-440	Mirin	37,984	22,289	.59
112-450	Imitation saki	7,182	4,661	.65
112-460	Alcoholic beverages, NES	2,764	3,531	1.28
	Total, Japan to United States	106,164	179,831	1.69

FREIGHT RATES

	W/M	Per kilogram
Atlantic and Gulf/Japan	\$84.25	\$0.151
Pacific/Japan	79.50	.1426
Japan/Atlantic and Gulf	53.25	.0955
Japan/Pacific	43.75	.07845

Trade between United States and Japan in electric batteries: 1962

UNITED STATES TO JAPAN

(TOJ)	Item	Kilograms	Value CIF JPI	Value per kilogram
729-111	Manganese	18	\$261	\$14.50
729-112	Layer-built	30	447	14.90
729-119	Primary cells	102	3,438	33.71
729-131	Primary cell parts	15,471	3,738	.24
729-139	Storage batteries	14,191	38,263	2.70
729-140	Storage battery parts	5,734	49,355	8.61
	Total, United States to Japan	35,546	95,502	2.69
	All other countries to Japan	117,282	345,068	2.94

JAPAN TO UNITED STATES

(TOJ)	Item	Kilograms	Value FAS JPE	Value per kilogram
729-111	Manganese	1,086,645	\$817,386	\$0.75
729-112	Layer-built	1,209,108	2,713,959	2.24
729-119	Primary cells	336,679	329,924	.98
729-120	Parts of primary cells	293	1,290	6.31
729-131	Lead, acid	43,961	77,363	1.76
729-139	Storage batteries	22,353	32,297	1.44
729-140	Storage battery parts	708	2,791	3.94
	Total Japan to United States	2,699,657	3,975,000	1.47

See p. 792 for key to abbreviations.

Trade between United States and Japan in distilled spirits—Liquor: 1962—Con.

FREIGHT RATES

	W/M	Per kilogram
Atlantic and Gulf/Japan.....	\$39. 25-\$59. 25	\$0. 0433-\$0. 0654
Pacific/Japan.....	37. 75- 56. 50	. 0416- . 0623
Japan/Atlantic.....	40. 00- 55. 00	. 0441- . 0608
Japan/Pacific.....	33. 25- 48. 50	. 0367- . 0535

Trade between United States and Japan in electric light bulbs: 1962

UNITED STATES TO JAPAN

(TOJ)	Item	Kilograms	Value CIF JPI	Value per kilogram
729-210.....	Electric filament lamps.....	5, 325	\$79, 277	\$14. 89
729-220.....	Infrared lamps.....	1, 943	77, 269	39. 77
729-230.....	Electric discharge lamps.....	1, 339	70, 980	53. 01
729-240.....	Arc lamps.....	260	4, 219	16. 23
729-250.....	Electrically ignited photo flashbulbs.....	93	1, 447	15. 66
729-260.....	Parts of any of the above.....	250	7, 927	31. 71
	Total, United States to Japan.....	9, 210	241, 121	26. 18
	All other countries to Japan.....	16, 664	161, 052	9. 66

JAPAN TO UNITED STATES

(TOJ)	Item	Kilograms	Value CIF JPE	Value per kilogram
729-211.....	For general lighting.....	31, 195	\$65, 813	\$2. 11
729-212.....	For motor vehicles.....	33, 548	130, 307	3. 88
729-213.....	For bicycles.....	4, 668	10, 636	2. 28
729-214.....	For Christmas.....	2, 023, 161	6, 733, 911	3. 33
729-215.....	For radio panel.....	2, 319	10, 463	4. 51
729-216.....	Miniature incandescent electric lamps, NES.....	40, 693	392, 126	9. 64
729-219.....	Electric filament lamps, NES.....	106, 454	447, 187	4. 20
729-220.....	Infrared lamps.....	82	3, 552	43. 32
729-231.....	Electric fluorescent discharge, lamps.....	2, 502	7, 974	3. 19
729-239.....	Electric discharge lamps, NES.....	29, 315	124, 835	4. 26
729-240.....	Arc lamps.....	69	652	9. 45
729-250.....	Electrically ignited photographic flashbulbs.....	22, 111	95, 633	4. 33
729-260.....	Parts of any of the above.....	11, 279	57, 541	5. 10
	Total, Japan to United States.....	2, 307, 396	8, 084, 638	3. 50

FREIGHT RATES

	W/M	Per kilogram
Atlantic and Gulf/Japan.....	\$32. 75-\$83. 75	\$0. 235-\$0. 60
Pacific/Japan.....	58. 75- 73. 50	. 421- . 526
Japan/Atlantic and Gulf.....	25. 00- 65. 00	. 179- . 394
Japan/Pacific.....	20. 00- 33. 25	. 143- . 238

See p. 792 for key to abbreviations.

Trade between United States and Japan in electric motors: 1962

UNITED STATES TO JAPAN

(TOJ)	Item	Number	Kilo-grams	Value CIF JPI	Value	
					Per motor	Per Kg
722-131	Not more than 10W.....	2, 096	3, 508	\$144, 852	\$69. 11	\$41. 29
722-132	More than 10W, less than 70W.....	232, 865	188, 878	334, 519	3. 58	4. 42
722-133	DC, more than 70W, not more than 500 Kg.....	953	20, 302	195, 588	206. 28	9. 68
722-134	DC, more than 70W, over 500 Kg.....	60	32, 977	140, 552	2, 342. 53	4. 26
722-135	Single-phase AC, more than 70W, not more than 500 Kg.....	5, 401	19, 197	128, 869	23. 86	6. 71
722-136	Single-phase AC, more than 70W, over 500 Kg.....					
722-137	Three-phase AC, more than 70W, not more than 11KW.....	513	42, 448	180, 135	351. 14	4. 24
722-138	Three-phase AC, more than 11KW, not more than 500 Kg.....	81	16, 453	152, 021	1, 876. 80	9. 24
722-139	Three-phase AC, more than 11KW, more than 500 Kg.....	68	167, 876	596, 976	8, 779. 06	3. 56
	Total, United States to Japan.....	242, 037	491, 639	2, 374, 515	9. 81	4. 83
	All other countries to Japan.....	9, 613	192, 579	673, 056	70. 02	3. 49

JAPAN TO UNITED STATES

(TOJ)	Item	Number	Kilo-grams	Value FAS JPE	Value	
					Per motor	Per Kg
722-131	Phono motors.....	13, 552	11, 073	\$47, 527	\$3. 51	\$4. 29
722-132	Not more than 10W, NES.....	600, 839	152, 151	565, 742	0. 94	3. 72
722-133	More than 10W, not more than 70W, NES.....	264, 833	75, 817	164, 643	0. 62	2. 17
722-134	DC, rating more than 70W.....	1, 527	2, 780	4, 297	2. 81	1. 55
722-135	AC, rating more than 70W.....	335	10, 803	19, 698	58. 76	1. 82
	Total, Japan to United States.....	881, 086	252, 624	801, 897	0. 91	3. 17

FREIGHT RATES

	W/M	Per kilogram
Atlantic and Gulf/Japan.....	\$61. 25	\$0. 0844
Pacific/Japan.....	56. 75	. 0782
Japan/Atlantic and Gulf.....	\$40. 00-\$43. 50	0. 0551-. 0599
Japan/Pacific.....	33. 25	0. 0458

See p. 792 for key to abbreviations.

Trade between United States and Japan in electric machinery: 1962

UNITED STATES TO JAPAN

(TOJ)	Item	Kilograms	Value CIF JPI	Value per kilogram
722-	Electric power machinery and switchgear.....	2,836,373	\$17,419,592	\$6.14
723-	Equipment for distributing electricity.....	384,228	1,135,145	2.95
724-	Telecommunication apparatus.....	339,826	6,865,761	20.20
725-	Domestic electrical equipment.....	387,549	692,528	1.79
726-	Electrical apparatus for medical purposes and radiological apparatus.....	31,753	988,729	31.14
729-	Other electrical machinery and apparatus.....	2,101,944	32,254,665	15.35
	Total, United States to Japan.....	6,081,673	59,356,420	9.76
	Other countries to Japan.....	4,035,713	20,175,391	5.00
	Japan's total imports.....	10,117,386	79,531,811	7.86

JAPAN TO UNITED STATES

(TOJ)	Item	Kilograms	Value FAS JPE	Value per kilogram
722-	Electric power machinery and switchgear.....	720,597	\$4,441,173	\$6.16
723-	Equipment for distributing electricity.....	2,463,192	1,238,445	0.50
724-	Telecommunication apparatus.....	18,308,057	117,830,591	6.44
725-	Domestic electric equipment.....	1,648,914	2,429,610	1.47
726-	Electric apparatus for medical purposes and radiological apparatus.....	15,965	130,526	8.18
729-	Other electrical machinery and apparatus.....	10,384,713	33,533,535	3.23
	Total, Japan to United States.....	33,541,798	159,603,880	4.76

FREIGHT RATES

	W/M	Per kilogram
Atlantic and Gulf/Japan.....	\$51.75-\$83.75	\$0.171-\$0.276
Pacific/Japan.....	49.50-73.50	.163-.243
Japan/Atlantic and Gulf.....	\$23.50-55.00	.078-.182
Japan/Pacific.....	19.50-52.75	.064-.174

Trade between United States and Japan in electrical industrial controls: 1962

UNITED STATES TO JAPAN

(TOJ)	Item	Kilograms	Value CIF JPI	Value per kilogram
722-211.....	Air circuit breakers.....	6,904	\$83,391	\$12.08
722-212.....	Oil circuit breakers.....	1,831	2,508	1.37
722-214.....	Circuit breakers, NES.....	12,607	86,747	6.88
722-215.....	Electromagnetic switches.....	1,873	30,577	16.33
722-216.....	Microswitches.....	7,640	296,197	38.77
722-219.....	Electrical apparatus for making and breaking electrical circuits and parts, NES.....	76,753	1,653,848	21.55
722-220.....	Electrical apparatus for protection of electrical circuits and parts.....	4,401	119,975	27.26
722-230.....	Electrical apparatus for making connections to or in electrical circuits, and parts.....	211,730	1,826,804	8.63
722-241.....	Variable resistors.....	15,212	110,044	7.23
722-249.....	Resistors, NES.....	6,274	249,697	39.80
722-250.....	Automatic voltage regulators.....	12,254	300,286	24.51
722-260.....	Switchboards and control panels.....	151,666	1,963,865	12.95
722-299.....	Parts of 722-241 to 722-260.....	16,986	145,814	8.58
	Total, United States to Japan.....	528,131	6,869,753	13.06
	Other countries to Japan.....	335,271	2,165,546	6.46
	Japan's total imports.....	861,402	9,035,299	10.49

See p. 792 for key to abbreviations.

Trade between United States and Japan in electrical industrial controls: 1962—Con.

JAPAN TO UNITED STATES

(TOJ)	Item	Kilograms	Value FAS JPE	Value per kilogram
722-211.....	Air circuit breakers.....	1,013	\$3,763	\$3.71
722-212.....	Circuit breakers, NES.....	1,350	2,872	2.13
722-213.....	Microswitches.....	406	5,913	14.56
722-214.....	Switches, NES.....	79,474	513,078	6.46
722-219.....	Electrical apparatus for making and breaking electric circuits, and parts, NES.....	15,014	46,616	3.10
722-249.....	Resistors, NES.....	33,066	321,994	9.74
722-221.....	Arresters.....	940	2,580	2.74
722-229.....	Electrical apparatus for protection of electrical circuits and parts, NES.....	6,331	20,538	3.24
722-231.....	Sockets.....	8,017	20,119	2.51
722-239.....	Electrical apparatus for making connections to or in electrical circuits, and parts, NES.....	32,923	93,538	2.84
722-241.....	Variable resistors.....	56,705	418,325	7.38
722-250.....	Automatic voltage regulators.....	2,327	7,513	3.23
722-260.....	Switchboards and control panels.....	874	1,797	2.06
722-299.....	Parts of 722-299 to 722-260.....	958	1,602	1.67
	Total, Japan to United States.....	239,398	1,460,248	6.10

FREIGHT RATES

	W/M	Per kilogram
Atlantic and Gulf/Japan.....	\$61.25-\$83.75	\$0.123-\$0.168
Pacific/Japan.....	56.75- 73.50	.114- .147
Japan/Atlantic and Gulf.....	40.00- 55.00	.080- .110
Japan/Pacific.....	33.25- 52.75	.067- .106

Trade between United States and Japan in high-pressure boilers (other than locomotive): 1962

UNITED STATES TO JAPAN

(TOJ)	Item	Kilograms	Value CIF JPI	Value per kilogram
711-1.....	Steam generating boilers.....	5,227,807	\$11,101,258	\$2.12
	Total, United States to Japan.....	5,227,807	11,101,258	2.12
	Other countries to Japan.....	845,099	1,824,851	2.16
	Japan's total imports.....	6,072,906	12,926,110	2.13

JAPAN TO UNITED STATES

(TOJ)	Item	Kilograms	Value FSA JPE	Value per kilogram
711-1.....	Steam generating boilers.....	12,791	\$10,327	\$0.81

FREIGHT RATES

	W/M	Per kilogram
Atlantic and Gulf/Japan.....	\$61.25	\$0.0738
Pacific/Japan.....	56.75	.0684
Japan/Atlantic and Gulf.....	(¹)	-----
Japan/Pacific.....	33.00	.0398

¹ No commodity rate.

See p. 792 for key to abbreviations.

Trade between United States and Japan in electronics—EDP computers: 1962

UNITED STATES TO JAPAN

(TOJ)	Item	Kilograms	Value CIF JPI	Value per kilogram
714-211.....	Digital computers.....	250,399	\$15,595,959	\$62.28
714-212.....	Auxiliary machinery for use with digital computers.....	106,305	8,472,304	79.70
714-213.....	Analogical computers.....	38	550	14.47
714-219.....	Electronic calculating apparatus, NES.....	710	104,025	146.51
714-924.....	Parts of auxiliary machinery used with electronic calculating machines.....	31,660	1,888,645	59.65
	Total, United States to Japan.....	389,112	26,061,483	66.98
	Other countries to Japan.....	219,472	14,589,965	66.48
	Japan's total imports.....	608,584	40,651,447	66.80

JAPAN TO UNITED STATES

(TOJ)	Item	Kilograms	Value FAS JPE	Value per kilogram
714-211.....	Digital computers.....			
714-212.....	Analogical computers.....			
714-213.....	Auxiliary machinery used with electric computers.....	1,210	\$8,094	\$6.69
	Total, Japan to United States.....	1,210	8,094	6.69

FREIGHT RATES

	W/M
Atlantic and Gulf/Japan.....	\$83.75
Pacific/Japan.....	73-50
Japan/Atlantic and Gulf.....	62-25
Japan/Pacific.....	52.75

Trade between United States and Japan in TV and radio broadcasting and receiving equipment, including microwave relay equipment: 1962

UNITED STATES TO JAPAN

(TOJ)	Item	Kilograms	Value CIF JPI	Value per kilogram
724-953.....	Radio-broadcasting and television transmission and receiving apparatus.....	1,293	\$119,785	\$92.64
724-954.....	Long-, medium-, and short-wave transmission reception apparatus.....	14,213	215,688	15.18
724-955.....	VHF transmission and reception apparatus.....	4,048	495,098	122.31
724-959.....	Radiotelegraphic and radiotelephonic transmission and reception apparatus.....	27,308	116,755	4.28
724-960.....	Parts for all of the above.....	161,756	572,251	3.54
	Total, United States to Japan.....	208,618	1,519,577	7.28
	Other countries to Japan.....	58,375	1,219,855	20.90
	Japan's total imports.....	266,993	2,739,432	10.26

See p. 792 for key to abbreviations.

Trade between United States and Japan in TV and radio broadcasting and receiving equipment, including microwave relay equipment: 1962—Continued

JAPAN TO UNITED STATES

(TOJ)	Item	Kilograms	Value FAS JPE	Value per kilogram
724-952.....	Radio-broadcasting and television and reception apparatus, NES.	33,403	\$200,535	\$6.00
724-953.....	Citizen band Transceiver.....	184,612	3,078,711	16.68
724-954.....	Long-, medium-, and short-wave transmission and reception apparatus.	51,531	257,315	4.99
724-955.....	VHF transmission and reception apparatus.....	4,011	51,348	12.80
724-959.....	Radiotelegraphic and radiotelephonic transmission and reception apparatus.	44,861	252,277	5.62
724-969.....	Parts for all of the above.....	907,684	3,778,403	4.16
	Total, Japan to United States.....	1,226,102	7,618,589	6.21

FREIGHT RATES

	W/M	Per kilogram
Atlantic and Gulf/Japan.....	\$59.50-\$61.25	\$0.197-\$0.203
Pacific/Japan.....	57.25	.189
Japan/Atlantic and Gulf.....	40.00-\$5.00	.132-.182
Japan/Pacific.....	33.25-48.50	.110-.160

Trade between United States and Japan in fountain pens: 1962

UNITED STATES TO JAPAN

(TOJ)		Number	Kilograms	Value CIF JPI	Value per kilogram
895-212	Total, United States to Japan.....	131,496	4,144	\$367,489	\$88.68
	From all other countries.....	27,840	1,231	65,122	52.90

JAPAN TO UNITED STATES

(TOJ)		Number	Kilograms	Value FAS JPE	Value per kilogram
895-211	Total, Japan to United States.....	25,512	512	\$1,989	\$3.88

FREIGHT RATES

	W/M	Per kilogram
Atlantic and Gulf/Japan.....	\$83.95	\$0.155
Pacific/Japan.....	73.50	.136
Japan/Atlantic and Gulf.....	62.25	.115
Japan/Pacific.....	52.75	.098

Trade between United States and Japan in canned fruits and preparations: 1962

UNITED STATES TO JAPAN

(TOJ)	Item	Kilograms	Value, CIF JPI	Value per kilogram
053-3.....	Jams, marmalades, fruit jellies, fruit pureés, and pastes..	39,562	\$32,752	\$0.83
053-9.....	Fruits and nuts, prepared or preserved.....	1,303,053	587,237	.45
	Total, United States to Japan.....	1,342,615	619,989	.46
	Other countries to Japan.....	25,475,354	8,737,903	.34
	Japan's total imports.....	26,817,969	9,357,892	.35

See p. 792 for key to abbreviations.

Trade between United States and Japan in canned fruits and preparations: 1962—
Continued

JAPAN TO UNITED STATES

(TOJ)	Item	Kilograms	Value, FAS JPE	Value per kilogram
053-911.....	Mandarin oranges, canned.....	21,034,683	\$8,866,706	\$.022
053-961.....				
	All other canned fruits.....	871,129	423,294	.486
	Total, Japan to United States.....	21,905,812	9,290,000	.424

FREIGHT RATES

	W/M	Per Pound	Per kilogram
Atlantic and Gulf/Japan.....	\$55.75	\$0.0301	\$0.0664
Pacific/Japan.....	53.50	.0289	.0637
Japan/Atlantic and Gulf.....	28.00	.0151	.0333
Japan/Pacific.....	25.75	.0139	.0306

Trade between United States and Japan in glass, flat, including plate glass: 1962

UNITED STATES TO JAPAN

(TOJ)	Item	Kilograms	Value CIF JPI	Value per kilogram
664-3.....	Drawn or blown glass, unworked in rectangles.....	135	\$2,644	\$19.59
664-4.....	Plate glass; cast, rolled, drawn, or blown glass, in rectangles, surface ground or polished, but not further worked.	37	522	14.11
664-5.....	Cast or rolled glass, unworked, in rectangles.....	62,166	31,730	.51
664-7.....	Safety glass, toughened or laminated.....	71,307	82,388	1.16
	Total, United States to Japan.....	133,645	\$117,284	.88
	All other countries to Japan.....	3,679,943	1,204,976	.33
	Japan's total imports.....	3,813,588	1,322,260	.35

JAPAN TO UNITED STATES

(TOJ)	Item	Kilograms	Value FAS JPE	Value per kilogram
664-3.....	Drawn or blown glass, unworked, in rectangles.....	25,952,042	\$2,810,531	\$0.108
664-4.....	Plate glass; cast, rolled, drawn or blown glass, in rectangles, surface ground or polished, but not further worked.	1,348,036	354,405	.262
664-5.....	Cast or rolled glass, unworked, in rectangles.....	5,500,924	723,048	.131
664-7.....	Safety glass, toughened or laminated.....	155	494	3.187
	Total Japan to United States.....	32,801,157	3,888,478	.119

FREIGHT RATES

Item	W/M	Per 2,000 pounds	Per kilogram
Atlantic and Gulf/Japan.....	\$44.25-\$46.25		\$0.056-\$0.058
Pacific/Japan.....	42.00-44.00		.053-.055
Japan/Atlantic and Gulf.....	27.75		.035
Japan/Pacific.....		\$22.50	.025

See p. 792 for key to abbreviations.

Trade between United States and Japan in glassware, table and kitchen, household, hotel and restaurant: 1962

UNITED STATES TO JAPAN

(TOJ)	Item	Kilograms	Value CIF JPI	Value per kilogram
655-210.....	Tumblers, stemware, other drinking glasses, except combined with precious metal.	321,680	\$164,642	\$0.51
655-220.....	Glass vases, glassware for indoor decoration, except as above.	164	1,270	.77
655-290.....	Glass tableware, other glassware for household, hotel, restaurant.	139,251	117,100	.84
	Total, United States to Japan.....	461,095	283,011	.61
	All other countries to Japan.....	54,139	117,033	2.16
	Total, Japanese imports.....	515,234	400,044	.78

JAPAN TO UNITED STATES

(TOJ)	Item	Kilograms	Value FAS JPE	Value per kilogram
665-211.....	Glass tumblers, stemware, and other drinking glasses.....	484,245	\$357,556	\$0.74
665-219.....	Table and kitchen glassware, NES.....	598,223	518,167	.87
665-220.....	Vases and other ornamental glassware for indoor decoration.	387,925	279,206	.72
665-299.....	Articles of glass for household, hotel, and restaurant use, NES.	282,223	262,625	.93
	Total, Japan to United States.....	1,752,619	\$1,417,554	.81

FREIGHT RATES

	W/M	Per kilogram
Atlantic and Gulf/Japan.....	\$43.00	\$0.299
Pacific/Japan.....	41.00	.285
Japan/Atlantic and Gulf.....	24.00-49.25	.236-.342
Japan/Pacific.....	26.75-41.50	.186-.283

Trade between United States and Japan in household refrigerators and parts: 1962

UNITED STATES TO JAPAN

(TOJ)	Item	Kilograms	Value CIF JPI	Value per kilo- gram
725-011.....	Compression type, over 0.1416 M ³	254,485	\$176,905	\$0.70
725-012.....	Compression type, NES.....	7,744	8,322	1.07
725-013.....	Electric, other than compression, over 0.1416 M ³	2,325	3,211	1.38
725-014.....	Electric refrigerators, NES.....	8,965	11,697	1.30
725-015.....	Parts of electric refrigerators.....	1,428	4,419	3.09
	Total, United States to Japan.....	274,947	204,554	.74
	Total from other countries.....	12,518	31,446	2.51
	Japan's total imports.....	287,465	236,000	.82

JAPAN TO UNITED STATES

(TOJ)	Item	Kilograms	Value FAS JPE	Value per kilo- gram
725-011.....	Compression type, over 0.1416 M ³			
725-012.....	Compression type, NES.....			
725-013.....	Electric, other than compression, over 0.1416 M ³			
725-014.....	Electric refrigerators, NES.....	2,612	\$7,636	\$2.92
725-015.....	Parts of electric refrigerators.....	1,911	3,214	1.68
	Total, Japan to United States.....	4,523	\$10,850	\$2.40

Trade between United States and Japan in household refrigerators and parts: 1962—
Continued

FREIGHT RATES

	W/M	Per kilogram
Atlantic and Gulf/Japan.....	\$61.25	\$0.198
Pacific/Japan.....	56.75	.183
Japan/Atlantic and Gulf.....	43.50	.140
Japan/Pacific.....	38.25	.123

Trade between United States and Japan in household vacuum cleaners: 1962

UNITED STATES TO JAPAN

(FT 410)	Item	Number	Value FAS USPE	Value per cleaner
70691	Vacuum cleaners, electric, household.....	10	\$432	\$43.20

JAPAN TO UNITED STATES

(FT 110)	Item	Number	Value FAS JPE	Value per cleaner
7069010	Vacuum cleaners, electric, including household type....	94,142	\$62,861	\$0.67

UNITED STATES TO JAPAN

(TOJ)	Item	Number	Value CIF JPI	Value per cleaner
725031	Vacuum cleaners, with self-contained electric motors....	103	\$10,008	\$97.17
	Other countries to Japan.....	2,214	68,591	30.98
	Japan's total imports.....	2,317	78,599	33.92

JAPAN TO UNITED STATES

(TOJ)	Item	Number	Value FAS JPE	Value per cleaner
725031	Vacuum cleaners, with self-contained electric motors....	17,406	\$16,158	\$0.93

FREIGHT RATES

	W/M	Per 2,000 pounds	Per pound
Atlantic and Gulf/Japan.....	\$61.25	\$170.43	\$0.085
Pacific/Japan.....	56.75	157.91	.079
Japan/Atlantic and Gulf.....	{ 23.50-32.00 }	{ 65.39-123.82 }	{ .033
Japan/Pacific.....	{ 19.50-26.00 }	{ 54.26-92.52 }	{ .027
	{ 33.25 }		{ .046

See p. 792 for key to abbreviations.

DISCRIMINATORY FREIGHT RATES

Trade between United States and Japan in household stoves, furnaces, heaters, and parts: 1962

UNITED STATES TO JAPAN

(TOJ)	Item	Kilograms	Value CIF JPI	Value per kilogram
697-111	Stoves of iron or steel	531, 770	\$1, 355, 476	\$2. 549
697-112	Domestic cookers, ovens, etc., enameled of iron or steel	792	1, 358	1. 715
697-113	Domestic cookers, ovens, etc., of iron or steel, NES	6, 442	8, 811	1. 367
697-114	Iron or steel parts of above	4, 384	8, 599	1. 961
812-1	Central heating apparatus and parts	12, 176	17, 203	1. 413
	Total, United States to Japan	555, 564	1, 391, 447	2. 505
	From other countries	1, 166, 397	2, 617, 740	2. 244
	Japan's total imports	1, 721, 961	4, 009, 187	2. 328

JAPAN TO UNITED STATES

(TOJ)	Item	Kilograms	Value FAS JPE	Value per kilogram
697-111	Stoves of iron or steel	28, 089	\$74, 983	\$2. 669
697-112	Domestic cookers, ovens, etc., enameled of iron or steel	274	149	. 546
697-113	Domestic cookers, ovens, etc., of iron or steel, NES	918, 334	363, 012	. 395
697-114	Iron or steel parts of above	74, 514	87, 888	1. 179
812-1	Central heating apparatus and parts	531	1, 147	2. 160
	Total, Japan to United States	1, 021, 742	527, 179	. 516

FREIGHT RATES

	W/M	Per kilogram
Atlantic and Gulf/Japan	\$49. 00-\$63. 50	\$0. 486-\$0. 630
Pacific/Japan	46. 00-58. 50	. 457-. 581
Japan/Atlantic and Gulf	31. 00	. 034
Japan/Pacific	24. 00	. 026

Trade between United States and Japan in iron and steel castings and forgings: 1962

UNITED STATES TO JAPAN

(FT 410)	Item	Pounds	Value FAS USPE	Value per pound
61010	Castings, gray iron	7, 007	\$2, 920	\$0. 42
61041	Castings, carbon steel	1, 059	1, 153	1. 09
61050	Castings, alloy steel other than stainless	5, 008	2, 568	. 51
61060	Forgings, rough and semifinished, carbon steel	42, 947	64, 361	1. 50
61065	Forgings, rough and semifinished, alloy steel, including stainless	435, 255	124, 667	. 29
60570	Wheels, railroad car, cast iron	12, 971	2, 270	. 18
	Total, United States to Japan	504, 247	197, 939	. 39

See p. 792 for key to abbreviations.

Trade between United States and Japan in iron and steel castings and forgings: 1962—
Continued

JAPAN TO UNITED STATES

(FT 110)	Item	Pounds	Value FAS JPE	Value per pound
6113100	Cast iron castings, and irons	1,153,836	\$103,306	\$0.09
6113200	Cast iron, advanced, not made into articles	5,173,143	546,319	.11
6113400	Forged steel grinding balls	8,332	1,054	.13
6113500	Wheels for railways, tires or parts	46,716	4,048	.09
6113700	Malleable iron plates, etc., for shoes	3,530	1,153	.33
6113800	Malleable iron castings, NES	53,428	12,388	.23
6044350	Die blocks, etc., 2½ to 5 cents per pound	398,177	16,223	.04
6044500	Die blocks, etc., 5 to 8 cents per pound	37,055	2,212	.06
6044510	Die blocks, cold-rolled, 5 to 8 cents per pound	554,259	37,919	.07
6044600	Die blocks, etc., 8 to 12 cents per pound	30,227	2,498	.08
	Total, Japan to United States	7,458,708	727,120	.10

FREIGHT RATES

	LT/M	Per pound
Atlantic and Gulf/Japan	\$32.75-\$59.50	\$0.015-\$0.027
Pacific/Japan	27.75- 65.50	.012- .025
Japan/Atlantic and Gulf	22.50- 31.00	.010- .014
Japan/Pacific	23.00- 24.00	.010- .011

Trade between United States and Japan in tubes, pipes & fittings of iron or steel: 1962

JAPAN'S IMPORTS

(TOJ)		Kilograms	Value CIF JPI	Value per pound
678	United States to Japan	1,359,000	\$2,353,024	\$0.785
	All other countries to Japan	641,000	981,443	.694
	Japan's total imports	2,000,000	3,334,467	.756

JAPAN'S EXPORTS TO UNITED STATES

(TOJ)		Kilograms	Value FAS JPE	Value per pound
678	Japan to United States	221,143,000	\$35,471,156	\$0.0727

FREIGHT RATES

	LT/M	W/M	Rate per pound
Atlantic and Gulf/Japan	\$32.75-\$67.25		\$0.15-\$0.030
Pacific/Japan	30.35- 65.25		.014- .029
Japan/Atlantic and Gulf		\$22.50-\$40.25	.010- .018
Japan/Pacific	17.00	32.00	.008- .014

See p. 792 for key to abbreviations.

DISCRIMINATORY FREIGHT RATES

Trade between United States and Japan in oil well casing: 1962

UNITED STATES TO JAPAN

(FT 410)	Item	Pounds	Value FAS USPE	Value per pound
60621.....	Pipe, oil country, seamless carbon steel.....	20,913	\$3,199	\$0.153
60623.....	Pipe, oil country, seamless, alloy steel.....	7,862	3,079	.392
	Total, United States to Japan.....	28,775	6,278	.218

JAPAN TO UNITED STATES

(FT 110)	Item	Pounds	Value FAS USPE	Value per pound
6081050.....	Oilwell casing, seamless.....	13,004,969	\$970,793	\$0.075
6081054.....	Oilwell casing, seamless, alloyed.....	396,445	36,763	.093
	Japan to United States.....	13,401,414	1,007,556	.075

FREIGHT RATES

	LT/M	Per pound
Atlantic and Gulf/Japan.....	\$36.00	\$0.016
Pacific/Japan.....	33.60	.015
Japan/Atlantic and Gulf.....	24.25	.011
Japan/Pacific.....	18.00	.008

Trade between United States and Japan in steel plate: 1962

UNITED STATES TO JAPAN

(TOJ)	Item	Kilograms	Value CIF JPI	Value per kilogram
674-1.....	Universals and heavy plates and sheets, more than 4.75 mm. thick, of iron or steel other than tinned.	5,854,000	\$1,253,643	\$0.215
674-2.....	Medium plates and sheets more than 3 mm. but not more than 4.75 mm. thick, iron or steel, other than tinned.	6,000	2,108	.351
	Total, United States to Japan.....	5,860,000	1,260,751	.215
	Other countries to Japan.....	2,146,000	206,972	.096
	Japan's total imports.....	8,006,000	1,467,723	.183

JAPAN TO UNITED STATES

(TOJ)	Item	Kilograms	Value FAS JPE	Value per kilogram
674-1.....	Universals and heavy plates and sheets, more than 4.75 mm. thick, of iron or steel other than tinned.	63,177,000	\$7,090,381	\$0.112
674-2.....	Medium plates and sheets more than 3 mm. but not more than 4.75 mm. thick, iron or steel, other than tinned.	11,117,000	1,455,768	.130
	Total, Japan to United States.....	74,294,000	8,546,149	.115

FREIGHT RATES

	LT/M	Per kilogram
Atlantic and Gulf/Japan.....	\$26.50	\$0.0261
Pacific/Japan.....	24.10	.0237
Japan/Atlantic and Gulf.....	18.50	.0182
Japan/Pacific.....	17.00	.0167

Trade between United States and Japan in rolled and finished steel structurals: 1962

In the list of commodities attached to Mr. Boggs' letter of September 17 to Mr. Wierda, is the item "Iron and steel, rolled and finished steel structurals." Information was requested on this item as part of the freight movement between United States and Japan. The U.S. Bureau of Census supplied a list of schedules A and B numbers included in these commodity headings. In the case of this heading it covered 56 separate schedule B items and no less than 217 schedule A items.

These 273 commodity items would involve well over 50 freight rates in the 4 tariffs concerned. To study the effect of over 50 freight rates on the movement of some 275 commodities could only result in meaningless generalities. The freight rate on each commodity can only be judged in the light of the movement of that commodity.

Furthermore, some of these items have already been designated for separate study. For example, this much-too-general commodity classification includes steel plate, stainless steel bars, and oil well casing, each of which we have considered separately.

The remaining rolled and finished steel items moving between the United States and Japan contain the following in greatest volume:

Wire rods.

Nails, tacks, staples, and spikes.

Wire.

Instead, then, of trying to present a *rolled and finished structural steel* statement we have supplemented the individual items already requested with statements covering the three items listed above.

We have also thought it would give a more complete picture of the movement of iron or steel items between the United States and Japan if we included a statement covering iron or steel concrete reinforcement bars.

Trade between United States and Japan in iron and steel wire rods: 1962

(TOJ)	Wire rod of iron or steel, in coils	Kilograms	Value CIF JPI	Value per kilogram
673-1.....	From United States.....	2,000	\$11,697	\$5.848
	Other countries to Japan.....	77,271,000	345,645	.004
	Total, Japan's imports.....	77,273,000	357,342	.004

(TOJ)	Wire rod of iron or steel, in coils	Kilograms	Value FAS JPE	Value per kilogram
673-1.....	Japan to United States.....	287,012,000	\$28,240,842	\$0.098

FREIGHT RATES

	W/M	Per kilogram
Atlantic and Gulf/Japan.....	\$30.50-\$61.25	\$0.034-\$0.068
Pacific/Japan.....	30.35- 65.25	.034- .072
Japan/Atlantic and Gulf.....	18.50- 36.25	.020- .040
Japan/Pacific.....	17.00- 28.00	.019- .031

See p. 792 for key to abbreviations.

Trade between United States and Japan in nails, tacks, staples and spikes: 1962

UNITED STATES TO JAPAN

(TOJ)	Item	Kilograms	Value CIF JPI	Value per kilogram
694-111.....	Horseshoe nails of iron or steel.....	7,198	\$16,667	\$2.315
694-119.....	Nails, tacks, staples, and similar articles of iron or steel, NES.	9,482	14,286	1.506
694-129.....	Nails, tack, staples, spikes, and similar articles of copper or its alloys.	94	517	5.500
	Total, United States to Japan.....	16,774	31,470	1.876
	Other countries to Japan.....	40,134	38,455	.958
	Japan's total imports.....	56,908	69,925	1.228

JAPAN TO UNITED STATES

(TOJ)	Item	Kilograms	Value FAS JPE	Value per kilogram
694-111.....	Wire nails of iron or steel.....	124,255,513	\$20,272,963	\$0.163
694-112.....	Drawing pins of iron or steel.....	23,133	4,539	.196
694-119.....	Nails, tacks, staples, corrugated nails, spikes, etc., of iron or steel, NES.	1,420,688	367,673	.258
694-120.....	Nails, tacks, drawing pins, etc., of copper or its alloys...	33,640	9,689	.289
	Total, Japan to United States.....	125,732,974	20,654,864	.164

FREIGHT RATES

	W/M	Per kilogram
Atlantic and Gulf/Japan.....	\$32.75-\$70.00	\$0.033-\$0.077
Pacific/Japan.....	30.35- 67.75	.033- .075
Japan/Atlantic and Gulf.....	19.00- 55.00	.021- .061
Japan/Pacific.....	19.00- 48.50	.021- .053

Trade between United States and Japan in iron and steel wire (excluding wire rod):
1962

UNITED STATES TO JAPAN

(TOJ)	Item	Kilograms	Value CIF JPI	Value per kilogram
677-011.....	Copper clad, for electricity.....	3,000	\$3,055	\$1.018
677-019.....	Other than high carbon or alloy steel, clad, NES.....	254,000	203,230	.800
677-020.....	Other than high carbon or alloy steel, plated.....	19,000	15,263	.803
677-039.....	Other than high carbon or alloy steel, plated, NES.....	17,000	24,005	1.412
677-054.....	Stainless or heat-resistant steel.....	13,000	23,383	1.799
	All other.....	8,000	40,894	5.112
	Total, United States to Japan.....	314,000	309,830	.987
	Other countries to Japan.....	386,000	411,655	1.066
	Japan's total imports.....	700,000	721,485	1.031

See p. 792 for key to abbreviations.

*Trade between United States and Japan in iron and steel wire (excluding wire rod):
1963—Continued*

JAPAN TO UNITED STATES

(TOJ)	Item	Kilograms	Value FAS JPE	Value per kilogram
677-031	Not more than 0.25 percent carbon	46,586,000	\$6,042,823	\$0.130
677-042	High carbon spring steel	23,813,000	4,325,936	.182
677-049	High carbon steel, NES	23,339,000	4,637,273	.199
677-021	Galvanized, less than 0.25 percent carbon	13,266,000	1,894,845	.143
677-053	Stainless or heat-resistant	2,230,000	1,807,808	.811
677-022	Galvanized, more than 0.25 percent carbon other than high carbon steel	2,037,000	433,667	.213
677-039	Other than high carbon or alloy steel	1,911,000	371,433	.194
677-019	Iron and steel wire, clad, NES	151,000	30,372	.201
	All other	1,278,000	213,464	.167
	Total, Japan to United States	114,611,000	19,757,621	.172

FREIGHT RATES

	LT	W/M	Per kilogram
Atlantic and Gulf/Japan		\$32.75-\$69.50	\$0.0361-\$0.0766
Pacific/Japan		30.35- 67.00	.0335- .0739
Japan/Atlantic and Gulf	\$18.50	55.00	.0204- .0607
Japan/Pacific	17.00	48.50	.0187- .0535

*Trade between United States and Japan in iron or steel concrete reinforcement bars:
1962*

UNITED STATES TO JAPAN

(FT 410)		Pounds	Value FAS USPE	Value per pound
	No concrete reinforcement bars were shipped United States to Japan in 1962. But United States did export to about 34 other foreign countries the following: Total U.S. exports concrete reinforcement bars.	44,795,803	\$2,950,860	\$0.0658

JAPAN TO UNITED STATES

(FT 110)		Pounds	Value FAS JPE	Value per pound
		150,206,552	\$6,151,612	\$0.041

FREIGHT RATES

	LT	LT/M	Per pound
Atlantic and Gulf/Japan		\$30.50-\$48.50	\$0.014-\$0.022
Pacific/Japan	\$28.10		.0125
Japan/Atlantic and Gulf	18.50		.008
Japan/Pacific		17.00	.008

See p. 792 for key to abbreviations.

DISCRIMINATORY FREIGHT RATES

Trade between United States and Japan in stainless steel bars: 1962

UNITED STATES TO JAPAN

(FT 410)	Item	Pounds	Value FAS USPE	Value per pound
60230.....	Hot rolled.....	9,829	\$15,497	\$1.576
60260.....	Cold finished.....	56,561	45,085	.797
	Total, United States to Japan.....	66,390	60,582	.912

JAPAN TO UNITED STATES

(Ft 110)	Item	Pounds	Value FAS JPE	Value per pound
6008-801.....	Over 16 cents per pound.....	134,917	\$43,697	\$0.324
6008-811.....	Cold-rolled, polished, etc., over 16 cents per pound.	195,846	57,547	.298
	Total, Japan to United States.....	330,763	101,244	.306

JAPAN'S IMPORTS

(TOJ)		Kilograms	Value CIF JPI	Value per kilogram
673-276.....	Japan's imports of stainless steel bars:			
	From United States.....	2,000	\$18,944	\$9.472
	From other countries.....	6,000	8,806	1.468
	Japan's total imports.....	8,000	27,750	3.469

FREIGHT RATES

	LT/M	Per pound	Per kilogram
Atlantic and Gulf/Japan.....	\$67.25	\$0.030	\$0.066
Pacific/Japan.....	65.25	.029	.064
Japan/Atlantic and Gulf.....	36.25	.016	.035
Japan/Pacific.....	28.00	.013	.029

Trade between United States and Japan in lubricating oils and greases: 1962

JAPAN'S IMPORTS

(TOJ)		Kilograms	Value CIF JPI	Value per kilogram
332-5.....	Lubricating oils and greases:			
	From United States.....	208,054,000	\$23,064,927	\$0.111
	From other countries.....	90,057,000	7,015,464	.078
	Japan's total imports.....	298,111,000	30,080,391	.101

JAPAN TO UNITED STATES

(TOJ)		Kilograms	Value FAS JPE	Value per kilogram
332-5.....	Total to United States.....	45,000	\$9,094	\$0.202

See p. 792 for key to abbreviations.

Trade between United States and Japan in lubricating oils and greases: 1962—Con.

FREIGHT RATES

	LT	W/M	Per kilogram
Atlantic and Gulf/Japan.....	\$35. 00		\$0. 034
Pacific/Japan.....	32. 65		. 032
Japan/Atlantic and Gulf.....		\$38. 25	. 058
Japan/Pacific.....		29. 25	. 040

Trade between United States and Japan in well-drilling machinery and equipment (including oil wells): 1962

UNITED STATES TO JAPAN

(TOJ)	Item	Kilograms	Value CIF JPI	Value per kilogram
718-443.....	Test-boring machines.....	712	\$3, 916	\$5. 50
718-444.....	Rock drills other than pneumatic.....	62, 726	41, 702	. 66
718-445.....	Well drilling machines.....			
718-449.....	Excavating, leveling, boring, and extracting machinery, stationary or mobile, for earth minerals or ores, NES.	249, 939	452, 925	1. 81
718-450.....	Parts of 718-449.....	572, 318	321, 380	. 56
	Total, United States to Japan.....	885, 695	819, 925	. 93
	From other countries.....	305, 782	940, 043	3. 68
	Total, Japan's imports.....	1, 191, 477	1, 759, 968	1. 48

JAPAN TO UNITED STATES

(TOJ)	Item	Kilograms	Value FAS JPE	Value per kilogram
718-426.....	Test-boring machines.....			
718-427.....	Rock drills other than pneumatic.....			
718-429.....	Excavating, leveling, etc., machinery for earth minerals or ores, NES.			
718-430.....	Parts of 718-429.....	38	\$302	\$7. 95
	Total, Japan to United States.....	38	302	7. 95

FREIGHT RATES

	W/M	Per kilogram
Atlantic and Gulf/Japan.....	\$61. 25	\$0. 133
Pacific/Japan.....	56. 75	. 123
Japan/Atlantic and Gulf.....	42. 00	. 091
Japan/Pacific.....	33. 00	. 072

Trade between United States and Japan in pigments: 1962

UNITED STATES TO JAPAN

(FT 410)	Item	Pounds	Value FAS USPE	Value per pound
80591.....	Color lakes and toners, coal-tar and other cyclic.....	63, 782	\$297, 548	\$4. 67
84010.....	Iron oxide, dry synthetic and natural.....	580, 781	82, 500	. 14
84110.....	Zinc oxide.....	2, 200	308	. 14
84140.....	Lithopone.....			
84231.....	Carbon black, contact.....	14, 005, 814	1, 820, 609	. 13
84235.....	Carbon black, furnace.....	4, 234, 815	341, 065	. 08
84265.....	Litharge, red and white lead, dry or in oil.....	15, 250	5, 133	. 34
84280.....	Titanium pigments.....	78, 934	22, 738	. 29
84290.....	Pigments, NEC.....	1, 935, 485	851, 535	. 44
	Total, United States to Japan.....	20, 917, 061	3, 421, 436	. 16

See p. 792 for key to abbreviations.

Trade between United States and Japan in pigments: 1962—Continued

JAPAN TO UNITED STATES

(FT 110)	Item	Pounds	Value FAS JPE	Value per pound
8400-100 to 8401-500.....				
8402-000.....				
8402-100.....				
8420-130.....	Chrome yellow, green, and chromic oxide.....	766, 000	\$170, 268	\$0. 22
8420-270.....	Pearl essence.....	38, 099	241, 072	6. 33
8420-390.....	Chemical and mineral earth pigments, NSPF.....	39, 589	50, 951	1. 29
	Total, Japan to United States.....	843, 688	462, 291	. 55

FREIGHT RATES

	W/M	Per pound
Atlantic and Gulf/Japan.....	\$36. 50-\$50. 00	\$0. 018-\$0. 025
Pacific/Japan.....	19. 25- 47. 50	. 009- . 024
Japan/Atlantic and Gulf.....	35. 00- 62. 25	. 018- . 031
Japan/Pacific.....	27. 50- 52. 75	. 014- . 026

Trade between United States and Japan in plywood: 1962

UNITED STATES TO JAPAN

(FT 410)	Item	Square feet	Value FAS USPE	Value per square foot
42174.....	Softwood, interior.....			(\$0. 12)
42176.....	Softwood, exterior.....			(. 13)
42187.....	Hardwood, including technical.....			(. 49)
42190.....	Other and composite board.....	23, 625	\$26, 205	1. 11
	Total, United States to Japan.....	23, 625	26, 205	1. 11

NOTE.—Value figures in parentheses are average value of the particular commodity exported to all foreign countries, none of that commodity having moved to Japan in 1962.

JAPAN TO UNITED STATES

(FT 110)	Item	Square feet	Value FAS JPE	Value per square foot
4209300.....	Birch.....	43, 149, 848	\$6, 880, 289	\$0. 16
4209560.....	Philippine Hardwood.....	550, 596, 211	32, 499, 616	. 06
4209570.....	Sen (Ash).....	113, 586, 669	11, 748, 815	. 10
4209580.....	Hardwood, NES.....	32, 770, 508	2, 602, 891	. 08
	Total, Japan to United States.....	740, 103, 236	53, 731, 611	. 07

JAPAN'S TOTAL IMPORTS

(TOJ)	Plywood	Kilograms	Value CIF JPI	Value per kilogram
	From Denmark.....	25, 360	\$9, 618	\$0. 38
	From United States.....	424	583	1. 38
	Japan's total imports.....	25, 784	10, 201	. 40

FREIGHT RATES

	W/M	Per square foot
Pacific/Japan.....	\$38. 50	\$0. 0501
Atlantic and Gulf/Japan.....	45. 28	. 0589
Japan/Pacific.....	18. 50	. 0076
Japan/Atlantic and Gulf.....	25. 00	. 0102

DISCRIMINATORY FREIGHT RATES

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Trade between United States and Japan in railway cars: 1962

UNITED STATES TO JAPAN

(TOJ)	Item	Kilograms	Value CIF JPI	Per kilo- gram
731-4.....	Mechanically propelled passenger, freight, or maintenance.			
731-5.....	Not mechanically propelled, passenger			
731-610.....	Crane and other service vehicles.....	8,000	\$47,488	\$5.94
731-629.....	Freight cars.....	67,000	64,366	.96
731-630.....	Road-rail and similar containers.....	204,000	63,466	.31
	Total, United States to Japan.....	279,000	175,320	.63
	Other countries to Japan.....	121,000	329,647	2.72
	Japan's total imports.....	400,000	504,967	1.26

JAPAN TO UNITED STATES

(TOJ)	Item	Kilograms	Value FAS JPE	Per kilo- gram
731-4.....	Mechanically propelled passenger, freight, or maintenance.			
731-5.....	Not mechanically propelled, passenger			
731-640.....	Road-rail and similar containers.....	2,000	\$2,730	\$1.37
	Total, Japan to United States.....	2,000	2,730	1.37

FREIGHT RATES

	LT/M
Atlantic and Gulf/Japan.....	\$51.50
Pacific/Japan.....	46.25
Japan/Atlantic and Gulf.....	NCR
Japan/Pacific.....	NCR

Trade between United States and Japan in railway locomotives: 1962

UNITED STATES TO JAPAN

(TOJ)	Item	Kilograms	Value CIF JPI	Value per kilogram
731-1.....	Steam.....			
731-2.....	Electric other than self-generating.....			
731-3.....	Other than steam or electric.....			
	Total, United States to Japan.....			
	From other countries.....			
	Japan's total imports.....			

JAPAN TO UNITED STATES

(TOJ)	Item	Kilograms	Value FAS JPE	Value per kilogram
731-1.....	Steam.....			
731-2.....	Electric other than self-generating.....			
731-3.....	Other than steam or electric.....			
	Total, Japan to United States.....			

See p.792 for key to abbreviations.

Trade between United States and Japan in railway locomotives: 1962—Continued

FREIGHT RATES

	W/M
Atlantic and Gulf/Japan.....	\$60.50
Pacific/Japan.....	51.25
Japan/Atlantic and Gulf.....	NCR
Japan/Pacific.....	NCR

U.S. Bureau of Census figures show no specific movement of railway locomotives between United States and Japan in 1962.

Obviously Japan manufactures all her needs of this commodity as she imported none in 1962 from any country.

The United States imported in 1962 none from Japan.

Trade between United States and Japan in rubber tires and inner tubes: 1962

UNITED STATES TO JAPAN

(FT 410)	Item	Number	Value FAS USPE	Value per tire
20610.....	Trucks and bus, pneumatic, new.....	526	\$53,751	\$102.19
20624.....	Passenger car, pneumatic, new.....	228	3,271	14.35
20632.....	Off-the-road, pneumatic, new except farm.....	35	12,311	351.74
20634.....	Farm tractor, pneumatic, new.....	10	810	81.00
20638.....	Pneumatic tires and casings, new.....	32	588	18.38
20662.....	Solid and cushion, truck and industrial, new.....	144	3,293	22.88
	Total, United States to Japan.....	975	74,024	75.95

JAPAN TO UNITED STATES

(FT 110)	Item	Number	Value FAS JPE	Value per tire
2022-020.....	Passenger car and motorcycle, pneumatic, new.....	16,961	\$86,287	\$5.09
2022-050.....	Truck or bus, pneumatic, new.....	330	17,374	52.65
2022-090.....	Passenger car, motorcycle, truck, and bus, NES.....	3,909	17,758	4.54
2022-200.....	Bicycle.....	622,954	405,301	.65
2022-400.....	Rubber, NES.....	50,406	8,069	.16
2022-900.....	Inner tubes, auto, etc.....	328	597	1.82
	Total, Japan to United States.....	694,888	535,386	.77

JAPAN'S TOTAL IMPORTS

(TOJ)	Item	Kilo-grams	Value CIF JPI	Value per kilo-gram
629-1.....	Japan's total imports, rubber tires and tubes for vehicles and aircraft.....	1,070,630	\$728,134	\$0.68
	Same from United States.....	921,713	627,676	.68

Freight rates	Per 2,000 pounds	Per 40 cubic feet
Atlantic/Japan.....	\$114.50-\$151.75	\$27.42-\$36.35
Pacific/Japan.....	110.75	26.50
Japan/Atlantic.....		34.00
Japan/Pacific.....		24.75

See p. 792 for key to abbreviations.

DISCRIMINATORY FREIGHT RATES

815

Trade between United States and Japan in cotton piece goods—Semimanufactures:
1962

UNITED STATES TO JAPAN

(TOJ)	Item	Kilo-grams	Value CIF JPI	Value per kilo-gram
651-3.....	Cotton yarn and thread, gray, not mercerized.....	24	\$256	\$10.67
651-4.....	Cotton yarn and thread, bleached, dyed.....	302	2,083	6.90
652.....	Cotton fabrics, woven (not including narrow or special fabrics).	42,223	157,895	3.74
	Total, United States to Japan.....	42,549	160,234	3.77
	Other countries to Japan.....	128,925	1,157,226	8.98
	Japan's total imports.....	171,474	1,317,460	7.68

JAPAN TO UNITED STATES

(TOJ)	Item	Kilo-grams	Value FAS JPE	Value per kilo-gram
651-3.....	Cotton yarn and thread, gray not mercerized.....	59	\$83	\$1.41
651-4.....	Cotton yarn and thread, bleached, dyed.....	22,980	41,433	1.80
652.....	Cotton fabrics, woven (not including narrow or special fabrics).	13,172,959	32,960,665	2.50
	Total, Japan to United States.....	13,195,998	33,002,181	2.50

FREIGHT RATES

	W/M	Per kilogram
Atlantic and Gulf/Japan.....	\$65.50	\$0.244
Pacific/Japan.....	61.00	.227
Japan/Atlantic and Gulf.....	36.00	.134
Japan/Pacific.....	33.50	.125

Trade between United States and Japan in cotton waste: 1962

UNITED STATES TO JAPAN

(TOJ)	Item	Kilograms	Value CIF JPI	Value per kilogram
263-3.....	Cotton waste, not carded or combed.....	7,075,654	\$2,477,541	\$0.35
263-4.....	Cotton, carded or combed.....			
	Total, United States to Japan.....	7,075,654	2,477,541	.35
	Other countries to Japan.....	11,642,245	3,904,931	.34
	Japan's total imports.....	8,717,899	6,382,472	.34

JAPAN TO UNITED STATES

(TOJ)	Item	Kilograms	Value FAS JPE	Value per kilogram
263-3.....	Cotton waste, not carded or combed.....	1,123,278	\$248,653	\$0.22
263-4.....	Cotton slivers and rovings.....			
	Total, Japan to United States.....	1,123,278	248,653	.22

See p. 792 for key to abbreviations.

Trade between United and Japan in cotton waste: 1962—Continued

FREIGHT RATES

	Per 2,000 pounds	Per kilogram
Atlantic and Gulf/Japan.....	\$32. 00	\$0. 035
Pacific/Japan.....	29. 75	. 033
Japan/Atlantic and Gulf.....	35. 75	. 039
Japan/Pacific.....	25. 25	. 028

Trade between United States and Japan in cotton sheeting: 1962

UNITED STATES TO JAPAN

(FT 410)	Item	Pounds	Value FAS USPE	Value per pound
30430.....	Cotton sheeting.....	1 4, 710	\$9, 391	\$1. 99 ¹

¹ Pounds estimated at 3.7 square yards per pound.

JAPAN TO UNITED STATES

(FT 110)	Item	Pounds	Value FAS USPE	Value per pound
3048 210 to 230.....	} Cotton sheeting.....	1, 217, 138	\$581, 516	\$0. 48.
3058 200 to 250.....				
3068 200 to 250.....				

FREIGHT RATES

	W/M	Per pound
Atlantic and Gulf/Japan.....	\$65. 50	\$0. 110
Pacific/Japan.....	61. 00	. 103
Japan/Atlantic and Gulf.....	36. 00	. 061
Japan/Pacific.....	33. 50	. 057

Trade between United States and Japan in sewing machines: 1962

UNITED STATES TO JAPAN

(TOJ)	Item	Kilograms	Value CIF JPI	Value per kilogram
717-311-12.....	} Domestic sewing machines and parts.....	9, 281	\$38, 975	\$4. 20
717-341-49.....		348, 769	1, 754, 457	5. 03.
717-321-339.....		} Industrial sewing machines and parts.....	358, 050	1, 793, 432
717-351-359.....	} Total, United States to Japan.....			
717-3.....		Other countries to Japan.....	468, 878	2, 591, 930
717-3.....	Japan's total imports.....			

JAPAN TO UNITED STATES

(TOJ)	Item	Kilograms	Value FAS USPE	Value per kilogram
717-311-12.....	} Domestic sewing machines and parts.....	13, 248, 479	\$25, 285, 192	\$1. 91
717-341-49.....				
717-321-339.....	} Industrial sewing machines and parts.....	294, 213	1, 295, 037	4. 40.
717-351-359.....				

See p. 792 for key to abbreviations.

Trade between United States and Japan in sewing machines: 1962—Continued

FREIGHT RATES

	W/M	Per kilogram
Atlantic and Gulf/Japan.....	\$61.25	\$0.107
Pacific/Japan.....	56.75	.099
Japan/Atlantic and Gulf.....	38.25	.067
Japan/Pacific.....	33.00	.058

Trade between United States and Japan in soda ash: 1962

UNITED STATES TO JAPAN

(FT 410)	Item	Pounds	Value FAS USPE	Value per pound
83650.....	Calcined, not causticized.....			
83660.....	Causticized.....			
	United States to Japan.....			
	United States to all countries.....	311,847,256	\$4,874,367	\$0.0156

JAPAN TO UNITED STATES

(FT 110)	Item	Pounds	Value FAS JPE	Value per pound
8350-230....	Calcined.....	21,820	\$446	\$0.020

JAPAN'S IMPORTS

(TOJ)	From—	Kilograms	Value CIF JPI	Value per pound
514-280....	United Kingdom.....	51	\$50	\$0.445
	West Germany.....	25	56	1.016
	United States.....	23	8	.159
	Total imports.....	99	114	.521

JAPAN'S EXPORTS

(TOJ)	To—	Kilograms	Value FAS JPE	Value per pound
514-280....	United States.....			
	All other countries.....	25,049,423	\$889,417	\$0.018

FREIGHT RATES

	Per 2,000 pounds	Per pound
Atlantic and Gulf/Japan.....	\$21.25	\$0.011
Pacific/Japan.....	19.25	.010
Japan/Atlantic and Gulf.....	33.75	.017
Japan/Pacific.....	28.50	.014

See p. 792 for key to abbreviations.

DISCRIMINATORY FREIGHT RATES

Trade between United States and Japan in sodium cyanide: 1962

UNITED STATES TO JAPAN

(FT 410)	Sodium cyanide	Pounds	Value FAS USPE	Value per pound
83690.....	United States to Japan.....			
	Total, United States exports.....	7,089,799	\$1,000,051	\$0.141

JAPAN TO UNITED STATES

		Pounds	Value FAS FPE	Value per pound
8339-000....	Japan to United States.....			
	Other countries to United States.....	19,728,399	\$2,491,614	\$0.126

JAPAN'S IMPORTS

(TOJ)	Sodium and potassium cyanide	Kilograms	Value CIF JPI	Value per pound
514-311.....	Japan's total imports (all from Switzerland).....	50	\$81	\$0.734

JAPAN'S EXPORTS

		Kilograms	Value FAS JPE	Value per pound
514-311.....	Japan's total exports.....	509,905	\$166,500	\$0.148
	Japan's exports to United States.....			

FREIGHT RATES

	W/M	Per pound
Atlantic and Gulf/Japan.....	\$48.75	\$0.024
Pacific/Japan.....	46.50	.023
Japan/Atlantic and Gulf.....	45.00	.022
Japan/Pacific.....	35.00	.017

See p. 792 for key to abbreviations.

Trade between United States and Japan in standard newsprint paper: 1962

UNITED STATES TO JAPAN

(TOJ)	Newsprint paper	Kilograms	Value CIF JPI	Value per kilogram
641-1.....	United States to Japan.....	45,616	\$3,794	\$0.083
	Other countries to Japan.....	17,145	2,197	.128
	Total, Japan imports.....	62,761	5,991	.095

JAPAN TO UNITED STATES

(TOJ)	Newsprint paper	Kilograms	Value FAS JPE	Value per kilogram
641-1.....	Japan to United States.....			
	Japan to other countries.....	6,315,864	\$951,823	\$0.151

FREIGHT RATES

	Per 2,000 pounds	Per kilogram
Atlantic and Gulf/Japan.....	\$29.05	\$0.032
Pacific/Japan.....	27.00	.030
Japan/Atlantic and Gulf.....	43.50	.048
Japan/Pacific.....	35.75	.039

Trade between United States and Japan in sulfate woodpulp: 1962

UNITED STATES TO JAPAN

(TOJ)	Item	Metric tons	Value CIF JPI	Value per metric ton
251-620.....	Sulfate woodpulp, dissolving grades.....	32,690	\$7,009,919	\$214.44
251-710.....	Sulfate woodpulp, bleached.....	8,658	1,161,876	134.20
251-720.....	Sulfate woodpulp, unbleached.....	1,012	103,053	101.83
251-790.....	Sulfate woodpulp, n.e.s., other than dissolving.....			
	Total, United States to Japan.....	42,360	8,274,848	195.35
	Other countries to Japan.....	44,532	5,562,679	124.91
	Japan's total imports.....	86,892	13,837,527	159.25

JAPAN TO UNITED STATES

(TOJ)	Item	Metric tons	Value FAS JPE	Value per metric ton
251-7.....	Sulfate woodpulp.....			

FREIGHT RATES

	Per 2,000 pounds	Per metric ton
Atlantic and Gulf/Japan.....	\$19.00	\$20.95
Pacific/Japan.....	14.50	15.99
Japan/Atlantic and Gulf.....	NCR	
Japan/Pacific.....	NCR	

NOTE.—The United States/Japan conferences' rates are open. Rates shown above are the lowest from each coast as of this date. Some carriers have filed higher rates.

See p. 792 for key to abbreviations.

DISCRIMINATORY FREIGHT RATES

Trade between United States and Japan in manufactured tobacco: 1962

UNITED STATES TO JAPAN

(TOJ)	Manufactured tobacco	Kilograms	Value CIF JPI	Value per kilogram
122-----	United States to Japan.....	315,023	\$1,399,169	\$4.44
	Other countries to Japan.....	1,250,090	2,460,161	1.97
	Japan's total imports.....	1,565,113	3,859,330	2.47

JAPAN TO UNITED STATES

(TOJ)	Manufactured tobacco	Kilograms	Value FAS JPE	Value per kilogram
122-----	Japan to United States.....	290	\$831	\$2.86

FREIGHT RATES

	W/M	Per kilogram
Atlantic and Gulf/Japan.....	\$83.00	\$0.249
Pacific/Japan.....	66.00	.198
Japan/Atlantic and Gulf.....	(1)	-----
Japan/Pacific.....	(1)	-----

Trade between United States and Japan in unmanufactured tobacco: 1962

UNITED STATES TO JAPAN

(TOJ)	Unmanufactured tobacco	Kilograms	Value CIF JPI	Value per kilogram
121-----	United States to Japan.....	11,594,889	\$24,115,841	\$2.08
	From all other countries.....	5,914,386	8,147,447	1.38
	Japan's total imports.....	17,509,275	32,263,288	1.84

JAPAN TO UNITED STATES

(TOJ)	Unmanufactured tobacco	Kilograms	Value FAS JPE	Value per kilogram
121-----	Japan to United States.....	110,600	\$65,447	\$0.59

FREIGHT RATES

	Per 2,000 lbs.	Per kilogram
Atlantic and Gulf/Japan.....	\$87.25	\$0.0962
Japan/Pacific.....	78.75	.0868
Japan/Atlantic and Gulf.....	151.75	.1146
Japan/Pacific.....	139.00	.0863

¹ Per ton of 40 cubic feet.

See p. 792 for key to abbreviations.

*Trade between United States and Japan in hand and machine tools and basic hardware:
1962*

UNITED STATES TO JAPAN

(TOJ)	Item	Kilograms	Value CIF JPI	Value per kilogram
694.....	Basic hardware.....	436,784	\$1,249,166	\$2.860
695.....	Tools for use in hand or machine.....	553,707	3,190,413	5.762
	Total, United States to Japan.....	990,491	4,439,579	4.482
	Other countries to Japan.....	322,693	2,650,958	8.215
	Japan's total imports.....	1,313,184	7,090,537	5.399

JAPAN TO UNITED STATES

(TOJ)	Item	Kilograms	Value FAS JPE	Value per kilogram
694.....	Basic hardware.....	162,927,116	\$31,824,274	\$0.195
695.....	Tools for use in hand or machine.....	15,692,906	11,527,830	.734
	Total, Japan to United States.....	178,620,022	43,352,104	.243

FREIGHT RATES

	W/M	Per kilogram
Atlantic and Gulf/Japan.....	\$83.75	\$0.0924
Pacific/Japan.....	73.50	.0810
Japan/Atlantic and Gulf.....	\$23.50- 31.00	\$0.0259- .0342
Japan/Pacific.....	23.00- 24.00	.0254- .0265

See p. 792 for key to abbreviations.

(End of Section A.)

SECTION B—NETHERLANDS

Comparison of the value of United States exports¹ and United States general imports in trade with Netherlands: 1958-62

[In millions of dollars]

	Exports	Imports	Balance
1958.....	442	188	+254
1959.....	552	216	+336
1960.....	715	213	+502
1961.....	697	208	+489
1962.....	752	221	+531
Average.....	632	209	+422
Percent.....		202	

¹ Including reexports.

Source: U.S. Statistical Abstracts, 1963.

Trade between United States and Netherlands in autos: 1962

U.S. EXPORTS

(FT 410)	Item	Quantity (number)	Value	Average value
79070.....	Cars and chassis, passenger, new, nonmilitary.....	864	\$1,971,200	\$2,281.48
79075.....	Cars and chassis, passenger, used, nonmilitary.....	91	178,712	1,963.86
	Total.....	955	2,149,912	2,251.21

U.S. IMPORTS

(FT 110)	Item	Quantity (number)	Value	Average value
7900500.....	Autos, new, NES.....	604	\$588,822	\$974.87
7900700.....	Autos, used.....	5	5,363	1,072.61
	Total.....	609	594,185	975.67

FREIGHT RATES

Atlantic/Netherlands.....	\$15 to \$31.50 per 2,240 lbs. or 40cft.
Gulf/Netherlands.....	\$18 to \$38 per 2,240 lbs. or 40 cft.
Pacific/Netherlands.....	\$51.25 per 2,240 lbs. or 40 cft.
Netherlands/Atlantic.....	\$15.75 to \$29 per 2,204 lbs. or 1 cbm.
Netherlands/Gulf.....	\$14.50 to \$16.50 per 2,204 lbs. or 1 cbm.
Netherlands/Pacific.....	\$22.75 to \$33 per 2,204 lbs. or 1 cbm.

CONCLUSION

Freight rates are quite comparable on an outbound-inbound basis. The value of our exports is about 3½ times the imports and on an individual car basis is more than twice the value of the cars imported. American made cars face high protective tariffs in the Netherlands which has forced U.S. manufacturers to set up oversea subsidiaries as the way to compete in this market.

Trade between United States and Netherlands in copper sheets: 1962

U.S. EXPORTS

(FT 410)	Item	Quantity (number)	Value	Average value
64230.....	Pts. copper plates, sheet, and strip.....	1, 131	\$1, 165	\$1. 03
64500.....	Copper-base alloy plates, sheet, and strip.....	240, 290	139, 442	. 58
	Total.....	241, 421	140, 607	. 58

U.S. IMPORTS

(FT 110)	Item	Quantity (number)	Value	Average value
6420100.....	Copper in rolls and sheets.....	39, 355	\$14, 804	\$0. 37
6458050.....	Brass sheets, plates, and strip.....	895, 840	298, 139	. 33
6458200.....	Mantz sheets, bolts, etc.....	12, 352	6, 772	. 54
6459600.....	Bronze rods and sheets.....	10, 000	3, 545	. 35
	Total.....	957, 547	323, 260	. 34

FREIGHT RATES

Atlantic/Netherlands.....	\$40.50 per 2,240 lbs.
Gulf/Netherlands.....	\$50 per 2,240 lbs.
Pacific/Netherlands.....	\$18 per 2,240 lbs.
Netherlands/Atlantic.....	\$26.25 per 2,204 lbs.
Netherlands/Gulf.....	\$32 per 2,204 lbs.
Netherlands/Pacific.....	\$58 per 2,204 lbs.

CONCLUSION

The inbound rates in some cases are lower than outbound. If the statistics do fit the category, there is an export movement of slightly over 100 tons.

Outbound copper rates on items moving to Europe are negotiated with the copper industry since there is intense competition from other foreign sources of supply.

Note.—There is a statistical problem inherent in this and the next four copper items. The description for any one schedule number often includes a basket grouping of items, thus it is impossible to tell how much of any one item moves. For example: No. 6420100 above has both rolls and sheets but the actual amounts of each are inseparable. Thus, the relevance of any one number to a particular study is questionable in some cases. Basically, our tariffs reflect the movements better than do the statistics.

DISCRIMINATORY FREIGHT RATES

Trade between United States and Netherlands in copper rods: 1962

U.S. EXPORTS

(FT 410)	Item	Quantity (number)	Value	Average value
64490.....	Copper, base alloy bars, rods, and shapes (total).....	85,393	\$54,304	\$0.64

U.S. IMPORTS

(FT 110)	Item	Quantity (number)	Value	Average value
6420200.....	Copper in rods (total).....	5,007	\$1,941	\$0.39

FREIGHT RATES

Atlantic/Netherlands.....	\$17 per 2,240 lbs.
Gulf/Netherlands.....	\$19.50 per 2,240 lbs.
Pacific/Netherlands.....	\$18.50 per 2,240 lbs.
Netherlands/Atlantic.....	\$22.75 per 2,204 lbs.
Netherlands/Gulf.....	\$56 per 2,204 lbs.
Netherlands/Pacific.....	\$40 per 2,204 lbs. or 1 cbm.

CONCLUSION

The outward freight rates are lower than inbound. See comment under "Copper sheets for Netherlands" regarding statistical problem. The outbound copper rates on items moving to Europe are negotiated with the copper industry since there is intense competition from other foreign sources of supply.

Trade between United States and Netherlands in copper tubes: 1962

U.S. EXPORTS

(FT 410)	Item	Quantity (pounds)	Value	Average value
64220.....	Copper pipe and tubing.....	7,547	\$7,023	\$0.93
64530.....	Copper-base alloy pipe and tubing.....	8,985	8,672	.97
	Total.....	16,532	15,695	.95

U.S. IMPORTS

(FT 110)	Item	Quantity (pounds)	Value	Average value
6430040.....	Copper tubes and tubing, seamless (total).....	43,692	\$20,868	\$0.48

FREIGHT RATES

Atlantic/Netherlands.....	\$65.50 per 2,240 lbs.
Gulf/Netherlands.....	\$80.64 per 2,240 lbs.
Pacific/Netherlands.....	NCR.
Netherlands/Atlantic.....	\$29 per 2,204 lbs.
Netherlands/Gulf.....	\$32.50 per 2,204 lbs.
Netherlands/Pacific.....	\$23 to \$40 per 2,204 lbs or 1 cbm.

CONCLUSION

The movement of the items in this group is very small in each direction, particularly outbound, where some 7 tons moved in 1962. Judging by the big movement out of Germany, one must conclude that that country is a big producer more favorably situated to satisfy demand in neighboring countries and probably at far more competitive prices than the U.S. exporter can manufacture the item. The outbound copper rates on items moving to Europe are negotiated with the copper industry since there is intense competition from other foreign sources of supply.

Trade between United States and Netherlands in copper shapes: 1962

U.S. EXPORTS

(FT 410)	Item	Quantity (pounds)	Value	Average value
64490.....	Copper base alloy bars, rods, and shapes (total).....	85,393	\$54,304	\$0.64

U.S. IMPORTS

(FT 110)	Item	Quantity (pounds)	Value	Average value
6417100.....	Copper refined in ingots, etc.....	41,888	\$13,637	\$0.33
6420100.....	Copper in rolls and sheets.....	39,355	14,804	.38
	Total.....	81,243	28,441	.35

FREIGHT RATES

Atlantic/Netherlands.....	NCR
Gulf/Netherlands.....	NCR
Pacific/Netherlands.....	NCR
Netherlands/Atlantic.....	NCR
Netherlands/Gulf.....	NCR
Netherlands/Pacific.....	NCR

CONCLUSION

This is too indefinable a category for rating purposes. See comment under "Copper sheets for Netherlands" regarding statistical problem.

Trade between United States and Netherlands in copper bars: 1962

U.S. EXPORTS

(FT 410)	Item	Quantity (lbs.)	Value	Average value
64120.....	Refined copper in cathodes, billets, ingots, etc.....	12,933,064	\$3,498,276	\$0.26
64490.....	Copper bars, alloy bars, rods, and shapes.....	85,393	54,304	.64
	Total.....	13,018,457	3,552,580	.27

U.S. IMPORTS

(FT 110)	Item	Quantity (lbs.)	Value	Average value
6417100.....	Copper refined in ingots, etc., (total).....	41,488	\$13,637	\$0.33

FREIGHT RATES

Atlantic/Netherlands.....	\$16.50 per 2,240 lbs.
Gulf/Netherlands.....	\$17.75 per 2,240 lbs.
Pacific/Netherlands.....	\$18.50 per 2,240 lbs.
Netherlands/Atlantic.....	\$22.75 per 2,204 lbs.
Netherlands/Gulf.....	\$25.25 to \$28.25 per 2,204 lbs.
Netherlands/Pacific.....	NCR.

CONCLUSION

Here the outbound rates are lower than the inbound, basically a reflection of the fact that where there is volume in the movement freight rates are bargained down to levels at which the exporter can do business and the carrier can get some contribution toward overhead. The outbound copper rates on items moving to Europe are negotiated with the copper industry since there is intense competition from other foreign sources of supply.

DISCRIMINATORY FREIGHT RATES

Trade between United States and Netherlands in electrical goods and supplies, electric toasters: 1962

U.S. EXPORTS

(FT 410)	Item	Quantity Number	Value	Average value
70736.....	Appliances and utensils, cooking parts, electric household, NEC.		\$20,367	
70740.....	Equipment, cooking and food service and parts, commercial.		11,919	
	Total.....		32,286	

U.S. IMPORTS

(FT 110)	Item	Quantity Number	Value	Average value
7090510.....	Utensils, electric, household, iron and steel.....			
7090520.....	Utensils, electric, household, aluminum.....	30	\$260	\$8.66
7090590.....	Utensils, electric, household NES.....		628	
	Total.....		888	

FREIGHT RATES

Atlantic/Netherlands.....	\$19.75 per 2,240 lbs. or 40 cft.
Gulf/Netherlands.....	NCR
Pacific/Netherlands.....	\$48.50 per 2,240 lbs. or 40 cft.
Netherlands/Atlantic.....	\$74.50 per 2,204 lbs. or 1 cbm.
Netherlands/Gulf.....	\$82 per 2,204 lbs. or 1 cbm.
Netherlands/Pacific.....	NCR.

CONCLUSION

It is not possible from the available figures to determine the exact proportion of those appliances which represent the toaster trade. Nevertheless, the outward rates are lower than their inward counterparts.

Trade between United States and Netherlands in electrical goods and supplies—Batteries: 1962

U.S. EXPORTS

(FT 410)	Item	Quantity (number)	Value	Average value
70130.....	Batteries, storage, 6 and 12 volt, lead-acid.....	957	\$49,834	\$52.07
70140.....	Batteries, storage, NEC, cell.....	1,388	22,305	16.06
70160.....	Batteries, flashlight.....	51,449	3,170	.06
70170.....	Batteries, dry multiple cell, excluding flashlight.....	9,938	8,587	.86
70180.....	Batteries, dry and wet cell, NEC.....			
	Total.....	63,732	83,896	1.31

U.S. IMPORTS

(FT 110)	Item	Quantity (number)	Value	Average value
7090760.....	Storage batteries and parts, lead-acid.....			
7090780.....	Storage batteries and parts, excluding lead-acid.....			
7090810.....	Batteries and parts, excluding storage.....			

*Trade between United States and Netherlands in electrical goods and supplies—
Batteries—Continued*

FREIGHT RATES

Atlantic/Netherlands.....	\$56 per 2,240 lbs. or 40 cft.
Gulf/Netherlands.....	\$64.96 to \$70 per 2,240 lbs.
Pacific/Netherlands.....	\$66 to \$74.75 per 2,240 lbs. or 40 cft.
Netherlands/Atlantic.....	\$22.25 to \$56.50 per 2,204 lbs. or 1 cbm.
Netherlands/Gulf.....	NCR.
Netherlands/Pacific.....	\$65 per 2,204 lbs. or 1 cbm.

CONCLUSION

The inbound North Atlantic rate is based on value of the item but, inasmuch as there were no imports whatsoever, it is academic to this analysis.

Trade between United States and Netherlands in electrical light bulbs: 1962

U.S. EXPORTS

(FT 410)	Item	Quantity (number)	Value	Average value
70630.....	Bulbs (lamps), electric, filament—up to ¾-inch base.....	128, 123	\$60, 997	\$0. 47
70645.....	Bulbs (lamps), electric, filament—over ¾-inch base.....	29, 717	24, 617	. 82
70655.....	Bulbs and tubes (lamps), vapor and nonfilament, NEC.....	106, 377	22, 970	. 21
70659.....	Electric bulb and tube parts, NEC.....		66, 394	
	Total.....	264, 217	174, 978	. 66

U.S. IMPORTS

(FT 110)	Item	Quantity (number)	Value	Average value
7062000.....	Lamps, electric—without filament.....	14, 784	\$7, 902	\$0. 53
7063200.....	Lamps, electric, carbon filament—incandescent.....	4, 890	820	. 16
7064300.....	Lamps, electric, metal filament, miniature Christmas tree.....			
7064950.....	Lamps, electric, NES.....	3, 083, 152	119, 573	. 03
	Total.....	3, 102, 826	128, 295	. 04

FREIGHT RATES

Atlantic/Netherlands.....	\$15 per 2,240 lbs. or 40 cft.
Gulf/Netherlands.....	\$28 per 2,240 lbs. or 40 cft.
Pacific/Netherlands.....	\$66 per 2,240 lbs. or 40 cft.
Netherlands/Atlantic.....	\$23.50 per 2,204 lbs. or 1 cbm.
Netherlands/Gulf.....	\$29.25 per 2,204 lbs. or 1 cbm.
Netherlands/Pacific.....	\$53 per 2,204 lbs. or 1 cbm.

CONCLUSION

On each coast except the Pacific the outbound rate is lower than the inbound rate. It is impossible to tell whether any of this movement was through the Pacific gateways. In any event, there is obviously no comparison between the products as the average value per unit on export is 16 times that of the import commodity.

DISCRIMINATORY FREIGHT RATES

Trade between the United States and Netherlands in electric motors: 1962

U.S. EXPORTS

(FT 410)	Item	Quantity (number)	Value	Average value
70400.....	Motors, electric, NEC, $\frac{1}{4}$ horsepower and under.....	23, 734	\$155, 516	\$6. 55
70410.....	Motors, electric, NEC, $\frac{1}{4}$ to 1 horsepower.....	428	31, 659	73. 96
70415.....	Motors, electric, NEC, 1 to 20 horsepower.....	172	129, 900	750. 86
70425.....	Motors, electric, NEC, 20 to 200 horsepower.....	86	249, 010	2, 895. 46
70430.....	Motors, electric, over 200 horsepower.....	9	555, 845	61, 760. 56
70433.....	Motors, electric, propulsion, etc., and parts, NES, for railway transportation vehicles.....	-----	101, 450	-----
	Total.....	24, 430	1, 223, 380	50. 08

U.S. IMPORTS

(FT 110)	Item	Quantity (number)	Value	Average value
7090340.....	Motors, not over $\frac{1}{2}$ horsepower.....	1, 200	\$3, 466	\$2. 88
7090350.....	Motors, $\frac{1}{2}$ to 1 horsepower.....	832	2, 390	2. 87
7090370.....	Motors, 1 to 20 horsepower.....	20	1, 066	53. 00
7090380.....	Motors, 20 to 200 horsepower.....	39	1, 263	32. 38
7090380.....	Motors, over 200 horsepower.....	-----	-----	-----
	Total.....	2, 091	8, 179	3. 91

FREIGHT RATES

Atlantic/Netherlands.....	\$57.25 per 2,240 lbs. or 40 cft.
Gulf/Netherlands.....	\$63.75 per 2,240 or 40 cft.
Pacific/Netherlands.....	NCR.
Netherlands/Atlantic.....	\$28.75 per 2,204 lbs. or 1 cbm.
Netherlands/Gulf.....	\$40 per 2,204 lbs. or 1 cbm.
Netherlands/Pacific.....	\$63 per 2,204 lbs. or 1 cbm.

CONCLUSION

About two-thirds of the export movement by value is in the category where the average unit values are in the thousands of dollars. This is clearly a different class of product from the small import movement which has unit values the highest of which is \$53. These are clearly not the same kinds of motors and makes the comparison quite untenable.

Trade between United States and the Netherlands in electric machinery—High pressure boilers: 1962

U.S. EXPORTS

(FT 410)	Item	Quantity (square foot)	Value	Average value
71320.....	Boilers, power, fire-tube.....	1, 714	\$18, 684	\$10. 90
71330.....	Boilers, power, water-tube.....	-----	176, 600	-----
	Total.....	-----	195, 284	-----

U.S. IMPORTS

(FT 110)	Item	Quantity (square foot)	Value	Average value
7100500.....	Steam boilers, electric, operating with water under pressure.....	-----	-----	-----

Trade between United States and Netherlands in electric machinery—High pressure boilers: 1962—Continued

FREIGHT RATES

Atlantic/Netherlands.....	\$39.50 per 2,240 lbs. or 40 cft.
Gulf/Netherlands.....	\$52 per 2,240 lbs. or 40 cft.
Pacific/Netherlands.....	\$66 per 2,240 lbs. or 40 cft.
Netherlands/Atlantic.....	NCR.
Netherlands/Gulf.....	NCR.
Netherlands/Pacific.....	NCR.

CONCLUSION

There are no specific inbound rates nor have there been any movements in this category.

Trade between United States and Netherlands in electric machinery—industrial controls: 1962

U.S. EXPORTS

(FT 410)	Item	Quantity	Value	Average value
70490.....	Pilot circuit devices and special fabric, parts NES.....		\$283,188	-----
70498.....	Accessory equipment NEC—industrial motor controls..		49,259	-----
76650.....	Electronic industrial processing control systems.....	10	61,015	\$6,101.50
76670.....	Industrial indicating, recording, etc., instruments and parts NEC.		3,622,720	-----
76680.....	Indicating (measuring), recording, and controlling instruments and parts NEC.		1,623,956	-----
	Total.....		5,640,138	-----

U.S. IMPORTS

(FT 110)	Item	Quantity	Value	Average value
7070700.....	Testing, recording, etc., instruments—electrical element or device.		\$124,538	-----
7090023.....	Articles NES for control or rectifying, etc.—electric energy.		-----	-----
7100970.....	Articles and parts having electrical element or device....		1,186,794	-----
	Total.....		1,311,332	-----

FREIGHT RATES

Atlantic/Netherlands.....	\$39.50 per 2,240 lbs. or 40 cft.
Gulf/Netherlands.....	\$70 per 2,240 lbs. or 40 cft.
Pacific/Netherlands.....	NCR.
Netherlands/Atlantic.....	\$66 to \$103 per 2,204 lbs. or 1 cbm.
Netherlands/Gulf.....	\$127.50 per 2,204 lbs. or 1 cbm. or 1.75 percent ad valorem.
Pacific/Netherlands.....	NCR.

CONCLUSIONS

This is a particularly vague description which makes analyzing the statistics difficult as well as obtaining freight rates. While we have no specific rate for the description "Industrial controls" in our inbound tariffs, it is the consensus that this means the same as "Instruments, NOS" which are the rates shown. The export rates are considerably below these.

Trade between United States and Netherlands in electronics—EDP computers: 1962

U.S. EXPORTS

(FT 410)	Item	Quantity (number)	Value	Average value
77626.....	Electronic computers—related information processing machines and accessories, NEC.	-----	\$4,491,392	-----
77628.....	Parts NEC and tape for electronic computing, etc., and accessories NEC.	-----	9,905,710	-----
	Total.....	-----	14,397,102	-----

U.S. IMPORTS

(FT 110)	Item	Quantity (number)	Value	Average value
7786820.....	Electronic computers, etc., and parts including punch-card tape, etc. (total).	-----	\$62,898	-----

FREIGHT RATES

Atlantic/Netherlands.....	\$57.25 per 2,240 lbs. or 40 cft.
Gulf/Netherlands.....	NCR.
Pacific/Netherlands.....	NCR.
Netherlands/Atlantic.....	NCR.
Netherlands/Gulf.....	NCR.
Netherlands/Pacific.....	NCR.

CONCLUSION

There are no specific inbound rates. The imports shown under No. 7786820 are more likely accessories or tape than computers. There has been little, if any, penetration of the U.S. market by foreign computer manufacturers. So far as increasing exports is concerned, it is significant that U.S. manufacturers have set up plants in Europe to escape tariff barriers and to benefit from cheaper production costs.

Trade between United States and Netherlands in fountain pens: 1962

U.S. EXPORTS

(FT 410)	Item	Quantity (dozen)	Value	Average Value
93110.....	Fountain pens (total).....	6,679	\$21,027	\$3.14

U.S. IMPORTS

(FT 110)	Item	Quantity (number)	Value	Average value
9790550.....	Fountain and stylographic pens (total).....	242	\$503	\$2.07

FREIGHT RATES

Atlantic /Netherlands.....	\$79.25 per 2,240 lbs. or 40 cft.
Gulf/Netherlands.....	\$96 per 2,240 lbs. or 40 cft.
Pacific/Netherlands.....	\$66 per 2,240 lbs. or 40 cft.
Netherlands/Atlantic.....	NCR.
Netherlands/Gulf.....	\$83 to \$127.50 per 2,204 lbs. or 1 cbm. or 1.75 percent ad valorem.
Netherlands/Pacific.....	\$89 per 2,204 lbs. or 1 cbm.

CONCLUSION

Inbound rates are lower than outbound except in the case of the Pacific coast and based on the extremely small movement, it is not likely that this commodity moves to or from that area. The average value of the outbound category is about 50 percent greater than the import item.

Trade between United States and Netherlands in fruit juices, canned or frozen concentrated: 1962

U.S. EXPORTS

(FT 410)	Item	Quantity	Value	Average value
13502-----	Pineapple juice (including reconstituted and concentrated).	138,588	\$76,879	\$0.55
13510-----	Grapefruit juice, single strength (including reconstituted).	145,452	81,297	.55
13515-----	Grapefruit juice concentrated; canned-----	9,225	22,232	2.40
13520-----	Grapefruit juice concentrated—frozen-----	2,250	2,750	1.22
13525-----	Orange juice, single strength (including reconstituted)	190,420	144,077	.75
13530-----	Orange juice concentrated—canned-----	229,747	759,177	3.30
13535-----	Orange juice concentrated—frozen-----	27,141	87,650	3.22
13540-----	Pear juice and nectar (including reconstituted and concentrated).	414	766	1.85
13545-----	Peach juice and nectar (including reconstituted and concentrated).	414	766	1.85
13550-----	Citrus juices blended (including reconstituted and concentrated).	4,257	2,578	.60
13555-----	Fruit juices (including reconstituted and concentrated)	77,058	148,182	1.92
	Total-----	824,966	1,326,354	1.61

U.S. IMPORTS

(FT 110)	Item	Quantity	Value	Average value
1770110-----	Lime juice containing under ½ percent alcohol-----	23	\$113	\$4.91
1770190-----	Citrus juice, NES, containing under ½ percent alcohol-----			
1770309-----	Cherry juice, and so forth, containing under ½ percent alcohol.	108,259	475,151	4.38
1770310-----	Cherry juice, and so forth, containing more than ½ percent alcohol.			
1770460-----	Grape juice, etc-----			
1770500-----	Cider, apple-----	22,585	27,199	1.20
	Total-----	130,867	502,463	3.84

FREIGHT RATES

Atlantic/Netherlands-----	\$34.50 to \$62 per 2,240 lbs. or 40 cft.
Gulf/Netherlands-----	\$17.92 to \$76.16 per 2,240 lbs.
Pacific/Netherlands-----	\$39.20 to \$99.68 per 2,240 lbs.
Netherlands/Gulf-----	\$24.75 per 2,204 lbs., NCR (frozen).
Netherlands/Pacific-----	\$99.68 per 2,204 lbs., \$104 per 2,204 lbs., or 1 cbm.

CONCLUSION

An inspection of the above statistics establishes the fact that the outward and inward movement is of very different kinds of juices with a considerably different set of values. There is no logic to an argument that these must bear the same rates and the outbound movement is already considerably in excess of the import of the only semantically related commodity. Most of our citrus fruit juices emanate from the Florida and California regions and the North Atlantic rate means very little.

*Trade between United States and Netherlands in fruits and preparations,
canned: 1962*

U.S. EXPORTS

(FT 410)	Item	Quantity	Value	Average value
13320	Grapefruit, canned	297,092	\$45,097	\$0.15
13350	Apples and applesauce, canned	4,316	600	.13
13400	Apricots, canned	409,457	60,367	.14
13410	Cherries, canned	1,497,256	220,222	.13
13420	Prunes and plums, canned	39,800	5,210	.13
13430	Peaches, canned	20,302,203	2,091,346	.10
13440	Pears, canned	383,503	53,040	.13
13450	Pineapples, canned	10,085,031	1,376,373	.13
13460	Fruit cocktail, canned	8,495,917	1,161,774	.13
13478	Baby-food fruits, strained/chopped	1,080	374	.34
13479	Fruits, canned, NEC	125,330	17,383	.13
13490	Preserves, jellies, jams, and fruit butters	27,115	7,918	.29
	Total	41,668,110	5,021,704	.12
13560	Fruit preparations NEC		171,157	
	Total		5,192,861	

U.S. IMPORTS

(FT 110)	Item	Quantity	Value	Average value
1309050	Pineapples, canned			
1317000	Cherries, maraschino, candied	224	\$129	\$0.57
1322900	Dates, prepared or preserved, NSPF			
1327000	Citrons or peel, candied, or otherwise prepared	3,360	927	.27
1329300	Quince jelly, jam, etc			
1329420	Currant and berry, jelly, jam, etc., NES	28,131	2,320	.24
1330230	Berries, other preparations, NES	101,309	9,379	.09
1330550	Prunes, prunelles, plums, prepared, NSPF			
1330890	Fruit pastes and pulps, NES	30,424	7,350	.24
	Total	173,073	25,952	.15

FREIGHT RATES

Atlantic/Netherlands	\$34.50 per 2,240 lbs.
Gulf/Netherlands	\$24.64 to \$69.44 per 2,240 lbs.
Pacific/Netherlands	\$39.20 per 2,240 lbs.
Netherlands/Atlantic	\$41.50 per 2,204 lbs.
Netherlands/Gulf	\$27.50 to \$66 per 2,204 lbs.
Netherlands/Pacific	\$70 per 2,204 lbs.

CONCLUSION

Imports are insignificant as compared with exports which move in large quantity at lower freight rates.

Trade between United States and Netherlands in glass, flat—Window: 1962

U.S. EXPORTS

(FT 410)	Item	Quantity (square feet)	Value	Average value
52121	Glass, plate, except color and laminated	5,484	\$3,038	\$0.55
52151	Glass, sheet, and window, except color and laminated	1,661	402	.24
52170	Glass, laminated and manufacturers, except ophthalmic		70,679	
52180	Glass, rolled, except colored	268,092	190,759	.71
52201	Glass, colored, except laminated		320	
52309	Glass, flat and products, NEC		249,577	
	Total		514,775	

Trade between United States and Netherlands in glass, flat—Window: 1962—Con.

U.S. IMPORTS

(FT 110)	Item	Quantity (square feet)	Value	Average value
5200300 through 5250300....	180 commodities. Included in this group are glass sheets of all sizes, glass plates of all sizes (total).	-----	\$179,605	-----

FREIGHT RATES

Atlantic/Netherlands.....	\$35.50 per 2,240 lbs.
Gulf/Netherlands.....	\$48.16 per 2,240 lbs.
Pacific/Netherlands.....	\$66 per 2,240 lbs. or 40 cft.
Netherlands/Atlantic.....	\$19 to \$21.50 per 2,204 lbs.
Netherlands/Gulf.....	\$19 to \$50.50 per 2,204 lbs.
Netherlands/Pacific.....	\$25 to \$39.50 per 2,204 lbs.

CONCLUSION

This is a very diverse classification covering many products of differing values. With the exception of Canada the U.S. is not a very successful exporter of glass as it is a product made more cheaply abroad than here. This accounts for our failure to penetrate foreign markets extensively and also for their penetration of our markets.

Trade between United States and Netherlands in hardwood, lumber, walnut logs: 1962

U.S. EXPORTS

(FT 410)	Item	Quantity (thousand board feet)	Value	Average value
40978.....	Walnut lumber, except Australian, Queensland, and satin and except floor and small dimension.	-----	-----	-----
40989.....	Hardwood lumber NEC, except flooring and small dimension stock.	-----	-----	-----
41320.....	Hardwood flooring, except oak.....	-----	-----	-----
40040.....	Walnut logs, bolts, and hewn lumber.....	193	\$196,337	\$1,017.29
	Total.....	193	196,337	1,017.29

U.S. IMPORTS

(FT 110)	Item	Quantity (thousand board feet)	Value	Average value
4204900.....	Other hardwood lumber, sawed, planed, etc., NSPF (total).	23	\$3,479	\$151.26

FREIGHT RATES

Atlantic/Netherlands.....	\$23.50 to \$25.75 per 2,240 lbs.
Gulf/Netherlands.....	\$23.52 per 2,240 lbs.
Pacific/Netherlands.....	\$48.16 to \$69 per 2,240 lbs.
Netherlands/Atlantic.....	\$33.50 per 2,204 lbs.
Netherlands/Gulf.....	\$40.50 per 2,204 lbs.
Netherlands/Pacific.....	\$65 per 2,204 lbs.

CONCLUSION

Outbound rates are lower than inbound. The import movement is insignificant.

Trade between United States and Netherlands in household appliances—Refrigerators and parts: 1962

U.S. EXPORTS

(FT 410)	Item	Quantity (number)	Value	Average value
70580.....	Refrigerators, electric, household.....	412	\$69,763	\$169.32
70585.....	Freezers, electric, farm and home types.....	1,502	270,040	179.78
70590.....	Refrigerator systems, mechanisms for household refrigerators and freezers.....	20	2,058	102.90
70595.....	Parts necessary for electric household refrigerators and farm and home freezers.....		6,468	
98415.....	Refrigerator and freezer mechanisms, farm and home, except electric.....	7	1,542	220.29
98420.....	Refrigerators, ice, household and commercial.....	23	2,447	106.39
98429.....	Refrigerator and freezer parts, household, farm, home, mechanisms, except electric.....			
	Total.....		352,318	

U.S. IMPORTS

(FT 110)	Item	Quantity (number)	Value	Average value
7070050.....	Refrigerators and parts, nonelectric.....		\$150	
7070100.....	Refrigerators, refrigeration machinery and parts, household, electric.....		2,625	
7070200.....	Refrigerators, refrigeration machinery and parts, NES, electric.....		6,784	
	Total.....		9,559	

FREIGHT RATES

Atlantic/Netherlands.....	\$16 (minimum) per 2,240 lbs. or 40 cft.
Gulf/Netherlands.....	\$20 per 2,240 lbs. or 40 cft.
Pacific/Netherlands.....	\$48.50 per 2,240 lbs. or 40 cft.
Netherlands/Atlantic.....	\$24.25 to \$44.50 per 2,204 lbs. or cft.
Netherlands/Gulf.....	\$30.50 per 2,204 lbs. or 1 cbm.
Netherlands/Pacific.....	\$31 to \$37 per 2,204 lbs. or 1 cbm.

CONCLUSION

Outward rates are lower than inward.

Trade between United States and Netherlands in household appliances—Vacuum cleaners and parts: 1962

U.S. EXPORTS

(FT 410)	Item	Quantity (number)	Value	Average value
70691.....	Vacuum cleaners, electric, household.....	166	\$8,179	\$49.27
70693.....	Vacuum cleaner parts, electric, household.....		248	
	Total.....		8,427	

U.S. IMPORTS

(FT-110)	Item	Quantity (number)	Value	Average value
7069010.....	Vacuum cleaners, electric, including household.....	2,323	\$51,740	\$22.27
7069100.....	Parts of electric vacuum cleaners, including motors.....			
	Total.....	2,323	51,740	22.27

Trade between United States and Netherlands in household appliances—Vacuum cleaners and parts: 1962—Continued

FREIGHT RATE

Atlantic/Netherlands.....	\$28 per 2,240 lbs. or 40 cft.
Gulf/Netherlands.....	\$58 per 40 cft.
Pacific/Netherlands.....	\$48.50 per 2,240 lbs. or 40 cft.
Netherlands/Atlantic.....	NCR.
Netherlands/Gulf.....	\$35 per 2,204 lbs. or 1 cbm.
Netherlands/Pacific.....	\$51 to \$92 per 2,204 lbs. or 1 cbm.

CONCLUSION

There is no specific commodity rate inward in the North Atlantic which makes the outbound rate less than what the import commodity would have to bear.

Trade between United States and Netherlands in household appliances—Gas stoves, and parts: 1962

U. S. EXPORTS

(FT 410)	Item	Quantity (number)	Value	Average value
61423.....	Stoves and ranges, gas, domestic, cooking.....	7	\$1,550	\$221.43
61435.....	Stoves and space heaters, gas, domestic, heating.....	69	10,668	154.60
61469.....	Parts NEC for nonelectric domestic cooking and heating, stoves and water heaters.....		38,038	
	Totals.....		50,256	

U. S. IMPORTS

(FT 110)	Item	Quantity (number)	Value	Average value
6200900.....	Stoves, kerosene or gas, compressed air.....			
6200910.....	Stoves, kerosene, gas, compressed air, portable and parts NES			
6200920.....	Stoves, heating, and cooking, NSPF.....		\$12,191	
	Total.....		12,191	

FREIGHT RATES

Atlantic/Netherlands.....	\$22.00 per 2,240 lbs. or 40 cft.
Gulf/Netherlands.....	\$35.00 per 2,240 lbs. or 40 cft.
Pacific/Netherlands.....	\$48.50 per 2,240 lbs. or 40 cft.
Netherlands/Atlantic.....	\$36.00 per 2,204 lbs. or 1 cbm.
Netherlands/Gulf.....	\$42.00 per 2,204 lbs. or 1 cbm.
Netherlands/Pacific.....	\$49.50 per 2,204 lbs. or 1 cbm.

CONCLUSION

Outbound freight rates are lower than inbound rates and exports exceed imports by a large amount.

DISCRIMINATORY FREIGHT RATES

Trade between United States and Netherlands in household furnaces, heaters and parts: 1962

U.S. EXPORTS

(FT 410)	Item	Quantity (number)	Value	Average value
70738.....	Appliances, heating, and parts, electric, household, NEC.		\$11,477	
61435.....	Stoves, and space heaters, gas, domestic heating.....	69	10,688	\$154.60
61437.....	Stoves and space heaters, kerosene, domestic heating.....	217	9,288	42.80
61439.....	Stoves and space heaters, except electric domestic heating.....	18	454	25.22
61481.....	Bollers, warm air furnaces, radiators and parts, central heating.		147,818	
61501.....	Oil burners, domestic central heating.....	3,091	233,044	75.39
61511.....	Oil burners, industrial central heating.....	110	69,136	628.50
61522.....	Parts NEC for domestic and industrial central heat, oil burners.		189,383	
61529.....	Heating equipment and parts NEC.....		12,287	
	Total.....		683,575	

U.S. IMPORTS

(FT 110)	Item	Quantity (number)	Value	Average value
7090880.....	Electric furnaces, heaters, ovens, and parts.....			
6200920.....	Stoves, heat and cooking, NSPF.....		\$12,191	
	Total.....		12,191	

FREIGHT RATES

Atlantic/Netherlands.....	\$20 per 2,240 lbs. or 40 cft.
Gulf/Netherlands.....	\$38 per 40 cft. GCR.
Pacific/Netherlands.....	\$48.50 per 2,240 lbs. or 40 cft.
Netherlands/Atlantic.....	\$20 to \$74.50 per 2,204 lbs., 1 cbm, and \$80 per 2,204 lbs.
Netherlands/Gulf.....	NCR.
Netherlands/Pacific.....	\$42 to \$67 per 2,204 lbs. or 1 cbm.

CONCLUSIONS

Outward rates are lower than inward. No significant import movement in this category.

Trade between United States and Netherlands in castings and forgings: 1962

U.S. EXPORTS

(FT 410)	Item	Quantity	Value	Average value
61000.....	Ingot molds and accessories, iron and steel.....			
61010.....	Castings, gray iron, including Semister.....	68,202	\$5,985	\$0.08
61041.....	Castings, malleable iron.....	6,822	1,610	.23
61041.....	Castings, carbon steel.....	126,300	51,488	.40
61050.....	Castings, alloy steel except stainless.....	137,620	75,125	.54
61055.....	Castings, stainless steel.....	366	728	1.98
61060.....	Forgings, rough and semifinished Garison steel.....	88,836	25,080	.28
61065.....	Forgings, rough and semifinished.....	4,163	10,908	2.62
60570.....				
	Total.....	432,309	170,924	.39

Trade between United States and Netherlands in castings and forgings: 1962—Con.

U.S. IMPORTS

(FT 110)	Item	Quantity	Value	Average value
6044800 through 6133900...	17 commodities (included in this group are cast and forged iron and steel products in various forms and sizes).	8,377	\$1,553	\$0.18

FREIGHT RATES

Atlantic/Netherlands.....	\$36.25 per 2,240 lbs. or 40 cft.
Gulf/Netherlands.....	\$40.25 per 2,240 lbs., \$70 per 2,240 lbs., or 40 cft.
Pacific/Netherlands.....	\$45 per 2,240 or 40 cft.
Netherlands/Atlantic.....	\$29.25 to \$36 per 2,204 lbs.
Netherlands/Gulf.....	\$34 to \$49 per 2,204 lbs.
Netherlands/Pacific.....	\$21.75 per 2,204 lbs.

CONCLUSION

Exports rates are lower generally than import rates (which vary depending on the finishing of the product) and the outbound movement far exceeds the imports.

Trade between United States and Netherlands in iron and steel—Pipe: 1962

1962 U.S. EXPORTS

(FT 410)	Item	Quantity (pounds)	Value	Average value
60610 through 61881.....	Approximately 15 commodities. 10 show statistics for varying kinds of pipe (total).	310,477	\$138,213	\$0.45

1962 U.S. IMPORTS

(FT 110)	Item	Quantity (pounds)	Value	Average value
6091020 through 6092900....	Approximately 21 commodities. 4 show statistics for varying kinds of pipe (total).	10,644,710	\$767,935	\$0.07

FREIGHT RATES

Atlantic/Netherlands.....	\$34.75 per 2,240 lbs.
Gulf/Netherlands.....	\$38.50 per 2,240 lbs.
Pacific/Netherlands.....	\$37.50 per 2,240 lbs or 40 cft.
Netherlands/Atlantic.....	\$20.75 per 2,204 lbs.
Netherlands/Gulf.....	\$14 to \$15 per 2,204 lbs.
Netherlands/Pacific.....	\$21.75 to \$23 per 2,204 lbs.

CONCLUSION

The American export in this category is over six times the value of the import item. The two products are entirely different.

Trade between United States and Netherlands in iron and steel—Steel plate: 1962

U.S. EXPORTS

1962	Item	Quantity (pounds)	Value	Average value
60710.....	Plates, carbon steel, not fabricated, except armor.....	52,354	\$4,517	\$0.08
60715.....	Plates, alloy steel (except stainless) not fabricated, except armor.	187,730	31,866	.16
60720.....	Plates, stainless steel, not fabricated, except armor.....	1,600	3,721	2.32
60725.....	Plates, armor, rolled, all steel grades.....	598	1,129	1.88
	Total.....	242,282	41,233	.17

1962 U.S. IMPORTS (FT 110)

1962	Item	Quantity (pounds)	Value	Average value
6038000 through 6039700 and 6056800 through 6057602.	Approximately 25 commodities. Statistics available for only three commodities (total).	34,853	\$3,883	\$0.11

FREIGHT RATES

Atlantic/Netherlands.....	\$13.25 per 2,240 lbs.
Gulf/Netherlands.....	\$16 per 2,240 lbs.
Pacific/Netherlands.....	\$33 per 2,240 lbs or 40 cft.
Netherlands/Atlantic.....	\$17.75 to \$28.25 per 2,204 lbs. or 1 cbm.
Netherlands/Gulf.....	\$14 per 2,204 lbs.
Netherlands/Pacific.....	\$31.50 to \$34 per 2,204 lbs.

CONCLUSION

Outbound rates are generally lower than inbound. The movement is not substantial in either direction, but at \$13.25 per ton it is not the freight rate retarding exports.

Trade between United States and Netherlands in iron and steel—Rolled and finished steel structurals: 1962

U.S. EXPORTS

(FT 410)	Item	Quantity (pounds)	Value	Average value
60210 through 60830.....	Approximately 45 commodities (statistics available for only 37) (total).	23,798,542	\$4,465,687	\$0.19

U.S. IMPORTS

(FT 110)	Item	Quantity (pounds)	Value	Average value
6005100 through 6111900..	Approximately 32 commodities (statistics available for only 32) (total).	20,708,278	\$2,069,705	\$0.10

FREIGHT RATES

Atlantic/Netherlands.....	\$13.25 to \$28.50 per 2,240 lbs.
Gulf/Netherlands.....	\$28.50 to \$35.25 per 2,240 lbs.
Pacific/Netherlands.....	\$34.50 to \$34.85 per 2,240 lbs. of 40 cft.
Netherlands/Atlantic.....	\$17.75 to \$28.25 per 2,204 lbs. or 1 cbm.
Netherlands/Gulf.....	\$14.00 to \$36.50 per 2,204 lbs.
Netherlands/Pacific.....	\$40.50 to \$53.00 per 2,204 lbs. or 1 cbm.

Trade between United States and Netherlands in iron and steel—Rolled and finished steel structurals: 1962—Continued

CONCLUSION

Outbound rates are generally lower (with one exception from the Gulf) than inbound rates. Both the statistical groupings and the considerable movement in each direction testify to the diversity of products and values that are included in this description. The average value of the American product is twice the Netherlands and German product and four times the Belgian category.

Trade between United States and Netherlands in iron and steel—Stainless steel bars: 1962

U.S. EXPORTS

(FT 410)	Item	Quantity (pounds)	Value	Average value
60230.....	Bars, stainless steel, hot-rolled	3,097	\$2,483	\$0.80
60260.....	Bars, stainless steel, cold-finished	80,890	55,020	.68
	Total	83,906	57,503	.69

U.S. IMPORTS

(FT 110)	Item	Quantity (pounds)	Value	Average value
6008801.....	Stainless steel bars, over 16 cents per pound.....			
6008811.....	Stainless steel bars, cold-rolled, polished, over 16 cents per pound			
	Total			

FREIGHT RATES

Atlantic/Netherlands	\$15.25 per 2,240 lbs.
Gulf/Netherlands	\$35.25 per 2,240 lbs.
Pacific/Netherlands	\$34.85 per 2,240 lbs. or 40 cft.
Netherlands/Atlantic	NCR.
Netherlands/Gulf	\$36.50 per 2,204 lbs.
Netherlands/Pacific	\$40.50 per 2,204 lbs.

CONCLUSION

There is a small outward movement and no inward movement. The outbound rates are lower than the inbound "paper" rates.

Trade between United States and Netherlands in jewelry—Costume: 1962

U.S. EXPORTS

(FT 410)	Item	Quantity (dozen)	Value	Average value
96215.....	Jewelry, metal, except precious; men's, except rings and watchbands.		\$5,527	
96235.....	Jewelry, metal, except precious; women's, except rings and watchbands.		6,723	
96265.....	Rings, watchbands, and miscellaneous jewelry, metal.		37,582	
96285.....	Jewelry, except metal.		1,244	
98409.....	Notions, novelties, and specialties and NEC, parts.		144,026	
	Total.....		195,102	

U.S. IMPORTS

(FT 110)	Item	Quantity (dozen)	Value	Average value
6845150.....	Finished jewelry, value \$0.20 to \$5 NES.....	829	\$2,096	\$2.52
6845190.....	Jewelry parts, value \$0.20 to \$5 NES.....	996	2,426	2.45
6845650.....	Jewelry, value over \$5.....	223	2,411	10.81
6845590.....	Jewelry parts plus unfinished, value over \$5.....			
6850045.....	Watch bracelets plus parts, value \$0.20 to \$5.....			
6850055.....	Ladies handbags, covered with rhinestones, value \$0.20 to \$5.....			
6850065.....	Buckles plus collar plus cuff buttons, value \$0.20 to \$5.....			
6850090.....	Metal parts, including cigarette cases, value \$0.20 to \$5.....	880	1,697	1.92
6850095.....	do.....	833	1,053	1.26
6850145.....	Watch bracelets plus parts, value over \$5.....			
6850190.....	Metal articles plus parts NES, including cigarette cases, value over \$5.....	300	612	2.04
	Total.....	4,061	10,295	2.53

FREIGHT RATES

Atlantic/Netherlands.....	\$57.25 per 2,240 lbs. or 40 cft. or 4½ percent ad valorem.
Gulf/Netherlands.....	\$178 per 40 cft. or 5½ percent ad valorem.
Pacific/Netherlands.....	No commodity rate.
Netherlands/Atlantic.....	\$18 to \$92 per 2,204 lbs. or 1 cm. or 4½ percent ad valorem.
Netherlands/Gulf.....	\$17.25 to \$162.50 per 2,204 lbs. or 1 cm. or 1¼ percent ad valorem.
Netherlands/Pacific.....	\$34.50 to \$193 per 2,204 lbs. or 1 cm.

CONCLUSION

It is impossible to compare freight rates meaningfully on this category. The inward rates are set on a scale of values per measurement ton of the cargo and there are ship's option ad valorem rates also involved. The imports from Netherlands and Belgium are very small. The average value per dozen on imports is in the neighborhood of \$2 to \$2.50, or 15 to 20 cents each.

Trade between United States and Netherlands in lead ingots, pigs: 1962

U.S. EXPORTS

(FT 410)	Item	Quantity (pounds)	Value	Average value
65075.....	Lead and lead base alloy pigs, bars, and anodes, except Babbit metal (total).	12,279	\$5,335	\$0.43

U.S. IMPORTS

(FT 110)	Item	Quantity (pounds)	Value	Average value
6505000.....	Lead pigs and bars (total).....	24,315	\$3,309	\$0.14

Trade between United States and Netherlands in lead ingots, pigs: 1962—Con.

FREIGHT RATES

Atlantic/Netherlands.....	\$22.50 per 2,240 lbs.
Gulf/Netherlands.....	\$13.25 per 2,240 lbs.
Pacific/Netherlands.....	\$15.00 per 2,240 lbs.
Netherlands/Atlantic.....	\$19.25 per 2,204 lbs.
Netherlands/Gulf.....	\$21.25 per 2,204 lbs.
Netherlands/Pacific.....	\$45 per 2,204 lbs.

CONCLUSION

The United States is not a significant exporter of lead products—less than 2,000 tons of this export number moved to the entire world. The Gulf and West Coast rates outbound are lower than inbound because these areas are more favorably located to the sources of supply. Despite import controls the United States purchases over 200,000 tons of the import item from major producing areas around the world, but northern Europe supplies less than 1 percent.

Trade between United States and Netherlands in lubricating oils and greases: 1962

U.S. EXPORTS

(FT 410)	Item	Quantity	Value	Average value
50325.....	Lubricating white mineral oil, in containers of 42-gal. capacity or over, except hydraulic.	<i>Barrels</i> 2,987	<i>Oil</i> \$67,094	\$22.46
50340.....	Lubricating oil, black oils, except hydraulic.....	2,264	61,115	26.99
50330.....	Lubricating oil, red and pale oils, except hydraulic.....	221,382	2,101,169	9.49
50351.....	Lubricating oil, cylinder bright stock, except hydraulic.....	67,835	737,493	10.87
50352.....	Lubricating oil, cylinder steam refined stocks, except hydraulic.	12,529	151,835	12.11
50380.....	Lubricating oil, insulating or transformer oils, except hydraulic.	9,217	164,097	17.80
50391.....	Lubricating oil, industrial, diesel engineering, including marine.	5,175	150,860	29.15
50392.....	Lubricating oil, industrial, turbine engineering, including marine.	130	2,567	19.74
50394.....	Lubricating oil, other industrial engineering, including marine.	470	9,063	19.28
50399.....	Lubricating oil, industrial NEC.....	1,971	58,791	29.82
50400.....	Lubricating oil, aviation engineering, including synthetic.	16,956	322,091	18.99
50403.....	Lubricating oil, auto engineering.....	21,163	522,355	24.68
50405.....	Lubricating oil, auto gear.....	1,435	40,804	28.43
50407.....	Lubricating oil, NEC, including raw, semirefined stocks or distillates.	17,308	362,303	20.93
	Total.....	380,822	4,751,637	12.48
50410.....	Greases, lubricating, except graphite.....	<i>Pounds</i> 2,903,722	<i>Grease</i> 353,696	.12

U.S. IMPORTS

(FT 110)	Item	Quantity	Value	Average value
5075000.....	Lubricating and paraffin oil.....	<i>Barrels</i> 10,099	<i>Oil</i> \$91,982	\$9.10
5067800.....	Liquid derivatives of petroleum NES.....			
5069000.....	Derivatives of petroleum or natural gas NES.....			
	Total.....	10,099	91,982	9.10

FREIGHT RATES

Atlantic/Netherlands.....	\$24.25 to \$43.25 per 2,240 lbs.
Gulf/Netherlands.....	\$26.75 per 2,240 lbs. or \$5.05 per barrel.
Pacific/Netherlands.....	\$43.68 to \$59.36 per 2,240 lbs.
Netherlands/Atlantic.....	\$27.50 per 2,204 lbs.
Netherlands/Gulf.....	\$30.25 to \$44.50 per 2,204 lbs.
Netherlands/Pacific.....	\$42 to \$52 per 2,204 lbs.

CONCLUSION

The freight rates, which are lower outward than inward are a reflection of the quantities of the commodities moving. The diversity of the export products attests to the basic dissimilarities between the export and import categories.

DISCRIMINATORY FREIGHT RATES

Trade between United States and Netherlands in meat—Canned: 1962

U.S. EXPORTS

(FT 410)	Item	Quantity (pounds)	Value	Average value
00362.....	Beef and veal, canned.....	66,318	\$20,553	\$0.30
00371.....	Pork hams and shoulders, canned.....	23,217	12,955	.55
00379.....	Pork, canned, NEC.....	30,000	7,575	.25
00395.....	Baby food, meat, or chief value meat, canned.....	95,000	10,832	.11
00397.....	Sausage, bologna, and franks, canned.....	9,980	2,010	.20
00399.....	Meat and meat products, canned.....	640	214	.33
	Total.....	225,155	54,159	.24

U.S. IMPORTS

(FT 110)	Item	Quantity (pounds)	Value	Average value
0028000.....	Beef, canned, including corned beef.....	5,562	\$1,167	\$0.20
0031800.....	Cooked hams and shoulders, canned.....	42,508,424	30,466,882	.71
0031990.....	Pork, prepared or preserved, canned, NES.....	696,306	485,939	.69
0032900.....	Meats, prepared or preserved, canned, NES.....	124,752	64,604	.51
	Total.....	43,335,044	31,018,592	.71

FREIGHT RATES

Atlantic/Netherlands.....	\$37.25 to \$43.25 per 2,240 lbs.
Gulf/Netherlands.....	No commodity rate.
Pacific/Netherlands.....	Do.
Netherlands/Atlantic.....	\$28.50 per 2,204 lbs. or 1 cbm.
Netherlands/Gulf.....	No commodity rate.
Netherlands/Pacific.....	\$45 per 2,204 lbs. or 1 cbm.

CONCLUSION

The amounts of canned meat moving between the United States and the Netherlands are not particularly large with the exception of one specialty item, canned ham. This moves in very large quantities from the Netherlands. This is one of the cases in shipping rates where appearance and reality differ. Though ostensibly higher, the outbound rate is actually lower than the inbound rate. This is because on export of this commodity the rate is on a weight basis and will cost \$37.25 to \$43.25 per long ton depending on the packaging. On import, however, the rate is weight or cubic meter measurement and canned ham is a measurement commodity at 60 feet to a long ton. One cubic meter is 35.31 cubic feet, meaning that for 60 cubic feet of cargo (weighing 2,240 lbs.) the shipper must pay 1.7 (60 divided by 35.31) times the rate or about \$48.45 per long ton of the commodity. This is higher than the outbound rate on the same weight of cargo.

Trade between United States and Netherlands in metalworking machinery—Lathes: 1962

U.S. EXPORTS

(FT 410)	Item	Quantity (number)	Value	Average value
74003.....	Lathes—engine, bench, and light duty types.....	5	\$2,960	\$592.01
74005.....	Lathes—engine, except bench and light duty types.....	4	31,624	7,906.01
74021.....	Lathes—turret, except vertical automatic chucking and between.....		11,361	
74025.....	Lathes—center single spindle, automatic chucking and between.....	4	287,835	71,958.76
74029.....	Lathes.....	1	35,092	35,092.00
74032.....				
74035.....	Screw machines—automatic.....	9	527,983	58,664.78
74039.....	Lathes—metalworking, NEC, boring and turning mills, vertical.....			
74045.....	Including vertical turret lathes.....	1	5,010	5,010.00
	Total.....	24	901,865	37,577.08

Trade between United States and Netherlands in metalworking machinery—Lathes:
1962—Continued

U.S. IMPORTS

(FT 110)	Item	Quantity (number)	Value	Average value
7400565	Lathes, NES	11	\$27,852	\$2,532.00
6150630	Metalcutting tools—containing excess alloys		66,049	
6150694	Tools NES for cutting metal		600	
	Total		94,501	

FREIGHT RATES

Atlantic/Netherlands	\$33 per 2,240 lbs. or 40 cft.
Gulf/Netherlands	\$70 per 2,240 lbs. or 40 cft.
Pacific/Netherlands	\$66 per 2,240 lbs. or 40 cft.
Netherlands/Atlantic	\$28.75 per 2,204 lbs. or 1 cm.
Netherlands/Gulf	\$40 per 2,204 lbs. or 1 cm.
Netherlands/Pacific	\$63 per 2,204 lbs. or 1 cm.

CONCLUSION

The average value of the machines exported under this category is in the neighborhood of \$35,000. This obviously is a considerably different product from that which is imported, the value of which is about \$2,500. Notwithstanding, and except for the Gulf from which very little of this kind of machinery emanates, the rates are almost on a par because this is usually measurement cargo and the inbound rate, restated on a 40-cubic-foot basis, amounts to \$32.50.

Trade between United States and Netherlands in metalwork machinery—Drills: 1962

U.S. EXPORTS

(FT 410)	Item	Quantity (number)	Value	Average value
74200	Drilling machines, vertical metalworking	16	\$18,294	\$1,143.37
74210	Drilling machines, radial		550	
74231	Drilling machines, unit head or way type, metalworking	5	21,618	4,323.61
74234	Drilling machines, NEC	1	97,595	97,595.00
	Total		138,057	

U.S. IMPORTS

(FT 110)	Item	Quantity (number)	Value	Average value
7400545	Drilling machines	78	\$10,093	\$129.39
6150620	Twist drills containing excess alloys		71,736	
6150692	Twist drills not containing excess alloys			
	Total		81,829	

FREIGHT RATES

Atlantic/Netherlands	\$33 per 2,240 lbs. or 40 cft.
Gulf/Netherlands	\$70 per 2,240 lbs. or 40 cft.
Pacific/Netherlands	\$66 per 2,240 lbs. or 40 cft.
Netherlands/Atlantic	\$28.75 per 2,204 lbs. or 1 cbm.
Netherlands/Gulf	\$40 per 2,204 lbs. or 1 cbm.
Netherlands/Pacific	\$63 per 2,204 lbs. or 1 cbm.

CONCLUSION

The export items are worth in the thousands of dollars each; the imports, such as they are, are worth less than 10 percent of the cheapest export item. There is no basis for comparing freight rates.

Trade between United States and Netherlands in metalworking machinery—Grinders:
1962

U.S. EXPORTS

(FT 410)	Item	Quantity (number)	Value	Average value
74350.....	Grinding machines, surface.....	8	\$21,974	\$2,746.75
74391.....	Grinding machines, external—cylindrical.....	24	693,440	28,883.33
74420.....	Grinding machines, tool, and cutter, including Universal tool, etc.	14	19,607	1,400.50
74427.....	Sawing and cutoff machines, including contour saw and filing machines.	10	76,150	7,615.00
74435.....	Metalpolishing and buffing machines NEC.....	2	790	350.02
74439.....	Grinding machines, metalworking.....	47	197,795	4,208.40
74429.....	Honing and lapping machines except gear.....	25	21,004	840.16
	Total.....	130	1,030,760	7,928.92

U.S. IMPORTS

(FT 110)	Item	Quantity (number)	Value	Average value
7400555.....	Grinding machines (total).....	241	\$10,353	\$42.95

FREIGHT RATES

Atlantic/Netherlands.....	\$33 per 2,240 lbs. or 40 cft.
Gulf/Netherlands.....	\$70 per 2,240 lbs. or 40 cft.
Pacific/Netherlands.....	\$66 per 2,240 lbs. or 40 cft.
Netherlands/Atlantic.....	\$28.75 per 2,204 lbs. or 1 cbm.
Netherlands/Gulf.....	\$40 per 2,204 lbs. or 1 cbm.
Netherlands/Pacific.....	\$63 per 2,204 lbs. or 1 cbm.

CONCLUSION

The freight rate on this commodity is slightly higher outward than inward because of the far greater average value of the machines which are being exported. The Gulf rate is high, because in the absence of outward trade from this area, the "Machinery, NOS" rate is applied.

Trade between United States and Netherlands in oilfield machinery equipment: 1962

U.S. EXPORTS

(FT 410)	Item	Quantity (number)	Value	Average value
73098.....	Core drills, power augers, and borers and parts NEC.....		\$75,466	
73112.....	Rock drill bits and reamers containing diamonds.....	4	710	\$177.51
73115.....	Bits, rot and core drill and reamers containing carbide tungsten.	111	28,852	259.02
73119.....	Bits, rot and core drill and reamers NEC.....	2	298	149.02
73222.....	Parts NEC for rot and core drill bits and reamers.....		206,515	
73225.....	Parts and accessories for rot drill rigs, except core NEC.....		704,957	
73227.....	Rock drills, pneumatic, mounted or unmounted, except cable and parts NEC.....		3,548	
73393.....	Percussion drill bits NEC.....	9	1,663	184.78
	Total.....		1,022,009	

U.S. IMPORTS

(FT 110)	Item	Quantity (number)	Value	Average value
6150680.....	Other cutting tools NES containing excess alloys.....		\$125,624	
7800855.....	Pump parts NES, nonelectric.....		423	
7800865.....	Parts of electric pumps.....		1,372	
	Total.....		127,419	

Trade between United States and Netherlands in oilfield machinery equipment: 1962—
Continued

FREIGHT RATES

Atlantic/Netherlands.....	\$42.50 per 2,240 lbs. or 40 cft.
Gulf/Netherlands.....	\$33.50 to \$47.25 per 2,240 lbs. or 40 cft.
Pacific/Netherlands.....	\$66 per 2,240 lbs. or 40 cft.
Netherlands/Atlantic.....	NCR.
Netherlands/Gulf.....	\$40 per 2,204 lbs. or 1 cbm.
Netherlands/Pacific.....	NCR.

CONCLUSION

There is very little in the way of an import movement that is comparable to the descriptions given of export categories. This accounts for the lack of a commodity rate in the westbound North Atlantic movement.

Trade between United States and Netherlands in phonographs and parts: 1962

U.S. EXPORTS

(FT 410)	Item	Quantity (number)	Value	Average value
92340.....	Phonographs, coin-operated, new.....	150	\$116, 233	\$774. 89
92345.....	Phonographs, coin-operated, except new.....	355	85, 675	241. 34
92360.....	Phonographs, except coin-operated.....	10	1, 562	156. 20
92390.....	Phonograph parts, NEC.....		19, 846	
	Total.....		223, 316	

U.S. IMPORTS

(FT 110)	Item	Quantity (number)	Value	Average value
7100250.....	Record players and parts, including changers and turntables.....		\$491, 278	
9262050.....	Phonographs, gramophones, gramophones, NSPF.....	529	11, 724	\$22. 16
9262100.....	Phonograph needles, etc.....			
9262900.....	Phonograph parts and accessories and similar articles NES.....		1, 003	
	Total.....		504, 005	

FREIGHT RATES

Atlantic/Netherlands.....	\$15 to 50 per 2,240 lbs. or 40 cft.
Gulf/Netherlands.....	\$50 per 40 cft.
Pacific/Netherlands.....	\$66 per 2,240 lbs. or 40 cft.
Netherlands/Atlantic.....	NCR.
Netherlands/Gulf.....	\$71.50 per 2,204 lbs. or 1 cbm.
Netherlands/Pacific.....	NCR.

CONCLUSION

The biggest part of the outbound movement is in the high value "juke box" category and the rate on these is \$15. There are no inbound rates except to the Gulf and its outbound rate is still lower. The import movement is of components of record players at far lesser values. There is no competitive relationship between these products.

Trade between United States and Netherlands in pigments: 1962

U.S. EXPORTS

(FT 410)	Item	Quantity (pounds)	Value	Average value
80591.....	Color lakes and toners, coal tar, and other cyclid.	36,332	\$53,758	\$1.47
84010.....	Iron oxide pigments, dry, synthetic, and natural.	69,886	3,317	.04
84110.....	Zinc oxide, pigment.....	2,845	500	.17
84190.....	Lampblack, pigment.....	55,070	7,715	.14
84231.....	Carbon black, contact (including channel) pigment.	2,174,445	361,334	.16
84235.....	Carbon black, furnace, pigment.....	5,914,628	434,300	.07
84265.....	Litharge, red and white lead, dry or in oil, pigment.	39,400	7,900	.20
84280.....	Titanium dioxide and other titanium pigments.	3,497,053	361,313	.10
84290.....	Pigments, NEC.....	1,897,905	178,321	.09
	Total.....	13,738,164	1,408,458	.10

U.S. IMPORTS

(FT 110)	Item	Quantity (pounds)	Value	Average value
8400100 through 8420390...	29 commodities. Included in this group are pigments, colors, oxides, leads.	9,626,702	\$806,239	\$0.08

FREIGHT RATES

Atlantic/Netherlands.....	\$19 per 2,240 lbs.
Gulf/Netherlands.....	\$22.50 per 2,240 lbs.
Pacific/Netherlands.....	\$66 per 2,240 lbs. or 40 cft.
Netherlands/Atlantic.....	\$54 per 2,204 lbs.
Netherlands/Gulf.....	\$54 per 2,204 lbs.
Netherlands/Pacific.....	\$79 per 2,204 lbs. or 1 cbm.

CONCLUSION

Outbound rates are lower than inbound rates.

Trade between United States and Netherlands in plywood: 1962

U.S. EXPORTS

(FT 410)	Item	Quantity (square feet)	Value	Average value
42174.....	Softwood plywood—Interior type.....			
42176.....	Softwood plywood—Exterior type.....	39,626	\$6,095	\$0.15
42187.....	Hardwood plywood—including technical types and types I, II, III.	802	586	.73
42190.....	Other plywood and composite boards, veneer, veneer and lumber and other materials.	20,093	4,850	.24
	Total.....	60,521	11,531	.19

Trade between United States and Netherlands in plywood—Continued

U.S. IMPORTS

(FT 110)	Item	Quantity (square feet)	Value	Average value
4209100.....	-----	-----	-----	-----
4209120.....	-----	-----	-----	-----
4209190.....	Plywood, softwood NES.....	-----	-----	-----
4209300.....	-----	-----	-----	-----
4209560.....	-----	-----	-----	-----
4209570.....	-----	-----	-----	-----
4209580.....	Hardwood plywood NES.....	748, 423	\$158, 938	\$0. 21
	Total.....	748, 423	158, 938	. 21

FREIGHT RATES

Atlantic/Netherlands.....	\$43 to \$55.50 per 2,240 lbs.
Gulf/Netherlands.....	\$29.12 to \$34.72 per 2,240 lbs.
Pacific/Netherlands.....	\$42.56 per 2,240 lbs.
Netherlands/Atlantic.....	\$25.50 to \$35 per 2,204 lbs. or 1 cbm.
Netherlands/Gulf.....	\$32 per 2,204 lbs. or 1 cbm.
Netherlands/Pacific.....	\$37 to \$44.50 per 2,204 lbs. or 1 cbm.

CONCLUSION

The import commodity bears a weight or measurement rate and would actually be freighted on a measurement basis at about 2-cubic-meter measurement tons. In inbound rate should be doubled, therefore, in order to make a comparison with the outbound rate.

Trade between United States and Netherlands in radios and parts: 1962

U.S. EXPORTS

(FT 410)	Item	Quantity (number)	Value	Average value
70807.....	Radios, home type, not incorporated with TV.....	319	\$5, 254	\$16. 47
70811.....	Radio receiver chassis, home type, not incorporated with TV.	64	820	12. 81
	Total.....	383	6, 074	15. 86

U.S. IMPORTS

(FT 110)	Item	Quantity (number)	Value	Average value
7100110.....	Portable radio, except transistor.....	7, 556	\$140, 716	\$18. 62
7100130.....	Transistor radio.....	8, 506	172, 686	20. 30
7100150.....	Radios, NES.....	17, 131	327, 642	19. 13
7100170.....	Radio tubes.....	13, 180, 241	4, 821, 134	. 37
7100190.....	Radio apparatus and parts NEC.....	-----	1, 263, 372	-----
	Total.....	-----	6, 726, 050	-----

FREIGHT RATES

Atlantic/Netherlands.....	\$35.50 to \$57.25 per 2,240 lbs. or 40 cft.
Gulf/Netherlands.....	\$58 per 40 cft.
Pacific/Netherlands.....	\$60.50 per 2,240 lbs. or 40 cft.
Netherlands/Atlantic.....	\$24.50 per 2,204 lbs. or 1 cbm.
Netherlands/Gulf.....	\$32.50 per 2,204 lbs. or 1 cbm.
Netherlands/Pacific.....	\$46 per 2,204 lbs. or 1 cbm.

CONCLUSION

The United States is an importer of these articles because of the large amount of hand labor required in the product. The outbound movement is negligible for this reason. No freight rate adjustment could remove this tremendous disparity.

DISCRIMINATORY FREIGHT RATES

Trade between United States and the Netherlands in railway cars: 1962

U.S. EXPORTS

(FT 410)	Item	Quantity (number)	Value	Average value
79640 through 79675.....	8 commodities (included in this group are various railway cars including self-propelled).			

U.S. IMPORTS

(FT 110)	Item	Quantity (number)	Value	Average value
7940250.....	Cars and parts, railway.....			

FREIGHT RATES

Atlantic/Netherlands.....	\$30.25 to \$45.50 per 2,240 lbs. or 40 cft.
Gulf/Netherlands.....	\$37.25 to \$56 per 2,240 lbs. or 40 cft.
Pacific/Netherlands.....	\$66 per 2,240 lbs. or 40 cft.
Netherlands/Atlantic.....	NCR.
Netherlands/Gulf.....	\$30 per 2,204 lbs. or 1 cbm.
Netherlands/Pacific.....	\$40.50 per 2,204 lbs. or 1 cbm.

CONCLUSION

No traffic in either direction. Rates are meaningless.

Trade between United States and Netherlands in railway locomotives: 1962

U.S. EXPORTS

(FT 410)	Item	Quantity	Value	Average value
79605.....	Locomotives—steam, railway, except switching—new.....			
79620.....	Locomotives—straight electric, railway, except switching—new.....		\$570	
79623.....	Locomotives—diesel electric, railway, except switching—new.....			
79625.....	Locomotives—railway switching—new.....			
79627.....	Locomotives—industrial, including surface mine, except electric—new.....			
79630.....	Locomotives—new NEC except electric mining and industrial.....			
79635.....	Locomotives—used and rebuilt NEC and industrial except electrical mine.....			
	Total.....		570	

U.S. IMPORTS

(FT 110)	Item	Quantity	Value	Average value
7110020.....	Steam locomotives, reciprocating.....			

FREIGHT RATES

Atlantic/Netherlands.....	\$57.25 per 2,240 lbs. or 40 cft.
Gulf/Netherlands.....	\$70 per 2,240 lbs. or 40 cft.
Pacific/Netherlands.....	\$66 per 2,240 lbs. or 40 cft.
Netherlands/Atlantic.....	NCR.
Netherlands/Gulf.....	\$47.50 per 2,204 lbs. or 1 cbm.
Netherlands/Pacific.....	\$59 per 2,204 lbs. or 1 cbm.

CONCLUSION

The rates are academic as it is obvious that this is a category of trade of relative insignificance.

DISCRIMINATORY FREIGHT RATES

849

Trade between United States and Netherlands in rubber tires and inner tubes: 1962

U.S. EXPORTS

(FT 410)	Item	Quantity (units)	Value	Average value
20610.....	Tires and casings, truck and bus, pneumatic, new.....	3,314	\$171,243	\$51.67
20624.....	Tires and casings, passenger car, pneumatic, new.....	7,913	91,944	11.61
20632.....	Tires and casings, off-road, pneumatic, new, except farm tractor and implements.....	899	130,313	144.95
20634.....	Tires and casings, farm tractor, pneumatic, new.....	791	45,257	57.21
20636.....	Tires and casings, farm implements, pneumatic, new.....	20	566	28.30
20638.....	Tires and casings, pneumatic, new NEC.....	1,503	13,249	8.81
20658.....	Inner tubes, except aircraft, new or used.....	6,183	27,145	4.39
20662.....	Tires, solid and cushion, truck and industrial.....	598	11,848	19.81
	Total.....	21,221	491,565	23.16

U.S. IMPORTS

(FT 110)	Item	Quantity (units)	Value	Average value
2022020.....	Rubber tires, passenger car and motorcycle, pneumatic, new.....	8,516	\$50,586	\$5.94
2022050.....	Rubber tires, truck and bus, pneumatic, new.....			
2022090.....	Rubber tires, truck and bus, car and cycle NES.....	282	957	3.39
2022200.....	Rubber tires, bicycle.....	1,014,159	628,949	.62
2022400.....	Rubber tires NES.....	125	403	3.22
2022900.....	Inner tubes, rubber, auto, etc.....	800	434	.54
	Total.....	1,023,882	681,329	.66

FREIGHT RATES

Atlantic/Netherlands.....	\$35.25 per 2,240 lbs.
Gulf/Netherlands.....	\$71.50 per 2,240 lbs.
Pacific/Netherlands.....	\$105.28 per 2,240 lbs.
Netherlands/Atlantic.....	\$22 per 2,240 lbs. or 1 cbm. to \$100 per 2,204 lbs.
Netherlands/Gulf.....	\$75 per 2,204 lbs.
Netherlands/Pacific.....	\$24 to \$35.50 per 2,204 lbs or 1 cbm.

CONCLUSION

The average values per unit as well as the descriptions make it clear that there is no competitive relationship between the major commodities that move in each direction. The rates must be viewed realistically in the light of the traffic that moves. It should be noted that this is another case where a rate ostensibly higher is actually lower. Since the inbound rate is on weight or measurement and this is measurement cargo at about a 3-to-1 ratio conservatively, the import rate is really three times the basic amount stated or much higher than the outbound rate.

Trade between United States and Netherlands in sewing machines: 1962

U.S. EXPORTS

(FT 410)	Item	Quantity (number)	Value	Average value
75515.....	Sewing machines, domestic, including complete head assemblies.....			
75525.....	Sewing machines, industrial, including complete head assemblies.....	1,038	\$453,012	\$436.42
75517.....	Sewing machine parts, domestic.....		2,863	
75527.....	Sewing machine parts, industrial.....		715,003	
	Total.....		1,170,938	

DISCRIMINATORY FREIGHT RATES

Trade between United States and Netherlands in sewing machines: 1962—Con.

U.S. IMPORTS

(FT 110)	Item	Quantity (number)	Value	Average value
7550100.....	Sewing machines, value less than \$10.....			
7550320.....	Sewing machines, household, value \$10 to \$75.....	4,795	\$188,737	\$39.36
7550350.....	Sewing machines, industrial, value \$10 to \$75.....			
7550520.....	Sewing machines, household, value over \$75.....			
7550550.....	Sewing machines, industrial, value over \$75.....	1	280	280.05
	Total.....	4,796	189,017	39.41

FREIGHT RATES

Atlantic/Netherlands.....	\$21.75 per 2,240 lbs. or 40 cft.
Gulf/Netherlands.....	\$62 per 2,240 lbs. or 40 cft.
Pacific/Netherlands.....	\$66 per 2,240 lbs. or 40 cft.
Netherlands/Atlantic.....	\$28.75 per 2,204 lbs. or 1 cbm.
Netherlands/Gulf.....	\$36.50 per 2,204 lbs. or 1 cbm.
Netherlands/Pacific.....	\$63 per 2,204 lbs. or 1 cbm.

CONCLUSION

It is obvious from the descriptions as well as the major categories of trade that the export movement is of industrial-type machines many times the value of the household variety import. The export freight rates are definitely favorable in the North Atlantic from which this cargo moves.

Trade between United States and the Netherlands in soda ash: 1962

U.S. EXPORTS

(FT 410)	Item	Quantity (pounds)	Value	Average value
83650.....	Sodium carbonate, calcined (soda ash) (not causticized).....	5,000	\$226	\$0.04
83660.....	Soda ash, causticized.....			
	Total.....	5,000	226	.04

U.S. IMPORTS

(FT 110)	Item	Quantity (pounds)	Value	Average value
8350230.....	Sodium carbonate, calcined.....			

FREIGHT RATES

Atlantic/Netherlands.....	\$31 per 2,240 lbs.
Gulf/Netherlands.....	\$48.16 per 2,240 lbs.
Pacific/Netherlands.....	\$39.50 per 2,240 lbs.
Netherlands/Atlantic.....	\$25 per 2,204 lbs.
Netherlands/Gulf.....	\$27.25 per 2,204 lbs.
Netherlands/Pacific.....	\$39 per 2,204 lbs.

CONCLUSION

Minimal amount of traffic outbound. The United States is not a major exporter of this commodity to Europe. Since there is no inbound movement, those rates are not significant.

Trade between United States and the Netherlands in sodium cyanide: 1962

U.S. EXPORTS

(FT 410)	Item	Quantity (pounds)	Value	Average value
83690.....	Sodium Cyanide.....			

U.S. IMPORTS

(FT 110)	Item	Quantity (pounds)	Value	Average value
8339000.....	Sodium cyanide.....	153,169	\$20,720	\$0.13

FREIGHT RATES

Atlantic/Netherlands.....	\$16.25 per 2,240 lbs.
Gulf/Netherlands.....	\$25.76 per 2,240 lbs.
Pacific/Netherlands.....	NCR.
Netherlands/Atlantic.....	\$21.75 per 2,204 lbs.
Netherlands/Gulf.....	\$29.25 per 2,204 lbs.
Netherlands/Pacific.....	\$43 per 2,204 lbs.

CONCLUSION

The United States is not an exporter of this commodity to Europe. See additional comment under United Kingdom report. In any event, the out-bound freight rates are lower than the inbound rates.

Trade between United States and Netherlands in standard newsprint: 1962

U.S. EXPORTS

(FT 410)	Item	Quantity (pounds)	Value	Average value
48010.....	Paper, newsprint.....	172,180	\$15,000	\$0.09

U.S. IMPORTS

(FT 110)	Item	Quantity (pounds)	Value	Average value
4711000.....	Standard newsprint paper.....			

FREIGHT RATES

Atlantic/Netherlands.....	\$22.75 to \$43.25 per 2,240 lbs.
Gulf/Netherlands.....	\$30.25 per 2,240 lbs.
Pacific/Netherlands.....	\$40.32 per 2,240 lbs.
Netherlands/Atlantic.....	NCR.
Netherlands/Gulf.....	\$32.50 per 2,204 lbs.
Netherlands/Pacific.....	\$31 to \$45 per 2,204 lbs.

CONCLUSION

The inbound rates are higher than the export rates but are quite academic as no cargo moves under them. Our failure to export more of this commodity to continental Europe is related to its nearness to the Scandinavian producing areas. Outbound rates are set by negotiation with the paper industry.

DISCRIMINATORY FREIGHT RATES

Trade between United States and Netherlands in sulfate woodpulp: 1962

U.S. EXPORTS

(FT 410)	Item	Quantity (2,000 lbs.)	Value	Average value
46080.....	Woodpulp sulfate, unbleached.....			
46102.....	Woodpulp sulfate, semibleached.....	856	\$102,325	\$119.53
46107.....	Woodpulp sulfate, bleached paper grades.....	12,594	1,509,910	119.89
	Total.....	13,450	1,612,235	119.86

1962 U.S. IMPORTS

(FT 410)	Item	Quantity (2,000 lbs.)	Value	Average value
4607100.....	Woodpulp sulfate, unbleached.....			
4607500.....	Woodpulp sulfate, semibleached.....			
4608200.....	Woodpulp sulfate, and special grades.....			
4608900.....	Woodpulp sulfate, bleached, other, NES.....			
	Total.....			

FREIGHT RATES

Atlantic/Netherlands.....	\$18.50 to \$23.50 per 2,240 lbs.
Gulf/Netherlands.....	\$17.50 to \$44.80 per 2,240 lbs.
Pacific/Netherlands.....	\$20 per 2,240 lbs.
Netherlands/Atlantic.....	NCR.
Netherlands/Gulf.....	\$20.25 to \$25.75 per 2,204 lbs.
Netherlands/Pacific.....	\$24.25 to \$28.25 per 2,204 lbs.

CONCLUSION

There is no inbound movement of this commodity. The outbound rates are lower than the inbound rates. The ranges of rates depend on the compression of the product and the Gulf rates structure is more detailed as the commodity moves out of that region and the South Atlantic rather than the North Atlantic. The rates on this commodity are negotiated with a committee of woodpulp exporters.

Trade between United States and Netherlands in textile machines: 1962

U.S. EXPORTS

(FT 410)	Item	Quantity (number)	Value	Average value
75005 through 75490.....	18 commodities (included in this group are carding, combing, spinning, twisting and knitting machines, and parts).	-----	\$3,644,489	-----

U.S. IMPORTS

(FT 110)	Item	Quantity (number)	Value	Average value
7495000 through 7515000...	34 commodities (included in this group are carding, spinning, knitting machines, and parts).	-----	\$130,240	-----

FREIGHT RATES

Atlantic/Netherlands.....	\$19.75 per 2,240 lbs. or 40 cft.
Gulf/Netherlands.....	\$33 per 2,240 lbs. or 40 cft.
Pacific/Netherlands.....	\$66 per 2,240 lbs. or 40 cft.
Netherlands/Atlantic.....	\$28.75 per 2,204 lbs. or 1 cbm.
Netherlands/Gulf.....	\$40 per 2,204 lbs. or 1 cbm.
Netherlands/Pacific.....	\$63 per 2,204 lbs. or 1 cbm.

CONCLUSION

Outbound rates are lower than inbound and since no average values are available it is impossible to tell whether these are comparable products.

Trade between United States and Netherlands in tobacco—Manufactured: 1962

U.S. EXPORTS

(FT 410)	Item	Quantity	Value	Average value
26200.....	Cigars and cheroots per 1,000.....	105	\$3,097	\$30.50
26220.....	Cigarettes per 1,000.....	612,620	2,646,279	4.31
26235.....	Chewing tobacco and snuff, per pound.....	143,866	93,512	.64
26250.....	Smoking tobacco in package, per pound.....	21,352	24,537	1.14
26296.....	Smoking tobacco in bulk, per pound.....	15,378	13,650	.88
	Total.....	-----	2,874,693	-----

U.S. IMPORTS

(FT 110)	Item	Quantity	Value	Average value
2621000.....	Cigars and cheroots.....	2,761,523	\$93,669	\$0.03
2623000.....	Cigarettes.....	70,100	446	-----
2629100.....	Snuff and snuff flour.....	-----	-----	-----
2629900.....	Tobacco manufactures.....	1,273,120	1,333,097	1.04
	Total.....	4,104,743	1,427,212	.35

FREIGHT RATES

Atlantic/Netherlands.....	\$26.50 to \$57.25 per 2,240 lbs. or 40 cft.
Gulf/Netherlands.....	\$23 to \$70 per 2,240 lbs. or 40 cft.
Pacific/Netherlands.....	\$66 per 2,240 lbs. or 40 cft.
Netherlands/Atlantic.....	\$38 per 2,204 lbs. or 1 c.b.m. to \$132.50 per 2,204 lbs.
Netherlands/Gulf.....	\$47.50 per 2,204 lbs. or 1 c.b.m.
Netherlands/Pacific.....	\$71 per 2,204 lbs. or 1 c.b.m.

CONCLUSION

Approximately 90 percent of the outbound movement moves under the cigarette rate which is the lowest rate in the scale and is lower in each instance than the corresponding inbound rate which covers manufactured tobacco generally.

DISCRIMINATORY FREIGHT RATES

Trade between United States and Netherlands in tools and basic hardware—Handtools:
1962

U.S. EXPORTS

(FT 410)	Item	Quantity	Value	Average value
61534 through 61838.....	Approximately 35 commodities (17 show statistics in dozens, numbers, pounds, and grams).	-----	\$2,431,108	-----

U.S. IMPORTS

(FT 110)	Item	Quantity	Value	Average value
6150000 through 6200980...	Approximately 58 commodities (12 show statistics in dozens, numbers, pounds, and grams).	-----	\$1,477,435	-----

FREIGHT RATES

Atlantic/Netherlands.....	\$33 to \$38.25 per 2,240 lbs. or 40 cft.
Gulf/Netherlands.....	\$34.50 per 2,240 lbs. or 40 cft.
Pacific/Netherlands.....	\$66 per 2,240 lbs. or 40 cft.
Netherlands/Atlantic.....	\$28 to \$103 per 2,204 lbs. or 1 cbm.
Netherlands/Gulf.....	\$28 per 2,204 lbs. or 1 cbm.
Netherlands/Pacific.....	\$65 to \$67 per 2,204 lbs. or 1 cbm or 2½ percent ad valorem.

CONCLUSION

There is a tremendous diversity of products falling within this category and a considerable diversity of rates based primarily on value. Lacking average values it is impossible to definitively state at what rate any one item moves. The rates, outbound versus inbound, start in the same general region and on the Atlantic inbound side go quite high. It is worth noting that many of the commodities in this group would be freighted on a measurement basis. The inbound rate of \$28 is for 35.31 cubic feet which on a 40-cubic-foot basis becomes \$31.64 or quite close to the basic outbound rate.

(End of Section B.)

SECTION C—BELGIUM/LUXEMBOURG

Comparison of the value of U.S. exports¹ and U.S. general imports in trade with Belgium-Luxembourg, 1958-62

[In millions of dollars]

	Exports	Imports	Balance
1958.....	332	268	+64
1959.....	351	416	-65
1960.....	439	364	+75
1961.....	420	351	+69
1962.....	448	386	+41
Average.....	398	357	+41
Percentage.....		15	

¹ Including reexports.

Source: U.S. Statistical Abstracts 1963.

Trade between United States and Belgium in autos: 1962

U.S. EXPORTS

(FT 410)	Item	Quantity (number)	Value	Average value
79070.....	Cars and chassis, passenger, new, nonmilitary.....	10,490	\$18,570,613	\$1,777.26
79075.....	Cars and chassis, passenger, used, nonmilitary.....	41	79,344	1,935.22
	Total.....	10,490	18,649,957	1,777.88

U.S. IMPORTS

(FT 110)	Item	Quantity (number)	Value	Average value
7900500.....	Autos, new, NES.....	565	\$708,290	\$1,253.61
7900700.....	Autos, used, NES.....	10	10,302	1,030.20
	Total.....	575	718,592	1,249.72

FREIGHT RATES

Same as for Netherlands.

CONCLUSION

U.S. exports are about 25 times the dollar value of imports from Belgium. The sales efforts of U.S. manufacturers are impaired by protective tariffs.

DISCRIMINATORY FREIGHT RATES

Trade between United States and Belgium in copper sheets: 1962

U.S. EXPORTS

(FT 410)	Item	Quantity (number)	Value	Average value
4230.....	Parts, copper plates, sheet and strip.....	10, 798	\$7, 505	\$0. 69
44500.....	Parts, copper base alloy, plates, sheet and strip.....	9, 910	8, 006	. 80
	Total.....	20, 708	15, 511	. 75

U.S. IMPORTS

(FT 110)	Item	Quantity (number)	Value	Average value
6420100.....	Copper in rolls and sheets.....	1, 758, 842	\$675, 929	\$0. 38
6458050.....	Brass sheets, plates, and strip.....	2, 029, 887	725, 560	. 35
6458200.....	Muntz sheets, bolts, etc.....	215, 933	89, 920	. 41
6459600.....	Bronze rods and sheets.....	38, 772	15, 986	. 41
	Total.....	4, 043, 434	1, 507, 395	. 37

FREIGHT RATES

Same as for Netherlands.

CONCLUSION

Same as for Netherlands.

Trade between United States and Belgium in copper rods: 1962

U.S. EXPORTS

(FT 410)	Item	Quantity (number)	Value	Average value
64290.....	Copper semifabricated forms, NEC.....	614	\$528	\$0. 86
64490.....	Copper-base alloy bars, rods and shapes.....	16, 358	15, 579	. 95
	Totals.....	16, 972	16, 107	. 95

U.S. IMPORTS

(FT 110)	Item	Quantity (number)	Value	Average value
6420200.....	Copper in rods (total).....	55, 254	\$18, 438	\$0. 33

FREIGHT RATES

Same as for Netherlands.

CONCLUSION

Same as for Netherlands.

Trade between the United States and Belgium in copper tubes: 1962

U.S. EXPORTS

(FT 410)	Item	Quantity (pounds)	Value	Average value
64220.....	Copper pipe and tubing.....	2, 254	\$1, 380	\$0. 61
64530.....	Copper base alloy pipe and tubing.....	9, 702	8, 218	. 84
	Total.....	11, 956	9, 598	. 80

Trade between United States and Belgium in copper tubes: 1962—Continued

U.S. IMPORTS

(FT 110)	Item	Quantity (pounds)	Value	Average value
6430040.....	Copper tubes and tubing seamless.....	45,483	\$22,697	\$0.49
	Total.....	45,483	22,697	.49

FREIGHT RATES

Same as for Netherlands.

CONCLUSION

Same as for Netherlands.

Trade between the United States and Belgium in copper shapes: 1962

U.S. EXPORTS

(FT 410)	Item	Quantity (pounds)	Value	Average value
64290.....	Copper, semifabricated forms, NEC.....	614	\$528	\$0.86
64490.....	Copper—base alloy bars, rods, and shapes.....	16,358	15,579	.95
	Total.....	16,972	16,107	.95

U.S. IMPORTS

(FT 110)	Item	Quantity (pounds)	Value	Average value
6420100.....	Copper in rolls and sheets (total).....	1,758,842	\$675,929	\$0.38

FREIGHT RATES

Same as for Netherlands.

CONCLUSION

Same as for Netherlands.

Trade between United States and Belgium in copper bars: 1962

U.S. EXPORTS

(FT 410)	Item	Quantity (pounds)	Value	Average value
64120.....	Refined copper in cathodes, billets ingots, etc.....	3,147,242	\$1,214,589	\$0.39
64290.....	Copper semifabricated forms, NEC.....	614	528	.86
64490.....	Copper bars, alloy bars, rods, and shapes.....	16,358	15,579	.95
	Total.....	3,164,214	1,230,696	.39

U.S. IMPORTS

(FT 410)	Item	Quantity (pounds)	Value	Average value
6417100.....	Copper refined in ingots, etc., (totals).....			

FREIGHT RATES

Same as for Netherlands.

CONCLUSION

Same as for Netherlands.

DISCRIMINATORY FREIGHT RATES

Trade between United States and Belgium in electrical goods and supplies—Electric toasters: 1962

U.S. EXPORTS

(FT 410)	Item	Quantity (number)	Value	Average value
70736.....	Appliances and utensils, cooking and parts, electric, household, NEC.	-----	\$24,713	-----
70740.....	Equipment, cooking, and food service parts, commercial.	-----	8,540	-----
	Total.....	-----	33,253	-----

U.S. IMPORTS

(FT 110)	Item	Quantity (number)	Value	Average value
7090510.....	Utensils, electric household, iron and steel.....	-----	-----	-----
7090520.....	Utensils, electric household, aluminum.....	-----	-----	-----
7090590.....	Utensils, electric household, NES.....	-----	-----	-----

FREIGHT RATES

Same as for Netherlands.

CONCLUSION

Same as for Netherlands.

Trade between United States and Belgium in electrical goods and supplies—Batteries: 1962

U.S. EXPORTS

(FT 410)	Item	Quantity (number)	Value	Average value
70130.....	Batteries, storage, 6 to 12 volt, lead-acid.....	52,801	\$495,403	\$9.38
70140.....	Batteries, storage, NEC cell.....	105	3,677	35.01
70160.....	Batteries, flashlight.....	6,912	574	.08
70170.....	Batteries, dry multiple cell except flash.....	55,516	17,897	.32
70180.....	Batteries, dry and wet cell, NEC.....	4,500	1,761	.39
	Total.....	119,834	519,312	4.35

U.S. IMPORTS

(FT 110)	Item	Quantity (number)	Value	Average value
7090760.....	Storage batteries and parts, lead-acid.....	-----	-----	-----
7090780.....	Storage batteries and parts except lead-acid.....	-----	-----	-----
7090810.....	Batteries and parts except storage.....	-----	-----	-----

FREIGHT RATES

Same as for Netherlands.

CONCLUSION

Same as for Netherlands.

Trade between United States and Belgium in electrical light bulbs: 1962

U.S. EXPORTS

(FT 410)	Item	Quantity (number)	Value	Average value
70630.....	Bulbs (lamps) electrical filament—up to ¾ in. base.....	213, 077	\$111, 315	\$0. 52
70645.....	Bulbs (lamps) electrical filament—over ¾ in. base.....	105, 200	65, 112	. 61
70655.....	Bulbs and tubes—lamps—vapor and nonfilament NEC.....	88, 065	39, 441	. 44
70659.....	Electrical bulb and tube parts NEC.....	-----	11, 955	-----
	Total.....	406, 342	227, 823	. 56

U.S. IMPORTS

(FT 110)	Item	Quantity (number)	Value	Average value
7062000.....	Lamps, electrical—without filament.....	-----	-----	-----
7063200.....	Lamps, electrical, carbon filament—incandescent.....	10, 544	\$1, 593	\$0. 15
7064300.....	Lamps, electrical, metal filament, miniature Christmas tree.....	-----	-----	-----
7064950.....	Lamps, electrical NES.....	997, 123	165, 052	. 16
	Total.....	1, 007, 667	166, 645	. 16

FREIGHT RATES

Same as for Netherlands.

CONCLUSION

On each coast except the Pacific the outbound rate is lower than the inbound rate. It is impossible to tell whether any of this movement was through the Pacific gateways. In any event, there is obviously no comparison between the products as the average value per unit on export is 3½ times that of the import commodity.

Trade between United States and Belgium in electric motors: 1962

U.S. EXPORTS

(FT 410)	Item	Quantity (number)	Value	Average value
70400.....	Motors, electric NEC ¼ hp. and under.....	5, 508	\$85, 730	\$15. 56
70410.....	Motors, electric, NEC ¼ to 1 hp.....	361	15, 163	42. 00
70415.....	Motors, electric, 1 to 20 hp.....	157	26, 770	170. 50
70425.....	Motors, electric, 20 to 200 hp.....	65	200, 396	3, 083. 01
70430.....	Motors, electric, over 200 hp.....	14	225, 803	16, 128. 78
70433.....	Parts, motors, propulsion, etc. and parts, NES for railway transportation vehicles.....	-----	161, 407	-----
	Total.....	-----	715, 269	-----

U.S. IMPORTS

(FT 110)	Item	Quantity (number)	Value	Average value
7090340.....	Motors, not over ½ hp.....	96, 463	\$204, 427	\$2. 11
7090350.....	Motors, ½ to 1 hp.....	2, 336	20, 060	8. 68
7090370.....	Motors, 1 to 20 hp.....	1, 537	56, 468	36. 70
7090380.....	Motors, 20 to 200 hp.....	42	22, 238	529. 47
7090390.....	Motors, over 200 hp.....	1	8, 761	8, 761. 00
	Total.....	100, 379	311, 894	3. 107

FREIGHT RATES

Same as for Netherlands.

CONCLUSION

About two-thirds of the export movement is in the category where the average unit values are in the thousands of dollars. This is clearly a different class of product from the import movement about two-thirds of which is worth \$2.11. These are clearly different kinds of motors with no competitive relationship and makes the rate comparison untenable.

DISCRIMINATORY FREIGHT RATES

Trade between United States and Belgium in electric machinery—High pressure boilers: 1962

U.S. EXPORTS

(FT 410)	Item	Quantity (square feet)	Value	Average value
71320.....	Boilers, power, fire tube.....	23,930	\$137,441	\$5.74
71330.....	Boilers, power, water tube.....		528,504	
	Total.....	23,930	665,945	5.74

U.S. IMPORTS

(FT 110)	Item	Quantity (square feet)	Value	Average value
7100500.....	Steam boilers, electric, operating with water under pressure.			

FREIGHT RATES

Same as for Netherlands.

CONCLUSION

Same as for Netherlands.

Trade between United States and Belgium in electric machinery—Industrial controls: 1962

U.S. EXPORTS

(FT 410)	Item	Quantity	Total	Average value
70490.....	Pilot circuit devices and special fabric—parts, NEC.....		\$447,639	
70498.....	Accessory equipment NEC—industrial motor controls.....		103,790	
76650.....	Electronic industrial processing control systems.....	1	180,094	\$180,094.00
76670.....	Industrial indicating, record, etc., instruments and parts NEC.		1,842,300	
76680.....	Indicating (measuring) recording and controlling instruments and parts NEC.		604,267	
	Total.....		394,885	

U.S. IMPORTS

(FT 110)	Item	Quantity	Total	Average value
7070700.....	Testing, recording, etc., instrumental—electrical element or device.		\$21,610	
7090028.....	Articles, NES for controlling or rectifying, etc.—electrical energy.			
7100970.....	Articles and parts having electrical element or device.....		373,275	
	Total.....		394,885	

FREIGHT RATES

Same as for Netherlands.

CONCLUSION

Same as for Netherlands.

Trade between United States and Belgium in electronics—EDP computers: 1962

U.S. EXPORTS

(FT 410)	Item	Quantity	Value	Average value
77626.....	Electronic computer—related information processing machine and accessories NEC.....		\$411,266	
77628.....			225,124	
		Total.....		636,390

U.S. IMPORTS

(FT 110)	Item	Quantity	Value	Average value
7766820.....	Electronic computer, etc., and parts including punch-card tape, etc. (total).....		\$62,590	

FREIGHT RATES

Same as for Netherlands.

CONCLUSION

Same as for Netherlands.

Trade between United States and Belgium in fountain pens: 1962

U.S. EXPORTS

(FT 410)	Item	Quantity (dozen)	Value	Average value
93110.....	Fountain pens.....	14,296	\$131,336	\$9.18

U.S. IMPORTS

(FT 110)	Item	Quantity (number)	Value	Average value
9790550.....	Fountain and stylo pens.....			

FREIGHT RATES

Same as for Netherlands.

CONCLUSION

There is no import movement and the outbound rates are lower than the inbound equivalents.

Trade between United States and Belgium in fruit juices—Canned or frozen concentrated: 1962

U.S. EXPORTS

(FT 410)	Item	Quantity	Value	Average value
13502.....	Pineapple juice (including reconstituted and concentrated).	104,878	\$68,646	\$0.65
13510.....	Grapefruit juice—single strength (including reconstituted).	155,674	90,620	.58
13515.....	Grapefruit juice, concentrated, can.....	29,250	82,226	2.81
13520.....	Grapefruit juice, concentrated, frozen.....			
13525.....	Orange juice—single strength (including reconstituted)	128,139	97,476	.76
13530.....	Orange juice, concentrated, can.....	19,287	73,391	3.80
13535.....	Orange juice, concentrated, frozen.....	9,494	25,938	2.73
13540.....	Pear juice and nectar (including reconstituted and concentrated).			
13545.....	Peach juice and nectar (including reconstituted and concentrated).			
13550.....	Citrus juices blended (including reconstituted and concentrated).	10,104	7,132	.70
13555.....	Fruit juices (including reconstituted and concentrated)	4,260	6,829	1.60
	Total.....	461,086	452,258	.98

U.S. IMPORTS

(FT 110)	Item	Quantity	Value	Average value
1770110.....	Lime juice containing under ½ percent alcohol.....			
1770190.....	Citrus juice NES containing under ½ percent alcohol.....			
1770309.....	Cherry juice, etc., containing under ½ percent alcohol.....			
1770310.....	Cherry juice, etc., containing more than ½ percent alcohol.....			
1770460.....	Grape juice.....			
1770500.....	Cider, apple.....	3,500	\$2,665	
	Total.....	3,500	2,665	\$0.76

FREIGHT RATES

Same as for Netherlands.

CONCLUSION

Same as for Netherlands.

Trade between United States and Belgium in fruits and preparations—Canned: 1962

U.S. EXPORTS

(FT 410)	Item	Quantity (pounds)	Value	Average value
13320.....	Grapefruit, canned.....	12,720	\$1,922	\$0.15
13350.....	Apples and applesauce, canned.....			
13400.....	Apricots, canned.....	2,466,832	382,192	.15
13410.....	Cherries, canned.....	3,721,877	482,789	.12
13420.....	Prunes and plums, canned.....	6,850	1,006	.14
13430.....	Peaches, canned.....	11,222,310	1,433,259	.12
13440.....	Pears, canned.....	297,685	50,652	.17
13450.....	Pineapples, canned.....	9,964,333	1,623,756	.16
13460.....	Fruit cocktail, canned.....	10,000,945	1,580,812	.15
13478.....	Baby food fruits, strained/chopped.....	19,401	5,615	.28
13479.....	Fruits, canned NEC.....	6,089	1,222	.20
13490.....	Preserves, jellies, jams, and fruit butters.....	12,849	3,852	.29
13560.....	Fruit preparations NEC.....		8,323	
	Total.....	37,831,891	5,575,400	.147

Trade between United States and Belgium in fruits and preparations—Canned:
1962—Continued

U.S. IMPORTS

(FT 110)	Item	Quantity (pounds)	Value	Average value
1309050.....	Pineapples, canned.....			
1317000.....	Cherries, marashino, candied.....			
1327000.....	Citrons or peel candied or otherwise prepared.....			
1329300.....	Quince jelly, jam, etc.....			
1329420.....	Currant and berry jelly, jam, etc. NES.....	4,897	\$1,542	\$0.31
1329500.....	Jellies, jams, etc. NES.....	3,924	1,194	.30
1330230.....	Berries, other prep NES.....	4,725	936	.19
	Total.....	13,545	3,672	.271

FREIGHT RATES

Same as for Netherlands.

CONCLUSION

Imports are insignificant as compared with exports which move in large quantities at lower rates.

Trade between United States and Belgium in glass, flat—Window: 1962

U.S. EXPORTS

(FT 410)	Item	Quantity (square feet)	Value	Average value
52121.....	Glass, plate, except color and laminated.....	8,639	\$5,408	\$0.62
52151.....	Glass, sheet and window, except color and laminated.....	16,548	7,362	.44
42170.....	Glass, laminated and manufacturers, except ophthalmic.....		37,793	
52180.....	Glass, rolled, except colored.....	19,712	9,775	.49
52201.....	Glass, colored, except laminated.....		791	
52309.....	Glass, flat and products, NEC.....		8,761	
	Total.....		69,890	

U.S. IMPORTS

(FT 110)	Item	Quantity (square feet)	Value	Average value
5200300 through 5250300....	180 commodities (included in this group are glass sheets of all sizes, glass plates of all sizes) (Total).		\$21,738,391	

FREIGHT RATES

Same as for Netherlands.

CONCLUSION

Same as for Netherlands.

Trade between United States and Belgium in hardwood lumber—Walnut logs: 1962

U.S. EXPORTS

(FT 410)	Item	Quantity (thousand board feet)	Value	Average value
40978.....	Walnut lumber, except Australian, Queensland and satin and except floor and small dimension.....			
40989.....	Hardwood lumber NEC except flooring and small dimension stock.....			
41320.....	Hardwood flooring except oak.....			
40040.....	Walnut logs, bolts, and hewn lumber.....	97	\$99,823	\$1,029.10
	Total.....	97	99,823	1,029.10

DISCRIMINATORY FREIGHT RATES

Trade between United States and Belgium in hardwood lumber—Walnut logs:
1962—Continued

U.S. IMPORTS

(FT 110)	Item	Quantity (thousand board feet)	Value	Average value
4204900.....	Other hardwood lumber, sawed, planed, etc., NSPF (total).	12	\$1,990	\$165.83

FREIGHT RATES

Atlantic/Netherlands.....	\$23.50 to \$25.75 per 2,240 lbs.
Gulf/Netherlands.....	\$23.52 per 2,240 lbs.
Pacific/Netherlands.....	\$48.16 to \$69 per 2,240 lbs.
Netherlands/Atlantic.....	\$33.50 per 2,204 lbs.
Netherlands/Gulf.....	\$40.50 per 2,204 lbs.
Netherlands/Pacific.....	\$65 per 2,204 lbs.

CONCLUSION

Outbound rates are lower than inbound. The import movement is insignificant.

Trade between United States and Belgium in household appliances—Refrigerators and parts: 1962

U.S. EXPORTS

(FT 410)	Item	Quantity (number)	Value	Average value
70580.....	Refrigerators, electric, household.....	1,084	\$174,163	\$160.66
70585.....	Freezers, electric, farm and home types.....	4,895	710,663	145.18
70590.....	Refrigerators, systems, mechanism for household refrigerators and freezers.	97	5,775	59.53
70595.....	Parts NEC for electric household refrigerators and farm and home freezers.		36,846	
98415.....	Refrigerator and freezer mechanism, farm and home, except electric.			
98420.....	Refrigerators, ice, household, and commercial.....	36	767	21.30
98429.....	Refrigerator and freezer parts, household, farm, home, mechanism, except electric.		1,301	
	Total.....		929,515	

U.S. IMPORTS

(FT 110)	Item	Quantity (number)	Value	Average value
7070050.....	Refrigerators and parts, nonelectric.....		\$93,567	
7070100.....	Refrigerators, refrigeration machinery and parts, household electric.		304,268	
7070200.....	Refrigerators, refrigeration machinery and parts, NES, electric.		16,113	
	Total.....		413,948	

FREIGHT RATES

Same as for Netherlands.

CONCLUSION

Outward rates are lower than inward and since there are no average value figures on the imports, it is hard to tell whether these are competitive items.

DISCRIMINATORY FREIGHT RATES

865

Trade between United States and Belgium in household appliances—Vacuum cleaners and parts: 1962

U.S. EXPORTS

(FT 410)	Item	Quantity (number)	Value	Average value
70691.....	Vacuum cleaners, electric, household.....	990	\$35,504	\$35.86
70693.....	Vacuum cleaner parts, electric, household.....		210	
	Total.....		35,714	

U.S. IMPORTS

(FT 110)	Item	Quantity (number)	Value	Average value
7069010.....	Vacuum cleaners, electric, including household.....			
7069100.....	Parts of electric vacuum cleaners, including motors.....			
	Total.....			

FREIGHT RATES

Same as for Netherlands.

CONCLUSION

No inbound movement whatsoever, making the rates academic.

Trade between United States and Belgium in household furnaces, heaters and parts: 1962

U.S. EXPORTS

(FT 410)	Item	Quantity (number)	Value	Average value
70738.....	Appliances, heating and parts, electric household, NEC.....		\$3,525	
61435.....	Stoves and space heaters, gas, domestic heating.....	1,087	70,280	\$64.66
61437.....	Stoves and space heaters, kerosene, domestic heating.....	57	3,115	53.70
61439.....	Stoves and space heaters, except electric, domestic heating.....	2	264	132.02
61481.....	Boilers, warm air furnaces, radiators and parts, central heating.....		118,551	
61501.....	Oil burners, domestic, central heating.....	5,764	460,634	79.91
61511.....	Oil burners, industrial, central heating.....	126	44,652	354.38
61522.....	Parts NEC for domestic and industrial central heat, oil burners.....		525,882	
61529.....	Heating equipment and parts NEC.....		57,863	
	Total.....		1,284,766	

U.S. IMPORTS

(FT 110)	Item	Quantity (number)	Value	Average value
7090890.....	Electric furnaces, heaters, and parts.....			
6200920.....	Stoves, heat and cook, NSFF.....		\$1,352	
	Total.....		1,352	

FREIGHT RATES

Same as for Netherlands.

CONCLUSION

Outward rates are lower than inward. No significant import movement in this category.

DISCRIMINATORY FREIGHT RATES

Trade between United States and Belgium in household appliances—Gas stoves and parts: 1962

U.S. EXPORTS

(FT 410)	Item	Quantity (number)	Value	Average value
61423.....	Stoves and ranges, gas, domestic, cooking.....	6	\$1,062	\$177.00
61425.....	Stoves and space heaters, gas, domestic, heating.....	1,087	70,280	64.75
61469.....	NEC for nonelectric domestic cooking and heating stoves and water heaters.		17,566	
	Total.....		88,908	

U.S. IMPORTS

(FT 110)	Item	Quantity (number)	Value	Average value
6200900.....	Stoves, kerosene or gas, compressed air.....			
6200910.....	Stoves, kerosene, gas, compressed air, portable and parts NES.			
6200920.....	Stoves, heating and cooking NSPF.....		\$1,352	
	Total.....		1,352	

FREIGHT RATES

Same as for Netherlands.

CONCLUSION

Same as for Netherlands.

Trade between United States and Belgium in iron and steel—Castings and forgings: 1962

U.S. EXPORTS

(FT 410)	Item	Quantity (pounds)	Value	Average value
61000.....	Ingot molds and accessories, iron and steel.....			
61010.....	Castings, gray iron, including semisteel.....	8,906	\$8,832	\$0.99
61020.....	Castings, malleable iron.....	121,367	20,760	.17
61041.....	Castings, carbon steel.....	54,852	29,301	.53
61050.....	Castings, alloy steel, excluding stainless.....	4,085	3,904	.95
61055.....	Castings, stainless steel.....	1,482	3,040	2.05
61060.....	Forgings, rough and semifinished carbon steel.....	177,789	452,885	2.54
61065.....	Forgings, rough and semifinished alloy steel (including stainless).	1,503,307	980,970	.65
60570.....	Total.....	1,871,788	1,496,658	.80

U.S. IMPORTS

(FT 110)	Item	Quantity (pounds)	Value	Average value
604490 through 6133.....	17 commodities (included in this group are cast and forged iron and steel products in various forms and sizes).	237,221	\$109,723	\$0.46

FREIGHT RATES

Same as for Netherlands.

CONCLUSION

Same as for Netherlands.

Trade between United States and Belgium in iron and steel—Pipe: 1962

U.S. IMPORTS

(FT 410)	Item	Quantity (pounds)	Value	Average value
60610 through 61881.	Approximately 15 commodities (9 show statistics for varying kinds of pipe) (total).	592,803	\$339,863	\$0.57

U.S. IMPORTS

(FT 110)	Item	Quantity (pounds)	Value	Average value
6091020 through 6092900.	Approximately 21 commodities (7 show statistics for varying kinds of pipe) (total).	40,093,004	\$2,565,223	\$0.06

FREIGHT RATES

Same as for Netherlands.

CONCLUSION

The American export in this category is over nine times the value of the import item. The two products are entirely different.

Trade between United States and Belgium in iron and steel—Steel plates: 1962

U.S. EXPORTS

(FT 410)	Item	Quantity (pounds)	Value	Average value
60710.....	Plates, carbon steel, not fabricated, except armor.	14,318	\$1,650	\$0.11
60715.....	Plates, alloy steel, except stainless, not fabricated, except armor.	30,095	5,645	.18
60720.....	Plates, stainless steel, not fabricated, except armor.	20,902	12,435	.59
60725.....	Plates, armor, rolled, all steel grades.....			
	Total.....	65,315	19,731	.30

U.S. IMPORTS

(FT 110)	Item	Quantity (pounds)	Value	Average value
6038000 through 6038504, 6056800 through 6056830, 6057200 through 6057605, and 6039700.	Approximately 25 commodities (statistics available for only 10 commodities) (total).	25,884,796	\$1,186,941	\$0.05

FREIGHT RATES

Same as for Netherlands.

CONCLUSION

Outbound rates are generally lower than inbound. The export movement is not substantial but at \$13.25 per ton it is not the freight rate retarding exports.

DISCRIMINATORY FREIGHT RATES

Trade between United States and Belgium in iron and steel—Rolled and finished steel structures: 1962

U.S. EXPORTS

(FT 410)	Item	Quantity (pounds)	Value	Average value
60210 through 60830.....	Approximately 65 commodities (statistics available for only 40) (total).	18, 161, 494	\$3, 547, 832	\$0. 20

U.S. IMPORTS

(FT 110)	Item	Quantity (pounds)	Value	Average value
6005100 through 6111900...	Approximately 130 commodities (statistics available for only 71) (total).	2, 242, 625, 962	\$111, 221, 461	\$0. 05

FREIGHT RATES

Same as for Netherlands.

CONCLUSION

Same as for Netherlands.

Trade between United States and Belgium in iron and steel—Stainless steel bars: 1962

U.S. EXPORTS

(FT 410)	Item	Quantity (pounds)	Value	Average value
60230.....	Bars, stainless steel, hot-rolled.....	5, 826	\$2, 546	\$0. 44
60260.....	Bars, stainless steel, cold-finished.....	108, 710	85, 942	. 79
	Total.....	114, 536	88, 488	. 77

U.S. IMPORTS

(FT 110)	Item	Quantity (pounds)	Value	Average value
6008801.....	Stainless steel bars, over 16 cents per pound.....			
6008811.....	Stainless steel bars, cold-rolled, polished, over 16 cents per pound.			
	Total.....			

FREIGHT RATES

Same as for Netherlands.

CONCLUSION

Same as for Netherlands.

Trade between United States and Belgium in jewelry—Costume: 1962

U.S. EXPORTS

(FT 410)	Item	Quantity	Value	Average value
96215.....	Jewelry, metal, except precious, men's, except rings and watch bands.		\$55, 993	
96235.....	Jewelry, metal, except precious, women's, except rings and watch bands.		8, 060	
96265.....	Rings, watch bands, and miscellaneous jewelry, metal.		27, 666	
96285.....	Jewelry, except metal.....		100	
98409.....	Notions, novelties and specialties NEC and parts.....		166, 590	
	Total.....		258, 409	

Trade between United States and Belgium in jewelry—Costume: 1962—Continued

U.S. IMPORTS

(FT 110)	Item	Quantity	Value	Average value
6845150.....	Finished jewelry, value \$0.20 to \$5, NES.....	210	\$382	\$1.81
6845190.....	Jewelry parts, value \$0.20 to \$5, NES.....	180	293	1.62
6845550.....	Jewelry, value over \$5, NES.....	121	1,504	12.43
6845590.....	Jewelry, parts and unfinished, value over \$5.....			
6850045.....	Watch bracelets and parts, value \$0.20 to \$5.....			
6850055.....	Ladies handbags covered with rinstones, value \$0.20 to \$5.....			
6850065.....	Buckles and collar and cuff buttons, value \$0.20 to \$5.....			
6850090.....	Metal parts including cigarette cases, value \$0.20 to \$5.....			
6850095.....	Metal parts, including cigarette cases, value \$0.20 to \$5.....			
6850145.....	Watch bracelets and parts, value over \$5.....			
6850190.....	Metal articles and parts NES, including cigarette cases, value over \$5.....	192	1,972	10.27
	Total.....	703	4,151	5.90

FREIGHT RATES

Same as for Netherlands.

CONCLUSION

Same as for Netherlands.

Trade between United States and Belgium in lead ingots pigs: 1962

U.S. EXPORTS

(FT 410)	Item	Quantity (pounds)	Value	Average value
65075.....	Lead and lead base alloy plgs, bars, and anodes, except babbitt metal.....			

U.S. IMPORTS

(FT 110)	Item	Quantity (pounds)	Value	Average value
6505000.....	Lead pigs and bars (total).....	3,369,051	\$253,698	\$0.07

FREIGHT RATES

Atlantic/Netherlands.....	\$22.50 per 2,240 lbs.
Gulf/Netherlands.....	\$13.25 per 2,240 lbs.
Pacific/Netherlands.....	\$15 per 2,240 lbs.
Netherlands/Atlantic.....	\$19.25 per 2,204 lbs.
Netherlands/Gulf.....	\$21.25 per 2,204 lbs.
Netherlands/Pacific.....	\$45 per 2,204 lbs.

CONCLUSION

The United States is not a significant exporter of lead products—less than 2,000 tons of this export number moved to the entire world. The Gulf and West Coast rates outbound are lower than inbound because these areas are more favorably located to the sources of supply. Despite import controls the United States purchases over 200,000 tons of the import item from major producing areas around the world, but northern Europe supplies less than 1 percent.

Trade between United States and Belgium in lubricating oils and greases: 1962

U. S. EXPORTS

(FT 410)	Item	Quantity	Value	Average value
		<i>Barrels</i>	<i>Oil</i>	
50325.....	Lubricating, white mineral oil, in containers of 42-gal. capacity or over, except hydraulic.	480	\$12,834	\$26.73
50340.....	Lubricating oil, black oils, except hydraulic.....	6,121	96,128	15.70
50330.....	Lubricating oil, red and pale oils, except hydraulic.....	613,806	5,196,405	8.46
50351.....	Lubricating oil, cylinder, bright stocks, except hydraulic.	81,847	825,364	10.08
50352.....	Lubricating oil, cylinder, steam, refined stocks, except hydraulic.	12,529	151,835	12.11
50380.....	Lubricating oil, insulating or transformer oils, except hydraulic.	9,217	164,097	17.80
50391.....	Lubricating oil, industrial, diesel engineering, including marine.	43,055	535,888	12.44
50392.....	Lubricating oil, industrial, turbine engineering, including marine.	18,360	254,145	13.84
50394.....	Lubricating oil, other industrial engineering, including marine.			
50399.....	Lubricating oil, industrial, NEC.....	737	19,285	26.16
50400.....	Lubricating oil, aviation engineering, including synthetic.	9,158	191,705	20.93
50403.....	Lubricating oil, auto engineering.....	143,644	2,154,209	14.99
50405.....	Lubricating oil, auto gear.....	1,373	45,342	33.02
50407.....	Lubricating oil NEC, including raw, semirefined, stocks or distillates.	2,381	74,596	31.32
	Total.....	942,714	9,721,833	10.31
50410.....	Greases, lubricating, except graphite.....	<i>Pounds</i> 3,600,654	<i>Grease</i> 632,644	.18

U. S. IMPORTS

(FT 110)	Item	Quantity	Value	Average value
		<i>Barrels</i>	<i>Oil</i>	
5075000.....	Lubricating and paraffin oil.....	44	\$2,373	\$53.93
5067800.....	Liquid derivatives of petroleum, NES.....			
5069000.....	Derivatives of petroleum or natural gas, NES.....			
	Total.....	44	2,373	53.93

FREIGHT RATES

Same as for Netherlands.

CONCLUSION

Same as for Netherlands.

Trade between United States and Belgium in meat—Canned: 1962

U. S. EXPORTS

(FT 410)	Item	Quantity (pounds)	Value	Average value
00362.....	Beef and veal, canned.....	900	\$240	\$0.26
00371.....	Fork hams and shoulders, canned.....			
00379.....	Fork, canned, NEC.....	8,977	7,567	.84
00395.....	Baby food, meat or chief value meat, canned.....			
00397.....	Sausage, bologna, and franks, canned.....	1,311	752	.57
00399.....	Meat and meat products, canned.....	1,488	558	.37
	Total.....	12,676	9,117	.719

Trade between United States and Belgium in meat—Canned: 1962—Continued

U.S. IMPORTS

(FT 110)	Item	Quantity (pounds)	Value	Average value
0028000.....	Beef, canned, including corned beef.....	-----	-----	-----
0031800.....	Cooked hams and shoulders, canned.....	-----	-----	-----
0031990.....	Pork, prepared or preserved canned, NES.....	-----	-----	-----
0032900.....	Meats, prepared or preserved, canned, NES.....	-----	-----	-----
	Total.....	-----	-----	-----

FREIGHT RATES

Atlantic/Belgium.....	\$37.25 to \$43.25 per 2,240 lbs.
Gulf/Belgium.....	No commodity rate.
Pacific/Belgium.....	Do.
Belgium/Atlantic.....	\$28.50 per 2,204 lbs. or 1 cbm.
Belgium/Gulf.....	No commodity rate.
Belgium/Pacific.....	\$45 per 2,204 lbs. or 1 cbm.

CONCLUSION

No inbound movement and hardly any outbound. The inbound rate is quite academic under these circumstances; however, please see comment for Netherlands.

Trade between United States and Belgium in metalworking machinery—Lathes: 1962

U.S. EXPORTS

(FT 410)	Item	Quantity (number)	Value	Average value
74003.....	Lathes, engine, bench, and light-duty types.....	-----	-----	-----
74005.....	Lathes, engine, except bench and light-duty types.....	13	\$4, 178	\$321.38
74021.....	Lathes, turret, except vertical automatic chucking and between.....	8	171, 437	21, 429.63
74025.....	Lathes, center single spindle, automatic chucking, and between.....	2	44, 433	22, 216.52
74029.....	Lathes.....	-----	-----	-----
74032.....	-----	1	71, 567	71, 567.00
74035.....	Screw machines, automatic.....	-----	-----	-----
74039.....	Lathes, metalworking, NEC boring and turning mills, vertical.....	1	80, 000	80, 000.00
74045.....	Including vertical turret lathes.....	-----	-----	-----
	Total.....	25	371, 615	14, 864.60

U.S. IMPORTS

(FT 110)	Item	Quantity (number)	Value	Average value
7400565.....	Lathes NES.....	-----	-----	-----
6150630.....	Metalcutting tools containing excess alloys.....	34	\$75, 137	\$2, 239.32
6150694.....	Tools NES for cutting metal.....	-----	8, 874	-----
	Total.....	34	84, 625	2, 239.32

Same as for Netherlands.

FREIGHT RATES

CONCLUSION

The average value of the machines exported under this category is in the neighborhood of \$15,000. This obviously is a considerably different product from that which is imported, the value of which is about \$2,200. Notwithstanding, and except for the Gulf from which very little of this kind of machinery emanates, the rates are almost on a par because this is usually measurement cargo and the inbound rate, restated on a 40-cubic-foot basis, amounts to \$32.50.

DISCRIMINATORY FREIGHT RATES

Trade between United States and Belgium in metalwork machinery—Drills: 1962

U.S. EXPORTS

(FT 410)	Item	Quantity (number)	Value	Average value
74200.....	Drilling machines, vertical, metalworking.....	43	\$20, 716	\$481. 76
74210.....	Drilling machines, radial.....			
74231.....	Drilling machines, unit head or way type, metalworking.....	1	7, 500	7, 500. 00
74234.....	Drilling machines, NEC.....			
	Total.....	44	28, 216	641. 27

U.S. IMPORTS

(FT 110)	Item	Quantity (number)	Value	Average value
7400545.....	Drilling machines.....			
6150620.....	Twist drills containing excess alloys.....			
6150692.....	Twist drills not containing excess alloys.....			
	Total.....			

FREIGHT RATES

Same as for Netherlands.

CONCLUSION

There is no import movement in these categories.

Trade between United States and Belgium in metalworking machinery—Grinders: 1962

U.S. EXPORTS

(FT 410)	Item	Quantity (number)	Value	Average value
74350.....	Grinding machines, surface.....	10	\$188, 302	\$18, 830. 20
74391.....	Grinding machines, external, cylindrical.....	5	378, 341	75, 668. 21
74420.....	Grinding machines, tool and cutter, including universal tool, etc.	16	42, 898	2, 681. 12
74427.....	Sawing and cutoff machines, including contour saw and filing machines.	17	54, 905	3, 229. 70
74429.....	Honing and lapping machines, except gear.....	6	14, 718	2, 453. 00
74435.....	Metal polishing and buffing machines NEC.....	26	136, 037	5, 232. 19
74439.....	Grinding machines, metalworking.....	45	453, 422	10, 076. 04
	Total.....	125	1, 268, 623	10, 148. 98

U.S. IMPORTS

(FT 110)	Item	Quantity (number)	Value	Average value
7400555.....	Grinding machines (total).....	12	\$102	\$8. 50

FREIGHT RATES

Same as for Netherlands.

CONCLUSION

Same as for Netherlands.

DISCRIMINATORY FREIGHT RATES

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Trade between United States and Belgium in oilfield machinery equipment: 1962

U.S. EXPORTS

(FT 410)	Item	Quantity (number)	Value	Average value
73098	Core drills, power augers, and borers and parts, NEC		\$3, 494	
73225	Parts and accessories for rot drill rigs, except core, NEC		31, 443	
73227	Rock drills, pneumatic, mounted or unmounted, except cable and parts NEC		68, 989	
73229	Cable drill rigs and parts NEC		846	
73395	Petroleum and natural gas field producing equipment and parts.		1, 616	
	Total		106, 388	

U.S. IMPORTS

(FT 110)	Item	Quantity (number)	Value	Average value
7800700	Construction and maintenance machinery and parts		\$140, 196	
6150680	Race drill bits containing excess alloys	30	1, 855	\$61 83
7800855	Pump parts NES, nonelectric		2, 439	
7800885	Parts of electric pumps		3, 912	
	Total		148, 402	

FREIGHT RATES

Same as for Netherlands.

CONCLUSION

Same as for Netherlands.

Trade between United States and Belgium in phonographs and parts: 1962

U.S. EXPORTS

(FT 410)	Item	Quantity (number)	Value	Average value
92340	Phonographs, coin-operated, new	2, 873	\$2, 215, 608	\$771. 18
92345	Phonographs, coin-operated, except new	3, 451	1, 102, 550	319. 58
92360	Phonographs, except coin-operated	136	12, 989	95. 51
92390	Phonograph parts, NEC		350, 741	
	Total		3, 681, 888	

U.S. IMPORTS

(FT 110)	Item	Quantity (number)	Value	Average value
7100250	Record players and parts, including changers and turntables.			
9262050	Phonographs, gramophones, and graphophones, NSPF			
9262100	Phonograph needles, etc.			
9262900	Phonograph parts and accessories and similar articles NES.			
	Total			

FREIGHT RATES

Same as for Netherlands.

CONCLUSION

The biggest part of the outbound movement is in the high-value jukebox category and the rate on these is \$15. There are no inbound rates except to the Gulf and its outbound rate is still lower. There is no inbound movement whatsoever.

DISCRIMINATORY FREIGHT RATES

Trade between United States and Belgium in pigments: 1962

U.S. EXPORTS

(FT 410)	Item	Quantity (pounds)	Value	Average value
80591.....	Color lakes and toners, coal, tar, and other cyclic.....	38,167	\$83,207	\$2.18
84010.....	Iron oxide pigments, dry, synthetic and natural.....	62,710	17,845	.28
84110.....	Zinc oxide, pigment.....	91,506	12,671	.13
84190.....	Lampblack, pigment.....	15,800	2,464	.16
84231.....	Carbon black, contract (including channel), pigment.....	2,091,899	251,204	.12
84235.....	Carbon black, furnace, pigment.....	6,797,837	556,748	.08
84265.....	Litharge, red and white lead, dry or in oil, pigment.....	81,772	15,966	.19
84280.....	Titanium dioxide and other titanium, pigments.....	2,425,268	341,465	.14
84290.....	Pigments NEC.....	359,850	89,759	.24
	Total.....	11,964,303	1,371,329	.115

U.S. IMPORTS

(FT 110)	Item	Quantity (pounds)	Value	Average value
8400100 through 8420390.....	29 commodities (included in this group are pigments, colors, oxides, leads) (total).	6,104,980	\$165,356	\$0.027

FREIGHT RATES

Same as for Netherlands.

CONCLUSION

Outbound rates are lower than inbound rates.

Trade between United States and Belgium in plywood: 1962

U.S. EXPORTS

(FT 410)	Item	Quantity (square feet)	Value	Average value
42174.....	Softwood plywood, interior type.....	860,069	\$64,273	\$0.07
42176.....	Softwood plywood, exterior type.....	210,336	24,689	.11
42187.....	Hardwood plywood, including tech type and types I, II, III.			
42190.....	Other plywood and composition boards, veneer; veneer and lumber and other materials.	7,168	2,218	.30
	Total.....	1,113,573	91,180	.08

U.S. IMPORTS

(FT 110)	Item	Quantity (square feet)	Value	Average value
4209100.....				
4209120.....				
4209190.....	Plywood, softwood, NES.....	1,600	\$120	\$0.07
4209300.....				
4209560.....				
4209570.....	Hardwood, plywood, NES.....	1,277,936	170,286	.13
4209580.....				
	Total.....	1,279,536	170,406	.13

FREIGHT RATES

Same as for Netherlands.

CONCLUSION

Same as for Netherlands.

Trade between United States and Belgium in radios and parts: 1962

U.S. EXPORTS

(FT 410)	Item	Quantity (number)	Value	Average value
70807.....	Radios, home type, not incorporating TV.....	244	\$17, 276	\$70. 80
70811.....	Radio receiver chassis, home type, not incorporating TV.....	556	3, 899	7. 01
	Total.....	800	21, 175	26. 47

U.S. IMPORTS

(FT 110)	Item	Quantity (number)	Value	Average value
7100110.....	Portable radios except transistor.....			
7100130.....	Transistor radios.....	200	\$5, 800	\$29. 00
7100150.....	Radios NES.....			
7100170.....	Radio tubes.....	333	411	1. 23
7100190.....	Radio apparatus and parts NES.....		31, 960	
	Total.....		38, 171	

FREIGHT RATES

Same as for Netherlands.

CONCLUSION

Insignificant trade in both directions.

Trade between United States and Belgium in railway cars: 1962

U.S. EXPORTS

(FT 410)	Item	Quantity (number)	Value	Average value
79650.....	Railway cars and troll coaches, etc. (total).....	6	\$15, 000	\$2, 500

U.S. IMPORTS

(FT 110)	Item	Quantity (number)	Value	Average value
7940250.....	Cars and parts, railway.....			

FREIGHT RATES

Same as for Netherlands.

CONCLUSION

On cargo of this size, value, and manufacturing requirements freight rates will play a small part in the transaction but the transportation carriers will negotiate a rate to make the traffic move.

DISCRIMINATORY FREIGHT RATES

Trade between United States and Belgium in railway locomotives: 1962

U.S. EXPORTS

(FT 410)	Item	Quantity	Value	Average value
79605.....	Locomotives, steam, railroad, except switching, new.....	-----	-----	-----
79620.....	Locomotives, straight, electric, railroad, except switching, new.....	-----	-----	-----
79623.....	Locomotives, diesel, electric, railroad, new.....	-----	-----	-----
79625.....	Locomotives, railroad, switching, new.....	-----	-----	-----
79627.....	Locomotives, industrial, including surface mine, except electric, new.....	-----	-----	-----
79630.....	Locomotives, new, NEC, except electric, mining, and industrial.....	-----	-----	-----
79635.....	Locomotives, used and rebuilt, NEC, industrial, except electric, mine.....	-----	-----	-----
	Total.....	-----	-----	-----

U.S. IMPORTS

(FT 110)	Item	Quantity	Value	Average value
7110020.....	Steam locomotives, reciprocating (total).....	-----	\$844	-----

FREIGHT RATES

Same as for Netherlands.

CONCLUSION

Same as for Netherlands.

Trade between United States and Belgium in rubber tires and inner tubes: 1962

U.S. EXPORTS

(FT 410)	Item	Quantity	Value	Average value
20610.....	Tires and casings, truck and bus, pneumatic, new.....	580	\$24,580	\$42.37
20624.....	Tires and casings, passenger car, pneumatic, new.....	8,926	114,632	12.84
20632.....	Tires and casings, offroad, pneumatic, new, except farm tractor and implements.....	1,124	435,120	337.11
20634.....	Tires and casings, farm tractor, pneumatic, new.....	1,838	107,282	58.36
20636.....	Tires and casings, farm implements, pneumatic, new.....	78	1,244	15.94
20638.....	Tires and casings, pneumatic, new, NEC.....	558	11,524	20.65
20658.....	Inner tubes, except aircraft, new or used.....	5,037	42,855	8.50
20662.....	Tires, solid and cushion, truck and industrial.....	561	13,715	29.75
	Total.....	18,602	750,952	40.37

U.S. IMPORTS

(FT 110)	Item	Quantity	Value	Average value
2022020.....	Rubber tires, passenger car and motorcycle, pneumatic, new.....	2,096	\$22,660	\$10.81
2022050.....	Rubber tires, truck and bus, pneumatic, new.....	-----	-----	-----
2022090.....	Rubber tires, truck and bus, car and cycle, NES.....	-----	-----	-----
2022200.....	Rubber tires, bicycle.....	668,760	410,981	.61
2022400.....	Rubber tires, NES.....	-----	-----	-----
2022900.....	Inner tubes, rubber, auto, etc.....	-----	-----	-----
	Total.....	670,856	433,641	.65

Trade between United States and Belgium in rubber tires and inner tubes: 1962—
Continued

FREIGHT RATES

Atlantic/Belgium.....	\$38.75 per 2,240 lbs.
Gulf/Belgium.....	\$77 per 2,240 lbs.
Pacific/Belgium.....	\$105.28 per 2,240 lbs.
Belgium/Atlantic.....	\$22 per 2,204 lbs. or 1 cbm. to \$100 per 2,204 lbs.
Belgium/Gulf.....	\$75 per 2,204 lbs.
Belgium/Pacific.....	\$24 to \$35.50 per 2,204 lbs or 1 cbm.

CONCLUSION

The average values per unit as well as the descriptions make it clear that there is no competitive relationship between the major commodities that move in each direction. The rates must be viewed realistically in the light of the traffic that moves. It should be noted that this is another case where a rate ostensibly higher is actually lower. Since the inbound rate is on weight or measurement and this is measurement cargo at about a 3-to-1 ratio conservatively, the import rate is really three times the basic amount stated or much higher than the outbound rate.

Trade between United States and Belgium in sewing machines: 1962

U.S. EXPORTS

(FT 410)	Item	Quantity	Value	Average value
75515.....	Sewing machines, domestic, including complete head assemblies.	4	\$800	\$200.01
75525.....	Sewing machines, industrial, including complete head assemblies.	7,330	2,242,067	305.87
75517.....	Sewing machine parts, domestic.....		19,513	
75527.....	Sewing machine parts, industrial.....		1,332,733	
	Total.....		3,595,113	

U.S. IMPORTS

(FT 110)	Item	Quantity	Value	Average value
7550100.....	Sewing machines, value less than \$10.....			
7550320.....	Sewing machines, household, value \$10 to \$75.....			
7550350.....	Sewing machines, industrial, value \$10 to \$75.....			
7550520.....	Sewing machines, household, value over \$75.....			
7550550.....	Sewing machines, industrial, value over \$75.....	2	\$420	\$210.02
	Total.....	2	420	210.02

FREIGHT RATES

Same as for Netherlands.

CONCLUSION

Same as for Netherlands except that the import movement is nominal.

DISCRIMINATORY FREIGHT RATES

Trade between United States and Belgium in soda ash: 1962

U.S. EXPORTS

(FT 410)	Item	Quantity (pounds)	Value	Average value
83650.....	Sodium carbonate, calcined (soda ash) (not causticized).....	37,250	\$3,034	\$0.08
83660.....	Soda ash, causticized.....			
	Total.....	37,250	3,034	.08

U.S. IMPORTS

(FT 110)	Item	Quantity (pounds)	Value	Average value
8350230.....	Sodium carbonate, calcined.....			

FREIGHT RATES

Same as for Netherlands.

CONCLUSION

Same as for Netherlands.

Trade between United States and Belgium in sodium cyanide: 1962

U.S. EXPORTS

(FT 410)	Item	Quantity (pounds)	Value	Average value
83690.....	Sodium cyanide (total).....	1,334,617	\$167,433	\$0.12

U.S. IMPORTS

(FT 110)	Item	Quantity (pounds)	Value	Average value
8339000.....	Sodium cyanide (total).....	32,070	\$3,701	\$0.11

FREIGHT RATES

Same as for Netherlands.

CONCLUSION

The United States is not an exporter of this commodity to Europe generally. See additional comment under United Kingdom report. In any event the out-bound freight rates are lower than the inbound rates.

Trade between United States and Belgium in standard newsprint: 1962

U.S. EXPORTS

(FT 410)	Item	Quantity	Value	Average value
48010.....	Paper, newsprint.....			

U.S. IMPORTS

(FT 110)	Item	Quantity	Value	Average value
4711000.....	Standard newsprint paper.....			

FREIGHT RATES

Same as for Netherlands.

CONCLUSION

Same as for Netherlands except absolutely no movement in either direction.

Trade between United States and Belgium in sulfate woodpulp: 1962

U.S. EXPORTS

(FT 410)	Item	Quantity (2,000 lbs.)	Value	Average value
46080.....	Woodpulp sulfate, unbleached.....	49	\$5,000	\$102.04
46102.....	Woodpulp sulfate, semibleached.....	2,766	264,312	95.55
46107.....	Woodpulp sulfate, bleached, paper grades.....	11,232	1,435,293	127.78
	Total.....	14,047	1,704,605	121.350

U.S. IMPORTS

(FT 110)	Item	Quantity (2,000 lbs.)	Value	Average value
4607100.....	Woodpulp sulfate, unbleached.....			
4607500.....	Woodpulp sulfate, semibleached.....			
4908200.....	Woodpulp sulfate, bleached rayon and special grades.....			
4608900.....	Woodpulp sulfate, bleached, other NES.....			
	Total.....			

FREIGHT RATES

Atlantic/Netherlands.....	\$18.50 to \$23.50 per 2,240 lbs.
Gulf/Netherlands.....	\$17.50 to \$44.80 per 2,240 lbs.
Pacific/Netherlands.....	\$20 per 2,240 lbs.
Netherlands/Atlantic.....	NCR.
Netherlands/Gulf.....	\$20.25 to \$25.75 per 2,204 lbs.
Netherlands/Pacific.....	\$24.25 to \$28.25 per 2,204 lbs.

CONCLUSION

There is no inbound movement of this commodity. The outbound rates are lower than the inbound rates. The ranges of rates depend on the compression of the product and the Gulf rates structure is more detailed as the commodity moves out of that region and the South Atlantic rather than the North Atlantic. The rates on this commodity are negotiated with a committee of woodpulp exporters.

Trade between United States and Belgium in textile machines: 1962

U.S. EXPORTS

(FT 410)	Item	Quantity (number)	Value	Average value
75,005 through 75,490.....	18 commodities (included in this group are carding, combing, spinning, twisting, and knitting machines, and parts).		\$2,956,515	

U.S. IMPORTS

(FT 110)	Item	Quantity (number)	Value	Average value
7,495,000 through 7,515,900.	34 commodities (included in this group are carding, spinning, knitting machines and parts).		\$384,572	

FREIGHT RATES

Same as for Netherlands.

CONCLUSION

Same as for Netherlands.

Trade between United States and Belgium in tobacco manufactured: 1962

U.S. EXPORTS

(FT 410)	Item	Quantity		Value	Average value
		Unit	Number		
26200	Cigars and cheroots.....	Thousand	477	\$19,918	\$41.75
26220	Cigarettes.....	do	1,119,962	5,137,011	4.68
26235	Chewing tobacco and snuff.....	Pound	765	648	0.84
26250	Smoking tobacco in packages.....	do	27,860	31,283	1.12
26295	Smoking tobacco in bulk.....	do	194,863	228,586	1.17
	Total.....			5,417,426	

U.S. IMPORTS

(FT 110)	Item	Quantity	Value	Average value
2621000	Cigars and cheroots.....	87,671	\$3,009	\$0.03
2623000	Cigarettes.....	70,000	449	
2629100	Snuff and snuff flour.....			
2629900	Tobacco manufactures.....	100	320	3.20
	Total.....	167,771	3,778	.02

FREIGHT RATES

Same as for Netherlands.

CONCLUSION

Same as for Netherlands.

Trade between United States and Belgium in tools and basic hardware—Handtools: 1962

U.S. EXPORTS

(FT 410)		Quantity	Value	Average value
61534 through 61833	Approximately 35 commodities (31 show statistics in dozens, numbers, pounds, and grams) (total).		\$2,468,668	

U.S. IMPORTS

(FT 110)		Quantity	Value	Average value
6160000 through 6200980	Approximately 58 commodities (12 show statistics in dozens, numbers, pounds, and grams) (total).		\$2,327,033	

FREIGHT RATES

Same as for Netherlands.

CONCLUSION

Same as for Netherlands.

(End of Section C.)

EXHIBIT D—WEST GERMANY

Comparison of the value of U. S. exports¹ and U. S. general imports in trade with West Germany: 1958-62

[In millions of dollars]

	Exports	Imports	Balance
1958.....	739	629	+109
1959.....	749	920	-171
1960.....	1,068	897	+171
1961.....	1,073	856	+217
1962.....	1,076	961	+115
Average.....	941	851	+90
Percent.....		11	

¹ Including reexports.

Source: "U.S. Statistical Abstracts," 1963.

Trade between United States and Germany in autos: 1962

U.S. EXPORTS

(FT 410)	Item	Quantity (number)	Value	Average value
79070.....	Cars and chassis, passenger, new, nonmilitary.....	2,752	\$6,209,499	\$2,256.35
79075.....	Cars and chassis, passenger, used, nonmilitary.....	139	229,180	168.77
	Total.....	2,891	6,438,679	2,227.146

U.S. IMPORTS

(FT 110)	Item	Quantity (number)	Value	Average value
7900500.....	Autos, new, NES.....	235,989	\$248,079,545	\$1,051.23
7900700.....	Autos, used, NES.....	8,285	10,388,209	1,253.88
	Total.....	244,274	258,467,844	1,058.106

FREIGHT RATES

Atlantic/Germany.....	\$16.50 to \$35 per 2,240 lbs or 40 cft.
Gulf/Germany.....	\$20 to \$40.50 per 2,240 lbs. or 40 cft.
Pacific/Germany.....	\$51.25 per 2,240 lbs. or 40 cft.
Germany/Atlantic.....	\$15.75 to \$29 per 2,204 lbs. or 1 cbm.
Germany/Gulf.....	\$14.50 to \$16.50 per 2,204 lbs. or 1 cbm.
Germany/Pacific.....	\$22.75 to \$33 per 2,204 lbs. or 1 cbm.

CONCLUSION

Freight rates are quite comparable in each direction. It should be recalled that automobiles move on a measurement basis and 1 cbm. equals only 35.31 cft. On a comparable unit basis, the lowest outbound rate is actually \$14.48 per 1 cbm or lower than the inbound equivalent. U.S. exports to Germany are limited by protective tariff rates.

DISCRIMINATORY FREIGHT RATES

Trade between United States and Germany in copper sheets: 1962

U.S. EXPORTS

(FT 410)	Item	Quantity	Value	Average value
64230.....	Plates, copper plates, sheet and strip.....	6, 537	\$6, 537	\$0. 88
64500.....	Copper base alloy plates, sheet and strip.....	139, 127	315, 888	2. 27
	Total.....	145, 664	321, 705	2. 21

U.S. IMPORTS

(FT 110)	Item	Quantity	Value	Average value
6420100.....	Copper in rolls and sheets.....	294, 261	\$120, 295	\$0. 04
6458050.....	Brass sheets, plates, and strip.....	3, 547, 740	1, 381, 415	. 38
6458200.....	Muntz sheets, bolts, etc.....	77, 762	30, 922	. 39
6459600.....	Bronze rods and sheets.....	40, 298	17, 185	. 42
	Total.....	3, 960, 061	1, 549, 817	. 39

FREIGHT RATES

Atlantic/Germany.....	\$44.50 per 2,240 lbs.
Gulf/Germany.....	\$55 per 2,240 lbs.
Pacific/Germany.....	\$18 per 2,240 lbs.
Germany/Atlantic.....	\$26.25 per 2,204 lbs.
Germany/Gulf.....	\$32 per 2,204 lbs.
Germany/Pacific.....	\$58 per 2,204 lbs.

CONCLUSION

Same as for Netherlands.

Trade between United States and Germany in copper rods: 1962

U.S. EXPORTS

(FT 410)	Item	Quantity	Value	Average value
64290.....	Copper, semifabricated forms, NEC.....	10, 060	\$8, 111	\$0. 80
64490.....	Copper-base alloy bars, rods, and shapes.....	57, 699	99, 545	1. 72
	Total.....	67, 759	107, 656	1. 59

U.S. IMPORTS

(FT 110)	Item	Quantity	Value	Average value
6420200.....	Copper in rods (total).....	46, 050	\$17, 919	\$0. 38

FREIGHT RATES

Same as for Netherlands.

CONCLUSION

Same as for Netherlands.

Trade between United States and Germany in copper tubes: 1962

U.S. EXPORTS

(FT 410)	Item	Quantity (pounds)	Value	Average value
64220.....	Copper pipe and tubing.....	24, 598	\$21, 274	\$0.86
64530.....	Copper base alloy pipe and tubing.....	37, 639	25, 344	.67
	Total.....	62, 237	46, 618	.75

U.S. IMPORTS

(FT 110)	Item	Quantity (pounds)	Value	Average value
6430040.....	Copper tubes and tubing, seamless (total).....	5, 205, 769	\$2, 840, 906	\$0.54

FREIGHT RATES

Atlantic/Germany.....	\$72 per 2,240 lbs.
Gulf/Germany.....	\$88.48 per 2,240 lbs.
Pacific/Germany.....	NCR.
Germany/Atlantic.....	\$29 per 2,204 lbs.
Germany/Gulf.....	\$32.50 per 2,204 lbs.
Germany/Pacific.....	\$23 to \$40 per 2,204 lbs. or 1 cbm.

CONCLUSION

The low inbound rates reflect the volume of the movement in that direction. If Germany can produce and sell this much to the United States, American producers are already outcompeted in their own market much less in the market from which these quantities originate. The outbound copper rates on items moving to Europe are negotiated with the copper industry since there is intense competition from other foreign sources of supply.

Trade between United States and Germany in copper shapes: 1962

U.S. EXPORTS

(FT 410)	Item	Quantity (pounds)	Value	Average value
64290.....	Copper semifabricated forms NEC.....	10, 080	\$8, 111	\$0.80
64490.....	Copper-base alloy bars, rods, and shapes.....	57, 699	99, 545	1.72
	Total.....	67, 779	107, 656	1.59

U.S. IMPORTS

(FT 110)	Item	Quantity (pounds)	Value	Average value
6420100.....	Copper in rolls and sheets (total).....	294, 261	\$120, 295	\$0.40

FREIGHT RATES

Atlantic/Germany.....	NCR.
Gulf/Germany.....	NCR.
Pacific/Germany.....	NCR.
Germany/Atlantic.....	NCR.
Germany/Gulf.....	NCR.
Germany/Pacific.....	NCR.

CONCLUSION

This is too indefinable a category for rating purposes. See comment under "Copper sheets."

DISCRIMINATORY FREIGHT RATES

Trade between United States and Germany in copper bars: 1962

U.S. EXPORTS

(FT 410)	Item	Quantity (pounds)	Value	Average value
64120.....	Refined copper in cathodes, billets, ingots, etc.....	134,705,689	\$39,662,775	\$0.29
64290.....	Copper, semifabricated forms, NEC.....	10,060	8,111	.80
64490.....	Copper bars, alloy bars, rods, and shapes.....	57,699	99,545	1.72
	Total.....	134,773,448	39,770,431	.29

U.S. IMPORTS

(FT 110)	Item	Quantity (pounds)	Value	Average value
6417100.....	Copper refined in ingots, etc.....			

FREIGHT RATES

Same as for Netherlands.

CONCLUSION

Same as for Netherlands.

*Trade between United States and Germany in electrical goods and supplies—
Electric toasters: 1962*

U.S. EXPORTS

(FT 410)	Item	Quantity (number)	Value	Average value
70736.....	Appliances and utensils, cooking and parts, electric, household, NEC.		\$20,675	
70740.....	Equipment, cooking and food, service, parts, commercial.		35,668	
	Total.....		56,343	

U.S. IMPORTS

(FT 110)	Item	Quantity (number)	Value	Average value
7090510.....	Utensils, electric, household, iron and steel.....	84	\$305	\$363
7090520.....	Utensils, electric, household, aluminum.....			
7090590.....	Utensils, electric, household, NES.....		21,772	
	Total.....		22,782	

FREIGHT RATES

Atlantic/Germany.....	\$21.75 per 2,240 lbs. or 40 cft.
Gulf/Germany.....	NCR.
Pacific/Germany.....	\$48.50 per 2,240 lbs. or 40 cft.
Germany/Atlantic.....	\$74.50 per 2,204 lbs. or 1 cbm.
Germany/Gulf.....	\$82 per 2,204 lbs. or 1 cbm.
Germany/Pacific.....	NCR.

CONCLUSION

Same as for Netherlands.

Trade between United States and Germany in electrical goods and supplies—Batteries:
1962

U.S. EXPORTS

(FT 410)	Item	Quantity (number)	Value	Average value
70130.....	Batteries, storage, 6- and 12-volt, lead-acid.....	377	\$12,105	\$32.10
70140.....	Batteries, storage, NEC, cell.....	1,298	25,761	19.84
70160.....	Batteries, flashlight.....			
70170.....	Batteries, dry multiple cell, except flashlight.....	345,767	104,975	.30
70180.....	Batteries, dry and wet cell, NEC.....	64,991	71,610	1.10
	Total.....	412,433	214,451	.52

U.S. IMPORTS

(FT 110)	Item	Quantity (number)	Value	Average value
7090760.....	Storage batteries and parts, lead-acid.....		\$124,834	
7090780.....	Storage batteries and parts, except lead-acid.....		635,765	
7090810.....	Batteries and parts, except storage.....		23,344	
	Total.....		783,943	

FREIGHT RATES

Atlantic/Germany.....	\$58.50 per 2,240 lbs. or 40 cft.
Gulf/Germany.....	\$71.68 to \$78 per 2,240 lbs. or 40 cft.
Pacific/Germany.....	\$66 to \$74.75 per 2,240 lbs. or 40 cft.
Germany/Atlantic.....	\$22.25 to \$56.50 per 2,204 lbs. or 1 cbm. (valuation scale).
Germany/Gulf.....	NCR.
Germany/Pacific.....	\$65 per 2,204 lbs. or 1 cbm.

CONCLUSION

The inbound North Atlantic rate is based on a scale of values but the lack of quantity data on the import statistics prevents any real analysis of which rate would have been applied.

Trade between United States and Germany in electrical light bulbs: 1962

U.S. EXPORTS

(FT 410)	Item	Quantity (number)	Value	Average value
70630.....	Bulbs (lamps), electric, filament, up to ¾-inch base.....	417,906	\$154,028	\$0.36
70645.....	Bulbs (lamps), electric, filament, over ¾-inch base.....	132,902	67,886	.51
70655.....	Bulbs and tubes (lamps), vapor and nonfilament, NEC.....	178,350	77,036	.43
70659.....	Electric bulbs and tube, parts, NEC.....		39,882	
	Total.....	729,158	338,812	.46

U.S. IMPORTS

(FT 110)	Item	Quantity (number)	Value	Average value
7062000.....	Lamps, electric, without filament.....	31,873	\$137,925	\$4.32
7063200.....	Lamps, electric, carbon filament, incandescent.....	106,524	11,053	.10
7064300.....	Lamps, electric, metal filament, miniature Christmas tree.....	525,000	16,565	.03
7064950.....	Lamps, electric, NES.....	2,391,462	325,292	.13
	Total.....	3,054,859	490,835	.16

Trade between United States and Germany in electrical light bulbs: 1962—Con.

FREIGHT RATES

Atlantic/Germany	\$16.50 per 2,240 lbs. or 40 cft.
Gulf/Germany	\$31.25 per 2,240 lbs. or 40 cft.
Pacific/Germany	\$66 per 2,240 lbs. or 40 cft.
Germany/Atlantic	\$23.50 per 2,204 lbs. or 1 cbm.
Germany/Gulf	\$29.25 per 2,204 lbs. or 1 cbm.
Germany/Pacific	\$53 per 2,204 lbs. or 1 cbm.

CONCLUSION

On each coast except the Pacific the outbound rate is lower than the inbound rate. It is impossible to tell whether any of this movement was through the Pacific gateways. In any event there is obviously no comparison between the products as the average value per unit on export is almost three times that of the import commodity.

Trade between United States and Germany in electric motors: 1962

U.S. EXPORTS

(FT 410)	Item	Quantity (number)	Value	Average value
70400	Motors, electric, NEC, $\frac{1}{8}$ hp. and under	20,051	\$358,686	\$17.88
70410	Motors, electric, $\frac{1}{4}$ to 1 hp., NEC	1,825	141,634	77.60
70415	Motors, electric, 1 to 20 hp., NEC	553	101,190	182.98
70425	Motors, electric, 20 to 200 hp., NEC	24	99,772	4,157.16
70430	Motors, electric, NEC, over 200 hp.	1	1,175	1,175.00
70433	Parts, motors, electric, NEC., propulsion, etc., parts, NES, for railway transportation vehicles.		68,288	
	Total		770,745	

U.S. IMPORTS

(FT 110)	Item	Quantity (number)	Value	Average value
7090340	Motors, not over $\frac{1}{10}$ hp.	43,184	\$207,939	\$4.81
7090350	Motors, $\frac{1}{10}$ to 1 hp.	7,582	38,825	5.12
7090370	Motors, 1 to 20 hp.	1,354	135,679	100.20
7090380	Motors, 20 to 200 hp.	295	82,834	280.79
7090390	Motors over 200 hp.	3	2,527	842.35
	Total	52,418	467,804	8.92

FREIGHT RATES

Atlantic/Germany	\$63 per 2,240 lbs. or 40 cft.
Gulf/Germany	\$70.25 per 2,240 lbs. or 40 cft.
Pacific/Germany	NCR.
Germany/Atlantic	\$28.75 per 2,204 lbs. or 1 cbm.
Germany/Gulf	\$40 per 2,204 lbs. or 1 cbm.
Germany/Pacific	\$63 per 2,204 lbs. or 1 cbm.

CONCLUSION

Even if one compares only the classifications of motors of 1 horsepower or less (which in both the export and import classifications accounts for in the neighborhood of 50 to 70 percent of the total values moving), the fact remains that the export item is worth about \$4.80. This is about a 5-to-1 ratio in value and implies a very considerable difference in the commodity notwithstanding the supposed similarity of the descriptions.

Trade between United States and Germany in electric machinery—High pressure boilers: 1962

U.S. EXPORTS

(FT 410)	Item	Quantity (square feet)	Value	Average value
71320.....	Boilers, power, fire-tube.....	5,854	\$41,840	\$7.14
71330.....	Boilers, power, water-tube.....		300,963	
	Total.....	5,854	342,803	

U.S. IMPORTS

(FT 110)	Item	Quantity (square feet)	Value	Average value
7100500.....	Steam boilers, electric, operating with water under pressure (total).		\$7,486	

FREIGHT RATES

Atlantic/Germany.....	\$43.50 per 2,240 lbs. or 40 cft.
Gulf/Germany.....	\$52 per 2,240 lbs. or 40 cft.
Pacific/Germany.....	\$66 per 2,240 lbs. or 40 cft.
Germany/Atlantic.....	NCR.
Germany/Gulf.....	NCR.
Germany/Pacific.....	NCR.

CONCLUSION

There are no specific inbound rates, nor any appreciable movement of the commodity in question inbound.

Trade between United States and Germany in electric machinery—Industrial controls: 1962

U.S. EXPORTS

(FT 410)	Item	Quantity	Value	Average value
70490.....	Pilot circuit devices and special fabric NES, parts.....		\$173,353	
70498.....	Accessory equipment NEC, industrial motor controls.....		14,059	
76650.....	Electronic industrial processing control systems.....		6,613	
76670.....	Industrial indicating record, etc., instruments and parts NEC.		2,530,280	
76680.....	Indicating (measuring), recording and controlling instruments and parts NEC.		998,742	
	Total.....		3,723,047	

U.S. IMPORTS

(FT 110)	Item	Quantity	Value	Average value
7070700.....	Testing, recording, etc., instruments, electric element or device.		\$1,339,094	
709002S.....	Articles NES for controlling or rectifying, etc., electric energy.			
7100970.....	Articles and parts having electric element or device.....		9,995,707	
	Total.....		11,334,801	

FREIGHT RATES

Atlantic/Germany.....	\$43.50 per 2,240 lbs or 40 cft.
Gulf/Germany.....	\$78 per 2,240 lbs. or 40 cft.
Pacific/Germany.....	NCR.
Germany/Atlantic.....	\$66 to \$103 per 2,204 lbs. or 1 cbm.
Germany/Gulf.....	\$127.50 per 2,204 lbs. or 1 cbm. or 1.75 percent ad valorem.
Germany/Pacific.....	NCR.

CONCLUSION

Same as for Netherlands.

Trade between United States and Germany in electronics—EDP computers: 1962

U.S. EXPORTS

(FT 410)	Item	Quantity	Value	Average value
77626.....	Electronic computers, related information processing machines and accessories, NEC.		\$17,936,125	
77628.....	Parts NEC and tape for electronic computers, etc., and accessories, NEC.		9,059,002	
	Total.....		26,995,127	

U.S. IMPORTS

(FT 110)	Item	Quantity	Value	Average value
7786820.....	Electronic computers, etc., and parts, including punch-card tape, etc. (total).		\$1,426,808	

FREIGHT RATES

Atlantic/Germany.....	\$63 per 2,240 lbs. or 40 cft.
Gulf/Germany.....	NCR.
Pacific/Germany.....	NCR.
Germany/Atlantic.....	NCR.
Germany/Gulf.....	NCR.
Germany/Pacific.....	NCR.

CONCLUSION

There are no specific inbound rates. The imports shown under No. 7786820 are more likely accessories or tape than computers. There has been little, if any, penetration of the U.S. market by foreign computer manufacturers. So far as increasing exports is concerned, it is significant that U.S. manufacturers have set up plants in Europe to escape tariff barriers and to benefit from cheaper production costs.

Trade between United States and Germany in fountain pens: 1962

U.S. EXPORTS

(FT 410)	Item	Quantity (dozen)	Value	Average value
93110.....	Fountain pens (total).....	1,731	\$22,825	\$13.18

U.S. IMPORTS

(FT 110)	Item	Quantity (number)	Value	Average value
9790550.....	Fountain and stylographic pens (total).....	895,642	\$369,957	1 \$0.41

\$4.956 per dozen.

FREIGHT RATES

Atlantic/Germany.....	\$87.25 per 2,240 lbs. or 40 cft.
Gulf/Germany.....	\$106 per 2,240 lbs. or 40 cft.
Pacific/Germany.....	\$66 per 2,240 lbs. or 40 cft.
Germany/Atlantic.....	NCR.
Germany/Gulf.....	\$83 to \$127.50 per 2,204 lbs. or 1 cbm. or 1.70 percent ad valorem.
Germany/Pacific.....	\$89 per 2,204 lbs. or 1 cbm.

CONCLUSION

Inbound rates are lower than outbound except in the case of the Pacific coast and, based on the extremely small movement, it is not likely that this commodity moves to or from that area. The average value of the outbound category is about 2½ percent greater than the import item.

Trade between United States and Germany in fruit juices—Canned or frozen concentrated: 1962

U.S. EXPORTS

(FT 410)	Item	Quantity (gallons)	Value	Average value
13502.....	Pineapple juice (including reconstituted and concentrated).	293,140	\$156,757	\$0.53
13510.....	Grapefruit juice, single strength (including reconstituted).	1,042,022	544,570	.52
13515.....	Grapefruit juice, concentrated, can.....	12,099	27,652	2.28
13520.....	Grapefruit juice, concentrated, frozen.....	73,890	212,675	2.87
13525.....	Orange juice, single strength (including reconstituted).....	834,528	597,074	.71
13530.....	Orange juice, concentrated, can.....	159,250	564,131	3.54
13535.....	Orange juice, concentrated, frozen.....	778,086	2,389,502	3.07
13540.....	Pear juice and nectar (including reconstituted and concentrated).	750	802	1.06
13545.....	Peach juice and nectar (including reconstituted and concentrated).	2,140	1,960	.91
13550.....	Citrus juices, blended (including reconstituted and concentrated).	38,083	20,334	.53
13555.....	Fruit juices (including reconstituted and concentrated).....	938,679	1,607,187	1.71
	Total.....	4,172,667	6,122,644	1.47

U.S. IMPORTS

(FT 110)	Item	Quantity (gallons)	Value	Average value
1770110.....	Lime juice containing under ½ percent alcohol.....			
1770190.....	Citrus juice NES containing under ½ percent alcohol.....	335	\$1,101	\$3.28
1779309.....	Cherry juice, et cetera, containing under ½ percent alcohol.	16,700	65,810	3.94
1779310.....	Cherry juice, et cetera, containing more than ½ percent alcohol.			
1770460.....	Grape juice, et cetera.....	8,700	17,482	2.00
1770500.....	Cider, apple.....			
	Total.....	25,735	84,393	3.28

FREIGHT RATES

Atlantic/Germany.....	\$38.00 per 2,240 lbs.
Gulf/Germany.....	\$41.44 to \$48.60 per 2,240 lbs.
Pacific/Germany.....	\$39.20 to \$99.68 per 2,240 lbs.
Germany/Atlantic.....	\$24.75 per 2,204 lbs. NCR (frozen).
Germany/Gulf.....	\$22 per 2,204 lbs. NCR (frozen).
Germany/Pacific.....	\$99.68 per 2,204 lbs. to \$104 per 2,204 lbs. or 1 cbm.

CONCLUSION

Same as for Netherlands.

Trade between United States and Germany in fruits and preparations—Canned:
1962

U.S. EXPORTS

(FT 410)	Item	Quantity (pounds)	Value	Average value
13320	Grapefruit, canned	22,800	\$3,111	\$0.13
13350	Apples and applesauce, canned	12,950	1,652	.12
13400	Apricots, canned	1,870,571	250,349	.13
13410	Cherries, canned	3,120,674	416,187	.13
13420	Prunes and plums, canned	2,350	334	.14
13430	Peaches, canned	125,987,304	12,337,680	.09
13440	Pears, canned	369,627	54,212	.14
13450	Pineapples, canned	39,551,262	5,440,345	.13
13460	Fruit cocktail, canned	10,619,486	1,467,651	.13
13478	Baby food fruits, strained or chopped			
13479	Fruits, canned, NEC	85,916	18,887	.21
13490	Preserves, jellies, jams, and fruit butters	80,661	22,310	.27
13560	Fruit preparations NEC		527,041	
	Total	181,723,601	20,539,759	.11

U.S. IMPORTS

(FT 110)	Item	Quantity (pounds)	Value	Average value
1309050	Pineapples, canned			
1317000	Cherries, maraschino, candied	6,000	\$1,635	\$0.27
1327000	Citrons or peel, candied or otherwise prepared			
1329300	Quince jelly, jam, etc.	1,428	476	.33
1329420	Currant and berry jelly, jam, etc., NES	60,868	14,074	.23
1329500	Jellies, jams, etc., NES	80,329	19,654	.24
1330230	Berries, other prepared, NES	12,932	4,829	.37
1330550	Prunes, prunelles, plums, prepared, NSPF	6,631	1,936	.29
1330740	Lemon peel, candied, etc.	1,681	484	.28
1330990	Fruit mixtures, prepared		581	
	Total	169,869	43,669	.25

FREIGHT RATES

Atlantic/Germany	\$38 per 2,240 lbs.
Gulf/Germany	\$26.88 to \$76.16 per 2,240 lbs.
Pacific/Germany	\$39.20 per 2,240 lbs.
Germany/Atlantic	\$41.50 per 2,204 lbs.
Germany/Gulf	\$27.50 to \$66 per 2,204 lbs.
Germany/Pacific	\$70 per 2,204 lbs.

CONCLUSION

Imports are insignificant as compared with exports which move in very large quantities at lower freight rates.

Trade between United States and Germany in glass, flat—Window: 1962

U.S. EXPORTS

(FT 410)	Item	Quantity (square feet)	Value	Average value
52121	Glass, plate, except color and laminated	2,567	\$1,791	\$0.69
52151	Glass, sheet and window, except color and laminated	709	300	.42
52170	Glass, laminated and manufacturer's, except ophthalmic		156,001	
52180	Glass, rolled, except colored	10,800	6,267	.58
52201	Glass, colored, except laminated		22,878	
52309	Glass, flat and products, NEC		43,750	
	Total		230,987	

Trade between United States and Germany in glass, flat—Window: 1962—Con.

U.S. IMPORTS

(FT 110)	Item	Quantity (square feet)	Value	Average value
5200300 through 5250300.	180 commodities included in this group are glass sheets of all sizes, glass plates of all sizes (total).	-----	\$6, 586, 108	-----

FREIGHT RATES

Atlantic/Germany	\$39 per 2,240 lbs.
Gulf/Germany	\$52.64 per 2,240 lbs.
Pacific/Germany	\$66 per 2,240 lbs. or 40 cft.
Germany/Atlantic	\$19 to \$21.50 per 2,204 lbs.
Germany/Gulf	\$19 per 2,204 lbs.
Germany/Pacific	\$25 to \$39.50 per 2,204 lbs.

CONCLUSION

Same as for Netherlands.

Trade between United States and Germany in hardwood lumber—Walnut logs: 1962

U.S. EXPORTS

(FT 410)	Item	Quantity (thousand board feet)	Value	Average value
40978.....	Walnut lumber, except Australian, Queensland, and satin, and except floor and small dimension.	6	\$2, 519	\$419. 84
40989.....	Hardwood lumber NEC, except flooring and small dimension stock.	193	32, 665	169. 24
41320.....	Hardwood flooring, except oak			
40040.....	Walnut logs, bolts, and hewn lumber	3, 888	4, 101, 074	1, 054. 80
	Total	4, 087	4, 136, 258	1, 643. 88

U.S. IMPORTS

(FT 110)	Item	Quantity (thousand board feet)	Value	Average value
4204900.....	Other hardwood lumber, sawed, planed, etc. (total) NSPF.	5	\$1, 978	\$395. 61

FREIGHT RATES

Atlantic/Netherlands	\$23.50 to \$25.75 per 2,240 lbs.
Gulf/Netherlands	\$23.52 per 2,240 lbs.
Pacific/Netherlands	\$48.16 to \$69 per 2,240 lbs.
Netherlands/Atlantic	\$33.50 per 2,204 lbs.
Netherlands/Gulf	\$40.50 per 2,204 lbs.
Netherlands/Pacific	\$65 per 2,204 lbs.

CONCLUSION

Outbound rates are lower than inbound. The import movement is insignificant.

DISCRIMINATORY FREIGHT RATES

Trade between United States and Germany in household appliances—Refrigerators and parts: 1962

U.S. EXPORTS

(FT 410)	Item	Quantity (number)	Value	Average value
70580.....	Refrigerators, electric, household.....	674	\$102,098	\$156.48
70585.....	Freezers, electric, farm and home types.....	256	49,012	191.45
70590.....	Refrigeration systems, mechanical, for household refrigerators and freezers.....	25	2,358	94.32
70595.....	Parts necessary for electric household refrigerators and farm and home freezers.....		171,873	
98415.....	Refrigerators and freezers, mechanical, farm and home, except electric.....			
98420.....	Refrigerators, ice, household and commercial.....	7	1,068	152.57
98429.....	Refrigerators and freezer parts, household farm, home, mechanical, except electric.....		3,406	
	Total.....		329,815	

U.S. IMPORTS

(FT 110)	Item	Quantity (number)	Value	Average value
7070050.....	Refrigerators and parts, nonelectric.....		\$449,411	
7070100.....	Refrigerators, refrigeration machinery, and parts, household, electric.....		703,922	
7070200.....	Refrigerators, refrigeration machinery, and parts, NES, electric.....		75,161	
	Total.....		1,228,494	

FREIGHT RATES

Atlantic/Germany.....	\$17 per 2,240 lbs. or 40 cft.
Gulf/Germany.....	\$21.75 per 2,240 lbs. or 40 cft.
Pacific/Germany.....	\$48.50 per 2,240 lbs. or 40 cft.
Germany/Atlantic.....	\$24.25 to \$44.50 per 2,204 lbs. or 1 cbm.
Germany/Gulf.....	\$30.50 per 2,204 lbs. or 1 cbm.
Germany/Pacific.....	\$31 to \$37 per 2,204 lbs. or 1 cbm.

CONCLUSION

Outward rates are lower than inward and since there are no average value figures on the imports, it is hard to tell whether these are competitive items.

Trade between United States and Germany in household appliances—Vacuum cleaners and parts: 1962

U.S. EXPORTS

(FT 410)	Item	Quantity (number)	Value	Average value
70691.....	Vacuum cleaners, electric, household.....	118	\$4,692	\$39.76
70693.....	Vacuum cleaner parts, electric, household.....		2,153	
	Total.....		6,845	

U.S. IMPORTS

(FT 110)	Item	Quantity (number)	Value	Average value
7069010.....	Vacuum cleaners, electric, including household.....	7,321	\$200,329	\$27.36
7069100.....	Parts of electric vacuum cleaners, including motors.....		32,992	
	Total.....		233,321	

DISCRIMINATORY FREIGHT RATES

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Trade between United States and Germany in household appliances—Vacuum cleaners and parts: 1962—Continued

FREIGHT RATES

Atlantic/Germany	\$30 per 2,240 lbs. or 40 cft.
Gulf/Germany	\$64 per 40 cft.
Pacific/Germany	\$48.50 per 2,240 lbs. or 40 cft.
Germany/Atlantic	NCR.
Germany/Gulf	\$35 per 2,204 lbs. or 1 cbm.
Germany/Pacific	\$51 to \$92 per 2,204 lbs. or 1 cbm.

CONCLUSION

Same as for Netherlands.

Trade between United States and Germany in household appliances—Gas stoves and parts: 1962

U.S. EXPORT

(FT 410)	Item	Quantity (number)	Value	Average value
61423	Stoves and ranges, gas, domestic, cooking	4	\$1,008	\$252.01
61435	Stoves and space heaters, gas, domestic, hearing	25	2,051	82.04
61469	Parts NEC for nonelectric domestic cooking and heating stoves and water heaters.		127,111	
	Total		130,170	

U.S. IMPORTS

(FT 110)	Item	Quantity (number)	Value	Average value
6200900	Stoves, kerosene or gas, compressed air			
6200910	Stoves, kerosene, gas, compressed air, portable, and parts, NES.			
6200920	Stoves, heating and cooking, NSPF		\$7,144	
	Total		7,144	

FREIGHT RATES

Atlantic/Germany	\$24 per 2,240 lbs. or 40 cft.
Gulf/Germany	\$38.25 per 2,240 lbs. or 40 cft.
Pacific/Germany	\$48.50 per 2,240 lbs. or 40 cft.
Germany/Atlantic	\$36 per 2,204 lbs or 1 cbm.
Germany/Gulf	\$42 per 2,204 lbs. or 1 cbm.
Germany/Pacific	\$49 per 2,204 lbs. or 1 cbm.

CONCLUSION

Same as for Netherlands.

Trade between United States and Germany in household furnaces, heaters, and parts: 1962

U.S. EXPORTS

(FT 410)	Item	Quantity (number)	Value	Average value
70738	Appliances, heating and parts, electric, household, NEC.		\$35,668	
61435	Stoves and space heaters, gas, domestic heating	25	2,051	\$82.04
61437	Stoves and space heaters, kerosene, domestic heating	35	1,618	46.00
61439	Stoves and space heaters, except electric, domestic heating.	240	10,003	41.67
61481	Boilers, warm air furnaces, radiators and parts, central heating.		344,418	
61501	Oil burners, domestic central heating	1,384	133,157	96.21
61511	Oil burners, industrial central heating	183	99,055	541.28
61522	Parts NEC for domestic and industrial central heaters, oil burners.		607,608	
61529	Heating equipment and parts NEC		15,938	
	Total		1,249,416	

DISCRIMINATORY FREIGHT RATES

Trade between United States and Germany in household furnaces, heaters, and parts: 1962—Continued

U.S. IMPORTS

(FT 110)	Item	Quantity (number)	Value	Average value
7090880.....	Electric furnaces, heaters, ovens, and parts.....		\$135,386	
6200920.....	Stoves, heating and cooking, NSPF.....		7,144	
	Total.....		142,530	

FREIGHT RATES

Atlantic/Germany.....	\$22 to \$24 per 2,240 lbs. or 40 cft.
Gulf/Germany.....	NCR.
Pacific/Germany.....	\$48.50 per 2,240 lbs. or 40 cft.
Germany/Atlantic.....	\$20 to \$74.50 per 2,240 lbs. or 1 cbm. and \$80 per 2,204 lbs.
Germany/Gulf.....	NCR.
Germany/Pacific.....	\$42 to \$67 per 2,240 lbs. or 1 cbm.

CONCLUSIONS

Outward rates are lower than inward. No significant import movement in this category.

Trade between United States and Germany in castings and forgings: 1962

U.S. EXPORTS

(FT 410)	Item	Quantity (pounds)	Value	Average value
61000.....	Ingot holds and access, iron and steel.....			
61010.....	Castings, gray, iron, including semisteel.....	123,709	\$47,758	\$0.38
61020.....	Castings, malleable iron.....	1,884	2,459	1.30
61041.....	Castings, carbon steel.....	266,623	33,514	.12
61050.....	Castings, alloy steel except stainless.....	1,812	2,694	1.48
61055.....	Castings, stainless steel.....	1,482	3,040	2.05
61060.....	Forgings, rough and semifinished carbon steel.....	70,928	62,131	.87
61065.....	Forgings, rough and semifinished alloy steel (including stainless).....	25,891	10,288	.39
60570.....	Total.....	492,329	151,884	.33

U.S. IMPORTS

(FT 110)	Item	Quantity (pounds)	Value	Average value
6044800 through 6133900..	17 commodities, (included in this group are cast and forged iron and steel products in various forms and sizes (total).)	732,050	\$99,946	\$0.14

FREIGHT RATES

Atlantic/Germany.....	\$40 per 2,240 lbs. or 40 cft.
Gulf/Germany.....	\$44.25 to \$78 per 2,240 lbs. or 40 cft.
Pacific/Germany.....	\$45 per 2,240 lbs. or 40 cft.
Germany/Atlantic.....	\$29.25 to \$36 per 2,204 lbs.
Germany/Gulf.....	\$34 to \$49 per 2,204 lbs.
Germany/Pacific.....	\$21.75 per 2,204 lbs.

CONCLUSION

The outbound product is worth about 2½ times the inward commodity.

Trade between United States and Germany in iron and steel—Pipes: 1962

U.S. EXPORTS

(FT 410)	Item	Quantity (pounds)	Value	Average value
60610 through 61881.....	Approximately 15 commodities (9 show statistics for varying kinds of pipe) (total).	217, 371	\$224, 347	\$1.03

U.S. IMPORTS

(FT 110)	Item	Quantity (pounds)	Value	Average value
6091020 through 6092900....	Approximately 21 commodities (16 show statistics for varying kinds of pipe) (total).	138, 518, 780	\$10, 095, 442	\$0.07

FREIGHT RATES

Atlantic/Germany.....	\$38.25 per 2,240 lbs.
Gulf/Germany.....	\$42.25 per 2,240 lbs.
Pacific/Germany.....	\$37.50 per 2,240 lbs. or 40 cft.
Germany/Atlantic.....	\$20.75 per 2,204 lbs.
Germany/Gulf.....	\$14 to \$15 per 2,204 lbs.
Germany/Pacific.....	\$21.75 to \$23 per 2,204 lbs.

CONCLUSION

The American export in this category is over 14 times the value of the import item. The two products are entirely different.

Trade between United States and Germany in iron and steel—Steelplate: 1962

U.S. EXPORTS

(FT 410)	Item	Quantity (pounds)	Value	Average value
60710.....	Plates, carbon steel, not fabricated, except armor.....	5, 505, 000	\$272, 609	\$0.04
60715.....	Plates, alloy steel (except stainless) not fabricated, except armor.	265, 153	37, 973	.14
60720.....	Plates, stainless steel, not fabricated, except armor.....	4, 608	3, 615	.78
60725.....	Plates, armor, rolled, all steel grades.....	646, 767	192, 690	.29
	Total.....	6, 421, 528	506, 887	.08

U.S. IMPORTS

(FT 110)	Item	Quantity (pounds)	Value	Average value
5056800 to 5056802, 6038000 to 6038504, 6057200 to 6057605, and 6039700.	Approximately 23 commodities (statistics available for only 16 commodities) (total).	49, 384, 691	\$2, 801, 494	\$0.06

FREIGHT RATES

Atlantic/Germany.....	\$13.25 per 2,240 lbs.
Gulf/Germany.....	\$16 per 2,240 lbs.
Pacific/Germany.....	\$33 per 2,240 lbs. or 40 cft.
Germany/Atlantic.....	\$18.75 to \$29.25 per 2,204 lbs.
Germany/Gulf.....	\$14 per 2,204 lbs.
Germany/Pacific.....	\$31.50 to \$34 per 2,204 lbs.

CONCLUSION

Same as for Belgium.

DISCRIMINATORY FREIGHT RATES

Trade between United States and Germany, iron and steel—Rolled and finished—
Steel structurals: 1962

U.S. EXPORTS

(FT 410)	Item	Quantity (pounds)	Value	Average value
60210 through 60830-----	Approximately 51 commodities (statistics available for only 38) (total).	123,929,923	\$14,248,983	\$0.12

U.S. IMPORTS

(FT 110)	Item	Quantity (pounds)	Value	Average value
6005100 through 6111900...	Approximately 190 commodities (statistics available for only 81) (total).	376,030,268	\$26,031,862	\$0.07

FREIGHT RATES

Atlantic/Germany-----	\$13.25 to \$28.50 per 2,240 lbs.
Gulf/Germany-----	\$31.25 to \$35.25 per 2,240 lbs.
Pacific/Germany-----	\$34.50 to \$34.85 per 2,240 lbs. or 40 cft.
Germany/Atlantic-----	\$17.75 to \$28.25 per 2,204 lbs. or 1 cbm.
Germany/Gulf-----	\$14 to \$36.50 per 2,204 lbs.
Germany/Pacific-----	\$40.50 to \$53 per 2,204 lbs. or 1 cbm.

CONCLUSION

Same as for Netherlands.

Trade between United States and Germany in iron and steel—Stainless steel bars:
1962

U.S. EXPORTS

(FT 410)	Item	Quantity	Value	Average value
60230-----	Bars, stainless steel, hot-rolled-----	835,658	\$263,616	\$0.32
60260-----	Bars, stainless steel, cold-finished-----	61,876	31,000	.50
	Total-----	897,534	294,616	.33

U.S. IMPORTS

(FT 110)	Item	Quantity	Value	Average value
6008801-----	Stainless steel bars, over 16 cents per pound-----			
6008811-----	Stainless steel bars, cold-rolled, polished, over 16 cents per pound.			
	Total-----			

FREIGHT RATES

Atlantic/Germany-----	\$16.25 per 2,240 lbs.
Gulf/Germany-----	\$38.75 per 2,240 lbs.
Pacific/Germany-----	\$34.85 per 2,240 lbs. or 40 cft.
Germany/Atlantic-----	NCR.
Germany/Gulf-----	\$36.50 per 2,204 lbs.
Germany/Pacific-----	\$40.50 per 2,204 lbs.

CONCLUSION

Same as for Netherlands.

Trade between United States and Germany in jewelry—Costume: 1962

U.S. EXPORTS

(FT 410)	Item	Quantity	Value	Average value
96215.....	Jewelry, metal, except precious, men's, except rings and watch bands.		\$28, 792	
96235.....	Jewelry, metal, except precious, women's, except rings and watch bands.		17, 983	
96265.....	Rings, watch bands, and miscellaneous jewelry, metal.		211, 094	
96285.....	Jewelry, except metal.		13, 680	
98409.....	Notions, novelties, and specialties and parts, NEC.		373, 462	
	Total.....		645, 011	

U.S. IMPORTS

(FT 110)	Item	Quantity	Value	Average value
6845150.....	Finished jewelry, value \$0.20 to \$5, NES.....	1, 539, 264	\$2, 876, 069	\$1. 86
6845190.....	Jewelry parts, value \$0.20 to \$5, NES.....	165, 569	58, 305	. 35
6845550.....	Jewelry, value over \$5, NES.....	78, 181	607, 684	7. 77
6845590.....	Jewelry, parts and unfinished, value over \$5.....	635	5, 604	8. 82
6850045.....	Watch bracelets and parts, value \$0.20 to \$5.....	4, 658	14, 836	3. 18
6850055.....	Ladies handbags, covered, rhinestones, value \$0.20 to \$5.....	12	744	62. 00
6850065.....	Buckles and collar and cuff buttons, value \$0.20 to \$5.....	22, 151	8, 833	. 39
6850090.....	Metal parts, including cigarette cases, value \$0.20 to \$5.....	89, 974	181, 009	2. 01
6850095.....	Metal parts, including cigarette cases, value \$0.20 to \$5.....	10, 355	21, 558	2. 08
6850145.....	Watch bracelets and parts, value over \$5.....	3, 804	50, 844	13. 36
6850190.....	Metal articles and parts, NES, including cigarette cases, value over \$5.....	10, 369	131, 083	12. 64
	Total.....	1, 924, 972	3, 956, 569	2. 05

FREIGHT RATES

Atlantic/Germany.....	\$63 per 2,240 lbs. or 40 cft. or 4½ percent ad valorem.
Gulf/Germany.....	\$196 per 40 cft. or 5½ percent ad valorem.
Pacific/Germany.....	NCR.
Germany/Atlantic.....	\$18 to \$92 per 2,204 lbs. or 1 cm. or 4½ percent ad valorem.
Germany/Gulf.....	\$17.24 to \$162.50 per 2,204 lbs or 1 cm. or 1¼ percent ad valorem.
Germany/Pacific.....	\$34.50 to \$193 per 2,204 lbs. or 1 cm.

CONCLUSION

Same as for Netherlands.

Trade between United States and Germany in lead ingots, pigs: 1962

U.S. EXPORTS

(FT 410)	Item	Quantity (pounds)	Value	Average value
65075.....	Lead and lead base alloy pigs, bars and anodes, except babbit metal.			

U.S. IMPORTS

(FT 110)	Item	Quantity (pounds)	Value	Average value
6505000.....	Lead pigs and bars.....	1, 227, 984	\$85, 826	\$0. 07

Trade between United States and Germany in lead ingots, pigs: 1962—Continued

FREIGHT RATES

Atlantic/Netherlands.....	\$22.50 per 2,240 lbs.
Gulf/Netherlands.....	\$13.25 per 2,240 lbs.
Pacific/Netherlands.....	\$15 per 2,240 lbs.
Netherlands/Atlantic.....	\$19.25 per 2,204 lbs.
Netherlands/Gulf.....	\$21.25 per 2,204 lbs.
Netherlands/Pacific.....	\$45 per 2,204 lbs.

CONCLUSION

The United States is not a significant exporter of lead products—less than 2,000 tons of this export number moved to the entire world. The Gulf and West Coast rates outbound are lower than inbound because these areas are more favorably located to the sources of supply. Despite import controls the United States purchases over 200,000 tons of the import item from major producing areas around the world, but Northern Europe supplies less than 1 percent.

Trade between United States and Germany in lubricating oils and grease: 1962

U.S. EXPORTS

(FT 410)	Item	Quantity	Value	Average value
		<i>Barrels</i>	<i>Oil</i>	
50325.....	Lubricating white mineral oil, in containers of 42-gallon capacity or over, except hydraulic.	337	\$9,628	\$28.56
50340.....	Lubricating oil, black oils, except hydraulic.....	79	2,243	28.39
50330.....	Lubricating oil, red and pale oils, except hydraulic.....	235,455	2,265,179	9.62
50351.....	Lubricating oil, cylinder bright stock, except hydraulic.....	95,802	986,746	10.29
50352.....	Lubricating oil, cylinder steam refined stocks, except hydraulic.	12,529	151,835	12.11
50380.....	Lubricating oil, insulating or transformer oils, except hydraulic.	9,217	164,097	17.80
50391.....	Lubricating oil, industrial, diesel engineering, including marine.	18,887	425,066	22.50
50392.....	Lubricating oil, industrial, turbine engineering, including marine.	386	8,765	22.70
50394.....	Lubricating oil, other industrial engineering, including marine.	783	19,922	25.44
50399.....	Lubricating oil, industrial, NEC.....	8,267	259,480	31.38
50400.....	Lubricating oil, aviation engineering, including synthetic.	16,746	378,373	22.59
50403.....	Lubricating oil, auto engineering.....	39,232	1,103,720	28.13
50405.....	Lubricating oil, auto gear.....	4,496	252,570	56.17
50407.....	Lubricating oil, NEC, including raw semirefined stocks or distillates.	25,670	478,894	18.65
	Total.....	467,886	6,506,518	13.91
		<i>Pounds</i>	<i>Grease</i>	
50410.....	Greases, lubricating, except graphite.....	1,330,195	264,748	.20

U.S. IMPORTS

(FT 110)	Item	Quantity	Value	Average value
		<i>Barrels</i>	<i>Oil</i>	
5075000.....	Lubricating and paraffin oil.....	91	\$4,407	\$48.42
5067800.....	Liquid derivatives of petroleum NES.....			
5069000.....	Derivatives of petroleum or natural gas NES.....			
	Total.....	91	4,407	48.42

FREIGHT RATES

Same as for Netherlands.

CONCLUSION

Same as for Netherlands.

Trade between United States and Germany in meat—Canned: 1962

U. S. EXPORTS

FT 410	Item	Quantity (pounds)	Value	Average value
00362	Beef and veal, canned	4,193	\$1,412	\$0.33
00371	Pork hams and shoulders, canned	350	216	.61
00379	Pork, canned, NEC			
00395	Baby food, meat or chief value meat, canned	4,670	1,254	.26
00397	Sausage, bologna, and franks, canned			
00399	Meat and meat products, canned	1,015	340	.33
	Total	10,228	3,222	.31

U. S. IMPORTS

(FT 110)	Item	Quantity (pounds)	Value	Average value
0028000	Beef, canned, including corned beef	1,262	\$951	\$0.75
0031800	Cooked hams and shoulders, canned	1,165,271	799,539	.68
0031990	Pork, prepared or preserved, canned, NES	14,178	15,563	1.09
0032900	Meats, prepared or preserved, canned, NES	373,121	279,543	.74
	Total	1,553,832	1,095,596	.70

FREIGHT RATES

Atlantic/Germany	\$37.25 to \$43.25 per 2,240 lbs.
Gulf/Germany	\$74.00 to \$86.00 per 40 c. ft.
Pacific/Germany	NCR.
Germany/Atlantic	\$28.50 to \$31.50 per 2,204 lbs. or 1 cm.
Germany/Gulf	\$46.00 per 2,204 lbs. or 1 cm.
Germany/Pacific	NCR.

CONCLUSION

Same as for Netherlands.

Trade between United States and Germany in metalworking machinery—Lathes: 1962

U. S. EXPORTS

(FT 410)	Item	Quantity (number)	Value	Average value
74003	Lathes, engine, bench, and light-duty types	1	\$774	\$774.00
74005	Lathes, engine, except bench and light-duty types			
74021	Lathes, turret, excluding vertical automatic chucking and between		15,000	
74025	Lathes, center single spindle, automatic chucking, and between	7	237,473	33,924.72
74029	Lathes	21	1,455,619	69,315.19
74032				
74035	Screw machines, automatic	12	443,786	36,982.17
74039	Lathes, metalworking, NEC, boring and turning mills, vertical	10	178,667	17,866.70
74045	Including vertical turret lathes	8	214,914	26,864.25
	Total (excluding item 74021)	59	2,531,233	42,902.25
	Total		2,546,233	

U. S. IMPORTS

(FT 110)	Item	Quantity (number)	Value	Average value
7400565	Lathes NES	719	\$1,771,027	\$2,463.18
6150630	Metal cutting tools containing excess alloys		299,599	
6150694	Tools NES for cutting metal		66,779	
	Total		2,137,405	

DISCRIMINATORY FREIGHT RATES

*Trade between United States and Germany in metalworking machinery—Lathes:
1962—Continued*

FREIGHT RATES

Atlantic/Germany	\$33 per 2,240 lbs. or 40 cft.
Gulf/Germany	\$78 per 2,240 lbs. or 40 cft.
Pacific/Germany	\$66 per 2,240 lbs. or 40 cft.
Germany/Atlantic	\$28.75 per 2,204 lbs. or 1 cbm.
Germany/Gulf	\$40 per 2,204 lbs. or 1 cbm.
Germany/Pacific	\$63 per 2,204 lbs. or 1 cbm.

CONCLUSION

The average value of the machines exported under this category is in the neighborhood of \$43,000. This obviously is a considerably different product from that which is imported, the value of which is about \$2,500. Notwithstanding, and except for the Gulf from which very little of this kind of machinery emanates, the rates are almost on a par, because this is usually measurement cargo and the inbound rate, restated on a 40-cubic-foot basis amounts to \$32.50.

Trade between United States and Germany in metalwork machinery—Drills: 1962

U.S. EXPORTS

(FT 410)	Item	Quantity (number)	Value	Average value
74200.....	Drilling machines, vertical, metalworking.....	254	\$309,966	\$1,220.33
74210.....	Drilling machines, radial.....	1	3,475	3,474.00
74231.....	Drilling machines, unit head or way type, metalworking.....	2	90,762	45,381.00
74234.....	Drilling machines NEC.....	19	110,547	5,818.26
	Total.....	276	514,749	1,865.03

U.S. IMPORTS

(FT 110)	Item	Quantity (number)	Value	Average value
7400545.....	Drilling machines.....	4,921	\$122,760	\$24.94
6150620.....	Twist drills containing excess alloys.....		285,440	
6150692.....	Twist drills not containing excess alloys.....		215,713	
	Total.....		623,913	

FREIGHT RATES

Atlantic/Germany	\$33 per 2,240 lbs. or 40 cft.
Gulf/Germany	\$78 per 2,240 lbs. or 40 cft.
Pacific/Germany	\$66 per 2,240 lbs. or 40 cft.
Germany/Atlantic	\$28.75 per 2,204 lbs. or 1 cbm.
Germany/Gulf	\$40 per 2,204 lbs. or 1 cbm.
Germany/Pacific	\$63 per 2,204 lbs. or 1 cbm.

CONCLUSION

The export items are worth in the thousands of dollars each; the imports, at least in the one case where unit value can be established, less than \$25. There is no basis for comparing freight rates.

DISCRIMINATORY FREIGHT RATES

901

Trade between United States and Germany in metalworking machinery—Grinders:
1962

U.S. EXPORTS

(FT 410)	Item	Quantity (number)	Value	Average value
74350.....	Grinding machines, surface.....	49	\$562,303	\$11,475.57
74391.....	Grinding machines, external, cylindrical.....	25	1,131,970	45,278.80
74420.....	Grinding machines, tool and cutter, including Universal tool, etc.	96	419,014	4,364.72
74427.....	Sawing and cutoff machines, including contour saw and filing machines.	46	152,461	3,314.37
74429.....	Honing and lapping machines, etc., gear.....	69	207,975	3,014.13
74435.....	Metal polishing and buffing machines NEC.....	18	198,970	11,037.22
74439.....	Grinding machines, metalworking.....	303	1,120,937	3,699.46
	Total.....	606	3,793,330	6,259.62

U.S. IMPORTS

(FT 110)	Item	Quantity (number)	Value	Average value
7400555.....	Grinding machines (total).....	1,020	\$1,173,522	\$1,150.51

FREIGHT RATES

Atlantic/Germany.....	\$33 per 2,240 lbs. or 40 cft.
Gulf/Germany.....	\$78 per 2,240 lbs. or 40 cft.
Pacific/Germany.....	\$66 per 2,240 lbs. or 40 cft.
Germany/Atlantic.....	\$28.75 per 2,204 lbs. or 1 cbm.
Germany/Gulf.....	\$40 per 2,204 lbs. or 1 cbm.
Germany/Pacific.....	\$63 per 2,204 lbs. or 1 cbm.

CONCLUSION

Same as for Netherlands.

Trade between United States and Germany in oilfield machinery equipment: 1962

U.S. EXPORTS

(FT 410)	Item	Quantity (number)	Value	Average value
098.....	Core drills, power augers and borers and parts NEC.....		\$92,758	
115.....	Bits, rotary and core drill and reamers containing tung- sten carbide.	4,504	423,419	\$94.00
119.....	Bits, rotary, and core drill and reamers NEC.....	56	4,387	78.34
222.....	Parts NEC for rotary and core drill bits and reamers.....		79,130	
225.....	Parts and accessories for rotary drill and rigs, except core NEC.		1,096,017	
227.....	Rock drills, pneumatic mounted or unmounted, except cable and parts NEC.		205,669	
391.....	Percussion drill bits containing tungsten carbide.....	1,192	31,174	26.15
393.....	Percussion, drill bits NEC.....	16	716	44.75
395.....	Petroleum and natural gasfield products equipment and parts.		462,910	
	Total.....		2,396,180	

U.S. IMPORTS

(FT 110)	Item	Quantity (number)	Value	Average value
7800700.....	Construction and maintenance machinery and parts.....		\$714,624	
6150660.....	Rock drill bits containing excess alloys.....	466	1,363	2.90
6150630.....	Other cutting tools NES containing excess alloys.....		45,501	
7800855.....	Pump parts NES, nonelectric.....		48,068	
7800865.....	Parts of electric pumps.....		25,612	
	Total.....		838,158	

Trade between United States and Germany in oil field machinery equipment: 1962—
Continued

FREIGHT RATES

Atlantic/Germany	\$46.75 per 2,240 lbs. or 40 cft.
Gulf/Germany	\$36.75 to \$52 per 2,240 lbs. or 1 cbm.
Pacific/Germany	\$66 per 2,240 lbs. or 40 cft.
Germany/Atlantic	NCR.
Germany/Gulf	\$40 per 2,204 lbs. or 1 cbm.
Germany/Pacific	NCR.

CONCLUSION

Same as for Netherlands.

Trade between United States and Germany in phonographs and parts: 1962

U.S. EXPORTS

(FT 410)	Item	Quantity (number)	Value	Average value
92340	Phonographs, coin-operated, new	4,988	\$3,076,227	\$616.73
92345	Phonographs, coin-operated, except new	470	152,485	324.46
92360	Phonographs, except coin-operated	30	3,942	131.40
92390	Phonograph parts, NEC		475,827	
	Total		3,708,491	

U.S. IMPORTS

(FT 110)	Item	Quantity (number)	Value	Average value
7100250	Record players and parts, including changers and turntables.		\$916,110	
9262050	Phonographs, gramophones, graphophones NSPF	641	31,342	\$48.90
9262900	Phonograph parts and accessories and similar articles NES.		48,510	
	Total		996,109	

FREIGHT RATES

Atlantic/Germany	\$16.50 to \$55 per 2,240 lbs. or 40 cft.
Gulf/Germany	\$56 per 40 cft.
Pacific/Germany	\$66 per 2,240 lbs. or 40 cft.
Germany/Atlantic	NCR.
Germany/Gulf	\$82 per 2,204 lbs. or 1 cbm.
Germany/Pacific	NCR.

CONCLUSION

The biggest part of the outbound movement is in the high value jukebox category and the rate on these is \$16.50. There are no inbound rates except to the Gulf and its outbound rate is still lower. The import movement is of components of record players at far lesser values. There is no competitive relationship between these products.

DISCRIMINATORY FREIGHT RATES

903

Trade between United States and Germany in pigments: 1962

U.S. EXPORTS

(FT 410)	Item	Quantity (pounds)	Value	Average value
80591	Color lakes and toners, coal tar and other cyclic	46,420	\$110,577	\$2.38
84010	Iron oxide pigments, dry, synthetic and natural	131,688	26,121	.19
84110	Zinc, oxide, pigment	9,850	1,450	.14
84190	Lampblack, pigment			
84231	Carbon black, contact (including channel), pigments	5,027,045	681,589	.13
84235	Carbon black, furnace, pigment	43,515,727	3,438,177	.07
84265	Litharge, red and white lead, dry or in oil, pigment	14,800	2,189	.14
84280	Titanium, dioxide and other titan, pigments	954,280	198,002	.20
84290	Pigments NES	267,875	116,558	.43
	Total	45,467,685	4,574,663	.10

U.S. IMPORTS

(FT 110)	Item	Quantity (pounds)	Value	Average value
8400100 through 8420390	29 commodities (included in this group are pigments, colors, oxides, and leads) (total).	14,397,328	\$1,480,982	\$0.10

FREIGHT RATES

Atlantic/Germany	\$20 per 2,240 lbs.
Gulf/Germany	\$24.75 per 2,240 lbs.
Pacific/Germany	\$79 per 2,240 lbs. or 1 cbm.
Germany/Atlantic	\$54 per 2,204 lbs.
Germany/Gulf	\$54 per 2,204 lbs.
Germany/Pacific	\$79 per 2,204 lbs or 1 cbm.

CONCLUSION

Outbound rates are lower than inbound rates.

Trade between United States and Germany in plywood: 1962

U.S. EXPORTS

(FT 410)	Item	Quantity (square feet)	Value	Average value
42174	Softwood plywood, interior-type	14,857	\$1,664	\$0.11
42176	Softwood plywood, exterior-type	14,760	1,969	.13
42187	Hardwood plywood, including technical type and types I, II, III.	1,675	604	.36
42190	Other plywood and composition boards, veneer, veneer and lumber and other materials.	37,584	20,180	.53
	Total	68,882	24,417	.35

DISCRIMINATORY FREIGHT RATES

Trade between United States and Germany in plywood: 1962—Continued

U.S. IMPORTS

(FT 110)	Item	Quantity (square feet)	Value	Average value
4209100.....	Plywood, softwood, NES.....	28, 028	\$4, 548	\$. 16
4209120.....				
4209190.....				
4209300.....				
4209560.....				
4209570.....	Hardwood plywood, NES.....	1, 766, 884	294, 347	. 16
4209580.....				
	Total.....	1, 784, 892	294, 895	. 16

FREIGHT RATES

Atlantic/Germany.....	\$47.25 to \$61 per 2,240 lbs.
Gulf/Germany.....	\$32.48 to \$38.08 per 2,240 lbs.
Pacific/Germany.....	\$42.56 per 2,240 lbs.
Germany/Atlantic.....	\$25.50 to \$35 per 2,204 lbs. or 1 cbm.
Germany/Gulf.....	\$32 per 2,204 lbs. or 1 cbm.
Germany/Pacific.....	\$37 to \$44.50 per 2,204 lbs. or 1 cbm.

CONCLUSION

Same as for Netherlands.

Trade between United States and Germany in radios and parts: 1962

U.S. EXPORTS

(FT 410)	Item	Quantity (number)	Value	Average value
70807.....	Radios, home-type, not incorporated with TV.....	1, 300	\$38, 992	\$29. 99
70811.....	Radio receiver chassis, home-type, not incorporated with TV.	3, 533	20, 710	5. 86
	Total.....	4, 833	59, 702	12. 35

U.S. IMPORTS

(FT 110)	Item	Quantity (number)	Value	Average value
7100110.....	Portable radio excluding transistor.....	8, 138	\$273, 348	\$33. 59
7100130.....	Transistor radio.....	39, 919	1, 163, 833	29. 15
7100150.....	Radios, NES.....	120, 825	3, 846, 409	31. 83
7100170.....	Radio tubes.....	4, 068, 965	1, 718, 665	. 42
7100190.....	Radio apparatus and parts, NES.....		2, 577, 210	
	Total.....		9, 579, 465	

FREIGHT RATES

Atlantic/Germany.....	\$39 per 2,240 lbs. or 40 cft.
Gulf/Germany.....	\$64 per 2,240 lbs. or 40 cft.
Pacific/Germany.....	\$60.50 per 2,240 lbs. or 40 cft.
Germany/Atlantic.....	\$24.50 per 2,204 lbs. or 1 cbm.
Germany/Gulf.....	\$32.50 per 2,240 lbs. or 1 cbm.
Germany/Pacific.....	\$46. per 2,240 lbs. or 1 cbm.

CONCLUSION

Same as for Netherlands.

Trade between United States and Germany in railway cars: 1962

U.S. EXPORTS

(FT 410)	Item	Quantity (number)	Value	Average value
79640 through 79675.....	8 commodities (included in this group are various railway cars including self-propelled).			

U.S. IMPORTS

(FT 110)	Item	Quantity (number)	Value	Average value
7940250.....	Cars and parts, railway, net.....		\$317	

FREIGHT RATES

Atlantic/Germany.....	\$33.25 to \$50 per 2,240 lbs. or 40 cft.
Gulf/Germany.....	\$41 to \$61.50 per 2,240 lbs. or 40 cft.
Pacific/Germany.....	\$66 per 2,240 lbs. or 40 cft.
Germany/Atlantic.....	NCR.
Germany/Gulf.....	\$30 per 2,204 lbs. or 1 cbm.
Germany/Pacific.....	\$40.50 per 2,204 lbs. or 1 cbm.

CONCLUSION

No export traffic and virtually no import movement.

Trade between United States and Germany in railway locomotives: 1962

U.S. EXPORTS

(FT 410)	Item	Quantity	Value	Average value
79605.....	Locomotives, steam, railroad, except switching, new.....			
79620.....	Locomotives, straight electric, railroad, except switching new.....		\$1,250	
79623.....	Locomotives, diesel electric, railroad, new.....			
79625.....	Locomotives, railroad, switching, new.....			
79627.....	Locomotives, industrial, including surface mine, except electric, new.....			
79630.....	Locomotives, new, NEC, except electric, mining and industrial.....			
79635.....	Locomotives, used and rebuilt, NEC, industrial, except electric, mine.....			
	Total.....		1,250	

U.S. IMPORTS

(FT 110)	Item	Quantity	Value	Average value
7110020.....	Steam locomotives, reciprocating (total).....	1	\$877	\$877

FREIGHT RATES

Atlantic/Germany.....	\$63 per 2,240 lbs. or 40 cft.
Gulf/Germany.....	\$78 per 2,240 lbs. or 40 cft.
Pacific/Germany.....	\$66 per 2,240 lbs. or 40 cft.
Germany/Atlantic.....	NCR.
Germany/Gulf.....	\$47.50 per 2,204 lbs. or 1 cbm.
Germany/Pacific.....	\$59 per 2,204 or 1 cbm.

CONCLUSION

The rates are academic as it is obvious that this is a category of trade of relative insignificance.

Trade between United States and Germany in rubber tires and inner tubes: 1962

U. S. EXPORTS

(FT 410)	Item	Quantity (units)	Value	Average value
20610.....	Tires and casings, truck and bus, pneumatic, new.....	5,867	\$269,418	\$45.92
20624.....	Tires and casings, passenger car, pneumatic, new.....	81,721	852,763	10.43
20632.....	Tires and casings, off-road, pneumatic, new except farm tractor and implement.....	2,512	535,278	213.08
20634.....	Tires and casings, farm tractor, pneumatic, new.....	408	11,397	27.93
20636.....	Tires and casings, farm implement, pneumatic, new.....			
20638.....	Tires and casings, pneumatic, new, NEC.....	533	7,650	14.35
20658.....	Inner tubes, except aircraft, new or used.....	43,203	65,980	1.52
20662.....	Tires, solid and cushion, truck and industrial.....	128	6,876	53.71
	Total.....	134,372	1,749,362	13.02

U. S. IMPORTS

(FT 110)	Item	Quantity (units)	Value	Average value
2022020.....	Rubber tires, passenger car and motorcycle, pneumatic, new.....	123,927	\$1,249,840	\$10.08
2022050.....	Rubber tires, truck and bus, pneumatic, new.....	8,137	263,877	32.42
2022090.....	Rubber tires, truck and bus, car and cycle, NES.....	1,180	5,275	4.47
2022200.....	Rubber tires, bicycle.....	853,546	616,461	.72
2022400.....	Rubber tires, NES.....	29,046	92,898	3.19
2022900.....	Inner tubes, rubber, automobile, etc.....			
	Total.....	1,015,836	2,228,351	2.19

FREIGHT RATES

Atlantic/Germany.....	\$38.75 per 2,240 lbs.
Gulf/Germany.....	\$77 per 2,240 lbs.
Pacific/Germany.....	\$105.28 per 2,240 lbs.
Germany/Atlantic.....	\$22 per 2,204 lbs or 1 cbm. to \$100 per 2,204 lbs.
Germany/Gulf.....	\$75 per 2,204 lbs.
Germany/Pacific.....	\$24 to \$35.50 per 2,204 lbs or 1 cbm.

CONCLUSION

The average values per unit as well as the descriptions make it clear that there is no competitive relationship between the major commodities that move in each direction. The rates must be viewed realistically in the light of the traffic that moves. It should be noted that this is another case where a rate ostensibly higher is actually lower. Since the inbound rate is on weight or measurement and this is measurement cargo at about a 3-to-1 ratio conservatively, the import rate is really three times the basic amount stated or much higher than the outbound rate.

Trade between United States and Germany in sewing machines: 1962

U. S. EXPORTS

(FT 410)	Item	Quantity (Number)	Value	Average value
75515.....	Sewing machines, domestic, including complete head assemblies.....	30	\$9,989	\$332.96
75525.....	Sewing machines, industrial, including complete head assemblies.....	5,469	1,690,249	309.05
75517.....	Sewing machine parts, domestic.....		72,139	
75527.....	Sewing machine parts, industrial.....		1,687,282	
	Total.....		3,459,659	

Trade between United States and Germany in sewing machines: 1962—Con.

U. S. IMPORTS

(FT 110)	Item	Quantity (Number)	Value	Average value
7550100.....	Sewing machines, value less than \$10.....	34,702	\$252,811	\$1.87
7550320.....	Sewing machines household, value \$10 to \$75.....	5,516	278,366	50.46
7550350.....	Sewing machines, industrial, value \$10 to \$75.....	1,508	89,490	59.34
7550520.....	Sewing machines, household, value over \$75.....	10,895	1,006,953	92.42
7550550.....	Sewing machines, industrial, value over \$75.....	7,036	1,047,525	148.88
	Total.....	159,657	2,675,150	16.756

FREIGHT RATES

Atlantic/Germany.....	\$24 per 2,240 lbs. or 40 cft.
Gulf/Germany.....	\$68 per 2,240 lbs. or 40 cft.
Pacific/Germany.....	\$66 per 2,240 lbs. or 40 cft.
Germany/Atlantic.....	\$28.75 per 2,204 lbs. or 1 cbm.
Germany/Gulf.....	\$36.50 per 2,204 lbs. or 1 cbm.
Germany/Pacific.....	\$63 per 2,204 lbs. or 1 cbm.

CONCLUSION

It is obvious from the descriptions as well as the major categories of trade that the export is of high value industrial machines and the import of both household and industrial machines worth about 33 to 50 percent of the export commodity. The export rates are favorable from the North Atlantic which is where the traffic originates.

Trade between United States and Germany in soda ash: 1962

U. S. EXPORTS

(FT 410)	Item	Quantity (pounds)	Value	Average value
83650.....	Sodium carbonate, calcined (soda ash) (not causticized).....			
83660.....	Soda ash, causticized.....			
	Total.....			

U. S. IMPORTS

(FT 110)	Item	Quantity (pounds)	Value	Average value
8350230.....	Sodium carbonate, calcined.....			

FREIGHT RATES

Atlantic/Germany.....	\$34 per 2,240 lbs.
Gulf/Germany.....	\$52.64 per 2,240 lbs.
Pacific/Germany.....	\$39.50 per 2,240 lbs.
Germany/Atlantic.....	\$25 per 2,204 lbs.
Germany/Gulf.....	\$27.25 per 2,204 lbs.
Germany/Pacific.....	\$39 per 2,204 lbs.

CONCLUSION

Paper rates. No traffic in either direction.

DISCRIMINATORY FREIGHT RATES

Trade between United States and Germany in sodium cyanide: 1962

U.S. EXPORTS

(FT 410)	Item	Quantity (pounds)	Value	Average value
83890.....	Sodium cyanide (total)			

U.S. IMPORTS

(FT 110)	Item	Quantity (pounds)	Value	Average value
8339000.....	Sodium cyanide (total)	7,336,468	\$947,713	\$0.12

FREIGHT RATES

Atlantic/Germany	\$17.75 per 2,240 lbs.
Gulf/Germany	\$31.36 per 2,240 lbs.
Pacific/Germany	NCR.
Germany/Atlantic	\$21.75 per 2,204 lbs.
Germany/Gulf	\$29.25 per 2,204 lbs.
Germany/Pacific	\$43 per 2,204 lbs.

CONCLUSION

The United States is not an exporter of this commodity to Europe generally. See additional comment under United Kingdom report. In any event the out-bound freight rates are lower than the inbound rates.

Trade between United States and Germany in standard newsprint: 1962

U.S. EXPORTS

(FT 410)	Item	Quantity (pounds)	Value	Average value
48010.....	Paper, newsprint (total)	61,930	\$3,997	\$0.06

U.S. IMPORTS

(FT 110)	Item	Quantity (pounds)	Value	Average value
4711000.....	Standard newsprint paper			

FREIGHT RATES

Atlantic/Germany	\$25 per 2,240 lbs.
Gulf/Germany	\$33.25 per 2,240 lbs.
Pacific/Germany	\$40.32 per 2,240 lbs.
Germany/Atlantic	NCR.
Germany/Gulf	\$33.25 per 2,204 lbs.
Germany/Pacific	\$31 to \$45 per 2,204 lbs.

CONCLUSION

The inbound rates are higher than the export rates but are quite academic as no cargo moves under them. Our failure to export more of this commodity to continental Europe is related to its nearness to the Scandinavian producing areas. Outbound rates are set by negotiation with the paper industry.

Trade between United States and Germany in sulfate woodpulp: 1962

U.S. EXPORTS

(FT 410)	Item	Quantity (2,000 lbs.)	Value	Average value
46080.....	Woodpulp sulfate, unbleached.....	3, 800	\$339, 777	\$89. 41
46102.....	Woodpulp sulfate, semibleached.....	32, 924	3, 376, 805	102. 56
46107.....	Woodpulp sulfate, bleached paper grades.....	51, 104	5, 953, 648	116. 61
	Total.....	87, 828	9, 676, 230	110. 172

U.S. IMPORTS

(FT 410)	Item	Quantity (2,000 lbs.)	Value	Average value
4607100.....	Woodpulp sulfate, unbleached.....			
4607500.....	Woodpulp sulfate, semibleached.....			
4608200.....	Woodpulp sulfate, bleached rayon and special grades.....			
4608900.....	Woodpulp sulfate, bleached, other, NES.....			
	Total.....			

FREIGHT RATES

Atlantic/Germany.....	\$20.25 to \$25.75 per 2,240 lbs.
Gulf/Germany.....	\$17.50 to \$44.80 per 2,240 lbs.
Pacific/Germany.....	\$20 per 2,240 lbs.
Germany/Atlantic.....	NCR.
Germany/Gulf.....	\$20.25 to \$25.75 per 2,204 lbs.
Germany/Pacific.....	\$24.25 to \$28.24 per 2,204 lbs.

CONCLUSION

There is no inbound movement of this commodity. The outbound rates are lower than the inbound rates. The ranges of rates depend on the compression of the product and the Gulf rate structure is more detailed as the commodity moves out of that region and the South Atlantic rather than the North Atlantic. The rates on this commodity are negotiated with a committee of woodpulp exporters.

Trade between United States and Germany in textile machines: 1962

U.S. EXPORTS

(FT 410)	Item	Quantity (number)	Value	Average value
75,005 through 75,490.....	18 commodities (included in this group are carding, combing, spinning, twisting and knitting machines and parts) (total).		\$6, 317, 546	

U.S. IMPORTS

(FT 110)	Item	Quantity (number)	Value	Average value
7,495,000 through 7,515,900.	34 commodities (included in the group are carding, spinning, knitting machines and parts) (total).		\$13, 559, 061	

FREIGHT RATES

Atlantic/Germany.....	\$21.75 per 2,240 lbs. or 40 cft.
Gulf/Germany.....	\$36.25 per 2,240 lbs. or 40 cft.
Pacific/Germany.....	\$66 per 2,240 lbs. or 40 cft.
Germany/Atlantic.....	\$28.75 per 2,204 lbs. or 1 cbm.
Germany/Gulf.....	\$40 per 2,204 lbs. or 1 cbm.
Germany/Pacific.....	\$63 per 2,204 lbs. or 1 cbm.

CONCLUSION

Same as for Netherlands.

DISCRIMINATORY FREIGHT RATES

Trade between United States and Germany in tobacco, manufactured: 1962

U.S. EXPORTS

(FT 410)	Item	Quantity		Value	Average value
		Unit	Number		
26200.....	Cigars and cheroots.....	Thousand	52	\$1,701	\$32.71
26220.....	Cigarettes.....	do	562,941	2,520,183	4.47
26235.....	Chewing tobacco and snuff.....	Pound			
26250.....	Smoking tobacco in packages.....	do	39,335	52,142	1.32
26295.....	Smoking tobacco in bulk.....	do	2,800	2,330	.83
	Total.....			2,576,356	

U.S. IMPORTS

(FT 110)	Item	Quantity (pounds)	Value	Average value
2621000.....	Cigars and cheroots.....	220,710	\$10,509	\$0.04
2623000.....	Cigarettes.....	745,540	3,132	.004
2629100.....	Snuff and snuff flour.....			
2629900.....	Tobacco manufactures.....	10,100	10,047	.99
	Total.....	976,350	23,688	.02

FREIGHT RATES

Atlantic/Germany.....	\$29.25 to \$63 per 2,240 lbs. or 40 cft.
Gulf/Germany.....	\$30 to \$78 per 2,240 lbs. or 40 cft.
Pacific/Germany.....	\$66 per 2,240 lbs. or 40 cft.
Germany/Atlantic.....	\$38 per 2,204 lbs. or 1 cm to \$132.50 per 2,204 lbs.
Germany/Gulf.....	\$47.50 per 2,204 lbs. or 1 cm.
Germany/Pacific.....	\$71 per 2,204 lbs. or 1 cm.

CONCLUSION

Virtually 100 percent of the movement outbound moves under the cigarette rate which is the lowest rate in the scale and is lower in each instance than the corresponding inbound rate.

*Trade between United States and Germany in tools and basic hardware, handtools:
1962*

U.S. EXPORTS

(FT 410)	Item	Quantity	Value	Average value
61534 through 61838.....	Approximately 35 commodities (30 show statistics in dozens, numbers, pounds, grams) (total).	-----	\$3,683,473	-----

U.S. IMPORTS

(FT 110)	Item	Quantity	Value	Average value
6150000 through 6200980..	Approximately 58 commodities (54 show statistics in dozens, numbers, pounds, grams) (total).	-----	\$6,955,105	-----

FREIGHT RATES

Atlantic/Germany.....	\$36.25 to \$42 per 2,240 lbs. or 40 cft.
Gulf/Germany.....	\$38 per 2,240 lbs. or 40 cft.
Pacific/Germany.....	\$66 per 2,240 lbs. or 40 cft.
Germany/Atlantic.....	\$28 to \$103 per 2,204 lbs. or 1 cbm.
Germany/Gulf.....	\$28 per 2,204 lbs. or 1 cbm.
Germany/Pacific.....	\$65 to \$67 per 2,204 lbs. or 1 cbm. or 2½ percent ad valorem.

CONCLUSION

Same as for Netherlands.

(End of Section D.)

SECTION E—FRANCE

United States and France: Comparison of average values of commodities and freight rates

	EXPORTS			IMPORTS		
	Average value of commodities shipped under tariff entry (per pound)	Average freight rate (per pound)	Ocean freight rate as percent of commodity value	Average value of commodities shipped under tariff entry (per pound)	Average freight rate (per pound)	Ocean freight rate as percent of commodity value
Copper sheets.....	\$1.731	\$0.020-\$0.022	1.2-1.3	\$0.497	\$0.013-\$0.016	2.6-3.2
Electric machinery industrial controls.....	(1)					
Glass, flat, window.....	(1)					
Iron and steel:						
Castings and forgings.....	.403	.018	4.5	.135	.015-.022	11.1-16.3
Pipe, 6- to 8-inch inside diameter.....	.353	.011-.028	3.1-7.9	.077	.006-.017	7.8-22.0
Steelplate.....	.342	.007	2.0	.109	.006-.013	5.5-11.9
Rolled and finished steel structurals.....	.265	.013	4.9	.060	.006-.009	10-15
Stainless steel bars.....	1.032	.010-.016	1.0-1.6	.315	.015-.021	4.8-6.7
Jewelry, costume.....	(1)					
Meat, canned.....	.434	.018-.022	4.1-5.1	.555	.023-.024	4.1-4.3
Tobacco, manufactured.....	(1)					

¹ Units of quantity either not comparable or not reported.

Trade between United States and France in copper sheets: 1962

U.S. EXPORTS

(FT 410)	Item	Quantity (pounds)	Value	Average value
64230.....	Copper plates, sheets, etc.....	42,185	\$72,678	\$1.72
64500.....	Copper base alloy plates, sheets, etc.....	26,138	45,632	1.74
	Total.....	68,323	118,310	1.731

U.S. IMPORTS

(FT 110)	Item	Quantity (pounds)	Value	Average value
6420100.....	Copper in rolls and sheets.....	115,528	\$47,790	\$0.41
6458050.....	Brass sheets, plates, strips.....	1,728,922	868,573	.51
6458200.....	Muntz or yellow metal sheets, etc.....			
6458600.....	Brass wire.....	3,106	1,737	.58
	Total.....	1,847,466	918,100	.497

FREIGHT RATES

Atlantic/France.....	\$45 per 2,240 lbs.....	<i>Per pound</i> \$0.020
Gulf/France.....	\$50 per 2,240 lbs.....	.022
France/Atlantic.....	\$29.25 to \$36 per 2,204 lbs.....	\$0.013-.016
France/Gulf.....	\$32 per 2,204 lbs.....	.015

CONCLUSION

Export traffic is minimal as compared with import and is of an item worth approximately three times the value of the import commodity. On export, the freight rate is less than 2 percent of the value of the commodity, on import, it represents approximately 3 percent.

DISCRIMINATORY FREIGHT RATES

913

Trade between United States and France in electrical machinery—Industrial controls: 1962

U.S. EXPORTS

	Item	Quantity (units)	Value	Average value
70490.....	Pilot circuit devices and specially fabricated parts NEC.	(1)	\$348,182	(1)
70498.....	Accessory equipment NEC for industrial motor controls.	(1)	88,220	(1)
76650.....	Electronic industrial process control systems	37	129,777	\$3,507.48
76670.....	Industrial indicating record, etc., instrument and parts NEC.	(1)	3,472,083	(1)
76680.....	Indicating measuring record and controlling instru- ments and parts.	(1)	532,532	(1)
	Total.....		4,570,794	

1962 U.S. IMPORTS

	Item	Quantity (units)	Value	Average value
7070700.....	Testing recording, etc., instrument, electric element/ device, NES.	(1)	\$137,654	(1)
7090028.....	Articles NES for control or rectifying, etc., electric energy.	(1)	194,418	(1)
7100970.....	Articles and parts having electric element/device.....	(1)	1,283,004	(1)
	Total.....		1,615,076	

¹ Not available.

FREIGHT RATES

Atlantic/France.....	\$44 per 2,240 lbs. or 40 cft.
Gulf/France.....	\$70 per 2,240 lbs. or 40 cft.
France/Atlantic.....	\$70 to \$110 per 2,204 lbs. or per 1 cbm.
France/Gulf.....	\$40 to \$127.50 per 2,204 lbs. or per 1 cbm.

CONCLUSION

Since, with the exception of one item, average values cannot be obtained, it is difficult to know the real nature of the commodities; however, it would appear likely that commodity values might vary considerably and the items in the classification differ considerably, one from the other. U.S. exports of this group are almost three times the imports. Export freight rates are generally lower than import rates.

Trade between United States and France in glass, flat, window: 1962

U.S. EXPORTS

(FT 410)	Item	Quantity	Value	Average value
52121.....	Glass, plate, except colored and laminated, square feet....	46,679	\$20,942	\$0.44
52151.....	Glass, sheet and window, except colored and laminated, square feet.....	3,530	1,160	.32
52170.....	Glass, laminated and manufacturers, except ophthalmic.....		31,322	
52180.....	Glass, rolled, except colored, square feet.....	7,008	6,150	.87
52201.....	Glass, colored, except laminated.....		780	
52309.....	Glass, flat and products, NEC.....		116,441	
	Total.....		176,795	

Trade between United States and France in glass, flat, window: 1962—Continued

U.S. IMPORTS

(FT 110)	Item	Quantity (pounds)	Value	Average value
	These imports are represented by approximately 125 different categories, ranging between the schedule A numbers 5200300 and 5250400. Traffic between the United Kingdom and United States in these items in 1962 was.	45,361,064	\$5,998,645	\$0.1322

FREIGHT RATES

Atlantic/France.....	\$43 per 2,240 lbs.
Gulf/France.....	\$48.16 per 2,240 lbs.
France/Atlantic.....	\$20.25 to \$56.50 per 2,204 lbs.
France/Gulf.....	\$19 to \$50.50 per 2,204 lbs.

CONCLUSION

The United States imports large quantities of glass from all parts of the world because the cost of production abroad is so much cheaper than in the United States. The inbound classifications of glass rates demonstrate the wide variety of types of glassware moving to this country. On similar commodities the rates are approximately equal but the high cost of producing the U.S. product militates against a foreign market except in highly specialized items.

Trade between United States and France in iron and steel, castings and forgings: 1962

U.S. EXPORTS

(FT 410)	Item	Quantity (pounds)	Value	Average value
61010.....	Castings, grey iron, including semisted.....	6,003	\$3,487	\$0.58
61041.....	Castings, carbon steel.....	67,759	14,107	.20
61050.....	Castings, alloy steel, except stainless.....	44,080	6,530	.14
61055.....	Castings, stainless steel.....	1,377	1,996	1.44
61060.....	Forgings, rough and semifinished, carbon steel.....	82,715	40,526	.48
61065.....	Forgings, rough and semifinished, alloy steel, including stainless.....	422,697	184,928	.43
	Total.....	624,631	251,574	.403

U.S. IMPORTS

(FT 110)	Item	Quantity (pounds)	Value	Average value
6044500.....	Die blocks, etc., 5 to 8 cents per pound.....	8,759	\$521	\$0.05
6044800.....	Die blocks, etc., over 16 cents per pound.....	12,434	2,348	.18
	Total.....	21,193	2,869	.135

There are 3 schedule B classification and 10 schedule A classification of castings and 5 schedule A classifications of die blocks on which no import trade is recorded.

FREIGHT RATES

		<i>Per pound</i>
Atlantic/France.....	\$40.25 per 2,240 lbs. or 40 cft.....	\$0.108
Gulf/France.....	\$40.25 per 2,240 lbs. or 40 cft.....	.018
France/Atlantic.....	\$36 per 2,204 lbs. or 1 cbm.....	.016
France/Gulf.....	\$34 to \$49 per 2,204 lbs. or 1 cbm.....	0.015-.022

CONCLUSION

The average value of the export group is three times the import group while the freight rate on a per pound basis is almost the same. The value of the export group is about 90 times that of the import classification.

Trade between United States and France in iron and steel—Pipe: 1962

U.S. EXPORTS

(FT 410)	Item	Quantity (pounds)	Value	Average value
60610.....	Pipe, standard, seamless, steel, black.....	32,702	\$5,621	\$0.17
60616.....	Pipe, standard, welded, wrought iron, black.....	16,243	2,593	.15
60621.....	Pipe, oil country, seamless, carbon steel.....	812,058	177,475	.21
60623.....	Pipe, oil country, seamless, alloy steel.....	4,192	1,058	.25
60624.....	Pipe, oil country, welded, carbon steel.....	35,060	4,905	.13
60627.....	Pipe, line, seamless, carbon and alloy steel.....	3,977	2,462	.61
60630.....	Pipe, line, welded, carbon and alloy steel.....	1,375	1,225	.89
60665.....	Pipe and tubing, stainless steel.....	31,347	134,912	4.30
60680.....	Pipe and tubing, iron and steel.....	20,280	8,113	.40
	Total.....	957,234	338,364	.353

U.S. IMPORTS

(FT 110)	Item	Quantity (pounds)	Value	Average value
6081050.....	Oil well casing, seamless.....	7,592,832	\$713,359	\$0.09
6081054.....	Oil well casing, seamless, alloyed.....	2,509,846	272,914	.10
6091220.....	Cast iron soil pipe.....	40,886,116	2,172,135	.05
6091120.....	Cast iron pressure pipe.....	741,602	57,411	.07
6092070.....	Tubes, pipes, etc., over 4½ in. nor over 16 in. inside diameter.....	497,260	32,754	.06
6092500.....	Metal tubing, flexible, NSPF.....	710	207	.29
6092500.....	Metal tubes or pipes, rigid, for electrical conduits.....	16,885	1,700	.10
6092704.....	Steel tubes for bearings containing ductile alloy.....	4,257	2,762	.64
6092800.....	Iron or steel tubes NSPF.....	2,199,497	260,951	.11
6092801.....	Stainless steel tubes, seamless.....	564,019	442,285	.78
6092804.....	Iron or steel tubes, NSPF, containing ductile alloy.....	243,245	239,717	.98
6092805.....	Iron or steel tubes, NSPF, containing ductile alloy.....	839,628	138,973	.16
	Total.....	56,095,897	4,335,168	.077

FREIGHT RATES

		<i>Per pound</i>
Atlantic/France.....	\$25 to \$63 per 2,240 lbs. or 40 cft.....	\$0.011—\$0.028
Gulf/France.....	\$25 to \$51.25 per 2,240 lbs. or 40 cft.....	.011— .023
France/Atlantic.....	\$20 to \$37 per 2,204 lbs.....	.009— .017
France/Gulf.....	\$14 to \$29.50 per 2,204 lbs.....	.006— .013

CONCLUSION

The average value of the export group is more than four times the import category. The American exporter pays a rate equal to less than 5 percent of his commodity's value while the French shipper, although having a lower absolute rate because of the very considerable tonnage involved, actually pays between 8 and 17 percent of his commodity's value for transportation.

Trade between United States and France in iron and steel—Steel plate: 1962

U.S. EXPORTS

(FT 410)	Item	Quantity (pounds)	Value	Average value
60710.....	Plates, carbon steel, not fabricated, except armor.....	280,667	\$52,307	\$0.18
60715.....	Plates, alloy steel, not fabricated, except armor.....	359,336	160,758	.41
60720.....	Plates, stainless steel, not fabricated, except armor.....	59,133	36,246	.61
	Total.....	699,136	239,311	.34

DISCRIMINATORY FREIGHT RATES

Trade between United States and France in iron and steel—Steel plates: 1962—
Continued

U.S. IMPORTS

(FT 110)	Item	Quantity (pounds)	Value	Average value
6038000 to 6039700, inclusive. 6056800 to 6057605, inclusive.	{ There are 19 schedule A numbers in the above ranges showing movements with totals as indicated here. Generally these categories cover steel sheets and plates of varying composition, finish, and size (total).	\$11,234,644	\$1,222,017	\$0.11

FREIGHT RATES

		Per pound
Atlantic/France...	\$15.25 per 2,240 lbs.....	\$0.007
Gulf/France.....	\$16 per 2,240 lbs.....	.007
France/Atlantic...	\$19.75 to 29.25 per 2,204 lbs.....	\$0.009- .013
France/Gulf.....	\$14 per 2,204 lbs.....	.006

CONCLUSION

The U.S. shipper has a tremendous advantage over his French counterpart in the movements of this commodity. The freight rate which he pays represents approximately 2 percent of his cargo's average value, while the French shipper pays a rate varying from 5 $\frac{3}{4}$ to 12 percent of value. Even in absolute terms it must be noted that the inbound rates to the Atlantic are higher than the outbound rates from this area.

Trade between United States and France in iron and steel—Rolled and finished steel structurals: 1962

U.S. EXPORTS

(FT 410)	Item	Quantity (pounds)	Value	Average value
60210 to 60830, inclusive..	These numbers represent approximately 50 categories of commodities falling roughly under the description of bars, sheets, strip, plate, and rails (total).	11,374,620	\$3,009,068	\$0.26

U.S. IMPORTS.

(FT 110)	Item	Quantity (pounds)	Value	Average value
6005100 to 6111900.....	The FT 110 listing concerning this commodity starts and ends with these 2 figures and includes some 200 items which may be generally described as iron and steel bars with various qualifications (i.e., length, width, thickness, composition, and use) (total).	317,755,665	\$18,994,798	\$0.06

FREIGHT RATES

		Per pound
Atlantic/France..	\$28.50 per 2,240 lbs.....	\$0.013
Gulf/France.....	\$28.50 per 2,240 lbs.....	.013
France/Atlantic...	\$19.75 per 2,204 lbs.....	.009
France/Gulf.....	\$14 per 2,204 lbs.....	.006

CONCLUSION

Average value of exports is more than four times as great as imports.

U.S. shippers pay rates equal to 5 percent of average value while French shippers pay rates equal to 10 to 15 percent of average value.

Trade between United States and France in iron and steel—Stainless steel bars: 1962

U.S. EXPORTS

(FT 410)	Item	Quantity (pounds)	Value	Average value
60230.....	Bars, stainless steel, hot-rolled.....	866	\$622	\$0.71
60260.....	Bars, stainless steel, cold-finished.....	182,141	188,219	1.03
	Total.....	183,007	188,841	1.032

U.S. IMPORTS

(FT 110)	Item	Quantity (pounds)	Value	Average value
6008801.....	Bars, stainless steel, hot-rolled.....	40,884	\$12,760	\$0.31
6008811.....	Bars, stainless steel, cold-rolled.....	630	315	.50
	Total.....	41,514	13,075	.315

FREIGHT RATES

		<i>Per pound</i>
Atlantic/France.....	\$22.75 per 2,240 lbs.....	\$0.010.
Gulf/France.....	\$35.25 per 2,240 lbs.....	\$0.016.
France/Atlantic.....	\$33.25 ¹ or \$46 ² per 2,204 lbs.....	\$0.015 or \$0.021.
France/Gulf.....	\$36.50 per 2,204 lbs.....	\$0.017.

¹ Ingots.² Rods.

CONCLUSION

Average value of exports is more than three times higher than imports and while U.S. shippers pay rates equal to 1 to 1½ percent of average value, foreign shippers pay rates from 4½ to 7 percent of average values.

Trade between United States and France in jewelry—Costume: 1962

U.S. EXPORTS

(FT 410)	Item	Quantity (dozen)	Value	Average value
96215.....	Jewelry, metal, except precious, men's.....		\$42,876	
96235.....	Jewelry, metal, except precious, women's, except rings and watchbands.....		15,429	
96265.....	Rings, watchbands, and miscellaneous jewelry, metal, NEC.....		22,731	
96285.....	Jewelry, except metal.....		8,389	
98409.....	Notions, novelties, and specialties, NEC, and parts.....		173,325	
	Total.....		262,750	

Trade between United States and France in jewelry—Costume: 1962—Continued

U.S. IMPORTS

(FT 110)	Item	Quantity (dozen)	Value	Average value
6836200	Gold or platinum articles and parts	827	\$120,810	\$146.08
6845150	Finished jewelry NES, valued over 20 cents, not over \$5 per dozen.	12,073	29,316	2.42
6845190	Jewelry parts NES, valued over 20 cents, not over \$5 per dozen.	11,341	12,910	1.13
6845550	Jewelry NES, valued over \$5 per dozen	8,261	183,715	22.23
6845590	Jewelry, parts, and unfinished jewelry, valued over \$5	395	14,204	35.95
6845940	Jewelry and parts, silver, valued over \$18 per dozen	57	2,681	47.03
6850020	Cigarette lighters, valued over 20 cents, not over \$5 per dozen.	99,326	112,917	1.13
6850055	Ladies' handbags, covered with rhinestones, etc., over 20 cents, not over \$5 per dozen.	1	257	257.00
6850065	Buckles and collars and cuff buttons, over 20 cents, not over \$5 per dozen.	48	210	4.37
6850090	Metal parts and plates NES, including cigarette cases, over 20 cents, not over \$5.	4,092	11,918	2.91
6850095	Metal articles and parts	10,597	17,913	1.69
6850120	Cigarette lighters, valued over \$5, except gold and platinum.	1,486	25,189	16.95
6850145	Watch bracelets and parts, valued over \$5 per dozen	311	7,151	22.99
6850190	Metal articles NES, including cigarette cases over \$5 per dozen.	5,536	68,635	12.39
	Total	164,351	607,826	3.93

FREIGHT RATES

Atlantic/France	\$63.75 per 2,240 lbs. or 40 cft. or 4½ percent ad valorem.
Gulf/France	\$178 per 2,240 lbs. or 40 cft.
France/Atlantic	\$32 to \$123.75 sliding scale depending upon value.
France/Gulf	\$16.25 to \$92 sliding scale depending upon value.

CONCLUSION

Since there are no quantity figures available on the export item it is impossible to develop any differences based on unit value. The import rates are based on value: for example, \$16.25 to the gulf is on the commodity when the value does not exceed \$100 for a cubic meter (35.31 cubic feet). Since the import statistics are stated in dozens, we have no realistic way to convert these to cubic measurement; however, an examination of the descriptions and the average value per dozen leaves the impression that these are relatively small items of relatively respectable value and hence would probably fit somewhere higher up the scale of rates than the lowest figure implies.

Trade between United States and France in meat, canned: 1962

U.S. EXPORTS

(FT 410)	Item	Quantity (pounds)	Value	Average value
00362	Beef and veal, canned	3,629	\$1,282	\$0.35
00371	Pork hams and shoulders, canned	1,980	1,460	.73
00379	Pork, canned, NEC	3,142	2,704	.86
00385	Poultry and poultry products, canned			
00395	Baby food canned, meat or chief value meat	2,423	1,230	.50
00397	Sausage, prepared sausage meats, etc.	1,664	780	.46
00399	Meat and meat products, canned	11,320	3,027	.26
	Total	24,158	10,483	.434

U.S. IMPORTS

(FT 110)	Item	Quantity (pounds)	Value	Average value
0028000	Beef, canned, including corned beef	239,478	\$86,648	\$0.36
0031800	Canned cooked hams and shoulders	4,640	5,144	1.10
1031990	Pork, prepared or preserved, NES			
0032900	Meats, canned, prepared, or preserved, NES	151,878	127,957	.84
	Total	395,996	219,749	.555

Trade between United States and France in meat, canned: 1962—Continued

FREIGHT RATES

		<i>Per pound</i>
Atlantic/France.....	\$41.25 to \$48 per 2,240 lbs.....	\$0.018-\$0.021
Gulf/France.....	\$41.44 to \$48.16 per 2,240 lbs.....	.019- .022
France/Atlantic.....	\$30 to \$32.50 per 2,204 lbs. or \$35.31 cft.....	.014- .015
France/Gulf.....	\$46 per 2,204 lbs. or 35.51 cft.....	.021

CONCLUSION

Though it appears otherwise, the outbound rate which is based on weight is actually lower than the inbound rate which is weight or measurement. Please see the discussion under this commodity for Netherlands. The actual freight cost when converted is 0.023 to 0.024 cent per pound on imports as against 0.018 to 0.022 cent per pound on exports.

Both France and the United States have a surplus of agricultural products and only very specialized products move and these only to a very limited extent. Both nations are, in general, exporting nations for these commodities and the French export is mainly Pate de Foie Gras—an item not produced in the United States and sold only in specialty stores. There is no comparable U.S. specialty export.

Trade between United States and France in tobacco manufactures: 1962

U.S. EXPORTS

	Item	Quantity	Value	Average value
26200.....	Cigars and cheroots.....	927,000	\$34,565	\$0.037
26220.....	Cigarettes.....	1,466,407,000	6,723,224	.005
26235.....	Chewing tobacco and snuff.....			
26250.....	Smoking tobacco, packages.....	31,107	38,256	1.22
26295.....	Smoking tobacco, bulk.....	88,192	103,258	1.17
	Total.....		6,899,303	

U.S. IMPORTS

	Item	Quantity	Value	Average value
2621000.....	Cigars and cheroots.....			
2623000.....	Cigarettes.....	4,152	\$5,094	\$1.21
2629100.....	Snuff and snuff flour.....			
2629900.....	Tobacco manufactures NES.....	50,013	33,744	.67
	Total.....	54,165	38,838	.72

FREIGHT RATES

Atlantic/France.....	\$34 to \$63.75 per 2,240 lbs. or 40 cft.
Gulf/France.....	\$38 per 40 cft.
France/Atlantic.....	\$38.50 per 2,204 lbs. or 35.31 cft.
France/Gulf.....	\$47.50 per 2,204 lbs. or 35.31 cft.

CONCLUSION

It is readily observable above that approximately 97 percent of exports in this commodity grouping is cigarettes. These move at a freight rate of \$34 from the Atlantic and \$38 from the Gulf. Both rates are lower than the inbound rates that would be applied on the similar commodities which obviously represent a very small movement. The import of manufactured tobacco is regulated by the French Government tobacco monopoly.

(End of Section E.)

SECTION F—UNITED KINGDOM

Trade between United States and United Kingdom in automobiles: 1962

U.S. EXPORTS

(FT 410)	Item	Quantity (units)	Value	Average value
79070.....	Cars and chassis, passenger, new, nonmilitary.....	220	\$542,846	\$2,467.48
79075.....	Cars and chassis, passenger, used, nonmilitary.....	104	134,268	1,291.03
	Total.....	324	677,114	2,089.87

U.S. IMPORTS

(FT 110)	Item	Quantity (units)	Value	Average value
7900-500....	Automobiles, new, NES.....	67,044	\$99,479,560	\$1,483.79
7900-700....	Automobiles, used, NES.....	398	667,816	1,677.92
7900-800....	Automobile bodies.....	17	38,476	2,263.29
	Total.....	68,459	100,185,852	1,485.14

FREIGHT RATES

Atlantic/United Kingdom.....	\$25.25 to \$28.50 per 2,240 lbs. or 40 cft.
Gulf/United Kingdom.....	\$25.25 per 2,240 lbs. or 40 cft.
United Kingdom/Atlantic.....	\$12.25 to \$23.87 per 2,240 lbs. or 40 cft.
United Kingdom/Gulf.....	\$19.95 per 2,240 lbs. or 40 cft.

CONCLUSION

There are obviously many reasons why imports of autos from the United Kingdom far exceed exports, reasons based on style, type of car, economy, and the like. Based on the tremendous volume of movement, import rates have been driven down to their low level by the presence of contract (charter) competition. The real reason, however, that U.S. autos do not sell in the United Kingdom is that there is a very high rate of duty applicable if the importer can even get an import license. In the face of this discriminatory tariff, U.S. manufacturers have had to set up plants overseas to compete in foreign markets.

Trade between United States and United Kingdom in books: 1962

U.S. EXPORTS

(FT 410)	Item	Quantity (units)	Value	Average value
95100-----	Bound books, published, as school textbooks-----	1,059,583	\$3,109,782	\$2.93
95110-----	Bibles and Testaments-----	88,488	61,422	.69
95121-----	Dictionaries and encyclopedias, bounds, including year-books-----	78,471	173,983	2.21
95123-----	Books, literature, fictional and nonfictional, bound-----	2,879,346	1,043,779	.36
95129-----	Books, bound, NEC-----	3,745,250	3,418,542	.91
95140-----	Books, unbound, in sheets-----		70,418	
95161-----	Catalogs, pamphlets, and booklets, except advertising-----		330,084	
95230-----	Music, in books and sheets-----		33,188	
95550-----	Periodicals, current, except overissue-----	26,985,729	2,886,631	.10
	Total-----		11,132,829	

U.S. IMPORTS

(FT 110)	Item	Quantity (units)	Value	Average value
9500-000----	Books, etc., foreign language-----		\$130,680	
9501-100----	Books, over 20 years old-----		1,034,455	
9503-100----	Books, maps, photos, etc., for United States or Library of Congress-----		8,173	
9503-200----	Books, maps, etc., for education or religious purposes-----		327,037	
9503-900----	Bibles and Testaments-----	993,077	1,933,585	\$1.94
9510-300----	Maps, charts, blank books-----			
9510-320----	Diaries, note and address-----	125,958	60,122	.47
9510-420----	Prayer books, bona fide foreign authorship-----		719	
9510-425----	Bound books, not leather, bona fide foreign authorship-----		12,417,665	
9510-429----	Other books, unbound, bona fide foreign authorship-----		1,523,171	
9510-440----	Music books, sheets, NSPF, bona fide foreign authorship-----		246,719	
9510-509----	Prayer books, not bona fide foreign authorship-----		651	
9510-520----	Books, NSPF, not bona fide foreign authorship-----		1,111,149	
9510-540----	Music in books or sheets, NSP, not foreign authorship-----		996	
	Total-----		18,795,122	

FREIGHT RATES

North Atlantic/United Kingdom----	\$68.25 per 2,240 lbs. or 40 cft.; \$58 to \$69 per 2,240 lbs.
Gulf/United Kingdom-----	NCR.
United Kingdom/North Atlantic----	\$21.56 to \$42.74 per 40 cft. or 1.65 percent ad valorem.
United Kingdom/Gulf-----	Do.

CONCLUSION

Since there are virtually no units available to compare on the import side, one must derive an explanation based on the type of books moving. It will be noted the two-thirds of the import categories is in one item, No. 9510425, which are books written and produced abroad that are subsequently sold in the U.S. market. Obviously, our local producers find this cheaper than obtaining necessary copyrights and producing the same item here which fact seems to mirror the different production cost factors of the two areas. The relatively small movement of our books of the same type (probably No. 95123) tends to confirm the point that American-authored books can be reproduced overseas more cheaply than producing and transporting them.

Trade between United States and United Kingdom in copper sheets: 1962

U.S. EXPORTS 1962

(FT 410)	Item	Quantity (pounds)	Value	Average value
64230.....	Copper plates, sheets, and strip, including nickel-plated.....	187,426	\$175,497	\$0.93
64500.....	Copper base alloy plates, sheets, and strips.....	105,462	224,758	2.13
	Total.....	292,888	400,255	1.37

U.S. IMPORTS 1962

(FT 110)	Item	Quantity (pounds)	Value	Average value
6420-100....	Copper in rolls and sheets.....	3,985,924	\$1,643,244	\$0.41
6458-050....	Brass sheets, plates, and strips.....	6,431,305	3,243,982	.50
6485-200....	Muntz sheets, bolts, etc.....	96,441	74,171	.77
6459-600....	Bronze rods and sheets.....	132,824	68,321	.51
	Total.....	10,646,494	5,029,718	.47

FREIGHT RATES

North Atlantic/United Kingdom.....	\$40 per 2,240 lbs.
Gulf/United Kingdom.....	\$26.57 to \$78.15 per 2,240 lbs.
United Kingdom/North Atlantic.....	\$40 per 2,240 lbs.
United Kingdom/Gulf.....	\$26.57 to \$78.15 per 2,240 lbs. ¹

¹ Dependent on value per ton.

CONCLUSION

As can easily be seen, the average value of U.S. copper sheets moving to the United Kingdom is \$1.37 per pound or \$3,068.80 per long ton. The freight rate on this high-valued copper is \$40 a ton outward, but a British shipper, moving copper sheets of the same value to the United States would pay a rate of \$49.67 (packed) or \$67 (loose) per ton. The U.S. shipper enjoys an advantage here, for he pays a lower rate based on the value of his product than does the British shipper of the same item.

Trade between United States and United Kingdom in copper bars: 1962

U.S. EXPORTS

(FT 410)	Item	Quantity (pounds)	Value	Average value
64120.....	Refined copper, cathodes, ingots, etc.....	104,372,825	\$31,481,090	-----
64290.....	Copper, semifabricated forms, NEC.....	3,350	4,713	\$1.40
64490.....	Copper-base alloy bars, rods, shapes, extruded, drawn, etc.	52,950	77,444	1.46
	Total.....	104,429,125	31,563,247	.30

U.S. IMPORTS

(FT 110)	Item	Quantity (pounds)	Value	Average value
6417-100....	Copper, refined, in ingots, etc.....	1,690,276	\$524,668	\$0.31
6458-020....	Brass rods and bars.....	2,589,957	1,165,685	.45
	Total.....	4,280,233	1,690,353	.39

Trade between United States and United Kingdom in copper bars: 1962—Continued

FREIGHT RATES

North Atlantic/United Kingdom.....	\$17 per 2,240 lbs.
Gulf/United Kingdom.....	Do.
United Kingdom/North Atlantic.....	\$22.72 to \$25.80 per 2,240 lbs.
United Kingdom/Gulf.....	Do.

CONCLUSION

The rate outbound is only 60 to 80 percent of the inbound rate and the level was established in negotiation with the shippers to meet competition from Chile.

Trade between United States and United Kingdom in distilled spirits—Liquor: 1962

U. S. EXPORTS

(FT 410)	Item	Quantity ¹	Value	Average value
17500.....	Wines.....	744	\$1,752	\$2.35
17160.....	Whisky.....	31,507	139,885	4.43
17190.....	Distilled liquors and compounds, spirits except whisky.....	13,636	44,247	3.24
	Total.....		185,884	

U. S. IMPORTS

(FT 110)	Item	Quantity ¹	Value	Average value
1711-300 through 1770-840.	Covers 16 items on which trade moved in 1962, 90 percent of which is Scotch whisky (total).		\$143,469,959	

¹ Generally proof gallons for whisky and gallons for wines.

FREIGHT RATES

North Atlantic/United Kingdom.....	\$48.50 to \$50 per 40 cft.
Gulf/United Kingdom.....	Do.
United Kingdom/North Atlantic.....	\$30.75 to \$34.75 per 40 cft.
United Kingdom/Gulf.....	Do.

CONCLUSION

Ninety percent of the imports is Scotch and these rates are set in direct negotiation with the Alcoholic Beverage Importers Association. The United Kingdom has a very high tariff on imported whisky which amounts to \$6.57 per fifth. By way of comparison, we figure 36 cases measures 40 cubic feet of space which means 432 fifths are charged \$50 for ocean freight. On a per bottle basis, this is 11 to 12 cents each. It should be rather clear at this point what is inhibiting the expansion of export trade in this commodity.

Trade between United States and United Kingdom in electrical goods and supplies—Electric toasters: 1962

U. S. EXPORTS

(FT 410)	Item	Quantity (units)	Value	Average value
70736.....	Appliances and utensils, cooking, and parts, electric, household, NES.		\$184,401	
70740.....	Equipment, cooking, and food service and parts, electric, commercial.		163,993	
	Total.....		248,394	

DISCRIMINATORY FREIGHT RATES

*Trade between United States and United Kingdom in electrical goods and supplies—
Electrical toasters: 1962—Continued*

U.S. IMPORTS

(FT 110)	Item	Quantity (units)	Value	Average value
7090-510....	Utensils, electric, household, iron and steel, etc.....			
7090-520....	Utensils, electric, household, aluminum.....			
7090-525....	Utensils, electric, household, ch. value, brass.....		\$3,642	
7090-590....	Utensils, household, electric, NES.....		11,693	
	Total.....		15,335	

FREIGHT RATES

Atlantic/United Kingdom..... \$40 per W/M.
 Gulf/United Kingdom..... \$24 per 40 cft.
 United Kingdom/Atlantic..... \$45.05 per W/M or 1½ percent ad valorem.
 United Kingdom/Gulf..... Do.

CONCLUSION

It is not possible, from the available figures, to determine the exact proportion of those appliances which represent the toaster trade. Nevertheless, it is readily seen that the outward rates are, throughout, lower than their inward counterparts.

*Trade between United States and United Kingdom in electrical goods and supplies—
Batteries: 1962*

U.S. EXPORTS

(FT 410)	Item	Quantity (units)	Value	Average value
70130.....	Batteries, storage, 6- and 12-volt, lead-acid.....	322	\$6,816	\$21.16
70140.....	Batteries, storage, NEC, cell.....	557	7,142	12.82
70160.....	Batteries, flashlight.....	173,550	13,657	.07
70170.....	Batteries, dry, multiple cell, except flashlight.....	142,480	53,791	.37
70180.....	Batteries, dry and wet cell, NEC.....	45,677	16,362	.35
	Total.....	362,586	97,768	.27

U.S. IMPORTS

(FT 110)	Item	Quantity (units)	Value	Average value
7090-760....	Storage batteries and parts, lead-acid, electric.....		\$110,333	
7090-780....	do.....		20,690	
7090-810....	Batteries and parts, except storage.....		30,794	
	Total.....		161,817	

FREIGHT RATES

Atlantic/United Kingdom..... \$68.25 per 2,240 lbs. or 40 cft.
 Gulf/United Kingdom..... \$64.96 to \$68.32 per 2,240 lbs. or 40 cft.
 United Kingdom/Atlantic..... \$45.05 to \$60.06 W/M or 1½ percent ad
 valorem.
 United Kingdom/Gulf..... \$54.95 to \$60.06 W/M or 1½ percent ad
 valorem.

CONCLUSIONS

No meaningful data is available to compare the movements of these commodities. However, the ad valorem rate inbound places that rate at approximately the same level as the outbound rates.

Trade between United States and United Kingdom in electrical goods and supplies—
Light bulbs: 1962

U.S. EXPORTS

(FT 410)	Item	Quantity (units)	Value	Average value
70630-----	Bulbs (lamps) electric, filament, ¾ inches in base and under.	350,008	\$148,261	\$0.41
70645-----	Bulbs (lamps), electric, filament, over ¾ inches in base.	188,715	169,213	.89
70655-----	Bulbs and tubes, lamps, vapor and nonfilament NEC.	238,122	446,315	1.87
70659-----	Electric bulb and tube, parts, NEC.		20,839	
	Total.....	785,845	763,789	.97

U.S. IMPORTS

(FT 110)	Item	Quantity (units)	Value	Average value
7062-000----	Lamps, electric without filament.	9,647	\$869	\$0.09
7063-200----	Lamps, electric, carbon filament, incandescent miniature.	7,194	3,800	.52
7064-300----	Lamps, electric, metal filament, Christmas tree.			
7064-950----	Lamps, electric, NES.	507,989	49,137	.09
	Total.....	524,830	53,806	.10

FREIGHT RATES

Atlantic/United Kingdom.....	\$28.50 to \$36 per 2,240 lbs. or 40 cft.
Gulf/United Kingdom.....	\$28 to \$68.32 per 2,240 per or 40 cft.
United Kingdom/Atlantic.....	\$25.80 W/M or 1½ percent ad valorem.
United Kingdom/Gulf.....	\$15.79 to \$33.11 W/M or 1½ percent ad valorem.

CONCLUSIONS

The differential in freight rates, outward and inward, can easily be understood by comparing the average values of the products being shipped in each direction. Although movements are similar in numbers, the product moving from the United States is worth 10 times as much as the bulbs moving in. However, outward freight rates are, on the average, only about 30 percent higher.

Trade between United States and United Kingdom in electric motors: 1962

U.S. EXPORTS

(FT 410)	Item	Quantity (units)	Value	Average value
70400-----	Motors, electric, ½ hp. and under, NEC.	24,671	\$569,407	\$23.08
70410-----	Motors, electric, over ½ under 1 hp., NEC.	2,215	251,859	113.70
70415-----	Motors, electric, 1 to 20 hp., NEC.	482	88,821	184.27
70425-----	Motors, electric, 20 to 200 hp., NEC.	21	89,689	4,270.90
	Total.....	27,389	999,776	36.50
70430-----	Motors, electric, over 200 hp., NEC.		1,142	
	Total.....		1,000,918	

U.S. IMPORTS

(FT 110)	Item	Quantity (units)	Value	Average value
7090-340----	Motors, not over ¼ hp.	7,440	\$50,943	\$6.84
7090-350----	Motors, NES, over ¼ under 1 hp.	2,139	41,447	19.37
7090-370----	Motors, NES, 1 to 20 hp.	27,660	1,358,430	49.11
7090-380----	Motors, NES, 20 to 200 hp.	4,017	864,966	215.32
7090-390----	Motors, NES, over 200 hp.	113	264,753	2,342.94
	Total.....	41,369	2,580,539	62.38

Trade between United States and United Kingdom in electric motors: 1962—Con.

FREIGHT RATES

Atlantic/United Kingdom.....	\$57.25 per 2,240 lbs. or 40 cft.
Gulf/United Kingdom.....	\$58.24 per 40 cft. or \$58 per 2,240 lbs.
United Kingdom/Atlantic.....	\$32.34 to \$48.51 W/M.
United Kingdom/Gulf.....	\$32.34 W/M.

CONCLUSION

We can compare the first two numbers in each group with each other as the total represents motors under 1 horsepower. The average value of the export items is about \$30 while of the import equivalent only \$10—a 3-to-1 ratio. Over 80 percent of the value of our exports is in the category, and the freight rate analysis shows export rates to import rates at less than 2 to 1. Here, also, the U.S. exporter is paying less for transportation, relative to the value of his product, than is the foreign shipper.

Trade between United States and United Kingdom in electric machinery, high pressure boilers: 1962

U.S. EXPORTS

(FT 410)	Item	Quantity (square feet)	Value	Average value
71320.....	Boilers, power, fire-tube.....	324	\$2,551	\$7.87
71330.....	Boilers, power, water-tube.....		159,765	
	Total.....		162,316	

U.S. IMPORTS

(FT 110)	Item	Quantity (square feet)	Value	Average value
7100-500....	Steam boilers operating with water under pressure.....			

FREIGHT RATES

Atlantic/United Kingdom.....	\$57.25 per 2,240 lbs. or 40 cft.
Gulf/United Kingdom.....	\$58.24 per 40 cft.
United Kingdom/Atlantic.....	\$33.11 to \$48.51 W/M and \$49 per 2,240 lbs.
United Kingdom/Gulf.....	\$33.11 to \$48.51 W/M.

CONCLUSION

No traffic in this commodity moves inbound and hence the lower inbound rate really has no significance.

Trade between United States and United Kingdom in electric machinery—Industrial controls: 1962

U.S. EXPORTS

(FT 410)	Item	Quantity	Value	Average Value
70490.....	Pilot circuit devices and specification fabric, parts, NEC.....		\$543,094	
70498.....	Accessory equipment, NEC, for industrial motor con- trols.....		21,581	
76650.....	Electronic industrial process control systems.....	5	41,945	\$8,389
76670.....	Industrial indicating, record, etc., instrument and parts.....		3,522,336	
76680.....	Indicating (measuring), record and controlling instru- ments and parts.....		1,148,549	
	Total.....		5,307,605	

DISCRIMINATORY FREIGHT RATES

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Trade between United States and United Kingdom in in electric machinery—Industrial controls: 1962—Continued

U.S. IMPORTS

(FT 110)	Item	Quantity	Value	Average value
7070-700	Testing, recording, etc., instruments, electric element or device.		\$2,543,010	
7090-028	Articles, NES, for control or rectifying, etc., electrical energy.		924,375	
7100-970	Articles and parts having electrical element or device.		5,100,825	
	Total		8,568,210	

FREIGHT RATES

Atlantic/United Kingdom	\$57.25 per 2,240 lbs. or 40 cft.
Gulf/United Kingdom	\$58.24 per 40 cft.
United Kingdom/Atlantic	\$43.12 to \$75.85 W/M or 1.65 percent ad valorem.
United Kingdom/Gulf	\$43.12 to \$75.85 W/M or 1.65 Do.

CONCLUSION

This is believed to be a very diverse classification of relatively expensive items, but it is impossible to derive unit values. Inbound rates vary depending upon the value of the item being shipped.

Trade between United States and United Kingdom in electronics—Hi-Fi equipment: 1962

U.S. EXPORTS

(FT 410)	Item	Quantity	Value	Average value
70803	Radio-television combinations, home-type, not including televisions.	361	\$48,721	\$134.96
70815	Television receiving sets	85	22,320	262.58
70883	Recorders (disk, tape, wire, and parts NEC)		3,509,010	
92340	Phonographs, coin-operated, new	633	427,273	674.99
92345	Phonographs, coin-operated, except new	435	176,919	406.71
92360	Phonographs, except coin-operated	819	45,303	55.31
70886	Electronic equipment and parts NEC		4,119,369	
92424	Electronic components NEC			
	Total		8,348,915	

U.S. IMPORTS

(FT 110)	Item	Quantity	Value	Average value
7100-060	Television apparatus and parts NES		\$121,339	
7100-190	Radio apparatus and parts NES		1,995,748	
7100-210	Loudspeakers	147,856	936,038	\$6.34
7100-230	Radio, phonograph, combination, complete units	19	3,004	158.10
7100-215	Loudspeaker parts		536	
7100-235				
7100-250	Record players and parts including record changers, etc.		13,206,102	
7100-270	Tape and wire recorders and parts		550,830	
7100-290	Articles and parts utilizing and electric transducer device		1,368,700	
9262-050	Phonographs, gramophones, and graphophones NSPF	3,943	85,969	21.80
7090-026	Radar equipment		884,717	
7090-028	Articles NES for control or rectifying		924,375	
	Total		20,077,358	

DISCRIMINATORY FREIGHT RATES

Trade between United States and United Kingdom in electronics—Hi-Fi equipment: 1962—Continued

FREIGHT RATES

Atlantic/United Kingdom.....	\$30 per 2,240 lbs. or 40 cft.
Gulf/United Kingdom.....	NCR.
United Kingdom/Atlantic.....	\$31.96 to \$75.85 W/M or 1.65 percent ad valorem.
United Kingdom/Gulf.....	\$43.12 to \$75.85 W/M or 1.65 percent ad valorem.

CONCLUSION

The average values of the outward and inward moving hi-fi equipment cannot be compared since there are no units available for those items which represent 90 percent of each market. The outbound rates are lower than the inbound rates in the Atlantic.

Trade between United States and United Kingdom in electronics—TV broadcast: 1962

U.S. EXPORTS

(FT 410)	Item	Quantity	Value	Average value
70768.....	TV broadcasting transmitting equipment and parts NEC.			
70776.....	TV Broadcast studio equipment.....		\$1,066,744	
	Total.....		1,066,744	

U.S. IMPORTS

(FT 110)	Item	Quantity	Value	Average value
7100-030....	TV apparatus and parts NES.....		\$418,056	
7100-060....	do.....		121,339	
	Total.....		539,395	

FREIGHT RATES

Atlantic/United Kingdom.....	NCR.
Gulf/United Kingdom.....	NCR.
United Kingdom/Atlantic.....	\$31.96 to \$75.85 W/M or 1.65 percent ad valorem.
United Kingdom/Gulf.....	\$43.12 to \$75.85 W/M or 1.65 percent ad valorem.

CONCLUSION

The movement of this expensive-type commodity is very small and hence there is no specific commodity rate outbound (general cargo would apply) while inbound this would fall under an "Electronic equipment NOS" category, rates as above with actual rate depending on value. A special commodity rate could be established if an export market is developed in the United Kingdom.

Trade between United States and United Kingdom in fountain pens: 1962

U.S. EXPORTS

(FT 410)	Item	Quantity (dozen)	Value	Average value
93110.....	Pens, fountain (total).....	219	\$3,856	\$17.60

Trade between United States and United Kingdom in fountain pens: 1962—Con.

U.S. IMPORTS

(FT 110)	Item	Quantity (dozen)	Value	Average value
9790-550-----	Fountain and stylographic pens, etc. (total)-----	876	\$3, 112	\$3. 58

FREIGHT RATES

Atlantic/United Kingdom-----	\$94.50 per 40 cft.
Gulf/United Kingdom-----	\$94 per 40 cft.
United Kingdom/Atlantic-----	\$49.67 W/M or 1.65 percent ad valorem.
United Kingdom/Gulf-----	\$53.90 W/M or 1.65 percent ad valorem.

CONCLUSION

The outward rate on this commodity is almost twice the inward rate, but the value of American pens is almost five times that of British pens. This is a very specialized market for United States-made pens which carries a flat rate regardless of value while the United Kingdom rate varies with the value.

Trade between United States and United Kingdom in fruit juices: 1962

U.S. EXPORTS

(FT 410)	Item	Quantity (gallons)	Value	Average value
13502-----	Pineapple juice, reconstituted and concentrated-----	236, 451	\$174, 423	\$0. 73
13510-----	Grapefruit juice, single strength, including reconstituted-----	1, 007, 010	574, 681	. 57
13515-----	Grapefruit juice, concentrated, canned-----	2, 678	7, 799	2. 91
13525-----	Orange juice, single strength, including reconstituted-----	163, 789	131, 260	. 80
13535-----	Orange juice, concentrated, frozen-----	2, 438	7, 093	2. 90
13545-----	Peach juice and nectar, including reconstituted and concentrated-----	1, 347	1, 502	1. 11
13550-----	Citrus juices, blended, including reconstituted and concentrated-----	17, 362	4, 080	. 23
13555-----	Fruit juices, included reconstituted and concentrated, NEC-----	216, 587	429, 323	1. 98
	Total-----	1, 647, 662	1, 330, 161	. 80

U.S. IMPORTS

(FT 110)	Item	Quantity (gallons)	Value	Average value
1770010-----	Limejuice, concentrated-----	9, 759	\$28, 344	\$2. 90
1770100-----	Lemon juice, containing under ½ percent alcohol-----	114	128	1. 12
1770110-----	Limejuice, containing under ½ percent alcohol-----	524, 229	1, 384, 683	2. 64
1770309-----	Cherry juice, etc., containing under ½ percent alcohol-----	1, 272	6, 270	4. 92
1770310-----	Cherry juice, etc., containing more than ½ percent alcohol-----	20	304	15. 20
1770500-----	Cider, apple-----	4, 072	5, 410	1. 32
	Total-----	539, 466	1, 425, 139	2. 64

FREIGHT RATES

Atlantic/United Kingdom-----	\$35.75 to \$57.25 per 2,240 lbs. and \$57.25 per 2,240 lbs. or 40 cft.
Gulf/United Kingdom-----	\$29.20 to \$84 per 2,240 lbs. and \$58 per 2,240 or 40 cft.
United Kingdom/Atlantic-----	\$25.80 to \$54 per 2,240 lbs. or 40 cft.
United Kingdom/Gulf-----	NCR.

CONCLUSION

The rates vary primarily on packaging differences or whether or not refrigerated cargo. The products that move outbound are grapefruit and orange juices while inbound it is mainly limejuice. The average value per gallon of the import items is about three times the export commodities yet the freight rates are substantially the same.

*Trade between United States and United Kingdom in fruits and preparations—
Canned: 1962*

U.S. EXPORTS

(FT 410)	Item	Quantity (pounds)	Value	Average value
13320	Grapefruit, canned.....	7, 468, 675	\$1, 120, 523	\$0.15
13350	Apples and applesauce, canned.....	3, 409, 161	366, 711	.10
13400	Apricots, canned.....	865, 872	124, 835	.14
13410	Cherries, canned.....	120, 504	30, 202	.25
13420	Prunes and plums canned.....	18, 900	4, 825	.25
	Total.....	11, 883, 112	1, 647, 096	.139

U.S. IMPORTS

(FT 110)	Item	Quantity (pounds)	Value	Average value
1329-000	Orange marmalade.....	2, 822, 079	\$532, 593	\$0.18
1329-120	Guava, pineapple, papaya, etc., jelly, etc.....	225	118	.52
1329-300	Quince jelly, jam, etc.....	3, 948	1, 453	.36
1329-420	Currant and berry jelly, jam, etc.....	1, 223, 942	349, 857	.28
1329-500	Jellies, jams, etc., NES.....	723, 836	177, 787	.24
1328-500	Ginger root, candied, etc.....	480	104	.21
	Total.....	4, 792, 587	1, 066, 835	.223

FREIGHT RATES

Atlantic/United Kingdom.....	\$35.75 to \$40 per 2,240 lbs.
Gulf/United Kingdom.....	\$35.84 to \$43.68 per 2,240 lbs.
United Kingdom/Atlantic.....	\$40.04 to \$64.30 per 2,240 lbs.
United Kingdom/Gulf.....	Do.

CONCLUSION

The outward rates are substantially lower than the inward rates in this commodity. U.S. exports are about 50 percent greater than the imports of related commodities.

Trade between United States and United Kingdom in glass—Flat, window: 1962

U.S. EXPORTS

(FT 410)	Item	Quantity (square feet)	Value	Average value
52121	Glass, plate, except colored and laminated.....	46, 567	\$46, 567	\$0.46
52151	Glass, sheet and window, except colored and laminated.....	1, 420	533	.37
52170	Glass, laminated, and manufacturers except ophthalmic.....		31, 012	
52180	Glass, rolled, except colored.....			
52201	Glass, colored, except laminated.....		1, 900	
52309	Glass, flat, and products, NEC.....		11, 248	
	Total.....		66, 268	

U.S. IMPORTS

(FT 110)	Item	Quantity (pounds)	Value	Average value
5200-300	Glass, sheet, etc., not over 4 oz. per square foot, not over 150 sq. ins.	4, 454	\$18, 016	\$4.04
5200-370	Glass, sheet, etc., over 4 oz., under 12 oz. per square foot, not over 150 sq. ins.	142, 950	17, 955	.12
5200-378	Glass, colored, over 4 oz., under 12 oz. per square foot, not over 150 sq. ins.	3, 984	6, 600	1.65
5200-408	Glass, colored, under 12 oz. per square foot, not over 150 sq. ins.	700	1, 358	1.94
5200-410	Glass, sheet, etc., under 12 oz. per square foot, 150 to 384 sq. ins.	51, 150	8, 927	.17
5200-690	Glass, sheet, etc., 16 to 28 oz. per square foot, 720 to 864 sq. ins.	4, 271, 760	255, 957	.05
	Total.....	4, 474, 998	308, 813	.069

Trade between United States and United Kingdom in glass—Flat window: 1962—Con.

FREIGHT RATES

Atlantic/United Kingdom	\$49.25 per 2,240 lbs. to \$68.25 W/M.
Gulf/United Kingdom	\$49.28 per 2,240 lbs.
United Kingdom/Atlantic	\$21.56 to \$75.45 W/M or 1½ percent ad valorem.
United Kingdom/Gulf	\$21 per 2,240 lbs.

CONCLUSION

A conversion factor of 3.25 lbs. to 1 square foot of item No. 52121 (supplied by Mr. Peterson, U.S. Tariff Commission) enables us to conclude that the value of a principal U.S. export in this group is \$0.14 per pound. On the import side No. 5200-690, which accounts for 80 percent of the inward traffic is \$0.05 per pound. The value of the export item in this case is almost three times the inbound commodity that is the principal traffic, which indicates that only specialty items manufactured in this country can be competitive in the United Kingdom.

Trade between United States and United Kingdom in glassware—Table and kitchen, household: 1962

U.S. EXPORTS

(FT 410)	Item	Quantity (dozen)	Value	Average value
52371	Glass tumblers, drinking glasses, and stemware, machine-made.	30,143	\$32,914	\$1.09
52430	Glassware, cooking, heat-resistant.	49,585	558,946	11.27
52440	Glassware, table and kitchen, machine-made, NEC.	133,899	141,517	1.05
52450	Glassware, table and kitchen, handmade.	2,198	12,484	5.67
	Total	215,825	745,861	3.46

U.S. IMPORTS

(FT 110)	Item	Quantity (dozen)	Value	Average value
5278-100	Glass, table, kitchen utensils, pressed, unpolished.		\$7,534	
5278-140	Glass, table, kitchen utensils, polished, etc., not decorated.		6,876	
5278-240	Blown glass, kitchen utensils, cut or engraved, value over \$3 each, NES.	16,892	90,662	\$5.36
5278-320	Bubble glass kitchen utensils, not automatically produced.		939	
5278-500	Glass, engraved, ornamental, value \$8 and over.	53	1,316	24.83
5278-520	Plated or cased glass, over 24 percent lead oxide.			
5278-540	Plated or cased glass, other.	508	1,615	3.17
5278-600	Kitchen articles containing 24 percent or more lead oxide.	29,782	39,757	1.33
5278-620	Blown glass kitchen utensils, decorated or colored, etc.	101,177	104,726	1.03
	Total (excluding first 2 items)		239,015	
	Total		253,425	

FREIGHT RATES

Atlantic/United Kingdom	\$30.75 per 40 cft. to \$68.25 per 2,240 lbs. or 40 cft.
Gulf/United Kingdom	\$34 per 40 cft. to \$113.12 to 2,240 lbs.
United Kingdom/Atlantic	\$23.87 to \$75.85 W/M or 1.65 percent ad valorem.
United Kingdom/Gulf	\$23.87 to \$49.66 W/M or 1.65 percent ad valorem.

CONCLUSION

There is a very considerable difference in the values of the export as opposed to the import items, approximately 3 to 1. All the rates in both directions scale up, depending on the specific nature of the commodities actually involved. The level of the freight rates outbound is less than the inbound rates when compared with value of the product.

Trade between United States and United Kingdom in household furnaces, heater and parts: 1962

U.S. EXPORTS

(FT 410)	Item	Quantity (number)	Value	Average value
70738	Appliances, heating and parts, electric household		\$113,244	
61435	Stoves and space heaters, gas, domestic heaters	2	212	\$106.00
61437	Stoves and space heaters, kerosene, domestic heaters	70	3,908	57.11
61439	Stoves and space heaters, except electric, domestic heaters	89	13,741	154.39
61481	Boilers, warm air furnaces, radiators and parts, central heating		145,510	
61501	Oil burners, domestic, central heating	92	9,196	99.95
61511	Oil burners, industrial central heating	21	6,189	294.71
61522	Parts NEC for domestic and industrial central heating oil burners		104,234	
61529	Heating equipment and parts		33,065	
	Total		429,389	

U.S. IMPORTS

(FT 110)	Item	Quantity (number)	Value	Average value
7090-880	Electric furnaces, heaters, ovens, and parts		\$52,817	
6200-920	Stoves, heating and cooking, NSPF		316,118	
	Total		368,935	

FREIGHT RATES

Atlantic/United Kingdom	\$33 per 40 cft. to \$61.50 W/M.
Gulf/United Kingdom	Do.
United Kingdom/Atlantic	\$28.88 to \$53.90 W/M or 1.65 percent ad valorem.
United Kingdom/Gulf	NCR.

CONCLUSION

There is a spread of rates in both directions based on the actual kind of item involved. There is not much difference between the rates, outbound and inbound, on an overall basis. Eighty percent of the imports is in the stove category while the export items are quite diverse and not competitively related.

Trade between United States and United Kingdom in lubricating oils and greases:
1962

U.S. EXPORTS

(FT 410)	Item	Quantity (barrels)	Value	Average value
50340.....	Lubricating oil, black oils, except hydramatic.....	70, 688	\$279, 802	\$3. 95
50351.....	Lubricating oil, cylinder, bright stock, except hydramatic.	216, 546	2, 045, 627	9. 44
50352.....	Lubricating oil, cylinder, steam refined stocks, except hydramatic.	51, 113	575, 535	11. 26
50380.....	Lubricating oil, insulating or transformer oils, except hydramatic.	11, 648	392, 721	33. 71
50391.....	Lubricating oil, industrial, diesel engine, including marine.	7, 516	206, 883	27. 52
50392.....	Lubricating oil, industrial, turbine engine, including marine.	12, 242	137, 261	11. 21
50394.....	Lubricating oil, other industrial engine, including marine.	130	2, 509	19. 30
50399.....	Lubricating oil, industrial NEC.....	620	17, 001	27. 42
50400.....	Lubricating oil, aviation engine, including synthetic.....	22, 588	439, 023	19. 43
50403.....	Lubricating oil, auto engine.....	244, 786	2, 532, 958	10. 34
50405.....	Lubricating oil, auto gear.....	1, 343	37, 309	27. 78
50407.....	Lubricating oil, NEC, including raw, stocks, or distilled.....	2, 483	81, 051	32. 64
50410.....	Greases, lubricating, except graphite (pound).....	348, 344	91, 444	. 26
	Total.....		6, 839, 124	

U.S IMPORTS

(FT 110)	Item	Quantity (barrels)	Value	Average value
5075-000....	Lubricating and paraffin oil.....	5, 623	\$148, 815	\$26. 46
5087-800....	Liquid derivatives of petroleum.....			
5069-000....	Derivatives of petroleum or natural gas.....		9, 401	
	Total.....		158, 216	

FREIGHT RATES

Atlantic/United Kingdom.....	\$32 to \$43 per 2,240 lbs.
Gulf/United Kingdom.....	\$39.20 to \$68 per 2,240 lbs.
United Kingdom/Atlantic.....	\$26.57 to \$28.88 per 2,240 lbs. or 1.65 percent ad valorem.
United Kingdom/Gulf.....	Do.

CONCLUSION

Export items in this category move in a very great diversity of packaging each with its own handling and space problems. The import movement, which is obviously miniscule by comparison with the volume of exports, is a different class of items and the rates reflect that difference.

DISCRIMINATORY FREIGHT RATES

Trade between United States and United Kingdom in meat, canned: 1962

U.S. EXPORTS

(FT 410)	Item	Quantity (pounds)	Value	Average value
00362.....	Beef and veal, canned.....	377,920	\$97,355	\$0.26
00371.....	Pork hams and shoulders, canned.....	5,787	4,840	.76
00379.....	Pork, canned, NEC.....	5,785	6,615	1.14
00395.....	Baby food, meat or chief value meat, canned.....	9,980	2,010	.20
00397.....	Sausage, bologna, and franks, canned.....	33,802	7,742	.23
00399.....	Meat and meat products, canned.....			
	Total.....	433,274	118,562	.274

U.S. IMPORTS

(FT 110)	Item	Quantity (pounds)	Value	Average value
0028-000....	Beef, canned, including corned beef.....	360	\$122	\$0.34
0031-800....	Cooked hams and shoulders, canned.....	96,963	69,319	.71
0031-990....	Pork, prepared or preserved, canned, NES.....	243	250	1.03
0032-900....	Meats, canned, preserved, or prepared, NES.....	106,759	75,397	.706
	Total.....	106,759	75,397	.706

FREIGHT RATES

Atlantic/United Kingdom.....	\$35.75 to \$40 per 2,240 lbs.
Gulf/United Kingdom.....	\$40 per 2,240 lbs.
United Kingdom/Atlantic.....	\$40.04 to \$64.30 per 2,240 lbs.
United Kingdom/Gulf.....	\$40.81 to \$53.90 per 2,240 lbs.

CONCLUSION

The outbound rates are lower than the inbound. The import items are of the delicacy type which accounts for their considerably higher value.

Trade between United States and United Kingdom in oilfield machinery equipment: 1962

U.S. EXPORTS

(FT 410)	Item	Quantity (units)	Value	Average value
73091.....	Rotary drill rigs incorporating rotary tables for input under 250 hp.....	4	\$96,668	\$24,167.00
73095.....	Rotary drill rigs incorporating rotary tables for input 250 hp. and over.....			
73098.....	Core drills, power augers, and borers and parts NEC.....		401,705	
73112.....	Rock drill bits and reamers containing diamonds.....	2	666	333.00
73115.....	Bits, rotary and core drill and reamers containing tungsten carbide.....	2,052	535,835	261.12
73119.....	Bits, rotary and core drill and reamers NEC.....	10	400	40.00
73222.....	Parts NEC for rotary and core drill bits and reamers.....		149,591	
73227.....	Rock drills, pneumatic mounted or unmounted, except cable and parts NEC.....		279,972	
73229.....	Cable drill rigs and parts, NEC.....		45,613	
73391.....	Percussion drill bits containing tungsten carbide.....	77	9,393	121.98
73393.....	Percussion drill bits NEC.....	611	1,020	1.66
73395.....	Petroleum and natural gas producing equipment and parts.....		1,025,073	
	Total.....		3,396,199	

*Trade between United States and United Kingdom in oilfield machinery equipment:
1962—Continued*

U.S. IMPORTS

(FT 110)	Item	Quantity (units)	Value	Average value
7800-700	Construction and maintenance machinery and parts		\$588,440	
6150-660	Rock drill bits containing excess alloys	4,104	23,695	\$5.77
6150-630	Other cutting tools containing excess alloys		113,630	
7800-855	Pump parts NES, nonelectric		285,828	
7800-865	Parts of electric pumps		54,221	
	Total		1,065,814	

FREIGHT RATES

Atlantic/United Kingdom	\$57.25 per 2,240 lbs. or 40 cft.
Gulf/United Kingdom	Do.
United Kingdom/Atlantic	\$33.11 to \$48.51 per 2,240 lbs. or 40 cft. or 1.65 percent ad valorem.
United Kingdom/Gulf	Do.

CONCLUSION

As the per unit values indicate, the export items are generally of a very expensive nature while the imports, at least on the items for which value per unit can be derived, are of a far cheaper class. Only very specialized items occasionally move under this classification.

*Trade between United States and United Kingdom in paper products, wrapping
paper: 1962*

U.S. EXPORTS

(FT 410)	Item	Quantity (pounds)	Value	Average value
48165	Paper, kraft	1,648,341	\$401,695	\$0.24
48175	Paper, glassine (greaseproof, etc.)	61,489	33,143	.53
48177	Paper, shipping sack	6,011,930	390,767	.06
48185	Paper, coarse (wrapping, etc.)	454,371	149,555	.32
48711	Shipping sacks	18,622	5,088	.27
48713	Bags, paper, grocery, variety	2,929	592	.20
	Total	8,197,682	980,839	.12

U.S. IMPORTS

(FT 110)	Item	Quantity (pounds)	Value	Average value
4716-120	Paper, wrapping, sulfate, unbleached	51,184	\$3,977	\$0.07
4717-300	Paper, wrapping, etc.	597	1,679	2.81
4717-900	Paper, wrapping, NES	19,092	6,442	.33
	Total	70,873	12,098	.17

FREIGHT RATES

Atlantic/United Kingdom	\$25.25 to \$61.50 per 2,240 lbs.
Gulf/United Kingdom	Do.
United Kingdom/Atlantic	\$26.56 to \$53.74 per 2,240 lbs and \$26.56 to \$37.35 per 2,240 lbs. or 40 cft.
United Kingdom/Gulf	\$25.15 to \$26.25 per 2,240 lbs. or 40 cft.

CONCLUSION

This commodity group moves in export at rates slightly lower than the inbound equivalents.

Trade between United States and United Kingdom in phonographs and parts: 1962

U.S. EXPORTS

(FT 410)	Item	Quantity (pounds)	Value	Average value
92340.....	Phonographs, coin-operated, new.....	633	\$427, 273	\$675. 00
92345.....	Phonographs, coin-operated, except new.....	435	167, 919	386. 02
92360.....	Phonographs, except coin-operated.....	819	45, 303	55. 32
92390.....	Phonograph parts NEC.....		1, 378, 679	
	Total.....		2, 019, 174	

U.S. IMPORTS

(FT 110)	Item	Quantity (pounds)	Value	Average value
7100-250....	Record players and parts, including changers and turntables.....		\$13, 206, 102	
9262-050....	Phonographs, gramophones, and gramophones NSPF....	3, 943	85, 969	\$21. 80
9262-100....	Phonograph needles, etc.....	5	301	60. 20
9262-900....	Phonograph parts and accessories and similar articles NES.....		120, 764	
	Total.....		13, 413, 136	

FREIGHT RATES

Atlantic/United Kingdom.....	\$30 per 2,240 lbs. or 40 cft.
Gulf/United Kingdom.....	\$50.50 per 2,240 lbs. or 40 cft.
United Kingdom/Atlantic.....	\$31.96 to \$45.05 per 2,240 lbs. or 40 cft. or 1.65 percent ad valorem.
United Kingdom/Gulf.....	Do.

CONCLUSION

The outbound rate is lower from the Atlantic though higher from the Gulf; however, it should be noted that our exports are primarily built around high value commercial type phonographs (jukeboxes) while the import commodity is an inexpensive item used by major U.S. manufacturers as parts in their finished products sold retail in this country.

Trade between United States and United Kingdom in pigments: 1962

U.S. EXPORTS

(FT 410)	Item	Quantity (pounds)	Value	Average value
80591.....	Color lakes and toners, coal tar, and other cyclic.....	92, 032	\$232, 275	\$2. 52
84010.....	Iron oxide pigments, dry, synthetic and natural.....	264, 413	38, 579	. 14
84110.....	Zinc oxide, pigment.....	19, 643	3, 100	. 15
84190.....	Lampblack, pigment.....	60, 976	8, 295	. 13
84231.....	Carbon black, contact (including channel) pigment.....	15, 901, 243	2, 617, 015	. 16
84235.....	Carbon black, furnace, pigment.....	7, 674, 274	562, 566	. 07
84265.....	Litharge, red and white lead, dry or in oil, pigment.....	41, 107	7, 927	. 19
84280.....	Titanium dioxide and other Titanium pigments.....	1, 269, 797	305, 881	. 24
84290.....	Pigments NEC.....	1, 262, 718	260, 609	. 20
	Total.....	26, 586, 197	4, 036, 247	. 15

U.S. IMPORTS

(FT 110)	Item	Quantity (pounds)	Value	Average value
8400100 through 8420390.	29 commodities (included in this group are various colors, pigments, and leads) (total).	19, 889, 086	\$1, 605, 266	\$0. 08

Trade between United States and United Kingdom in pigments: 1962—Continued

FREIGHT RATES

Atlantic/United Kingdom.....	\$36 to \$108.25 per 2,240 lbs. or 40 cft.
Gulf/United Kingdom.....	\$36 per 2,240 lbs. or 40 cft.
United Kingdom/Atlantic.....	\$26.57 to \$33.11 per 2,240 lbs. or 40 cft. or 1.65 percent ad valorem.
United Kingdom/Gulf.....	\$26.79 to \$85.09 per 2,240 lbs. or 40 cft. or 1.65 percent ad valorem.

CONCLUSION

There is a very great diversity of items in this grouping, on both the export and import sides. The average value of the exports is almost twice the imports, which reflects the difference in the products. The United States has a favorable balance of trade by 2½ to 1.

Trade between United States and United Kingdom in plywood: 1962

U.S. EXPORTS

(FT 410)	Item	Quantity (square feet)	Value	Average value
42176.....	Softwood plywood, exterior type.....	1,682,209	\$176,264	\$0.10
42187.....	Hardwood plywood, including technical type and types I, II, III veneer, vent.	402,838	176,672	.43
42190.....	Other plywood and composition boards, lumber and other materials.	61,947	11,284	.18
	Total.....	2,146,994	364,220	.17

U.S. IMPORTS

(FT 110)	Item	Quantity (square feet)	Value	Average value
4209300.....	Birch, plywood.....	600	\$225	\$0.37
4209580.....	Hardwood plywood NES.....	645,956	56,707	.08
	Total.....	645,556	56,932	.08

FREIGHT RATES

Atlantic/United Kingdom.....	\$48 to \$56.75 per 2,240 lbs.
Gulf/United Kingdom.....	\$43.68 per 2,240 lbs.
United Kingdom/Atlantic.....	\$33.88 per 2,240 lbs.
United Kingdom/Gulf.....	Do.

CONCLUSION

There is almost no basis for comparison between the export and import items because these are different kinds of plywood. The only possible comparison would appear to be between No. 42187 and No. 4209580 which are both hard plywood and here the outbound item is worth better than five times the inbound item. The freight rate differential is on the order of 1½ to 1. While the freight rate for the Atlantic is the New York rate, this commodity is not shipped from New York.

Trade between United States and United Kingdom in radios and parts: 1962

U.S. EXPORTS

(FT 410)	Item	Quantity units	Value	Average value
70807-----	Radios, home type, not incorporated with TV-----	1,353	\$63,790	\$45.82
70811-----	Radio receiver chassis, home type, not incorporated with TV.	39	568	14.56
	Total-----	1,392	64,358	46.23

U.S. IMPORTS

(FT 410)	Item	Quantity units	Value	Average value
7100110.....	Portable radio, except transistor-----	144	\$4,314	\$29.96
7100130.....	Transistor radio-----	2,708	64,296	23.74
7100150.....	Radios NES-----	2,815	105,899	37.62
7100170.....	Radio tubes-----	8,267,467	3,618,661	.44
7100190.....	Radio apparatus and parts NES-----		1,995,748	
	Total-----		5,788,918	

FREIGHT RATES

Atlantic/United Kingdom-----	\$30 per 2,240 lbs. or 40 cft.
Gulf/United Kingdom-----	Do.
United Kingdom/Atlantic-----	\$34.65 to \$45.05 per 2,240 lbs. or 40 cft. or 1.65 percent ad valorem.
United Kingdom/Gulf-----	\$31.96 to \$45.05 per 2,240 lbs. or 40 cft. or 1.65 percent ad valorem.

CONCLUSION

The freight rates are favorable to the U.S. exporter but notwithstanding there is no appreciable export of radios. The answer to this is in the production costs of the item.

Trade between United States and United Kingdom in railway cars: 1962

U.S. EXPORTS

(FT 410)	Item	Quantity (number)	Value	Average value
79640-----	Trackless trolley coaches, trolley buses, new-----			
79645-----	Railway cars, self-propelled, new, NEC-----			
79650-----	Railway cars and trolleys coaches, self-propelled, or rebuilt, except mine shuttle-----			
79655-----	Railway cars, passenger, new, except self-propelled-----			
79660-----	Railway cars, freight, new, except self-propelled-----			
79665-----	Industrial and mine rail cars, new, except self-propelled-----			
79670-----	Railway cars, new, except self-propelled, NEC-----			
79675-----				
	Total-----			

U.S. IMPORTS

(FT 110)	Item	Quantity (number)	Value	Average value
7940250-----				

Trade between United States and United Kingdom in railway cars: 1962—Con.

FREIGHT RATES

Atlantic/United Kingdom.....	\$35.25 to \$50.50 per 2,240 lbs. or 40 cft.
Gulf/United Kingdom.....	Do.
United Kingdom/Atlantic.....	NCR.
United Kingdom/Gulf.....	NCR.

CONCLUSIONS

No traffic in either direction. The existing rates tend to be rather academic.

Trade between United States and United Kingdom in railway locomotives: 1962

U.S. EXPORTS

(FT 410)	Item	Quantity	Value	Average value
79605.....	Locomotives, steam, railroad, except new switching			
79620.....	Locomotives, straight electric, railroad, except new switching.			
79623.....	Locomotives, diesel-electric, railroad, except new switching.			
79625.....	Locomotives, railroad switching, new, except electric			
79627.....	Locomotives, industrial, including surface mine, new and industrial.			
79630.....	Locomotives, new, NEC, except electric, mining, except electric mine.			
79635.....	Locomotives, used and rebuilt, NEC, and industrial.			
	Total.....			

U.S. IMPORTS

(FT 110)	Item	Quantity	Value	Average value
7110020.....	Steam locomotives, reciprocating (total).....	1	\$3,254	\$3,254

FREIGHT RATES

Atlantic/United Kingdom.....	\$47.50 per 2,240 lbs. or 40 cft.
Gulf/United Kingdom.....	\$58 per 2,240 lbs. or 40 cft.
United Kingdom/Atlantic.....	NCR.
United Kingdom/Gulf.....	NCR.

CONCLUSION

The one locomotive imported was for a railway museum.

DISCRIMINATORY FREIGHT RATES

*Trade between United States and United Kingdom in rubber tires and inner tubes:
1962*

U.S. EXPORTS

(FT 110)	Item	Quantity (number)	Value	Average value
20610.....	Tires and tire casing, truck and bus, pneumatic, new.....	261	\$13,641	\$52.26
20624.....	Tires and tire casing, passenger car, pneumatic, new.....	7,913	91,944	11.61
20632.....	Tires and casings, off-the-road pneumatic, new, except farm tractor and implement.....	533	168,875	316.83
20634.....	Tires and casings, farm tractor, pneumatic, new.....	48	2,138	44.54
20636.....	Tires and casings, farm implement, pneumatic, new.....	8	226	28.25
20638.....	Tires and casings, pneumatic, new, NEC.....	54	1,291	23.90
20658.....	Inner tubes, except aircraft, new or used.....	3,912	9,330	2.38
20662.....	Tires, solid and cushion, truck and industrial, new.....	294	11,533	39.22
20998.....	Rubber manufactures, natural and synthetic ¹		224,635	
	Total.....	13,023	523,613	22.96

¹ Not included in the computation of average values as it plainly encompasses far more than tires and because no units are available.

U.S. IMPORTS

(FT 110)	Item	Quantity (number)	Value	Average value
2022020.....	Rubber tires, passenger car and motorcycle, pneumatic, new.....	51,154	\$712,600	\$13.93
2022050.....	Tires, truck and bus, pneumatic, new.....	4,472	203,589	45.52
2022090.....	Tires, car, motorcycle, truck, and bus, NES.....	13,097	87,056	6.64
2022200.....	Tires, rubber, bicycle.....	122,430	102,906	.84
2022400.....	Tires, rubber, NES.....	2,188	11,136	5.08
2022900.....	Inner tubes, rubber, automobile, etc.....	8,340	12,509	1.49
	Total.....	201,681	1,129,796	5.60

FREIGHT RATES

Atlantic/United Kingdom.....	\$27 to \$135 per 2,240 lbs.
Gulf/United Kingdom.....	\$84.75 per 2,240 lbs.
United Kingdom/Atlantic.....	\$21.56 per W/M to \$117.04 per 2,240 lbs.
United Kingdom/Gulf.....	\$21.56 per W/M to \$48.51 per 2,240 lbs.

CONCLUSION

The difference in freight rates, outward and inward, is not so great as a cursory inspection might lead one to believe. The low rates are all weight or measurement, while the high rates are weight only. Since most types of tires measure approximately 167 cft. to the ton the W/M rates must be quadrupled in order to put them in perspective with the pure weight rates. Attention is drawn to the difference in the average value (over 4 to 1) and the comparative quantities of movements.

Trade between United States and United Kingdom in sewing machines: 1962

U.S. EXPORTS

(FT 110)	Item	Quantity (number)	Value	Average value
75515.....	Sewing machines, domestic, including complete head assemblies.....	127	\$11,209	\$88.26
75525.....	Sewing machines, industrial, including complete head assemblies.....	4,463	2,263,735	507.22
	Total.....	4,590	2,274,944	495.63

Trade between United States and United Kingdom in sewing machines: 1962—Con.

U.S. IMPORTS

(FT 110)	Item	Quantity (number)	Value	Average value
7550100.....	Sewing machines, value less than \$10.....	293, 765	\$820, 665	\$2. 79
7550320.....	Sewing machines, household, value \$10 to \$75.....	200, 825	6, 145, 982	30. 60
7550350.....	Sewing machines, industrial, value \$10 to \$75.....	2, 599	130, 951	50. 38
7550520.....	Sewing machines, household, value \$75 plus.....	112	19, 144	170. 92
7550550.....	Sewing machines, industrial, value \$75 plus.....	4, 265	630, 722	147. 88
	Total.....	501, 566	7, 748, 464	15. 45

FREIGHT RATES

Atlantic/United Kingdom..... \$40 to \$57.25 per W/M.
 Gulf/United Kingdom..... \$58 per 40 cft. or \$58.24 per 2,240 lbs.
 United Kingdom/Atlantic..... \$26.57 per W/M.
 United Kingdom/Gulf..... \$26.57 to \$45.05 per W/M or 1.65 percent
 ad valorem.

CONCLUSION

The outbound product is primarily an industrial machine worth about 32 times the value of the inbound machines which from the descriptions above are clearly of the household category. This is clearly a case of each country producing what it makes best. The slight difference in outward versus inward freight rates is nominal when viewed in the light of the above figures showing the complete absence of a competitive relationship between the commodities involved.

Trade between United States and United Kingdom in soda ash: 1962

U.S. EXPORTS

(FT 410)	Item	Quantity (pounds)	Value	Average value
83650.....	Soda ash (not causticized).....			
83660.....	Soda ash, causticized.....			
	Total.....			

U.S. IMPORTS

(FT 110)	Item	Quantity (pounds)	Value	Average value
8350230.....	Sodium carbonate (total).....	18, 910	\$1, 149	\$0. 06

FREIGHT RATES

Atlantic/United Kingdom..... NGR.
 Gulf/United Kingdom..... \$45.92 per 2,240 lbs.
 United Kingdom/Atlantic..... \$26.57 per 2,240 lbs.
 United Kingdom/Gulf..... Do.

CONCLUSIONS

While the United States exports some 140,000 long tons of this commodity throughout the world, a study of the trade statistics will show that altogether about 25 tons move to the whole of continental Europe. What rates might apply would seem to have little significance under these conditions and any discussion of the potential of this commodity for increased exports had best be conducted with the manufacturers and buyers of the commodity.

Trade between United States and United Kingdom in sodium cyanide: 1962

U.S. EXPORTS

(FT 410)	Item	Quantity (pounds)	Value	Average value
83690.....	Sodium cyanide (total).....	526, 127	\$73, 273	\$0. 13

U.S. IMPORTS

(FT 110)	Item	Quantity (pounds)	Value	Average value
8339000.....	Sodium cyanide (total).....	8, 798, 329	\$1, 204, 796	\$0. 13

FREIGHT RATES

Atlantic/United Kingdom.....	\$29.50 per 2,240 lbs.
Gulf/United Kingdom.....	\$29.12 per 2,240 lbs.
United Kingdom/Atlantic.....	\$17.33 per W/M to \$20.79 per 2,240 lbs.
United Kingdom/Gulf.....	Do.

CONCLUSION

This commodity has the rare distinction of being one of the few where schedule B and schedule A are dealing with the same description. About two-thirds of total U.S. exports (7 million pounds) go to South America while of the 19 million pounds imported, all of it comes from Europe. What factors there might be that set this pattern we cannot tell but our lower inbound freight rate reflects the fact that there is a big volume of movement in this direction. The movement of this commodity in either direction is possible only to meet "spot" shortages where the freight rate is of no consequence.

Trade between United States and United Kingdom in standard newspaper paper: 1962

U.S. EXPORTS

(FT 410)	Item	Quantity (pounds)	Value	Average value
48010.....	Paper, newspaper (total).....	82, 564	\$5, 532	\$0. 06

U.S. IMPORTS

(FT 110)	Item	Quantity (pounds)	Value	Average value
4711000.....	Standard newspaper paper.....			

FREIGHT RATES

Atlantic/United Kingdom.....	\$39.50 to \$65.25 per 2,240 lbs.
Gulf/United Kingdom.....	\$27.75 to \$52.64 per 2,240 lbs.
United Kingdom/Atlantic.....	\$26.57 per 2,240 lbs.
United Kingdom/Gulf.....	Do.

CONCLUSION

Of total U.S. exports of this commodity, Europe as a whole takes less than 8 percent. This suggests rather strongly another and more dominant source of supply that our exporters cannot meet and this undoubtedly is Scandinavia. There is no movement from the United Kingdom and the rate means nothing. The rates on paper products from the Atlantic and Gulf coasts are always negotiated with a committee of the paper exporters.

Trade between United States and United Kingdom in sulphate wood pulp: 1962

U.S. EXPORTS

(FT 410)	Item	Quantity (short tons)	Value	Average value
46080.....	Woodpulp sulfate, unbleached.....	21, 570	\$2, 457, 127	\$113. 91
46102.....	Woodpulp sulfate, semibleached.....	58, 990	7, 521, 893	127. 51
46107.....	Woodpulp sulfate, bleached, paper grades.....	55, 529	7, 278, 954	131. 08
	Total.....	136, 089	17, 257, 974	126. 81

U.S. IMPORTS

(FT 110)	Item	Quantity (short tons)	Value	Average value
4607100....	Woodpulp sulfate, unbleached.....	-----	-----	-----
4607500....	Woodpulp sulfate, semibleached.....	-----	-----	-----
4608200....	Woodpulp sulfate, bleached, rayon and special grades.....	-----	-----	-----
4608900....	Woodpulp sulfate, bleached, other, NES.....	-----	-----	-----
	Total.....	-----	-----	-----

FREIGHT RATES

Atlantic/United Kingdom.....	\$17.50 to \$25.75 per 2,240 lbs.
Gulf/United Kingdom.....	Do.
United Kingdom/Atlantic.....	\$26.57 per 2,240 lbs.
United Kingdom/Gulf.....	\$53.90 per W/M or 1.65 percent ad valorem.

CONCLUSION

The United States exports to all the world some 500,000 short tons of this commodity a year, the above amount going to the United Kingdom. The rates on this commodity are negotiated with a committee of woodpulp exporters and agreed between the parties.

Trade between United States and United Kingdom in tobacco—Manufactured: 1962

U.S. EXPORTS

(FT 410)	Item	Unit	Quantity	Value	Average value
26200.....	Cigars and cheroots.....	Thousand.....	704	\$46, 643	\$66. 25
26220.....	Cigarettes.....	do.....	237, 712	973, 170	4. 09
26235.....	Chewing tobacco and snuff.....	Pound.....	5, 600	4, 858	. 86
26250.....	Smoking tobacco in packages.....	do.....	21, 647	37, 602	1. 73
26295.....	Smoking tobacco in bulk.....	do.....	4, 507	3, 842	. 85
	Total.....	-----	-----	1, 066, 115	-----

U.S. IMPORTS

(FT 110)	Item	Unit	Quantity	Value	Average value
2621000....	Cigars and cheroots.....	Pound.....	-----	-----	-----
2623000....	Cigarettes.....	do.....	13, 011	\$33, 330	\$2. 56
2629100....	Snuff and snuff flour.....	do.....	945	1, 374	1. 46
2729900....	Tobacco manufactures.....	do.....	175, 001	456, 149	2. 60
	Total.....	-----	-----	490, 853	-----

DISCRIMINATORY FREIGHT RATES

Trade between United States and United Kingdom in tobacco—Manufactured: 1962—Continued

FREIGHT RATES

Atlantic/United Kingdom.....	\$28.50 to \$68.25 per 2,240 lbs.
Gulf/United Kingdom.....	\$68 per 40 cft. and \$68.32 per 2,240 lbs.
United Kingdom/Atlantic.....	\$26.57 per W/M.
United Kingdom/Gulf.....	Do.

CONCLUSION

The commodity that moves here outbound is cigarettes on which the rate is \$28.50. This is approximately the same as the inbound rate. The United Kingdom has a very high duty against foreign manufactured tobacco products which prevents an increase in this export.

Trade between United States and United Kingdom in vegetables, canned: 1962

U.S. EXPORTS

(FT 410)	Item	Quantity (pounds)	Value	Average value
12410.....	Asparagus.....	2,585,778	\$832,829	\$0.32
12420.....	Baked beans and pork and beans.....	38,231	4,706	.12
12430.....	Corn.....	1,334,694	195,928	.14
12451.....	Soups NEC, including chowders and bouillon.....	739,026	123,531	.16
12460.....	Tomatoes.....	63,671	7,649	.11
12470.....	Tomato paste and puree, pulp.....	90,912	20,191	.22
12475.....	Tomato sauce for cooking.....	9,549	1,580	.16
12480.....	Tomato juice.....	941,633	119,227	.12
12491.....	Beans, string or stringless.....	11,320	1,882	.16
12497.....	Baby food, vegetables, strained or chopped.....	2,988,571	575,408	.19
12499.....	Vegetables and juices NEC.....	383,470	86,336	.22
	Total.....	9,186,855	1,969,267	.21

U.S. IMPORTS

(FT 110)	Item	Quantity (pounds)	Value	Average value
1238000.....	Tomatoes.....	6,950	\$695	\$0.10
1239250.....	Beans and black-eyed cowpeas.....	1,200	171	.14
1243000.....	Tomato paste and sauce.....	2,363	548	.23
1249900.....	Vegetables, prepared.....	12,863	10,108	.78
	Total.....	23,376	11,477	.49

FREIGHT RATES

Atlantic/United Kingdom.....	\$35.75 to \$86.25 per 2,240 lbs.
Gulf/United Kingdom.....	\$35.84 to \$43.68 per 2,240 lbs.
United Kingdom/Atlantic.....	\$40.04 to \$64.30 per 2,240 lbs.
United Kingdom/Gulf.....	Do.

CONCLUSION

There is virtually no inbound movement in this category and the outbound freight rate is less than the inbound. The rates vary based on packaging conditions.

(End of Section F.)

SECTION G—ITALY

AMERICAN EXPORT & ISBRANDTSEN LINES,
AMERICAN EXPORT LINES, INC.,

November 12, 1963.

COMMENTS ON REPORT OF TRADE BETWEEN UNITED STATES AND ITALY, YEAR 1962

The request to provide specific information in connection with certain commodities moving in the trade between the United States and Italy has developed some very interesting comparisons, and has additionally brought out considerable incidental information worthy of note.

We find that, generally, the exported and imported items are not really similar. The commodity description may seem to be almost identical, such as various copper items listed, but we find that the value of the imported item is only 20 to 25 percent of that which is exported, and when we look closer at quantities, we find that these are negligible other than for the unmanufactured copper, of which some 50,000 tons moved from the United States to Italy at a rate of \$18 per ton, lower than any of the rates for imported copper items.

The practice of using valuation as a measure of rate for appliances and manufactured technical products, makes direct comparison of rates difficult, but indicates that the better class of merchandise made in the United States does find a market in Italy and that import rates would be considerably higher for articles of equal value. Many of these items come under the classification of "Cargo NOS." In the outgoing trade to Italy, the rate for this category is \$76.50 per ton W/M. The comparable inward rate is approximately \$48 per ton W/M minimum and \$167 per ton W/M maximum, depending on the value of the goods. Using the same basis, in rating the high value items moving from the United States, we would usually be assessing rates at the high end of this scale.

While there are thousands of items in the tariff, most of these do not move in both directions between the United States and Italy, and many items have been established by conferences in recognition of shippers' claim that a particular named commodity, although moving infrequently and in very little volume, would be improperly rated at the "Cargo NOS" rate, and therefore a specific rate has been provided. We do not believe that equalization of all of these rates, either by increasing the inward rate or decreasing the outward rate, would have any noticeable effect on the overall trade in this area.

In each direction the great bulk of the movement consists of less than 50 items, and the rates for these items invariably result from negotiation with shippers.

It is our belief that the constant and executive attention which has been given to rates for all the commodities by both shippers and importers in both directions, has resulted in completely equitable rates being established for these basic items.

AMERICAN EXPORT & ISBRANDTSEN LINES.

Trade between United States and Italy: Dollar volume of trade for years 1958 to 1962, inclusive

[In millions of dollars]

Year	United States to Italy	Italy to United States
1958.....	493	273
1959.....	414	388
1960.....	650	393
1961.....	794	376
1962.....	767	452

DISCRIMINATORY FREIGHT RATES

Trade between United States and Italy in air conditioning and refrigerating equipment: 1962

UNITED STATES TO ITALY (FT 410)

Schedule B No.	Commodity description	Quantity	Total value
76455	Compressors or condensing units.....	103	\$4,762
76457	do.....	3,258	150,211
76459	do.....	1,922	201,807
76463	do.....	1,166	326,343
76465	do.....	679	254,819
76468	do.....	188	336,274
76471	Refrigerating units, centrifugal.....	6	150,053
76473	Refrigerating units, absorption and steam.....	7	171,711
76481	Condensers, evaporative.....	1	1,470
76483	Condensers, excluding evaporative.....	68	62,401
76505	Icemaking machines and parts.....	-----	54,834
76561	Refrigerators and freezers, self-contained.....	482	143,631
76563	Coolers.....	71	254,430
76575	Air conditioners, self-contained.....	1,656	928,910
76576	Air conditioners except self-contained.....	1,980	362,010
76591	Refrigerators and freezers.....	100	78,328
76601	Air-conditioning refrigerating equipment.....	-----	113,978
76603	Air conditioning and refrigerating parts.....	-----	208,804
76605	do.....	-----	258,462
Total, United States to Italy.....		11,687	4,063,228

ITALY TO UNITED STATES (FT 110)

Schedule A No.	Commodity description	Quantity	Total value
7070050	Refrigerators, refrigeration machinery, and parts (total, Italy to United States).....	-----	\$10,383

FREIGHT RATES

New York and New Orleans/Italy. \$46.50 per 2,240 lbs. or 40 cft. which equals \$1.16 per cft.
 Italy/New York..... Rate ranges from \$36.50 per 1,000 kilos or 1 cm. which equals \$1.03 per cft. to \$42.50 per 1,000 kilos or 1 cm. which equals \$1.20 per 1 cft.
 Italy/New Orleans..... \$38.50 per 1,000 kilos or 1 cm. which equals \$1.09 per cft.

REMARKS

Average value is not computable here nor is any relationship between such an average value and a freight rate feasible. However, the large outbound volume of trade is 400 times the inward dollar volume.

Trade between United States and Italy in copper sheets: 1962

UNITED STATES TO ITALY (FT 410)

Schedule B No.	Commodity description	Quantity (pounds)	Average value	Total value
64230	Copper sheets, plates, and strips including nickel plates (total, United States to Italy).....	38,100	\$1.03	\$39,139

ITALY TO UNITED STATES (FT 110)

Schedule A No.	Commodity description	Quantity (pounds)	Average value	Total value
6420100	Copper in rolls and sheets (total, Italy to United States).....	233,360	\$0.399	\$93,171

Trade between United States and Italy in copper sheets: 1962—Continued

FREIGHT RATES

New York/Italy-----	\$42.75 per long ton.
New Orleans/Italy-----	Do. This amounts to \$0.0191 per pound which makes the freight cost per pound 1.8 percent of average value.
Italy/New York-----	\$30.50 per 1,000 kilos.
Italy/New Orleans-----	Do. This amounts to \$0.0138 per pound which makes the freight cost per pound 3.46 percent of average value.

REMARKS

(1) Although the description of items would indicate their similarity, it is clear from the disparity in comparative value that they are not the same commodity.

(2) Even in view of remark No. 1, please note that the American exporter appears to have an advantage over the Italian exporter when you compare freight costs as a percentage of value.

Trade between United States and Italy in copper rods: 1962

UNITED STATES TO ITALY (FT 410)

Schedule B No.	Commodity description	Quantity (pounds)	Average value	Total value
64290	Copper in semifabricated forms (total, United States to Italy)-----	212	\$1.75	\$372.00

ITALY TO UNITED STATES (FT 110)

Schedule A No.	Commodity description	Quantity (pounds)	Average value	Total value
6420200	Copper in rods (total, Italy to United States)-----	218,419	\$0.381	\$83,318

FREIGHT RATES

New York/Italy-----	\$18.00 per long ton.
New Orleans/Italy-----	\$19.75 per long ton. These freight rates equal from \$0.00804 to \$0.0088 per pound which make the freight cost from 0.4 percent to 0.503 percent of average value.
Italy/New York-----	\$25.50 per 1,000 kilos. This amounts to \$0.0116 per pound which makes the freight cost per pound 3.04 percent of average value.
Italy/New Orleans-----	\$25.50 per 1,000 kilos. This amounts to \$0.0116 per pound which makes the freight cost per pound 3.04 percent of average value.

REMARKS

(1) The U.S. Department of Commerce schedule B, includes rods as one of many semifabricated forms. The entire copper semifabricated form movement to Italy is only 212 pounds.

(2) A lower export freight rate favors the American exporter as compared to the Italian exporter.

(3) The average value of the exported items is much higher than the value of the imported items so that we are probably comparing dissimilar items.

DISCRIMINATORY FREIGHT RATES

Trade between United States and Italy in copper tubes: 1962

UNITED STATES TO ITALY (FT 410)

Schedule B No.	Commodity description	Quantity (pounds)	Average value	Total value
64220	Copper pipe and tubing (total, United States to Italy)	2,416	\$1.50	\$3,625.

ITALY TO UNITED STATES (FT 110)

Schedule A No.	Commodity description	Quantity (pounds)	Average value	Total value
6430040	Copper tubes and tubing seamless (total, Italy to United States)	15,784	\$0.4714	\$71,081.

FREIGHT RATES

New Orleans/Italy-----	\$33.50 W/M or \$50 per long ton ¹ which amounts to \$0.0223 per pound.
New York/Italy-----	\$36.75 W/M or \$55.125 per long ton ¹ which amounts to \$0.0246 per pound; this amounts to a freight cost of from 1.49 to 1.64 percent of average value.
Italy/New York-----	\$42 per 1,000 kilos which amounts to \$0.0191 per pound.
Italy/New Orleans-----	\$24.75 per 1,000 kilos which amounts to \$0.0112 per pound; this amounts to the freight cost of from 2.38 to 4.05 percent average value.

¹ Assume copper tubing measures 60 cft. to the long ton.

REMARKS

Although the American exporter enjoys a freight advantage, by percentage of value only 1 ton of this item moved to Italy.

Trade between United States and Italy in copper basic shapes, including bars: 1962

UNITED STATES TO ITALY (FT 410)

Schedule B No.	Commodity description	Quantity (pounds)	Average value	Total value
64120	Refined copper in cathodes, billets, ingots, wire bars, etc. (total, United States to Italy)	108,628,961	\$0.3008	\$32,678,652

ITALY TO UNITED STATES (FT 110)

None.

FREIGHT RATES

New York/Italy-----	\$18 per 2,240 lbs. This amounts to \$0.00804 per pound.
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REMARKS

On this one-way item which, as you will note, moves in very large quantities (48,495 long tons in 1962) the conference in an effort to maintain the American exporters' position in this market has maintained these rate levels for many years in the face of a number of general tariff increases during that period.

Trade between United States and Italy in distilled spirits—Liquor: 1962

UNITED STATES TO ITALY (FT 410)

Schedule B No.	Commodity description	Quantity (gallons)	Average value	Total value
17050	Malt liquors in cans and other containers.....	460	\$2.42	\$1,190
17160	Whisky.....	24,279	3.06	74,234
17190	Distilled liquors and compounds containing spirits.....	1,359	2.80	3,801
	Total, United States to Italy.....	26,128	3.04	79,225

ITALY TO UNITED STATES (FT 110)

Schedule A No.	Commodity description	Quantity (gallons)	Average value	Total value
1711300	Brandy in containers, 1 gal. or less.....	29,645	\$4.90	\$145,245
1711500	Brandy in containers, over 1 gal.....	211,220	1.29	273,308
1712400	Gin.....	8	13.38	107
1718100	Cordials.....	155,655	9.80	1,523,911
1718360	Spirits NEC.....	2,841	14.32	40,673
1718400	Bitters unfit for beverage use.....	2,186	2.58	5,641
1718420	Bitters.....	13,352	3.08	41,141
	Total, Italy to United States.....	414,906	4.80	1,994,026

FREIGHT RATES

New York/Italy.....	\$76.50 per 2,240 lbs. or 40 cft.....	<i>Per proof gallon</i> \$0.85
New Orleans/Italy.....	\$76.50 per 2,240 lbs. or 40 cft.....	.85
Italy/New York.....	\$64 per 2,204 lbs.....	.428
Italy/New Orleans.....	\$50 per 2,204 lbs.....	.332

REMARKS

(1) We are in a sense attempting to compare dissimilar items. Each country is exporting, in this case, a specialty product.

(2) Although the freight rates may seem to be high, in relation to value of goods, especially eastbound, there is no record of any request having been made to the conference for a reduction of this rate.

Trade between United States and Italy in electrical machinery—Industrial controls: 1962

UNITED STATES TO ITALY (FT 410)

Schedule B No.	Commodity description	Quantity (units)	Average value	Total value
70315	Circuit breakers.....			\$38,476
70321	Circuit breakers and switches.....			100
70325	Switches and circuit breakers.....			436,978
70329	do.....			522,630
70332	Switchboards and panels.....			239,077
70335	do.....			112,473
70490	Pilot circuit devices.....			1,064,249
70493	Power circuit devices.....			265,328
70495	Motors controls and parts.....			585,814
76650	Electronic industrial process controls.....	9	\$315,577	28,402
76670	Industrial controls.....			6,587,694
76680	Indicating and controlling instruments.....			877,505
	Total, United States to Italy.....			7,778,726

DISCRIMINATORY FREIGHT RATES

Trade between United States and Italy in electrical machinery—Industrial controls:
1962—Continued

ITALY TO UNITED STATES (FT 110)

Schedule A No.	Commodity description	Quantity (units)	Average value	Total value
7090028	Articles necessary for control.....			\$82,917
7090300	Switches, electric.....			15,574
	Total, Italy to United States.....			98,491

FREIGHT RATES

New York and New Orleans/ Italy. \$46.50 per 2,240 lbs. or 40 cft. or \$1.16 per foot.

Italy/New York..... \$42.50 per 1,000 kilos or 1 cm. or \$1.20 per ft.

Italy/New Orleans..... \$38.50 per 1,000 kilos or 1 cm. or \$1.09 per ft.

NOTE.—This rate is a nonconference independent rate; others may be higher or lower.

REMARKS

The export freight rate from New York is lower than the comparative rate to New York although the listed rate to New Orleans from Italy is lower than the applicable export rate, it must be noted the Gulf import rate is a nonconference independent rate, others may be high or lower.

The volume of trade in these commodities seems to indicate that the freight rate is not a deterrent to exports.

Trade between United States and Italy in electronics—EDP computers: 1962

UNITED STATES TO ITALY (FT 410)

Schedule B No.	Commodity description	Total value
77626	Electronic computers.....	\$4,941,109
77628	Parts for electronic computers.....	993,615
	Total United States to Italy.....	5,934,724

ITALY TO UNITED STATES (FT 110)

Schedule A No.	Commodity description	Total value
7786820	Electronic computers and parts (total Italy to United States).....	\$483,345

FREIGHT RATES

New York and New Orleans/Italy.---- \$76.50 per 2,240 lbs. or 40 cft.

Italy/New York..... \$42.50 per 1,000 kilos or 1 cm.

Italy/New Orleans..... \$38.50 per 1,000 kilos or 1 cm.

REMARKS

It is impossible without weight and measurement figures to assess the relationship of freight cost versus a percentage average value. However, the volume of trade does not seem to indicate that the freight rate has been a deterrent to trade. There does not seem to be a record of any request having been made for a reduction in these export rates.

Trade between United States and Italy in electronic—Hi-Fi equipment: 1962

UNITED STATES TO ITALY (FT 410)

Schedule B No.	Commodity description	Quantity	Average value	Total value
70863	Loudspeakers.....	5,056	\$10.02	\$50,655
70875	Amplifiers and systems.....			171,048
70879	Amplifiers and parts.....			167,039
	Total, United States to Italy.....			388,742

NOTE.—This grouping may or may not include items other than high fidelity but the opinion is that it does not.

ITALY TO UNITED STATES (FT 110)

Schedule A No.	Commodity description	Number	Average value	Total value
7100210	Loudspeakers.....	1,018	\$1.032	\$1,051
7100215	Loudspeakers parts.....			63,037
7100250	Record players and parts including changes and turntables.....			91,636
	Total, Italy to United States.....			155,794

FREIGHT RATES

New York and New Orleans/Italy... \$76.50 per 2,240 lbs. or 40 cft.
 Italy/New York and New Orleans... Scale value: Minimum, \$43.50 per 1,000 kilos or 1 cm.

REMARKS

The only items which have two-way movement in this commodity group are loudspeakers. An analysis of the average value seems to indicate that the American exporter is not shipping the same material as the Italian exporter. The average value of the exported unit is 10 times that of the import.

Without weight or measurement information we cannot assess the real freight cost and determine whether the eastbound rates are higher or lower than the westbound rates.

Trade between United States and Italy in electronics—TV broadcast: 1962

UNITED STATES TO ITALY (FT 410)

Schedule B No.	Commodity description	Total value
70768	TV broadcasting transmitting equipment.....	\$20,042
70776	TV broadcasting studio equipment.....	381,364
	Total, United States to Italy.....	401,406

ITALY TO UNITED STATES (FT 110)

Schedule A No.	Commodity description	Total value
7100030	TV tubes and parts.....	\$49,156
7100040	TV apparatus and parts.....	17,204
710060	TV apparatus.....	32,046
	Total, Italy to United States.....	98,406

NOTE.—The imported TV equipment may or may not consist entirely of or partly of broadcasting equipment. The U.S. Department of Commerce Import Listings does not spell out the items specifically.

DISCRIMINATORY FREIGHT RATES

Trade between United States and Italy in electronics—TV broadcast: 1962—Con.

FREIGHT RATES

New York and New Orleans/Italy----- No commodity rate; therefore \$76.50 per 2,240 lbs. or 40 cft.
 Italy/New York and New Orleans----- No commodity rate; therefore scale value with a minimum of \$43.50 per 1,000 kilos or 1 cm. and a maximum of \$152 per 1,000 kilos or 1 cm., depending on value of goods.

REMARKS

Because there are no weight or measurement figures, it is impossible to make a comparison between the export and import rates. However, the volume of trade is greatly in favor of the exporter and there seems to be no record of a request for a lower export rate on these items.

Trade between United States and Italy in electronics—Microwave relay: 1962

UNITED STATES TO ITALY (FT 410)

Schedule B No.	Commodity description	Quantity	Average value	Total value
70764	Radio broadcast transmitting equipment.....	-----	-----	¹ \$221,432
70768	TV broadcast transmitting equipment.....	-----	-----	120,042
	Total, United States to Italy.....	-----	-----	421,474

¹ Both figures reflect items other than microwave relay equipment. It is impossible to evaluate what share of the value microwave relay equipment enjoys.

ITALY TO UNITED STATES (FT 110)

It has not been possible to find any items in the U.S. Department of Commerce's listings of imports which are equivalent or in any way comparable to microwave relay equipment.

FREIGHT RATES

New York and New Orleans/Italy- NCR. \$76.50 per 2,240 lbs. or 40 cft.
 Italy/New York and New Orleans- NCR. Scale value with minimum of \$43.50 per 1,000 kilos or 1 cm. and a maximum of 152 per 1,000 kilos or 1 cm.

Trade between United States and Italy in fruit juices—Canned: 1962

UNITED STATES TO ITALY (FT 410)

Schedule B No.	Commodity description	Quantity (gallons)	Average value	Total value
13502	Pineapple juice (including reconstituted and concentrates)	67,096	\$0.660	\$44,328
13510	Grapefruit juice, single strength (including reconstituted)	71,011	.615	43,681
13515	Grapefruit juice concentrate, canned			
13520	Grapefruit juice concentrate, frozen			
13525	Orange juice, single strength (including reconstituted)	33,769	.884	29,851
13530	Orange juice concentrate, canned	2,443	2.517	6,150
13535	Orange juice concentrate, frozen			
13540	Pear juice and nectar (including reconstituted and concentrates)	450	.844	380
13545	Peach juice and nectar (including reconstituted and concentrates)	7,612	1.144	8,712
13550	Citrus juices, blended (including reconstituted and concentrates)	3,864	.620	2,396
13555	Fruit juices (including reconstituted and concentrates) NEC	3,836	1.392	5,341
	Total, United States to Italy	190,081	.740	140,849

ITALY TO UNITED STATES (FT 110)

Schedule A No.	Commodity description	Quantity (gallons)	Average value	Total value
1770000	Lemon juice, concentrated	905,707	\$0.274	\$248,072
1770010	Lime juice, concentrated			
1770090	Citrus fruit juices, NES, concentrated	73	2.740	200
1770100	Lemon juice containing under ½ percent alcohol	6,601	3.420	22,879
1770110	Lime juice containing under ½ percent alcohol	2,270	2.850	6,471
1770190	Citrus fruit juice, NES, containing under ½ percent alcohol	16	6.312	101
1770305	Canned pineapple juice containing under ½ percent alcohol			
1770309	Cherry juice, etc. containing under ½ percent alcohol	2,184	3.112	6,796
1770310	Cherry juice, etc. containing ½ percent or more alcohol			
1770460	Grape juice, etc.			
1770500	Cider, apple			
	Total, Italy to United States	916,851	.310	284,219

FREIGHT RATES

New York/Italy	\$61 per 2,240 lbs. or \$0.0272 per pound.
New Orleans/Italy	Do.
Italy/New York	\$41 per 1,000 kilos or per cubic meter, which is equal to \$63.80 per 2,240 lbs. per (in casks or cases).
Italy/New Orleans	\$37 per 1,000 kilos or per cubic meter, which is equal to \$57.64 per 2,240 lbs.

Assumption: Both the exported and imported items are packed in cases. Fruit juices, canned, stow 55 cft. to the ton.

REMARKS

When we consider that this canned fruit juice stows 55 ft. to the weight ton (either 1,000 kilos or 2,240 lbs.). The exporter from the United States has a slight freight advantage from New York and a slight disadvantage from the Gulf. Remember, of course, the Gulf rate is a nonconference independent rate; others may be higher or lower. However in relating freight cost to average value the American exporter pays 3.68 percent and the Italian exporter pays 5.17 percent.

Trade between United States and Italy in glass—Flat, window: 1962

UNITED STATES TO ITALY (FT 410)

Schedule B No.	Commodity description	Quantity (pounds)	Average value	Total value
52151	Glass, sheet and window, except colored and laminated (1 sq. ft. equals 1.16 lbs.) (total, United States to Italy)-----	2,181	\$0.461	\$1,005

ITALY TO UNITED STATES (FT 110)

Schedule A No.	Commodity description	Quantity (pounds)	Average value	Total value
5200660	Glass sheet, etc., 16 to 28 oz. per square foot, not over 150 sq. in.-----	279,900	\$0.0586	\$16,417
5200670	Glass sheet, etc., 16 to 28 oz. per square foot, 150 to 384 sq. in.-----	257,067	.0694	17,847
5200680	Glass sheet, etc., 16 to 28 oz. per square foot, 384 to 720 sq. in.-----	361,602	.0712	25,766
5200690	Glass sheet, etc., 16 to 28 oz. per square foot, 720 to 864 sq. in.-----	194,288	.0730	14,184
5200700	Glass sheet, etc., 16 to 28 oz. per square foot, 864 to 1,200 sq. in.-----	154,946	.0484	7,506
5200710	Glass sheet, etc., 16 to 28 oz. per square foot, 1,200 to 2,400 sq. in.-----	216,277	.0562	12,155
5200720	Glass sheet, etc., 16 to 28 oz. per square foot, over 2,400 sq. in.-----	27,577	.0111	3,074
5200760	Glass sheet, over 28 oz. per square foot, not over 150 sq. in.-----	1,953,140	.0576	112,503
5200770	Glass sheet, etc., over 28 oz. per square foot, 150 to 384 sq. in.-----	974,182	.0615	59,980
5200780	Glass sheet, etc., over 28 oz. per square foot, 384 to 720 sq. in.-----	14,256	.069	996
5200790	Glass sheet, etc., over 28 oz. per square foot, 720 to 864 sq. in.-----	1,103	.514	567
5200800	Glass sheet, etc., over 28 oz. per square foot, 864 to 1,200 sq. in.-----	6,027	.081	492
5200810	Glass sheet, etc., over 28 oz. per square foot, 1,200 to 2,400 sq. in.-----	54,569	.080	4,403
5200820	Glass sheet, etc., over 28 oz. per square foot, over 2,400 sq. in.-----	1,469,005	.085	125,538
	Total, Italy to United States.-----	5,963,939	.067	401,428

FREIGHT RATES

New York/Italy-----	NCR.
New Orleans/Italy-----	\$36.25 per 2,240 lbs. or per 40 cft.
Italy/New York-----	\$20.50 per 1,000 kilos.
Italy/New Orleans-----	\$18.50 per 1,000 kilos.

REMARKS

Although the volume of trade on these items is much greater inbound than outbound we are really not comparing equivalent items. The average value of the American product is more than seven times greater than the imported item. No commodity rate has been established for the export item and there seems to be no record of a request for reduction in rate having been declined.

Trade between United States and Italy in glass, plate: 1962

UNITED STATES TO ITALY (FT 410)

Schedule B No.	Commodity description	Quantity (square feet)	Average value	Total value
52121	Glass, plate, except colored and laminated.-----	None	None	None

NOTE.—U.S. Department of Commerce statistics FT 410 indicate no movement of glass, plate from United States to Italy.

Trade between United States and Italy in glass, plate: 1962—Continued

ITALY TO UNITED STATES (FT 110)

Schedule A No.	Commodity description	Quantity (square feet)	Average value	Total value
5220000	Glass, plate, under ½ in. thick, not over 384 sq. in.			
5220005	Glass, plate, bent, under ½ in. thick, not over 384 sq. in.			
5220010	Glass, plate, under ½ in. thick, 384 to 720 sq. in.			
5220015	Glass, plate, bent, under ½ in. thick			
	Total			

NOTE.—U.S. Import statistics, Department of Commerce FT 110 indicate no movement of glass plate from Italy to United States.

FREIGHT RATES

New York/Italy	\$44 per 2,240 lbs. or 40 cft.
New Orleans/Italy	No cargo rate. NCR.
Italy/New York	NCR.
Italy/New Orleans	NCR.

REMARKS

Since there has been no movement of glass plate between the United States and Italy, we do not believe that freight rates are significant.

In three out of the four tariffs used in this trade there is no commodity rate for plate glass, inasmuch as the conference has never been approached to establish such rates. Apparently no interest in shipping this item.

Trade between United States and Italy in glassware—Table and kitchen, household: 1962

UNITED STATES TO ITALY (FT 410)

Schedule B No.	Commodity description	Quantity (dozen)	Average value	Total value
52440	Glassware, table and kitchen, machine made, NEC	2,435	\$1.95	\$4,741
52456	Glassware, table and kitchen, handmade	729	4.883	3,560
52371	Glass tumblers, drinking glasses, and stemware, machine made	2,820	1.196	3,374
52430	Glassware, cooking, heat resistant	4,399	3.957	17,411
	Total, United States to Italy	10,383	2.801	29,086

ITALY TO UNITED STATES (FT 110)

Schedule A No.	Commodity description	Quantity (dozen)	Average value	Total value
5278100	Glass, table, kitchen, utensils, unpolished			\$25,794
5278140	Glass, table, kitchen, utensils, polished			625
5278240	Blown glass, kitchen utensils	461	\$60.50	27,892
5278320	Bubble glass, table and kitchen, utensils			1,710,978
5278600	Kitchen articles	4,411	16.99	74,943
5278620	Blown glass, kitchen, utensils decorated	126,621	7.50	949,245
5278690	do	87,974	8.06	709,192
5278780	Blown glass, articles, decorated or colored			245,050
	Total, Italy to United States	219,471	17.06	3,743,719
	Total, items listed in quantity			1,982,447
	Total, items listed by value only			5,726,166
	Total			

FREIGHT RATES

New York/Italy	Under \$400 per freight ton—\$30.75 per 40 cft.
	Over \$400 per freight ton—\$55 per 40 cft.
New Orleans/Italy	\$36.75 per 2,240 lbs. or 40 cft.
Italy/New York and New Orleans	\$80 per 1,000 kilos.

*Trade between United States and Italy in glassware—Table and kitchen, household:
1962—Continued*

REMARKS

The American exporter has a definite freight advantage on these items. An analysis of the unit value indicates that the imported item has a value over six times that of the exported item. Thus we must assume these to be non-competitive items. You will note that the rate level on the exports is very low.

Trade between United States and Italy in hardwood, lumber, walnut logs: 1962

UNITED STATES TO ITALY (FT 410)

Schedule B No.	Commodity description	Quantity		Average value (per pound)	Total value
		Thousand board feet ¹	Pounds		
40040	Walnut logs, bolts, and hewn timber (total, United States to Italy).....	3,933	12,467,610	\$0.2768	\$3,450,565

¹ 1,000 board feet equals 3,170 lbs.

ITALY TO UNITED STATES (FT 110)

None.

FREIGHT RATES

New York/Italy..... \$29.75 per 2,240 lbs. This amounts to \$0.0133 per pound which makes the freight cost per pound 4.8 percent of average value.
New Orleans/Italy..... \$24.75 per 2,240 lbs. This amounts to \$0.0110 per pound which makes the freight cost per pound 3.97 percent of average value.

REMARKS

There was no movement of walnut logs reported during 1962 from Italy to the United States.

Trade between United States and Italy household appliances—Refrigerators and freezers: 1962

UNITED STATES TO ITALY (FT 410)

Schedule B No.	Commodity description	Quantity	Unit value	Total value
70580	Refrigerator, electric, household.....	503	\$224.83	\$113,091
70585	Freezer, electric, farm and household.....	12	170.83	2,050
70590	Systems for household and farm refrigerator and freezer.....	563	35.94	20,234
98415	Refrigerator and freezer, except electric.....	4	442.75	1,771
70595	Parts for electric household refrigerator and freezer.....			42,670
98429	Refrigerator and freezer parts, not electric.....			
	Total, United States to Italy.....	1,082	126.75	137,146

ITALY TO UNITED STATES (FT 110)

Schedule A No.	Commodity description	Total value
7070050	Refrigerator and parts, nonelectric, household.....	\$1,000
7070100	Refrigerator and refrigeration machine and parts, household, electric.....	95,676
	Total, Italy to United States.....	96,676

Trade between United States and Italy household appliances—Refrigerators and freezers: 1962—Continued

FREIGHT RATES

New York and New Orleans/Italy.....	\$33.75 per 2,240 lbs. or 40 cft.
Italy/New York.....	\$36.50 per 1,000 kilos or 1 cm.
Italy/New Orleans.....	NCR therefore \$43 per 1,000 kilos or 1 cm.

REMARKS

We are unable to determine the similarity or dissimilarity of these listed commodities from the statistics average available. However, the U.S. exporter enjoys an absolute freight advantage over the Italian exporter.

Trade between United States and Italy in household appliances—Vacuum cleaners: 1962

UNITED STATES TO ITALY (FT 410)

Schedule B No.	Commodity description	Quantity	Average value	Total value
70691	Vacuum cleaners, electrical, household.....	1,632	\$26.45	\$43,158
70693	Vacuum cleaners, parts.....			6,517
	Total, United States to Italy.....	1,632	26.45	49,675

ITALY TO UNITED STATES (FT 110)

Schedule A No.	Commodity description	Quantity	Average value	Total value
7069010	Vacuum cleaners, electrical.....	720	\$4.25	\$3,060
7069100	Vacuum cleaners, parts.....			
	Total, Italy to United States.....	720	4.25	3,060

FREIGHT RATES

New York and New Orleans/Italy.....	\$59.25 per 2,240 lbs. or 40 cft.
Italy/New York and New Orleans.....	Scale value.

REMARKS

Even though it is impossible to assess the westbound rate with the information given, we must assume we are dealing with entirely different commodities here as the American product is more than six times the average value of the Italian product.

Trade between United States and Italy in household appliances—Gas stoves: 1962

UNITED STATES TO ITALY (FT 410)

Schedule B No.	Commodity description	Quantity	Unit value	Total value
61423	Stoves and ranges, gas, household.....	39	\$69.33	\$2,704

ITALY TO UNITED STATES (FT 110)

None.

FREIGHT RATES

New York/Italy.....	\$40.25 per 2,240 lbs. or 40 cft. as cube cargo—\$1.01 per cft.
Italy/New York.....	\$40.50 per 1,000 kilos or 1 cm. as cube cargo—\$1.15 per cft.

REMARKS

As you can see there is no substantial trade although the American exporter enjoys a freight advantage of some 15 percent.

DISCRIMINATORY FREIGHT RATES

Trade between United States and Italy in industrial organic chemicals—Styrene: 1962

UNITED STATES TO ITALY (FT 410)

Schedule B No.	Commodity description	Quantity (content pounds)	Average value (per pound)	Total value
20051	Latex, S-type, copolymers of butadiene and styrene...	4,374,628	\$0.2291	\$1,002,064
20053	S-type, except latex.....	20,614,259	.1877	3,868,772
80277	Styrene monomer.....	42,727,215	.1150	4,911,563
82520	Styrene polymer and copolymer resins, 60 percent or more styrene.....	4,252,033	.3151	1,339,975
	Total, United States to Italy.....	71,968,135	.1545	11,122,374

ITALY TO UNITED STATES (FT 110)

Schedule A No.	Commodity description	Quantity (content pounds)	Average value (per pound)	Total value
8040755	Coal tar styrene.....			
8089850	Styrene resins and copolymers.....	829		\$2,159
	Total, Italy to United States.....	829	\$2.604	\$2,159

FREIGHT RATES

New York or New Orleans/Italy... \$30.75 per 2,240 lbs. or \$0.0137 per pound.
 Italy/New York Range from..... \$24.75 per 1,000 kilos to \$41 per 1,000 kilos
 or per cubic meter.

REMARKS

This substantial volume of eastbound trade is aided by a low freight rate United States to Italy.

Trade between United States and Italy in industrial organic chemicals—Phenol: 1962

According to FT 410 and FT 110 there was no trade between the United States and Italy in this commodity during 1962.

FREIGHT RATES

New York and New Orleans/Italy..... \$59.25 per 2,240 lbs.
 Italy/New York and New Orleans..... \$49.50 per 1,000 kilos or 1 cm.

NOTE 1.—The average value of total U.S. exports of phenol is \$0.1205 per pound or \$265.53 per 2,240 lbs.
 NOTE 2.—We assume phenol stows 50 feet to the long ton (2,240 lbs.)—1 metric ton of phenol will occupy 1.39 cm. therefore the \$49.50 per 1,000 kilos or 1 cm. rate is equal to \$68.80 per 1,000 kilos.

REMARKS

Even though at first glance the import freight rate seems lower than the export freight rate, closer examination indicates otherwise. As phenol stows approximately 50 feet to the ton, we must convert the westbound rate to weight rate in order to compare the rates properly. Then the eastbound rate is \$59.25 per long ton or \$0.0265 per pound, and the westbound rate is \$68.80 per 1,000 kilos or \$0.0314 per pound.

Trade between United States and Italy industrial organic chemicals—Methanol: 1962

UNITED STATES TO ITALY (FT 410)

Schedule B No.	Commodity description	Quantity		Total value
		Gallons ¹	Pounds	
83100	Methanol (total, United States to Italy) -----	1,902,172	14,076,072	\$318,302

¹ Assume 7.4 lbs. per 1 gallon packed.

ITALY TO UNITED STATES (FT 110)

Schedule A No.	Commodity description	Quantity		Total value
		Gallons	Pounds	
8231600	Methyl alcohol-----	None	None	None

FREIGHT RATES

New York and New Orleans/Italy----- \$61 per 2,240 lbs. or \$0.0272 per pound.
Italy/New York and New Orleans----- \$69 per 1,000 kilos or cubic meter.

NOTE.—Alcohol stows 57 feet to the ton, therefore the Italy/New York and New Orleans rate is \$111.36 per 1,000 kilos or \$0.0505 per pound.

REMARKS

The freight rate per pound from Italy to the United States is almost twice the freight rate from New York and New Orleans to Italy. However, the conference statistics from United States North of Hatteras/Italy indicate no movement during 1963. It would be fair to assume that this material moves in bulk at charter rates.

Trade between United States and Italy in industrial chemical—formaldehyde

UNITED STATES TO ITALY (FT 410)

Schedule B No.	Commodity description	Quantity (pounds)	Unit value	Total value
83200	Formaldehyde (Total, United States to Italy) -----	15,400	\$0.209	\$3,227

ITALY TO UNITED STATES (FT 110)

Schedule A No.	Commodity description	Quantity (pounds)	Unit Value	Total Value
8380600	Formaldehyde-----	None	None	None

FREIGHT RATES

New York and New Orleans/Italy----- \$76 per 2,240 lbs. or 40 cft. or \$0.0339 per pound.
Italy/New York and New Orleans----- \$49.50 per 1,000 kilos or 1 cm. or \$0.0225 per pound.

REMARKS

There is insignificant traffic in this commodity. However the freight cost as a percentage of average value 16.22 percent is less on the eastbound movement than it would be on the westbound movement, if we assume the formaldehyde moving westbound from Italy to be the same as that coming now from Canada and Mexico. This has an overall value of \$0.0379 per pound and the freight amount would be 59.4 percent of average value.

DISCRIMINATORY FREIGHT RATES

Trade between United States and Italy in iron and steel—Castings and forgings:
1962

UNITED STATES TO ITALY (FT 410)

Schedule B No.	Commodity description	Quantity in (pounds)	Average value	Total value
61000	Ingot molds and accessories.....	2,337,398	\$0.066	\$153,471
61010	Castings, gray iron.....	139,179	.270	37,476
61020	Castings, malleable.....	12,931	.450	5,794
61041	Castings, carbon steel.....	1,179,924	.295	349,056
61050	Castings, alloy steel.....	103,368	.733	75,869
61055	Castings, stainless steel.....	2,394	1.679	4,021
61080	Forgings, rough and semifinished, carbon steel.....	154,548	.373	57,764
61065	Forgings, rough and semifinished, alloy steel.....	479,180	.559	278,061
	Total, United States to Italy.....	4,426,922	.217	961,512

ITALY TO UNITED STATES (FT 110)

Schedule A No.	Commodity description	Quantity	Average value	Total value
6113100	Cast iron castings.....			
6113200	Cast iron, advanced, not articles.....			
6113204	Cast iron, advanced, containing alloy.....			
6113300	Forged steel grinding balls.....	5,535	\$0.341	\$1,892
6113500	Malleable iron castings.....	6,386	.105	673
6113900	Forgings, not advanced.....	43,178	.120	5,208
	Total, Italy to United States.....	55,099	.141	7,773

FREIGHT RATES

New York and New Orleans/Italy. \$46.50 per 2,240 lbs. or 40 cft. or \$0.0207 per pound, which makes the freight cost per pound 9.54 percent of average value.
Italy/New York¹..... \$30 per 1,000 kilos or \$0.0136 per pound.
Italy/New Orleans¹..... \$19.25 per 1,000 kilos or \$0.0087 per pound.

¹ Freight cost per pound from 6.17 to 9.65 percent of average value.

REMARKS

(1) Even though the description of the items would indicate a similarity, the fact that the average value of the American product is 150 percent of the imported product would seem to indicate that different real products are involved.

(2) Even though a cursory glance at the freight rates involved would seem to indicate that the American exporter is at a disadvantage vis-a-vis his Italian counterpart. Closer examination indicates that as a percentage of average value the rates are very similar.

(3) An examination of the volume of trade indicates the exports to Italy are 123 times the dollar volume and 80 times the weight volume of the Italian exports to the United States.

DISCRIMINATORY FREIGHT RATES

961

Trade between United States and Italy in steel pipe: 1962

UNITED STATES TO ITALY (FT 410)

Schedule B number	Commodity description	Quantity (pounds)	Average value	Total value
60610	Pipe, standard, seamless, steel black	14,407	\$0.213	\$3,071
60614	Pipe, standard, seamless, steel, galvanized			
60616	Pipe, standard, welded, wrought iron, black			
60618	Pipe, standard, welded, wrought iron, galvanized			
60621	Pipe, oil, country, seamless, carbon steel	363,077	.321	116,468
60623	Pipe, oil, country, seamless, alloy steel	416,438	.332	138,175
60624	Pipe, oil, country, welded, carbon steel			
60626	Pipe, oil, country, welded, alloy steel			
60627	Pipeline, seamless, carbon and alloy	118,875	1.10	131,392
60630	Pipeline, welded, carbon and alloy			
60635	Mechanical carbon tubing, carbon steel	332,070	.448	148,705
60640	Mechanical tubing, alloy steel, stainless	50,560	.338	17,082
60645	Tubes and tubing, pressure, seamless, carbon	472,879	.527	248,972
60650	Tubes and tubing, pressure, seamless, alloy	228,330	.846	193,137
60655	Tubes and tubing, pressure, welded, carbon	9,336	.202	1,886
60660	Tubes and tubing, pressure, welded, alloy	1,260	.645	813
60665	Pipes, and tubing stainless steel	251,187	1.959	492,071
60670	Pipe, pressure, cast iron	49,055	.192	9,431
60675	Pipe, soil, cast iron			
60680	Pipe and tubing, iron and steel	9,089	1.081	9,829
61831	Pipe, steel lined			
61849	Pipe fittings, pressure cast iron	17,511	.536	9,391
61851	Pipe fittings, soil, cast iron	104,876	.195	20,452
61853	Pipe fittings, malleable, iron	26,513	.70	18,560
61855	Pipe fittings, iron	158,621	1.73	275,965
61857	Pipe fittings, steel	545,750	1.198	654,302
	Total, United States to Italy	3,169,834	.788	2,489,702

ITALY TO UNITED STATES (FT 110)

Schedule A No.	Commodity description	Quantity (pounds)	Average value	Total value
6081050	Oil well casings	3,604,426	\$0.075	\$272,013
6081054	Oil well casings, alloy			
6091020	Cast iron soil pipe			
6091040	Cast iron soil pipe fittings			
6091120	Cast iron pressure pipe			
6091140	Cast iron pressure pipe fittings			
6091200	Malleable cast iron pipe fittings			
6092000	Tubes and pipes	6,929,668	.060	416,315
6092004	Tubes, pipes, alloy			
6092020	Tubes, pipe, including charcoal iron	251,739	.060	15,205
6092030	Tubes			
6092040	do			
6092050	do			
6092060	Tubes and pipes	6,715,335	.060	398,762
6092070	do			
6092074	Tubes, pipes, alloy			
6092080	Tubes and pipes			
6092084	do			
6092600	Metal tubes or pipes, rigid			
6092700	Steel tubes for making ball bearings			
6092704	Steel tubes for bearings, alloy			
6092800	Iron or steel tubes	4,768,602	.111	529,615
6092804	Iron or steel tubes, alloy			
6092805	do	218,532	.114	25,003
	Total, Italy to United States	22,488,302	.0737	1,656,913

DISCRIMINATORY FREIGHT RATES

Trade between United States and Italy in steel pipe: 1962—Continued

FREIGHT RATES

Pipe rates both to and from Italy vary with the diameter of the pipe. The following rates have been chosen as an estimated average rate.

New York and New Orleans/Italy ---	\$41.25 per 2,240 lbs. or \$0.01797 per pound. This rate results in a freight cost of 2.20 percent of the average value of pipe shipped.
Italy/New York and New Orleans ---	\$24.75 per 1,000 kilos or \$0.01078 per pound. This rate results in a freight cost of 14.63 percent of the average value of the pipe shipped.

REMARKS

(1) Even though the description of the items would seem to indicate a similarity, the fact that the average value of the American pipe is over 10 times the average value of the Italian pipe would indicate these are not the same product.

(2) Even though a cursory glance at the freight rates would seem to indicate a disadvantage for the American exporter, a closer examination shows that whereas the American exporter has a freight cost of only 2.2 percent of average value the Italian shipper has a freight cost of over 14 percent.

(3) An examination of the volume of trade in this item indicates that we export approximately 150 percent more in dollar value than we import.

Trade between United States and Italy in iron and steel—Steel plates: 1962

UNITED STATES TO ITALY (FT 410)

Schedule B No.	Commodity description	Quantity (pounds)	Average value	Total value
60710	Plates, carbon steel, not fabricated, except armor-----	1,063,273	\$0.10	\$109,096
60715	Plates, alloy, except armor-----	481,530	.24	114,441
	Total, United States to Italy-----	1,544,803	.14	223,537

ITALY TO UNITED STATES (FT 110)

Schedule A No.	Commodity description	Quantity (pounds)	Average value	Total value
6057520	Steel sheets and plates (total, Italy to United States)...	79,366	\$0.13	\$10,318

FREIGHT RATES

New York/Italy ¹ -----	\$20 per 2,240 lbs. or \$0.00893 per pound.
New Orleans/Italy ¹ -----	\$16.50 per 2,240 lbs. or \$0.00737 per pound.
Italy/New York or New Orleans. ²	\$23.25 per 1,000 kilos or \$0.0105 per pound.

¹ These rates result in a freight cost of between 5.26 and 6.38 percent of the average value of the commodity.

² This rate results in a freight cost of 8.08 percent of average value.

REMARKS

The U.S. import statistics in FT 110 do not indicate any specific steel plates from Italy but even if we use steel sheets and plates for the movement of plates, the movement inbound is inconsequential as noted above.

In this commodity the American exporter enjoys an absolute freight rate advantage over his Italian counterpart, as well as an advantage in freight cost as a percentage of average value.

Trade between United States and Italy in iron and steel—rolled and finished structurals:
1962

UNITED STATES TO ITALY (FT 410)

Schedule B No.	Commodity description	Quantity (short ton)	Average value	Total value
60511	Rails, standard tee, sheet.....	37	\$161.89	\$5,090
60520	Rails, steel, except tee.....	26	298.58	7,763
60730	Shapes, structural, carbon steel.....	706	152.79	107,867
60735	Shapes, structural, alloy steel.....	134	289.65	38,813
60740	Piling sheet.....			
	Total, United States to Italy.....	1,903	\$ 177.67	160,433

¹ 1,806,600 lbs.² \$0.0889 per pound.

ITALY TO UNITED STATES (FT 110)

Schedule A No.	Commodity description	Quantity (pounds)	Average value	Total value
6081020	Steel beams.....	337,920	\$0.034	\$11,410
6081024	do.....			
6081040	do.....			
6081060	Steel, structural shape.....	3,705,799	.0974	361,073
6081100	Steel beams.....	17,214,131	.0820	1,412,121
6081104	do.....	212,810	.094	19,957
	Total, Italy to United States.....	21,470,660	.084	1,804,541

FREIGHT RATES

New York/Italy.....	\$27.50 per 2,240 lbs. or 40 cft. or \$0.0123 per pound, which makes the freight cost per pound 13.84 percent of average value.
Italy/New York.....	\$23.25 per 1,000 kilos or \$0.0105 per pound which makes the freight cost per pound 12.5 percent of average value.
Italy/New Orleans.....	\$23.75 per 1,000 kilos or \$0.0108 per pound which makes the freight cost per pound 12.36 percent of average value.

REMARKS

It is impossible to determine from the U.S. Government statistics available in FT 410 and FT 110 the stowage factor to be used in studying these commodities. If we assume these commodities move on a weight basis the American product is 6 percent higher in average value than the Italian product and the freight cost as a percentage of average value is only from 1.02 to 1.34 percent more for the American exporter than his Italian counterpart.

Trade between United States and Italy in iron and steel—Stainless steel bars: 1962

UNITED STATES TO ITALY (FT 410)

Schedule B No.	Commodity description	Quantity (pounds)	Average value	Total value
60230	Bars, stainless steel, hot-rolled.....	476,824	\$0.575	\$274,093
60260	Bars, stainless steel, cold-rolled.....	395,058	.503	198,735
	Total, United States to Italy.....	871,882	.542	472,828

ITALY TO UNITED STATES (FT 110)

Schedule A No.	Commodity description	Quantity (pounds)	Average value	Total value
6008801	Stainless steel bars.....			
6008811	Stainless steel bars, cold-rolled.....			

DISCRIMINATORY FREIGHT RATES

Trade between United States and Italy in iron and steel—Stainless steel bars: 1962—Continued

FREIGHT RATES

New York and New Orleans/Italy.	\$61 per 2,240 lbs. or \$0.0272 per pound, which makes the freight cost of 5.02 percent of average value.
Italy/New York.....	\$69.50 per 1,000 kilos or per cubic meter or \$0.0315 per pound which makes the freight cost 9.33 percent of average value.

NOTE.—The actual Italy/USNY rate (WINAC) is a scale-value rate. The rate is \$69.50 per 1,000 kilos or per cubic meter. Assuming that if a movement existed the average value would be the same as the eastbound movement.

REMARKS

We could find no record of stainless steel bars having moved from Italy to the United States during 1962 in the FT 110.

Trade between United States and Italy in jewelry: 1962

UNITED STATES TO ITALY (FT 410)

Schedule B No.	Commodity description	Total value
96215	Jewelry, metal.....	
96235	do.....	\$1,865
96255	Rings, watch bands, and miscellaneous.....	516
96285	Jewelry, except metal.....	3,900
	Total, United States to Italy.....	6,281

ITALY TO UNITED STATES (FT 110)

Schedule A No.	Commodity description	Quantity (dozen)	Average value	Total value
6845150	Finished jewelry.....	78,555	\$1.076	\$84,603
6845190	Jewelry parts.....	23,723	1.098	26,054
6845550	Jewelry NES.....	10,820	14.590	157,871
6845590	Jewelry parts, unfinished.....	384	15.406	5,916
6850045	Watch bracelets and parts.....	97	2.639	256
6850065	Buckles, collar, and cuff buttons.....			
6850145	Watch bracelets and parts.....	12	18.425	2,211
	Total, Italy to United States.....	113,591	2.437	276,911

FREIGHT RATES

New York and New Orleans/Italy.....	No commodity rate; therefore \$76.50 per 2,240 pounds, or 40 cft.
Italy/New York and New Orleans.....	Scale value (range \$21 per 1,000 kilos or 1 cm., \$152 per 1,000 kilos or 1 cm.).

REMARKS

It is impossible to assess the westbound rate without knowing weight and stowage factors, therefore we cannot determine whether the export rate is higher than the import rate. We can say, however, that there is no record of a request having been made for the establishment of a rate on this commodity. The rate does not seem to be a factor for if we consider that each piece would be about the size of a pack of cigarettes, each measurement ton would include approximately \$1,800 worth of this jewelry on the westbound movement. This would result in a rate of \$100.50 per cubic meter which is, of course, much higher than the general cargo rate eastbound.

Trade between United States and Italy in lead ingots: 1962

No movement reported either eastbound or westbound in this commodity.

DISCRIMINATORY FREIGHT RATES

965

Trade between United States and Italy in meat, canned: 1962

UNITED STATES TO ITALY (FT 410)

Schedule B No.	Commodity description	Quantity (pounds)	Average value	Total value
00362	Beef and veal, canned.....	7,810	\$0.38	\$2,991
00371	Pork hams and shoulders, canned.....	18,421	.68	12,552
00379	Pork, canned.....	5,940	.69	4,154
00385	Poultry and poultry products, canned.....	28,842	.68	19,805
00395	Baby food, canned, meat or chief value meat.....	919	.42	394
00397	Sausage, prepared sausage meats, bologna and franks, canned.....	13,482	.48	6,502
00399	Meat and meat products, canned.....	4,008	.30	1,206
	Total, United States to Italy.....	79,422	.60	47,604

ITALY TO UNITED STATES (FT 110)

Schedule A No.	Commodity description	Quantity (pounds)	Average value	Total value
0028000	Beef, canned, including corned beef.....	1,624	\$1.75	\$2,853
0031800	Canned cooked hams and shoulders.....	38,501	1.39	53,700
0032900	Meats, canned, prepared or preserved, NES.....	44,531	.56	25,352
	Total, Italy to United States.....	84,656	.97	81,905

FREIGHT RATES

New York/Italy.....	\$61 per 2,240 lbs.....	per pound \$0.0272
New Orleans/Italy.....	\$61 per 2,240 lbs.....	.0272
Italy/New York.....	\$44 per 2,204 lbs.....	.0200
Italy/New Orleans ¹	\$47.50 W/M (1,000 kilos or 1 cm.)..	.0320

¹ Assumption: Canned meats stow at 53/0 per ton.

REMARKS

As only 35 tons of canned meats move eastbound and only 37 tons move westbound, we do not believe that the difference in freight rates is a factor in this trade.

Trade between United States and Italy in metalworking machinery—Lathes: 1962

UNITED STATES TO ITALY (FT 410)

Schedule B No.	Commodity description	Number	Average value	Total value
75005	Lathes, engines, except bench and light-duty types....	7	\$13,455	\$94,946
74021	Lathes, turret, except vertical.....	17	16,129	274,186
74025	Lathes, automatic chucking between center single spindle.....	27	33,354	900,553
74029	Lathes, automatic chucking between center multiple spindle.....	27	84,081	2,270,180
74039	Lathes, metalworking, not elsewhere specified.....	5	19,082	95,408
74045	Boring and turning mills vertical including vertical turret lathes.....	3	40,064	120,192
	Total, United States to Italy.....	86	43,668	3,755,465

ITALY TO UNITED STATES (FT 110)

Schedule A No.	Commodity description	Number	Average value	Total value
7400565	Lathes NES (total, Italy to United States).....	155	\$3.242	\$502,466

DISCRIMINATORY FREIGHT RATES

Trade between United States and Italy in metalworking machinery—Lathes: 1962—
Continued

FREIGHT RATES

New York and New Orleans/Italy_	\$46.50 per long ton or 40 cft., or \$1.16 per foot (a rate of \$54.25 W/M exists for unboxed material but this represents a very small percentage of the movement).
Italy/New York_-----	\$42.50 per 1,000 kilos or 1 cm. which equals \$1.20 per foot.
Italy/New Orleans_-----	\$38.50 per 1,000 kilos or 1 cm. which equals \$1.09 per foot.

REMARKS

(1) The import movement of this commodity is primarily to the North Atlantic area where the freight rate is higher than the export rate for the same items.

(2) The Gulf rate is the nonconference rate of one carrier. No conference exists in this trade so that rates charged by other carriers may be higher or lower.

(3) Beyond the above two considerations, these commodities differ greatly in value and are therefore not really the same.

Trade between United States and Italy in metalworking machinery—Drilling machines: 1962

UNITED STATES TO ITALY (FT 410)

Schedule B No.	Commodity description	Quantity (number)	Average value	Total value
74200	Drilling machines, vertical, metalworking_-----	34	\$15, 735	\$534, 994
74210	Drilling machines, radial_-----	1	8, 250	8, 250
74231	Drilling machines, unit head or weigh-type metalworking.	6	104, 461	626, 767
74234	Drilling machines NEC_-----	6	36, 292	217, 749
	Total, United States to Italy_-----	47	29, 527	1, 387, 760

ITALY TO UNITED STATES (FT 110)

Schedule A No.	Commodity description	Quantity (number)	Average value	Total value
7400545	Drilling machines (total, Italy to United States)_-----	78	\$2, 289	\$178, 515

FREIGHT RATES

New York and New Orleans/Italy_-----	\$46.50 per long ton or 40 cft., or \$1.16 per foot (a rate of \$54.25 W/M exists for unboxed material but this represents a very small percentage of the movement).
Italy/New York_-----	\$42.50 per 1,000 kilos or 1 cm. which equals \$1.20 per foot; \$38.50 per 1,000 kilos or 1 cm. which equals \$1.09 per foot.

REMARKS

(1) The import movement of this commodity is primarily to the North Atlantic area where the freight rate is higher than the export rate for the same items.

(2) The Gulf rate is the nonconference rate of one carrier. No conference exists in this trade so that rates charged by other carriers may be higher or lower.

(3) Beyond the above two considerations, these commodities differ greatly in value and are therefore not really the same.

Trade between United States and Italy in metalworking machinery—Grinders: 1962

UNITED STATES TO ITALY (FT 410)

Schedule B No.	Commodity description	Quantity (number)	Average value	Total value
74350	Grinding machines, surface.....	34	\$13,033	\$443,124
74391	Grinding machines, external.....	87	36,610	3,185,027
74410	Grinding machines, internal.....	50	33,888	1,694,391
74420	Grinding machines, tool and cutter.....	50	49,167	245,836
74429	Honing and lapping machines.....	27	14,227	384,127
74435	Metal polisher and buffing machine.....	18	13,420	241,558
74439	Grinding machines, metalworking, NEC.....	138	9,997	1,379,580
	Total, United States to Italy.....	394	19,222	7,573,643

ITALY TO UNITED STATES (FT 110)

Schedule A No.	Commodity description	Quantity (number)	Average value	Total value
740555	Grinding machinery (total, Italy to United States)....	91	\$2,990	\$272,122

FREIGHT RATES

New York and New Orleans/Italy.....	\$46.50 per long ton or 40 cft., or \$1.16 per foot (a rate of \$54.25 W/M exists for unboxed material but this represents a very small percentage of the movement).
Italy/New York.....	\$42.50 per 1,000 kilos or 1 cm. which equals \$1.20 per foot, \$38.50 per 1,000 kilos or 1 cm. which equals \$1.09 per foot.

REMARKS

- (1) The import movement of this commodity is primarily to the North Atlantic area where the freight rate is higher than the export rate for the same items.
- (2) The Gulf rate is the nonconference rate of one carrier. No conference exists in this trade so that rates charged by other carriers may be higher or lower.
- (3) Beyond the above two considerations, these commodities differ greatly in value and are therefore not really the same.

Trade between United States and Italy in paper products, kraft common: 1962

We are unable to identify, specifically, this item, from the U.S. Department of Commerce statistics available to us.

Kraft paper appears as a small portion among many other papers within several general categories of paper, and it would be impossible to pinpoint the portion which is kraft.

Trade between United States and Italy in phonographs and parts: 1962

UNITED STATES TO ITALY (FT 410)

Schedule B No.	Commodity description	Quantity (units)	Average value	Total value
92340	Phonographs, new, coin-operated.....	306	\$709,637	\$217,149
92345	Phonographs, except new, coin-operated.....			
92360	Phonographs, except coin-operated.....	163	99,042	16,144
92390	Phonographs, parts.....			72,577
	Total, United States to Italy.....	469		305,870

DISCRIMINATORY FREIGHT RATES

Trade between United States and Italy in phonographs and parts: 1962—Con.

ITALY TO UNITED STATES (FT 110)

Schedule A No.	Commodity description	Quantity (units)	Average value	Total value
9262050	Phonographs, gramophones.....			
9262900	Parts and accessories of phonographs.....			\$585
7100250	Record players and parts.....			91,686
	Total, Italy to United States.....			92,271

FREIGHT RATES

Coin operated: New York and New Orleans/Italy ----	\$39.50 per 2,240 lbs. or 40-cft., \$0.9875 per foot.
NOS: New York and New Orleans/Italy -----	\$76.50 per 2,240 lbs. or 40-cft., \$1.90 per foot.
All gramophones:	
Italy/New York -----	\$59.50 per 1,000 kilos or 1 cm. or \$1.68 per cft.
Italy/New Orleans -----	No commodity rate established.

REMARKS

- (1) The largest volume exported item enjoys a large freight rate advantage.
 (2) As we have no way of comparing unit value of the export with the import, it is impossible to relate freight cost as a percentage of average value of exports versus imports. However, if we assume the imported phonographs have the same relation to the exported phonographs as the imported radio has to the exported ones, we are again talking about a noncompetitive item.

Trade between United States and Italy in pigments, paints, and varnish: 1962

UNITED STATES TO ITALY (FT 410)

Schedule B No.	Commodity description	Quantity in (pounds)	Average value	Total value
84010	Iron oxide pigments, dry.....	8,600	\$0.212	\$1,828
84110	Zinc oxide, pigment.....	4,400	.140	616
84140	Lithopone.....			
84190	Lampblack.....			
84225	Carbon black, contact.....	12,462,357	.127	1,583,193
84235	Carbon black, furnace pigment.....	34,743,963	.080	2,785,347
84265	Litharge, red and white lead, dry or in oil.....	2,986	.217	648
84280	Titanium dioxide.....	4,205,031	.220	927,886
84290	Pigments, NEC.....	1,559,626	.475	741,983
84311	Artists colors.....	440	1.968	866
	Total carbon black.....	47,206,320	.092	4,368,540
	Total, others.....	5,781,083	.289	1,673,827
	Grand total, United States to Italy.....	52,987,403	.114	6,042,367

ITALY TO UNITED STATES (FT 110)

[Only those commodities which moved from Italy/United States are indicated]

Schedule A No.	Commodity description	Quantity in (pounds)	Average value	Total value
8401100	Siennas, crude.....	768,999	\$0.059	\$45,583
8403000	Sienna, washed.....	325,378	.069	22,633
8420115	Ultramarine, wash blue.....	35,274	.183	6,480
8431900	Paint, colors, and stains.....	1,205	1.112	1,341
8402000	Barytes.....	10,536,960	.006	72,028
	Total, Italy to United States:			
	Including barytes.....	11,667,816	.012	148,065
	Excluding barytes.....	1,130,856	.067	76,037

DISCRIMINATORY FREIGHT RATES

969

Trade between United States and Italy in pigments, paints, and varnish:
1962—Continued

FREIGHT RATES

Per 2,240 pounds

New York and New Orleans/Italy	Lead compounds	\$51.75
	Titanium dioxide	37.25
	Zinc oxide	44.00
	Iron oxide	41.75
	Pigments	49.50
Italy/New York	All items other than barytes	\$47.50 per 1,000 kilos, or \$0.021 per pound.
	Barytes ore:	
	Bulk:	\$20.25 per 1,000 kilos, or \$0.0091 per pound.
	Bags or casks:	\$21.75 per 1,000 kilos, or \$0.0098 per pound.

¹ Average rate \$44.85 per 2,240 lbs., or \$0.020 per pound. Black: \$0.70 per cft., or \$0.023 per pound.

REMARKS

(1) From the descriptions it is obvious that there is not a two-way movement in any specific item.

(2) Under the general classification the average value per pound is much higher for the exports than it is for the imports, but the export freight rates are lower than the importing freight rates. Thus the American exporter has a very definite advantage over the Italian exporter in freight cost as a percentage of average value.

Trade between United States and Italy in plywood: 1962

UNITED STATES TO ITALY (FT 410)

Schedule B No.	Commodity description	Quantity (square feet)	Per square foot	Per cubic foot	Per 2,240 lbs. ¹	Total value
42174	Softwood, plywood interior					
42176	Softwood, plywood exterior ²	5,068	\$0.1168	\$3.738	\$242.97	\$592
42187	Hardwood, plywood including technical type and types ³	2,537	.7292	11.667	758.36	1,850
42190	Other plywood and composite					
	Total, United States to Italy					2,442

¹ Assume stowage to be 65 cft. per long ton.

² Assume to be 3/4 in. plywood.

³ Assume to be 3/4 in. plywood.

ITALY TO UNITED STATES (FT 110)

Schedule A No.	Commodity description	Quantity (square feet)	Per square foot	Per cubic foot ¹	Per 2,240 lbs.	Total value
4209100	Red pine plywood					
4209120	Parana pine plywood					
4209190	Plywood softwood, NES	455,920	\$0.0430	\$2.064	\$146.54	\$19,615
4209300	Birch plywood					
4209560	Philippine hardwood	928,174	.0550	2.640	187.44	51,050
4209570	Sen plywood	22,400	.0498	2.390	169.60	1,117
4209580	Hardwood plywood, NES	5,365,188	.0543	2.606	185.03	291,363
	Total, Italy to United States	6,771,682	.0536	2.573	182.68	363,145

¹ Assume these to be 3/4 in. plywood.

FREIGHT RATES

New York/Italy	\$88.50 per 2,240 lbs.
New Orleans/Italy	\$56.25 per 2,240 lbs.
Italy/New York	\$29.50 per 1,000 kilos.
Italy/New Orleans	\$26.50 per 1,000 kilos.

DISCRIMINATORY FREIGHT RATES

Trade between United States and Italy in plywood: 1962—Continued

REMARKS

You will note that even if the U.S. exports were carried freight free they would not be able to compete in the Italian market. The only similar item traded seems to be "Plywood Softwood NES" of course that imported is one-fourth inch, that exported is three-eighths inch. Even if we convert the imported item (\$146.54 per long ton) to three-eighths inch stock, which would have an approximate value of \$220, the American product would still not be competitive, freight free.

Trade between United States and Italy, in radios and parts: 1962

UNITED STATES TO ITALY (FT 410)

Schedule B No.	Commodity description	Quantity (units)	Average value	Total value
70799	Radio receiving sets, automobile.....	79	\$31.759	\$2,509
¹ 70803	Radio-phonograph combinations.....	50	191.380	9,569
70807	Radios, home type.....	2,801	54.521	152,716
70811	Radios, receivers, chassis.....	3,326	15.282	50,831
70824	Electron tubes, receiving type.....	822,731	.787	648,099
	Total, United States to Italy:			
	Total including tubes.....	828,987		863,724
	Total excluding tubes.....	6,256	34.466	215,625

¹ Radio/phonograph combinations

ITALY TO UNITED STATES (FT 110)

Schedule A No.	Commodity description	Quantity (units)	Average value	Total value
7100130	Transistor radios.....	22,118	\$10.305	\$227,596
7100150	Radios NES.....	1,671	26.557	44,387
7100170	Radio tubes.....	254,214	.346	88,017
¹ 7100190	Radio apparatus, parts.....			865,074
² 7100230	Radio-phonograph combinations.....	300	2.563	769
	Total, Italy to United States:			
	Total including tubes.....	278,303		1,225,843
	Total excluding tubes.....	24,089	11.32	272,752

¹ Radio-phonograph combinations.² No amount shown, only value.

FREIGHT RATES

New York and New Orleans/Italy..... \$76.50 per 2,240 lbs., or 40 cft.
 Italy/New York and New Orleans..... No commodity rating. \$43.50 per 1,000 kilos or 1 cm. minimum, \$152 per 1,000 kilos or 1 cm., depending on value.

REMARKS

Because we have no data available regarding the weight or measurement of this cargo in either direction, we cannot compare the real freight cost. An examination of the specific items in the trade indicates they are dissimilar and the average value for those items which are listed separately indicates these are not competitive items.

Trade between United States and Italy in semimanufactured piece goods and sheeting: 1962

From figures published in schedule B and schedule A by the U.S. Department of Commerce it is impossible to find semimanufactured piece goods and sheeting.

DISCRIMINATORY FREIGHT RATES

971

Trade between United States and Italy in textile machine: 1962

UNITED STATES TO ITALY (FT 410)

Schedule B No.	Commodity description	Total value
75005	Fiber cleaning and opening.....	\$5,444
75061	Cotton carding and combing.....	85,975
75063	Cotton spinning.....	51,404
75065	Cotton twisting.....	-----
75070	Wool carding, combing, spinning and twisting.....	13,868
75080	Carding, spinning, and twisting and other preparation.....	743,604
75085	Synthetic filament and bond forming.....	155,224
75090	Textile winders.....	310,997
75150	Cotton looms.....	240,468
75160	Looms, except cotton.....	447,534
75170	Looms, parts.....	233,692
75201	Full-fashioned hosiery knitting.....	542
75205	Circular hosiery knitting.....	26,315
75207	Circular knitting machines, except hosiery and parts.....	78,428
75209	Knitting machines and parts.....	44,354
75420	Beaming, wrapping, and slashing.....	195,059
75440	Dyeing and finishing.....	91,186
75490	Textile.....	745,533
Total, United States to Italy.....		3,469,647

ITALY TO UNITED STATES (FT 110)

Schedule A No.	Commodity description	Total value
7495000	Embroidery machines.....	\$177,500
7495100	Parts of embroidery machines.....	3,313
7495400	Lacemaking machines.....	-----
7495500	Parts of lacemaking machines.....	-----
7496800	Lacemaking machines NSPF.....	-----
7495900	Parts of lacemaking machines NSPF.....	-----
7501100	Full-fashioned hose-knitting machines.....	16,500
7501300	Parts of full-fashioned hose-knitting machines.....	-----
7501410	Circular hose-knitting machines.....	613,557
7501430	Parts of circular hose-knitting machines.....	84,311
7501450	Circular knitting machines NES.....	11,624
7501470	Parts of circular knitting machines NES.....	3,606
7501650	V-bed flat-knitting machines.....	14,736
7501670	Parts of V-bed flat-knitting machines.....	375
7501700	Knitting machines NSPF.....	104,214
7501900	Parts of knitting machines NSPF.....	8,571
7502000	Braiding, etc., machines and parts.....	-----
7503000	Synthetic textile machinery and parts NES.....	3,263,683
7508500	Looms NES.....	7,877
7510900	Parts of Looms.....	11,868
7515100	Carding, spinning, etc., machinery and parts, cotton.....	466,277
7515210	Carding, spinning, etc., machinery and parts, jute.....	-----
7515210	Carding, etc., machinery and parts, wool worsted circular combs.....	-----
7515290	Carding, etc., machinery and parts, wool worsted circular combs, NES.....	237,069
7515300	Carding, spinning, etc., machinery and parts, wool, NES.....	6,658
7515450	Carding, etc., machinery and parts, vegetable fibers, NES.....	-----
7515490	Carding, etc., machinery.....	1,473,715
7515500	Winders and parts.....	78,599
7515600	Beaming, warping, slashing, machinery and parts.....	528
7515700	Bleaching, printing machines, etc., and parts.....	219,506
7515800	Textile pins.....	-----
7515850	Textile machinery and parts for educational purposes.....	-----
7515900	Textile machinery and parts NES.....	20,332
Total, Italy to United States.....		6,824,419

FREIGHT RATES

New York and New Orleans/Italy----- \$46.50 per 2,240 lbs., or 40 cft., for boxed machinery; this amounts to \$1.16 per foot.
 Italy/New York----- \$42.50 per 1,000 kilos or cubic meter; this amounts to \$1.20 per foot.
 Italy/New Orleans ¹----- \$38.50 per 1,000 kilos or cubic meter; this amounts to \$1.09 per foot.

¹ This is an independent nonconference rate—others to same area may be higher or lower.

DISCRIMINATORY FREIGHT RATES

Trade between United States and Italy in textile machine: 1962—Continued

REMARKS

From the statistics available from U.S. Census figures we are unable to determine the average value of the commodities. An examination of the various items moving shows that there does not seem to be a reciprocal movement in identical machines. Although the value of trade is larger in the import direction, the freight rate differential, which, from the North Atlantic range favors the exporter, does not seem to be a factor.

*Trade between United States and Italy in tobacco, manufactures—Cigarettes:
1962*

UNITED STATES TO ITALY (FT 410)

Schedule B No.	Commodity description	Quantity		Average value	Total value
		Thousands	Pounds ¹		
26220	Cigarettes (Total, United States to Italy)	813, 973	3, 093, 097	\$1.20	\$3, 710, 022

¹ Assume 10,000 cigarettes equal 38 pounds.

ITALY TO UNITED STATES (FT 110)

Schedule A No.	Commodity description	Quantity (pounds)	Average value	Total value
262300	Cigarettes (Total, Italy to United States).....	1, 003	\$1.094	\$1, 097

FREIGHT RATES

New York and New Orleans/Italy..... \$44 per 2,240 lbs., or 40 cft.
Italy/New York..... \$67 per 1,000 kilos or cubic meter.

NOTE.—Assume cigarettes stow 120 feet to the long ton. The freight cost from U.S./Italy is \$0.0196 per pound or 1.63 percent of the average value. Whereas the freight cost from Italy to the United States is \$227 per 1,000 kilos or \$0.103 per pound which amounts to 9.4 percent of average value.

REMARKS

In this trade where we can assume the products similarity we have a very definite freight advantage for the American exporter, both absolutely (average \$0.08 per pound) and as a percentage of average value.

*Trade between United States and Italy in tobacco, manufactured, except cigarettes:
1962*

UNITED STATES TO ITALY (FT 410)

Schedule B No.	Commodity description	Quantity (pounds)	Average value	Total value
26200	Cigars and cheroots.....	1,495	\$0.983	\$1,469
26235	Chewing tobacco.....			
26250	Smoking tobacco.....	31,808	1.466	46,622
26295	Smoking tobacco in bulk.....	44,743	1.150	51,454
	Total, United States to Italy.....	78,046	1.275	99,545

ITALY TO UNITED STATES (FT 110)

Schedule A No.	Commodity description	Quantity (pounds)	Average value	Total value
2621000	Cigars and cheroots.....			
2629100	Snuff and snuff flour.....	5,910	\$1.175	\$6,947
2629900	Tobacco, manufactured.....			
	Total, Italy to United States.....	5,910	1.175	6,947

FREIGHT RATES

New York and New Orleans/Italy. \$76.50 per 2,240 lbs., or per 40 cft., all items.

Italy/New York..... Cigars: \$67 per 1,000 kilos, or per cubic meter.
Snuff: \$85 per 1,000 kilos, or per cubic meter.
Smoking tobacco:¹ \$82.50 per 1,000 kilos, or per cubic meter.

¹ Computed according to scale value of WINAC using a stowage factor of 80.

REMARKS

In all cases here the eastbound freight rate is lower both in absolute value of freight per cubic feet (this is "cube" cargo) and as a percentage value of products. The American exporter's freight cost is only \$0.0683 per pound, which is 5.3 percent of the average value while the Italian exporter pays \$0.0968 per pound which is 8.25 percent of his average value.

Trade between United States and Italy in general cargo: 1962

FREIGHT RATES

The rates on general cargo are as follows:

New York and New Orleans/Italy..... \$76.50 per 2,240 lbs., or 40 cft.
Italy/New York..... Minimum of \$43.50 per 1,000 kilos or 1 cm. up to \$152 W/M, depending upon value.
Italy/New Orleans... Minimum \$50 per 1,000 kilos or 1 cm. up to \$140 W/M, depending upon value.

NOTE.—It is impossible to compare these except on a particular cargo.

Favorable action taken on commodities listed by Senator Douglas, period January 1957 through Feb. 29, 1960 (except where otherwise indicated)

Date action taken	Commodity	Old rate	New rate
June 26, 1958	Copper: bars, billets, cakes, cathodes, ingot bars, or notched bars, ingots	\$21.00	\$17.75
Aug. 22, 1958	Copper: Extension, temporary reduction	21.00	17.75
Nov. 20, 1958	do	21.00	17.75
Mar. 19, 1959	do	21.00	17.75
June 4, 1959	do	21.00	17.75
Sept. 10, 1959	do	21.00	17.75
Sept. 24, 1959	do	21.00	17.75
Nov. 25, 1959	do	21.00	17.75
Mar. 1, 1960	do	23.00	19.50
Apr. 28, 1960	do	23.00	19.50
Sept. 2, 1960	do	23.00	18.00
Nov. 17, 1960	do	23.00	18.00
Dec. 22, 1960	do	23.00	18.00
May 11, 1961	do	23.00	18.00
Nov. 30, 1961	do	23.00	18.00
May 29, 1962	do	23.00	18.00
Nov. 13, 1962	Copper: Extension, temporary reduction, deleted		18.00
Oct. 8, 1963	Copper through Dec. 31, 1963, only		18.00
July 2, 1962	Glassware, table and kitchen, household	33.50	28.00
Oct. 26, 1962	Glassware, value under \$400 per F.T.	28.00	28.00
	Glassware, value over \$400 per F.T.	28.00	50.00
Apr. 9, 1958	Hardwood, lumber (walnut logs)	30.25	25.25
May 21, 1959	do	25.25	20.50
Mar. 19, 1959	Industrial organic chemicals, styrene	1 63.25	1 1.80
May 14, 1958	Pigments, paint and varnish (paint resin)	1 55.00	1 35.00
Nov. 28, 1958	do	1 55.00	1 1.80
Feb. 6, 1958	Pigments, paint and varnish	1 63.25	1 55.00
Apr. 10, 1958	Paper products, kraft, common	33.25	30.25
Apr. 25, 1957	Paper products, kraft, common (containers)	41.75	41.75
	Paper (corrugated)	41.75	1 30.00
May 14, 1957	Paper products, kraft, common (containers)	1 30.00	56.00
July 23, 1958	do	56.00	41.75
Aug. 4, 1958	Household appliances, refrigerators and parts	1 33.25	1 28.00
Jan. 7, 1960	Household appliances, gas stoves and parts (temporary rate)	1 33.25	28.00
Mar. 1, 1960	do	1 28.00	1 45.00
May 11, 1961	do	1 45.00	1 36.50

¹ Per ton of 2,000 lbs., or 40 ctt., whichever is greater.
² Per 100 pounds.

Rate reductions declined on list of Senator Douglas, period January 1957 through June 1961

October 24, 1957	Paper products, kraft common (containers, K.D.F.)
Do	Copper (basic shapes).
Do	Lead ingots.
March 22, 1958	Copper (basic shapes).
October 22, 1959	Copper (basic shapes).
January 21, 1960	Copper (basic shapes).
February 18, 1960	Copper (basic shapes).
March 31, 1960	Lead, pig.
April 28, 1960	Copper (basic shapes).
December 17, 1960	Paper products, kraft, common (liner board, Catania).

Rate request period June 1960 through June 1961

Dropped matters	20
Reductions	413
Declined	74
Total request	507

(End of Section G.)

SECTION H—SWEDEN

COMMENTS ON UNITED STATES OF AMERICA AND SWEDEN TRADE

Here again, balance of trade is in favor of the United States as per the following in millions of dollars; source, Statistical Abstracts of the United States:

Year	Exports	Imports	Balance
1958.....	197	124	+73
1959.....	208	185	+23
1960.....	300	170	+130
1961.....	260	141	+119
1962.....	260	170	+90

From the Bureau of Census, see attached, we note total exports, 1962, amounted to 999,008 tons. Included are the following commodities not subject to conference control of rates:

	<i>Tons</i>
Bulk oil (tanker).....	99,579
Coal and coke.....	655,281
Total	754,860

This leaves 244,148 long tons subject to conference rates. Some important items listed: fertilizers, 40,000 tons; chemicals, 29,000 tons; iron and steel, 19,852 tons.

Imports for 1962 amounted to 408,096 long tons. Included are the following commodities not subject to conference control of rates:

	<i>Tons</i>
Bulk oil (tanker).....	2,127
Iron ore.....	29,020
Total	31,147

Balance of 376,949 tons subject to conference rates. However in this trade there are two Swedish-flag nonconference lines which share in the carriage of the above inbound and outbound tonnages.

DISCRIMINATORY FREIGHT RATES

Principal commodities from the U.S. North Atlantic, South Atlantic, and Gulf coast, to Sweden: 1962

[All figures in long tons]

Commodity	U.S. North Atlantic ports	U.S. South Atlantic ports	U.S. Gulf ports	Total
Grand total, all commodities.....	780, 236	4, 907	213, 865	999, 008.
Less cargo on tanker vessel.....			99, 579	99, 579
Total cargo on liner and irregular.....	780, 236	4, 907	114, 286	899, 429.
Edible meat and meat products.....	1, 362		86	1, 448
Rice.....	14		3, 166	3, 180.
Other grain preparations.....	1, 291		310	1, 601
Animal feeds and fodders, nes.....	915		1, 290	2, 205
Vegetables and preparations.....	5, 329		119	5, 448.
Fresh and frozen fruit.....	4, 578		59	4, 637
Other fruits and preparations.....	159		3, 145	3, 304
Rubber and manufactures.....	4, 624		8, 638	13, 262.
Naval stores, gums, and resins.....	46	786	3, 005	3, 837
Tobacco, unmanufactured.....	7, 659		822	8, 481
Tobacco, manufactured.....	1, 202			1, 202
Cotton and manufactures.....	556	135	15, 768	16, 459
Synthetic fibers and manufactures.....	1, 014	24	14	1, 052.
Wood and manufactures.....	1, 158	252	1, 092	2, 502
Paper and related products.....	2, 114	301	1, 121	3, 536
Lubricating oils and greases.....	4, 299		4, 277	8, 576.
Coal and coke ¹	647, 964		7, 317	655, 281
Petroleum products.....	918	590	590	1, 508
Glass and glass products.....	1, 974			1, 974
Brick, tile, clay, and products.....	1, 196		3, 238	6, 458
Nonmetallic minerals and manufactures.....	8, 722	2, 024	968	9, 680.
Iron and steel scrap.....	2, 797			2, 797
Iron and steel mill products.....	19, 029	3	820	19, 852
Metal manufactures.....	1, 162	2	28	1, 192
Copper in crude forms.....	2, 648			2, 648.
Lead in crude forms.....			4, 831	4, 831
Nickel in crude forms.....	1, 658			1, 658
Machinery and parts.....	18, 276	10	355	18, 641
Autos, trucks, buses, and parts.....	12, 993		63	13, 056
Chemicals and related products.....	18, 106	325	11, 215	29, 646
Fertilizers and fertilizer material.....	111	113	39, 887	40, 111
All other commodities.....	6, 362	932	2, 072	9, 366.

¹ Rate open, not subject to conference control.

NOTE.—The Bureau of the Census excludes all export shipments individually valued at less than \$500, regardless of shipping weight, also excluded from the Bureau of the Census export figures are shipments to the U.S. Armed Forces, shipments of household and personal effects and shipments by mail.

Source: U.S. Department of Commerce, Bureau of the Census, Foreign Trade Division. Statistical Department, Nov. 4, 1963.

DISCRIMINATORY FREIGHT RATES

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Principal commodities from Sweden to the U.S. North Atlantic, South Atlantic, and Gulf ports: 1962

[All figures in long tons]

Commodity	North Atlantic	South Atlantic	Gulf ports	Total
Grand total, all commodities.....	336, 731	33, 232	38, 133	408, 096
Less cargo on tanker vessels.....	1, 186	941		2, 127
Total cargo on liner and irregular.....	335, 545	32, 291	38, 133	405, 969
Building cement.....	5	19, 732		19, 737
Iron ore.....	29, 020			29, 020
Chrome ore.....	3, 095		4, 217	7, 312
Edible meat and meat products.....	560	29	138	727
Fish and fish products.....	723	28		751
Grains and preparations.....	935	4		939
Synthetic fibers and manufactures.....	373			373
Hides, skins, raw, except fur.....	320			320
Sugar, related products.....	862		1	863
Rubber and manufactures.....	602	30	253	885
Vegetable oils and wares, inedible.....	1, 612			1, 612
Lumber and wood manufactures.....	2, 205	35	168	2, 408
Woodpulp.....	162, 781		1, 050	163, 831
Paper and related products.....	65, 020	6, 777	5, 392	77, 189
Monumental and stone manufactures.....	1, 346	196	536	2, 078
Glass and glass products.....	3, 546	1, 820	1, 057	6, 423
Brick and tile clay.....	410	7	22	439
Nonmetallic minerals and manufacturers.....	863	16	175	1, 054
Iron and steel mill products.....	29, 488	1, 318	18, 902	49, 708
Metal manufacturers.....	3, 502	35	694	4, 231
Aluminum crude forms and scrap.....	460	403	12	875
Copper, brass, bronze, primary forms.....	3, 608	61	91	3, 760
Electrical machinery.....	2, 113	121	29	2, 263
Metalworking machinery.....	583	3	1	587
All other machinery.....	4, 987	117	346	5, 450
Autos, trucks, buses, and parts.....	7, 971	1, 222	1, 741	10, 934
Sodium hydroxide.....	532			532
Other chemicals and related products.....	1, 466	6	1, 004	2, 476
Fertilizers and fertilizer material.....	1, 524	128	1, 596	3, 238
Watercraft.....	460	134	72	666
Distilled spirits.....	678		153	731
All other commodities.....	3, 995	69	493	4, 557

NOTE.—The Bureau of the Census excludes all import shipments individually valued at less than \$100, regardless of shipping weight. Also excluded from the Bureau of the Census import figures are shipments from the U.S. Armed Forces, shipments of household and personal effects and shipments by mail.

Source: U.S. Department of Commerce, Bureau of the Census, Foreign Trade Division. Statistical Department, Nov. 1, 1963.

SWEDEN RATES

	To Sweden		From Sweden	
	East Coast	Gulf	East Coast	Gulf
Copper sheets..... 1962 exports, \$12,488; imports, \$2,857,775; value exports, \$1.77 per pound; imports range from 41 cents per pound to 54 cents per pound or 30 percent of the U.S. export value.	\$44.75 WT..	\$49.25 WT..	\$27.43 WT....	\$37.59 WT.
Copper rods.....	\$22.25 WT..	\$24.25 WT..	NCC 1.....	\$52.58 WT.
Copper shapes.....	\$18 WT.....	\$19.75 WT..	\$24.13 WT....	30 W/ or to 50 W/ M.
Copper bars..... 1962 exports, \$14,893; no import.	\$18 WT.....	\$19.75 WT..	\$24.13 WT....	\$25.40 WT.
Copper tubes..... 1962 exports, \$9,592; imports, \$512,090; value exports, \$1.45 per pound; imports range from 50 to 77 cents per pound; or approximately 50 percent of export value.	\$71.68 WT..	\$78.40 WT..	\$27.43 WT....	\$37.59 WT.
Distilled spirits, liquor..... 1962 exports, \$157,692; imports, \$80,094; value exports \$6.13 to \$6.44 per gallon; imports cover only special- ty items and range from \$2.56 to \$9.41 per gallon.	\$70 W/M....	\$78 W/M....	\$64 WT.....	\$70.35 WT.
Electric machinery, industrial controls..... 1962 exports, \$2,075,319; imports, \$1,057,241. These are specialty items, leaving high value but little tonnage.	\$64 W/M....	\$70 W/M....	\$38.50 W/M....	\$42.50 W/M.
Electronics, hi-fi equipment..... 1962 exports, \$1,698,166; imports \$234,963; exports values range \$47 to \$805 per unit; imports value range \$6 to \$84.	\$64 W/M....	\$58 W/M....	NCC 1.....	\$43 W/M.
TV broadcast..... 1962 exports, \$164,440; no imports.	\$64 W/M....	\$58 W/M....	NCC 1.....	\$45.30 W/M.
Fruit juices frozen citruses, concen- trated..... 1962 exports, \$953,012, mostly from Gulf ports; no imports.	\$90 W/M....	\$60 W/M....	NCC 1.....	NCC 1.
Glass, flat, window..... 1962 exports, \$249,191; imports, \$831,708. A square foot of window glass weighs approximately 1 lb. so that the export value of 50 cents per square foot compared with 5 to 8 cents per pound value on imports shows export value 6 to 10 times the value of imports.	\$35.85 WT..	\$48.16 WT..	\$20.32 WT....	\$26.92 WT.
Glassware, table and kitchen, house- ware..... 1962 export value, \$106,562; im- ports, 663,230. Consider out- bound rate fair average, compared with inbound rates.	\$24 W/M....	\$26 W/M....	\$17.55 to \$32.85 W/M.	\$18.70 to \$57.50 W/M.
Iron and steel castings and forgings..... 1962 export value, \$288,763; im- port, \$11,100. Values are varied on this item, however we shipped to Sweden 26 times as much, in terms of value, as we imported.	\$41.25 W/M..	\$45.50 W/M..	\$32 W/M....	\$32.25 W/M.
Pipe, 6 to 8 inch..... 1962 export value, \$108,090; im- ports, \$469,525.	\$38.75 WT..	\$42.25 WT..	\$37.34 WT....	\$24.90 WT.
Steelplates..... 1962 export value, \$12,896; im- port, \$82,252. Here is a case of outbound rate being less than inbound and the imports are greater than exports.	\$19.75 WT..	\$21 WT.....	\$20.32 WT....	\$21.34 WT.
Rolled and finished structurals.....	\$28.25 W/M..	\$31 WT.....	\$27.20 W/M..	\$30.85 W/M.
Stainless bars..... Unfortunately import and export statistics are combined for the above 2 items. However 1962 ex- ports: \$6,468,948; imports: \$12,133, 907. The structural rates are nearly equal inbound and out- bound whereas the outbound stain- less rate is less than inbound, yet imports, in terms of value are twice as much as exports.	\$36.75 WT..	\$40.50 WT..	\$41.86 WT....	\$42.67 WT.

See footnotes at end of table, p. 979.

SWEDEN RATES—Continued

	To Sweden		From Sweden	
	East Coast	Gulf	East Coast	Gulf
Paper products, kraft, unbleached..... 1962 exports, \$10,519; imports, \$3,712,225. Value per pound on exports 26 cents; imports range from 6 to 9 cents per pound.	\$29 WT.....	\$29 WT.....	\$23.35 WT.....	\$26.40 WT.
Insulating board..... Since this item cubes approxi- mately 3½ tons measurement to 1 ton weight the effective rate in- bound is \$61.32 WT. 1962 exports, \$15,493; imports, \$6,941,970. Value imports 3 cents per pound; export 10 cents per pound.	\$61.60 WT..	\$48.16 WT..	\$17.55 M.....	\$36.58 WT.
Paints..... 1962 exports, \$450,451; imports, \$285,773.	\$58 W/M.....	\$64 W/M.....	\$47 WT.....	\$49.28 WT.
Pigment..... 1962 exports, \$851,948; imports, \$1,293.	\$58 W/M.....	\$64 W/M.....	\$47 WT.....	\$49.28 WT.
Varnish..... 1962 exports, \$185,913; imports, \$4,752.	\$58 W/M.....	\$64 W/M.....	\$47 WT.....	\$49.28 WT.
Plywood, hardwood..... Plywood cubes approximately 70 cft. per weight ton, therefore con- verting inbound rate to North At- lantic we arrive at \$42.60 WT. 1962 exports nil; imports, \$1,125.	\$43.68 WT..	\$48.16 WT..	\$24.35 M.....	Range, \$35.05 WT to \$51.82 WT.
Softwood..... See hardwood. 1962 exports, \$4,835; no imports.	\$52.64 WT..	\$58.24 WT..	\$24.35 M.....	Range, \$35.05 WT to \$51.82 WT.
Tobacco leaf..... 1962 export value, \$13,045,837; imports, none.	\$29.12 WT..	\$26.88 WT..	NCC 1.....	NCC.1
Smoking tobacco..... 1962 export value, \$50,737; im- ports, \$13,487.	\$20 M.....	\$20 M.....	NCC 1.....	NCC.1
Cigarettes..... 1962 export value, \$3,522,128; no imports.	\$20 M.....	\$20 M.....	NCC 1.....	NCC.1
General cargo.....	\$64 W/M.....	\$70 W/M.....	\$54.95 W/M....	\$57.75 W/M.

1 NCC: No commodity classification.

NOTE 1.—Rates shown are on a basis of 2,240 lbs. or 40 cft. ship's option and all inbound rates (cbm. and 1,000 kg.) have been converted.

NOTE 2.—If substantial shipments develop, upon application by shipper or consignee, conference will arrange appropriate commodity rate.

History of requests since 1958 for rate reductions on these commodities

Copper sheets, copper rods, copper tubes, copper shapes, copper bars.....	No request.
Distilled spirits, liquor.....	1 request; denied.
Electric machinery, controls.....	1 request; granted.
Electronics.....	No request.
Fruit juices, frozen, concentrated.....	Do.
Glass, flat, window.....	1 request; granted.
Glassware, table and kitchens, houseware.....	No request.
Iron and steel castings and forgings, pipe 6 to 8 inches, steel-plate, rolled and finished structurals, and stainless steel bars.....	Do.
Paper products, kraft, common.....	1 request; granted.
Pigments, paint and varnish.....	Do.
Plywood, hardwood and softwood.....	No request.
Tobacco, manufactured cigarettes.....	2 requests; granted.

(End of Section H.)

SECTION I—ARGENTINA/BRAZIL

COMMENTS ON UNITED STATES OF AMERICA AND UNITED STATES OF BRAZIL TRADE

Brazil is one of the very few countries where our balance of trade is on the negative side. From Statistical Abstracts of the United States we have ascertained the following values on U.S. exports and imports in terms of millions of dollars:

Year	Exports	Imports	Balance
1958.....	535	565	-30
1959.....	413	628	-215
1960.....	430	570	-140
1961.....	494	562	-68
1962.....	425	541	-116

It would be helpful to examine the statistics for 1962, as supplied by the Bureau of the Census.

Total cargo exported was 3,304,846 long tons. Included are the following commodities not subject to conference control of rates:

	<i>Tons</i>
Bulk oil (tanker).....	230, 192
Wheat.....	1, 183, 841
Corn.....	10, 833
Coal and coke.....	1, 208, 344
Sulfur.....	118, 668
Total.....	2, 751, 878

This leaves 552,968 tons of export cargo subject to filed rates as set by the conference.

Imports for 1962 totaled 3,025,701 long tons. Here again rates on certain items as follows are not subject to conference control:

	<i>Tons</i>
Bulk oil (tanker).....	258, 489
Sugar.....	329, 555
Iron ore.....	1, 001, 398
Manganese ore.....	709, 105
Total.....	2, 298, 547

This leaves 727,154 tons of imported cargo subject to conference rates.

However, there is a condition here that is unique. Of the 727,154 tons, 507,417 tons represents green coffee with an estimated value of \$363 million. As total imports show a value of \$541 million, approximately two-thirds of the total value is that of coffee.

Copies of Bureau of the Census statistics are attached for information.

Also, all imports into Brazil are subject to rigid control by means of import-license requirements. Availability of dollar exchange is one of the more important factors to be met by an importer seeking United States of America material.

COMMENTS ON UNITED STATES OF AMERICA AND ARGENTINA TRADE

In this case, we have a large balance of trade, according to Statistical Abstracts of the United States, in millions of dollars:

Year	Exports	Imports	Balance
1958.....	250	131	+119
1959.....	231	126	+105
1960.....	350	98	+252
1961.....	424	102	+322
1962.....	375	106	+269

For the year 1962, our exports to Argentina total 1,018,150 long tons of which the following items are not subject to conference rate control:

	Tons
Bulk oil (tanker).....	31, 277
Coal and coke.....	603, 432
Sulfur.....	19, 799
Total.....	654, 508

The balance, 363,642 long tons is subject to conference rates. From the attached list as supplied by the Bureau of the Census you will note some items such as machinery, 54,000 tons; autos and trucks and parts, 57,000 tons; iron and steel items, 48,000 tons.

Here again, a rigid system of import controls is in effect.

Out imports from Argentina, 1962, amounted to 256,565 long tons of which the following items are not subject to conference control of rates:

	Tons
Bulk oil (tanker).....	17, 623
Sugar.....	15, 610
Total.....	33, 233

This leaves 223,332 long tons subject to conference rates. Attached is breakdown as supplied by Bureau of the Census.

Principal commodities from the U.S. Atlantic, Gulf, and Pacific ports to Brazil: 1962

[All figures in long tons]

	U.S. At- lantic ports	U.S. Gulf ports	U.S. Pacific ports	Grand total
Grand total.....	1, 516, 805	1, 767, 044	20, 997	3, 304, 846
Less cargo on tanker vessels.....	49, 369	180, 823		230, 192
Total cargo on liner and irregular.....	1, 467, 436	1, 586, 221	20, 997	3, 074, 654
Wheat grain ¹		1, 183, 841		1, 183, 841
Corn ¹	5, 905	4, 928		10, 833
Coal and coke ¹	1, 203, 485	4, 859		1, 208, 344
Manganese and ferromanganese.....	1, 674			1, 674
Dried milk.....	18, 521	7, 823		26, 344
Wheat flour and semolina.....	302	8, 038	54	8, 394
Other flour and grain preparation.....	2, 075	4, 383	135	6, 593
Vegetables and preparations.....	15, 089	4, 370	860	20, 319
Rubber and manufactures.....	4, 903	9, 383	208	14, 494
Naval stores, gums and resins.....	1, 774	1, 144		2, 918
Vegetable products, inedible, NES.....	1, 037	18	72	1, 127
Wood and manufactures NES.....	810	394		1, 204
Woodpulp.....	4, 013	358	1, 582	5, 953
Paper and related products.....	1, 822	1, 053	2, 453	5, 328
Lubricating oils and greases.....	11, 342	2, 641		13, 983
Petroleum products.....	7, 410	3, 182	3, 020	13, 612
Glass and glass products.....	3, 661	8		3, 669
Brick, tile, clay, and products.....	4, 174	7, 131	2, 158	13, 463
Sulfur ¹	531	118, 137		118, 668
Nonmetallic.....	3, 242	2, 408	1, 029	6, 679
Minerals and manufactures, iron and steel mill products.....	53, 941	2, 882	122	56, 945
Metal manufactures.....	2, 025	309	96	2, 430
Aluminum in crude forms.....	2, 793	2, 522	199	5, 514
Copper in crude forms.....	3, 445	225	611	4, 281
Construction and conveying machinery and parts.....	10, 655	8, 796	155	19, 606
Other machinery and parts.....	27, 455	6, 494	218	34, 167
Autos, trucks, busses and parts.....	5, 787	334	8	6, 129
Railway locomotives, cars, and parts.....	7, 250	180		7, 430
Chemical specialties NES.....	22, 785	9, 540	1, 606	33, 931
Other chemicals and related products.....	18, 239	53, 496	6, 095	77, 830
Fertilizer and fertilizer materials.....	15, 242	134, 484		149, 726
All other commodities.....	6, 049	2, 860	316	9, 225

¹ When shipped in bulk, rates open, not subject to conference control.*

NOTE.—The Bureau of the Census excludes all export shipments individually valued at less than \$500, regardless of shipping weight. Also excluded from the Bureau of the Census export figures are shipments to the U.S. Armed Forces, shipments of household and personal effects, and shipments by mail.

Source: U.S. Department of Commerce, Bureau of the Census, Foreign Trade Division, Statistical Department, November 1, 1963.

DISCRIMINATORY FREIGHT RATES

Principal commodities from Brazil to U.S. Atlantic, Gulf, and Pacific coast ports:
1962

[All figures in long tons]

Commodity	U.S. Atlantic ports	U.S. Gulf ports	U.S. Pacific ports	Grand total
Grand total all commodities.....	2,185,410	772,668	67,623	3,025,701
Less cargo on tanker.....	230,868	27,621	-----	258,489
Total cargo, liner, and irregular.....	1,954,542	745,047	67,623	2,767,212
Edible meat and meat products.....	1,979	999	471	3,449
Fish and fish products.....	2,450	4	26	2,480
Hides and skins, raw, except furs.....	2,659	-----	12	2,671
Leather and manufactures.....	258	-----	4	262
Inedible animal products.....	4,516	98	49	4,663
Vegetables and preparations.....	11,674	831	217	12,722
Fruit and preparations.....	361	52	-----	413
Nuts and preparations.....	7,564	2,095	2,594	12,253
Vegetable oils and fats, edible.....	4,970	86	281	5,337
Coffee.....	305,585	142,466	59,366	507,417
Cocoa beans.....	15,434	-----	1,136	16,570
Tea.....	225	32	6	263
Table beverage material.....	2,492	-----	4	2,496
Spices.....	681	71	53	805
Sugar ¹	202,013	127,542	-----	329,555
Rubber, crude.....	1,231	-----	-----	1,231
Naval stores, gums, and resins.....	4,394	-----	-----	4,394
Oilseeds.....	806	349	25	1,180
Vegetable oils and waxes, inedible.....	54,674	1,637	1,086	57,397
Tobacco, unmanufactured.....	874	4	-----	878
Cotton and cotton products.....	6,694	452	-----	7,146
Vegetable fibers and manufactures.....	19,763	12,114	1,739	33,616
Wool and wool semimanufactures.....	406	-----	-----	406
Lumber and wood, manufactures.....	13,347	9,413	366	23,126
Building and monumental stone.....	862	135	34	1,031
Nonmetallic minerals.....	1,357	3	91	1,451
Iron ore and concentrates ¹	655,395	346,003	-----	1,001,398
Manganese ore ¹	623,520	85,585	-----	709,105
Other nonferrous ores and scrap.....	3,395	-----	-----	3,395
Chemicals and related products.....	1,117	9,649	1	10,767
Fertilizers and fertilizer material.....	1,469	5,192	45	6,706
All other commodities.....	2,377	235	17	2,629

¹ Rates open, not subject to conference control.

NOTE.—The Bureau of the Census excludes all import shipments individually valued at less than \$100, regardless of shipping weight. Also, excluded from the Bureau of the Census import figures are shipments to the U.S. Armed Forces, shipments of household and personal effects, and shipments by mail.

Source: U.S. Department of Commerce, Bureau of the Census, Foreign Trade Division, Statistical Department, Nov. 4, 1963.

DISCRIMINATORY FREIGHT RATES

983

Principal commodities from U.S. Atlantic, Gulf, and Pacific ports to Argentina: 1962

[All figures in long tons]

	U.S. Atlantic ports	U.S. Gulf ports	U.S. Pacific ports	Grand total
Grand total.....	824, 984	171, 981	21, 185	1, 018, 150
Less cargo on tanker vessels.....		31, 277		31, 277
Total cargo on liner and irregular.....	824, 984	140, 704	21, 185	986, 873
Coal and coke ¹	603, 432			603, 432
Manganese and ferromanganese.....	113			113
Wheat flour and semolina.....	310	292		602
Other flour and grain preparations.....	107	1, 670		1, 777
Vegetables and preparations.....	8, 826	900	2, 402	12, 128
Rubber and manufactures.....	2, 008	10, 845	271	13, 124
Naval stores, gums, and resins.....	607	746		1, 353
Seeds, except oilseeds.....	706	1, 177	275	2, 158
Vegetable products, inedible, NES.....	57	26	18	101
Tobacco, manufactured.....	1, 455			1, 455
Manmade fibers and manufactures.....	3, 491	107		3, 598
Wood and manufactures NES.....	827	229	2, 016	3, 072
Woodpulp.....	4, 862	1, 059	3, 076	8, 997
Paper and related products.....	1, 303	2, 671	1, 299	5, 273
Lubricating oils and greases.....	842	11, 927	75	12, 844
Petroleum products.....	277	409	10	696
Glass and glass products.....	1, 318	22		1, 340
Brick, tile, clay, and products.....	9, 578	1, 983		11, 561
Sulphur ¹	82	19, 717		19, 799
Sand, gravel, crushed rock.....	634	2, 411		3, 045
Nonmetallic minerals and manufactures.....	1, 188	543	1, 848	3, 579
Iron and steel mill products.....	40, 608	4, 650	3, 182	48, 440
Metal manufactures.....	2, 122	1, 896	93	4, 111
Aluminum in crude forms.....	924	3, 460	301	4, 685
Copper in crude forms.....	3, 058	147	4, 698	7, 903
Construction and conveying machinery and parts.....	14, 220	11, 553	152	25, 925
Other machinery and parts.....	42, 436	10, 684	922	54, 042
Autos, trucks, buses, and parts.....	47, 906	9, 558	66	57, 530
Railway locomotives, cars, and parts.....	12, 564	1		12, 565
Chemical specialties NES.....	8, 580	4, 836	110	13, 526
Other chemicals and related products.....	7, 451	34, 355	149	41, 955
Fertilizer and fertilizer materials.....	345	1, 441		1, 786
All other commodities.....	2, 744	1, 388	222	4, 354

¹ Rates open, not subject to conference action.

NOTE.—The Bureau of the Census excludes all export shipments individually valued at less than \$500 regardless of shipping weight. Also, excluded from the Bureau of the Census export figures are shipments to the U.S. Armed Forces, shipments of household and personal effects, and shipments by mail.

Source: U.S. Department of Commerce, Bureau of the Census, Foreign Trade Division, Statistical Department, Nov. 1, 1963.

DISCRIMINATORY FREIGHT RATES

Principal commodities from Argentina to U.S. Atlantic, Gulf, and Pacific coast ports: 1962

[All figures in long tons]

Commodity	U.S. Atlantic ports	Gulf ports	U.S. Pacific ports	Grand total
Grand total.....	177,042	63,137	16,386	256,565
Less cargo on tanker vessels.....	17,623			17,623
Total cargo on liner and irregular.....	159,419	63,137	16,386	238,942
Edible meat and meat products.....	23,029	11,039	8,144	42,212
Cheese.....	1,562	43	161	1,766
Fish and fish products.....	53	309	12	374
Edible animal products.....	1,427	70	285	1,782
Hides and skins, raw, except furs.....	3,105	23	6	3,134
Leather and manufactures.....	481	7	1	489
Fur and manufactures.....	465	25		490
Inedible animal products.....	28,141	24,385	2,894	55,420
Animal feeds and fodders.....	116	1,771	6	1,893
Vegetables and preparations.....	51	15	403	469
Fruits and preparations.....	6,496	1,487	1	7,984
Vegetable oils and fats, edible.....	353		112	465
Coffee.....	213	15	88	316
Tea.....	518	4		522
Sugar.....	7,124	8,486		15,610
Sugar, related products.....	3,473	2,242	828	6,543
Vegetable dyes and tanning material.....	29,296	9,785	913	39,994
Bird seed and other seeds, except oilseeds.....	1,846	598	394	2,838
Tobacco, unmanufactured.....	510			510
Vegetable products, inedible.....	258	250		508
Cotton and cotton products.....	2,027	80		2,107
Wool and wool, semimanufactures.....	35,433	1,387	4	36,824
Vegetable fibers and manufactures.....	228			228
Other textile products.....	1,072	99		1,171
Brick and tile.....	1		277	278
Iron and steel mill products.....	185	91		276
Other nonferrous ores and scrap.....	1,033			1,033
Chemicals and related products.....	416	5	1	422
Fertilizers and fertilizer material.....	716		218	934
Vegetable oils and waxes, inedible.....	8,516		1,423	9,939
All other commodities.....	1,275	921	215	2,411

NOTE.—The Bureau of the Census excludes all import shipments individually valued at less than \$100, regardless of shipping weight. Also excluded from the Bureau of the Census import figures are shipments from the U.S. Armed Forces, shipments of household and personal effects, and shipments by mail.

Source: U.S. Department of Commerce, Bureau of the Census, Foreign Trade Division, Statistical Department, Nov. 1, 1963.

MOORE-McCORMACK LINES, INC.,
New York, N.Y., November 11, 1963.

Re: Joint Economic Committee.

Mr. D. WIERDA,
Vice President, United States Lines,
New York, N.Y.

DEAR MR. WIERDA: You will find enclosed list and analysis covering commodities and rates in the trade between the United States, Brazil, and Argentina.

Very truly yours,

M. J. KELLY, *Freight Traffic Manager.*

	Outbound		Inbound east and Gulf		Inbound Pacific	
	East Gulf	Pacific	River Plate	Brazil	River Plate	Brazil
Air conditioning and reefer equipment, commercial-industrial.....	\$57	\$57	\$53	\$55	\$57	\$55
For the year 1962 there were no shipments of any consequence inbound. Declared value of export to Argentina amounted to \$1,350,603, to Brazil, \$2,519,492. Imports from Argentina, \$688, from Brazil, \$3,000.						
Books.....	NCC	NCC	42	NCC	NCC	NCC
No significant inbound shipments during 1962. Exports: Argentina, \$719,123; Brazil, \$1,335,272. Imports: Argentina, \$32,463; Brazil, \$14,004.						
Electric machinery, industrial controls.....	NCC	NCC	NCC	NCC	NCC	NCC
1962 exports: Argentina, \$1,725,284; Brazil, \$2,092,333.						
Electronics:						
EDP computers.....	72	72	NCC	NCC	NCC	NCC
Exports, 1962, to Brazil value \$741,885; to Argentina value \$312,476. No imports from either country.						
TV broadcast equipment.....	NCC	NCC	NCC	NCC	NCC	NCC
Microwave relay.....	NCC	NCC	NCC	NCC	NCC	NCC
1962 exports much greater than imports. Exports to Argentina, \$319,827; Brazil, \$46,444. Imports from Argentina, \$760; Brazil, \$6,689.						
Glassware, table and kitchen, household: Value under \$500 WT.....	43	NCC	NCC	141	NCC	NCC
Do.....	56	NCC	NCC	166	NCC	NCC
1962 exports to Argentina, \$23,379; Brazil, \$2,991. Imports: Argentina, none; Brazil, \$4,493. In terms of units we exported to Brazil, 31,644 pieces whereas we imported 936 pieces.						
Household appliances:						
Refrigerators and parts.....	49	49	46	44	NCC	NCC
1962 exports to Argentina, 224 units, value \$44,181; to Brazil, \$142,131. Imports from Argentina, none; from Brazil, \$750.						
Vacuum cleaners.....	NCC	NCC	NCC	NCC	NCC	NCC
1962 exports to Argentina, \$1,458; to Brazil, \$9,780. No imports from either country.						
Gas stoves and parts.....	56	55	NCC	NCC	NCC	NCC
1962 exports to Argentina, \$27,038; to Brazil, \$115,706. No imports from either country.						
Industrial organic chemicals, phenol, crystals.....	46 W	NCC	NCC	NCC	NCC	NCC
1962 exports to Argentina, \$79,614; to Brazil, \$24,606. No imports from either country. It is interesting to note the value declared to Brazil is 14 cents per pound whereas the value declared to Argentina is only 11 cents per pound or approximately \$67 per WT difference in value.						
Metalworking machinery:						
Lathes.....	57	57	53	55	57	55
1962 exports to Argentina, 108 units, \$2,256,767, unit value ranges from \$976 to \$84,000. To Brazil, 61 units, \$786,596, unit value ranges from \$545 to \$28,452. Imports from Argentina, none; from Brazil, 9 units at \$2,850 each for a total of \$25,950.						

¹ Inbound, \$41 value up to \$600; \$66 for value over \$600.

	Outbound		Inbound east and Gulf		Inbound Pacific	
	East Gulf	Pacific	River Plate	Brazil	River Plate	Brazil
Metalworking machinery—Continued						
Drills..... 1962 exports to Argentina, 615 units, \$3,416,492, unit value ranges from \$4,576 to \$20,695. To Brazil, 110 units, \$714,333, unit value ranges from \$1,924 to \$26,246. No imports from either country.	\$57	\$57	\$53	\$55	\$57	\$57
Grinders..... 1962 exports to Argentina, 156 units, \$1,288,168, unit value ranges from \$4,195 to \$19,560. To Brazil, 86 units, \$399,931, unit value ranges from \$3,398 to \$6,588. No imports from either country.	57	57	53	55	53	55
Honing and lapping, except gear..... 1962 exports to Argentina, 14 units, \$277,336 (value per unit \$19,809). To Brazil, 8 units, \$45,233 (value per unit, \$5,654). No imports from either country.	57	57	53	55	53	55
Metal polishing and buffing..... 1962 exports to Argentina, 15 units, \$27,553 (unit value \$1,837). To Brazil, 13 units, \$28,546 (unit value, \$2,196). No imports from either country.	57	57	53	55	53	55
Grinding, NEC..... 1962 exports to Argentina, 150 units, \$368,330 (unit value \$2,455). To Brazil, 152 units, \$100,879 (unit value, \$664). No imports from either country.	57	57	53	55	53	55
Motorcycles and parts..... 1962 exports to Argentina, 1 unit, \$516; to Brazil, parts value, \$587. No imports from either country.	35	NCC	35	NCC	50	NCC
Manufactured tobacco:						
Cigarettes..... 1962 exports to Argentina, 877,120,000 units, value, \$3,955,520; to Brazil, 2,554,000 units, \$12,236. No imports from either country.	72	NCC	NCC	NCC	NCC	NCC
Cigars..... 1962 exports to Argentina, 427,000 units, \$16,801; to Brazil, 3,000 units, value, \$218. No imports from either country.	NCC	NCC	NCC	NCC	NCC	NCC
Manufactured tobacco NOS..... 1962 exports to Argentina, \$15,929 (value, \$1.30 per pound); to Brazil, \$1,400 (value, 70 cents per pound). No imports from Argentina. Imports from Brazil, \$35,811 (value, 2 cents per pound).	NCC	NCC	NCC	45	NCC	NCC
General cargo.....	72	72	66	66	70	70

All export rates except phenol (2,240 lbs.) are on basis of 2,240 lbs. or 40 cft., ship's option, via east and gulf coast ports; basis 2,000 lbs. or 40 cft., ship's option, via west coast ports.

All import rates are on basis 2,240 lbs. or 40 cft. from river plate ports; 1,000 kilos or 40 cft. from Brazil ports.

NCC—No commodity classification. If substantial shipments develops, upon application by shipper or consignee, conference will arrange appropriate commodity rate.

Rates as above are base tariff rates and are subject to port surcharges.

Because of high port charges, excessive cargo handling costs, and extra port days caused by poor productivity on the part of longshoremen in ports of call in Argentina, Brazil, and Uruguay surcharges in proportion to these extra incurred costs have been established and assessed on cargo discharged and/or loaded their ports.

History of requests to conference for rate adjustment from 1958 to present

Air conditioning, reefer equipment: None.

Books: None.

Electrical machinery, industrial controls: None.

Electronics, computers: One request for special Brazilian Government shipment destined Brasilia. Before conference could act, shipper decided to ship via chartered airplane from Midwest direct to Brasilia, account possibility of damage account handling and humidity.

TV broadcast: One application; granted.

Microwave, relay: None.

Glassware, table and kitchen: One application; granted.

Household appliances:

Refrigerators: Two requests giving incomplete information. When requested by conference to supply additional particulars, request withdrawn.

Vacuum cleaners and parts: None.

Gas stoves and parts: None.

Industrial organic chemicals:

Phenol: Five requests; granted.

Metalworking machinery: None.

Motorcycles and parts: One request; granted.

Tobacco, manufactured:

Cigarettes: One request withdrawn when conference asked for more information.

(End of Section I.)

SECTION J

TRADE ROUTES 2 (WEST COAST SOUTH AMERICA) AND 4 (NORTH COAST SOUTH AMERICA AND CARIBBEAN)

STUDY OF U.S. EXPORT MARKET AND ECONOMIC CONDITIONS IN LATIN AMERICAN NATIONS SERVED ON TRADE ROUTES 2 (WEST COAST SOUTH AMERICA) AND 4 (NORTH COAST SOUTH AMERICA AND CARIBBEAN) AND RELATIONSHIP OF OCEAN FREIGHT RATES THERETO

ECONOMIC CONDITIONS AND MARKET

Trade Routes 2 and 4 over which the Grace Line operates to and from U.S. Atlantic ports involve principally Chile, Peru, Bolivia, Ecuador, Colombia, Panama, and Venezuela. Economic conditions surrounding our balance of trade and export market in these countries are entirely different than those with which we are concerned in Europe, the United Kingdom, or Japan. Latin nations generally must operate under a controlled economy insofar as imports from the United States are concerned because of a constant or periodic shortage of dollars. Through the media of import licenses, import duties, or the amount of deposits demanded at the time applications are made for licenses, these nations closely control the flow of our exports to their market. When their dollar reserves are low, they restrict imports to those commodities vital to their needs. Imports of so-called "luxury" items are either prohibited altogether or subject to duties or import deposit requirements so high as to have much the same effect. At such times, the importation of passenger automobiles—considered a "luxury"—may be entirely prohibited, or may be curtailed, or restricted to makes or models having the lowest FAS price or the lowest weight. In consequence, automobile imports may be temporarily restricted to German Volkswagens or French Fiats. Importations of television sets, vacuum cleaners, air conditioners, refrigerators, and such items will under these conditions cease. During such periods exports from the United States inevitably drop appreciably due to conditions over which the steamship lines have no control.

Contrarywise, if the dollar balance of one or more Latin Republics is strong, heavy imports from the United States are likely and neither the FAS price nor the CIF price will have too much bearing. Such a condition followed the last World War and the Korean war during which the United States bought "strategic" materials from Latin America heavily and created good dollar balances in Santiago, Lima, etc. Latin imports from the United States are unusually dependent upon our purchase at satisfactory prices of their raw and semiprocessed products or their ability to borrow dollars with which to purchase our exports. Price is a factor but it is secondary. A favorable balance of trade with the United States is vital to our Latin neighbors.

The strength of the import markets of these nations necessarily fluctuates with political conditions which have unfortunately been unsettled during recent years. This is particularly so because of the profound effect the political climate has on U.S. private investment and the development of American industry in these countries. There is no question, for example, that U.S. exports to Venezuela and Chile are being sharply curtailed today because U.S. oil companies and copper companies are not willing to presently risk the very sizable sums they are otherwise prepared to invest in these two nations. At such time as they are assured such investment is sound by the respective Governments, they will not only start exporting heavily from the United States, but the confidence they generate in commercial business circles will in turn release a secondary flow of new U.S. exports. This will occur whatever may be the level of the ocean freight rates which will at that time unquestionably reflect the then current market conditions and be not appreciably higher than they are today.

These countries are also prone to barter their raw materials with other nations in exchange for manufactured products and, in such cases, the market for our exports is destroyed. If, for example, Colombia purchases 5,000 truck chassis in Germany for the equivalent value of Manizales Excelso coffee, the respective level of the ocean freight rates from Hamburg and New York on truck chassis is irrelevant. Since the United States is the largest buyer from Latin America, we might well explore the unique opportunity we have to barter thereby guaranteeing for our exporters a certain portion of the market in question.

Trade Routes 2 and 4 are also unique in that the volume of U.S. military and agricultural surplus tonnage constitutes a relatively minor proportion of the total tonnage from the United States. There is no heavy concentration of our military personnel in this area and, since the Latin countries involved are becoming steadily more self-sufficient in the production of agricultural products, the movement of grain, corn, and such items is comparatively small. The ocean carriers involved are, therefore, the more vitally concerned with the flow of commercial cargo and U.S. exports over the routes.

RELATIONSHIP OF OCEAN RATES TO LATIN IMPORTS

The level of our exports to this area are controlled by economic and political conditions of such basic importance that any reasonable differential in ocean freight rates as compared with competitive sources of supply is of relatively minor importance. Moreover, in these routes it cannot be argued that export rates from the United States are controlled by foreign "blobs" intent on fostering high rates from the United States to the benefit of exports from their own countries. To the contrary, the rate control to Venezuela, Colombia, Ecuador, Peru, and Chile is in the hands of the U.S.-flag carriers and lines operating under the flags of the importing nations. The latter, as in the case of our own vessels, are naturally vitally concerned with the level of the rates to their own countries. Third flag vessels operate in this area to some extent, but the majority of the regular carriers fly either a Latin or the U.S. flag. In three out of five instances, the Latin-flag lines are government owned and operated. Despite the natural inclination of such governments to seek low freight rates, they have learned from experience, that a healthy merchant marine must operate profitably. For this reason, four of five carriers are members of the conferences governing their trades both to the United States and to Europe, and the fifth is pledged to join shortly.

The Latin American governments involved purchase and ship substantial commercial cargoes from the United States. These government acquisitions of cargoes, which in the case of other countries emanate through normal commercial sources, are caused by the shortage of private capital for large projects involving each nation's welfare and the practice of our own Government in directing loans through the Latin American governments rather than through commercial channels. As expected, the majority of such Latin imports are routed on vessels flying the respective national flags over which each government has either direct or strong indirect control. The conference freight rates are readily paid by these governments which could hardly be expected to acquiesce to unreasonable rates detrimental to their commerce.

The ocean rates of any trade route must necessarily reflect the degree of cut-rate competition existent. Whether or not we have any concern as to the profitability of rates, it must be recognized that they will tend to be "fair and reasonable" in the face of steady nonconference competition. A review of the rate history in Trade Route 2 will confirm that nonconference carriers have operated regularly over the trade route since 1952 and, in the case of Trade Route 4, such has been the case since 1947. The conferences have not—as is frequently alleged—driven nonconference competition off the high seas. By the same token, it goes without saying that it would be impossible for the conferences to maintain unreasonable rates in the face of such steady competition.

The level of ocean rates in any trade must be predicated on costs of which cargo-handling expenses constitute a steadily increasing proportion. The export rates applicable per the regular carriers in Trade Routes 2 and 4 reflect not only the higher loading costs in the U.S. ports as compared with those in Europe and Japan, but also unusually high costs for discharging in Latin America as compared with those in other foreign ports. The latter high costs reflect the basic operating problems in the major ports which were not constructed to accommodate the heavy volume of traffic presently moving, coupled with inefficient labor practices and high wages of strong port workers unions modeled after those in the United States. Their wage level has also been enhanced by the comparatively high wages paid by U.S. industry in Latin America such as the oil industry in Venezuela and the copper industry in Chile. The wages for overtime work are particularly high and to the detriment of the U.S.-flag carriers as compared with the foreign-flag carrier whose daily operating costs are generally substantially less than his U.S.-flag competitor. In an endeavor to operate the fewest number of vessels on the fastest turnaround, the U.S.-flag operator is compelled to work substantial overtime at heavy cost. The foreign-flag operator is not so concerned with lay days. This becomes an appreciable cost factor in countries such as Venezuela where, generally speaking, it is impossible to work vessels on either Saturday or Sunday.

A comparison of rates per ton-mile although interesting can be meaningless and very misleading. It has been, for example, the practice to protect the same export rates from all major U.S. ports to say Valparaiso, Chile, yet the distance from New Orleans is 4,056 miles; Savannah, 4,222; New York, 4,625; Seattle, 6,636; and Chicago, 7,203.

The comparative length of the round voyage must be measured in days and not just mileage. The number of ports to be served over a route and the number of lay days may well exceed the number of days and mileage steamed. The availability of profitable cargoes over both legs of the voyage is also a vital factor. The mileage steamed has little bearing if the vessel must proceed homeward to all intents and purposes in ballast as in the case of liner voyages over Trade Route 4. In such cases, the distance "between" New York and La Guaira is not the southbound distance of 1,848 miles, but actually the round-voyage mileage of 3,696 miles as the outward traffic must necessarily offset the round-trip expenses and show a reasonable profit as the amount of northbound "liner" cargo available is negligible.

Other factors which may dictate a level of rates somewhat higher than a foreign source of competition would be relatively heavier Panama Canal tolls because of the comparative size of the vessels involved or antiquated rules of admeasurement still used by the Panama Canal Company despite the appreciable changes which have taken place in modern construction in consequence of containerization and unitization of cargoes. Heavier port charges in Latin America and the United States resulting from a more frequent and reliable service with more port calls to the benefit of the American exporter must also be taken into consideration. Heavy claims resulting from pilferage, which is unfortunately prevalent in most U.S. ports and ports of Latin America, is a basic factor. The general and administrative costs of the carrier whose home office is in the United States are unquestionably well in excess of those of the foreign operator. Such excess costs must be returned through the measure of the freight rates.

The exporters' interest in fast and reliable service concerns not only the delivery of his first order to his new buyer, but also efficient and reliable deliveries of replacement orders or spare parts. Such service may be worth far more to him and his client than the freighting costs per ton-mile.

ADVANTAGES OF THE U.S. EXPORTER

Despite any handicaps which must be overcome, the U.S. exporter has done well with respect to those markets served in Trade Routes 2 and 4 and will unquestionably maintain or improve his participation. The measure of his success or failure will not be dependent upon the comparative level of ocean freight rates, but by economic and political considerations well outside the control of the carriers or the conferences with which they are associated. The U.S.-flag carriers operating in Trade Routes 2 and 4 are far from aloof to their comparative cost problems and have, in consequence, invested millions of dollars in containerization and unitization in an endeavor to keep cargo-handling costs within reason and to eliminate the waste occasioned by cargo damage and pilferage. Grace Line has, for example, constructed two all-container vessels in Trade Route 4, namely the *Santa Leonor* and *Santa Elnana*, which were recently refused permission to serve Puerto Rico, and has currently under construction the last of four containerized and unitized vessels specially constructed for Trade Route 2 at an overall cost of approximately \$72 million. The Grace Line has not only invested heavily in such vessels and their equipment, but has even financed the shoreside equipment necessary in Latin America for the respective port authorities there. Such heavy investment on the part of private enterprise would hardly be consistent with the charge that such carriers ignore the American exporters' interests or permit it to be ignored.

The volume of U.S. exports will in the main be determined by the confidence that U.S. private capital has in Latin America for investment. U.S. copper companies are presently prepared to invest heavily in Chile. U.S. oil companies will unquestionably resume exploration in Venezuela if encouraged. The borrowing capacity of Latin neighbors will also be a vital factor in expansion which will in turn bring on a change in the character of the cargo exported as industrialization to the south increases. Competition as to certain industries will unquestionably be the more severe in the future, but experience shows that one commodity will be replaced by another. If, for example, cardboard boxes do not move perhaps linerboard will.

CONCLUSION

Contrary to allegations that have been made, the carriers serving Trade Routes 2 and 4 are obviously dedicated to the stimulation of U.S. exports and inter-American trade. The U.S.-flag liner operator is perhaps our exporters' closest ally in the competitive battle for foreign markets. It is a paradox that the Grace Line, which was founded by its stockholders primarily as a carrier of U.S. exports to Latin America, should be forced to defend itself as negligent to its basic interest. The constant expansion of the U.S.-flag fleet operated in these trade routes at substantial expense to both U.S. private investors and U.S. taxpayers belies negligence or domination by competitive interests and the modest return, if any, on the substantial investment, despite efficient and experienced management, would seem self-evident proof that the ocean freight rates are not unfair, unreasonable, or detrimental to the commerce of the United States. The record will affirm that the rates are not idly adopted but are, to the contrary, constructed on the same criteria as the American businessman's price for his product. It is axiomatic in commodity trading to set prices which will assure a sale and preferably yield a profit. Exactly the same procedure must be followed in deep sea rate-making if our merchant marine is to continue to operate under private ownership.

Ocean rates applicable to the 20 commodities selected by the Joint Economic Committee, far from stifling U.S. exports, actually moved some \$15,750,000 worth of these commodities to Peru, Colombia, and Chile alone during 1962 in the following amounts:

Peru.....	\$4, 000, 000
Colombia.....	6, 500, 000
Chile.....	5, 250, 000
Total.....	15, 750, 000

It is interesting to note that the declared export values of the same commodities to different markets varied, for example, on unmanufactured tobacco from 87 cents to \$2.05 per pound and on vacuum cleaners from \$35.96 to \$106.02 each. Admittedly, some price variations may reflect a difference in the quality of the goods, but we must recognize that a portion of the differentials may well reflect keen competition between American exporters with the lowest bidder getting the business. An application for rate relief by an American exporter does not inevitably seek equalization with a foreign supplier. The American exporter is quite often and understandably concerned primarily with securing some advantage over his U.S. competitor. The level of the export rate may be a problem to one exporter, but not to another.

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ANALYSIS OF SOUTHBOUND AND NORTHBOUND RATES APPLICABLE TO SYNONYMOUS COMMODITIES BETWEEN U.S. ATLANTIC AND GULF PORTS AND MAJOR WEST COAST SOUTH AMERICAN PORTS OF COLOMBIA, PERU, AND CHILE (TRADE ROUTE No. 1)

A detailed analysis of freight tariffs presently in effect between U.S. Atlantic and Gulf ports and the major ports of Colombia, Peru, and Chile clearly demonstrates that this trade presents an entirely different picture as to commodities exchanged than by the United States with, for example, Europe or Japan. Whereas in the case of the latter the United States is trading with industrialized nations competing both in the United States and the world market on many products manufactured in the United States, we are trading in Latin America with nations where industrialization is still in its infancy. Their limited and comparatively high cost of production of manufactured items not only prohibits exportation but precludes the ability to compete in the U.S. market.

Contrary to Europe and Japan, the exports of Latin America consist in the main of raw or semiprocessed materials which during the war were termed "strategic" and which today are of vital importance to our economy. We are all familiar with the so-called "one-crop economies" of Latin America and the endeavors of our Government to diversify the exports of these nations so as to strengthen them economically and politically and provide them with the dollar exchange necessary to the purchase of American exports. We are not, therefore, dealing with prosperous hard currency economies as is the case in Europe and Japan, but with nations struggling to establish a firm economic base and badly in need of hard currency markets for their products. If they cannot generate

dollar currency through the sale of their copper, their ores, their fishmeal, their lead, their zinc, their coffee, and similar products, they cannot purchase American exports unless our Government provides the funds with which they buy thereby contributing to our unfavorable balance of payments.

In addition to the economic and political incentive to assist such nations in exporting, the characteristics of the northbound trade from this area lend themselves to depressed rates. The preponderance of such traffic consists of bulk commodities such as metals, ores, and bagged fishmeal and coffee which can be loaded and discharged faster and more economically than miscellaneous southbound general cargo. The homeward leg of each vessel's voyage is consequently faster and less expensive. The documentation of the homeward traffic is simpler and less expensive. Cargo liability and claims are less severe. Supervision is simpler. In this trade, a major portion of a carrier's general and administrative expense must be charged to southbound traffic and but a comparatively small portion to homeward traffic.

Since such Latin exports consist of bulk commodities moving in substantial volume, they are susceptible to tramp competition. This is true not only as to the market in the United States, but also to the market in Europe. The level of the rate on, for example, zinc concentrates to Rotterdam as compared with the rate to Baltimore may determine whether the Peruvian supplier sells to Europe or to the United States. The carriers engaged in the trade from Peru must, therefore, be concerned with tramp rates to Europe and endeavor to protect the source of supply for American industry. The level of rates from Latin America are, therefore, frequently influenced by conditions outside the control of the regular carriers.

A survey of the export and import tariffs in question shows that, whereas rates are provided for some 117 synonymous commodities both to and from Colombia, Peru, and Chile, there are no significant imports from these countries to the United States competitive with American production.

The West Coast South America Northbound Conference was established in March 1947. Over the period of 16 years numerous homeward rates have been established in the hopes of generating exports from the west coast of South America, but the majority of such rates have proved to be "paper rates" because the exporters were unable to develop a market in the United States. Such rates might well be canceled from the tariffs as they serve no purpose. There has been reluctance to eliminate such rates from the tariffs and any increases over the years have been nominal—always with the hope that some traffic might develop.

A few examples of the commodities in question, the tonnage volume, and the considerations surrounding the current rates offer assistance in the understanding of the trade.

There is a fair volume of high-density cotton from Peru to the South Atlantic. Peruvian cotton is a long-staple cotton needed by our domestic industry. The Peruvian export rate of \$42 per 1,000 kilos is almost identical with the southbound rate from U.S. Atlantic and Gulf ports of \$38 per 2,000 lbs.

Subsequent to the last war, Peru embarked on the expansion of its fishing industry and undertook the production of canned fish. To stimulate this industry, a Peruvian export rate of \$40 per 1,000 kilos was established which is still in effect today. The movement has, however, been nominal due to the unfamiliarity of the American housewife with Peruvian "bonita" and her susceptibility to "brand names." Since Peru produces an excellent canned fish, there is no market there for U.S. tuna and the southbound freight rate from the United States is irrelevant.

The rates on alcoholic liquors from the U.S. Atlantic to this area in Latin America may appear comparatively high until one appreciates the export market is limited to brandy, bourbon, and a few such luxury liquors, whereas Latin exports consist only of inexpensive Chilean wine or an occasional small shipment of Peruvian rum.

There is no movement of commodities competitive with U.S. production such as boric or tartaric acid, alcohol, benzene, casings, cement, coal, window glass, honey, newsprint paper, olives, toilet paper, for which northbound rates have for some time been established.

Although the 20 commodities selected for comparative export and import rate study by the Douglas committee as to the west coast of South America were exported from the United States to Colombia, Peru, and Chile in 1962 in the amount of \$15,689,164, the only one of these commodities imported by the United States for consumption in any appreciable volume was unmanufactured tobacco from Colombia which is needed by our manufacturers for blending. A good portion of their resultant products are in turn exported. The importation of

distilled spirits from Peru for the entire year was but \$57,000 and of glassware from Chile but \$4,000. The balance of these commodities which were exported to the United States consisted entirely of such items as air conditioning and reefer equipment, household appliances, and machinery obviously returned to the United States for overhaul and repair.

It is difficult to foresee any material change in the basic economies of the trade in question in the near future. It is, however, possible to foresee that as Latin America's industrial production increases with the assistance of the Alliance for Progress, the Export-Import Bank, loans from the World Bank, and through private financing, that a limited export production of certain items may materialize. However, at such time, these products will not be directed to the United States, but rather exported to other Latin American markets. The Latin American Free Trade Association recently formed is dedicated to this purpose.

Comparative statement showing in millions of dollars U.S. exports, imports, and trade balances with principal Latin American countries on trade routes 2 and 4, for the years 1958-62

	Panama and Canal Zone			Colombia			Ecuador		
	U.S. exports	U.S. imports	Trade balance favorable (unfavorable)	U.S. exports	U.S. imports	Trade balance favorable (unfavorable)	U.S. exports	U.S. imports	Trade balance favorable (unfavorable)
1958.....	101.3	34.8	66.5	187	332	(245)	46.9	80.2	(33.3)
1959.....	107.6	36.8	70.8	206	340	(134)	48.7	91.4	(42.7)
1960.....	104.8	33.5	71.3	246	299	(55)	54.9	98.1	(43.2)
1961.....	125.1	32.1	93.0	245	276	(31)	49.8	76.6	(26.8)
1962.....	124.3	34.0	90.3	227	275	(48)	45.0	95.0	(50.0)

	Peru			Chile		
	U.S. exports	U.S. imports	Trade balance favorable (unfavorable)	U.S. exports	U.S. imports	Trade balance favorable (unfavorable)
1958.....	171	123	48	149	155	(6)
1959.....	127	119	8	137	202	(65)
1960.....	143	183	(40)	195	193	2
1961.....	173	194	(21)	229	184	45
1962.....	184	191	(7)	171	191	(20)

	Bolivia			Venezuela		
	U.S. exports	U.S. imports	Trade balance favorable (unfavorable)	U.S. exports	U.S. imports	Trade balance favorable (unfavorable)
1958.....	79.6	8.8	70.8	810	889	(79)
1959.....	65.0	7.6	57.4	739	890	(151)
1960.....	71.5	8.8	62.7	550	948	(398)
1961.....	77.2	9.9	67.3	510	896	(388)
1962.....	93.2	11.8	81.4	468	976	(508)

Source: U.S. Dept. of Commerce.

Statement showing the average unit values and unit quantities where available and the total dollar value of a representative list of commodities exported from the United States to Colombia (west coast) together with the same data as to such commodities imported by United States from Colombia (west coast) during the year 1962

Commodity description	U.S. exports to Colombia				U.S. imports from Colombia			
	Unit	Quantity	Average unit value	Total value	Unit	Quantity	Average unit value	Total value
Air-conditioning and reefer equipment, commercial-industrial.	Each	18,164	\$63.86	\$1,556,222				\$37,033
Bicycles				2,500				
Distilled spirits, liquor	Gallon	2,616	2.56	6,703	Gallon	216	\$11.34	2,450
Electronics, EDP computers				188,203				
Electronics, TV broadcast				13,765				
Glass, flat, window	Square foot	56,263	.54	50,550				
Glassware, table and kitchen household	Dozen	8,459	1.68	14,259				
Household appliances, refrigerator and parts	Each	17,654	32.55	692,042				1,749
Household appliances, vacuum cleaners and parts	do	456	35.96	17,162				1,500
Household appliances, gas stoves and parts	do	77	138.06	241,206				
Industrial organic chemicals, phenol	Pound	874,503	.10	96,055				
Industrial organic chemicals, methanol	Gallon	410,503	.26	109,685				
Mechanical pencils	Dozen	24	46.16	1,108				
Metal working machinery, lathes	Each	29	1,764.58	55,339				
Metal working machinery, drills	do	14	799.78	11,197				
Metal working machinery, grinders	do	121	1,271.43	153,844				
Motorcycles				6,010				
Textile machines	Each	205	2,930.96	3,302,389				
Tobacco, manufactured	Pound	2,708	1.18	3,222				
Tobacco, unmanufactured	do	1,764	2.05	3,627	Pound	3,995,552	.38	1,501,545
Total				6,525,088				1,544,277

Source: U.S. Bureau of the Census: FT 410, exports; FT 110, imports for consumption.

Statement showing the average unit values and unit quantities (where available) and the total dollar value of a representative list of commodities exported from United States to Peru together with the same data as to such commodities imported by United States from Peru during the year 1962

	United States exports to Peru				United States imports from Peru			
	Unit	Quantity	Average unit value	Total value	Unit	Quantity	Average unit value	Total value
Air-conditioning and reefer equipment, commercial-industrial.	Each	1,463	\$174.56	\$393,852				
Bicycles	do	265	20.43	6,018				
Distilled spirits, liquor	Gallon	2,647	6.70	17,760	Gallon	6,789	\$8.43	\$57,255
Electronics, EDP computers				323,680				
Electronics, TV broadcast				403,852				
Glass, flat, window	Square foot	15,702	.77	205,704				
Glassware, table and kitchen, household	Dozen	40,219	1.93	77,922	Each	4,467	.89	3,982
Household appliances, refrigerators and parts	Each	5,498	159.71	879,394				
Household appliances, vacuum cleaners and parts	do	391	41.62	17,004				
Household appliances, gas stoves and parts	do	1,679	105.80	222,378				
Industrial organic chemicals, phenol								
Industrial organic chemicals, methanol	Gallon	10,164	.44	4,548				
Mechanical pencils	Dozen	112	42.91	4,806				
Metalworking machinery, lathes	Each	16	4,661.56	78,031				
Metalworking machinery, drills	do	14	692.85	15,597				
Metalworking machinery, grinders	do	121	318.83	38,579				
Motorcycles	do	2	987.02	5,162				
Textile machines	do	10	2,096.10	1,003,928				
Tobacco, manufactured	Pound	271,703	.87	235,316				9,000
Tobacco, unmanufactured								
Total				3,933,531				70,237

Source: U.S. Bureau of Census: FT 410, exports; FT 110, imports for consumption.

Statement showing the average unit values and unit quantities (where available) and the total dollar value of a representative list of commodities exported from United States to Chile together with the same data as to such commodities imported by United States from Chile during the year 1962

Commodity description	U.S. exports to Chile				U.S. imports from Chile			
	Unit	Quantity	Average unit value	Total value	Unit	Quantity	Average unit value	Total value
Air-conditioning and reefer equipment, commercial-industrial.	Each	4, 614	\$98. 44	\$698, 444				
Bicycles				278				
Distilled spirits, liquor	Gallon	267	10. 25	2, 739				
Electronics, EDP computers				32, 676				\$950
Electronics, TV broadcast				199, 278				
Glass, flat, window	Square foot	4, 990	. 70	118, 924				
Glassware, table and kitchen, household	Dozen	17, 144	1. 29	22, 153				
Household appliances, refrigerators and parts	Each	2, 462	86. 64	213, 313				
Household appliances, vacuum cleaners and parts	do	2	106. 02	212				
Household appliances, gas stoves and parts	do	1, 080	89. 13	197, 401				
Industrial organic chemicals, phenol	Pound	119, 700	. 12	14, 690				
Industrial organic chemicals, methanol	Gallon	173, 556	. 43	74, 706				
Mechanical pencils	Dozen	196	11. 55	2, 265				
Metalworking machinery, lathes	Each	19	3, 342. 31	63, 504				
Metalworking machinery, drills	do	9	558. 00	5, 022				
Metalworking machinery, grinders	do	37	897. 86	33, 221				
Motorcycles				376				1, 000
Textile machines	Each	24	6, 467. 58	1, 462, 597				
Tobacco, manufactured	Pound	1, 162	1. 21	1, 408				
Tobacco, unmanufactured	do	1, 558, 747	1. 33	2, 087, 338				
Total				5, 230, 545				1, 950

Source: U.S. Bureau of Census: FT 410, exports; FT 110, imports for consumption.

Freight rates: United States to Colombia (west coast); United States to Peru; United States to Chile

Commodity description	Outbound rate from—				Inbound rate to—			
	Atlantic and Gulf to—		Pacific to—		Atlantic and Gulf to—		Pacific to—	
	Colombia (west coast)	Peru and Chile	Colombia (west coast)	Peru and Chile	Colombia (west coast)	Peru and Chile	Colombia (west coast)	Peru and Chile
Air-conditioning and reefer equipment, commercial-industrial.	\$62 W/M.....	\$66 W/M.....	\$62 W/M.....	\$66 W/M.....	NCR.....	NCR.....	NCR.....	NCR.
Bicycles: Atlantic/Gulf: Value, \$200 per freight ton; Pacific: Value, \$300 per freight ton.	\$44 W/M.....	\$48 W/M.....	\$49 W/M.....	\$53 W/M.....	NCR.....	NCR.....	NCR.....	NCR.
Distilled spirits, liquor.....	\$87 W/M.....	\$95 W/M.....	\$87 W/M.....	\$95 W/M.....	NCR.....	\$55 W/M.....	\$40 W/M.....	\$55 W/M.
Electronics, EOP computers (cargo NOS).....	\$87 W/M.....	\$95 W/M.....	\$87 W/M.....	\$95 W/M.....	NCR.....	NCR.....	NCR.....	NCR.
Electronics, TV broadcast (cargo NOS).....	\$87 W/M.....	\$95 W/M.....	\$87 W/M.....	\$95 W/M.....	NCR.....	NCR.....	NCR.....	NCR.
Glass, flat, window.....	\$35 W.....	\$35 W.....	\$49 W/M.....	\$53 W/M.....	\$40 W/M.....	\$48 MKS.....	NCR.....	NCR.
Glassware, table and kitchen, household (value, \$300 per freight ton).	\$44 W/M.....	\$48 W/M.....	\$44 W/M.....	\$48 W/M.....	\$35 W/M.....	NCR.....	\$37 W/M.....	NCR.
Household appliances, refrigerators and parts (value, \$300 per freight ton).	\$42 W/M.....	\$44 W/M.....	\$49 W/M.....	\$55 W/M.....	NCR.....	NCR.....	NCR.....	NCR.
Household appliances, vacuum cleaners and parts.	\$68 W/M.....	\$76 W/M.....	\$87 W/M.....	\$95 W/M.....	NCR.....	NCR.....	NCR.....	NCR.
Household appliances, gas stoves and parts (value, \$300 per freight ton).	\$44 W/M.....	\$48 W/M.....	\$44 W/M.....	\$48 W/M.....	NCR.....	NCR.....	NCR.....	NCR.
Industrial organic chemicals, phenol (liquid).....	\$87 W/M.....	\$95 W/M.....	\$100 W/M.....	\$125 W/M.....	NCR.....	NCR.....	NCR.....	NCR.
Industrial organic chemicals, methanol.....	\$50 W/M.....	\$50 W/M.....	\$68 W/M.....	\$76 W/M.....	NCR.....	NCR.....	NCR.....	NCR.
Mechanical pencils.....	\$87 W/M.....	\$95 W/M.....	\$87 W/M.....	\$95 W/M.....	NCR.....	NCR.....	NCR.....	NCR.
Metalworking machinery, lathes.....	\$62 W/M.....	\$66 W/M.....	\$62 W/M.....	\$66 W/M.....	NCR.....	NCR.....	NCR.....	NCR.
Metalworking machinery, drills.....	\$62 W/M.....	\$66 W/M.....	\$62 W/M.....	\$66 W/M.....	NCR.....	NCR.....	NCR.....	NCR.
Metalworking machinery, grinders.....	\$62 W/M.....	\$66 W/M.....	\$62 W/M.....	\$66 W/M.....	NCR.....	NCR.....	NCR.....	NCR.
Motorcycles.....	\$62 W/M.....	\$66 W/M.....	\$62 W/M.....	\$66 W/M.....	NCR.....	NCR.....	NCR.....	NCR.
Textile machines.....	\$37 W/M.....	\$63 W/M.....	\$62 W/M.....	\$66 W/M.....	NCR.....	NCR.....	NCR.....	NCR.
Tobacco, manufactured.....	\$60 W/M.....	\$60 W/M.....	\$78 W/M.....	\$86 W/M.....	NCR.....	NCR.....	NCR.....	NCR.
Tobacco, unmanufactured.....	\$52 W/M.....	\$52 W/M.....	\$68 W/M.....	\$76 W/M.....	NCR.....	\$50 MKS.....	NCR.....	NCR.
General cargo.....	\$87 W/M.....	\$95 W/M.....	\$87 W/M.....	\$95 W/M.....	\$58 W/M.....	\$70 W/M.....	\$58 W/M.....	\$75 W/M.

NOTES.—(1) All rates quoted in U.S. currency. (2) W/M means 2,000 lbs. or 40 cft. (3) MKS means 1,000 kilos. (4) NCR means no commodity rate.

(End of Section J.)

MEMORANDUM INCLUDED IN STATEMENT OF FRANK A. NEMEC, ON THE RATIONALE OF PARITY AND TAX DEFERMENT OF SUBSIDIZED LINES BEFORE THE JOINT ECONOMIC COMMITTEE, NOVEMBER 19, 1963

The special tax provisions accorded the subsidized lines are part of the statutory consideration enacted by the Congress and form an inherent part of the 1936 act.

At the outset, it is necessary to guard against the popular misunderstanding that the so-called subsidies and other benefits accorded by the act are grants, gifts, doles, or charity. Nothing could be more foreign to the act's philosophy which is parity—the necessity of placing the American ship operator on a reasonable operating, capital, and tax par with his foreign competitors. Parity has been grounded on the lessons of history, that, without some effective means of equalizing American-flag costs (whether of an operating, tax, or capital nature) with foreign-flag costs, we cannot have an American merchant marine which is essential to the commerce and defense of these United States. While parity equalizes vessel operating costs with foreign-flag ships, it does not guarantee a profit.

Capital costs

Principally because of higher labor standards in this country, the cost of building a ship in this country is higher than building the identical ship in a foreign shipyard. If we are to have shipyards essential to our national needs, it is necessary to support these shipyards by paying them a construction differential on vessels constructed in domestic shipyards. This parity allowance has been described by the Congress as a shipyard subsidy.¹ In theory and in practice, shipyard subsidies are paid directly to domestic shipbuilders and represent an equalization of cost which permits American owners to acquire ships built in the United States at prices comparable to those at which ships could be purchased in foreign shipyards. By these shipyard subsidies the Government supports an industry essential to our national defense and by giving employment to American technical skills in a field which would otherwise be closed to them, these subsidies maintain a minimum mobilization base.

Operating costs

The same parity concept applies to contracting companies operating in foreign commerce. Because of higher operating costs, which stem directly from higher costs and indirectly from higher standards of American labor aboard ship, American-flag vessels cannot compete successfully with foreign-flag vessels without some effective means of equalizing their operating costs. In this respect, the shipping industry is no different from other American industries which require protection from the direct competition of goods produced by cheaper foreign labor.

Before Federal legislation made it possible for the American ship operator to be placed on a parity with foreign lines in direct competition, the American merchant marine was being driven from the seas. Under the 1936 act, parity is accomplished by granting equalization payments called operating differentials, in return for which the operator agrees to maintain adequate and efficient service consisting of a minimum number of sailings per year on an essential route under the American flag and to undertake other far-reaching obligations, including the construction of a replacement fleet, regular sailings, dividend restrictions, and many other financial restrictions. This is a sound and businesslike bargain, in exchange for which the Government obtains a modern and efficient merchant marine which is immediately available as an invaluable fourth arm of national defense in times of national emergency.²

The parity payments to a contracting line are in no sense a gift, grant, or dole. They are included in the company's taxable income and do not include any guarantee that any line will make a profit. After being placed on a parity with its foreign competitors, the line must survive on its own merits.³

¹ Attached as exhibit I is copy of analysis of the legislative history of shipyard subsidy entitled, "A Legislative History of Shipbuilding Subsidies Under the Merchant Marine Act, 1936, CASL, June 1959."

² Attached as exhibit II is a copy of "A Legislative History of the Parity Principle Under the Merchant Marine Act, 1936, CASL, August 1959."

³ In actual practice for a variety of statutory and administrative reasons full parity is never achieved.

If a contracting line is to make a profit, it must do so by reason of its own efficiency and management in a highly competitive international business. On the other hand, if it earns more than a stipulated return, the operating differential received must be repaid to the Government through a sharing of additional earnings called recapture. In this important respect, these parity payments are distinguished sharply from grants which are not taxable and from true subsidies which are not repayable.

So long as the so-called subsidies to American shipping are based on a parity concept, they are completely justifiable as a sound business bargain from the Government's standpoint. Probably in no other field of Government aid does the Nation receive more in return than from its parity payments to shipping. Enabling private enterprise to acquire and operate ships is demonstrably cheaper and more efficient than having the Government build and hold the ships as a naval auxiliary awaiting a national emergency. Meanwhile, the existence of a privately operated merchant marine furnishes to American economy the dependable transportation which is not subject to withdrawal or interruption to suit the needs or policies of foreign governments and makes a valuable contribution to our balance of payments. At the same time there is built up and maintained trained seagoing personnel and experienced shoreside organizations supported by auxiliary businesses which serve the needs of the merchant marine itself. Experience has demonstrated that such a maritime complex cannot be created overnight in time of national need.

Once given a chance to compete on the basis of near equality with foreign lines, the contracting American operators have demonstrated that they can succeed by their own initiative and efficiency. They do not ask for grants-in-aid, or for Government gifts, or for any form of "charity" aid based on the needs of an individual line. In order to justify major long-term investments, stockholders do require, and are entitled to, continuity of Government policy based on parity which is now established in long-term contracts between Government and industry.

FEDERAL TAXES UNDER MERCHANT MARINE ACT

Purpose of tax benefits

The tax benefits provided in the act, in harmony with its parity concepts, are an indispensable third form of parity. It is not enough to provide equalization of shipbuilding costs and of ship operating costs. If the American merchant marine is to perpetuate itself and meet its foreign-flag competition on reasonably equal terms, it is necessary to leave it with sufficient earnings after taxes to permit replacement of vessels, as well as reasonable earnings on its stockholder equity.

Nature of tax agreement

The tax exemption provided by law in the 1936 act has been replaced by forms of tax deferral on the basis specified in a uniform closing agreement executed by each of the CASL companies and the Treasury Department of the United States.

Under their respective operating agreements with the Government each of the CASL companies is required to deposit in its capital or special reserve funds (a) proceeds from the sale or other disposition of vessels and insurance proceeds for the total loss of vessels, (b) annual depreciation charges on owned subsidized vessels (when earned), (c) income on securities held in the reserve funds, (d) the amount, if any, of net profit, in excess of 10 percent of capital necessarily employed remaining after deducting subsidy payments withheld by the United States for recapture, and (e) any portion of such withheld subsidy as may be subsequently collected. Companies also may voluntarily deposit additional amounts of earnings in the reserve funds with prior approval of the United States.

The primary purposes of these funds are to insure the prompt payments of certain obligations to the United States, to provide funds for the replacement of subsidized vessels, and to insure the continued maintenance and operations of subsidized vessels.

Earnings deposited in reserve funds are not subject to Federal income taxes in the year earned; however, such earnings withdrawn for general purposes or on final termination of the operating agreements become subject to taxes as if earned in the year of withdrawal.

Tax-deferred earnings applied to the purchase of vessels or as payment on vessel mortgages are not taxable, but such amounts are excluded from the cost basis of the vessels for income tax purposes. The effect of this reduction in tax-cost basis

is not of consequence while the subsidy agreement continues with respect to the vessels, because the agreement requires the deposit of depreciation on full vessel cost on a statutory life basis and the excess of such deposits over depreciation calculated on the tax-cost basis are tax-deferred deductions in determining income tax liability for the year.

Insofar as tax deferment on capital gains is concerned, one of the principal sources of such gains to the CASL group represents profits on vessels requisitioned or sunk. Full tax deferment on such items could have been had thereon by any taxpayer under section 112(f) of the Internal Revenue Code, if he chose to set up a replacement fund thereunder. In the case of gains on vessels sold, the tax deferment is not much different from those currently extended homeowners who may defer taxable gains provided they reinvest the proceeds in new homes within the statutory period. The CASL companies have no choice, however, but are required by the Merchant Marine Act to deposit these capital gains. On termination of these agreements, the tax deferment (as distinguished from a tax exemption), becomes a tax detriment, because the deferment of the capital gains tax becomes repayable through lost depreciation, and at present tax rates becomes subject to taxation at 52-percent ratio. Plainly there is no benefit to have traded 52-percent income tax on lost depreciation over the replacement ship's life for an original tax deferment of 26 percent on the original ship's capital gain.

Comparison with other American industries

While the Federal tax situation of the CASL lines differs from ordinary taxpayers, it is not unique, since the Congress has in the past extended special tax treatment to other industries under special circumstances and for good cause. In a number of instances these exceptions to normal rules of taxation treatments have been based on—

A. Exploration or development of natural and agricultural resources deemed in the national interest;

B. Exclusion from taxable income of additions to statutory reserves as required or permitted by governmental regulatory authority.

In the case of the contracting carriers, both of the major justifications are present, i.e.:

1. Merchant shipping is essential for both defense and commercial purposes; and

2. Statutory funds are required to be established by law and contract, deposits of earnings and gains must be made in these funds by Government order and therefore these deposits are not available for the payment of taxes or any other corporate purpose.

I have prepared and attached as exhibit III, a summary of the principal tax features extended to certain major industries currently receiving special tax treatment under the Internal Revenue Code. Among these are—

A. The extractive industries, including—

1. Petroleum.
2. Uranium.
3. Coal mining.
4. Other similar.

B. Timber and other agriculture.

C. Life insurance companies.

D. Others.

The following table gives the percentage of Federal taxes to reported income before taxes for a selected group of industries compared with the CASL lines:

CASL: Taxes as percentage of pretax earnings

[Ranked in descending order based on 7-year averages]

Industry group	7-year average		1962		1961	
	Rank	Percent	Rank	Percent	Rank	Percent
Composite average, 50 industries.....		44.74		44.35		44.54
Fertilizer.....	43	31.65	45	30.18	42	30.68
Oil, integrated international.....	44	31.03	44	30.36	43	29.94
Coal, bituminous.....	45	28.83	43	30.41	44	28.81
Shipping, CASL.....	46	25.93	42	32.11	45	27.53
Lead and zinc.....	47	24.63	46	17.12	47	16.64
Gold mining.....	48	23.67	48	15.32	46	21.76
Oil, integrated domestic.....	49	18.15	47	16.46	48	16.15
Oil, crude, producers.....	50	6.15	49	6.33	49	10.13
Life insurance companies, not ranked.....		32.27		34.36		30.95

Source: Standard & Poor's Comparative Financial Analysis of American Industry, November 1963, and Combined Financial Statements, CASL.

Even the foregoing does not portray a true comparison because while the CASL lines include all income in earnings, other industry groups have far greater freedom in sheltering income from tax. For example:

Life insurance companies:

1. All underwriting commission and starting load may be written off in the year in which the policy is placed.
2. Substantial flexibility is permitted by various regulatory authorities over deductible additions to reserves.

Both of the foregoing are deductions made in arriving at operating earnings before taxes.

Petroleum: Here intangible drilling costs, a form of capital investment, may be written off in the year in which incurred thereby reducing reported earnings by such amounts.

By contrast the CASL lines do not have such options and accordingly the reported earnings are stated fully for tax purposes. The point is that while deductions are made for tax purposes in arriving at Federal taxes (as with the other industry groups), the above comparison is based on (1) earnings of the CASL group stated on a normal basis as compared with (2) the special treatment which may reduce reported earnings of the industry groups outlined in the above examples.

Further and importantly, the special tax features accorded these other industries are some form of tax exemption as contrasted with CASL where it is only a temporary form of tax deferment; also, CASL obtains tax deferment only when moneys physically are deposited in reserve funds where they must be employed in furtherance of national maritime policy—and can be used for no other purpose.

TAX BENEFITS—FOREIGN COMPETITORS

Foreign-flag ships have a wide range of tax treatment and the tax factor is an important element in the financial strength and capital effectiveness of these foreign competitors of the CASL lines.

In the case of the so-called Panlib countries (Panama and Liberia), all earnings of vessels registered under these flags are virtually exempt from national income taxes. This tax exemption has accounted in large measure for the phenomenal growth of these national fleets during the postwar years.

As of June 1, 1963, tonnages registered under these two flags were as follows:

	Number of ships	Gross registered tons
Liberia.....	867	11,043,262
Panama.....	572	3,887,183
Total.....	1,439	14,930,445

Source: Institute of Shipping Research, Bremen, No. 7, July 1963.

This fleet is far larger and more modern than the active fleet of the United States which aggregated 1,035 ships and 10,456,000 gross registered tons at the same date.

In addition to the Panlib countries, principal foreign competitors of the CASL lines fall into two categories:

1. State-owned commercial fleets among which would be Argentina, Brazil, Colombia, Finland, Peru, Poland, Yugoslavia, and Venezuela.

2. Traditional maritime countries such as Holland, Japan, Norway, Sweden, and the United Kingdom.

In the case of state-owned fleets national resources are dedicated to the maintenance and perpetuation of a merchant marine as an instrument of national policy. For all practical purposes, taxation is nonexistent.

In the case of the traditional maritime nations, their tax treatment (some of which is special) is better than that accorded taxpayers under the regular tax laws of the United States. This is determined from a study prepared for the CASL group in 1960 by Messrs. Price Waterhouse & Co., an international firm of independent public accountants. Copy of this report is attached as exhibit IV entitled "Significant Features of Taxation of Shipping Companies in Certain Countries as of June 30, 1960," Price Waterhouse & Co., New York, N.Y.

The accumulation and retention of shipping capital by the CASL lines is necessary on a basis similar to that of their principal foreign competitors to permit acquisition of modern vessels. Unless shipping capital can be generated and conserved in a comparable manner, the purposes and policies of the 1936 act will be frustrated and past expenditures wasted.

Variable benefits

It has sometimes been argued that tax deferment under the Merchant Marine Act bears no relation to a company's needs. This demonstrates a lack of understanding of the basic concepts of the act, by assuming the benefits should be based on charity—that he should be granted the greatest benefits who needs it most. Nothing could be further from the act's true basis, which is that of parity. Construction-differential and operating-differential subventions place the American operator on a par with his foreign competitor.⁴ Neither allowance guarantees return profits. Similarly, there is no reason why the tax benefits, as the third form of parity should be twisted into a paternalistic grant of charity to the needy. On the contrary, consonant with the American system of free enterprise, uniform rates of benefits are made available to CASL to offset in some degree the onerous restriction that large amounts of money be frozen in reserve funds to insure ship replacement. Therefore, tax deferment is a consideration, not a gift. Fundamentally, the tax benefits accorded by the 1936 act merely permit the private shipowner temporary tax deferment to provide some form of equalization with tax benefits granted by the principal foreign maritime nations.

CONCLUSIONS

Passage of the Merchant Marine Act, 1936, established the basis that the Federal aid accorded thereby would afford a stable basis on which the contractor could rely for the duration of his contract. Contracts have been executed on these considerations and CASL and their wide range of stockholders have undertaken vast long-term obligations.

The act is generally acknowledged to be based on the sound concept of parity. It offered a sound business deal, in which the contractor agreed to operate under the American flag and the Government agreed to equalize his construction and operating costs with those of his principal foreign competitors. The act did not offer charity, nor did it grant a true subsidy.

One of the important equalizing factors was the tax treatment allowed so long as the contractor's deposits of earnings and profits were devoted to the purposes of the act, and deposited in reserve funds. This feature of the act was enacted because ships under foreign flags enjoyed substantial tax benefits under the laws of their own countries.

Threats to change or reduce the existing tax deferment will have the inevitable consequence of weakening confidence in the integrity of Government contracts and driving private capital away from the shipping industry. The result will be that the Government must elect either to absorb more and more of the cost

⁴ Actually, no true parity is achieved. The construction-differential is based on the foreign construction cost of the American ship, not of the competing foreign ship. The operating-differential in practice is allowed on only five categories, and because of administrative procedures, portions of their totals are excluded from the computation.

or to leave itself exposed to the lack of ships to serve the Nation in time of emergency and to carry its commerce in time of peace.

Continuity of the present Merchant Marine Act, including its tax features, is most important if this Nation is to avoid repeating the errors of history and watch the American flag disappear from the seas.

(Exhibits I and II referred to in footnotes 1 and 2 of this memorandum follow:)

EXHIBIT I

A LEGISLATIVE HISTORY OF SHIPBUILDING SUBSIDIES UNDER THE MERCHANT MARINE ACT, 1936

Committee of American Steamship Lines, June 1959

The Merchant Marine Act, 1936, provides for the payment of subsidies to U.S. shipyards to insure the maintenance of an adequate domestic shipbuilding industry, which Congress considers vital to the national defense. These payments, called construction-differential subsidies, are measured by the difference in the cost of constructing vessels in U.S. shipyards and in lower cost foreign yards. They are intended to permit the domestic shipbuilding industry to construct vessels for sale to citizens operating in the foreign trade of the United States at approximately the same net price for which they might purchase similar vessels in foreign yards.¹ Section 502(b) of the act provides that the Federal Maritime Board may approve a shipyard subsidy not to exceed 50 percent of the domestic construction cost. This memorandum presents a legislative history of the nature and objectives of shipyard subsidies, and of the 50-percent limitation.

Congress has long been concerned with the maintenance of a domestic shipbuilding industry, not only for its substantial contribution to the national economy, but also for insurance that the Nation have available at least the mobilization capability initially required in the event of a national defense emergency. Various means of accomplishing these objectives were attempted prior to the 1936 act. Proposals for differential subsidies similar to those later adopted in 1936 were advanced as early as 1915 and 1922. Under the Merchant Marine Act, 1928, ocean mail contract payments were actually calculated, in a number of instances, on the basis of the differential between cost of construction and operation under U.S. and foreign flags. These payments were made to the operator rather than to the shipyard, upon his agreement to build new vessels in domestic yards.

By 1934 and 1935, serious questions had been raised as to the soundness of the ocean mail contract system under the 1928 act. However, there was no question as to the necessity of maintaining the American merchant marine and domestic shipbuilding industry. Accordingly, the attention of Congress and the administration was directed toward drafting new legislation for these purposes. After extensive study the interested Government agencies and committees of Congress concluded that the most effective way to support a domestic shipbuilding industry was to provide for payments directly to the shipyards, based upon the difference in domestic and foreign vessel construction costs. This was the method ultimately adopted in title V of the 1936 act.²

Throughout the deliberations upon the 1936 act, it was clear that Congress intended to place the domestic shipyards in a position to sell vessels to U.S. operators at prices on a parity with foreign construction costs. At the same time Congress also provided safeguards to insure that there would be no payments in excess of parity.

Since 1936, the policy of the act, including the parity principle of shipbuilding subsidies, has been frequently reviewed by the responsible congressional committees, the Maritime Commission and its successor agencies (Federal Maritime Board and Maritime Administration), the Department of Commerce, and the succeeding administrations in the White House. In each instance that policy and the underlying principle of parity have been reaffirmed.

Congress assumed that the 50-percent limitation provided in section 502(b) would more than cover the actual differential. The report of the Senate Com-

¹ Under section 27, Merchant Marine Act, 1920, foreign-built vessels may not operate in the domestic coastwise trade of the United States. Hence, foreign shipyards are not competitive with domestic yards insofar as construction of vessels for the domestic trade is concerned, and Congress has confined shipyard subsidies to vessels to be used in the foreign commerce of the United States.

² Title VI of the 1936 act also authorized payments, known as operating-differential subsidy, to U.S. citizens operating vessels on essential trade routes in the foreign trade of the United States, based on the difference in vessel operating costs under U.S. and foreign flags.

mittee on Commerce expressly found, "It is now believed by all experts on the subject that the differential on cargo ships is approximately 40 percent * * *";³ and the then existing differentials on passenger and combination cargo-passenger vessels were lower than on cargo vessels.⁴ By fixing the ceiling at 50 percent, Congress clearly intended not to limit payments short of parity, but to provide a margin of safety to insure that payments in all cases would equal parity.

Since 1936, the differential between domestic and foreign construction costs has increased. On several occasions Congress has reexamined the 50-percent limitation, in light of this widening differential, to be certain that the limitation did not interfere with the basic parity principle. This problem was first considered in 1937-38, when domestic costs, increasing more rapidly than foreign costs, threatened to result in actual differentials in excess of 50 percent. The Maritime Commission recognized the danger to the parity principle and recommended to Congress that the 1936 act be amended to permit U.S.-flag operators to build vessels abroad in such a situation, without affecting their eligibility for operating subsidy. This recommendation was approved by the Senate Commerce Committee and passed by the Senate. The House committee deferred action and the House itself authorized further study. Thereafter the European war broke out, and no further action was taken on the Commission's recommendation.

Consideration has been given on various occasions since World War II to the possibility that increasing domestic costs may result in actual differentials in excess of 50 percent, and the responsible officials and Members of Congress have indicated it may be necessary to review the 50-percent limitation in order to prevent frustration of the parity principle. Until recently the problem was not considered critical. This was due in large part to the fact that during the war, the Government had constructed great numbers of dry-cargo and other vessels which were available for purchase by U.S.-flag operators under the Merchant Ship Sales Act, 1946, thus alleviating the need for new construction. However, the problem has become increasingly serious with more rapidly rising U.S. costs and with the approaching necessity for replacement of the war-built vessels.

ANALYSIS

A. *The period prior to 1928*⁵

Governmental assistance to the U.S. shipbuilding industry may be traced back as far as 1789, when Congress forbade U.S. documentation to foreign-built vessels. Similarly, since the Navigation Act of 1817, only vessels of U.S. registry have been permitted to operate in the coastwise trades. Aid has also been provided under ocean mail contracts at various times; e.g., 1845-49, 1864-75, and again under the Ocean Mail Act of 1891. Congress has also directly encouraged domestic shipbuilding through various tariff regulations. For example, steelplate and iron were on the free list in the 1890 tariff and other shipbuilding materials were added in 1894.

In 1904 Congress created a Merchant Marine Commission, consisting of five Senators and five Representatives, to investigate and make recommendations as to needed legislation. Its report in January 1905, recommended subventions for all U.S. vessels engaged in foreign trade. The resulting bill passed the House but was blocked by filibuster in the Senate in 1906. A revised subsidy bill was defeated in the House in 1911. The once-flourishing American merchant marine gradually deteriorated until by 1910, less than 10 percent of the foreign commerce of the United States was carried by American bottoms.⁶

The Underwood Tariff of 1913 also attempted to improve the lot of U.S. shipbuilders, by providing a discriminatory 5 percent discount of the duty on imports carried in U.S.-built vessels. However, the discount was subject to limitations in favor of nations with which the United States had commercial treaties and was construed virtually out of existence by the Supreme Court.

The outbreak of war in August 1914 had immediate and serious repercussions on the foreign commerce of the United States which, of necessity, was dependent very largely on foreign-flag shipping. On August 18, 1914, the President signed an emergency measure which permitted U.S. documentation of vessels regardless of when or where built. In addition, the administration supported proposals

³ S. Rept. 1721, 74th Cong., 2d sess. (1936), pp. 14-15.

⁴ See the testimony of Mr. Peacock, Director of the U.S. Shipping Board Bureau in hearings on S. 3500, 74th Cong., 2d sess. (1936), pp. 80-81.

⁵ The material set forth in this section is summarized principally from app. B of the so-called Harvard report ("The Use and Disposition of Ships and Shipyards at the End of World War II," No. 48, June 1945, a report prepared for the U.S. Navy Department and the U.S. Maritime Commission by the Graduate School of Business Administration, Harvard University).

⁶ H. Doc. 118, 74th Cong., 1st sess. (1935), p. 31.

to form a Shipping Board, 51 percent owned by the Government, to purchase and operate vessels in foreign trade. However, these proposals were blocked in the Senate in 1914, and again in 1915. A modified bill was introduced in 1916, combined with regulatory provisions which had been considered before the war but not enacted, and was passed in September 1916. Thereafter known as the Shipping Act, 1916, it conferred broad powers upon the Shipping Board, with the President's approval, to purchase, lease, charter, or have constructed, vessels suitable for use as naval auxiliaries or transports.

Of particular interest was the proposal of the U.S. Chamber of Commerce during consideration of the 1916 act, for the creation of a central board to determine and to finance the exact cost differential in construction and operation under U.S. and foreign flags. This was basically the plan ultimately adopted in the Merchant Marine Act, 1936.

The Merchant Marine Act, 1920, provided, inter alia, for the disposal of the war-built fleet by sale to U.S. citizens for operation on selected trade routes, or for operation by the Board itself on such routes until the lines might be sold on satisfactory terms. Section 11 of the 1920 act established a construction loan fund for vessels privately constructed in U.S. yards for U.S. citizens; section 23 provided war and excess-profits tax exemptions where funds were set aside for new construction; and section 24 provided for the carriage of U.S. mails on U.S.-flag vessels wherever practicable. No provision was included in the 1920 act to enable the replacement of obsolescent Government vessels, and, as it ultimately developed, there was also insufficient encouragement to private owners to replace their vessels.

Ship sales declined in the 1921 depression and a number of vessels were returned by bankrupt purchasers. There were proposals to stimulate the disposal of vessels to private firms, including suggestions both as to price policy and subsidy measures. In hearings in 1922, the chamber of commerce again recommended payments based upon the U.S. and foreign construction and operating cost differentials.⁷

The Shipping Board in February 1922, proposed a subsidy fund to aid U.S. operators in the operation and extension of trade routes. President Harding, in his address to Congress, proposed that such a fund be created by setting aside 10 percent of all duties on imports by U.S. or foreign vessels, plus collections from tonnage charges, taxes, and other fees, plus sums paid for the transportation of mail—to be paid out to U.S. operators on the basis of tonnage, mileage, and speed. Mail was to be carried free of charge, and provision was made for recapture from excessive earnings. Government vessels were to be sold at prevailing world market prices. Congress adjourned without action. In a special post-election session, the House passed a revised bill, but the proposal was blocked by a filibuster in the Senate in February 1923.

In 1926, pursuant to a Senate resolution, the Shipping Board held extensive hearings to determine public sentiment on Government versus private operation. Its report favored private ownership, though it resolved to continue operating the Government-owned fleet for the present, and recommended generous mail subsidies over a 20-year period. It stressed that a replacement program was necessary whether the fleet was owned privately or by the Government.

B. The Merchant Marine Act, 1928

The Merchant Marine Act, 1928, authorized continuance of Government operation by the Shipping Board; however, the Board might sell Government vessels or lines if it determined that an adequate merchant marine could best be maintained thereby. The act also increased the construction loan fund authorized in the 1920 act, provided for the carriage of mails on U.S. vessels under contract with U.S. citizens, and stipulated that in a national emergency vessels on which construction loans were outstanding or those under ocean mail contracts could be requisitioned by the Government.

According to a subsequent report,⁸ the first mail contracts under the 1928 act were awarded to the existing lines. Thereafter two other kinds of bidders entered the picture. One was the bidder who would agree to purchase Government vessels with the expectation of obtaining a mail contract; the other was the prospective contractor who agreed to build new ships. In connection with the latter, there developed a practice which directly heralded the differential concept embodied in the 1936 act. Where the prospective contractor agreed to build new

⁷ Joint hearings before the Senate Committee on Commerce and the House Committee on Merchant Marine and Fisheries, to amend the Merchant Marine Act of 1920 (1922), vol. 2, p. 2309.

⁸ "General Report of the Postmaster General to the President," set forth in H. Doc. 118, 74th Cong., 1st sess. (1935), pp. 6-7.

ships, " * * an estimate was made as to a so-called 'differential' between the cost of construction and operation under American flags, as compared to the cost in foreign countries." The rate of pay thereafter agreed upon included an amount to cover that estimated differential.

C. *The Merchant Marine Act, 1936*

1. *The Black committee investigations.*—The operation of the ocean mail subsidy system under the 1928 act came into question in January 1933, when there was a nearly successful attempt to make a drastic cut in mail pay appropriations.⁹ The ensuing controversy resulted in lengthy hearings by a special Senate committee headed by Senator Black from May 1933 into March 1934. The Black committee's report, filed in May 1935 and discussed infra, recommended new legislation and repeal of the 1928 act.

2. *Report of the Postmaster General.*—Meanwhile, investigations were also being conducted by the Postmaster General and by the Interdepartmental Committee on Shipping Policy. Both were critical of the ocean mail contract system but both recommended that the Government grant aid for the construction of vessels, subject to appropriate safeguards. The Postmaster General concluded that "this Government must have an adequate merchant marine," and that "decided changes must be made in the administration of the subsidy." He stated:

"An immediate construction program should be mapped out. The evidence undoubtedly and clearly shows that we do not have enough fast and modern vessels either to compete in foreign commerce or for our national defense. We are woefully lacking in vessels that may be used as naval auxiliaries" (H. Doc. 118, supra, p. 18).

3. *The Interdepartmental Committee report.*—The Interdepartmental Committee was appointed by the Secretary of Commerce on June 18, 1934, following recommendations to him by the Director of the Shipping Board Bureau, and in turn by him to the President, for the adoption of a subsidy system based on actual cost differentials in shipbuilding and operation; i. e., upon the parity principle. The Secretary cautioned that the subsidy contracts should be sufficiently flexible to permit equitable readjustment as conditions changed and should provide for essential replacements.¹⁰

The Interdepartmental Committee report cited the higher American standards of living and recommended that:

" * * a capital subsidy be provided to take care of differentials between domestic and foreign cost of construction of vessels in foreign trade and to take care of the cost of such special features as may be required by the Navy Department, to be paid directly to the shipbuilders. * * " (H. Doc. 118, p. 22; see also p. 30).¹¹

" * * any amount paid by the Government should only be such amount as will meet the differential that exists and that because of changing conditions the system should be sufficiently flexible as to absorb the actual differential.

"The amount of the aid to be granted should be the subject of frequent study and periodic adjustments (id., p. 35).

4. *The President's message, March 1935.*—The reports of the Postmaster General and the Interdepartmental Committee were transmitted to the Congress by the President on March 4, 1935, with the President's recommendation also for the adoption of shipyard subsidies based on the parity principle.¹² The President referred to the "many instances in our history [in which] the Congress has provided for various kinds of disguised subsidies to American shipping" (id., p. 1), and proposed instead that:

"If the Congress decides that it will maintain a reasonably adequate American merchant marine I believe that it can well afford honestly to call a subsidy by its right name.

"Approached in this way a subsidy amounts to a comparatively simple thing. It must be based upon providing for American shipping Government aid to make up the differential between American and foreign shipping costs. It should cover first the difference in the cost of building ships; second, the difference in the cost of operating ships; and finally, it should take into consideration the liberal subsidies that many foreign governments provide for their shipping. Only by meeting this threefold differential can we expect to maintain a reasonable place in ocean commerce for ships flying the American flag, and at the same time maintain American standards" (id., p. 2).

⁹ Congressional Record, 72d Cong., 2d sess. (1933), pp. 3289, 3366.

¹⁰ App. B to the Harvard report, supra.

¹¹ Emphasis is supplied throughout this memorandum unless otherwise indicated.

¹² H. Doc. 118, supra.

It is noteworthy that each of these proposals contemplated the payment of full parity.

5. *The preliminary House hearings, 1935.*—On March 19, 1935, the House Committee on Merchant Marine and Fisheries commenced hearings dealing generally with Government aid to the shipping and shipbuilding industries. No bill had yet been introduced. The first witness, Mr. Karl Crowley, Post Office Department Solicitor, generally agreed with committee member Sirovich that "the first fundamental concept we should consider" was the payment of parity.¹³

The Chairman of the Interdepartmental Committee, Mr. South Trimble, Jr., likewise supported the proposals for shipyard subsidies, "based on the differential in the cost of construction and also of operation" (id., p. 37). He pointed out that, "* * * The question of the subsidy for construction occurs only once and that is when the ship is built" (id., p. 38). Mr. Trimble recommended that the Government, the shipyard and the owner all be parties to the actual construction contract "so that the shipbuilder would be sure of getting the differential from the Government" (id., p. 39).

It was clearly pointed out during questioning of Mr. Trimble that the shipyards and the shipbuilding industry, rather than the operators, were the actual beneficiaries of construction subsidy (id., pp. 41-42). Mr. Trimble also noted that in some instances foreign countries were themselves subsidizing ship construction (id., pp. 42-43).

The third witness in the preliminary hearings was Mr. Alfred H. Haag, Chief, Division of Shipping Research, U.S. Shipping Board Bureau, who noted, inter alia, that the ocean mail pay system also had resulted in eliminating the construction differential. It was pointed out to him, however, that the President preferred a direct subsidy, and was opposed to mail subsidies (id., pp. 53-54).

The first suggestion of any statutory limitation upon the amount of shipyard subsidy payments came from Mr. H. Gerrish Smith, president, National Council of American Shipbuilders. His concern was not to limit such payments short of parity but to insure that any limitation written into the statutory would still provide the agency with the necessary discretion to achieve parity. He stated, as to the possibility of fixing a differential by law:

"Well, sir, I am not sure about that. If it could be written into law, with an up-and-down provision, with the right of an agency to vary it within limits, up and down, it might simplify the problem. I am not prepared to make a definite recommendation on that, but I think it should be considered, sir, that, with a possible 25 percent, say, adjustment up or down, by an administrative body or a semijudicial body or whatever body might have charge of administering it.

* * * * *

"* * * If this is not done, it should then be left wholly to the maritime authority to establish the differential in each case to some definite formula. The one developed by the Shipping Board Bureau, it is believed, would be satisfactory for this purpose" (id., pp. 364-365).

6. *S. 2582 and H.R. 7521, April 1935.*—Thereafter identical bills embodying the proposals for ship construction subsidies were introduced in the Senate and House on April 15, 1935.¹⁴ They authorized the proposed Maritime Authority to "determine the difference between the domestic and foreign construction cost of a vessel of the type proposed to be built," "to grant a subsidy of such amount as will equal, but not exceed" that difference, and "to enter into a contract with the applicant and a shipbuilder for the (1) construction, outfitting, and equipment" of the proposed vessel, and for "(2) the payment to the shipbuilder" of the amount previously determined as a construction subsidy. As with the earlier proposals, parity was the objective, and there was no arbitrary percentage or other limitation on the amount of subsidy, as long as the payments did not exceed parity. Also, it was expressly stated that the subsidy was to be paid "to the shipbuilder." This language was omitted incidental to a subsequent amendment,¹⁵ but the effect remained the same under the final act; i.e., the subsidy was for the benefit of the shipbuilder, not the purchaser.

7. *Senate hearings and report on S. 2582, 1935.*—Both the Senate Committee on Commerce and the House Committee on Merchant Marine and Fisheries held hearings on these bills in late April and early May 1935. Mr. Haag broadly

¹³ Hearings before House Committee on Merchant Marine and Fisheries, "To Develop an American Merchant Marine, pt. I, Merchant Marine Policy," 74th Cong., 1st sess. (1935), pp. 13, 30.

¹⁴ S. 2582 and H.R. 7521, 74th Cong., 1st sess. (1935).

¹⁵ The final Copeland-Guffey-Gibson bill, *infra*.

outlined to the Senate committee the necessity for shipyard subsidies and the operation of the proposed provisions. He stated, *inter alia*:

"Mr. HAAG. The principal reason for the higher cost in the American yard is because of the higher cost of American labor, and that is considerable.

"The CHAIRMAN. And that cost goes all the way down through the line.

"Mr. HAAG. That goes right down the line.

"The CHAIRMAN. In the matter of steel, lumber, and everything.

"Mr. HAAG. In the hull of the ship, in producing the equipment, the machinery, and so on. Cost of material is but a small fraction of the cost of labor in the building of a ship, taking into consideration the labor employed within the shipyard, and on the outside. You can hardly point to a thing on a ship that does not represent labor. So that labor is the principal factor in causing that differential; and what we are endeavoring to do is to equalize, in both the construction and the operating differentials, the difference in American as compared to foreign labor costs. That is what we are attempting to do in giving aid in the form of a subsidy" (Senate Committee on Commerce, hearings on S. 2582, "Merchant Marine Act, 1935," 74th Cong., 1st sess., 1935, pp. 123-124).

Mr. Haag estimated the actual differential between United States and foreign costs at approximately 40 percent for cargo vessels (*id.*, p. 124).

Mr. Ira J. Campbell, counsel for the American Steamship Owners Association, referred to an instance "2 or 3 years ago" where the U.S. cost for a cargo vessel was "substantially double" the foreign cost; he indicated that the European cost for passenger ships "approaches nearer to the American cost than with respect to pure cargo ships" (*id.*, pp. 148-149). Mr. Campbell also stated:

"* * * The theory of this bill is that it shall operate to place the American shipowner on a parity with the foreign owner * * *. That is what this bill is designed to provide so far as the construction aid and operating differential is concerned" (*id.*, pp. 169-170).

Mr. Campbell cautioned against subjecting the operator to restrictions which might bring about "disparity" as against his foreign competitors. "It would be far better for the American shipowner to go out and buy his British ship and operate it under the British flag, than it would be to subject himself to this interference" (*id.*, pp. 170-171).

Mr. Gerrish Smith, who had also testified before the House committee, emphasized that "about 85 percent of the cost of shipbuilding goes to labor directly or indirectly in the building of the ship, or the materials that go into it" (*id.*, p. 303). He pointed out that higher vessel construction costs to the U.S.-flag operator also resulted in higher operating costs thereafter, "because it is upon that (construction) cost that the factors of insurance, interest on investment, and depreciation depend" (*id.*, p. 304).

Therefore, he stated:

"* * * If you wipe out, by the payment of a construction subsidy, that higher interest on investment, the lower depreciation charge, and insurance * * * then that part of that continuous higher cost of operation is taken care of once and for all when you pay the subsidy for the ship itself, and you are faced with a much simpler problem in covering whatever other differential is involved.

"Senator WHITE. When you wipe out that cost differential, you go a long way toward reducing the necessity for the operating differential.

"Mr. SMITH. Yes" (*id.*, p. 304).

Mr. Smith generally confirmed Mr. Haag's testimony as to the actual difference in U.S. and foreign construction costs (*id.*, pp. 304-305).

It was also pointed out during Mr. Smith's testimony that in both France and Italy, vessel owners were permitted to have their vessels constructed in some other country if construction companies in their own country charged over 15 percent more than an outside bidder (*id.*, p. 348).

Mr. Andrew Furuseth, president, International Seamen's Union of America, also concurred in the previous testimony as to the extent of the difference in U.S. and foreign costs (*id.*, p. 356). The International Seamen's Union, like the previous witnesses, favored shipyard subsidies. During the course of Mr. Furuseth's testimony, Senator Fletcher referred to "actual bids" received by United Fruit from foreign yards "at nearly 50 percent less than they paid here" (*id.*, p. 412).

In discussing other aspects of the proposed shipyard subsidies, Mr. Campbell thereafter employed figures reflecting a differential of 40 percent, although he referred at one point to construction in 1930 or 1931 of two special car-carrying vessels on which the British bids had been "just 50 percent of the American prices" and indicated that the differential might "come pretty close to 50 percent." He agreed with Senator Vandenberg that fluctuating exchange rates might cause fluctuations also in the differential (*id.*, pp. 503-504, 506-507).

The Senate favorably reported on S. 2582 with amendments on May 24, 1935, stating as to shipbuilding subsidies:

"Title V of the bill provides new methods of subsidizing our merchant marine in order to place it in a position to compete with the shipping of other nations. Contrary to general opinion, the principle of subsidy is not new when applied to our merchant marine. Since early colonial times it has been recognized that our merchant marine must be aided in order to compete on a fair and equal basis with subsidized shipping of other countries. In those early days the maritime nations of the world discriminated in favor of their shipping by charging lower import duties on goods carried in the Nation's own ships than on those carried in the ships of their competitors, and by charging their own ships lower tonnage dues and taxes. The United States met discrimination with discrimination and tax with tax. This period was succeeded by an era of reciprocity, in which commercial treaties were made preventing discrimination, and most of our commercial treaties of today contain provisions against discriminations.

"But now it is proposed frankly and openly to subsidize the building of ships. The Authority will pay the difference between the actual American cost and what the same vessel might have been built for in a foreign country" (S. Rept. 713, 74th Cong., 1st sess., 1935, pp. 4-5).

Neither the reported bill nor the report itself suggested any limitation upon the payment of parity.

8. *House committee hearings and report, 1935.*—The House committee resumed hearings on April 30, 1935. The transcript of hearings contains various evidences of the prevailing intention to place the American shipowner on a parity with his foreign-flag competitors in respect to construction costs; e.g., hearings before House Committee on Merchant Marine and Fisheries on H.R. 7521, 74th Cong., 1st sess. (1935), pages 436, 581, 611, 669, 672-673, 711, 830, 902, 913. Congress was aware, however, that "a ship receiving a construction differential and an operating differential could still lose money" (id., pp. 711-712).

Mr. Haag testified in a further appearance before the House committee:

"* * * In other words, what the subsidy should aim to do is to match the conditions that would exist if the American shipowner went abroad, contracted for his ship there and then placed his ship under a foreign flag. We say: 'We are willing to give you the identical ship, built in an American yard at the foreign cost, and compensate you for the greater cost of operation under the American flag, compared with the cost of operating under the foreign flag. So that when you have that ship at the foreign cost and have been compensated for the differential in the cost of operations, you are virtually on a parity with the foreigner, insofar as the ship and the operations are concerned' (id., p. 804).

* * * * *

"* * * What we are endeavoring to do is to provide an honest subsidy so that we shall have an adequate number of American ships on the seven seas, proportionate to the amount of business we do in international trade. But we cannot hope to go into that business or to stay in that business unless we are put on a parity with the foreign maritime nations in the matter of building and operating costs. That is the primary consideration" (id., p. 805).

In response to a specific committee request (id., p. 744-745), Mr. Haag again estimated the actual differential at about 40 percent (id., p. 806-811). He was of the view that the Government could obtain substantial reductions in costs by building a number of ships from the same basic designs (id., p. 813).

Mr. Haag also pointed out that the effects of construction subsidy would be felt far beyond the shipbuilding industry. Not only would it "provide the maximum employment in the existing shipyards, to keep them busily occupied, with additional yards required (id., p. 817), but also:

"It would do something else. The instant that, in the building of a ship—and it is so little understood—the instant the order is placed, long before the keel is laid in the shipyard, it puts many people to work, because, promptly, with the signing of an order to construct the ship, an order goes out to the steel plant for shapes and plates; and orders go out to other industries for different kinds of material, such as lumber, machinery, fittings, and equipment. What the building of a ship does is to set in motion the activities of the mines, the forests, the farms, the factories, and various forms of transportation.

* * * * *

"Upward of 90 percent goes into labor. Name any item on a ship that does not represent labor.

* * * * *

"In my estimation, it would provide steady and continuous work, not only for the shipbuilding industry, but for many other industries. The shipyards are only a small part of those who participate. In the case of labor on ships, every State in the Union participates. This is not intermittent. This is a continuous thing. Once the plan is set in motion there will be great stimulation to employment throughout the entire country. And, even after the 7-year period, the owners, finding how they have been benefited by operating economical ships, will continue with the policy of replacing them; and we will have ships built in the United States cheaper than they have ever been built here before" (id., pp. 817-818).

Shipping subsidies were compared to tariff protection for manufacturers and to aids given to agriculture, the railroads, and other industries (id., pp. 831-832). Mr. Haag testified that the proposed shipyard subsidies were "in no manner or form a gift" (id., p. 831).

"It is a method of equalizing differences in the major cost items that go into the building and operation of a ship in order that Americans may be on an equality with the foreigners. That is certainly not a gift" (id., p. 831).

He concluded:

"The shipping of the United States, or, as we call it, the merchant marine of the United States, performs a service which is different from that performed by any other industry. If the United States builds the kind of merchant marine that it must have—not should have but must have—to meet its commercial requirements and to keep it in a strong competitive position throughout the world, and at the same time serve as an arm of the national defense—if this Government aids in building the ships necessary to give us that kind of merchant marine, and if it never put a single ship to work but maintained them all in spot condition, it would be a sound investment to this country. If a national emergency arises, even if it does not take place within 5, 10, or 20 years, and those ships are merely kept in spot condition, it would still be a sound investment for the Nation.

* * * * *

"If we provide the aid that is necessary to place the American shipowner on an equality with the foreign shipowner, and also if we match the aid that other countries are rendering their merchant ships—when that aid attempts to offset what we are endeavoring to do—we will not only provide the ships that we must have for national defense purposes, but we will also have ships that will enable American industry to go into the foreign field and sell its products. This will make it possible for our private industries to possess the facilities with which to carry on foreign-trade activities and will also provide the Navy with adequate auxiliaries.

* * * * *

"We should have proper representation upon the oceans, a proper place, so that we are not charged too heavily in tolls because of too much dependence upon foreign ships. We should have proper representation upon the seas so that we need not rely upon foreign shipping in the case of a national emergency or be deprived of effective means to compete in foreign markets. That is what America is entitled to and what our merchant marine is maintained for—to give us that opportunity. When we have such a merchant marine and it is placed at the disposal, not only of the United States for the needs of national defense but of American industry ashore, so that it can sell its products in competition with those of the rest of the world, we shall have attained our objective" (pp. 832-834).

On June 20, 1935, the House Committee on Merchant Marine and Fisheries reported H. R. 8555¹⁶ with the following statement:

"The construction differential subsidy shall equal the excess of the American cost over the fair and reasonable cost to a principal foreign competitor" (H. Rept. 1277, 74th Cong., 1st Sess., 1935, p. 22).

Again there was no arbitrary limitation upon the payment of construction subsidy; the objective was exact parity. H. R. 8555 thereafter passed the House and went to the Senate.

9. *The Black committee report, June 1935.*—The Black committee also released its report in the latter part of June 1935. It noted that while ocean mail contracts had provided for construction of a few ships,

¹⁶ H. R. 8555, introduced by the committee chairman on June 19, 1935, was an amended version of the original bill, H. R. 7521, upon which the committee had held hearings.

"* * * no real consideration seems to have been given to the self-evident proposition that a merchant marine must renew itself continuously if it is to remain a factor in national defense and international trade" (S. Rept. 898, 74th Cong., 1st Sess., 1935, p. 36).

It warned that it was believed by many that fewer ships would be built if public assistance were not provided, and that:

"The natural result of declining shipbuilding in America would probably be the decline of facilities for shipbuilding to such an extent that this country would have inadequate shipyards capable of expanding the American merchant marine to necessary size under emergency conditions" (id., p. 38).

With specific reference to vessel construction, the Black committee noted:

"Under any system of Government aid, the problem of construction and its cost is particularly important. The cost of ships constructed for an American merchant marine with the aid of Government funds to be operated either by the Government or by a private individual should be rigidly scrutinized and provisions made to prevent profiteering in this business at the expense of the taxpayer. It is believed that ships for an American merchant marine can, and should be, constructed in private American yards" (id., pp. 38-39).

The committee stated that while it would prefer Government ownership and operation to any system involving subsidy, it did not consider it possible to bring this about. It recommended as an alternative Government ownership with private operation. Should the Congress prefer the further alternative of subsidized private ownership and operation, the committee recommended the repeal of the 1928 act and the adoption instead of direct shipyard and operating subsidies. The committee stated:

"The purpose of a construction subsidy is to increase the building of ships for foreign trade in American yards by equalizing the cost to American citizens of constructing them in American yards and placing them in operation on foreign trade routes with the cost of constructing the same ships in foreign yards and placing them in operation upon the same routes * * *

* * * * *

"This amount should be paid directly by the Government to the shipbuilder" (id., pp. 42-44).

10. *Further Senate action, 1935.*—On August 5, 1935, the Commerce Committee chairman, Senator Copeland, "upon request," introduced S. 3376, which was similar to S. 2582, modified in accordance with suggestions by a committee headed by Mr. Henry Heimann, the Director of the Shipping Board Bureau. S. 3376 for the first time proposed an express statutory limitation upon the payment of shipyard subsidies:

"Provided, that the construction-differential payment authorized by the Authority shall not exceed 33½ per centum of the total cost of the vessel (excluding the cost of any equipment incorporated in the vessel for reasons of national defense), except in cases where the Authority possesses conclusive evidence that the actual differential is greater than that figure, in which cases an allowance not to exceed 40 per centum of the cost of the vessel may be made."

This limitation was adopted verbatim by the Senate Commerce Committee in its report on H. R. 8555 3 days later (S. Rept. 1226, 74th Cong., 1st sess., 1935).

11. *Senate action, 1936, and final passage of H. R. 8555.*—S. 3500, introduced in the Senate in 1936, further proposed that where the actual differential exceeded 40 percent, the agency itself might build vessels for charter to the applicant, or upon finding that the 40-percent subsidy was inadequate in the case of any particular foreign trade route, grant still additional subsidy, subject to reporting its intentions to the responsible congressional committee at least 30 days in advance (and during a session of Congress). A committee print of S. 3500 omitted the provision for Government construction and charter, and also limited the additional subsidy (over 40 percent) to 10 percent—i.e., a total of 50 percent. Senator Guffey's bill, S. 4110, proposed an absolute ceiling of 33½ percent.

The Senate committee held hearings beginning March 9, 1936, on S. 3500, S. 4110, and S. 4111 (introduced by Senator Gibson). Mr. J. M. Johnson, Assistant Secretary of Commerce, testified that:

"The new construction—and I might say in general that the plan of this bill and of the Post Office and the Department of Commerce has been to arrive at a subsidy that would create parity; nothing more. That the Government would assume as its burden for the purposes of national defense and commerce, that it would absorb the difference in the cost to the U.S.-flagship owner and that of the foreign shipowners. Nothing more" (hearings of Senate Committee on Commerce on S. 3500, "Merchant Marine Act, 1936," 74th Cong., 2d sess., 1936, p. 4).

He also indicated that the actual differential for cargo vessels would be about 40 percent, though it might vary (id., p. 6). He further indicated that the differential would equal 50 percent only in "exceptional cases" (id., p. 31), but that, "I think it is worth that on the exceptional cases if we want a merchant marine, and it takes that much to put American ships on parity."

Both Mr. Johnson and Mr. Haag pointed out that the term "subsidy" was a misnomer. Mr. Johnson stated:

"* * * while we call this a subsidy, it is a convenient form of equalization, and the shipowner and the ship operator gets no revenue whatever. It is just an absorption of the difference" (id., p. 69).

Mr. Haag explained that when the Government "equalizes" the cost of building—

"* * * no subsidy is paid to the shipowner or even to the shipbuilder. The Government pays the American cost, and that ends the transaction" (id., p. 70).

He pointed out that:

"* * * if the Government adopted a policy of Government ownership and operation, that is precisely the cost that the U.S. Government would have to pay for that ship in an American yard" (id., p. 70).

He also stated that so far as the shipowner was concerned, he had the alternative of building vessels abroad at the lower foreign costs.

"The Government makes him a proposition and says: 'We would like that ship built in the United States and we would like that ship registered under the American flag.' The Government says: 'We are willing to make up the difference and equalize the higher American building costs and the higher American operating costs.'

* * * * *

"When the Government stops at equalization, it does not constitute a subsidy. That merely provides parity in precisely the same way that the shipowner can do it if he went abroad to do the job" (id., p. 71).

Mr. J. C. Peacock, then Director of the U.S. Shipping Board Bureau, testified that for large combination cargo and passenger vessels the actual differential was probably under 40 percent and perhaps in instances under 33½ percent, but that as to cargo vessels, "the figure would run at least 40 percent, and perhaps between 40 and 50 percent." He did not believe that fluctuations in exchanges were an important factor as suggested by Senator Vandenberg. He warned that proposals to limit construction-differential subsidy to 33½ percent, i.e. below parity, "just practically nullifies the provision for construction differential there because there could not be any adequate one as to cargo ships, which we need most" (id., pp. 80-81).

Mr. Peacock agreed with the chairman of the committee and with Mr. Haag that construction subsidy "is not a subsidy but simply an attempt at parity," and that it was received by the shipbuilder and not by the operator (id., p. 84). He subsequently stated that "our information is very definitely that on cargo ships or even cargo combination vessels the differential would range from 40 up to 50 percent" (id., p. 100).

Mr. O. P. M. Brown, testifying in support of the Guffey bill, stated, inter alia, that he had read of instances in which the actual construction-differential on a 13-knot freighter was as low as 32 percent (id., p. 110).

Mr. John Franklin, president of the International Mercantile Marine Co. and United States Lines, stated in behalf of the American Steamship Owners Association that "we do not presume to pass judgment, but we must point out the 50-percent differential subsidy will not always be sufficient to give parity of cost in the case of cargo ships," and that "unless parity of costs is obtained," new construction was "exceedingly doubtful" (id., p. 169).

S. 3500, as reported by the Senate committee on March 26, 1936, contained substantially the same limitation as had the committee print of S. 3500, supra, except that it required the prior approval of the President to grant subsidy on payments in excess of 40 percent (but not to exceed 50 percent), instead of giving Congress a 30-day veto power. The Senate report stated:

"Part I of this title provides for the payment by the Authority to the shipbuilder of the difference between the American and foreign cost of building such ship. The new ship must be one required for foreign commerce and suitable as a naval auxiliary.

* * * * *

"This construction differential subsidy is limited to 33½ percent of the American cost, except where the Authority possesses conclusive evidence that the actual

differential is greater, in which case an allowance not to exceed 40 percent may be made. In no case can the construction differential exceed 40 percent, unless the President shall determine that in some particular case an additional 10 percent may be granted.

"Differences of opinion have arisen as to the extent to which the construction subsidy should be limited. The advocates of S. 4110 would place an absolute limit of 33½ percent and have stated that there is no proof that this is insufficient. This statement is somewhat misleading in view of voluminous testimony before this committee and the Merchant Marine and Fisheries Committee of the House, as well as the records of the Post Office and Commerce Departments. It must be borne in mind that a chief purpose of this act is to get ships built in American yards; if the cost of construction here exceeds by more than 33½ percent the cost of construction abroad, we still want to build ships here. *It is now believed by all experts on the subject that the differential on cargo ships is approximately 41 percent, and this is the type of ship most urgently needed for our merchant marine.*" (S. Rept. 1721, 74th Cong., 2d sess., 1936, pp. 14-15.)

Ten members of the committee, headed by Senator Guffey, signed a minority report recommending against the passage of S. 3500. The majority report stated, *supra*, that the advocates of the Guffey bill were not convinced the actual differential would exceed even 33½ percent. The majority report also commented:

"*It is significant that those who wish to limit the construction subsidy to 33½ percent if the ship is to be owned and operated privately, are willing to empower the same Maritime Authority to build the ship without limit upon the cost if built by, or to be owned by the Government.* The fact is, that S. 3500 places an absolute limit of 40 percent upon the Authority, and a limit of 10 percent additional if approved by the President; S. 4110 by authorizing Government construction, places no limit whatsoever upon the construction differential, and the Authority can build the ship regardless of cost" (*ibid.*).

On June 13, 1936, there was presented to the Senate the final Copeland-Guffey-Gibson compromise, in the form of amendments to H.R. 8555, the bill which had passed the House the previous year. The compromise provided, as did the final act, for shipbuilding subsidies to achieve parity, subject to a limitation of 33½ percent, or upon "conclusive evidence" that the actual differential is greater, a limitation of 50 percent.¹⁷ The final bill passed the Senate without a rollcall, and passed the House by a vote of 225 to 21.¹⁸

D. Developments subsequent to 1936

The policy reflected in the 1936 act, including the parity principle, has been reviewed and approved in numerous committee reports and hearings and official studies in the years subsequent to 1936. Congress on several occasions has been made aware that changing relationships between U.S. and foreign construction costs, may frustrate the parity objectives of the 1936 act. In each such instance either intervening circumstances have obviated the necessity of final congressional action or Congress has in fact acted to avoid frustration of its basic policy.

1. *The economic survey and the 1938-39 amendments to the Merchant Marine Act, 1936.*—In its "Economic Survey of the American Merchant Marine" in November 1937, page 64, and in testimony of its Chairman before the House and Senate committees in December 1937 and in 1938,¹⁹ the Maritime Commission recognized that because of rising costs in U.S. shipyards, the actual differentials might exceed 50 percent, and thus frustrate the basic parity objective.

"The limitation in this provision will present a real obstacle to the construction of new units for our merchant marine whenever foreign shipyard costs are less than half of ours, for in such a case it would be cheaper to build abroad rather than here, even after taking into consideration the maximum subsidies allowed under the act."²⁰

However, it stated that it doubted the wisdom of an immediate increase in the 50 percent limitation, because of the burden on the Treasury, and recommended, as an alternative, that the 1936 act be amended—

¹⁷ For references to the percentage limitations in the House and Senate debates in 1936, see 80 Congressional Record 7286, 9000, 9921, 10569, 10775 (1936).

¹⁸ 80 Congressional Record 10576 (1936).

¹⁹ Hearings before House Committee on Merchant Marine and Fisheries on H.R. 8532, "Amending Merchant Marine Act, 1936," 75th Cong., 2d sess. (1937), pp. 7, 20-22. Hearings before Senate Committee on Commerce on S. 3078, "Amending the Merchant Marine Act of 1936," 75th Cong., 2d sess. (1937), pp. 19-21; see also pp. 1160, 1162-1170.

²⁰ "Economic Survey of the American Merchant Marine," p. 64.

"* * * to permit construction abroad in all cases in which the foreign costs are less than half the costs here, registry here being required as soon as practicable, and the vessel so built and registered being eligible for an operating-differential subsidy as if built here" ("Economic Survey," p. 64).

It stated that if experience showed that its recommendation for building abroad proved insufficient—

"* * * it always will be possible for Congress, whenever it thinks it wise to do so, to increase the protection accorded our shipyards either by raising the 50-percent limitation or in some other manner" (id., p. 65).

The Senate committee approved the Commission's recommendation,²¹ and it was passed by the Senate. However, the House committee stated it desired to make a further study of the proposal,²² and it was omitted from both the House bill and the bill thereafter approved by the conference committee.²³ The House itself authorized further study, by House Resolution 498, 75th Congress, 3d session (1938), but the proposal was apparently dropped because of the intervening war crisis in Europe.

There was set forth in the printed hearings before the Senate Commerce Committee in 1937-38 an opinion by the Commission's General Counsel, Mr. Max O. Truitt, discussing the nature of the findings required under section 502(b) where there was a possibility, under an escalation clause, that the actual differential might exceed 33½ percent (but not 50 percent). Mr. Truitt, in reviewing the legislative history of the 1963 act, stated:

"Every bill proposed in Congress, every hearing upon every bill, every committee report, and every statement made in connection with American construction recognized that such construction costs more than construction abroad, and further recognizes that if ships are to be constructed in the United States as provided by the Merchant Marine Act of 1936, the difference between the cost of construction here and construction abroad must be paid by the Government.

"Implicit in the Merchant Marine Act of 1936 and in every bill introduced with the intention that it would become the Merchant Marine Act of 1936 is the thought that the Maritime Commission should have authority to pay the difference between American and foreign construction costs of vessels which it considered should be constructed in American yards, that this construction-differential subsidy should equal but not exceed the difference between the American and the foreign cost. The limitation of this amount found in various bills, and the present 50-percent limitation in the act represent the thought of the authors that the *difference between the American and foreign construction costs could not exceed the percentage figure in question*" (hearings before Senate Committee on Commerce on S. 3078, "Amending the Merchant Marine Act of 1936," pt. 12, 75th Cong., 3d sess., 1938, p. 1221).

In amending section 502(b) in other respects, Congress in 1939 reaffirmed the parity principle of the 1936 act, stating that: "The object of the Merchant Marine Act is to put our operators on a comparable basis with foreign operators."²⁴ Further expressions of the parity principle are contained in memorandums submitted by the Maritime Commission to the House Committee on Merchant Marine and Fisheries, reprinted in the 1939 hearings.²⁵

2. *Emergency legislation, 1940-42.*—In late 1939-40, it became increasingly difficult to obtain information on current foreign shipbuilding costs. The Commission was therefore placed in a position either of being unable to fix any differential at all or of fixing a differential at an extremely conservative figure in view of the probable increase in foreign construction costs during the war. The problem was complicated by the fact that an operator purchasing a new vessel under those conditions would immediately be placed at a disadvantage; i.e., disparity at the termination of hostilities when it was anticipated that there would be a substantial drop in construction costs in the European countries. There-

²¹ S. Rept. 1618, 75th Cong., 3d sess. (1938), pp. 9-10.

²² H. Repts. 1950 and 2168, 75th Cong., 3d sess. (1938), p. 10.

²³ H. Rept. 2582, 75th Cong., 3d sess. (1938), pp. 23-24. The conference committee added (and Congress enacted) a provision authorizing the Commission to negotiate a construction contract to reduce the differential to 50 percent or less, where the differential under competitive bid proceeds would exceed 50 percent.

The Maritime Commission had also suggested it be permitted to authorize construction abroad even where the actual differential was between 33½ and 50 percent, if in its opinion the bids received from domestic yards were unreasonable and excessive. This recommendation was approved by the Senate committee, but was likewise deferred by the House committee for further study and apparently thereafter dropped.

The Commission also recommended, and Congress enacted, several other pertinent changes in title V of the 1936 act, including substitution of a requirement of "convincing" instead of "conclusive" evidence when the actual differential exceeds 33½ percent.

²⁴ H. Rept. 824, 76th Cong., 1st sess. (1939), p. 5; also S. Rept. 724, 76th Cong., 1st sess. (1939), pp. 6-7.

²⁵ Hearings on H. R. 5130, 76th Cong., 1st sess. (1939), pt. II, pp. 191, 200, 211.

fore, the Commission in 1940 requested authority from the Congress to determine estimated foreign costs under section 502(b) upon the basis of conditions existing prior to September 3, 1939, which were felt to be more representative in the long range. That authority was granted in Public Resolution No. 82, 76th Congress, 3d session (1940), and thereafter extended by Public Law 610, 77th Congress, 2d session (1942). Congress thus evidenced its willingness to vary the formula fixed in the 1936 act where it was clearly necessary in order to achieve, on a long-range basis, parity of construction costs.²⁵

In requesting such authority from the Congress, Adm. E. S. Land, Chairman of the Maritime Commission, referred to "the policy of parity" as "a basic principle of the act." He stated that:

"It appears improbable that Congress, when it enacted the Merchant Marine Act, 1936, intended that the activities of the Commission in carrying out the construction program which is the cornerstone of that act should cease if it became impracticable to apply a yardstick based on contemporaneous construction contracts or because private commercial ship construction abroad practically has ceased."²⁷

A similar statement was made by the House committee in its report.²⁸

In its report on the extension in 1942, the House Merchant Marine and Fisheries Committee emphasized the necessity for "continuity of the long-range program." It stated:

"Only in this way can the merchant marine policy of the 1936 act be maintained in the case of those private operators who have come under the program and are carrying out a long-range replacement program under the act."²⁹

According to subsequent testimony the differentials actually allowed under the emergency legislation amounted to 50 percent.³⁰

3. *The postwar economic policy report.*—On May 8, 1945, a special House Committee on Post-War Economic Policy and Planning released its report entitled "The Post-War Foreign Economic Policy of the United States" in which it reviewed shipping and shipbuilding problems along with numerous others. It concluded, inter alia, that "the private shipbuilding industry should not be permitted to decline beyond a minimum volume compatible with the requirements of national defense and safety" and recommended the continuation of shipyard subsidies, "as part of the cost of national defense" (H. Rept. 541, 79th Cong., 1st sess. (1945), pp. 56-57).

4. *The Harvard report.*—The so-called Harvard report³¹ in June 1945 specifically considered and approved the basic maritime policy established in the 1936 act, including the parity principle underlying shipbuilding subsidies. It noted generally, with respect to the shipbuilding industry:

"The factors which make Federal assistance necessary have not changed.

* * * * *

"The high-cost structure is one fundamental reason why the Federal Government must assume responsibilities for the industry if it is to continue" (id., pp. 164, 166).

* * * * *

"The authors submit that the history of shipbuilding between the World Wars and the record in World War II point to one conclusion; i.e., the most indispensable single factor in the success was the nucleus of experience in the private shipyards.

* * * * *

"Nevertheless, although the final result was a success, there was too great a risk of failure and the costs were too high. To repeat the mistakes of this era might be disastrous.

* * * * *

"There is one very real reason why the country should not permit another era of disintegration of shipbuilding to occur; i.e., it takes a considerable period of time even under the greatest pressure to build a shipyard and attain full production" (id., p. 184).

²⁵ See the Commission's Annual Reports to Congress for the years 1940 (p. 8), and 1941 (pp. 13-14).

²⁷ S. Rept. 1646, 76th Cong., 3d sess. (1940), pp. 3-4.

²⁸ See also H. Rept. 2180, 76th Cong., 3d sess. (1940).

²⁹ H. Rept. 2188, 77th Cong., 2d sess. (1942) (to accompany S.J. Res. 130).

³⁰ See House Appropriations Committee hearings on second supplemental surplus appropriations recession bill, 1946 (79th Cong., 2d sess., 1946), p. 103; and Senate Appropriations Committee hearings on first supplemental national defense appropriations bill for 1942 (77th Cong., 1st sess., 1941), p. 250.

³¹ "The Use and Disposition of Ships and Shipyards at the End of World War II," a report prepared for the U.S. Navy Department and the U.S. Maritime Commission by the Graduate School of Business Administration, Harvard University, June 1945.

5. *"The Postwar Outlook for American Shipping."*—During the war the Maritime Commission had also established a Postwar Planning Committee to appraise the postwar outlook and make appropriate recommendations. Its report,³² transmitted to the House Committee on Merchant Marine and Fisheries on July 10, 1946, further emphasized the necessity for maintaining a strong merchant marine for its contributions both to national defense and to the foreign trade of the United States. It referred to the differentials in domestic and foreign construction costs and stated, *"The only practicable way which has been found to offset these differentials is by means of subsidization"* (p. 59). It cautioned that: *"Regardless of the amount of aid extended by the Government, it is important that there be continuity of policy. Our record in this respect is not good. The subsidized lines have a right to expect stability in the principle of parity, as embodied in the Merchant Marine Act"* (id., p. 62).

6. *Report of the President's Advisory Committee.*—The report of the President's Advisory Committee, also known as the Keller report, was filed in November 1947 after hearings extending over 5 months. It recommended that at least in the early postwar years shipyard subsidy be allowed at the maximum 50-percent rate, as had been the wartime practice, because of *"the uncertainty of industrial conditions, both at home and abroad," "the added cost of American standards for safety of life at sea and for crew's accommodations,"* and *"the pressing national security needs for ships and shipbuilding"* (p. 9). The committee stated it had found no immediate cause for concern with respect to shipyard facilities but that:

"In the case of personnel however, there is cause for alarm if this country is not to lose a minimum industry capable of wartime expansion. Managerial know-how, technological and design staffs, and specialized skilled trades must be preserved at some level of employment.

*"Perhaps as important as any other aspect is the necessity that there be an incentive for young men to enter the trades and professions which comprise the industry, in order that the older men may be replaced as they drop out * * *. The necessary incentive can come only from the prospects of continuing employment and of advancement in the professions and trades concerned. Unless shipbuilding is continued, this incentive will disappear completely. The Committee believes this to be a matter of grave concern"* (p. 47).

The Committee also found *"a general lack of understanding as to the purpose of shipping subsidies,"* which it stated do not *"guarantee a profit"* (pp. 65-66). It concluded that *"the basic philosophy and the general provisions of the Merchant Marine Act of 1936 are sound and that the act should be retained as the foundation for our national merchant marine policy"* (p. 6).

Following submission of the Advisory Committee's report, the President, by letter to Adm. W. W. Smith, Chairman of the Maritime Commission, and to the Speaker of the House, on April 16, 1948,³³ requested:

" * * immediate steps * * * to determine what additional ship construction is economically justified at this time as evidenced by willingness on the part of industry to purchase vessels constructed."*

The President stated that:

"The Government's participation should be based upon the principle of providing through subsidy the differential in cost between foreign and domestic construction as provided in title V of the Merchant Marine Act."

Legislation to fix the allowance at 50 percent for the period July 1, 1948-July 1, 1951, was subsequently introduced in the House (H.J. Res. 398 and H.J. Res. 413). The Maritime Commission supported the proposal as a *"temporary measure * * * to stimulate the building of ships"* even though it stated it did not believe actual differentials were that high, and opposed any permanent measure as tending to *"destroy the soundness of the principle of parity"* (id., pp. 385, 395, 604, 614).

The House Committee on Merchant Marine and Fisheries favorably reported House Joint Resolution 413 (H. Rept. 2055, 80th Cong., 2d sess., 1948), and it

³² *"The Postwar Outlook for American Shipping,"* a report submitted to the U.S. Maritime Commission by the Postwar Planning Committee, June 15, 1946.

³³ Hearings before House Committee on Merchant Marine and Fisheries on H.J. Res. 377, H.J. Res. 398, H.J. Res. 412, and H.J. Res. 413, *"Hearings of Merchant Marine and Fisheries Committee on Merchant Marine Act of 1936 and the Ship Sales Act of 1946,"* 80th Cong., 2d sess. (1948), p. 447.

was passed by the House (94 Congressional Record 8217-8219, 80th Cong., 2d sess., 1948). However, the Senate adjourned without action.³⁴

7. *Investigations of the Comptroller General and the Hardy Committee*—Beginning with the fiscal year 1948, the Comptroller General conducted a series of detailed audits of the activities of the former Maritime Commission. Although there were numerous comments and recommendations with respect to the administration of certain aspects of the subsidy program, neither in the GAO audit reports nor in the related committee hearings and reports³⁵ was there any question as to the wisdom of the underlying principle of parity.

8. *Report of the Secretary of Commerce, 1949*.—The report of the Secretary of Commerce to the President in December 1949, entitled "Issues Involved in a Unified and Coordinated Federal Program for Transportation," also referred to and implicitly approved the parity principle as to both shipyard and operating subsidies (pp. 11-14, 20-21).

9. *The Magnuson report, 1950*.—The Magnuson committee report,³⁶ submitted in 1950 following extensive investigations by a subcommittee of the Senate Interstate and Foreign Commerce Committee, also reaffirmed the parity principle underlying the 1936 act. It described construction subsidies as "subventions to American shipbuilders," and stated that its conclusion was "that the result is a rewarding one for the taxpayer as well as the shipyards and ship operators" (p. 39).

The report reflected concern with increasing differentials, and concurred in the recommendation of the President's Advisory Committee, supra, that for a period at least there should be a continuance of the wartime maximum construction-differential allowance of 50 percent. It added that there was evidence even then "that differentials might be over 50 percent" (p. 40).

In February 1950, Maritime Commission Chairman Fleming also estimated that the actual differential "under present conditions * * * may run to 50 percent or even over that."³⁷ He testified:

"My concern is that we want to keep our shipbuilding industry alive and if they can so far underquote American yards, the chances are that others may place their orders foreign.

"I am not prepared at this time to recommend to the Congress any change in the 50 percent top limit. We are making a study of it and it might come up in another session of Congress and we will or we might make a suggestion."

10. *The long-range shipping bill*.—In 1952, Congress enacted the so-called long-range shipping bill (Public Law 586, 82d Cong., 2d sess.), which, inter alia, eliminated the existing restriction of shipbuilding subsidy to vessels to be used on an essential service, route, or line in the foreign commerce of the United States. The Senate Commerce Committee strongly supported the parity principle in its report in April 1951:

"The Merchant Marine Act, 1936, as amended, is the cornerstone of our national maritime policy. In the 14 years of experience in applying the principle of parity to enable our shipbuilders and shipowners to compete with their foreign counterparts, the act has proven to be a valuable instrument in the growth and development of our merchant marine. Our recent experience in the prewar and postwar periods of World War II have clearly demonstrated that the value of the subsidy program to the commerce and security far exceeded its out-of-pocket cost to the Government" (S. Rept. 295, 82d Cong., 1st sess., 1951, p. 1).

Similar statements were contained in the report of the House committee in June 1952 (H. Rept. 2221, 82d Cong., 2d sess., 1952, p. 5), and in a report sub-

³⁴ The 50-percent fixed differential proposal was considered in 1948 in conjunction with various other proposals to amend the 1936 act (for example, a companion resolution, H. J. Res. 412, proposed, inter alia, to eliminate the essential trade route requirement under title V of the 1936 act, and to extend construction-differential subsidies to the domestic trade). A number of these proposals were revived in 1949, and some ultimately were enacted in 1952 in the long-range shipping bill, infra. However, the fixed differential proposal was not revived in 1949. In this connection, see hearings before the House Committee on Merchant Marine and Fisheries on H. R. 3289, et al., "Amending the Merchant Marine Act, 1936, as Amended," 81st Cong., 1st sess. (1949), p. 25.

³⁵ H. Rept. 1423 ("Fourth Intermediate Report of the Committee on Executive Expenditures"), 81st Cong., 1st sess. (1949); H. Doc. 465 (Comptroller General's letter and audit report for years ended June 30, 1948 and 1949), 81st Cong., 2d sess. (1950); hearings before Subcommittee of the House Committee on Executive Expenditures (the Hardy committee), 81st Cong., 2d sess. (1950); H. Doc. 93 (Comptroller General's Report of the Committee on Executive Expenditures"), 81st Cong., 2d sess. (1950); H. Doc. 333 (Comptroller General's letter and audit report for year ended June 30, 1950), 82d Cong., 1st sess. (1951); H. Doc. 472 (Comptroller General's letter and audit report for year ended June 30, 1951), 82d Cong., 2d sess. (1952); S. Rept. 861 ("Report of Senate Committee on Government Operations on Audit Reports of Comptroller General"), 83d Cong., 2d sess. (1954); see also S. Rept. 2685, 81st Cong., 2d sess. (1950).

³⁶ S. Rept. 2494, "Merchant Marine Study and Investigation," 81st Cong., 2d sess. (1950).

³⁷ "House Appropriations Committee Hearings on Independent Offices Appropriations for 1951" (81st Cong., 2d sess., 1950), pp. 1127, 1142.

mitted by the Secretary of Commerce during the pendency of the long-range bill (H. Doc. 213, "Scope and Effect of Tax Benefits Provided in the Maritime Industry," 82d Cong., 1st sess., 1951, p. 11).

11. *Report of the Secretary of Commerce, 1952.*—The report of the Secretary of Commerce to the President entitled "American Merchant Marine and the Federal Tax Policy,"³⁵ November 1, 1952, and transmitted by President Truman to the Congress in January 1953, also concluded:

"The parity principles of the 1936 act * * * are sound and are essential to the continuance of the American merchant marine" (p. 85).

12. *The Board's decision fixing the sales price of the "Independence" and "Constitution."*—The Federal Maritime Board also referred to the parity principle in its decision in *Sales Prices of "Independence" and "Constitution,"* Docket No. S-47, 4 F.M.B. 216 (1952). It there stated:

"* * * the whole objective of title V is to permit the purchase of the American ship by the American operator at the closest possible approximation to the actual dollar price that it would have cost him had the ship been built foreign" (id., p. 228).

It held that its estimates of foreign costs in calculating construction-differential subsidy must be based on the cost of the vessel if built to American, not foreign, standards, even though:

"We recognize, as did the Commission, that this construction of the act does not achieve full capital parity between the American operator and his foreign competitors and that, to this extent, the act falls short of its general objective of putting the American ship buyer and operator on a capital parity with his foreign competitors. However, we believe that the remedy, if one is required, should lie in an appropriate amendment of the act" (id., p. 221).

It concluded:

"We believe the principle of parity underlying the act is basically sound, but it is apparent that some of the procedures laid down in title V to achieve this principle, while suited to the more or less static conditions and relationships that may have existed in 1936, are inadequate today in light of changes and fluctuations of economic conditions created by the ordinary passage of time and by World War II" (id., p. 259).

13. *The Potter and Weichel hearings, 1953.*—In hearings held in 1953 by the Potter subcommittee of the Senate Committee on Interstate and Foreign Commerce, the Under Secretary of Commerce for Transportation, Mr. Robert B. Murray, testified as to the necessity for maintaining a mobilization base in the shipbuilding industry:

"Prior to World War I, our Nation had no shipbuilding industry, yards, ways, skilled labor, or management experience. Such an industry was created under the pressure of that war. Despite the vast expenditure then entailed, only a handful of the World War I built vessels were ready in time for war use. Again, just prior to World War II, this country had some ships and some major shipyards in operation. I think it is clear that, unless there is a going industry and management experience in existence at the outbreak of a war, the time required to build and man an industry is greatly prolonged because of the absence of an existing nucleus around which the expansion may take place. Had we not had this nucleus at the beginning of World War II, there is grave doubt whether completely new ships and the many new shipyards could have been built and operated in time" (Hearings before the Senate Interstate and Foreign Commerce Committee on "Merchant Marine Studies (Maritime Subsidies)", pt. 1, 83d Cong., 1st sess. (1953), p. 13).

Under Secretary Murray appeared also before the House Committee on Merchant Marine and Fisheries, headed by Representative Weichel, which was considering a number of proposed amendments to the 1936 act. Mr. Murray agreed at one point that "if it were not for that subsidy program, the bulk, if not all, the construction would be abroad and we wouldn't even have any shipyards."³⁹

Mr. H. X. Kelly, president of Delta Line, urged, inter alia, that the Federal Maritime Board be given a "free hand" in determining construction subsidy, notwithstanding the existing percentage limitations, in order to insure the payment of parity (pps. 285-287).

14. *The Ocean Shipping Panel Report, 1953.*—The Ocean Shipping Panel to the Transportation Council for the Department of Commerce in an "Analysis of

³⁵ The report was prepared by the Maritime Administration.

³⁹ Hearings before the House Committee on Merchant Marine and Fisheries on proposed amendments to the 1936 Merchant Marine Act, 83d Cong., 1st sess. (1953), pp. 266-271.

Construction and Operating Subsidies" under the 1936 act, dated October 12, 1953, also considered and concurred in the basic philosophy of the 1936 act:

"The 1936 act introduced the sound principle of cost parity with foreign-flag competition on the grounds that anything less would not produce the desired results.

* * * * *

"In reality, construction subsidy is aid to the shipbuilding industry and not to the shipowner, who merely has the opportunity to buy his vessels at the foreign construction costs which would otherwise be available to him. If this Nation is to have a merchant shipbuilding industry, it is clear that the high domestic construction cost must be offset by Government aid" (p. 9).

It reviewed prior studies and concluded: "All of the official investigations and reports affirm the soundness of the principles of the 1936 act" (p. 10).

The panel pointed out that even with shipyard subsidies, the 1936 act does not "permit purchase of an American ship at as low a price as a competing foreign ship built abroad to lower foreign standards" (p. 12). It also referred to the misuse of the term "subsidies":

"The use of this term is rather unfortunate because to the popular mind it connotes a gift, grant, or dole instead of payments for contractual conditions fulfilled and services rendered and to be rendered over the period of the contract. These payments are not subsidies in the usual sense of the term but are contract payments for contract services" (p. 16).

Its conclusion was that, "The parity principles of the 1936 act are sound and have worked well in practice" (p. 23).

15. *The "Maritime Subsidy Policy" Report, 1954.*—In April 1954, the Department of Commerce and the Maritime Administration concluded an extensive study with the object of making "a general reappraisal of the policies established by the Merchant Marine Act, 1936, as amended, for the purpose of determining their effectiveness in meeting present-day maritime problems."⁴⁰ The resultant report strongly supported the parity policy, which it described as "the basic principle" of the 1936 act. It stated:

"The practice of assisting domestic industry which might compete with foreign industry is not uncommon to the United States. It is in fact the central idea of the protective tariffs and import quotas which, while no direct subsidy is involved, tend to equalize or favor competitive opportunities for affected domestic industries.

"Neither is the parity-of-cost idea new as a device upon which to base assistance. The concept in legislative form was employed during the early 1920's as a method of determining tariff rates.

* * * * *

"The parity concept appears to be the best method that has been suggested for granting operating and construction subsidy to American shipping" (pp. 83-85). It concluded:

"Our basic national maritime policy is sound. Indeed, its objectives are so fundamental to the national interest that their attainment should be given primary consideration at all times" (p. 119; see also p. 120).

In May 1954, in Senate committee hearings concerning the "Maritime Subsidy Policy" report, Under Secretary Murray testified that:

"The parity concept of subsidy determination * * * is sound in principle and the best method which has been suggested so far as a basis for direct Government aid" (hearings before a subcommittee of the Senate Interstate and Foreign Commerce Committee, 83d Cong., 2d Sess., 1954, p. 116).

16. *House committee survey, 1954.*—In a survey of the "American Merchant Marine Policies and Problems," prepared for the House Committee on Merchant Marine and Fisheries in 1954,⁴¹ following the "Maritime Subsidy Policy" report, it was stated, in approving the parity principle:

"The principles set forth in the 1936 and 1946 acts now seem firmly established as a matter of national policy insofar as one may judge from responsible expressions of support. *Every major report from both the legislative and executive branches of the Government since World War II has affirmed the essential soundness of the policies of the 1936 act*" (p. 2).

17. *The House committee hearings, 1955.*—In 1955, the House Committee on Merchant Marine and Fisheries conducted a broad study of the operations of the Board and Administration, followed by hearings dealing specifically with the problem of vessel replacement. Approval of the parity principle was implicit. See the testimony of Mr. J. J. McMullen, Chief, Office of Ship Construction (hearings before the House Committee on Merchant Marine and Fisheries,

⁴⁰ "Maritime Subsidy Policy," April 1954, foreword.

⁴¹ Committee print, 83d Cong., 2d sess. (1954).

"Study of the Operations of the Maritime Administration and the Federal Maritime Board," 84th Cong., 1st sess., 1955, pp. 40-41), and of Mr. H. M. Hochfeld, Deputy Director for Government Aid, Federal Maritime Board (id., p. 156); and statements by the committee chairman in the committee report following the vessel replacement hearings.⁴²

18. *Maritime study, 1956*.—In April 1956, the Secretary of Commerce submitted to the President a study prepared by the Maritime Administration entitled, "A Review of Direct and Indirect Types of Maritime Subsidies With Special Reference to Cargo Preference Aid." This study likewise supported the parity principle underlying construction-differential subsidy, stating, *inter alia*: "The principle behind this type of aid is based upon the realization that operators of vessels registered in the United States must be provided with parity as to vessel construction cost" (p. 4).

In summary, the paramount objective of Congress in providing shipyard subsidies in the 1936 act was to place domestic shipyards in a position to sell vessels to U.S. operators at prices on a parity with foreign construction costs. Congress thereby sought to induce U.S. citizens to construct vessels in domestic rather than in lower cost foreign yards to insure the maintenance of an American shipbuilding industry, which it considers vital to the national defense. These subsidies are intended for the benefit of the shipyard, not the vessel purchaser. The term "subsidy" is actually misleading, since the shipyard receives only its costs,⁴³ and the purchaser of the vessel is placed in no better position than if he had constructed his vessel in a foreign yard. Indeed, it is anomalous that while the shipyard benefits, it is the vessel owner and not the shipyard who must bear the brunt of various restrictions attendant upon the payment of such subsidy.⁴⁴

As shown by the analysis above, the parity principle underlying shipyard subsidies has been reviewed on numerous occasions since 1936 by Congress and by other Government agencies. In each instance the parity principle has been strongly endorsed as the most effective way to maintain the domestic shipbuilding industry.

With respect to the 50-percent limitation in section 502(b), it is clear that Congress in 1936 did not believe that the actual cost differential would in any event exceed 50 percent. The limitation was fixed at the 50 percent level not to limit the payment of parity but to provide a margin of safety to insure that the Maritime Commission would have the necessary authority to achieve parity in any given case.

On those occasions subsequent to 1936 when changing conditions have threatened to frustrate the parity policy, Congress in each instance has indicated its willingness to act where necessary to protect the integrity of its policy. Thus, remedial legislation proposed by the Maritime Commission actually passed the Senate in 1938, and was under study by the House prior to the outbreak of the European war. The need for new construction was not critical in the early postwar years because of the availability of the war-built fleet. Nevertheless, increasing differentials were a subject of continuing review. In 1950 the Chairman of the Maritime Commission advised the House Appropriations Committee that because of increasing differentials, the Commission was studying the advisability of recommending an increase in the 50-percent limitation. In 1952, the Commission's successor, the Federal Maritime Board, also recognized that changing economic conditions may require amendment of the act.

In summary upon each review of shipyard subsidies, Congress and the responsible executive agencies have reaffirmed the basic parity policy. When changing conditions have threatened to frustrate that policy, Congress has given the matter sympathetic consideration, and when action has been required to protect the integrity of the provisions designed to effectuate that policy, Congress has acted to maintain its long established parity principle.

⁴² Hearings before the House Committee on Merchant Marine and Fisheries on H.R. 4118 and H.R. 5950, "Vessel Replacement Program," 84th Cong., 1st sess. (1955), pp. 197-198; H. Rept. 843, 84th Cong., 1st sess. (1955), pp. 5, 10.

⁴³ Section 505(b) of the act provides for recapture by the Government of any excess shipyard profits on vessels constructed with subsidy.

⁴⁴ E.g., under title V of the act, the vessel must remain documented under the American flag for at least 20 years; it may not be operated in the domestic trade of the United States except in limited instances and upon condition that the owner rebate a portion of the subsidy paid on the vessel; and the vessel is subject to requisition by the Government at its actual cost less subsidy, subject to depreciation, even though its actual value (and those of comparable foreign-built vessels) may be much greater. There are numerous additional restrictions imposed upon the recipient of operating subsidy which, as a practical matter, it is also necessary to consider. See statement by Admiral Cochrane, Chairman of the Maritime Commission, in hearings before the House Committee on Merchant Marine and Fisheries, 82d Cong., 1st sess., on S. 241 (the long-range shipping bill) (1952); pp. 490-497. Thus, construction subsidy and operating subsidy are complementary, and, even with construction subsidy, it has been feasible to undertake new construction for U.S.-flag berth operations only where there is assurance also of receiving operating subsidy for operation of the vessel thereafter.

EXHIBIT II

A LEGISLATIVE HISTORY OF THE PARITY PRINCIPLE UNDER THE MERCHANT MARINE ACT, 1936

Committee of American Steamship Lines, Washington, D.C., August 1959

This study sets forth the legislative history of the parity principle embodied in title VI, Merchant Marine Act, 1936, and analyses of subsequent developments.

THE PROBLEM CONSIDERED

Title VI of the Merchant Marine Act, 1936, provides for certain payments to citizens operating U.S.-flag vessels in berth services on essential trade routes in the foreign commerce of the United States. These payments, called operating-differential subsidies, are intended to put qualified operators in a position to compete on an equal cost basis in world trade with their lower cost foreign competitors; i.e., to place them on a "parity" with their foreign competitors, insofar as the principal items of vessel operating costs are concerned. It has been repeatedly recognized that without some such means of offsetting the considerably higher costs of operating under the U.S. flag, it would be impossible to maintain a U.S.-flag merchant marine.¹

Section 601 of the act provides that such payments shall be made following certain required findings, including the finding that such aid "is necessary to place the proposed operations of vessel or vessels on a *parity*² with those of foreign competitors." Under section 603(b) of the act, the operating-differential subsidy contract shall fix the amount of the subsidy, which "shall not *exceed* the excess of the fair and reasonable cost of insurance, maintenance, repairs not compensated by insurance, wages and subsistence of officers and crews, and any other items of expense in which the Commission shall find and determine that the applicant is at a substantial disadvantage in competition with vessels" of its foreign competitors.

Section 606(1) of the act provides that the amount of future subsidy payments "shall be subject to review and readjustment from time to time, but not more frequently than once each year"; that if such readjustment cannot be reached by "mutual agreement" the Commission, "after a proper hearing," shall determine the facts and "make such readjustment in the amount of such future payments as it may determine to be fair and reasonable and in the public interest." The Commission's factual determination in this respect, by the terms of section 606(1), shall "be based upon and governed by the changes which may have occurred since the date of the said contract, with respect to the items theretofore considered and on which such contract was based, and other conditions affecting shipping."

This paper is directed particularly to the question whether the parity principle has been uniformly recognized in calculating operating-differential subsidy, or whether something less than parity will satisfy the provisions of the statute.

CONCLUSION

On the basis of our study of the legislative history of the Merchant Marine Act, 1936, and all pertinent administrative and legislative material since that date,³ we have concluded that the principle of parity was clearly intended by Congress; has been uniformly recognized by the construction given the statute and the operating-differential subsidy agreements by the agencies administering them, both contemporaneously with its enactment and subsequently; has not been criticized and indeed has been approved by the Comptroller General; and has repeatedly been reviewed and approved by the responsible committees of Congress and executive agencies and officials. The obligations of the statute

¹ For a recent statement by Federal Maritime Board Chairman Morse, see hearings before the House Committee on Appropriations on the 2d supplemental appropriation bill, 1959, 86th Cong., 1st sess. (1959), p. 383.

² Emphasis added throughout this paper.

³ A bibliography is appended to this memorandum.

are satisfied only by the payment of parity for the items enumerated in the statute, computed as accurately as is permitted by the inherent difficulties of obtaining foreign-flag competitive costs.

DISCUSSION

1. *Legislative history of the 1936 act*

The earliest proposals embodying the parity principle were put forth by the U.S. Chamber of Commerce during consideration of the Shipping Act, 1916.⁴ The chamber then proposed the creation of a central board to determine and finance the exact cost differential in construction and operation under U.S. and foreign flags. It renewed this proposal in 1922 in joint hearings before the Senate Committee on Commerce and the House Committee on Merchant Marine and Fisheries considering amendments to the Merchant Marine Act of 1920.⁵ However, Congress at that time was concerned primarily with other proposals to maintain the U.S. merchant marine.⁶

Thereafter, as noted above, Congress provided a system of subsidies under the Merchant Marine Act, 1928, based on ocean mail payments. In a number of instances calculations thereunder were made in part upon the difference in cost of operation under U.S. and foreign flags. Dissatisfaction with other aspects of the ocean mail pay system ultimately resulted in repeal of the 1928 act and passage of the Merchant Marine Act, 1936, which, for the first time, enacted the parity principle of operating subsidies.

(a) *The Black and Interdepartmental Committees.*—The dissatisfaction with earlier methods of subsidy culminated in an extensive investigation by a special Senate committee headed by Senator Black. The controversy was touched off in January 1933 by an attempt to make drastic cuts in appropriations for ocean mail payments under the Merchant Marine Act, 1938.⁷ The Black committee held hearings from May 1933 to March 1934. Its report, filed with the Senate in May 1935, strongly advocated Government ownership and Government operation. Nevertheless, it recognized that its views might not be acceptable to the executive and legislative branches of the Government, and suggested several alternatives in the event private ownership and private operation should be the future governmental policy. In that connection, the Black committee recommended:

"The operating subsidy should equal the differential between the operating cost of the American operator and the operating cost of that substantial foreign competitor operating most cheaply in that service, foreign subsidy being taken into consideration. As in the case of construction differentials, your committee is of the firm opinion that it is, and always will be, utterly impossible for an agency of this Government to determine accurately the true operating costs of foreign ships owned and operated by foreign citizens whose records are maintained in foreign countries. In view of this fundamental precept, the operating subsidy should be subject to recapture and should be returned to the Government in the same manner as heretofore provided with respect to the construction subsidy" (S. Rept. 898, 74th Cong., 1st sess., pp. 44–45).

Thus, the parity principle was specifically sanctioned by the Black committee. The Interdepartmental Committee on Shipping Policy,⁸ which considered the problem concurrently with the Black committee, was of a like mind on the question of operating-differential subsidies. In explaining its recommendation No. 6(2), namely:

*"That an operating subsidy be provided to take care of differentials between domestic and foreign operating costs in specific services and trade routes * * *."*

⁴ "The Use and Disposition of Ships and Shipyards at the End of World War II," the so-called Harvard report, prepared for the U.S. Navy and the Maritime Commission by the Harvard Graduate School of Business, June 1945, p. 281.

⁵ Joint hearings before the Senate Committee on Commerce and the House Committee on Merchant Marine and Fisheries, to amend the Merchant Marine Act of 1920 (1922), vol. 2, p. 2309.

⁶ For example, President Harding, in his address to Congress in 1922, proposed to set aside 10 percent of all duties on imports by U.S. or foreign vessels, plus collections from tonnage charges, taxes and other fees, for the creation of a merchant marine fund for mileage allowances for U.S.-flag vessels engaged in foreign trade. *Id.*, p. 2309; see also the Harvard report, *supra*, p. 286.

⁷ Congressional Record, 72d Cong., 2d sess. (1933), pp. 3289, 3386.

⁸ The Interdepartmental Committee consisted of representatives of the Secretaries of Labor, Agriculture, Navy, State, Commerce, and of the Postmaster General, the Committee on Shipping, Business Advisory and Planning Council, and the National Recovery Administration. It was appointed by the Secretary of Commerce on June 18, 1934, following recommendations to him by the Director of the Shipping Board Bureau, and in turn by him to the President, for the adoption of a subsidy system based on actual cost differentials in shipbuilding and operation, i.e., the parity principle.

The Committee stated:

"The American ship operator finds himself at an economic disadvantage with his foreign competitors. In order to put the American operator *on a parity with his foreign competitor*, the committee proposes governmental aid to remove this economic handicap and place the operator in a competitive position.

"Therefore the Committee proposes that the differentials between foreign and domestic construction costs and foreign and domestic ship-operating costs be assumed by the Government. * * *" (H. Doc. 118, 74th Cong., 1st sess., p. 30).

The Committee also said:

"The Committee feels that any amount paid by the Government should only be such amount as will meet the differential that exists and that *because of changing conditions the system should be sufficiently flexible as to absorb the actual differential*" (ibid., p. 35).

(b) *The President's message.*—On the basis of the Black committee investigations and the Interdepartmental Committee report, together with that of the Postmaster General (which is not material on the question here involved), the President delivered his message to Congress dated March 4, 1935. After stating that Congress should end the "subterfuge" of hidden subsidies such as provided by earlier laws, the President announced his policy as follows:

"* * * If the Congress decides that it will maintain a reasonably adequate American merchant marine I believe that it can well afford honestly to call a subsidy by its right name.

"Approached in this way a subsidy amounts to a comparatively simple thing. It must be based upon providing for American shipping Government aid to *make up the differential between American and foreign shipping costs*. It should cover first the difference in the cost of building ships; second, *the difference in the cost of operating ships*; and finally, it should take into consideration the liberal subsidies that many foreign governments provide for their shipping. Only by meeting this threefold differential can we expect to maintain a reasonable place in ocean commerce for ships flying the American flag, and at the same time maintain American standards" (H. Doc. 118, 74th Cong., 1st sess., p. 2).

The President in his message referred with approval to the report and recommendations of the Interdepartmental Committee on Shipping Policy, and obviously was relying upon the Committee's recommendations.

(c) *Congressional hearings, reports, and debates, 1935-36.*—The House Committee on Merchant Marine and Fisheries thereafter held preliminary hearings in response to the President's proposal, following which identical bills H.R. 7521 and S. 2582 were introduced in Congress. There were various expressions of support for payments to vessel operators based on the parity principle (e.g., House committee hearings, on H.R. 7521, p. 30).

During the hearings before the House committee on H.R. 7521, Mr. Alfred H. Haag, Chief, Division of Shipping Research, U.S. Shipping Board Bureau, one of the leading draftsmen of the bill, gave the following significant testimony:

"Mr. HAAG. * * * When we place an American on an equality with a foreigner, insofar as the cost of the ship is concerned, and the operation of the ship, a great load is taken off of the American. And, so far as the ship, and the wages, subsistence, and maintenance of that ship are concerned, they are then *practically on a parity with the foreigner*. In other words, what the subsidy should aim to do is to match the conditions that would exist if the American shipowner went abroad, contracted for his ship there and then placed his ship under a foreign flag. We say: 'We are willing to give you the identical ship, built in an American yard at the foreign cost, and *compensate you for the greater cost of operation under the American flag*, compared with the cost of operating under the foreign flag. So that when you have that ship at the foreign cost and have been compensated for the differential in the cost of operations, you are *virtually on a parity with the foreigner*, insofar as the ship and the operations are concerned' " (House hearings on H.R. 7521, p. 804).

The report of the House Committee on Merchant Marine and Fisheries which accompanied H.R. 8555 (H. Rept. 1277, 74th Cong., 1st sess.) recited that (p. 13): "This committee has provided in this bill aids which the President said should be provided; namely:

"* * * first, the difference in the cost of building ships; second, the difference in the cost of operating ships, and finally, it should take into consideration the liberal subsidies that many foreign countries provide for their shipping (H. Doc. 118, p. 2).'"

Mr. J. C. Peacock, Director, Shipping Board Bureau, in testifying before the Senate on S. 2582, said:

"The purpose [of the bill], as we understand it—and in which we concur—is that the operating subsidy should represent *the difference between the cost of operating a particular American vessel or vessels, and foreign vessels engaged in a similar trade*" (Senate hearings on S. 2582, p. 19).

The Senate committee reporting on S. 2582 described operating subsidy as a "frank and open subsidy to reimburse the operator of an American vessel for the extra cost of operating under our higher and more desirable conditions of living * * *" (S. Rept. 713, 74th Cong., 1st sess., p. 5).

When Mr. Haag appeared before the Senate committee at the following session of Congress, testifying with respect to a revised bill (S. 3500), he discussed "subsidy" at length, as follows (pp. 69-71):

"The reference this morning to the question of subsidy, I think, needs a little enlightenment. *The thought, as I interpret it in this bill, is to provide parity for the American ship industry with that of the foreign ship industry.* Also to enable ships to be built in the United States which otherwise could not be built in the United States because of the much higher cost of building ships here.

"As I view it, *the intent in this legislation is to provide for such parity between American and foreign ships.* * * *

* * * * *
 "On the operating differential, let us assume that the difference in the cost of operating that ship, that \$1 million ship under American registry compared with foreign registry, is somewhere in the neighborhood of \$30,000 a year. I do not say that is the figure, but I am going to use it for purposes of illustration, and I presume in the costs of operation, that such items as American wages, the higher subsistence costs and the higher maintenance costs and the difference in insurance on the American and the foreign costs are the principal items under consideration.

"When the Government equalizes that \$30,000, it is not paying the shipowner a subsidy. It merely enables the American shipowner to pay the American wage scale, the food costs, and the cost of repairs to maintain that ship.

* * * * *
 "Now, let us contrast that [Government operation] with what the shipowner can do. The shipowner is privileged to place a contract for his ship abroad. He makes investigation and finds that he can produce that ship for \$600,000 abroad, and he can operate it for \$30,000 less under a foreign flag. The Government makes him a proposition and says: 'We would like that ship built in the United States and we would like that ship registered under the American flag.' The Government says: 'We are willing to make up the difference and equalize the higher American building costs and the higher American operating costs.'

"If the Government adjusts that difference, it is only putting the American shipowner in on the same basis precisely as the American shipowner was when he went abroad and got his \$600,000 cost, and would have registered under the foreign flag. It is merely that advantage that the American shipowner can get if he does the job abroad. He does the job in a foreign yard where the lower wages are paid, and he does the job of operation under lower subsistence, wages, and maintenance costs.

"When the Government stops at equalization, it does not constitute a subsidy. *That merely provides parity in precisely the same way that the shipowner can do it if he went abroad to do the job.*"

Mr. Haag's analysis was accepted by Senator Copeland, chairman of the Senate committee, in the following colloquy with Mr. Peacock (p. 84):

"THE CHAIRMAN. * * * Now, the construction subsidy which Mr. Haag so well defined yesterday is not a subsidy but simply an attempt at parity; and that construction subsidy, if we use that word now, is not received by the ship operator, is it?"

"MR. PEACOCK. No; I do not believe it is even under this bill. I think it is paid directly to the shipbuilding, as I recall.

"THE CHAIRMAN. It is received by the shipbuilder and not the ship operator, and the operating subsidy is a repayment to the ship operator of that part of the expenses which he has already incurred, representing the excess cost to him of operating the ship under the American flag instead of the foreign flag. That is true, is it not?"

"MR. PEACOCK. I believe so. That is certainly the theory of the bill.

* * * * *
 "THE CHAIRMAN. * * * Mr. Haag yesterday used language that provoked thought. This thing we are proposing is not to give the ship operator some money, it is merely to pay the difference between his operation under a foreign flag, if he

chose to so operate, and under the American flag. That is the purpose of it. I think we ought to give emphasis to that whenever we can, because as I see this bill—and I haven't thought about much else for a couple of years—we are not doing something for the American operator; we are doing it for the American people.”

Similarly, the Senate Committee on Commerce in its report accompanying S. 3500 (S. Rept. 1721, 74th Cong., 2d sess.) stated (p. 3):

“The President's message presented to Congress the following principal problems:

* * * * *

“(c) The creation of a direct subsidy calling for the payment to the shipbuilder of a construction subsidy representing the difference between the American and foreign cost of construction, and an operating subsidy which represents the difference between the American and foreign operating costs—in which should be considered the subsidies paid by foreign governments to their shippings;

* * * * *

“The bill submitted by your committee fully complies with every recommendation of the President, except the one calling for the immediate transfer of regulatory powers to the Interstate Commerce Commission. Your committee has not believed the present time opportune for such transfer.”

The committee further said (pp. 7, 17–18, 20):

“The operating differential is paid to the ship operator. The amount of this so-called operating subsidy is primarily limited to a repayment of sums of money which he has already disbursed in payment for the American labor employed upon his American ship and for the American materials required in its maintenance and operation. This labor and these materials cost more under the American flag than they would have cost under a foreign flag. The repayment or reimbursement to the operator of the excess cost is not, therefore, in any sense of the word, a subsidy. It is merely an equalization of his American costs as against the costs of foreign-flag operation. There can be no profits to the ship operator in the repayment to him of these out-of-pocket excess expenses which he has already incurred. For this reason, many of the restricting and limiting provisions contained in this bill may seem unnecessary, but are inserted to make sure there can be no recurrence of the alleged abuses made possible by deficiencies in the act of 1928. It is the purpose of this bill to endeavor to place the American owner and operator of an American-flag ship on a competitive parity with his foreign-flag competitor. ‘Parity’ carries with it no guarantee of profits, and if there are to be any profits, they must be made in competition with foreign shipping.

* * * * *

“This part [operating-differential subsidy] authorizes the payment to the operators of an operating subsidy which represents the excess of the fair and reasonable cost of operating an American-flag ship over the cost of operating a foreign-flag ship.

* * * * *

“Provision is made for the recapture by the Government to the extent of the operating subsidy of 50 percent of the profits above 10 percent, after the creation of the required reserves.

“Your committee thought it wise to insert this provision although the possibility of recapture to some extent destroys the ‘parity’ or equality of opportunity with the foreign competitor, no doubt contemplated by the President in his message of March 1935. No foreign subsidizing nation, other than France, applies this theory, but France shares losses as well, a proposition vastly more desirable to the shipowner than our proposal, which contains no guarantee whatever against losses.”

It is not surprising, then, that Senator Copeland, in explaining the bill on the floor of the Senate, stated (79 Congressional Record, 74th Cong., 1st sess., p. 10258):

“In other words, what we seek to do in placing our shipowner on a parity with his competitors is to make him the same proposition that is open to him if he wishes to become a foreign steamship company, build his ships in a foreign country, and operate them under the foreign flag.”

It is plain from the foregoing that Congress, in enacting title VI of the act, intended that the subsidy payments would be computed so as to achieve parity as closely as the inherent difficulties of accurately determining foreign-flag competitive costs would permit.

2. Contemporaneous construction

This conclusion is further confirmed by the contemporaneous construction of the 1936 act by the administering agency, i.e., the Maritime Commission. Thus, in its first report to Congress (covering the period October 26 through December 31, 1936), the Maritime Commission stated (p. 3):

"Since 1928 the Government has been contributing to the support and development of the merchant marine through ocean-mail contracts. This form of governmental assistance was found unsatisfactory, and the new Merchant Marine Act provides for the adjustment and termination of all existing ocean-mail contracts, of which there are 43, by June 30, 1937. These contracts are to be supplanted by operating differential subsidies under which the Government, in effect, will pay to the shipowners *the difference in cost between operating American- and foreign-flag ships* on the same trade routes, or under comparable conditions * * *."

Reference to the problem is also found in the "Economic Survey of the American Merchant Marine," the comprehensive study made by the Maritime Commission in 1937. In discussing the desirability of certain legislative proposals made, the survey stated (p. 65):

"* * * The Government's contribution for construction is not paid to the shipowner but to the shipbuilder; and the contribution for operating differential is intended to represent mere excess cost of wages, repairs, subsistence, etc., over and above what the foreign competitor must pay for the same items, and which the American contractor merely passes on to American seamen, repairmen, etc. * * *"

The necessity for continuity in application of the parity principle was recognized in the following comment in the survey, which was quoted with approval by the Senate Committee on Commerce (S. Rept. 1618, 75th Cong., 3d sess., 1938, p. 3), and noted with approval by the House committee (H. Rept. 1950, 75th Cong., 3d sess., 1938, p. 8):

"The amount of subsidy accrued during the fiscal year 1940 represents an increase of approximately 10 percent over the previous year, despite a slight decrease in the number of subsidized voyages completed. *This increase in subsidy is a direct result of increased operating costs* which have taken place since the outbreak of the European war. * * *"

"So far as the investor is concerned, the principal obstacle to capital financing is the political vulnerability of subsidized profits. Subsidization, in the popular mind, is a device for the preservation of industries faced with extinction; it is not regarded as a proper instrumentality for guaranteeing profits. *The moment a subsidized ship line creates substantial cash reserves and, perhaps, begins to pay dividends, there arises a demand for a reduction in the amount of aid.* The general public does not know that the cyclical nature of the shipping industry requires large cash reserves; nor do people stop to realize that *the continuation of private investment requires the payment of profits.* The investor cannot be blamed for hesitating to put his money into an industry which, if profitable, is constantly subject to public and congressional condemnation on the ground of excessive subsidy."

Together with the following comment of the Senate Committee:

"As previously explained, neither the construction subsidy, which the shipowner never receives and which is not reflected in the utility value of the ship, nor the repayment of excess costs of operation under the American flag, can be considered a subsidy in the true sense. A subsidy contract under our system gives the Government value received for every dollar of public money spent. *A subsidy contract based on the act is complete in itself and once consummated after negotiation at arm's length should not be amplified by additional strings and conditions, not contemplated in the basic subsidy law.* This policy once firmly established should do much to overcome investor timidity and shipowner reluctance to long-range ship replacement contracts."

In memorandums submitted to the House Committee on Merchant Marine and Fisheries in 1939, in connection with various proposals to amend the 1936 act, the Maritime Commission stated:

"The Commission determines the essential trade routes pursuant to sections 210 and 211 of the act, considers applications from private American steamship companies, and awards contracts to those who will agree properly to maintain and develop such trade routes with American-flag ships. *The Government offers in exchange for the shipowner's assumption of that obligation, approximate parity of*

* The Commission's report to Congress for the year ending October 25, 1940, likewise recognized the direct relationship between increased costs and increased subsidy payments (p. 11):

cost with foreign lines which serve the route in question, and the additional protection of countervailing subsidy where resort to the same is found by unanimous vote of the Commission to be necessary to offset the effect of governmental aid paid to foreign competitors" (Hearings before House Committee on Merchant Marine and Fisheries on H.R. 5130, merchant marine bill, 1939, 76th Cong., 1st sess., 1939, p. 207).

In discussing countervailing subsidies, it commented also that the legislative history of the act shows that the sponsors of the "most liberal merchant-marine bills of 1935 and 1936" "were thoroughly imbued with the doctrine of full and complete parity" (id., p. 211). It further stated that it recognized the necessity of countervailing subsidies upon occasion "to preserve the 'parity' envisioned by the act * * *" (p. 214), and again referred to "the parity purpose of the act."

In the report of the Postwar Planning Committee, transmitted by the Maritime Commission to the House Committee on Merchant Marine and Fisheries in July 1946, it was stated:

"Regardless of the amount of aid extended by the Government, it is important that there be continuity of policy. Our record in this respect is not good. The subsidized lines have a right to expect stability in the principle of parity, as embodied in the Merchant Marine Act. Meanwhile, those companies which have been able to survive without Government assistance should be encouraged to continue and even to expand their operations" ("Postwar Outlook for American Shipping," p. 62).

Shortly thereafter, in the Commission's report to congress for the fiscal year 1946, the following significant statements were made:

"The Merchant Marine Act, 1936, was conceived and placed on our statutes at a time when the fortunes of the American merchant fleet were at a low ebb. The legislation was designed to correct certain ills in our maritime structure by a franker and more realistic approach to their basic causes. It provides a practical and reasonably economical method of stimulating and promoting American ship-building talents; and enables American ship operators who encounter lower cost competition from foreign operators on designated routes in our foreign trade to equalize capital costs and operating expenses by grants from the public treasury.

"Thus, the Merchant Marine Act, 1936, at war's end, was still the basic expression of national maritime policy. A virtually new Commission coming into office during the fiscal period would be guided by its principles in meeting the problems of fitting a vast fleet into a domestic and world maritime situation immensely complicated as an aftermath of war (p. 4).

* * * * *

"The Postwar Planning Committee was directed to study such matters as probable trade trends, subsidies, maritime labor, changes resulting from the war, shipping conferences, the Reserve fleet and other influences on our maritime activities, with special emphasis toward determination of the trade routes essential to our foreign commerce. A report was submitted in June 1946.

"Determination of the essential trade routes is more than an abstraction. They are required as a basis for the payment of parity grants to American ships in foreign trade which compete on these routes with foreign vessels having much lower operating costs (p. 11).

* * * * *

"There is frank recognition in the act of 1936 that the American Merchant Marine is at a disadvantage with foreign competitors. Vessels built in the United States cost more than those built abroad, because we pay our shipyard workers more, and other costs are greater. The same is true as to American seamen, paid the highest wage scale of any seamen and furnished accommodations and subsistence commensurate with the substantially higher American standard of living.

"These competitive disadvantages of the act of 1936 seeks to lessen by extending financial aid in both the purchase and operation of ships engaging in foreign commerce on the essential routes. Grants covering all or most of the differential between the cost of building a vessel in the United States and the construction cost abroad are designed to place the American operator generally on a par with foreign competition as to capital costs. Operating-differential grants for vessels operating on essential foreign trade routes are computed to cover the difference between crew wages, repairs and other items in which foreign vessels have a low cost advantage (p. 13).

* * * * *

"There has been some opposition expressed to resumption of operating subsidy payments under the present conditions of availability of full cargoes for the vessels retained or being placed in active service. *However, as indicated before, operating subsidies are paid to offset disparities in certain operating costs by American-flag and foreign-flag companies operating on essential routes.* Recapture provisions incorporated in each operating subsidy contract provide for a return to the Commission of half of the operator's profits in excess of an amount equal to 10 percent of the capital necessarily employed in the business, computed cumulatively on an annual basis. The accrual becomes due to the Commission at the end of each 10-year period, provided that the total refund to the Commission shall not exceed the total subsidy payments to the operator during each recapture period. The total recapture accrual to the Commission under current subsidy contracts, due principally from prewar operations, now exceeds \$28 million as against total subsidy payments of approximately \$49 million.

*"The Commission believes that the recapture provisions justify the taking of a long-range viewpoint toward development and maintenance of each essential foreign service, regardless of temporary changes in shipping conditions such as the present high volume of cargo offerings and increased rates, due in some measure to the efforts of war-ravaged nations to rebuild their economies * * *"* (pp. 16-17).

3. Specific decision of the Maritime Commission

Late in 1947, prior to the execution of postwar agreements providing for the resumption of subsidized operations and payment of operating-differential subsidies, the Maritime Commission and the House Appropriations Committee gave serious consideration to the question whether the parity principle should or could be modified, in view of the then prevailing high levels of traffic and profits on many trade routes. The argument had been advanced that in considering the phrase "other conditions affecting shipping" in section 606(1) of the act (which provides for annual review and readjustment of the operating-differential rates), the Commission could take into account profits then being earned. This assertion was vigorously contested by the subsidized lires in their letter of February 18, 1948, to which was attached a memorandum setting forth an analysis of the legislative history and administrative interpretation of sections 606(1) and 606(5) of the act.

The Commission's minutes reflect that the matter was discussed on February 18, 1948, at a meeting held between the Commission, responsible members of its staff, and representatives of the industry. Those minutes concluded with the following statement:

"After a brief open and general discussion, the Commission informed the operators that it would render a decision within a few days with respect to the policy to be established with regard to the basis of determining subsidy payments."

The Commission's minutes of March 8, 1948, next report that Mr. C. H. McDaniel, Chief, Government Aids Division, brought to the Commission's attention the fact that unless some definite instructions should be given him promptly, he would be unable to report any progress to the House Appropriations Committee or its representative, Mr. Kracke, in connection with developing operating-differential subsidy budgets for the fiscal year 1947 through 1949. The minutes then continue (pp. 48057-48058):

"The Commission entered into a discussion of operating-differential subsidy contracts and budget limitations with respect thereto as might be imposed by the Appropriations Committees of the Congress. In the discussion with respect to this matter it was brought out that *operating-differential subsidies were paid for the purpose of meeting the disparity between the cost of the particular elements mentioned in the Merchant Marine Act, 1936, as amended, as incurred by the American operators in approved trade routes as against the cost of such items to foreign competitors in the same services.* Subsidy payments, it was stated, should not be considered on the basis that they had been approved for the purpose of determining profit or loss of an operation, and the amount or rate of subsidy would not in any instance be determined on whether or not an operator was making or losing money. It was finally stated that apparently the Appropriations Committee in its limitation with respect to the amounts appropriated for the payment of subsidy had misconstrued or did not fully understand the nature of operating subsidies, and that the Commission should have held to its long-term position in the presentation of its request for appropriations, with the proper emphasis in such presentation upon the fact that subsidy rates which vary with each route are for the protection of the Government reviewed annually, and finally, therefore, that the Commission's position should be positively taken on a parity basis; in other

words, the Commission should apply the provisions of the Merchant Marine Act 1936, as amended".

The minutes of a second meeting, held later in the same day, read as follows (p. 48059):

"DISCUSSION RE OPERATING-DIFFERENTIAL SUBSIDIES

"The Commission again entered into further discussion with respect to operating-differential subsidies during which it was brought out that the Commission's policy with respect to operating-differential subsidy contracts should be that obligations to contractors would be made upon the basis of parity payments as determined by the Commission and as provided under the Merchant Marine Act, 1936, as amended, and that should the Congress appropriate amounts less than the obligations as determined to be necessary to meet the parity payments as determined by the Commission, such appropriations would be applied by the Commission against obligations in the manner to carry out as far as possible the purposes of the Merchant Marine Act, 1936, as amended, and the terms of the operating-differential subsidy contracts.

"By the 'yea' vote of Chairman Smith and Commissioners Carson, McKeough, and Mellen, the Chief, Government Aids Division, was directed to prepare and submit to the Commission for formal action a statement setting forth the Commission's proposed policy as described above."

The final action of the Commission on this matter is noted in its minutes of March 10, 1948 (p. 48132), where the following appears:

"POLICY RE COMPUTATION OF SUBSIDY DUE UNDER OPERATING-DIFFERENTIAL SUBSIDY CONTRACTS

"Pursuant to the direction of the Commission at the special meeting (second session) on March 8, 1948, there was presented the following statement prepared by the Chief, Government Aids Division, setting forth the Commission's policy with respect to the computation of subsidy due under operating-differential subsidy contracts:

"1. The Commission determined that it will continue to compute subsidy due under all operating-differential contracts based on operating-differentials incorporated in the individual contracts and that such differentials will continue to be subject to review, as to disparity in cost not more often than once each year, pursuant to the Merchant Marine Act, 1936, as amended.

"2. The budget submitted to Congress for each fiscal year will be estimated and determined on the basis of parity as reflected by the differentials incorporated in the subsidy contracts.

"3. The Commission, in order to meet the suggestion of the House Appropriations Committee to the effect that recapture accrual under the subsidy contracts not be impounded in the special reserve fund, will submit to the Appropriations Committee revised budgets for the fiscal years 1947 (beginning January 1, 1947), 1948, and 1949, reflecting the estimated amounts accruing under said contracts, determined on the basis of parity, and the estimated cash payments required in the effectuation of such a procedure.

"4. Directed the Chief, Government Aids Division, in cooperation with the Assistant General Counsel and the Chief, Bureau of Fiscal Affairs, to submit an outline of a procedure to be used in carrying out the plan referred to in paragraph "3" above and thereafter prepare statements in keeping with the procedure adopted by the Commission for the calendar years 1947, 1948, and 1949 for submission to the Appropriations Committee after approval by the Commission."

"After discussion, by the 'yea' vote of Chairman Smith and Commissioners Carson, McKeough, Mellen, and Parkhurst, the Commission formally approved the foregoing statement, and the proper officers of the Commission were authorized and directed to take any and all actions necessary and proper to carry the action of the Commission as above set forth into effect."

It was in reliance upon this reaffirmation of the parity principle that negotiations for resumption of subsidized operations proceeded to their successful conclusion in 1949. The minutes clearly state that the Commission's "obligation to contractors would be made upon the basis of parity payments." Moreover, the Appropriations Committees' acceptance of the Commission's position on parity has been clearly expressed by the then current and succeeding appropriation acts.

4. *Decisions in quasi-judicial proceedings*

Both prior and subsequent to the above decision of the Commission, that agency, and its successor, the Federal Maritime Board, had opportunity to discuss and interpret the provisions of title VI of the act in their regulatory capacities. Their consistent approval of the principle of parity plainly appears from the following decisions:

"The purpose of an operating subsidy is to equalize certain operating expense items of the American-flag operator with the corresponding expense items of its foreign competitor or competitors, and the necessity thereof is not determined on a profit basis * * *" (*Am. Sou. African Line, Inc.—Subsidy, Route 14, 3 U.S.M.C. 314, 321 (1947)*).

"It is provided in title VI of the act that the U.S.-flag operator may be placed on a parity of costs with his foreign-flag competitor when there is, inter alia, substantial foreign-flag competition, and accordingly we believe that the subsidy is to be calculated to carry out the purposes and policy of the act and to promote the foreign commerce of the United States * * *" (*American President Lines, Ltd.—Subsidy, Route 29, 4 F.M.B. 51, 60 (1952)*).

"* * * Moreover, in fixing the amount of subsidy under section 603(b) of the act, the Board is directed to consider such items of expense as to which the applicant is at a 'substantial disadvantage' in competing with the vessels of a foreign country whose vessels are 'substantial competitors' of the vessels covered by the contract. There is no requirement under the act nor could we imply that the only foreign-flag competitors, considered as competitors, must offer a service which is substantially similar to that offered by the U.S.-flag operator. In fact, the differential is computed, not by using a foreign-flag vessel as the basis for foreign costs, but by estimating such foreign costs as if the vessel to be subsidized 'were operated under the registry of the foreign country'" (*Review of Grace Line Subsidy, Route 2, 4 F.M.B. 40, 48 (1952)*).

The recommended decision of Examiner Jordan in *Review of Miss. Ship. Co. Subsidy, Route 20, 4 F.M.B. 75*, contained the following statements (p. 96-97):

"There is no requirement in the awarding of subsidy that foreign-flag competitors must carry exactly the same kind of traffic as that carried by the U.S.-flag operator. The policy under title VI is to place the operation of the U.S.-flag vessels on a parity with those of foreign competitors when it is found that the payment of subsidy is reasonably calculated to carry out effectively the purposes and policy of the act. Thus, the fundamental purpose is to place U.S.-flag transportation on a parity with foreign-flag transportation, not to set apart certain kinds of traffic and weigh each kind against the foreign-flag competition for. * * *

"In fixing the subsidy under section 603(b) of the act it is provided that the Board shall consider such items as to which the U.S. operator 'is at a substantial disadvantage in competition with vessels of the foreign country' whose vessels are 'substantial competitors' of the vessel or vessels covered by the contract. There is no requirement under that section that the foreign-flag competitor offer a service which is substantially similar to that offered by the U.S.-flag operator. In fact, the differential is to be computed under section 603(b) not by using an actual foreign-flag vessel as the basis for foreign costs but by estimating such foreign costs if the vessel or vessels to be subsidized 'were operated under the registry of a foreign country whose vessels are substantial competitors of the vessel or vessels covered by the contract.'"

* * * * *

"The Board should find:

* * * * *

"3. That the extent to which the payment of subsidy in respect to the said combination vessels is necessary to place them on a parity with those of foreign-flag competitors, and is reasonably calculated to carry out effectively the purpose and policy of the Merchant Marine Act, 1936, is the amount, under section 603(b) of the act, that would apply if the combination vessels were operated under the registry of the foreign countries whose vessels are substantial competitors that operate, or have operated, on Trade Route No. 20 since January 1, 1947; * * *"

The Board's report, 4 F.M.B. 68, 69 (1952), after listing the examiner's recommendations, including that above set out, stated:

"We agree generally with the recommended findings of the examiner."

In *Review of Grace Line Subsidy, Route 2, 4 F.M.B. 40 (1952)*; *Review of Miss. Ship. Co. Subsidy, Route 14, 4 F.M.B. 107 (1952)*; and *Review of Farrell Lines Subsidy, Route 15A, 4 F.M.B. 117 (1952)*, one of the issues set for hearing was the extent to which the payment of subsidy was necessary to place the vessels

involved "on a parity with those of foreign-flag competitors." In each instance the Board found that there was no justification for modifying the operating-differential subsidy, then being computed on a basis of full parity.

In *Sales Prices of "Independence" and "Constitution,"* 4 F.M.B. 216, 259 (1952), the Board, although primarily there concerned with provisions applicable to construction subsidy, stated generally, "We believe the principle of parity underlying the Act is basically sound * * *". See also *Capital Necessarily Employed—General Order 71*, 4 F.M.B. 646, 654 (1952).

In *Lykes-Harrison Pooling Agreement*, 4 F.M.B. 515, 522-525 (1954), the Board also referred to the carrier's "need for cost-parity with foreign-flag competitors," and commented that "The purpose of providing cost-parity is to enable the U.S.-flag lines to meet foreign competition, and the existence and degree of such competition are considerations basic to the subsidy contract."¹⁰

5. *The postwar revised operating-differential subsidy agreement*

Notwithstanding the Commission's decision of 1948 and the consistent expressions of the parity principle in the Board's decisions, supra, it was suggested at Maritime staff level from time to time that the 1936 act permitted but did not require operating-differential subsidy payments to be calculated on the basis of parity; i.e., that something less than parity would satisfy the obligation of the act. Former General Counsel Francis Walker stated, on November 15, 1951, apparently upon the basis of the negative language of section 603(b), that:

"Accordingly, it will be seen that the Board has full authority under the contract to reduce the amount of subsidy paid without limit. The only restriction is that it cannot pay more than the differential computed on the basis of the fair and reasonable cost."

This conclusion, but not the opinion itself, was first made public during hearings of the House Committee on Merchant Marine and Fisheries on H.R. 4118, et al., 84th Congress, 1st session (1955), page 93 "Vessel Replacement Program."¹¹ However, the opinion was presumably available to the staff and was undoubtedly the basis for such suggestions by the staff in informal contracts with the subsidized lines. Also, in a recommended decision in *Am. Pres. Lines, Ltd.—Final Subsidy Rates, 1949, 1950*, 4 F.M.B. 327, 333 (1953), Board Member Williams had observed in another context that section 603(b) in terms "only requires that the amount of subsidy 'shall not exceed' parity" and "does not require that the amount awarded to the Operator shall be exactly, or not less than, parity."

The mere possibility of question on this score was a major deterrent to undertaking the long-term financial burdens incident to subsidized vessel replacement, and accordingly, in order to eliminate any uncertainty with respect thereto, the subsidized lines through the Committee of American Steamship Lines (CASL) sought reaffirmation of the parity principle from the Board and Administrator (ex officio Chairman of the Board). On November 18, 1953, the Maritime Administrator had requested CASL to appoint a committee to study and report on measures required to facilitate vessel replacement. That committee thereafter submitted to the Administrator a memorandum reviewing the legislative history of the parity principle¹² and all pertinent legislative and administrative materials, and concluding that it was clearly the intention of the Congress to pay parity, that that intention was embodied in the 1936 act, and that payment of anything less than parity would not satisfy the obligation of the act.

Meanwhile, the House Committee on Merchant Marine and Fisheries instituted hearings upon a number of matters in connection with the overall vessel replacement program, including the parity question (vessel replacement hearings, supra). Both industry witnesses, and Maritime Administrator Morse testified before the committee. Mr. Morse stated:

"My personal views on parity are that the 1936 act sets up adequate standards of parity, fair and reasonable estimated foreign costs and fair and reasonable domestic costs, and I think, while the act says that we may pay not exceeding the differential between those two, *an overall examination of the act and the legislative history contemplates that we do pay the full parity*" (vessel replacement hearings, supra, p. 197; for industry witnesses' testimony, see pp. 16, 89 ff.).

In its report following the hearings, the House Committee on Merchant Marine and Fisheries noted that "it has been the practice and policy of the Maritime

¹⁰ The Board discontinued its investigation upon finding that foreign-flag competition was "substantial."

¹¹ Those hearings indicate there apparently were similar opinions by former Maritime Commission General Counsel Farbach, in 1939 and 1941, likewise unpublished. We have requested the Secretary of the Board to permit us access to these opinions, but as yet have received no response.

¹² "The Parity Principle and the Merchant Marine Act, 1936," Mar. 18, 1954, of which the instant memorandum is a revision incorporating more recent materials.

Administration since the enactment of the 1936 act to pay the full equivalent of parity," but that "there have been suggestions from time to time by staff people * * * that there is no obligation to pay full parity"; referred to the "several legal opinions by former general counsels"; quoted the above statement by Mr. Morse; and concluded:

"Future operating-differential subsidy contracts *should contain definite commitments* on the part of the Government to *pay parity* as between American and foreign-flag operating costs" (H. Rept. 843, 84th Cong., 1st sess., 1955, pp. 5, 10).

Thereafter the Board inserted the following standard provision in its new subsidy contracts:

"I-4. *Determination of amount of subsidy.*

"(a) In order to place the proposed operations of the vessels named in this agreement on a parity with those of foreign competitors, and subject to all the terms of this agreement and effective as prescribed in article I-10 of this agreement, the United States shall, pursuant to section 603(b) of the act, pay to the operator, as operating-differential subsidy, sums *equal to the excess of the fair and reasonable cost (as determined by the Board) of insurance, maintenance, repairs not compensated by insurance, wages and subsistence of officers and crews, and any other items of expense in which the United States shall find and determine that the operator is at a substantial disadvantage in competition with vessels of the foreign country hereinafter further described in the operation under U.S. registry of the vessels covered by this agreement, over the Board's estimate of the fair and reasonable cost of the same items of expense (after deducting therefrom any estimated increase in such items necessitated by features incorporated pursuant to the provisions of sec. 501(b) of the act) if such vessels were operated under the registry of a foreign country whose vessels are substantial competitors of the vessels covered by this agreement. Subsidy payments shall be based upon rates determined in accordance with section 603(b) of the act, which rates the Board determines will place the operator on a parity basis with his foreign-flag competitors * * *.*"

In its 1956 annual report to Congress, page 3, the Board advised Congress that in its recent 20-year "standby contracts," it had included an express "commitment to pay parity."

6. *Statutory internal consistency*

It is a cardinal principle of statutory construction that a comprehensive statute such as the Merchant Marine Act, 1936, must be read in its entirety and that its several provisions must be harmonized to reach an interpretation consistent with the purpose and policy of the act. In construing the provisions of section 603(b), one cannot ignore the language of section 606(l), reading as follows:

"Sec. 606. Every contract for an operating differential subsidy under this title shall provide (1) that the amount of the future payments to the contractor shall be subject to review and readjustment from time to time, but not more frequently than once a year, at the instance of the Commission or of the contractor. If any such readjustment cannot be reached by mutual agreement, the Commission, on its own motion or on the application of the contractor, shall, after a proper hearing, determine the facts and make such readjustment in the amount of such future payments as it may determine to be fair and reasonable and in the public interest. The testimony in every such proceeding shall be reduced to writing and filed in the office of the Commission. Its decision shall be based upon and governed by the changes which may have occurred since the date of the said contract, with respect to the items theretofore considered and on which such contract was based, and other conditions affecting shipping, and shall be promulgated in a formal order, which shall be accompanied by a report in writing in which the Commission shall state its findings of fact; * * *."

It is clear that if section 603(b) were interpreted to permit the administration in its discretion, to pay as subsidy any amount up to but not exceeding parity the provisions of section 606(l) would be completely superfluous. There would be no point to a hearing to determine the facts so as to make a readjustment which the administration "may determine to be fair and reasonable and in the public interest," nor would there be any purpose in the congressional mandate that such determination "shall be based upon and governed by the changes which may have occurred since the date of said contract, with respect to the items theretofore considered, and upon which such contract is based." When the concept embodied in Title VI is viewed as a whole, it is plain that section 603(b) was not intended to give the administration an untrammelled range of authority from zero to parity within which action could properly be taken.

Moreover, section 601(a) authorizes the grant of an operating-differential subsidy when the Commission determines, among other things:

"(4) granting of the aid applied for is necessary to place the proposed operations of the vessel or vessels on a parity with those of foreign competition, and is reasonably calculated to carry out effectively the purposes and policy of this Act."

It would be incongruous for the Commission, after finding that subsidy aid is necessary to place the subsidized operator "on a parity" with its foreign competitors, thereafter to grant subsidy aid in a lesser amount. Manifestly, subsidy in an amount less than that necessary to place the subsidized operator on a parity with its foreign competitors would run counter to the "purposes and policy of the Act."

7. *The process of calculating subsidy rates is purely factual*

The Maritime Commission's and administration's annual reports to Congress, and their presentations to the appropriations committees in postwar years, have frequently indicated that the computation of operating-differential subsidy rates, while a difficult task, is in the last analysis merely a factual determination after all of the relevant facts concerning the cost of U.S.-flag and competitive foreign-flag operations have been collected and evaluated (see 1937 annual report, pp. 13-14; 1947 annual report, pp. 21, 40; 1948 annual report, p. 55; 1949 annual report, pp. 11, 27, 37; Magnuson committee report, pp. 44-45; hearings compiled in item 8, *infra*). Moreover, as hereinbelow indicated (item 9), the General Accounting Office has criticized the accuracy of the administrative calculations by which operating-differential rates have been determined, but has never criticized the underlying theory followed or the basic formula used.

In the entire administration of the act, the calculation of rates has been regarded as a purely factual determination, leaving nothing to administrative discretion—save certain rationalization or informed estimates where completely accurate data may not be obtained. This was stated in so many words by the Commission's counsel during the House hearings on the independent offices appropriations bill for 1951 (p. 1151):

"Mr. THOMAS. You have a formula based on the statute?"

"Mr. GOERTNER. Yes, sir.

"Mr. THOMAS. What are the elements of the formula?"

"Mr. GOERTNER. The elements of the formula are to take your American vessel and figure out what it would cost the operator for the same vessel if he was running under the foreign flag instead of the American flag on these five items. *Now having done that, that gives the amount of subsidy that he is entitled to.*

"Mr. THOMAS. In other words, there is no ceiling on what somebody can conclude that figure ought to be?"

"Mr. GOERTNER. *No sir; it is a matter of proof.* It may include a wage differential of 65 percent. They get 65 percent—if they prove it. In the case of repairs it is 9 percent, or nothing, they may get 9 percent or nothing on the item. *It is all a question of comparing one set of costs—domestic costs and foreign costs—with those items on the same vessel.*"

The present procedures, which were evolved after a long series of formal meetings participated in by representatives of the Federal Maritime Board, a committee representing the subsidized lines, and members of the General Accounting Office and the Bureau of the Budget, have been designed with a view that extreme effort and care be devoted to develop all the facts so that the operator obtains parity as closely as it can be computed. It is no answer to say that this careful calculation is being made merely to be certain that the payments are not in excess of parity. In some years it was common knowledge that the result reached after making the careful study would be substantially in excess of the rate for the prior year; had it been desired only to be certain that excessive payments were not made, the earlier year's rate could have been taken as a maximum. The "General Manual of Procedures,"¹³ adopted by the Board as a guide to the computation of operating-differential subsidy rates, is compelling evidence of studied adherence to the principle of parity in the determination of such rates.

8. *Audits by General Accounting Office*

The General Accounting Office has published four reports of audits made of the Maritime Commission and its successor agencies. These cover the fiscal years 1948 through 1953, and appear as House Document 465 (81st Cong., 2d sess.), House Document 93 (82d Cong., 1st sess.), House Document 472 (82d

¹³ "Manual of General Procedures for Determining Operating-Differential Subsidy Rates," issued under authority of Management Order No. 630, approved by the Federal Maritime Board and Maritime Administrator on Nov. 25, 1957.

Cong., 2d sess.), and House Document 383 (83d Cong., 2d sess.). In each of these reports vigorous criticism is made and lengthy analysis devoted to the allegedly improper methods followed in the administrative determination of subsidy rates. However, all these criticisms are devoted exclusively to the insufficiency of supporting data and inaccuracies in calculation; nowhere is any criticism made of the purpose sought; namely, the ascertainment as closely as possible of actual parity based on competitive conditions and the payment of the rate so ascertained. Indeed, that purpose is expressly approved in the following language:

"The operating-differential subsidy is determined and stated as a percentage to be applied to the subsidizable expenses of the U.S. operator. A separate rate is determined for each type of expense, and separate rates are determined for each type of vessel on each trade route. *The rate is the measure of the amount by which the cost of operating the vessel under U.S. registry exceeds the estimated cost of operating the same vessel under competitive foreign registry*" (H. Doc. 465, 81st Cong., 2d sess., p. 12).

"Section 601(a)(4) of the Merchant Marine Act, 1936, states as a prerequisite to the granting of a subsidy that—

"* * * the granting of the aid applied for is necessary to place the proposed operations of the vessel or vessels on a parity with those of foreign competitors, and is reasonably calculated to carry out effectively the purposes and policy of this act.

"It is necessary, therefore, to determine who the foreign competitors are and the weight to be given each one *in computing parity*. * * * (ibid., p. 112).

Similarly, in House Document 93, the Comptroller General stated:

"Title VI of the Merchant Marine Act, 1936, as amended, authorizes the Federal Maritime Board to pay an operating-differential subsidy to aid in the operation of vessels which are to be used in an essential service in the foreign commerce of the United States. The aid must be necessary to place the proposed operations of the vessels on a parity with those of foreign competitors. *The amount of the subsidy is the excess of the cost of operating a vessel under U.S. registry over the estimated cost of operating the same vessel under competitive foreign registry*" (p. 35).

House Document 472 contains the following statement concerning operating-differential subsidies:

"Operating-differential subsidies are paid directly to shipping operators in order to place them on a parity with their foreign competitors. Payments may be made at rates determined by the Federal Maritime Board for operation of vessels used on essential trade routes on which there is substantial foreign competition. *The amount of the subsidy is the excess of the cost of operating a vessel under U.S. registry over the estimated cost of operating the same vessel under competitive foreign registry*" (p. 32).

While House Document 383 recommends, "in view of the upward trend of operating differential subsidies, that consideration be given to imposing a ceiling beyond which Federal aid would be extended only upon a showing of financial need by the subsidized operator" (p. 1), it nevertheless recognizes that "The purpose of the subsidy is to place the operations of the American vessels on a parity with those of foreign competitors" (p. 12). The Associate General Counsel of the General Accounting Office referred, in connection with construction subsidy, to "the basic parity principle of the statute * * *" (p. 70).¹⁴

9. Postwar budgets and appropriation acts

The budgets since at least 1952 have described the requested appropriation for operating-differential subsidy in terms clearly reflecting the intention to pay parity. Until the 1956 budget, that description, under the caption "Program and Performance," was as follows:

"*Contracts with U.S. citizens operating vessels in foreign commerce provide for payments of the differential between their operating costs and those of foreign competitors.* Payments are based upon the total subsidy accrual, less the estimated annual recapturable profits (subsidy withheld). Subsidy accrual is determined by (1) the cost differentials between U.S. and competing foreign lines on five major elements of operating costs, and (2) the number and duration of voyages during the year by subsidized vessels. Estimated recapturable profits (subsidy withheld) represent a contingent liability to the extent that profits, averaged over the current 10-year recapture period of each contract, fall below 10 percent of capital necessarily employed. * * *" (The budget for fiscal year 1955, p. 450.)

¹⁴ Cf. Comp. Gen. Op. B-135225, a report to the House Merchant Marine and Fisheries Committee on H. R. 3054, 86th Cong., 1st sess. (1959), pointing out that that bill would be a deviation from "the principle of cost parity under the 1936 act."

Although this language has been modified in other respects, the budgets for subsequent years have continued to refer to subsidy payments as the "differential between [U.S.-flag] operating costs and those of foreign competitors."

Until very recently the appropriation acts since the supplemental independent offices appropriation bill for 1949 have also contained the following provisos:

"* * * *Provided*, That to the extent that the operating-differential subsidy accrual (*computed on the basis of parity*) is represented on the operator's books by a contingent accounts receivable item against the United States as a partial or complete offset to the recapture accrual, the operator (1) shall be excused from making deposits in the special reserve fund, and (2) as to the amount of such earnings the deposit of which is so excused shall be entitled to the same tax treatment as though it had been deposited in said special reserve fund. * * * *Provided further*, That nothing contained in this act, or in any prior appropriation act, shall be construed to affect the authority provided in section 603(a) of the Merchant Marine Act, 1936, as amended, (1) to grant operating-differential subsidies on a long-term basis, and (2) to obligate the United States to make future payments in accordance with the terms of such operating-differential subsidy contracts. * * *

These provisions thus expressed the parity principle in varying form. While the first proviso was omitted beginning with the Commerce Appropriation Act for 1959, and the second beginning with the 1956 acts, their elimination was in no way a deviation from the parity principle. Indeed, in the Senate committee "Hearings Upon the Commerce Appropriations Act for 1956," the justification for the operating-differential subsidy request stated, "Since its passage constant study has been made of the program and each report has reaffirmed the wisdom and economic justification for the policies of the act" (p. 169); and the Deputy Maritime Administrator testified, "This principle of parity was clearly outlined by the Congress when the 1936 act was passed and has been so recognized by the Maritime Administration in the administration of its operating-differential subsidy contracts" (p. 196).

The justification for the operating-differential subsidy request in the Commerce Appropriations Act for 1959, offered to the Senate committee, stated:

"Experiments with other forms of support, together with experience under the provisions of the Merchant Marine Act, 1936, demonstrate that the system now in use, based on the principle of parity of costs, is by far the most effective and, to the Government, the most economical method of assuring a healthy, adequate, privately owned and operated American merchant marine" (p. 533).

We naturally do not have available to us all the reports and justifications the Maritime Commission, Board, and Administration have made to the Bureau of the Budget and to Congress in connection with requests for appropriations, since these matters are part of the internal records of the Government and are not made publicly available. Nevertheless, it is plain from the hearings on postwar appropriations acts that the agency throughout has fully disclosed the extent of subsidy aid and the method by which the quantum of such aid has been calculated. Congress has understood these matters fully, despite possible confusion in 1949; and the agency's position has been accepted, approved, and ratified by congressional appropriation of funds with full knowledge of the facts. Repeated appropriations in the light of these disclosures are again proof of congressional ratification of the administrative interpretation of section 603(b).

The complete disclosure of the method by which rates have been computed appears in House Hearings on Supplemental Independent Offices Appropriations, 1949, at page 477; House "Hearings on Independent Offices Appropriations Bill, 1950," at pages 439, 519-527; House "Hearings on Independent Offices Appropriations for 1951," at pages 1143-1157, 1360-1361; Senate hearings, *ibid.*, at pages 126-128; House "Hearings on Independent Offices Appropriations for 1952," at pages 1371-1383, 1469; House "Hearings on Independent Offices Appropriations for 1953," at pages 727, 809-813; House "Hearings on Departments of State, Justice, and Commerce Appropriations for 1954," at pages 414-422; Senate hearings, *ibid.*, at pages 324-325, 580-586, 594-596; House "Hearings on Departments of State, Justice, and Commerce Appropriations for 1955," at pages 3, 385, 387-394; House "Hearings on Commerce Appropriations for 1956," pages 438, 460-461; Senate hearings, *ibid.*, at pages 140, 171-174; House "Hearings on Second Supplemental Appropriations for 1956," page 564; Senate hearings, *ibid.*, at page 95; House "Hearings on Commerce Appropriations for 1957," pages 377-378; House "Hearings on Commerce Appropriations for 1958," pages 423-430; Senate hearings, *ibid.*, at pages 218-219; House "Hearings on Commerce Appropriations for 1959," at pages 296-297; and Senate hearings, *ibid.*, at pages 534-536. Congressional criticism has been confined to the accuracy of

the calculation, and not to the formula used or the validity of the obligation to pay subsidies based on the existing method of computing subsidy differentials. The various "economy" efforts have been directed toward placing a limitation on the number of voyages, and even as to that the administration took the position that there was a legal obligation to permit the operator to perform up to its maximum, or at least to its minimum, number of voyages.¹⁵

Representative statements by the Maritime Commission and Administration, as well as Members of the Congress, to the effect that the subsidy differential is designed to place the U.S.-flag operator on a parity with his foreign-flag competitor; that under the operating-differential subsidy agreements it is the obligation of the Government to make such payments; and that the payments are made not to insure profits to the operator, but merely to reimburse him for the difference between his own costs and competitive foreign costs, appear in "House Hearings on Supplemental Independent Offices Appropriations," 1949, at pages 489-493, 611-615; "House Hearings on Independent Offices Appropriations Bill," 1950, at pages 441-442, 643; Senate hearings, *ibid.*, at page 855; "House Hearings on Independent Offices Appropriations for 1951," at pages 1151, 1241-1242, 1271-1272; Senate hearings, *ibid.*, at pages 55-57; "House Hearings on Third Supplemental Appropriations Bill for 1951," at page 210; "House Hearings on Independent Offices Appropriations for 1952," at pages 1378, 1382-1383, 1452-1453; H. Rept. 384, 82d Cong., 1st sess., at page 27; "Senate Hearings on Supplemental Appropriations for 1952," at page 881; "House Hearings on Independent Offices Appropriations for 1953," at pages 752, 761; "House Hearings on Departments of State, Justice, and Commerce Appropriations for 1954," at pages 7-9, 20, 387, 414-422; Senate hearings, *ibid.*, at pages 580-581; "House Hearings on Departments of State, Justice, and Commerce Appropriations for 1955," at pages 18, 160, 345, 359, 360-363, 365, 367, 369-370; "House Hearings on Commerce Appropriations for 1956," at pages 178, 403-404, 436-441, 480; Senate hearings, *ibid.*, at pages 169, 171, 196; "House Hearings on Second Supplemental Appropriations for 1956," at page 563; Senate hearings, *ibid.*, at page 94; "House Hearings on Commerce appropriations for 1957," at page 374; "House Hearings on Commerce Appropriations for 1958," at pages 423-424; "House Hearings on Commerce Appropriations for 1960," at page 17. "Senate Hearings on Commerce Appropriations for 1959," at page 533; "House Hearings on Commerce Appropriations for 1960," at page 17.

10. Legislative studies

Operating-differential subsidies have been discussed in a number of legislative studies of operations under the subsidy provisions of the Merchant Marine Act. In each we find complete approval of the parity principle.

(a) *Hardy committee*.—In its sixth intermediate report (H. Rept. 2104, 81st Cong., 2d sess.), the House Committee on Expenditures in the Executive Departments stated that:

"Under title VI of the Merchant Marine Act of 1936 the Commission, upon application, is authorized to grant an operating-differential subsidy for the purpose of placing American-flag vessels at less disadvantage with foreign competitors * * *" (p. 7).

The phrase "at less disadvantage" was not intended to dilute the principle of parity, but merely recognized that even the Merchant Marine Act, 1936, insures the subsidized operator only practical and not absolute parity of costs as compared with foreign competitors. This is shown by the committee's later statement appearing under the same caption of "Operating-Differential Subsidies" as follows:

"The rate of subsidy is the measure of the amount by which the cost of operating a vessel under U.S. registry exceeds the estimated cost of operating the same vessel under competitive foreign registry. In arriving at such a rate the Maritime Commission took up such items as wages, manning, subsistence, and shore-gang labor in accordance with the statute * * *" (p. 9).

(b) *Magnuson committee*.—The final report of the Senate Committee on Interstate and Foreign Commerce pursuant to Senate Resolution 50 (S. Rept. 2494, 81st Cong., 2d sess.), commonly referred to as the Magnuson committee report,

¹⁵ See opinions of Acting General Counsel Metz, reprinted in Senate debates upon Departments of State, Justice, and Commerce appropriations, 1954, Congressional Record 6274, June 4, 1953; testimony of Admiral Cochrane, "House Hearings upon Independent Offices Appropriation Bill," 1953, 82d Cong., 2d sess., 1952, pp. 752, 758. See also memorandums contained in Senate debates upon Independent Offices Appropriations Act, 1952; Congressional Record 10320-10321, Aug. 16, 1951, and statement of subcommittee chairman in "House Appropriations Hearings upon Department of Commerce Appropriations for 1960," 86th Cong., 1st sess. (1959), p. 17.

also contains strong support for the parity principle, as shown by the following excerpts:

"The members of the subcommittee understand the purpose of the underwriting of certain well-defined and carefully restricted shipping operations to be for the express purpose, and for such a purpose alone, of placing the American shipowner on a *parity* with his foreign competitor in world trades. The payment of a subvention to an American operator is not now, nor should it ever be awarded under conditions which guarantee a profit to the operator. The term 'parity' extends under the present statutes to (1) equality of opportunity to purchase vessels in this country, fabricated with American materials and labor, at prices no higher than foreign construction costs; (2) equalization of American vessel operating costs with those of foreign competitors; and (3) treatment with regard to taxes partially comparable to treatment afforded shipping lines in competitor nations and designed to foster the encouragement of private-risk capital into shipping enterprise.

"The obligations, limitations, and restrictions imposed upon holders of subsidy contracts under titles V and VI of the 1936 Merchant Marine Act have served as a bulwark against such abuses as brought previous aid-to-shipping plans into ill repute. They perform well the dual purpose of, in the first place, serving notice to would-be applicants for construction or operating aid that in return for *financial parity* consideration they will be compelled to provide certain guarantees of performance to shippers, growers, and producers, and in the second place of serving notice to the taxpayer that the financial practices of the subsidized companies shall be rigidly constructed and enforced in order to promise maximum fulfillment of the purpose of the act—that of building a better, faster, safer, privately operated merchant fleet" (p. 30).

* * * * *

"One foreign-trade operator put forward the proposal that in order to avoid the inevitable criticism of the complicated calculation in operating differentials and in order to allow all American operators to participate in subsidy aid, that the whole concept of the present legislation be changed to allow for subsidy for the higher cost of American seagoing labor only. This particular operator further proposed that the numerous restrictions be removed and allow ships to trade where they may and according to their own discretion. The members of the subcommittee, although fully recognizing the labor factor as the dominant one of the five subsidizable costs, are not prepared to recommend such a drastic change" (p. 36).

* * * * *

"The operating-differential subsidy is determined and stated as a percentage to be applied to the subsidizable expenses of the U.S. operator. A separate rate is determined for each type of expense, and separate rates are determined for each type of vessel on each trade route. The rate is the measure of the amount by which the cost of operating the vessel under U.S. registry exceeds the estimated cost of operating the same vessel under competitive foreign registry" (p. 43).

* * * * *

"In addition to findings and conclusions contained in the body of this report it is recommended:

* * * * *

"2. That there be no fundamental changes in the 1936 act except such as are required to—

"(a) Extend construction-differential subsidy aid to all vessels in the foreign trade; and

"(b) to tramp vessels on condition they engaged primarily in foreign trade to and from the United States under such rules and regulations as will insure the unimpaired continuance of established berth liner cargo operations; and

"(c) *clarify through amendment to titles V and VI those legislative standards necessary to insure the just determination of construction and operating subsidies and national-defense allowances*" (p. 91).

(c) *The long-range shipping bill.*—The Senate Commerce Committee again commented upon the parity principle in its report in April 1951, upon the long-range shipping bill (enacted as Public Law 586, 82d Cong., 2d sess., 1952):

"The Merchant Marine Act, 1936, as amended, is the cornerstone of our national maritime policy. In the 14 years of experience in applying the principle of parity to enable our shipbuilders and shipowners to compete with their foreign

counterparts, the act has proven to be a valuable instrument in the growth and development of our merchant marine. Our recent experiences in the prewar and postwar periods of World War II have clearly demonstrated that the value of the subsidy program to the commerce and security far exceeded its out-of-pocket cost to the Government" (S. Rept. 295, 82d Cong., 1st sess., 1951, p. 1).

Similar statements were contained in the report of the House committee in June 1952 (H. Rept. 2221, 82d Cong., 2d sess., 1952, p. 5).

(d) *The Potter committee*.—The Potter committee stated, following its hearings in 1953 upon the "maritime subsidy program":

"* * * it is very important that early consideration be given to all phases of the operating-differential subsidy provisions of the 1936 act to the end that, under the act's parity principles, American-flag vessels be assured of maintaining a strong competitive position vis-a-vis foreign-flag ships * * *. The basic American shipping policy and philosophy calls for parity of opportunity in competition, and all our laws relating to foreign commerce are so designed."¹⁸

(e) *The House committee survey, 1954*.—In its "Survey of the American Merchant Marine Policies and Problems" (83d Cong., 2d sess., 1954) the House Merchant Marine and Fisheries Committee found:

"The basic necessity for subsidizing American ship construction and operation is that foreign costs are substantially lower. Without this assistance to compensate for cost disadvantages of American builders and operators, it is considered that the objectives of our merchant marine policy could not be met. Hence, construction and operating subsidies are based upon a parity concept intended to equate, where necessary, the construction and operating costs of American companies with those of their principal foreign competitors.

"The principles set forth in the 1936 and 1946 acts now seem firmly established as a matter of national policy insofar as one may judge from responsible expressions of support. Every major report from both the legislative and executive branches of the Government since World War II has affirmed the essential soundness of the policies and principles of the 1936 act" (id., p. 2).

* * * * *

"The two principal forms of financial aid provided for in the Merchant Marine Act of 1936 are construction-differential and operating-differential subsidies, both of them premised upon the parity principle with reference to foreign competition. * * * Operating differential subsidy payments are made to enable U.S.-flag ship operators who meet certain requirements to compete with foreign ship operators whose costs are lower in certain categories of expense, chiefly for wages and subsistence" (id., pp. 18, 19).

(f) *Miscellaneous House committee studies*.—In February 1955, the House Committee on Merchant Marine and Fisheries undertook a broad inquiry into the operations of the Maritime agencies, in its "Study of the Operations of the Maritime Administration and the Federal Maritime Board," 84th Cong., 1st sess. (1955). The parity principle was reflected in the testimony of Mr. Hochfeld, Chief, Office of Government Aid, that "operating differential subsidy" is "the difference between the American operator's cost on certain items of expense of an operating nature and the cost if his foreign competitors were to operate the same ship" (hearings, p. 164). These general hearings then developed into more specific investigations, including the "vessel replacement" hearings and report referred to above in which the principle of parity was emphatically reaffirmed.

During the House Merchant Marine and Fisheries Committee's "Review of Operations of the Federal Maritime Board and Maritime Administration," 84th Cong., 1st sess. (1959), Board Chairman Morse referred to the parity principle in the following terms:

"The purpose of the subsidy is to put the American-flag operator on a parity basis with his foreign-flag competitor as to his operating costs only. It covers wages, subsistence, maintenance and repair, insurance * * *" (pp. 25, 42).

11. Executive studies

Since World War II, there have been four major reports by the executive branch in which operating-differential subsidies were reviewed. Three were at the specific request of the President, and the fourth a comprehensive study by the Department of Commerce and Maritime Administration dealing in detail with maritime subsidy policy. Each has unequivocally supported the principle of parity in the computation of operating-differential subsidy rates.

¹⁸ "Preliminary Report of the Special Subcommittee to Study Maritime Subsidy Program of the Committee of Interstate and Foreign Commerce," pursuant to S. Res. 41, committee print, 83d Cong., 2d sess. (1954), p. 8.

(a) *Report of the President's Advisory Committee on the Merchant Marine (November 1947).*—At the request of President Truman, the Advisory Committee conducted a careful study of the entire problem of the "construction, modernization, and maintenance of an adequate fleet of passenger and freight vessels" with a view to "formulating a program to strengthen our merchant marine." The Committee's report contains the following statements:

"The Merchant Marine Act of 1936 established a Maritime Commission of five members which took over the duties, functions, and obligations previously belonging to the Shipping Board and the Emergency Fleet Corporation and also those of the Postmaster General in regard to ocean-mail contracts.

"The act provided for the termination of ocean-mail contracts by June 30, 1937, and substituted the payment of direct subsidies to private ship operators on essential foreign trade routes. *These subsidies are based on the difference between foreign and domestic operating costs*" (p. 24).

* * * * *

"The Committee believes that there is a general lack of understanding as to the purpose of shipping subsidies. Indications are that a considerable number of people believe subsidy contracts guarantee a profit to ship operators. This, of course, is not the case. *The operating-differential subsidy is a payment to the operator by the Government of the difference between the U.S. -flag wage, subsistence, insurance, and maintenance costs, and those of foreign-flag competitors.* In a similar fashion, the construction-differential subsidy relieves the purchaser of a new vessel for use on an essential foreign-trade route of the difference between what the vessel actually cost to build and what the operator would have had to pay had the vessel been produced in a foreign shipbuilding center.

"Both subsidies act to remove from the operator the handicaps imposed by the higher standard of living in the United States, and to place him on a plane of competitive parity with foreign-flag shipping. Whether or not the shipowner under these conditions makes a profit or takes a loss depends upon the efficiency of his operation and upon the effectiveness of his trade solicitation.

"Shipping subsidies, although of a different form from protective tariff, operate in much the same manner and have the same general effect with respect to U.S. shipping engaged in international commerce as do the protective tariffs with respect to many of our domestic industries" (pp. 65-66).

(b) *The Secretary of Commerce's report on "Issues Involved in a Unified and Coordinated Federal Program for Transportation"* (December 1949).—The Secretary of Commerce reported to the President upon "the major policy issues which need to be resolved in order to achieve maximum effectiveness and consistency of Federal programs in the transportation field." This study was a complete review of Federal promotional and regulatory activities in the light of Federal transportation policies and national defense, affecting all types of surface and air transportation. In the course of that report, under the caption "Shipping Subsidies," the Secretary of Commerce stated:

"The purpose of the construction differential and operating differential subsidies is to place American shipbuilders and American ship operators on a parity with foreign operators since ships generally cost less to build and operate under foreign flags * * *."

* * * * *

"The operating differential subsidy is based on the same general concept as the construction differential subsidy: *the differential between American and foreign costs.* The amount of the subsidy is not supposed to exceed the difference in cost between operating the vessel under the U.S. flag and what it would cost to operate a similar vessel under a foreign flag * * *."

* * * * *

"*In administering its subsidy programs the Commission is bound by fairly definite standards as to how much particular subsidies should be.* It is, however, governed by much less rigid standards as to who shall get the subsidies and the number of subsidy contracts that shall be negotiated * * *"

(c) *Reports on Federal tax policy.*—In January 1951 the President requested the Secretary of the Treasury in consultation with the Secretary of Commerce to prepare a study of various tax provisions applicable to the merchant marine. Both the Treasury Department and the Commerce Department there recognized the parity principle underlying the 1936 act. The former stated:

"Title VI of the act authorizes the Maritime Commission to enter into long-term, operating-differential subsidy contracts, not to exceed 20 years, by which

the operator is compensated for the excess of actual expenses for wages, subsistence, supplies, repairs, and insurance over comparable expenses of a substantial foreign-flag competitor" ("Scope and Effect of Tax Benefits Provided in the Maritime Industry," H. Doc. 213, 82d Cong., 1st sess., 1951, p. 1).

The Secretary of Commerce, in commenting upon the report, stated:

"The legislative history of the 1936 act clearly sets forth that the concept of Congress in enacting this law was to provide the subsidized American merchant marine with reasonable parity with its foreign competition.

"This parity concept has involved—

"(a) Equality of opportunity to purchase vessels at foreign construction costs;

"(b) Equalization of American vessel operating costs to those of foreign competitors; and

"(c) Some comparable treatment with respect to taxes.

"The payment of operating and construction subsidies has been carefully explored by various committees of Congress and by the executive branch of the Government during recent years, and the continued need therefor is thoroughly understood" (id., p. XI).

At the further request of the President, the Secretary of Commerce thereafter expanded and brought up to date his previous report. The second report, submitted to the President on October 30, 1952, was captioned "American Merchant Marine and the Federal Tax Policy," and characterized in the Secretary's letter of transmittal as reflecting "the best thinking of this Department on the very intricate and important matter of the form and amount of Government aid to the maritime industry." The following definitive statements appeared therein:

"The 1936 act authorizes the Federal Maritime Board to enter into contracts with American operators pursuant to which the operator agrees to operate American-built and registered ships upon a foreign trade route, line or service determined by the Board to be essential for the promotion, development, expansion, and maintenance of the foreign commerce of the United States. *The Board, under such a contract, agrees to pay the difference between certain of operator's costs over those costs calculated upon the basis of the foreign costs of the operator's foreign-flag competitors.* The items of ship operating costs so equalized by the operating subsidy are (1) insurance, (2) ship maintenance, (3) repairs not compensated by insurance, (4) the wages and subsistence of ships' officers and crews, and (5) any other items of expense in which the Board finds the American operator to be at a substantial disadvantage with his foreign-flag competitors. The act also permits the Board, after consultation with the Secretary of State, to grant such additional operating subsidy aid to the American operator as the Board determines to be necessary to offset the effect of governmental aid paid to foreign competitors. To date no such countervailing subsidy has been granted" (pp. 13-14).

* * * * *

"The 1936 act was intended by the Congress to provide an adequate merchant marine under private ownership. The capital and special reserve funds were set up for that purpose in an attempt to assure (1) the continued presence of funds for the acquisition of necessary ships, and (2) funds to pay for operating losses in periods of depressed earnings. The act made provision for Government aid to place the American-flag operators on a parity with their lower cost foreign-flag competitors in the acquisition of ships and in the cost of their operation. The act provided that earnings would not be reduced by taxes when such earnings were used for the purpose of meeting the objectives of the 1936 act, since it was realized that if such earnings were reduced the necessary Government aid would have to be increased in an amount sufficient to offset reduction in funds caused by the tax. Therefore if the present tax provisions of the 1936 act are to be eliminated, an alternative method of assuring fulfillment of these objectives of ship replacements and a fund to meet operating losses must be adopted. * * *"

* * * * *

"The American merchant marine must continue to be privately owned and operated, manned with citizen personnel, and consisting of ships constructed in American shipyards to American standards.

"The parity principles of the 1936 act, which authorize Government assistance to equalize the difference between high American and low foreign costs of ship construction and ship operation are sound and are essential to the continuance of the American merchant marine" (p. 85).

This report does refer to the fact that the Federal Maritime Board had recently established ceilings on officer and crew subsistence cost beyond which subsidy would not be paid (p. 80). However, that action merely recognized the obligation of the operator to maintain economical and efficient operations.

(d) *Maritime subsidy policy report.*—In April 1954, the Office of the Under Secretary of Commerce for Transportation and the Maritime Administration released a comprehensive policy review, entitled "Maritime Subsidy Policy." That report stated, in a section devoted to "The Parity Concept":

"In recognition of disadvantages faced by the American shipping industry in competition with foreign-flag ships, the Merchant Marine Act, 1936, provides for assistance to the industry in the form of operating and construction subsidies. The basic principle of this assistance is parity, i.e., to grant subsidy when required to equate approximately American shipping companies' costs of construction and operation with those of their foreign competitors.

* * * * *

"The practice of assisting domestic industry which must compete with foreign industry is not uncommon to the United States. It is in fact the central idea of the protective tariffs and import quotas which, while no direct subsidy is involved, tend to equalize or favor competitive opportunities for affected domestic industries.

"Neither is the parity of cost idea new as a device upon which to base assistance. The concept in legislative form was employed during the early 1920's as a method of determining tariff rates. It was adopted with respect to ship subsidies in 1936 after Congress concluded that aid to shipping should be provided in a direct form rather than indirectly by means of mail contracts or other similar methods.

"One of the major problems considered by Congress in adopting the parity principle was the threat that the relatively higher costs of constructing ships in American shipyards and operating ships under the U.S. flag would induce American shipping interests to invest in foreign built ships which would be operated under a foreign flag. So that these interests would not be penalized for cost differences by the Government when required by a differential subsidy. In no sense does it guarantee the contractor a profit, but places him only in a position where he can compete on reasonable terms with foreign shipping. Congress hoped that by so equalizing competitive conditions, American shipping interests would have no inducement to go foreign" (pp. 82-83).

It concluded:

"Our basic national maritime policy is sound. Indeed, its objectives are so fundamental to the national interest that their attainment should be given primary consideration at all times" (p. 119).

In hearings before a subcommittee of the Senate Interstate and Foreign Commerce Committee on May 3, 1954, following release of the Maritime Subsidy Policy Report, Under Secretary of Commerce Murray testified:

"The present shipping policy of the United States as clearly set forth in the Merchant Ship Sales Act of 1946, we feel, is sound. Its further implementation is required to assist the merchant marine in meeting present-day national requirements. The parity concept of subsidy determination, while difficult to administer because of the problems involved in obtaining foreign cost information, is sound in principle and the best method which has been suggested so far as a basis for direct Government aid" (p. 116).¹⁷

Two additional studies are of interest. The Ocean Shipping Panel to the Transportation Council for the Department of Commerce in an "Analysis of Construction and Operating Subsidies" under the 1936 act, dated October 12, 1953, also considered and concurred in the basic philosophy of the 1936 act:

"The 1936 act introduced the sound principle of cost parity with foreign-flag competition on the grounds that anything less would not produce the desired results."

It commented that, "All of the official investigations and reports affirm the soundness of the principles of the 1936 act" (p. 10), and that those principles " * * * have worked well in practice" (p. 23).

Shortly thereafter, in January 1954, the Hoover Commission's Report on Foreign Economic Policy approved the policy of the 1936 act in very broad terms; it recommended that "support sufficient to maintain a merchant marine adequate to our national requirements be provided by direct means, such as those provided for under the Merchant Marine Shipping Act of 1936" (p. 69).

¹⁷ The Board's annual report to Congress for the year 1954 also referred to the Maritime Subsidy Policy Report, supra, including the "important" conclusion "That the basic philosophy of subsidy aid—the parity concept—is sound * * *" (p. 1).

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EXHIBIT III

SUMMARY OF CERTAIN TAX BENEFITS OF SELECTED INDUSTRIES

TAXATION OF LIFE INSURANCE COMPANIES

Life insurance companies' taxable income is taxed at regular corporate normal tax and surtax rates. (Prior to 1958, other lower rates applied.)

The taxable income is developed by combining the following three phases:

- (1) Investment income;
- (2) Underwriting gains; and
- (3) Distribution to shareholders.

Phases (1) and (2) are jointly calculated in the following manner:

Investment yield is separated between the company's share and the policyholders' share, which is determined by the percentage relationship of the "policy and other contract liability requirements" applicable to each part. The insurance company's share is then included in and made a part of phase (2). The underwriting gain (known as "gain or loss from operations" or phase (2)) is the difference between receipts from all sources and appropriate deductions relating to the operation of a life insurance business. Included in these deductions are special contingencies deemed necessary to the business (reserve requirements including those required by statute).

Only 50 percent of the underwriting gain is then included in taxable income. The untaxed portion is placed in a policyholder's surplus account and remains tax deferred until withdrawn from the insurance company. The company may voluntarily elect to be taxed on this previously untaxed income or when certain prescribed limits are reached, these tax-deferred moneys are then subject to tax.

Tax regulations require that two special surplus accounts be maintained for tax purposes:

- (a) Shareholders' surplus account representing tax paid amounts, and
- (b) Policyholders' surplus account which receives the tax-deferred moneys previously mentioned.

Distribution from the policyholders' surplus account constitutes phase (3) of taxable income. Distributions are first drawn from the shareholders' surplus account (tax paid) before the tax-deferred policyholders' surplus is used.

PERCENTAGE DEPLETION

Generally, percentage depletion is that percentage of the gross income from the property, limited to 50 percent of the taxpayer's taxable income (computed without allowance for depletion).

<i>Rates</i>	<i>Percent</i>
Oil and gas wells.....	27½
Sulfur, uranium.....	23
Rock asphalt, vermiculite.....	15
Asbestos, brucite, coal, sodium chloride.....	10
Gravel, sand, shale.....	5

(The above listing is not by any means complete, but merely illustrates the varied minerals subject to depletion along with the applicable allowable depletion rate.)

TIMBER DEPLETION

Timber depletion is not allowable on the basis of a percentage of income as is percentage depletion. Depletion for timber is merely a method of recovering the cost of the timber. It is in reality a form of depreciation. Unlike mines or underground minerals, the quantity is a known factor, therefore, an actual unit price is readily determinable. Deductions for depletion of timber are limited to recovery of cost and no more.

In view of the above, there is no significant tax benefit associated with timber depletion. However, timber interests may treat a good part of their income at

capital gains rates. By simple election, the taxpayer recognizes capital gain treatment on timber cut. (Market value of trees cut less depletion.) When the cut timber is sold, market value is the new base and any excess is then treated as ordinary income.

COAL STRIPPING CONTRACTORS

Coal stripping contractors are entitled to a depletion deduction where, under the stripping contract, a capital interest is obtained in the coal in place and the contractor must look to severance and sale of the coal for the return of capital consumed in that process. If the contractor lacks such an interest in the coal, he cannot properly claim a deduction for depletion. The depletion rate is 10 percent.

While capital gain treatment is not ordinarily available for royalties, an exception is made in the case of timber and coal (including lignite) royalties. This is a further illustration of special tax benefits afforded these industries perhaps because of—

- (a) No real benefit of depletion to the timber industry; and
- (b) Coal's low 10-percent depletion rate.

EXHIBIT IV

SIGNIFICANT FEATURES OF TAXATION OF SHIPPING COMPANIES IN CERTAIN COUNTRIES AS OF JUNE 30, 1960

PRICE WATERHOUSE & Co.,
New York, October 10, 1960.

THE FINANCE COMMITTEE OF THE COMMITTEE OF AMERICAN STEAMSHIP LINES.

DEAR SIR: We have prepared this report on taxation of shipping companies operating under the laws of certain foreign countries from information which we received from foreign offices of our associated firms. This report presents significant features of the tax laws and regulations of Germany, Italy, Japan, the Netherlands, Norway, the United Kingdom, and Sweden, as of June 30, 1960, including such matters as rates of national taxes based on income, treatment of capital gains arising through insurance indemnities or sales of fixed assets, depreciation allowances, and other unusual provisions of the law. This information is set forth in the attached schedule of comparative data, together with similar information on the tax status of a U.S. shipping company, without any of the benefits afforded by the Merchant Marine Act, 1936, as amended.

We wish to point out that the tax laws of the countries covered by this report, like those of the United States, are quite complicated. In order to achieve brevity and clarity in the presentation of the basic features of income taxation in each country, it has therefore been necessary to omit numerous technicalities from the attached schedules. In addition to the taxes based on income, certain countries levy other national or local taxes against operating companies. The basis for assessment of these levies differs in the various jurisdictions. Although comparison of these taxes is not within the scope of this study, we have included in the tabulation the municipal income taxes of Germany, Japan, Norway, and Sweden, which taxes are significant factors in these countries.

The following paragraphs comment on certain other important features of taxation in these countries.

GERMANY

Shipping companies deriving profit through the transport of passengers or cargo between (a) German and foreign ports and (b) foreign ports may treat 50 percent of such profits as "foreign" income. They can either elect to have this assumed foreign income taxed at the rate of 25 percent (if part of the income is distributed to stockholders the 15-percent tax on taxable profits distributed to stockholders applies) or elect to have the foreign income taxes (if any) charged on the "foreign" income treated as a tax credit against their German corporation profits tax liability.

Apart from taxes on income, German companies bear other current taxes, the burden of which can be more substantial than the taxes on income. The following are of major importance for shipping companies:

Taxes on capital

Net asset tax at the rate of 1 percent per annum on the net assets—this tax is not deductible in computing income for purposes of taxes on incomes.

The capital element of the municipal trade tax varies from about 0.4 to 0.7 percent (depending on the municipality) of the net assets as computed for this tax, and is deductible in computing income for taxes on income.

Social insurance contributions

The employer's share of such contributions may amount to up to 13 percent of the emoluments paid to employees.

ITALY

The charges allowed against the profits of a business are normal business expenses and depreciation computed on the original cost of capital assets at specified rates. Depreciation is also allowed on revaluation of fixed assets made in accordance with the relative governmental decrees. Such revaluation has not

been permitted in recent years. Dividends on investments and interest received on loans, etc., are excluded from the profits as these are taxed by other means. The balance of profits thus arrived at is the basis of assessment but, in Italy, agreement on such assessments is, in general, the results of lengthy negotiations between tax authorities and taxpayers, and the amount finally agreed frequently bears little resemblance to the amount of profits declared. The basis on which discussions or negotiations may take place can vary greatly from one case to another. However, recent tax legislation is directed toward achieving greater uniformity in methods of assessment.

THE NETHERLANDS

The tax laws of the Netherlands provide for an "investment allowance" with respect to commitments for the acquisition or improvement of fixed assets (except land and dwelling houses), if the aggregate amount of the commitments in a year exceeds f3,000. Taxable profits are reduced by 5 percent of the aggregate amount of such commitments in the year of commitment and by 5 percent in the following year. If, however, assets which had qualified for investment allowance are sold in the year in which the commitment for their purchase was entered into or in the 10 subsequent years, and the aggregate proceeds of the sale of the assets concerned exceeds f3,000 in a year, taxable profits must be increased by 5 percent of the proceeds of the fixed assets sold in the year of sale and 5 percent in the following year.

NORWAY

Prior to 1957 special depreciation of excessive cost ("overprice") of ships acquired or under construction over their "normal" value as fixed by the tax authorities, was allowed to be charged against profits within a period of 5 years. Companies engaged in merchant marine operations were also allowed to claim, during the years 1953 through 1956, depreciation on certain ships under construction, not to exceed 10 percent of the contract price.

SWEDEN

The tax laws of Sweden allow deductions for appropriations to renewal reserves in amounts limited to 40 percent of the net profit before taxes. The reserves can, in general, only be used with the permission of the authorities. Deposits of 40 percent of amounts set aside must be made to blocked bank accounts. When a renewal reserve is applied against a permitted expenditure, a special deduction of 10 percent of the amount applied is allowed.

The concept of revalorizing or revaluing fixed assets, which has formerly been permitted for tax depreciation purposes in Japan, Italy, and the Netherlands, has little or no significance at the present time.

The information set forth in the attached schedule may be briefly summarized as follows:

I. Income tax rates in these foreign countries are generally somewhat lower than those in the United States.

II. (A) Capital gains on sales of vessels are taxable as ordinary income in four countries, tax deferred under certain circumstances in three countries, and taxable at a lower rate in the United States.

(B) The excess of insurance indemnity over the book value of a vessel is taxable as ordinary income in two countries, and tax deferred in five countries under certain circumstances.

(C) Three of the seven foreign countries permit deductions from taxable income to establish reserves for anticipated future heavy repair expenses such as periodic classification surveys.

(D) Each of the countries has some provision for carryback and/or carryforward of operating losses.

(E) The depreciation allowances permitted in foreign countries are generally more liberal than those available to U.S. shipping companies. Each of the foreign countries included in this study offers some special deductions with respect to newly acquired vessels. These special deductions appear to offer greater tax advantages to vessel owners in the early years of a vessel's life than the liberalized depreciation provisions of the Internal Revenue Code of 1954.

We shall be pleased to expand this study or to furnish any additional information which might be useful to you.

Yours very truly,

PRICE WATERHOUSE & Co.

Comparative data on tax laws and regulations of certain countries as of June 30, 1960, with respect to shipping companies

	United States (without benefits provided by the Merchant Marine Act, 1936, as amended)	Germany
I. Income tax rates.....	Federal income tax: Normal tax, 30 percent; surtax (\$25,000 exempt from surtax), 22 percent.	National: Corporation profits tax: 51 percent on undistributed taxable profits; 15 percent on taxable profits distributed to stockholders in dividends. NOTE.—As a rule dividends paid to stockholders are subject to a 25-percent withholding tax. Recipients subject to German income tax are taxable on the gross dividends received, but the 25-percent withholding tax suffered is then treated as a payment on account of their income tax liability. Local: Municipal trade tax varying from 9 to 16 percent of taxable profits according to municipality; it is deductible as an expense in arriving at income for corporation profits tax, so that the effective rate is less than nominal rates shown above.
II. Items subject to different treatment:		
(a) Capital gains on sales of vessels.....	Taxable at 25 percent; exchanges not treated as sales.	Taxable as ordinary income.
(b) Excess of indemnity received from insurance over carrying value of vessel.	Taxable at 25 percent, but gains may be deferred if reinvested in new tonnage and gain applied to reduce carrying value of replacement.	Taxable as ordinary income, but gains may be deferred if reinvested in new tonnage and gain applied to reduce carrying value of replacement.
(c) Provisions for future heavy repair charges (classification surveys) allowed on a cash or reserve basis.	Cash basis.....	Cash basis.
(d) Operating loss carry back and/or carry forward.	Carry back 3 years and carry forward 5 years.....	Carry forward 5 years.
(e) Depreciation:		
(1) Rate.....	Depreciated over estimated useful life, generally 20 years or less.	Straight-line method: Cargo vessels, 7 percent; tankers, 8 percent. Declining balance method: To July 31, 1960: Cargo vessels, 17½ percent; tankers, 20 percent. From Aug. 1, 1960: Cargo vessels, 14 percent; tankers, 16 percent.
(2) Basis for depreciation.....	Cost, less salvage value, less reinvested prior untaxed gains.	Cost, less scrap value. Scrap value is based on DM40 for each registered ton.
(3) Liberalized depreciation or similar provisions.	Rapid depreciation methods may be used for newly acquired vessels.	New vessels may be depreciated by declining balance method at rates shown above.

	Italy	Japan
I. Income tax rates.....	National and local taxes: Income up to Lit 4,000,000 about 26.5 percent; income in excess of Lit 4,000,000, about 29 percent. In addition to the above State and local taxes, there is a tax in the nature of an excess profits tax, computed at 15 percent on income in excess of credits, which are (a) income taxes and, (b) 6 percent of the aggregate amount of capital stock, free reserves, and unappropriated surplus of prior years.	National: Corporation tax: On 1st ¥2,000,000 of taxable profits, 33 percent; over ¥2,000,000 of taxable profits, 38 percent. Prefectural: Enterprise tax: On 1st ¥500,000 of taxable profits, 7 percent; on 2d ¥500,000 of taxable profits, 8 percent; on next ¥1,000,000 of taxable profits, 10 percent; on remainder of Taxable profits, 12 percent. NOTE.—Allowed as deductible expenses in computing taxes for following fiscal period. Inhabitants tax on corporation tax: <i>Standard</i> , 5.4 percent; <i>maximum</i> , 6.5 percent. Municipal: Inhabitants tax on corporation tax: <i>Standard</i> 8.1 percent; <i>maximum</i> , 9.7 percent.
II. Items subject to different treatment:		
(a) Capital gains on sales of vessels.....	Taxable as ordinary income.....	Taxable as ordinary income.
(b) Excess of indemnity received from insurance over carrying value of vessel.....	do.....	Do.
(c) Provisions for future heavy repair charges (classification surveys) allowed on a cash or reserve basis.....	Reserve basis, but reserve is to be utilized within a period of 4 years.	Cash basis. In special cases of vessels registered with the Marine Transport Bureau an amount equivalent to the latest heavy repair charge may be provided for over 4 years on a reserve basis.
(d) Operating loss carry back and/or carry forward.....	Carry forward 5 years.....	Carry back 1 year; carry forward 5 years.
(e) Depreciation:		
(1) Rate.....	Cargo vessels, 7 percent, tankers, 8 percent, passenger vessels, 8 percent.	Cargo vessels, 20-year life; tankers, 18-year life (depreciation of vessels launched before 1950 based on shorter lives).
(2) Basis for depreciation.....	Cost.....	Cost less 10-percent scrap value.
(3) Liberalized depreciation or similar provisions.....	Accelerated depreciation for an aggregate amount not greater than 40 percent of the total capital expenditures in each year may be set aside over a period of 4 years commencing from the year in which the relative expenditures were incurred, but the amount charged against income in any 1 year must not exceed 15 percent of those expenditures.	New construction allowed additional 50 percent of normal depreciation first 3 years.

Comparative data on tax laws and regulations of certain countries as of June 30, 1960, with respect to shipping companies—Continued

	The Netherlands	Norway
I. Income tax rates.....	Company tax: On first f40,000, 44 percent. f40,000 to f50,000 44 percent plus 15 percent on the excess over f40,000. f50,000 or more, 47 percent.	National 30 percent. Municipal: Ordinary, 15 percent. Surtax, NKr 1,800 on the first NKr 70,000 of taxable income and 5 percent on the remainder.
II. Items subject to different treatment:		
(a) Capital gains on sales of vessels.....	Taxable as ordinary income.....	Tax deferred if proceeds are used to acquire new tonnage, and gain is used to reduce carrying value of new tonnage.
(b) Excess of indemnity received from insurance over carrying value of vessels.	Not taxable if and as long as it is intended to replace the vessel. When the vessel is replaced the untaxed excess must be applied against the cost of replacement.	Tax deferred if proceeds are used to acquire new tonnage, and gain is used to reduce carrying value of new tonnage.
(c) Provisions for future heavy repair charges (classification surveys) allowed on a cash or reserve basis.	Optional, but basis elected must be applied consistently...	Reserve basis. Provision need not be limited to a proportionate share of the estimated classification costs, but full amount of estimated costs may be provided out of one year's earnings.
(d) Operating loss carryback and/or carryforward...	Reduce profits of a year in this sequence: (a) Carry forward indefinitely of losses in initial 6 years of a company's existence (provided the company was formed after Jan. 1, 1953); (b) Carry forward 6 years of losses other than those under (a); (c) Carry back 1 year.	Carry forward 10 years.
(e) Depreciation:		
(1) Rate.....	Estimated useful life (specific rates have not been laid down).	Dry cargo vessels in ordinary traffic, 5 to 7 percent. Passenger vessels, cargo liners, tankers, fruit carriers, ore carriers, other special-purpose vessels, 6 to 8 percent.
(2) Basis for depreciation.....	Cost, less residual value, less reinvested prior untaxed gains.	Normal cost.
(3) Liberalized depreciation or similar provisions.	$\frac{1}{4}$ of cost may be depreciated on an accelerated basis, but the annual amount of accelerated depreciation, computed on cost is limited to: (a) 6 percent for buildings; (b) $8\frac{1}{4}$ percent for other fixed assets (except office equipment and passenger cars which items are excluded from the accelerated depreciation facility. If accelerated depreciation is applied, normal depreciation only should be computed on $\frac{3}{4}$ of cost.	"Additional depreciation" or "initial depreciation" may be claimed. If initial depreciation is claimed, additional depreciation cannot be claimed. Total depreciation of all classes claimed cannot exceed cost: (a) Additional depreciation, based on cost, is limited in total to 10 percent of cost. It may be claimed for the year the asset is first used, and for the 4 following years. The amount claimed annually must not exceed 50 percent of the ordinary depreciation or 2 percent of the cost of the capital asset. (b) Initial depreciation, based on cost, is limited to 25 percent of cost. Initial depreciation may be claimed in the year in which the 1st installment if paid on the purchase price up to and including the 5th year in which the asset is in operational use. Initial depreciation in any single year must not exceed 50 percent of the taxable profit for municipal income tax purposes.
(4) Special provisions.....	Depreciation may be provided as soon as a contract has been entered into for the acquisition or improvement of an asset, the total commitment being regarded as cost.	If allowance for depreciation exceeds the profits for the year, balance may be carried forward (see II (d) above).

	The United Kingdom	Sweden
I. Income tax rates.....	National: Income tax, 38.75 percent; profits tax, 12½ percent.	National, 40 percent; municipal, 10 to 15 percent. NOTE.—Municipal tax is allowed as a deduction from taxable income.
II. Items subject to different treatment:		
(a) Capital gains on sales of vessels.....	Taxable as ordinary income up to the depreciation previously allowed, except that depreciation allowed in the form of "investment allowances" (see (e)(3) below) is disregarded. Deferred if reinvested in new tonnage and gain reduces carrying value of replacements.	Taxable as ordinary income, but may be deferred through special allowance for depreciation or appropriation to renewal reserves.
(b) Excess of indemnity received from insurance over carrying value of vessels.	Taxable as ordinary income up to the depreciation previously allowed, except that depreciation allowed in the form of "investment allowances" (see (e)(3) below) is disregarded. Deferred if reinvested in new tonnage and gain reduces carrying value of replacements.	Taxable as ordinary income, but may be deferred through special allowance for depreciation or appropriation to renewal reserves.
(c) Provisions for future heavy repair charges (classification surveys) allowed on a cash or reserve basis.	Cash basis.	Cash basis, unless permission is obtained to charge repairs against renewal reserves.
(d) Operating loss carry back and/or carry forward.	Income tax: Trading losses forward indefinitely to offset against trading profits (or against nontrading income for 1 year only). Losses may be carried back for 1 year (or 3 years if loss incurred in last year of trading, known as "terminal loss"). Profits tax: losses carried forward indefinitely to set off against any income or profits from the same trade.	Carry forward to next 6 years (law effective from tax year 1961).
(e) Depreciation:		
(1) Rate.....	New vessels: Dry cargo vessels, 5 percent; refrigerated vessels, 5 to 6¼ percent; tankers, 6¼ percent (based on cost of vessel). Alternatively: Dry cargo vessels, 12½ percent; refrigerated vessels, 12½ to 15 percent; tankers, 15 percent (based on cost less depreciation allowance granted in previous years). Second hand vessels: Varying rates according to age of vessel, based on cost to present owner.	Planned depreciation: Steamships, 5 percent; motor vessels, 6¼ to 7½ percent; tankers, 8 percent; old ships taken over 12½ percent to 15 percent. Unplanned depreciation, see (e)(3).
(2) Basis for depreciation.....	Cost.....	Planned, cost. Unplanned, cost or net book value.

Comparative data on tax laws and regulations of certain countries as of June 30, 1960, with respect to shipping companies—Continued

	The United Kingdom	Sweden
II. Items: (e) Depreciation: (3) Liberalized depreciation or similar provisions.	<p>Initial allowance of 30 percent of the cost to the present owner on second-hand vessels or investment allowance of 40 percent of cost of new vessel construction (after Apr. 9, 1967) is permitted in year of acquisition in addition to normal depreciation. The investment allowance only is thereafter disregarded for the purposes of capital gains or losses (II.(a) above) and for arriving at the amount on which future depreciation allowances are calculated under the alternative method in (e)(1) above. The initial allowance, however, must be considered in determining capital gains or losses and future depreciation allowances.</p>	<p>The taxpayer may obtain permission to adopt free or unplanned depreciation in lieu of planned depreciation. Unplanned depreciation may be taken in an amount which must agree with book depreciation, and is limited to the higher of (a) 30 percent of opening net book value plus 30 percent of cost of assets purchased during the year and still held and (b) 20 percent of cost.</p>
(4) Special provisions.....	<p>If allowance for depreciation exceeds the profits for the year, balance may be carried forward without time limit. Excess allowances for last year of trading treated as a "terminal loss" (see II.(d) above).</p>	<p>"Overprice," or excess of cost of fixed assets acquired over normal value, may be written off in year of acquisition. If allowance for depreciation exceeds the profits for the year, balance may be carried forward. This provision does not apply to companies which adopt unplanned depreciation. Depreciation may be taken on ships contracted for but not yet delivered, at certain specified rates.</p>

COMPARATIVE FINANCIAL ANALYSIS OF AMERICAN INDUSTRY

Prepared for the Committee of American Steamship Lines by Standard & Poor's Corp., November 1963

SECTION I. SCOPE OF ANALYSIS

This analysis was prepared at the request of the Committee of American Steamship Lines by Standard & Poor's Corp. as an independent study of comparative financial data for American industry. The industry groupings were decided upon by Standard & Poor's Corp., based on statistics available on its Computata Service magnetic tapes. These tapes are in common use by many leading banks and financial institutions. The statistics cover 384 companies, all of which are included in the Standard & Poor's 425 Industrial Stock Price Index. The company selection was made on the basis that only companies were included on which consistent data were available for all years from 1956 through 1962. It is estimated that the 384 firms used in this study account for over 75 percent of the valuation of the securities on the New York Stock Exchange.

SECTION II. SUMMARY

Shipping industry versus 384 company composite

RETURN ON COMMON EQUITY (PERCENT)

	1956	1957	1958	1959	1960	1961	1962	Average
Composite.....	13	12	9	11	10	9	10	11
Shipping industry.....	14	11	9	5	4	2	5	7

RETURN ON TOTAL INVESTED CAPITAL (PERCENT)

Composite.....	11	11	8	10	9	9	9	10
Shipping industry.....	11	10	8	5	4	3	5	7

TAXES AS PERCENT OF PRETAX

Composite.....	45.30	44.35	43.98	45.67	45.00	44.54	44.35	44.74
Shipping industry.....	18.13	27.67	24.75	40.34	43.68	44.94	39.05	34.08

DIVIDENDS AS PERCENT OF COMMON EQUITY

Composite.....	6.57	6.30	5.79	5.70	5.63	5.65	5.91	5.94
Shipping industry.....	3.48	3.65	3.43	3.01	2.20	1.52	1.73	2.72

INDEX OF COMMON EQUITY (1956 EQUALS 100)

Composite.....	100.00	108.77	116.30	124.68	131.71	137.60	145.21	123.47
Shipping industry.....	100.00	113.01	124.12	128.09	130.44	134.87	139.71	124.32

PRICE-EARNINGS RATIOS

Composite.....	12.89	11.33	20.10	17.28	18.45	20.59	15.72	16.62
Shipping industry.....	4.14	3.73	5.57	7.46	8.82	15.38	7.82	7.60

SECTION III. INTRODUCTION TO TABULAR RESULTS

The tables in this section list in descending order the comparative results of six calculations, chosen at the request of the Committee of American Steamship Lines, for 50 industries. The price-earnings ratio calculation, however, includes a total of 74 industries, which represent a finer breakdown than was available for the other ratios and indexes. Every measurement is made for each year from 1962 to 1956, plus a 7-year average by industry, except for the two common equity indexes. The latter are only divided by the comparative 1962 index numbers, although the data for the prior years is indicated.

A comparison of the tax rate of the insurance industry is also included for the years 1962 to 1957.

The summary figures for the composite in the previous section are excluding the shipping industry in all instances.

Return on common equity

7-YEAR AVERAGE, 1956-62

Percent

	Percent
1. Radio and TV broadcasters	21
2. Drugs	21
3. Soft drinks	16
4. Confectionery	16
5. Tobacco, cigarette manufacturers	14
6. Office and business equipment	14
7. Autos and auto parts	14
8. Publishing	13
9. Sulfur	13
10. Electrical equipment and electronic leaders	13
11. Retail food chains	13
12. Soaps	13
13. Containers, paper	13
14. Cement	12
15. Oil, integrated, international	12
16. Oil, crude, producers	12
17. Chemicals	11
18. Foods, combined	11
19. Tire and rubber goods	11
20. Lead and zinc	11
21. Roofing and wallboard	11
22. Paper	10
23. Metal and metal fabricating	10
24. Tobacco and cigar manufacturers	10
25. Textiles, apparel	10
26. Food, biscuit bakers	10
27. Radio and TV electronic manufacturers	9
28. Brewers	9
29. Coal, bituminous	9
30. Shoes	9
31. Containers, metal and glass	9
32. Machinery, combined	9
33. Steel	9
34. Copper	9
35. Retail stores, combined	9
36. Autotrucks	9
37. Electrical household appliances	9
38. Fertilizers	8
39. Heating, air conditioning and plumbing	8
40. Oil, integrated domestic	8
41. Sugar, combined	8
42. Aluminum	8
43. Aerospace	8
44. Shipping	7
45. Distillers	7
46. Gold mining	6
47. Synthetic textiles and textile weavers	6
48. Homefurnishings	5
49. Air transport	5
50. Motion pictures	3
1962	
1. Radio and TV broadcasters	20
2. Drugs	19
3. Autos and auto parts	18
4. Confectionery	16
5. Soft drinks	16
6. Office and business equipment	14
7. Tobacco and cigarette manufacturers	14

Return on common equity—Continued

	1962—continued	Percent
8. Aerospace.....		13
9. Publishing.....		13
10. Electrical equipment and electronic leaders.....		12
11. Motion pictures.....		12
12. Retail food chains.....		12
13. Soaps.....		12
14. Textiles, apparel.....		12
15. Containers, paper.....		11
16. Electrical household appliances.....		11
17. Food, biscuit bakers.....		11
18. Foods, combined.....		11
19. Oil, integrated, international.....		11
20. Oil, crude producers.....		11
21. Tobacco and cigar manufacturers.....		11
22. Autotrucks.....		10
23. Chemicals.....		10
24. Radio and TV electronics manufacturers.....		10
25. Brewers.....		9
26. Cement.....		9
27. Metals and metal fabricating.....		9
28. Retail stores, combined.....		9
29. Roofing and wallboard.....		9
30. Shoes.....		9
31. Sulfur.....		9
32. Tire and rubber goods.....		9
33. Coal, bituminous.....		8
34. Containers, metal and glass.....		8
35. Fertilizers.....		8
36. Heating, air conditioning, and plumbing.....		8
37. Lead and zinc.....		8
38. Machinery, combined.....		8
39. Oil, integrated, domestic.....		8
40. Paper.....		8
41. Sugar, combined.....		8
42. Copper.....		7
43. Distillers.....		7
44. Gold mining.....		7
45. Synthetic textiles and textile weavers.....		7
46. Aluminum.....		6
47. Homefurnishings.....		5
48. Shipping.....		5
49. Steel.....		5
50. Air transport.....		1
	1961	
1. Drugs.....		19
2. Radio and TV broadcasters.....		17
3. Confectionery.....		17
4. Soft drinks.....		15
5. Tobacco and cigarette manufacturers.....		15
6. Publishing.....		14
7. Office and business equipment.....		14
8. Autos and auto parts.....		13
9. Soaps.....		13
10. Retail food chains.....		12
11. Containers, paper.....		11
12. Oil, crude, producers.....		11
13. Textiles, apparel.....		11
14. Electrical equipment and electronic leaders.....		11
15. Foods, combined.....		11
16. Oil, integrated, international.....		11
17. Chemicals.....		10
18. Food, biscuit bakers.....		10
19. Sulfur.....		10
20. Tobacco and cigar manufacturers.....		10

DISCRIMINATORY FREIGHT RATES

Return on common equity—Continued

	1961—continued	Percent
21. Lead and zinc.....	-----	10
22. Brewers.....	-----	10
23. Cement.....	-----	9
24. Roofing and wallboard.....	-----	9
25. Tires and rubber goods.....	-----	9
26. Metals and metal fabricating.....	-----	9
27. Radio and TV electronics manufacturers.....	-----	9
28. Retail stores, combined.....	-----	9
29. Electrical household appliances.....	-----	9
30. Paper.....	-----	8
31. Heating, air conditioning, and plumbing.....	-----	8
32. Fertilizers.....	-----	8
33. Coal, bituminous.....	-----	8
34. Containers, metal and glass.....	-----	8
35. Oil, integrated, domestic.....	-----	7
36. Copper.....	-----	7
37. Machinery, combined.....	-----	7
38. Sugar, combined.....	-----	7
39. Distillers.....	-----	7
40. Steel.....	-----	5
41. Shoes.....	-----	6
42. Autotrucks.....	-----	5
43. Synthetic textiles and textile weavers.....	-----	5
44. Gold mining.....	-----	5
45. Aluminum.....	-----	5
46. Homefurnishings.....	-----	3
47. Shipping.....	-----	2
48. Air transport.....	-----	(1)
49. Motion pictures.....	-----	(1)
50. Aerospace.....	-----	(1)
1960		
1. Drugs.....	-----	20
2. Radio and TV broadcasters.....	-----	18
3. Confectionery.....	-----	16
4. Autos and auto parts.....	-----	15
5. Soft drinks.....	-----	15
6. Tobacco and cigarette manufacturers.....	-----	15
7. Publishing.....	-----	14
8. Office and business equipment.....	-----	14
9. Soaps.....	-----	13
10. Retail food chains.....	-----	13
11. Containers, paper.....	-----	12
12. Oil, crude, producers.....	-----	12
13. Textiles, apparel.....	-----	11
14. Electrical equipment and electronic leaders.....	-----	11
15. Cement.....	-----	11
16. Foods, combined.....	-----	11
17. Chemicals.....	-----	11
18. Roofing and wallboard.....	-----	10
19. Tire and rubber goods.....	-----	10
20. Metal and metal fabricating.....	-----	10
21. Food, biscuit bakers.....	-----	10
22. Oil, integrated, international.....	-----	10
23. Sulfur.....	-----	10
24. Tobacco and cigar manufacturers.....	-----	10
25. Radio and TV electronic manufacturers.....	-----	10
26. Shoes.....	-----	9
27. Paper.....	-----	9
28. Lead and zinc.....	-----	9
29. Autotrucks.....	-----	8
30. Retail stores, combined.....	-----	8
31. Electrical household appliances.....	-----	8
32. Heating, air conditioning, and plumbing.....	-----	8

¹ Negative.

Return on common equity—Continued

	1960—continued	Percent
33. Fertilizers.....		8
34. Oil, integrated, domestic.....		8
35. Coal, bituminous.....		8
36. Steel.....		8
37. Copper.....		8
38. Machinery, combined.....		7
39. Brewers.....		7
40. Sugar, combined.....		7
41. Aerospace.....		7
42. Synthetic textiles and textile weavers.....		6
43. Distillers.....		6
44. Containers, metal and glass.....		6
45. Gold mining.....		6
46. Aluminum.....		6
47. Motion pictures.....		6
48. Homefurnishings.....		4
49. Air transport.....		4
50. Shipping.....		4
1959		
1. Radio and TV broadcasters.....		22
2. Drugs.....		21
3. Autos.....		16
4. Publishing.....		16
5. Soft drinks.....		16
6. Tobacco, cigarette manufacturers.....		15
7. Confectionery.....		15
8. Electrical equipment and electronic leaders.....		15
9. Autotrucks.....		14
10. Office and business equipment.....		14
11. Soaps.....		14
12. Containers, paper.....		14
13. Retail food chains.....		13
14. Cement.....		13
15. Roofing and wallboard.....		13
16. Chemicals.....		12
17. Foods, combined.....		11
18. Shoes.....		11
19. Tire and rubber goods.....		11
20. Oil, crude, producers.....		11
21. Radio and TV electronics manufacturers.....		11
22. Tobacco and cigar manufacturers.....		11
23. Sulfur.....		10
24. Oil, integrated, international.....		10
25. Food, biscuit bakers.....		10
26. Paper.....		10
27. Retail stores, combined.....		10
28. Machinery, combined.....		10
29. Lead and zinc.....		10
30. Brewers.....		10
31. Metals and metal fabricating.....		10
32. Home furnishing.....		9
33. Electric household appliances.....		9
34. Textiles, apparel.....		9
35. Heating, air conditioning, and plumbing.....		9
36. Synthetic textiles and textile weavers.....		8
37. Air transport.....		8
38. Distillers.....		8
39. Fertilizers.....		8
40. Oil, integrated, domestic.....		8
41. Coal, bituminous.....		8
42. Steel.....		8
43. Containers, metal and glass.....		8
44. Gold mining.....		7

Return on common equity—Continued

	1959—continued	Percent
45. Copper.....	-----	7
46. Sugar, combined.....	-----	7
47. Aluminum.....	-----	7
48. Aerospace.....	-----	7
49. Motion pictures.....	-----	6
50. Shipping.....	-----	5
1958		
1. Radio and TV broadcasters.....	-----	23
2. Drugs.....	-----	22
3. Publishing.....	-----	16
4. Soft drinks.....	-----	15
5. Tobacco, cigarette manufacturers.....	-----	15
6. Confectionery.....	-----	14
7. Electrical equipment and electronic leaders.....	-----	14
8. Retail food chains.....	-----	14
9. Aerospace.....	-----	13
10. Office and business equipment.....	-----	13
11. Soaps.....	-----	13
12. Containers, paper.....	-----	12
13. Cement.....	-----	12
14. Oil, crude, producers.....	-----	11
15. Roofing and wallboard.....	-----	11
16. Tobacco, cigar manufacturers.....	-----	11
17. Sulfur.....	-----	10
18. Oil, integrated, international.....	-----	10
19. Tire and rubber goods.....	-----	10
20. Food, biscuit bakers.....	-----	10
21. Foods, combined.....	-----	10
22. Autos.....	-----	9
23. Chemicals.....	-----	9
24. Shipping.....	-----	9
25. Paper.....	-----	9
26. Shoes.....	-----	9
27. Containers, metal and glass.....	-----	9
28. Retail stores, combined.....	-----	9
29. Radio and TV electronics manufacturers.....	-----	9
30. Steel.....	-----	8
31. Machinery, combined.....	-----	8
32. Heating, air conditioning, and plumbing.....	-----	8
33. Coal, bituminous.....	-----	7
34. Lead and zinc.....	-----	7
35. Aluminum.....	-----	7
36. Oil, integrated, domestic.....	-----	7
37. Textiles, apparel.....	-----	7
38. Brewers.....	-----	7
39. Sugar, combined.....	-----	7
40. Fertilizers.....	-----	7
41. Electric household appliances.....	-----	7
42. Distillers.....	-----	7
43. Metals and metal fabricating.....	-----	6
44. Copper.....	-----	6
45. Autotrucks.....	-----	6
46. Air transport.....	-----	6
47. Motion pictures.....	-----	5
48. Gold mining.....	-----	5
49. Synthetic textiles and textile weavers.....	-----	4
50. Home furnishings.....	-----	3
1957		
1. Radio and TV broadcasters.....	-----	25
2. Drugs.....	-----	23
3. Aerospace.....	-----	19
4. Sulfur.....	-----	17
5. Confectionery.....	-----	17

Return on common equity—Continued

	1957—continued	Percent
6. Soft drinks.....	-----	16
7. Autos and auto parts.....	-----	16
8. Electrical equipment and electronic leaders.....	-----	16
9. Oil, crude, producers.....	-----	16
10. Retail food chains.....	-----	15
11. Containers, papers.....	-----	14
12. Oil, integrated, international.....	-----	14
13. Tobacco, cigarette manufacturers.....	-----	14
14. Office and business equipment.....	-----	13
15. Soaps.....	-----	13
16. Metals and metal fabricating.....	-----	12
17. Tire and rubber goods.....	-----	12
18. Chemicals.....	-----	12
19. Steel.....	-----	12
20. Cement.....	-----	11
21. Shipping.....	-----	11
22. Paper.....	-----	11
23. Roofing and wallboard.....	-----	11
24. Shoes.....	-----	11
25. Machinery, combined.....	-----	11
26. Food, biscuit bakers.....	-----	11
27. Coal, bituminous.....	-----	11
28. Lead and zinc.....	-----	10
29. Aluminum.....	-----	10
30. Containers, metal and glass.....	-----	10
31. Foods, combined.....	-----	10
32. Retail stores, combined.....	-----	10
33. Tobacco, cigar manufacturers.....	-----	10
34. Oil, integrated, domestic.....	-----	9
35. Textiles, apparel.....	-----	9
36. Brewers.....	-----	9
37. Sugar, combined.....	-----	9
38. Copper.....	-----	8
39. Heating, air conditioning, and plumbing.....	-----	8
40. Radio and TV electronics manufacturers.....	-----	8
41. Publishing.....	-----	8
42. Motion pictures.....	-----	8
43. Fertilizers.....	-----	8
44. Electrical household appliances.....	-----	7
45. Autotrucks.....	-----	7
46. Distillers.....	-----	7
47. Gold mining.....	-----	6
48. Air transport.....	-----	6
49. Home furnishings.....	-----	5
50. Synthetic textiles and textile weavers.....	-----	5
	1956	
1. Radio and TV broadcasters.....	-----	24
2. Sulfur.....	-----	23
3. Drugs.....	-----	21
4. Lead and zinc.....	-----	20
5. Aerospace.....	-----	19
6. Copper.....	-----	18
7. Cement.....	-----	17
8. Office and business equipment.....	-----	17
9. Confectionery.....	-----	17
10. Containers, paper.....	-----	17
11. Soft drinks.....	-----	17
12. Metal and metal fabricating.....	-----	16
13. Oil, integrated, international.....	-----	16
14. Retail food chains.....	-----	15
15. Aluminum.....	-----	14
16. Soaps.....	-----	14
17. Autos and auto parts.....	-----	14
18. Shipping.....	-----	14

Return on common equity—Continued

1956—continued

	<i>Percent</i>
19. Tobacco, cigarette manufacturers.....	13
20. Paper.....	13
21. Roofing and wallboard.....	13
22. Tire and rubber goods.....	13
23. Chemicals.....	13
24. Electrical equipment and electronics leaders.....	13
25. Steel.....	13
26. Shoes.....	12
27. Oil, crude, producers.....	12
28. Machinery, combined.....	12
29. Air transport.....	11
30. Containers, metal and glass.....	11
31. Foods, combined.....	11
32. Retail stores, combined.....	10
33. Electrical household appliances.....	10
34. Food, biscuit bakers.....	10
35. Coal, bituminous.....	10
36. Oil, integrated, domestic.....	10
37. Auto trucks.....	10
38. Textiles, apparel.....	10
39. Heating, air conditioning, and plumbing.....	10
40. Brewers.....	9
41. Tobacco, cigar manufacturers.....	9
42. Radio and TV electronic manufacturers.....	9
43. Sugar, combined.....	8
44. Publishing.....	8
45. Home furnishings.....	8
46. Motion pictures.....	7
47. Distillers.....	7
48. Fertilizers.....	7
49. Synthetic textiles and textile weavers.....	6
50. Gold mining.....	5

Return on total invested capital

7-YEAR AVERAGE, 1956-62

1. Drugs.....	19
2. Metals and metal fabricating.....	19
3. Confectionery.....	16
4. Radio and TV broadcasters.....	16
5. Soft drinks.....	15
6. Publishing.....	14
7. Autos and auto parts.....	13
8. Retail food chains.....	12
9. Soaps.....	12
10. Sulfur.....	12
11. Tobacco, cigarettes manufacturers.....	12
12. Aerospace.....	11
13. Cement.....	11
14. Electrical equipment and electronics leaders.....	11
15. Office and business equipment.....	11
16. Oil, crude, producers.....	11
17. Oil, integrated, international.....	11
18. Containers, paper.....	10
19. Food, biscuit bakers.....	10
20. Lead and zinc.....	10
21. Radio and TV electronic manufacturers.....	10
22. Roofing and wallboard.....	10
23. Chemicals.....	9
24. Electrical household appliances.....	9
25. Foods, combined.....	9
26. Paper.....	9
27. Retail stores, combined.....	9
28. Textiles, apparel.....	9

Return on total invested capital—Continued

7-YEAR AVERAGE, 1956-62—continued

Percent

29. Tire and rubber goods.....	9
30. Tobacco, cigar manufacturers.....	9
31. Autotrucks.....	8
32. Brewers.....	8
33. Coal, bituminous.....	8
34. Copper.....	8
35. Heating, air conditioning, and plumbing.....	8
36. Machinery, combined.....	8
37. Shoes.....	8
38. Steel.....	8
39. Containers, metal and glass.....	7
40. Distillers.....	7
41. Fertilizers.....	7
42. Oil, integrated, domestic.....	7
43. Shipping.....	7
44. Sugar, combined.....	7
45. Aluminum.....	6
46. Gold mining.....	6
47. Synthetic textiles and textile weavers.....	6
48. Air transport.....	5
49. Home furnishings.....	5
50. Motion pictures.....	5

1962

1. Drugs.....	18
2. Autos and auto parts.....	17
3. Confectionery.....	16
4. Radio and TV broadcasters.....	16
5. Soft drinks.....	15
6. Tobacco, cigarette manufacturers.....	13
7. Aerospace.....	12
8. Soaps.....	11
9. Office and business equipment.....	11
10. Publishing.....	11
11. Retail food chains.....	11
12. Oil, crude, producers.....	11
13. Electrical household appliances.....	11
14. Food, biscuit bakers.....	10
15. Oil, integrated, international.....	10
16. Tobacco, cigar manufacturers.....	10
17. Electrical equipment and electronic leaders.....	10
18. Textiles, apparel.....	10
19. Autotrucks.....	9
20. Roofing and wallboard.....	9
21. Chemicals.....	9
22. Retail stores, combined.....	9
23. Foods, combined.....	9
24. Sulfur.....	9
25. Radio and TV electronic manufacturers.....	9
26. Metals and metal fabricating.....	9
27. Shoes.....	8
28. Machinery, combined.....	8
29. Cement.....	8
30. Containers, paper.....	8
31. Tire and rubber goods.....	8
32. Lead and zinc.....	8
33. Brewers.....	8
34. Gold mining.....	7
35. Synthetic textiles and textile weavers.....	7
36. Heating, air conditioning, and plumbing.....	7
37. Coal, bituminous.....	7
38. Copper.....	7
39. Oil, integrated, domestic.....	7
40. Fertilizers.....	7
41. Containers, metal and glass.....	7

Return on total invested capital—Continued

	1962—continued	Percent
42. Sugar, combined.....		7
43. Distillers.....		7
44. Paper.....		7
45. Motion pictures.....		6
46. Aluminum.....		6
47. Home furnishings.....		5
48. Steel.....		5
49. Shipping.....		5
50. Air transport.....		4
1961		
1. Drugs.....		18
2. Confectionery.....		17
3. Radio and TV broadcasters.....		14
4. Soft drinks.....		14
5. Tobacco, cigarette manufacturers.....		13
6. Autos and auto parts.....		12
7. Soaps.....		12
8. Office and business equipment.....		12
9. Publishing.....		11
10. Retail food chains.....		11
11. Oil, crude, producers.....		11
12. Food, biscuit bakers.....		10
13. Oil, integrated, international.....		10
14. Tobacco, cigar manufacturers.....		10
15. Electrical household appliances.....		10
16. Brewers.....		9
17. Lead and zinc.....		9
18. Metals and metal fabricating.....		9
19. Electrical equipment and electronic leaders.....		9
20. Radio and TV electronic manufacturers.....		9
21. Sulfur.....		9
22. Foods, combined.....		9
23. Retail stores, combined.....		8
24. Paper.....		8
25. Tire and rubber goods.....		8
26. Chemicals.....		8
27. Roofing and wallboard.....		8
28. Containers, paper.....		8
29. Cement.....		8
30. Distillers.....		7
31. Sugar, combined.....		7
32. Containers, metal and glass.....		7
33. Fertilizers.....		7
34. Oil, integrated, domestic.....		7
35. Copper.....		7
36. Coal, bituminous.....		7
37. Machinery, combined.....		7
38. Heating, air conditioning, and plumbing.....		7
39. Textiles, apparel.....		7
40. Steel.....		6
41. Aluminum.....		5
42. Synthetic textiles and textile weavers.....		5
43. Gold mining.....		5
44. Shoes.....		5
45. Autotrucks.....		5
46. Home furnishings.....		3
47. Shipping.....		3
48. Aerospace.....		2
49. Air transport.....		2
50. Motion pictures.....		0

Return on total invested capital—Continued

	1960	<i>Percent</i>
1. Drugs.....		19
2. Confectionery.....		16
3. Radio and TV broadcasters.....		15
4. Autos and auto parts.....		14
5. Soft drinks.....		14
6. Publishing.....		14
7. Tobacco, cigarette manufacturers.....		13
8. Soaps.....		12
9. Retail food chains.....		12
10. Oil, crude producers.....		11
11. Office and business equipment.....		11
12. Food, biscuit bakers.....		10
13. Oil, integrated, international.....		10
14. Foods, combined.....		10
15. Sulfur.....		10
16. Radio and TV electronic manufacturers.....		10
17. Cement.....		10
18. Electrical equipment and electronics leaders.....		10
19. Containers, paper.....		9
20. Roofing and wallboard.....		9
21. Chemicals.....		9
22. Tobacco, cigar manufacturers.....		9
23. Textiles, apparel.....		9
24. Metals and metal fabricating.....		9
25. Tire and rubber goods.....		8
26. Autotrucks.....		8
27. Paper.....		8
28. Retail stores, combined.....		8
29. Lead and zinc.....		8
30. Electrical household appliances.....		8
31. Heating, air conditioning, and plumbing.....		8
32. Machinery, combined.....		7
33. Shoes.....		7
34. Brewers.....		7
35. Steel.....		7
36. Coal, bituminous.....		7
37. Copper.....		7
38. Oil, integrated, domestic.....		7
39. Fertilizers.....		7
40. Containers, metal and glass.....		6
41. Sugar, combined.....		6
42. Distillers.....		6
43. Gold mining.....		6
44. Synthetic textiles and textile weavers.....		6
45. Motion pictures.....		6
46. Aerospace.....		5
47. Aluminum.....		5
48. Home furnishings.....		4
49. Shipping.....		4
50. Air transport.....		4
	1959	
1. Drugs.....		20
2. Radio and TV broadcasters.....		17
3. Publishing.....		15
4. Confectionery.....		15
5. Soft drinks.....		15
6. Autos and auto parts.....		15
7. Retail food chains.....		12
8. Tobacco, cigarette manufacturers.....		12
9. Electrical equipment and electronic leaders.....		12
10. Soaps.....		12
11. Cement.....		12
12. Roofing and wallboard.....		12
13. Containers, paper.....		11

DISCRIMINATORY FREIGHT RATES

Return on total invested capital—Continued

1959—continued

	Percent
14. Office and business equipment.....	11
15. Radio and TV electronic manufacturers.....	11
16. Sulfur.....	10
17. Oil, crude, producers.....	10
18. Tire and rubber goods.....	10
19. Foods, combined.....	10
20. Chemicals.....	10
21. Autotrucks.....	10
22. Aerospace.....	9
23. Oil, integrated, international.....	9
24. Food, biscuit bakers.....	9
25. Tobacco, cigar manufacturers.....	9
26. Paper.....	9
27. Machinery, combined.....	9
28. Retail stores, combined.....	9
29. Shoes.....	9
30. Lead and zinc.....	9
31. Textiles, apparel.....	9
32. Electrical household appliances.....	9
33. Heating, air conditioning, and plumbing.....	9
34. Brewers.....	9
35. Metals and metal fabricating.....	9
36. Home furnishings.....	8
37. Containers, metal and glass.....	7
38. Steel.....	7
39. Coal, bituminous.....	7
40. Sugar, combined.....	7
41. Copper.....	7
42. Oil, integrated, domestic.....	7
43. Distillers.....	7
44. Gold mining.....	7
45. Synthetic textiles and textile weavers.....	7
46. Motion pictures.....	6
47. Fertilizers.....	6
48. Aluminium.....	6
49. Shipping.....	5
50. Air transport.....	5

1958

1. Drugs.....	20
2. Radio and TV broadcasters.....	18
3. Publishing.....	16
4. Confectionery.....	15
5. Soft drinks.....	15
6. Aerospace.....	14
7. Retail food chains.....	12
8. Tobacco, cigarette manufacturers.....	12
9. Electrical equipment and electronic leaders.....	11
10. Soaps.....	11
11. Cement.....	11
12. Sulfur.....	10
13. Oil, integrated, international.....	10
14. Oil, crude, producers.....	10
15. Containers, paper.....	10
16. Roofing and wallboard.....	10
17. Office and business equipment.....	10
18. Tire and rubber goods.....	9
19. Food, biscuit bakers.....	9
20. Radio and TV electronic manufacturers.....	9
21. Foods, combined.....	9
22. Tobacco, cigar manufacturers.....	9
23. Autos and auto parts.....	8
24. Shipping.....	8
25. Paper.....	8

Return on total invested capital—Continued

	1958—continued	Percent
26. Machinery, combined.....		8
27. Retail stores, combined.....		8
28. Chemicals.....		8
29. Shoes.....		8
30. Containers, metal and glass.....		8
31. Steel.....		7
32. Lead and zinc.....		7
33. Coal, bituminous.....		7
34. Textile, apparel.....		7
35. Electrical household appliances.....		7
36. Heating, air conditioning, and plumbing.....		7
37. Brewers.....		7
38. Sugar, combined.....		7
39. Metals and metal fabricating.....		6
40. Copper.....		6
41. Oil, integrated, domestic.....		6
42. Autotrucks.....		6
43. Motion pictures.....		6
44. Distillers.....		6
45. Fertilizers.....		6
46. Aluminum.....		5
47. Air transport.....		5
48. Gold mining.....		5
49. Synthetic textiles and textile weavers.....		4
50. Home furnishings.....		3
1957		
1. Publishing.....		23
2. Drugs.....		21
3. Aerospace.....		20
4. Radio and TV broadcasters.....		18
5. Sulfur.....		16
6. Confectionery.....		16
7. Soft drinks.....		15
8. Autos and auto parts.....		14
9. Oil, integrated, international.....		13
10. Retail food chains.....		13
11. Oil, crude, producers.....		13
12. Electrical equipment and electronic leaders.....		12
13. Metals and metal fabricating.....		11
14. Containers, paper.....		11
15. Soaps.....		11
16. Steel.....		11
17. Tobacco, cigarette manufacturers.....		11
18. Lead and zinc.....		10
19. Cement.....		10
20. Roofing and wallboard.....		10
21. Shipping.....		10
22. Tire and rubber goods.....		10
23. Coal, bituminous.....		10
24. Food, biscuit bakers.....		10
25. Office and business equipment.....		9
26. Paper.....		9
27. Radio and TV electronic manufacturers.....		9
28. Foods, combined.....		9
29. Machinery, combined.....		9
30. Retail stores, combined.....		9
31. Chemicals.....		9
32. Shoes.....		9
33. Textiles, apparel.....		9
34. Tobacco, cigar manufacturers.....		9
35. Copper.....		8
36. Containers, metal and glass.....		8
37. Electrical household appliances.....		8
38. Heating, air conditioning, and plumbing.....		8

Return on total invested capital—Continued

	1957—continued	Percent
39. Brewers.....		8
40. Oil, integrated, domestic.....		8
41. Sugar, combined.....		8
42. Autotrucks.....		7
43. Aluminum.....		7
44. Motion pictures.....		7
45. Distillers.....		7
46. Fertilizers.....		7
47. Air transport.....		5
48. Home furnishings.....		5
49. Synthetic textiles and textile weavers.....		5
50. Gold mining.....		5
1956		
1. Sulfur.....		22
2. Lead and zinc.....		20
3. Drugs.....		19
4. Aerospace.....		18
5. Copper.....		17
6. Confectionery.....		16
7. Radio and TV broadcasters.....		16
8. Soft drinks.....		15
9. Cement.....		15
10. Metals and metal fabricating.....		14
11. Oil, integrated, international.....		14
12. Container, paper.....		13
13. Autos and auto parts.....		13
14. Roofing and wallboard.....		12
15. Office and business equipment.....		12
16. Soaps.....		12
17. Retail, food chains.....		12
18. Paper.....		11
19. Shipping.....		11
20. Steel.....		11
21. Radio and TV electronic manufacturers.....		10
22. Foods, combined.....		10
23. Autotrucks.....		10
24. Machinery, combined.....		10
25. Oil, crude, producers.....		10
26. Aluminum.....		10
27. Retail stores, combined.....		10
28. Chemicals.....		10
29. Electrical equipment and electronic leaders.....		10
30. Tire and rubber goods.....		10
31. Tobacco, cigarette manufacturers.....		10
32. Shoes.....		10
33. Containers, metal and glass.....		9
34. Electrical household appliances.....		9
35. Coal, bituminous.....		9
36. Heating, air conditioning, and plumbing.....		9
37. Food, biscuit bakers.....		9
38. Textiles, apparel.....		9
39. Brewers.....		8
40. Air transport.....		8
41. Oil, integrated, domestic.....		8
42. Publishing.....		8
43. Tobacco, cigar manufacturers.....		7
44. Sugar (combined).....		7
45. Home furnishings.....		7
46. Motion pictures.....		6
47. Distillers.....		6
48. Synthetic textiles and textile weavers.....		6
49. Fertilizers.....		6
50. Gold mining.....		5

Taxes as percent of pretax earnings

	7-YEAR AVERAGE, 1956-62	Percent
1. Textiles, apparel.....	53.76	53.76
2. Tobacco, cigarette manufacturers.....	53.66	53.66
3. Radio and TV broadcasters.....	53.49	53.49
4. Soft drinks.....	53.20	53.20
5. Brewers.....	52.99	52.99
6. Confectionery.....	52.78	52.78
7. Retail food chains.....	52.12	52.12
8. Food, biscuit bakers.....	51.70	51.70
9. Autotrucks.....	51.35	51.35
10. Publishing.....	51.21	51.21
11. Office and business equipment.....	51.11	51.11
12. Machinery, combined.....	50.95	50.95
13. Shoes.....	50.93	50.93
14. Soaps.....	50.91	50.91
15. Aerospace.....	50.81	50.81
16. Containers, paper.....	50.80	50.80
17. Sugar, combined.....	50.70	50.70
18. Containers, metal and glass.....	50.66	50.66
19. Foods, combined.....	50.59	50.59
20. Autos and auto parts.....	50.33	50.33
21. Distillers.....	50.07	50.07
22. Heating, air conditioning and plumbing.....	50.05	50.05
23. Tire and rubber goods.....	49.81	49.81
24. Electrical equipment and electronic leaders.....	49.77	49.77
25. Electrical household appliances.....	49.33	49.33
26. Retail stores, combined.....	49.36	49.36
27. Synthetic textiles and textile weavers.....	49.32	49.32
28. Air transport.....	49.22	49.22
29. Steel.....	48.84	48.84
30. Drugs.....	48.78	48.78
31. Paper.....	48.56	48.56
32. Roofing and wallboard.....	47.64	47.64
33. Chemicals.....	47.19	47.19
34. Tobacco, cigar manufacturers.....	46.71	46.71
35. Sulfur.....	45.69	45.69
36. Copper.....	45.34	45.34
37. Cement.....	44.54	44.54
38. Home furnishings.....	43.39	43.39
39. Metals and metal fabricating.....	40.18	40.18
40. Aluminum.....	40.13	40.13
41. Radio and TV electronic manufacturers.....	40.13	40.13
42. Motion pictures.....	35.04	35.04
43. Shipping.....	34.08	34.08
44. Fertilizers.....	31.65	31.65
45. Oil, integrated, international.....	31.03	31.03
46. Coal, bituminous.....	28.83	28.83
47. Lead and zinc.....	24.63	24.63
48. Gold mining.....	23.67	23.67
49. Oil, integrated, domestic.....	18.15	18.15
50. Oil, crude, producers.....	6.15	6.15

1962

1. Air transport.....	66.09	66.09
2. Radio and TV broadcasters.....	54.11	54.11
3. Soft drinks.....	53.65	53.65
4. Tobacco, cigarettes manufacturers.....	53.07	53.07
5. Sulfur.....	53.04	53.04
6. Confectionery.....	52.55	52.55
7. Retail food chains.....	52.03	52.03
8. Office and business equipment.....	51.99	51.99
9. Synthetic textiles and textile weavers.....	51.62	51.62
10. Foods, combined.....	51.33	51.33
11. Food, biscuit bakers.....	51.25	51.25
12. Heating, air conditioning, and plumbing.....	51.25	51.25

Taxes as percent of pretax earnings—Continued

	1962—continued	Percent
13. Sugar, combined.....	-----	51. 08
14. Soaps.....	-----	51. 02
15. Machinery, combined.....	-----	50. 96
16. Publishing.....	-----	50. 71
17. Textiles, apparel.....	-----	50. 64
18. Autos and auto parts.....	-----	50. 59
19. Distillers.....	-----	50. 26
20. Containers, metal and glass.....	-----	50. 18
21. Containers, paper.....	-----	50. 05
22. Electrical household appliances.....	-----	50. 04
23. Tire and rubber goods.....	-----	49. 82
24. Shoes.....	-----	49. 42
25. Autotrucks.....	-----	49. 28
26. Drugs.....	-----	48. 85
27. Electrical equipment and electronic leaders.....	-----	48. 80
28. Retail stores, combined.....	-----	47. 85
29. Roofing and wallboard.....	-----	47. 68
30. Paper.....	-----	47. 48
31. Chemicals.....	-----	46. 40
32. Aerospace.....	-----	46. 09
33. Tobacco, cigar manufacturers.....	-----	45. 72
34. Brewers.....	-----	45. 52
35. Steel.....	-----	45. 20
36. Cement.....	-----	45. 19
37. Copper.....	-----	44. 95
38. Home furnishings.....	-----	42. 80
39. Radio and TV electronic manufacturers.....	-----	41. 43
40. Metals and metal fabricating.....	-----	39. 08
41. Shipping.....	-----	39. 05
42. Aluminum.....	-----	35. 79
43. Coal, bituminous.....	-----	30. 41
44. Oil, integrated, international.....	-----	30. 36
45. Fertilizers.....	-----	30. 18
46. Lead and zinc.....	-----	17. 12
47. Oil, integrated, domestic.....	-----	16. 46
48. Gold mining.....	-----	15. 32
49. Oil, crude, producers.....	-----	6. 33
50. Motion pictures.....	-----	(1)
	1961	
1. Aerospace.....	-----	100. 29
2. Textiles, apparel.....	-----	64. 08
3. Shoes.....	-----	58. 26
4. Air transport.....	-----	56. 58
5. Tobacco, cigarette manufacturers.....	-----	54. 28
6. Sulfur.....	-----	53. 80
7. Soft drinks.....	-----	53. 79
8. Radio and TV broadcasters.....	-----	53. 37
9. Office and business equipment.....	-----	52. 24
10. Machinery, combined.....	-----	52. 23
11. Publishing.....	-----	52. 11
12. Confectionery.....	-----	52. 08
13. Retail food chains.....	-----	52. 01
14. Foods, combined.....	-----	51. 79
15. Sugar, combined.....	-----	51. 70
16. Containers, metal and glass.....	-----	51. 43
17. Food, biscuit bakers.....	-----	51. 20
18. Soaps.....	-----	50. 90
19. Containers, paper.....	-----	50. 13
20. Synthetic textiles and textile weavers.....	-----	50. 07
21. Electrical equipment and electronic leaders.....	-----	49. 99
22. Autos and auto parts.....	-----	49. 84
23. Tire and rubber goods.....	-----	49. 55

1 Negative.

Taxes as percent of pretax earnings—Continued

	1961—continued	Percent
24. Autotrucks.....	49.51	49.51
25. Electrical household appliances.....	49.26	49.26
26. Distillers.....	48.78	48.78
27. Brewers.....	48.35	48.35
28. Drugs.....	48.34	48.34
29. Heating, air conditioning, and plumbing.....	48.16	48.16
30. Roofing and wallboard.....	47.98	47.98
31. Retail stores, combined.....	47.93	47.93
32. Tobacco, cigar manufacturers.....	47.87	47.87
33. Paper.....	47.77	47.77
34. Steel.....	47.42	47.42
35. Home furnishings.....	47.15	47.15
36. Chemicals.....	47.13	47.13
37. Copper.....	45.73	45.73
38. Cement.....	45.04	45.04
39. Shipping.....	44.94	44.94
40. Metals and metal fabricating.....	41.55	41.55
41. Radio and TV electronic manufacturers.....	41.52	41.52
42. Aluminum.....	34.10	34.10
43. Fertilizers.....	30.68	30.68
44. Oil, integrated, international.....	29.94	29.94
45. Coal, bituminous.....	28.81	28.81
46. Gold mining.....	21.76	21.76
47. Lead and zinc.....	16.64	16.64
48. Oil, integrated, domestic.....	16.15	16.15
49. Oil, crude, producers.....	10.13	10.13
50. Motion pictures.....	0	0
1960		
1. Brewers.....	61.05	61.05
2. Radio and TV broadcasters.....	53.98	53.98
3. Sulfur.....	53.77	53.77
4. Tobacco, cigarette manufacturers.....	53.66	53.66
5. Confectionery.....	53.53	53.53
6. Textiles, apparel.....	53.03	53.03
7. Publishing.....	52.65	52.65
8. Soft drinks.....	52.43	52.43
9. Machinery, combined.....	52.26	52.26
10. Retail food chains.....	52.13	52.13
11. Autos and auto parts.....	52.11	52.11
12. Food, biscuit bakers.....	51.26	51.26
13. Office and business equipment.....	51.19	51.19
14. Synthetic textiles and textile weavers.....	51.15	51.15
15. Containers, paper.....	51.01	51.01
16. Foods, combined.....	50.82	50.82
17. Sugar, combined.....	50.46	50.46
18. Soaps.....	50.32	50.32
19. Containers, metal and glass.....	50.28	50.28
20. Autotrucks.....	50.25	50.25
21. Distillers.....	49.74	49.74
22. Shoes.....	49.72	49.72
23. Steel.....	49.68	49.68
24. Tire and rubber goods.....	49.34	49.34
25. Electrical equipment and electronic leaders.....	49.11	49.11
26. Electrical household appliances.....	49.00	49.00
27. Paper.....	48.87	48.87
28. Retail stores, combined.....	48.51	48.51
29. Heating, air conditioning, and plumbing.....	48.41	48.41
30. Home furnishings.....	48.11	48.11
31. Roofing and wallboard.....	47.98	47.98
32. Tobacco and cigar manufacturers.....	47.89	47.89
33. Motion pictures.....	47.81	47.81
34. Drugs.....	47.59	47.59
35. Copper.....	46.40	46.40
36. Chemicals.....	46.16	46.16

Taxes as percent of pretax earnings—Continued

	1960—continued	Percent
37. Air transport.....		45.46
38. Cement.....		45.22
39. Radio and TV electronic manufacturers.....		44.06
40. Shipping.....		43.68
41. Metals and metal fabricating.....		41.37
42. Aluminum.....		32.01
43. Oil, integrated, international.....		31.52
44. Fertilizers.....		28.34
45. Coal, bituminous.....		28.20
46. Lead and zinc.....		25.45
47. Gold mining.....		21.98
48. Oil, integrated, domestic.....		19.55
49. Aerospace.....		15.20
50. Oil, crude, producers.....		2.13
1959		
1. Autotrucks.....		56.21
2. Brewers.....		55.06
3. Soft drinks.....		54.59
4. Tobacco and cigarette manufacturers.....		53.77
5. Sulfur.....		53.63
6. Textiles, apparel.....		53.39
7. Confectionery.....		52.94
8. Food, biscuit bakers.....		52.33
9. Retail food chains.....		52.03
10. Radio and TV broadcasters.....		51.88
11. Heating, air conditioning, and plumbing.....		50.91
12. Machinery, combined.....		50.77
13. Electrical household appliances.....		50.76
14. Foods, combined.....		50.68
15. Containers, metal and glass.....		50.61
16. Autos and auto parts.....		50.58
17. Containers, paper.....		50.34
18. Steel.....		50.28
19. Sugar, combined.....		50.26
20. Retail stores, combined.....		50.13
21. Office and business equipment.....		50.06
22. Electrical equipment and electronic leaders.....		49.97
23. Soaps.....		49.93
24. Tires and rubber goods.....		49.77
25. Shoes.....		49.76
26. Synthetic textiles and textile weavers.....		48.88
27. Motion pictures.....		48.75
28. Paper.....		48.66
29. Chemicals.....		48.14
30. Distillers.....		48.03
31. Drugs.....		47.77
32. Roofing wallboard.....		47.26
33. Tobacco and cigar manufacturers.....		46.67
34. Copper.....		46.47
35. Cement.....		46.33
36. Aerospace.....		45.02
37. Radio and TV electronics manufacturers.....		44.19
38. Publishing.....		43.68
39. Air transport.....		42.65
40. Aluminum.....		41.10
41. Shipping.....		40.34
42. Metals and metal fabricating.....		37.91
43. Fertilizers.....		36.83
44. Oil, integrated, international.....		33.42
45. Home furnishings.....		33.30
46. Lead and zinc.....		27.71
47. Coal, bituminous.....		27.37
48. Gold mining.....		22.93
49. Oil, integrated, domestic.....		19.72
50. Oil, crude, producers.....		3.37

Taxes as percent of pretax earnings—Continued

	1958	Percent
1. Motion pictures.....		55.84
2. Brewers.....		54.46
3. Radio and TV broadcasters.....		53.98
4. Tobacco, cigarette manufacturers.....		53.76
5. Sulfur.....		52.81
6. Soft drinks.....		52.66
7. Retail food chains.....		52.17
8. Food, biscuit bakers.....		52.14
9. Confectionery.....		52.09
10. Textiles, apparel.....		51.94
11. Sugar, combined.....		51.93
12. Autotrucks.....		51.87
13. Containers, paper.....		51.03
14. Heating, air conditioning, and plumbing.....		50.83
15. Foods, combined.....		50.79
16. Soaps.....		50.68
17. Tires, rubber goods.....		50.57
18. Shoes.....		50.26
19. Retail stores, combined.....		49.81
20. Machinery, combined.....		49.76
21. Containers, metal and glass.....		49.76
22. Steel.....		49.49
23. Distillers.....		49.25
24. Office and business equipment.....		49.14
25. Electrical equipment and electronic leaders.....		49.12
26. Paper.....		48.83
27. Drugs.....		48.36
28. Roofing and wallboard.....		48.04
29. Aerospace.....		47.65
30. Chemicals.....		47.00
31. Electrical household appliances.....		46.57
32. Tobacco, cigar manufacturing manufacturers.....		45.44
33. Autos and auto parts.....		45.01
34. Synthetic textiles and textile weavers.....		43.94
35. Air transport.....		43.88
36. Publishing.....		43.75
37. Home furnishings.....		43.61
38. Radio, TV electronics manufacturers.....		43.46
39. Cement.....		43.12
40. Aluminum.....		42.56
41. Copper.....		42.34
42. Metals and metal fabricating.....		38.97
43. Fertilizers.....		32.71
44. Oil, integrated, international.....		32.21
45. Gold mining.....		28.32
46. Coal, bituminous.....		27.89
47. Lead and zinc.....		24.86
48. Shipping.....		24.75
49. Oil, integrated, domestic.....		11.85
50. Oil, crude, producers.....		3.21
	1957	
1. Radio and TV broadcasters.....		54.03
2. Soft drinks.....		53.11
3. Tobacco, cigarette manufacturers.....		53.08
4. Confectionery.....		52.80
5. Brewers.....		52.65
6. Auto trucks.....		52.49
7. Retail food chains.....		52.26
8. Food, biscuit bakers.....		51.18
9. Office and business equipment.....		51.67
10. Textiles, apparel.....		51.46
11. Soaps.....		51.44
12. Distillers.....		51.35
13. Heating, air conditioning, and plumbing.....		51.16

Taxes as percent of pretax earnings—Continued

1957—continued

	<i>Percent</i>
14. Containers, metal and glass.....	51. 20
15. Containers, paper.....	51. 12
16. Electrical equipment and electronic leaders.....	51. 05
17. Autos and auto parts.....	50. 79
18. Machinery, combined.....	50. 77
19. Retail stores, combined.....	50. 48
20. Drugs.....	50. 23
21. Steel.....	50. 07
22. Aerospace.....	49. 86
23. Synthetic textiles and textile weavers.....	49. 82
24. Sugar, combined.....	49. 59
25. Motion pictures.....	49. 54
26. Foods, combined.....	49. 47
27. Tire and rubber goods.....	49. 33
28. Shoes.....	49. 12
29. Electrical household appliances.....	48. 82
30. Paper.....	48. 51
31. Chemicals.....	47. 46
32. Roofing and wallboard.....	46. 50
33. Aluminum.....	46. 48
34. Tobacco, cigar manufacturers.....	45. 76
35. Copper.....	45. 39
36. Publishing.....	44. 87
37. Home furnishings.....	43. 48
38. Cement.....	42. 72
39. Air transport.....	41. 20
40. Metals and metal fabricating.....	40. 93
41. Radio and TV electronic manufacturers.....	33. 64
42. Fertilizers.....	32. 39
43. Lead and zinc.....	29. 62
44. Oil, integrated, international.....	29. 16
45. Coal, bituminous.....	28. 62
46. Shipping.....	27. 67
47. Gold mining.....	26. 15
48. Sulfur.....	22. 32
49. Oil, integrated, domestic.....	18. 04
50. Oil, crude, producers.....	9. 56

1956

1. Publishing.....	70. 73
2. Tobacco, cigarette manufacturers.....	53. 99
3. Brewers.....	53. 86
4. Confectionery.....	53. 48
5. Auto and auto parts.....	53. 41
6. Radio and TV broadcasters.....	53. 09
7. Distillers.....	53. 09
8. Soft drinks.....	52. 18
9. Retail food chains.....	52. 16
10. Soaps.....	52. 09
11. Containers, paper.....	51. 95
12. Textiles, apparel.....	51. 77
13. Aerospace.....	51. 56
14. Food, biscuit bakers.....	51. 54
15. Office and business equipment.....	51. 45
16. Electrical household appliances.....	51. 23
17. Containers, metal and glass.....	51. 13
18. Retail stores, combined.....	50. 78
19. Electrical equipment and electronic leaders.....	50. 38
20. Drugs.....	50. 35
21. Tire and rubber goods.....	50. 26
22. Shoes.....	50. 00
23. Sugar, combined.....	49. 91
24. Machinery, combined.....	49. 87
25. Autotrucks.....	49. 85

Taxes as percent of pretax earnings—Continued

	1956—continued	Percent
26. Paper.....	-----	49. 77
27. Steel.....	-----	49. 76
28. Synthetic textiles and textile weavers.....	-----	49. 74
29. Heating, air conditioning, and plumbing.....	-----	49. 63
30. Foods, combined.....	-----	49. 28
31. Aluminum.....	-----	48. 89
32. Air transport.....	-----	48. 68
33. Chemicals.....	-----	48. 03
34. Roofing and wallboard.....	-----	48. 03
35. Tobacco, cigar manufacturers.....	-----	47. 61
36. Copper.....	-----	46. 13
37. Home furnishings.....	-----	45. 28
38. Cement.....	-----	44. 17
39. Motion pictures.....	-----	43. 33
40. Metals and metal fabricating.....	-----	41. 48
41. Radio and TV electronic manufacturers.....	-----	32. 64
42. Lead and zinc.....	-----	30. 99
43. Oil, integrated, international.....	-----	30. 58
44. Coal, bituminous.....	-----	30. 51
45. Fertilizers.....	-----	30. 45
46. Sulfur.....	-----	30. 43
47. Gold mining.....	-----	29. 22
48. Oil, integrated, domestic.....	-----	25. 28
49. Shipping.....	-----	18. 13
50. Oil, crude, producers.....	-----	8. 29

Dividends as a percent of common equity

7-YEAR AVERAGE, 1956-62

1. Drugs.....	-----	11. 69
2. Soft drinks.....	-----	11. 08
3. Confectionery.....	-----	10. 07
4. Radio and TV broadcasters.....	-----	9. 05
5. Autos and auto parts.....	-----	9. 02
6. Electrical equipment and electronic leaders.....	-----	8. 90
7. Sulfur.....	-----	8. 76
8. Lead and zinc.....	-----	8. 45
9. Tobacco, cigarette manufacturers.....	-----	8. 29
10. Chemicals.....	-----	6. 93
11. Publishing.....	-----	6. 81
12. Cement.....	-----	6. 67
13. Shoes.....	-----	6. 64
14. Containers, paper.....	-----	6. 61
15. Food, biscuit bakers.....	-----	6. 44
16. Roofing and wallboard.....	-----	6. 27
17. Aerospace.....	-----	6. 12
18. Copper.....	-----	6. 12
19. Metals and metal fabricating.....	-----	6. 04
20. Retail food chains.....	-----	5. 88
21. Soaps.....	-----	5. 80
22. Paper.....	-----	5. 78
23. Foods, combined.....	-----	5. 68
24. Oil, integrated, international.....	-----	5. 47
25. Retail stores, combined.....	-----	5. 47
26. Steel.....	-----	5. 43
27. Office and business equipment.....	-----	5. 33
28. Containers, metal and glass.....	-----	5. 26
29. Gold mining.....	-----	5. 25
30. Machinery, combined.....	-----	5. 14
31. Brewers.....	-----	5. 01
32. Textiles, apparel.....	-----	4. 95
33. Electrical household appliances.....	-----	4. 91
34. Tire and rubber goods.....	-----	4. 67
35. Oil, crude, producers.....	-----	4. 61

Dividends as a percent of common equity—Continued

7-YEAR AVERAGE, 1956-62—continued

	Percent
36. Heating, air conditioning, and plumbing.....	4. 58
37. Tobacco, cigar manufacturers.....	4. 58
38. Fertilizers.....	4. 58
39. Autotrucks.....	4. 41
40. Oil, integrated, domestic.....	4. 18
41. Coal, bituminous.....	4. 05
42. Distillers.....	4. 03
43. Motion pictures.....	3. 97
44. Sugar, combined.....	3. 96
45. Aluminum.....	3. 51
46. Radio and TV electronic manufacturers.....	3. 39
47. Synthetic textiles and textile weavers.....	3. 32
48. Shipping.....	2. 72
49. Air transport.....	2. 66
50. Homefurnishings.....	2. 49
1962	
1. Drugs.....	11. 02
2. Soft drinks.....	10. 49
3. Autos and auto parts.....	9. 81
4. Confectionery.....	9. 69
5. Radio and TV broadcasters.....	8. 78
6. Tobacco, cigarette manufacturers.....	8. 53
7. Electrical equipment and electronic leaders.....	7. 64
8. Food, biscuit bakers.....	7. 12
9. Retail food chains.....	6. 89
10. Chemicals.....	6. 20
11. Soaps.....	6. 07
12. Lead and zinc.....	6. 02
13. Tobacco, cigar manufacturers.....	5. 89
14. Foods, combined.....	5. 87
15. Autotrucks.....	5. 87
16. Cement.....	5. 87
17. Electrical household appliances.....	5. 71
18. Metal and metal fabricating.....	5. 68
19. Roofing and wallboard.....	5. 61
20. Shoes.....	5. 58
21. Oil, integrated, international.....	5. 54
22. Oil, integrated, domestic.....	5. 49
23. Sulfur.....	5. 36
24. Publishing.....	5. 36
25. Paper.....	5. 32
26. Retail stores, combined.....	5. 28
27. Textiles, apparel.....	5. 15
28. Containers, paper.....	5. 13
29. Copper.....	5. 00
30. Oil, crude producers.....	4. 93
31. Machinery, combined.....	4. 90
32. Office and business equipment.....	4. 85
33. Brewers.....	4. 77
34. Steel.....	4. 72
35. Aerospace.....	4. 69
36. Containers, metal and glass.....	4. 69
37. Tire and rubber goods.....	4. 40
38. Heating, air conditioning, and plumbing.....	4. 39
39. Coal, bituminous.....	4. 32
40. Distillers.....	3. 87
41. Gold mining.....	3. 83
42. Sugar, combined.....	3. 67
43. Radio and TV electronic manufacturers.....	3. 59
44. Fertilizers.....	3. 54
45. Motion pictures.....	3. 21
46. Synthetic textiles and textile weavers.....	3. 17
47. Aluminum.....	3. 07

Dividends as a percent of common equity—Continued

	1962—continued	Percent
48. Homefurnishings.....		2. 16
49. Air transport.....		2. 14
50. Shipping.....		1. 73
	1961	
1. Drugs.....		11. 21
2. Soft drinks.....		11. 13
3. Confectionery.....		9. 73
4. Radio and TV broadcasters.....		9. 19
5. Autos and auto parts.....		9. 18
6. Tobacco, cigarette manufacturers.....		8. 26
7. Electrical equipment and electronic leaders.....		7. 93
8. Sulfur.....		7. 13
9. Food, biscuit bakers.....		6. 76
10. Cement.....		6. 39
11. Retail food chains.....		6. 37
12. Chemicals.....		6. 35
13. Lead and zinc.....		6. 21
14. Soaps.....		6. 21
15. Shoes.....		6. 17
16. Roofing and wallboard.....		5. 88
17. Foods, combined.....		5. 85
18. Containers, paper.....		5. 79
19. Publishing.....		5. 68
20. Autotrucks.....		5. 49
21. Paper.....		5. 30
22. Steel.....		5. 28
23. Oil, integrated, international.....		5. 23
24. Electrical household appliances.....		5. 19
25. Metals and metal fabricating.....		5. 17
26. Brewers.....		5. 13
27. Retail stores, combined.....		5. 13
28. Textiles, apparel.....		5. 13
29. Tobacco, cigar manufacturers.....		5. 13
30. Copper.....		5. 09
31. Machinery, combined.....		5. 06
32. Aerospace.....		4. 88
33. Oil, crude, producers.....		4. 79
34. Containers, metal and glass.....		4. 76
35. Office and business equipment.....		4. 48
36. Tire and rubber goods.....		4. 45
37. Heating, air conditioning, and plumbing.....		4. 39
38. Fertilizers.....		4. 33
39. Distillers.....		4. 03
40. Coal, bituminous.....		4. 02
41. Gold mining.....		3. 79
42. Oil, integrated, domestic.....		3. 53
43. Sugar, combined.....		3. 50
44. Radio and TV electronic manufacturers.....		3. 36
45. Synthetic textiles and textile weavers.....		3. 23
46. Aluminum.....		3. 16
47. Motion pictures.....		3. 08
48. Air transport.....		2. 26
49. Home furnishings.....		2. 15
50. Shipping.....		1. 52
	1960	
1. Drugs.....		11. 96
2. Soft drinks.....		11. 67
3. Confectionery.....		9. 64
4. Radio and TV broadcasters.....		9. 15
5. Tobacco, cigarette manufacturers.....		8. 28
6. Autos and auto parts.....		8. 15
7. Electrical equipment and electronic leaders.....		8. 14
8. Sulfur.....		7. 39

Dividends as a percent of common equity—Continued

	1960—continued	Percent
9. Cement.....		6. 90
10. Chemicals.....		6. 52
11. Containers, paper.....		6. 50
12. Lead and zinc.....		6. 41
13. Food, biscuit bakers.....		6. 37
14. Retail food chains.....		6. 36
15. Shoes.....		6. 18
16. Roofing and wallboard.....		6. 16
17. Soaps.....		6. 03
18. Foods, combined.....		5. 83
19. Paper.....		5. 43
20. Office and business equipment.....		5. 37
21. Steel.....		5. 35
22. Gold mining.....		5. 29
23. Tobacco, cigar manufacturers.....		5. 26
24. Copper.....		5. 23
25. Electrical household appliances.....		5. 23
26. Metal and metal fabricating.....		5. 23
27. Textiles, apparel.....		5. 20
28. Oil, integrated, international.....		5. 16
29. Retail stores, combined.....		5. 15
30. Brewers.....		5. 12
31. Machinery, combined.....		5. 09
32. Autotrucks.....		5. 09
33. Publishing.....		5. 01
34. Containers, metal and glass.....		4. 87
35. Aerospace.....		4. 84
36. Tire and rubber goods.....		4. 66
37. Fertilizers.....		4. 57
38. Oil, crude, producers.....		4. 51
39. Heating, air conditioning, and plumbing.....		4. 37
40. Distillers.....		4. 21
41. Coal, bituminous.....		4. 16
42. Motion pictures.....		3. 80
43. Oil, integrated, domestic.....		3. 73
44. Sugar, combined.....		3. 65
45. Synthetic textiles and textile weavers.....		3. 44
46. Aluminum.....		3. 35
47. Radio and TV electronic manufacturers.....		3. 31
48. Air transport.....		2. 43
49. Home furnishings.....		2. 28
50. Shipping.....		2. 20
1959		
1. Drugs.....		12. 47
2. Soft drinks.....		11. 60
3. Confectionery.....		9. 88
4. Radio and TV broadcasters.....		8. 83
5. Electrical equipment and electronic leaders.....		8. 53
6. Autos and auto parts.....		8. 48
7. Tobacco, cigarette manufacturers.....		8. 39
8. Cement.....		7. 32
9. Sulfur.....		7. 18
10. Chemicals.....		6. 88
11. Lead and zinc.....		6. 55
12. Containers, paper.....		6. 47
13. Roofing and wallboard.....		6. 37
14. Food, biscuit bakers.....		6. 16
15. Shoes.....		6. 11
16. Aerospace.....		6. 04
17. Soaps.....		5. 80
18. Copper.....		5. 78
19. Gold mining.....		5. 72
20. Paper.....		5. 64
21. Retail stores, combined.....		5. 47

Dividends as a percent of common equity—Continued

	1959—continued	Percent
22. Steel	-----	5.45
23. Publishing	-----	5.41
24. Foods, combined	-----	5.36
25. Retail food chains	-----	5.32
26. Oil, integrated, international	-----	5.28
27. Office and business equipment	-----	5.12
28. Metals and metal fabricating	-----	5.08
29. Containers, metal and glass	-----	5.02
30. Brewers	-----	4.86
31. Textiles, apparel	-----	4.84
32. Machinery, combined	-----	4.83
33. Tobacco, cigar manufacturers	-----	4.83
34. Electrical household appliances	-----	4.81
35. Fertilizers	-----	4.67
36. Tire and rubber goods	-----	4.48
37. Oil, crude, producers	-----	4.19
38. Distillers	-----	4.13
39. Coal, bituminous	-----	4.12
40. Sugar, combined	-----	4.08
41. Heating, air conditioning, and plumbing	-----	4.01
42. Motion pictures	-----	3.97
43. Oil, integrated, domestic	-----	3.83
44. Autotrucks	-----	3.43
45. Radio and TV electronic manufacturers	-----	3.42
46. Aluminum	-----	3.12
47. Synthetic textiles and textile weavers	-----	3.08
48. Shipping	-----	3.01
49. Air transport	-----	2.53
50. Home furnishings	-----	2.33
1958		
1. Drugs	-----	12.01
2. Soft drinks	-----	10.38
3. Confectionery	-----	9.49
4. Electrical equipment and electronic leaders	-----	9.42
5. Autos and auto parts	-----	8.54
6. Radio and TV broadcasters	-----	8.40
7. Tobacco, cigarette manufacturers	-----	8.23
8. Chemicals	-----	7.33
9. Containers, paper	-----	7.05
10. Lead and zinc	-----	6.94
11. Shoes	-----	6.93
12. Sulfur	-----	6.83
13. Cement	-----	6.67
14. Aerospace	-----	6.53
15. Roofing and wallboard	-----	6.37
16. Publishing	-----	6.28
17. Foods, biscuit bakers	-----	6.12
18. Paper	-----	6.00
19. Gold mining	-----	5.76
20. Retail stores, combined	-----	5.61
21. Steel	-----	5.55
22. Soaps	-----	5.52
23. Foods, combined	-----	5.49
24. Containers, metal and glass	-----	5.47
25. Office and business equipment	-----	5.34
26. Oil, integrated, international	-----	5.27
27. Retail food chains	-----	5.25
28. Metal and metal fabricating	-----	5.22
29. Machinery, combined	-----	5.19
30. Copper	-----	5.00
31. Fertilizers	-----	4.82
32. Brewers	-----	4.81
33. Tire and rubber goods	-----	4.70
34. Textiles, apparel	-----	4.44
35. Electrical household appliances	-----	4.39

Dividends as a percent of common equity—Continued

1958—continued		Percent
36. Sugar, combined.....		4.30
37. Motion pictures.....		4.26
38. Tobacco, cigar manufacturers.....		4.21
39. Coal, bituminous.....		4.18
40. Oil, crude, producers.....		4.18
41. Distillers.....		4.11
42. Heating, air conditioning, and plumbing.....		3.95
43. Oil, integrated, domestic.....		3.95
44. Aluminum.....		3.63
45. Shipping.....		3.43
46. Radio and TV electronic manufacturers.....		3.25
47. Synthetic textiles and textile weavers.....		3.01
48. Autotrucks.....		2.82
49. Air transport.....		2.65
50. Homefurnishings.....		1.93
1957		
1. Sulfur.....		12.59
2. Drugs.....		12.06
3. Lead and zinc.....		11.77
4. Confectionery.....		11.11
5. Soft drinks.....		10.88
6. Electrical equipment and electrical leaders.....		9.96
7. Publishing.....		9.78
8. Radio and TV broadcasters.....		9.40
9. Autos and auto parts.....		9.16
10. Tobacco, cigarette manufacturers.....		8.09
11. Containers, paper.....		8.01
12. Aerospace.....		7.75
13. Chemicals.....		7.73
14. Metals and metal fabricating.....		7.60
15. Shoes.....		7.41
16. Roofing and wallboard.....		6.74
17. Copper.....		6.63
18. Cement.....		6.60
19. Gold mining.....		6.59
20. Food, biscuit bakers.....		6.35
21. Paper.....		6.28
22. Containers, metal and glass.....		6.12
23. Steel.....		5.94
24. Retail stores, combined.....		5.82
25. Oil, integrated, international.....		5.79
26. Foods, combined.....		5.67
27. Machinery, combined.....		5.62
28. Retail food chains.....		5.58
29. Office and business equipment.....		5.52
30. Soaps.....		5.37
31. Heating, air conditioning, and plumbing.....		5.07
32. Fertilizers.....		4.94
33. Brewers.....		4.89
34. Tire and rubber goods.....		4.85
35. Motion pictures.....		4.70
36. Textiles, apparel.....		4.67
37. Oil, crude, producers.....		4.62
38. Electrical household appliances.....		4.60
39. Oil, integrated, domestic.....		4.34
40. Sugar, combined.....		4.25
41. Autotrucks.....		4.06
42. Aluminum.....		3.97
43. Distillers.....		3.91
44. Coal, bituminous.....		3.76
45. Shipping.....		3.65
46. Synthetic textiles and textile weavers.....		3.59
47. Tobacco, cigar manufacturers.....		3.52
48. Radio and TV electronic manufacturers.....		3.14
49. Homefurnishings.....		2.92
50. Air transport.....		2.85

Dividends as a percent of common equity—Continued

	1956	<i>Percent</i>
1. Lead and zinc.....		15.26
2. Sulfur.....		14.82
3. Soft drinks.....		11.41
4. Drugs.....		11.08
5. Confectionery.....		10.98
6. Electrical equipment and electrical leaders.....		10.68
7. Publishing.....		10.14
8. Copper.....		10.10
9. Autos and auto parts.....		9.83
10. Radio and TV broadcasters.....		9.58
11. Metals and metal fabricating.....		8.28
12. Tobacco, cigarette manufacturers.....		8.25
13. Shoes.....		8.12
14. Aerospace.....		8.12
15. Chemicals.....		7.47
16. Containers, paper.....		7.33
17. Cement.....		6.96
18. Roofing and wallboard.....		6.78
19. Office and business equipment.....		6.61
20. Paper.....		6.50
21. Food, biscuit bakers.....		6.22
22. Oil, integrated, international.....		6.01
23. Heating, air conditioning, and plumbing.....		5.89
24. Containers, metal and glass.....		5.89
25. Retail stores, combined.....		5.85
26. Gold mining.....		5.76
27. Steel.....		5.73
28. Foods, combined.....		5.69
29. Soaps.....		5.63
30. Brewers.....		5.51
31. Retail food chains.....		5.42
32. Machinery, combined.....		5.32
33. Textiles, apparel.....		5.23
34. Fertilizers.....		5.16
35. Tire and rubber goods.....		5.15
36. Oil, crude, producers.....		5.05
37. Motion pictures.....		4.79
38. Electrical household appliances.....		4.45
39. Oil, integrated, domestic.....		4.41
40. Sugar, combined.....		4.30
41. Aluminum.....		4.25
42. Autotrucks.....		4.09
43. Distillers.....		3.95
44. Coal, bituminous.....		3.82
45. Air transport.....		3.78
46. Synthetic textiles and textile weavers.....		3.74
47. Radio and TV electronic manufacturers.....		3.66
48. Home furnishings.....		3.64
49. Shipping.....		3.48
50. Tobacco, cigar manufacturers.....		3.24

Index of common equity, ranked in descending order for 1962

[1956 equals 100]

	1957	1958	1959	1960	1961	1962
1. Publishing.....	91.57	142.97	176.71	213.25	235.14	264.66
2. Office and business equipment.....	134.08	148.32	170.04	187.96	209.90	238.15
3. Radio and TV broadcasters.....	117.89	134.82	153.99	172.52	180.51	193.50
4. Drugs.....	113.42	127.95	142.11	153.97	169.09	187.99
5. Retail food chains.....	112.28	129.23	143.26	156.35	168.00	177.91
6. Soft drinks.....	105.72	115.02	126.80	147.58	158.11	168.21
7. Oil, crude, producers.....	109.83	122.95	131.98	144.69	156.30	166.81
8. Radio and TV electronics manufacturers.....	107.78	115.49	130.70	142.19	155.72	165.95
9. Soaps.....	110.62	121.96	135.53	144.02	154.50	165.22
10. Containers, paper.....	107.72	128.28	140.67	142.86	151.04	162.04
11. Sulfur.....	105.39	144.56	150.71	146.80	152.39	160.26
12. Oil, integrated, international.....	112.66	126.36	134.34	140.99	148.11	158.81
13. Textiles, apparel.....	110.36	115.17	122.44	130.95	142.42	154.99
14. Tobacco, cigar manufacturers.....	100.68	105.61	115.46	121.89	146.65	154.72
15. Tobacco, cigarette manufacturers.....	107.17	117.47	126.23	137.09	147.04	154.47
16. Containers, metal and glass.....	111.70	124.82	139.89	145.48	149.35	154.36
17. Roofing and wallboard.....	104.34	115.27	133.90	141.26	146.76	153.34
18. Electrical equipment and electronic leaders.....	109.05	115.88	127.03	138.20	144.49	152.97
19. Paper.....	107.20	114.01	123.67	135.47	145.58	152.92
20. Chemicals.....	106.69	110.57	119.08	130.41	139.03	150.48
21. Cement.....	112.79	120.14	126.02	131.17	140.78	149.11
22. Confectionery.....	105.90	111.35	118.03	127.17	136.77	147.28
23. Autos.....	107.85	110.14	110.14	129.82	133.53	146.85
24. Autotrucks.....	106.49	106.93	121.43	137.77	136.45	143.11
25. Gold mining.....	86.22	98.59	99.33	107.56	151.04	142.67
26. Brewers.....	104.05	105.81	112.32	116.20	134.51	142.43
27. Tire and rubber goods.....	108.40	113.96	123.12	129.47	136.96	142.42
28. Fertilizers.....	104.63	107.11	115.96	121.40	132.26	142.19
29. Metals and metal fabricating.....	111.34	112.96	124.08	131.47	138.23	142.12
30. Air transport.....	114.22	124.17	137.26	144.52	138.16	141.65
31. Foods, combined.....	105.43	112.50	118.97	126.06	133.41	140.18
32. Shipping.....	113.01	124.12	128.09	130.44	134.87	139.71
33. Coal, bituminous.....	110.87	116.22	121.46	123.82	130.20	139.16
34. Aluminum.....	112.18	117.52	124.50	129.37	131.58	137.92
35. Retail stores, combined.....	104.34	110.99	123.06	131.76	134.62	137.89
36. Machinery, combined.....	107.34	111.11	123.99	126.65	130.09	135.25
37. Synthetic textiles and textile weavers.....	102.42	103.05	110.97	122.57	126.65	134.20
38. Oil, integrated, domestic.....	105.85	112.33	118.00	123.05	130.36	133.29
39. Shoes.....	103.59	106.47	116.89	128.58	126.89	131.63
40. Aerospace.....	119.04	131.38	128.62	124.85	119.19	131.17
41. Electric household appliances.....	103.35	109.48	114.16	120.22	125.53	131.14
42. Steel.....	111.56	117.14	120.71	124.07	125.71	126.61
43. Sugar, combined.....	105.66	109.44	111.85	113.65	119.60	124.35
44. Food, biscuit bakers.....	104.52	109.59	117.35	117.67	123.04	123.33
45. Distillers.....	103.83	107.36	111.98	112.71	117.26	120.83
46. Copper.....	105.73	108.94	110.36	111.28	113.42	116.11
47. Lead and zinc.....	98.76	99.71	104.19	106.72	110.38	114.03
48. Homefurnishings.....	100.64	102.81	110.40	108.28	108.19	113.62
49. Motion pictures.....	98.14	96.54	104.18	109.58	110.80	94.60
50. Heating, air conditioning, and plumbing.....	82.00	82.77	83.78	86.98	88.67	90.57

Index of common equity plus accumulated dividends ranked in descending order
for 1962

[1956 equals 100]

	1957	1958	1959	1960	1961	1962
1. Publishing.....	100.47	157.30	194.60	237.48	269.50	309.15
2. Office and business equipment.....	138.91	159.69	188.25	214.51	243.90	281.23
3. Drugs.....	124.40	151.31	180.02	207.27	237.95	273.62
4. Radio and TV broadcasters.....	126.44	152.24	182.14	213.45	235.88	263.25
5. Soft drinks.....	115.46	134.52	158.29	192.40	217.66	242.55
6. Retail food chains.....	117.60	140.11	160.64	182.49	203.69	224.72
7. Tobacco, cigarettes.....	114.64	133.09	150.96	171.49	191.91	210.95
8. Confectionery.....	115.92	130.35	146.87	166.15	186.79	209.12
9. Sulfur.....	116.25	158.98	173.76	179.80	194.73	208.46
10. Electrical equipment and electronic leaders.....	117.99	134.03	153.89	174.15	190.18	208.40
11. Soaps.....	115.67	132.79	153.07	169.33	188.33	207.99
12. Containers, paper.....	115.23	142.82	162.83	173.53	189.30	207.29
13. Autos.....	116.14	126.79	144.82	163.58	178.13	203.37
14. Oil, crude, producers.....	114.19	131.57	145.44	163.75	181.92	199.77
15. Oil, integrated, international.....	118.09	137.30	151.51	164.64	178.67	197.06
16. Roofing and wallboard.....	110.65	127.76	153.19	168.22	181.46	195.69
17. Chemicals.....	113.91	125.05	147.46	159.04	175.29	194.62
18. Cement.....	118.91	133.28	147.40	160.68	178.08	194.05
19. Containers, metal and glass.....	117.50	136.34	157.21	169.18	179.54	191.10
20. Paper.....	113.08	125.91	141.53	159.52	176.25	190.78
21. Radio and TV electronics.....	110.77	121.84	140.82	156.45	174.55	190.03
22. Textiles, apparel.....	114.74	124.17	136.72	151.28	169.11	188.65
23. Tobacco, cigars.....	104.09	113.17	128.12	140.56	171.83	188.47
24. Metals and metal fabricating.....	118.29	125.23	141.32	130.62	167.34	178.40
25. Foods, combined.....	110.79	123.33	135.48	149.15	163.49	177.68
26. Brewers.....	108.66	115.15	126.50	135.81	159.70	173.65
27. Retail stores, combined.....	109.84	122.01	139.78	154.40	163.63	173.59
28. Tire and rubber goods.....	112.98	123.37	137.32	149.10	161.12	173.13
29. Gold mining.....	92.34	109.41	115.49	128.64	175.16	172.42
30. Shoes.....	110.43	119.91	136.16	154.31	159.99	171.17
31. Coal, bituminous.....	114.48	124.31	134.18	141.42	152.60	171.13
32. Fertilizer.....	109.31	116.58	130.15	140.60	156.37	170.60
33. Aerospace.....	126.15	145.49	150.13	152.24	152.38	169.15
34. Machinery, combined.....	112.70	121.75	139.66	148.31	157.83	169.02
35. Food, biscuit bakers.....	110.50	121.59	135.70	143.05	155.94	164.48
36. Electric household appliances.....	107.75	118.22	127.99	139.79	151.10	163.64
37. Steel.....	117.20	128.63	138.23	147.69	155.52	162.03
38. Aluminum.....	115.96	125.18	135.59	144.43	150.54	160.69
39. Oil, integrated, domestic.....	110.00	120.46	130.22	139.45	150.85	160.67
40. Air transport.....	116.84	129.59	145.55	155.93	152.81	159.09
41. Shipping.....	116.55	131.41	138.97	144.02	150.28	157.29
42. Synthetic textiles and weavers.....	105.87	109.47	120.40	135.64	143.52	154.89
43. Lead and zinc.....	109.01	115.83	125.64	133.77	142.89	152.02
44. Sugar, combined.....	109.73	117.87	124.56	130.26	139.98	148.91
45. Copper.....	111.58	119.43	126.52	132.64	139.83	147.55
46. Distillers.....	107.59	115.23	124.12	129.39	138.31	146.24
47. Autotrucks.....	106.47	105.63	120.67	139.10	138.29	145.55
48. Homefurnishings.....	103.46	107.46	117.27	117.61	119.77	127.38
49. Motion pictures.....	102.63	105.02	116.26	125.39	129.80	117.24
50. Heating, air conditioning, and plumbing.....	86.93	90.74	94.86	101.48	106.75	112.31

Price-earnings ratios

7-YEAR AVERAGE, 1956-62

	Percent
1. Office and business equipment.....	46.94
2. Electronics.....	34.77
3. Machine tools.....	32.16
4. Aluminum.....	27.92
5. Electrical and electronic leaders.....	26.47
6. Oil, crude, producers.....	25.69
7. Chemicals.....	25.47
8. Gold mining.....	25.25
9. Sugarcane producers.....	22.63
10. Soaps.....	21.85
11. Drugs.....	21.81
12. Retail stores, mail order.....	19.66
13. Soft drinks.....	19.57
14. Paper.....	19.17
15. Food, packaged foods.....	19.17
16. Metals, miscellaneous.....	18.21
17. Radio and TV electronics.....	17.94

Price-earnings ratios—Continued

7-YEAR AVERAGE, 1956-62—continued		<i>Percent</i>
18. Aerospace.....	-----	17. 85
19. Machinery, construction and material handling.....	-----	17. 82
20. Containers, paper.....	-----	17. 22
21. Machinery, agricultural.....	-----	17. 19
22. Containers, metal and glass.....	-----	16. 59
23. Electrical equipment.....	-----	16. 52
24. Tires and rubber goods.....	-----	16. 44
25. Coal, bituminous.....	-----	15. 86
26. Shoes.....	-----	15. 84
27. Food, dairy products.....	-----	15. 81
28. Food, biscuit bakers.....	-----	15. 79
29. Autos.....	-----	15. 61
30. Retail stores, department stores.....	-----	15. 58
31. Machinery, specialty.....	-----	15. 55
32. Roofing and wallboard.....	-----	15. 48
33. Steel.....	-----	15. 46
34. Confectionery.....	-----	15. 44
35. Homefurnishings.....	-----	15. 31
36. Retail stores, food chains.....	-----	15. 23
37. Food, meatpackers.....	-----	14. 84
38. Sulfur.....	-----	14. 80
39. Oil, integrated, domestic.....	-----	14. 69
40. Brewers.....	-----	14. 66
41. Publishing.....	-----	14. 58
42. Electrical household appliances.....	-----	14. 54
43. Metal fabricating.....	-----	14. 51
44. Heating, air conditioning, and plumbing.....	-----	14. 44
45. Machinery, industrial.....	-----	14. 38
46. Lead and zinc.....	-----	14. 13
47. Cement.....	-----	14. 10
48. Auto parts.....	-----	13. 96
49. Machinery, steam generating.....	-----	13. 88
50. Machinery, oil well.....	-----	13. 86
51. Synthetic fibers.....	-----	13. 75
52. Oil, integrated, international.....	-----	13. 68
53. Retail stores, variety chains.....	-----	13. 63
54. Autotrucks.....	-----	13. 58
55. Radio and TV broadcasters.....	-----	13. 50
56. Food, corn refiners.....	-----	13. 50
57. Distillers.....	-----	13. 46
58. Food, canned foods.....	-----	13. 40
59. Tobacco, cigarettes.....	-----	13. 33
60. Vegetable oil.....	-----	12. 90
61. Tobacco, cigars.....	-----	12. 88
62. Railroad equipment.....	-----	12. 81
63. Food, bread and cake bakers.....	-----	12. 69
64. Fertilizers.....	-----	12. 69
65. Copper.....	-----	12. 66
66. Retail stores, apparel chains.....	-----	11. 64
67. Textiles, apparel.....	-----	11. 46
68. Shipbuilding.....	-----	11. 24
69. Air transport.....	-----	10. 23
70. Sugarbeet refiners.....	-----	10. 21
71. Textile weavers.....	-----	9. 78
72. Sugarcane refiners.....	-----	8. 73
73. Shipping.....	-----	7. 60
74. Motion pictures.....	-----	7. 49
1962		
1. Office and business equipment.....	-----	41. 54
2. Electronics.....	-----	35. 23
3. Soaps.....	-----	25. 44
4. Electrical and electronic leaders.....	-----	24. 21
5. Retail stores, mail order.....	-----	24. 17
6. Chemicals.....	-----	23. 24

Price-earnings ratios—Continued

	1962—continued	Percent
7. Drugs	-----	22. 88
8. Soft drinks	-----	22. 75
9. Food, packaged foods	-----	22. 61
10. Oil, crude producers	-----	22. 47
11. Radio and TV electronics	-----	21. 82
12. Aluminum	-----	19. 06
13. Confectionery	-----	18. 44
14. Food, biscuit bakers	-----	18. 43
15. Food, canned foods	-----	18. 34
16. Motion pictures	-----	18. 29
17. Metals, miscellaneous	-----	17. 97
18. Food, dairy products	-----	17. 91
19. Paper	-----	17. 60
20. Retail stores, department stores	-----	17. 45
21. Electrical household appliances	-----	17. 14
22. Gold mining	-----	16. 64
23. Tobacco, cigars	-----	16. 42
24. Containers, metal and glass	-----	15. 96
25. Containers, paper	-----	15. 84
26. Machinery, specialty	-----	15. 82
27. Food, bread and cake bakers	-----	15. 77
28. Heating, air conditioning, and plumbing	-----	15. 69
29. Electrical equipment	-----	15. 65
30. Food, meatpackers	-----	15. 64
31. Steel	-----	15. 53
32. Food, corn refiners	-----	15. 50
33. Home furnishings	-----	15. 49
34. Tires and rubber goods	-----	15. 27
35. Machinery, construction and material handling	-----	15. 25
36. Distillers	-----	15. 20
37. Retail stores, food chains	-----	14. 87
38. Machine tools	-----	14. 81
39. Machinery, industrial	-----	14. 62
40. Lead and zinc	-----	14. 61
41. Roofing and wallboard	-----	14. 52
42. Oil, integrated, international	-----	14. 49
43. Shoes	-----	14. 33
44. Retail stores, variety chains	-----	14. 33
45. Coal, bituminous	-----	14. 22
46. Synthetic fibers	-----	14. 10
47. Railroad equipment	-----	14. 08
48. Vegetable oil	-----	14. 05
49. Radio and TV broadcasters	-----	13. 92
50. Machinery, steam generating	-----	13. 85
51. Retail stores, apparel chains	-----	13. 45
52. Aerospace	-----	13. 41
53. Textiles, apparel	-----	12. 98
54. Oil, integrated, domestic	-----	12. 97
55. Metal fabricating	-----	12. 81
56. Sulfur	-----	12. 65
57. Tobacco and cigarettes	-----	12. 61
58. Auto parts	-----	12. 57
59. Machinery, agricultural	-----	12. 13
60. Fertilizers	-----	11. 71
61. Machinery, oil well	-----	11. 60
62. Shipbuilding	-----	11. 54
63. Brewers	-----	11. 33
64. Autos	-----	11. 30
65. Copper	-----	10. 98
66. Autotrucks	-----	10. 93
67. Sugarbeet refiners	-----	10. 61
68. Cement	-----	10. 33
69. Sugarcane refiners	-----	9. 99
70. Textile weavers	-----	9. 03

Price-earnings ratios—Continued

	1962—continued	Percent
71. Sugarcane producers.....		9. 02
72. Shipping.....		7. 82
73. Publishing.....		(1)
74. Air transport.....		(1)
	1961	
1. Office and business equipment.....		70. 78
2. Electronics.....		45. 35
3. Radio and TV electronics.....		33. 49
4. Soaps.....		33. 26
5. Shoes.....		32. 83
6. Drugs.....		32. 26
7. Aluminum.....		31. 20
8. Food, packaged foods.....		30. 12
9. Retail stores, mail order.....		30. 05
10. Soft drinks.....		29. 69
11. Electrical and electronic leaders.....		28. 84
12. Chemicals.....		28. 27
13. Machinery, agricultural.....		26. 78
14. Autotrucks.....		24. 64
15. Metals, miscellaneous.....		24. 20
16. Oil, crude, producers.....		24. 07
17. Paper.....		24. 00
18. Gold mining.....		23. 89
19. Machine tools.....		23. 57
20. Machinery, specialty.....		23. 03
21. Tobacco and cigarettes.....		22. 44
22. Retail stores, food chains.....		22. 05
23. Confectionery.....		21. 91
24. Food, dairy products.....		21. 73
25. Foods, canned foods.....		21. 72
26. Retail stores, department stores.....		21. 36
27. Food, meatpackers.....		21. 17
28. Food, biscuit bakers.....		21. 03
29. Heating, air conditioning, and plumbing.....		20. 49
30. Retail stores, variety chains.....		20. 31
31. Homefurnishings.....		20. 24
32. Steel.....		20. 08
33. Electrical equipment.....		20. 03
34. Roofing and wallboard.....		20. 01
35. Tobacco and cigars.....		19. 86
36. Food, bread and cake bakers.....		19. 81
37. Tires and rubber goods.....		19. 81
38. Retail stores, apparel chains.....		19. 61
39. Electrical household appliances.....		19. 38
40. Auto parts.....		19. 37
41. Machinery, construction and material handling.....		19. 08
42. Containers, metal and glass.....		18. 82
43. Coal, bituminous.....		18. 66
44. Railroad equipment.....		18. 55
45. Autos.....		18. 50
46. Containers, paper.....		18. 12
47. Machinery, industrial.....		18. 03
48. Foods, corn refiners.....		17. 72
49. Vegetable oil.....		17. 13
50. Synthetic fibers.....		16. 68
51. Sulfur.....		16. 66
52. Metal fabricating.....		16. 51
53. Distillers.....		16. 06
54. Radio and TV broadcasters.....		16. 01
55. Aerospace.....		15. 71
56. Machinery, steam generating.....		15. 46
57. Shipping.....		15. 38
58. Oil, integrated, domestic.....		15. 24

1 Not available.

Price-earnings ratios—Continued

	1961—continued	Percent
59. Fertilizers.....		15. 18
60. Cement.....		15. 09
61. Brewers.....		14. 85
62. Sugarbeet refiners.....		14. 83
63. Lead and zinc.....		14. 45
64. Copper.....		14. 26
65. Oil, integrated, international.....		14. 04
66. Textiles, apparel.....		13. 96
67. Machinery, oil well.....		13. 94
68. Textile weavers.....		13. 29
69. Shipbuilding.....		12. 27
70. Sugarcane refiners.....		11. 56
71. Sugarcane producers.....		9. 82
72. Motion pictures.....		(²)
73. Air transport.....		(²)
74. Publishing.....		(¹)
1960		
1. Office and business equipment.....		57. 03
2. Aerospace.....		46. 31
3. Electronics.....		43. 60
4. Machinery, agricultural.....		39. 84
5. Aluminum.....		32. 99
6. Publishing.....		32. 61
7. Electrical and electronic leaders.....		30. 30
8. Soaps.....		26. 25
9. Chemicals.....		25. 79
10. Brewers.....		25. 24
11. Drugs.....		24. 98
12. Soft drinks.....		23. 91
13. Radio and TV electronics.....		23. 14
14. Machine tools.....		23. 04
15. Food, packaged foods.....		22. 95
16. Gold mining.....		22. 39
17. Retail stores, mail order.....		21. 62
18. Machinery, construction and material handling.....		20. 08
19. Machinery, specialty.....		19. 80
20. Air transport.....		19. 77
21. Paper.....		19. 29
22. Oil, crude, producers.....		18. 94
23. Containers, paper.....		18. 55
24. Containers, metal and glass.....		18. 29
25. Motion pictures.....		18. 20
26. Food, dairy products.....		18. 11
27. Roofing and wallboard.....		18. 02
28. Retail stores and department stores.....		17. 57
29. Food, biscuit bakers.....		17. 32
30. Sulfur.....		16. 84
31. Metals, miscellaneous.....		16. 76
32. Food, meatpackers.....		16. 49
33. Synthetic fibers.....		16. 46
34. Confectionery.....		16. 35
35. Homefurnishings.....		16. 22
36. Vegetable oil.....		15. 90
37. Heating, air conditioning, and plumbing.....		15. 88
38. Retail stores, variety chains.....		15. 72
39. Metal fabricating.....		15. 69
40. Electrical household appliances.....		15. 32
41. Tobacco and cigarettes.....		15. 28
42. Foods, corn refiners.....		15. 27
43. Tires and rubber goods.....		15. 27
44. Shoes.....		15. 18
45. Steel.....		15. 02

¹ Not available.² Negative.

Price-earnings ratios—Continued

	1960—continued	Percent
46. Electrical equipment.....		14. 72
47. Machinery, industrial.....		14. 65
48. Foods, canned foods.....		14. 59
49. Retail stores and food chains.....		14. 34
50. Tobacco and cigars.....		13. 90
51. Oil, integrated, domestic.....		13. 87
52. Fertilizers.....		13. 83
53. Coal, bituminous.....		13. 77
54. Radio and TV broadcasters.....		13. 64
55. Cement.....		13. 50
56. Lead and zinc.....		13. 46
57. Distillers.....		13. 27
58. Railroad equipment.....		13. 06
59. Food, bread and cake bakers.....		12. 95
60. Machinery, oil well.....		12. 48
61. Machinery, steam generating.....		12. 37
62. Auto parts.....		12. 34
63. Sugarcane producers.....		12. 29
64. Oil, integrated, international.....		12. 10
65. Autos.....		11. 78
66. Sugarbeet refiners.....		11. 49
67. Autotrucks.....		11. 36
68. Retail stores, apparel chains.....		11. 32
69. Copper.....		10. 96
70. Textiles, apparel.....		10. 93
71. Sugarcane refiners.....		8. 99
72. Shipbuilding.....		8. 93
73. Shipping.....		8. 82
74. Textile weavers.....		6. 49
1959		
1. Machine tools.....		90. 88
2. Office and business equipment.....		48. 72
3. Aluminum.....		37. 87
4. Electronics.....		32. 98
5. Electrical and electronic leaders.....		29. 68
6. Chemicals.....		29. 01
7. Drugs.....		23. 73
8. Gold mining.....		23. 61
9. Oil, crude, producers.....		23. 06
10. Publishing.....		21. 95
11. Paper.....		20. 73
12. Soaps.....		20. 42
13. Aerospace.....		20. 37
14. Steel.....		20. 30
15. Radio and TV electronics.....		20. 10
16. Containers, paper.....		19. 63
17. Retail stores, mail order.....		19. 22
18. Machinery, construction and material handling.....		19. 19
19. Coal, bituminous.....		18. 95
20. Tires and rubber goods.....		18. 84
21. Food, packaged foods.....		18. 54
22. Electrical equipment.....		18. 43
23. Autos.....		17. 96
24. Soft drinks.....		17. 82
25. Metals, miscellaneous.....		17. 61
26. Containers, metal and glass.....		17. 26
27. Machinery, oil well.....		17. 00
28. Machinery, industrial.....		15. 78
29. Retail stores, department stores.....		15. 74
30. Copper.....		15. 71
31. Machinery, specialty.....		15. 57
32. Retail stores, food chains.....		15. 45
33. Food, biscuit bakers.....		15. 03
34. Oil, integrated, domestic.....		14. 95

Price-earnings ratios—Continued

	1959—continued	Percent
35. Sulfur.....	-----	14. 68
36. Oil, integrated, international.....	-----	14. 59
37. Radio and TV broadcasters.....	-----	14. 52
38. Heating, air conditioning, and plumbing.....	-----	14. 51
39. Food, dairy products.....	-----	14. 49
40. Roofing and wallboard.....	-----	13. 93
41. Confectionery.....	-----	13. 66
42. Distillers.....	-----	13. 61
43. Lead and zinc.....	-----	13. 46
44. Electrical household appliances.....	-----	13. 43
45. Fertilizer.....	-----	13. 41
46. Cement.....	-----	13. 38
47. Foods, corn refiners.....	-----	13. 31
48. Retail stores, variety chains.....	-----	13. 29
49. Metal fabricating.....	-----	13. 20
50. Shoes.....	-----	13. 16
51. Brewers.....	-----	13. 13
52. Food, meat packers.....	-----	12. 94
53. Tobacco, cigars.....	-----	12. 62
54. Textiles, apparel.....	-----	12. 59
55. Auto parts.....	-----	12. 59
56. Railroad equipment.....	-----	12. 59
57. Air transport.....	-----	12. 44
58. Food, bread and cake bakers.....	-----	12. 24
59. Tobacco, cigarettes.....	-----	12. 14
60. Machinery, steam generating.....	-----	11. 97
61. Sugarcane producers.....	-----	11. 63
62. Vegetable oil.....	-----	11. 58
63. Home furnishings.....	-----	11. 49
64. Retail stores, apparel chains.....	-----	11. 39
65. Autotrucks.....	-----	11. 08
66. Synthetic fibers.....	-----	11. 07
67. Foods, canned foods.....	-----	10. 76
68. Sugarbeet refiners.....	-----	9. 83
69. Textile weavers.....	-----	9. 80
70. Shipbuilding.....	-----	8. 54
71. Sugarcane refiners.....	-----	8. 27
72. Machinery, agricultural.....	-----	8. 07
73. Shipping.....	-----	7. 46
74. Motion pictures.....	-----	(²)

1958

1. Sugarcane producers.....	-----	98. 82
2. Machine tools.....	-----	56. 42
3. Office and business equipment.....	-----	47. 14
4. Gold mining.....	-----	39. 32
5. Aluminum.....	-----	37. 69
6. Oil, crude, producers.....	-----	33. 77
7. Electronics.....	-----	32. 96
8. Chemicals.....	-----	29. 63
9. Metals, miscellaneous.....	-----	27. 12
10. Electrical and electronic leaders.....	-----	26. 21
11. Metal fabricating.....	-----	26. 05
12. Machinery, construction and materials handling.....	-----	25. 29
13. Autos.....	-----	23. 70
14. Containers, paper.....	-----	23. 26
15. Paper.....	-----	22. 51
16. Home furnishings.....	-----	22. 40
17. Electrical equipment.....	-----	22. 08
18. Machinery, oil well.....	-----	21. 70
19. Lead and zinc.....	-----	21. 35
20. Drugs.....	-----	21. 27
21. Auto parts.....	-----	20. 75
22. Tire and rubber goods.....	-----	19. 98

² Negative.

Price-earnings ratios—Continued

	1958—continued	Percent
23. Coal, bituminous.....	19.82	19.82
24. Publishing.....	19.66	19.66
25. Oil, integrated, domestic.....	19.21	19.21
26. Sulfur.....	19.10	19.10
27. Auto trucks.....	18.78	18.78
28. Synthetic fibers.....	18.73	18.73
29. Soaps.....	18.69	18.69
30. Copper.....	18.53	18.53
31. Retail stores, food chains.....	18.41	18.41
32. Steel.....	18.37	18.37
33. Containers, metal and glass.....	18.29	18.29
34. Roofing and wallboard.....	18.09	18.09
35. Brewers.....	17.93	17.93
36. Retail stores, mail order.....	17.86	17.86
37. Machinery, industrial.....	17.83	17.83
38. Cement.....	17.53	17.53
39. Radio and TV electronics.....	17.23	17.23
40. Oil, integrated, international.....	17.00	17.00
41. Food, packaged foods.....	16.92	16.92
42. Food, meat packers.....	16.91	16.91
43. Air transport.....	16.67	16.67
44. Soft drinks.....	16.54	16.54
45. Electrical household appliances.....	16.05	16.05
46. Railroad equipment.....	15.99	15.99
47. Heating, air conditioning, and plumbing.....	15.95	15.95
48. Machinery, specialty.....	15.67	15.67
49. Retail stores, department stores.....	15.53	15.53
50. Food, biscuit bakers.....	15.24	15.24
51. Distillers.....	15.08	15.08
52. Textiles, apparel.....	14.75	14.75
53. Food, dairy products.....	14.65	14.65
54. Confectionery.....	14.28	14.28
55. Textile weavers.....	13.98	13.98
56. Shoes.....	13.72	13.72
57. Food, corn refiners.....	13.50	13.50
58. Vegetable oil.....	13.49	13.49
59. Machinery, steam generating.....	13.24	13.24
60. Retail stores, variety chains.....	13.06	13.06
61. Fertilizers.....	13.00	13.00
62. Shipbuilding.....	12.87	12.87
63. Radio and TV broadcasters.....	12.49	12.49
64. Food, bread and cake bakers.....	12.12	12.12
65. Machinery, agricultural.....	11.84	11.84
66. Aerospace.....	11.53	11.53
67. Food, canned foods.....	11.39	11.39
68. Tobacco, cigarettes.....	11.30	11.30
69. Retail stores, apparel chains.....	10.95	10.95
70. Tobacco, cigars.....	10.82	10.82
71. Sugarbeet refiners.....	9.25	9.25
72. Sugarcane refiners.....	7.91	7.91
73. Shipping.....	5.57	5.57
74. Motion pictures.....	(2)	(2)
	1957	
1. Office and business equipment.....	32.20	32.20
2. Electronics.....	27.92	27.92
3. Gold mining.....	24.93	24.93
4. Oil, crude producers.....	23.29	23.29
5. Chemicals.....	20.32	20.32
6. Electrical and electronic leaders.....	19.74	19.74
7. Aluminum.....	16.36	16.36
8. Paper.....	15.33	15.33
9. Cement.....	15.11	15.11
10. Soaps.....	14.26	14.26
11. Containers, metal and glass.....	13.90	13.90

² Negative.

Price-earnings ratios—Continued

	1957—continued	Percent
12. Drugs	-----	13. 89
13. Machinery, steam generating	-----	13. 63
14. Containers, paper	-----	13. 27
15. Roofing and wallboard	-----	12. 76
16. Soft drinks	-----	12. 67
17. Tire and rubber goods	-----	12. 65
18. Air transport	-----	12. 11
19. Food, biscuit bakers	-----	12. 07
20. Electrical equipment	-----	11. 93
21. Food, meat packers	-----	11. 80
22. Food, dairy products	-----	11. 77
23. Machinery, construction and material handling	-----	11. 73
24. Food, packaged foods	-----	11. 70
25. Retail stores, mail order	-----	11. 65
26. Retail stores, food chains	-----	11. 22
27. Lead and zinc	-----	11. 13
28. Oil, integrated, domestic	-----	11. 12
29. Confectionery	-----	11. 10
30. Oil, integrated, international	-----	11. 03
31. Electrical household appliances	-----	10. 77
32. Metals, miscellaneous	-----	10. 76
33. Home furnishings	-----	10. 69
34. Retail stores, department stores	-----	10. 67
35. Sulfur	-----	10. 63
36. Shoes	-----	10. 55
37. Shipbuilding	-----	10. 52
38. Autos	-----	10. 43
39. Copper	-----	10. 28
40. Publishing	-----	9. 94
41. Tobacco, cigarettes	-----	9. 78
42. Synthetic fibers	-----	9. 70
43. Foods, canned foods	-----	9. 56
44. Distillers	-----	9. 45
45. Foods, corn refiners	-----	9. 38
46. Radio and TV electronics	-----	9. 34
47. Coal, bituminous	-----	9. 31
48. Fertilizers	-----	9. 28
49. Brewers	-----	9. 14
50. Auto parts	-----	9. 04
51. Heating, air conditioning, and plumbing	-----	9. 00
52. Machinery, agricultural	-----	8. 93
53. Radio and TV broadcasters	-----	8. 69
54. Metal fabricating	-----	8. 64
55. Retail stores, variety chains	-----	8. 63
56. Machinery, industrial	-----	8. 46
57. Machinery, specialty	-----	8. 14
58. Food, bread and cake bakers	-----	8. 02
59. Autotrucks	-----	7. 92
60. Tobacco, cigars	-----	7. 90
61. Machinery, oil well	-----	7. 84
62. Vegetable oils	-----	7. 76
63. Motion pictures	-----	7. 56
64. Steel	-----	7. 52
65. Sugarbeet refiners	-----	7. 32
66. Sugarcane refiners	-----	7. 19
67. Textiles, apparel	-----	7. 08
68. Retail stores, apparel chains	-----	7. 07
69. Textile weavers	-----	6. 80
70. Aerospace	-----	6. 79
71. Machine tools	-----	6. 50
72. Railroad equipment	-----	6. 08
73. Sugarcane producers	-----	5. 36
74. Shipping	-----	3. 73

Price-earnings ratios—Continued

	1956	<i>Percent</i>
1. Oil, crude, producers.....		34. 29
2. Office and business equipment.....		31. 14
3. Electrical equipment and electronic leader.....		26. 34
4. Gold mining.....		25. 98
5. Electronics.....		25. 35
6. Chemicals.....		22. 09
7. Aluminum.....		20. 29
8. Publishing.....		17. 92
9. Machinery, steam generating.....		16. 67
10. Coal, bituminous.....		16. 28
11. Autos.....		15. 57
12. Oil, integrated domestic.....		15. 44
13. Radio and TV broadcasters.....		15. 26
14. Paper.....		14. 73
15. Soaps.....		14. 65
16. Machinery, construction and materials handling.....		14. 09
17. Shipbuilding.....		14. 04
18. Cement.....		13. 73
19. Drugs.....		13. 66
20. Soft drinks.....		13. 62
21. Containers, metal and glass.....		13. 61
22. Tires and rubber goods.....		13. 24
23. Sulfur.....		13. 07
24. Metals miscellaneous.....		13. 05
25. Retail stores, mail order.....		13. 03
26. Electrical equipment.....		12. 81
27. Machinery, agricultural.....		12. 75
28. Oil, integrated international.....		12. 53
29. Machinery, oil well.....		12. 45
30. Fertilizers.....		12. 41
31. Confectionery.....		12. 36
32. Food, dairy products.....		11. 99
33. Containers, paper.....		11. 86
34. Distillers.....		11. 55
35. Food, packaged foods.....		11. 54
36. Sugar, cane producers.....		11. 44
37. Steel.....		11. 43
38. Food, biscuit bakers.....		11. 39
39. Retail stores, department stores.....		11. 33
40. Machinery, industrial.....		11. 30
41. Shoes.....		11. 14
42. Auto parts.....		11. 07
43. Roofing and wallboard.....		11. 04
44. Brewers.....		10. 97
45. Machinery, specialty.....		10. 85
46. Aerospace.....		10. 80
47. Homefurnishing.....		10. 65
48. Air transport.....		10. 63
49. Radio and TV electronics.....		10. 49
50. Lead and zinc.....		10. 47
51. Retail stores, food chains.....		10. 44
52. Vegetable oil.....		10. 42
53. Autotrucks.....		10. 33
54. Retail stores, variety chains.....		10. 10
55. Foods, corn refiners.....		9. 91
56. Machine tools.....		9. 87
57. Tobacco, cigarettes.....		9. 74
58. Electrical household appliances.....		9. 67
59. Heating, air conditioning and plumbing.....		9. 57
60. Synthetic fibers.....		9. 48
61. Railroad equipment.....		9. 33
62. Textile, weavers.....		9. 09
63. Food, meatpackers.....		8. 91
64. Metal fabricating.....		8. 68
65. Tobacco, cigars.....		8. 62

Price-earnings ratios—Continued

	1956—continued	Percent
66. Motion pictures.....	-----	8.38
67. Sugarbeet refiners.....	-----	8.12
68. Food, bread and cake bakers.....	-----	7.94
69. Textile, apparel.....	-----	7.92
70. Copper.....	-----	7.89
71. Retail stores, apparel chains.....	-----	7.70
72. Foods, canned food.....	-----	7.41
73. Sugarcane refiners.....	-----	7.21
74. Shipping.....	-----	4.44

Analysis of net gain from operations of life insurance companies

[In thousands of dollars]

	Net gain from operations before Federal income tax	Federal income tax	Net gain from operations	Tax ratio (percent)
1962				
Aetna Life Insurance Co.....	56,722	27,005	29,717	47.61
American National Insurance Co.....	24,675	7,485	17,190	30.33
California-Western States Life Insurance Co.....	5,074	1,555	3,519	30.65
Continental Assurance Co.....	14,427	3,365	11,062	23.32
Franklin Life Insurance Co.....	21,238	6,200	15,038	29.19
Jefferson Standard Life Insurance Co.....	18,863	6,091	12,772	32.29
Life Insurance Co. of Virginia.....	9,352	2,860	6,492	30.58
Lincoln National Life Insurance Co.....	43,331	13,071	30,260	30.17
National Life & Accident Insurance Co.....	22,222	6,822	15,400	30.70
Provident Life & Accident Insurance Co.....	8,719	2,731	5,988	31.32
10-company composite.....	224,623	77,185	147,438	34.36
1961				
Aetna Life Insurance Co.....	51,366	21,082	30,284	41.04
American National Insurance Co.....	18,562	5,696	12,866	30.69
California-Western States Life Insurance Co.....	6,254	1,500	4,754	23.98
Continental Assurance Co.....	13,326	3,305	10,021	24.80
Franklin Life Insurance Co.....	18,171	4,582	13,589	25.22
Jefferson Standard Life Insurance Co.....	16,525	5,510	11,016	33.34
Life Insurance Co. of Virginia.....	9,896	3,040	6,856	30.72
Lincoln National Life Insurance Co.....	41,590	11,705	29,885	28.14
National Life & Accident Insurance Co.....	29,831	7,936	21,895	26.60
Provident Life & Accident Insurance Co.....	6,654	1,307	5,347	19.64
10-company composite.....	212,176	65,663	146,513	30.95
1960				
Aetna Life Insurance Co.....	46,747	20,274	26,473	43.37
American National Insurance Co.....	16,186	4,611	11,575	28.49
California-Western States Life Insurance Co.....	5,410	1,142	4,268	21.11
Continental Assurance Co.....	12,611	3,195	9,416	25.34
Franklin Life Insurance Co.....	16,310	3,802	12,508	23.31
Jefferson Standard Life Insurance Co.....	16,821	5,662	11,159	33.66
Life Insurance Co. of Virginia.....	9,597	3,095	6,502	32.25
Lincoln National Life Insurance Co.....	37,846	11,024	26,822	29.13
National Life & Accident Insurance Co.....	28,348	7,664	20,684	27.04
Provident Life & Accident Insurance Co.....	6,758	1,443	5,315	21.35
10-company composite.....	196,634	61,912	134,722	31.49
1959				
Aetna Life Insurance Co.....	50,095	22,465	27,630	44.84
American National Insurance Co.....	11,781	3,939	7,842	33.44
California-Western States Life Insurance Co.....	5,571	1,925	3,646	34.55
Continental Assurance Co.....	11,781	3,939	7,842	33.44
Franklin Life Insurance Co.....	13,513	3,350	10,163	24.79
Jefferson Standard Life Insurance Co.....	14,972	5,690	9,282	38.00
Life Insurance Co. of Virginia.....	7,354	2,378	5,006	32.20
Lincoln National Life Insurance Co.....	32,833	10,845	21,988	33.03
National Life & Accident Insurance Co.....	21,348	7,467	13,881	34.98
Provident Life & Accident Insurance Co.....	5,864	1,336	4,528	22.78
9-company composite.....	163,361	59,395	103,966	36.36

Analysis of net gain from operations of life insurance companies—Continued

[In thousands of dollars]

	Net gain from operations before Federal income tax	Federal income tax	Net gain from operations	Tax ratio (percent)
1958				
Aetna Life Insurance Co.	48,215	16,198	32,017	33.60
American National Insurance Co.				
California-Western States Life Insurance Co.	4,662	1,003	3,659	21.51
Continental Assurance Co.	9,473	1,913	7,560	20.19
Franklin Life Insurance Co.	12,071	1,760	10,311	14.58
Jefferson Standard Life Insurance Co.	14,001	3,107	10,894	22.19
Life Insurance Co. of Virginia.	7,155	2,050	5,105	28.65
Lincoln National Life Insurance Co.	34,236	7,297	26,939	21.31
National Life & Accident Insurance Co.	21,940	3,481	18,459	15.87
Provident Life & Accident Insurance Co.	5,414	1,062	4,352	19.62
9-company composite	157,167	37,871	119,296	24.10
1957				
Aetna Life Insurance Co.	43,882	10,368	33,514	23.63
American National Insurance Co.				
California-Western States Life Insurance Co.	4,385	789	3,596	17.99
Continental Assurance Co.	7,087	1,511	5,576	21.32
Franklin Life Insurance Co.	10,167	1,149	9,018	11.30
Jefferson Standard Life Insurance Co.	12,086	1,729	10,357	14.31
Life Insurance Co. of Virginia.	4,857	1,210	3,647	24.91
Lincoln National Life Insurance Co.	28,356	4,044	24,312	14.26
National Life & Accident Insurance Co.	17,083	2,021	15,062	11.83
Provident Life & Accident Insurance Co.	5,061	904	4,157	17.86
9-company composite	132,964	23,725	109,239	17.84

SECTION IV

APPENDIX I. DEFINITIONS OF FINANCIAL RATIOS USED

This appendix will define the method of calculating the financial ratios and indexes as used in this study. The specific financial terms used in these definitions will be further elaborated on in appendix II. The industry statistics employed in this analysis represent a composite of those of the individual companies included in the industry.

Return on common equity

Return on common equity is the ratio of profits after preferred dividends (net income available for common) to common equity. This ratio measures the percentage profitability to the common equity holders relative to the size of their investment.

Return on total invested capital

Return on total invested capital is the ratio of net income before preferred dividends plus fixed charges to the sum of long-term debt, preferred stock, and common equity. This ratio measures the ability of corporate management to derive a return on total funds employed by the corporation. For this reason, the cost of preferred stock (preferred dividends) and the cost of long-term debt (fixed charges) are not deducted. The measurement is sometimes referred to as the "corporate efficiency ratio."

Federal income tax rate

Federal income tax rate is the ratio of Federal income taxes paid to the total net income available for common, preferred dividends, and income taxes. This ratio measures the effective tax rate for the industry. It should be noted that variations in the effective tax rate may arise partially from losses recorded by certain of the companies in the industry in individual years and from varying levels of tax loss carryforwards when the series began.

Dividends as a percent of common equity

This measurement is the ratio of dividends paid to common equity. This ratio measures the ability of the industry to pay dividends to its common stock investors, relative to the size of their total investment.

Index of common equity

This index was derived by setting the industry common equity figures for 1956 equal to 100, and expressing those for subsequent years as a percentage of those of the initial year. This index compares the realtive growth of common equity by industry. It should be noted that common equity growth can arise from internal sources, from sale of equity, and from acquisitions.

Index of common equity plus accumulated dividends

The index of common equity plus accumulated dividends is similar to that in the preceding paragraph, except that accumulated dividends, beginning in 1956 are added back to common equity. This index is calculated by setting the figures for 1956 equal to 100 and expressing the data for subsequent years as a percentage of those for the initial year. The purpose of this index is to show what the growth rate in common equity would have been, had no dividends at all been paid by management.

Price-earnings ratios

The calculations for price-earnings ratio by industry are based on a somewhat different sample of companies than those used for the other statistics. Also, the industry categories are broken down more finely. For example, the sugar industry in the other sections is broken down here into cane refiners, beet refiners, and cane producers. The overlap of companies is estimated to be in excess of 85 percent so that, with minor variations, this sample is roughly camporable.

The price-earnings ratios by industry represent a summation of the individual figures for the companies of yearend price times yearend shares outstanding divided by a summation of aggregate earnings for all companies in the industry study. It should be noted that some variations will occur for noncalendar year companies since calendar yearend prices are used, while fiscal yearend shares are employed. In the opinion of Standard & Poor's Corp., the variations because of this are not significant.

Analysis of net gain from operations of life insurance companies

The statistics in this section are self-explanatory. The analysis is carried back from 1962 to 1957. The purpose of this portion of the study is to show the basis for the calculation of income tax ratio for the industry.

APPENDIX II. GLOSSARY OF FINANCIAL TERMS USED IN ANALYSIS

BALANCE SHEET

Long-term debt

1. "Long-term debt" represents debt obligations due after 1 year.
2. Purchase obligations and liabilities to officers (when listed as long-term liabilities) are included as long-term debt.
3. Subsidiary preferred stock is excluded (treated as other liability).
4. The current portion of long-term debt is excluded (treated as current liability).

Preferred stock

1. "Preferred stock" represents the net number of preferred shares outstanding at yearend times the involuntary liquidating value per share.
2. Unpaid accumulated preferred dividends are included.
3. Subsidiary preferred stock is excluded (treated as other liability).
4. Preferred stock premium is excluded (treated as part of common equity).

Common equity

1. "Common equity" represents common stock plus the following items:
 - A. Surplus.
 - B. Surplus reserves (contingencies, insurance, etc.).
 - C. Unamortized debt premium.
 - D. Deferred income taxes (due to accelerated amortization and depreciation).
 - E. Capital stock premium.

Less the following items:

- A. Common Treasury stock.
- B. Intangibles.
- C. Unamortized debt discount and expense.
- D. Capital stock expense.
- E. Accumulated unpaid preferred dividends.
- F. Excess of involuntary liquidating value of outstanding preferred stock over carrying value.

2 Negative equity figures are shown where applicable.

INCOME STATEMENT

Fixed charges

1. "Fixed charges" represents all interest expense, amortization of debt discount premium and expense and subsidiary preferred dividends. Specifically included is "other interest" in addition to "interest on long-term debt."

2. Interest on short-term borrowings is excluded and treated as operating expense for General Mills and Pillsbury Co.

Income taxes

1. "Income taxes" represents Federal, State, other, and deferred income taxes, including charges in lieu of income taxes, charge equivalent to investment credit, and income taxes on dividends from nonconsolidated subsidiaries when separately stated.

2. Tax carrybacks and carryforwards are netted against current taxes. Prior years' tax adjustments, when stated separately, are excluded from both taxes and nonrecurring expense and are treated as "other income" or "other deduction."

3. Income taxes (both debit and credit) are excluded on extraordinary items that have been stated by the company in its public reports as net of taxes.

4. When "prior years income taxes" are shown after net income, they have been excluded from the income account.

Nonrecurring expense

1. "Nonrecurring expense" represents all extraordinary items and prior years' adjustments (other than prior years' taxes) that have not been stated by the company in its public reports as net of taxes or where a question exists in this regard. All extraordinary items that have been stated by the company in its public reports as net of taxes are eliminated from this definition, and treated as surplus adjustments.

2. Nonrecurring expense is stated as a positive number and nonrecurring income is stated as a negative number.

3. Extraordinary items, as used above, include—

- A. Flood losses, fire losses, etc.
- B. Profit or loss on sale of assets, investments, securities, etc.
- C. Profit or loss on purchase of debentures.
- D. Special allowances on facilities under construction.
- E. Charges for debenture redemption.

F. Special payments of pension fund (including past service pension payments that are paid in 1 year rather than being amortized).

G. Profit or loss on sale of company's own stock.

H. Transfer from reserves provided for in prior years.

I. Adjustments applicable to prior years (except income tax adjustment).

4. Extraordinary items, as used above, exclude—

A. Foreign exchange adjustments (treated as other income or deductions).

B. Profit or loss on sale of properties (except for securities, etc.) for the companies in the oil, coal, airline, and other industries where these transactions are considered a normal part of doing business (treated as other income or deductions).

C. Prior years' tax adjustments (treated as other income or deduction), except for carrybacks and carryforwards, which are netted against taxes.

D. For shipping firms, prior years' operating differential subsidies and estimated profit adjustments (prior years' operating differential subsidies are treated as other income and other deductions. Current year operating differential subsidy is included in sales. Adjustments to estimated profits, by shipping companies reporting by this method are ignored).

E. Appropriation to reserve for general contingencies (treated as a surplus adjustment).

F. Past service pension payments that are being amortized over more than 1 year (treated as operating expense).

G. Idle plant expenses (treated as other deduction).

Net income

"Net income" represents income after all operating and nonoperating income and expense and minority interest but before preferred and common dividends. It is stated after extraordinary items which are not net of applicable taxes, or where there is a question on this point. However, net income is before all extraordinary items that are listed in the company's public reports as being netted of taxes. In addition, net income is stated before appropriation for general contingencies. These items are treated as surplus adjustments.

Preferred dividends

1. "Preferred dividends" represents dividends declared on the preferred stocks of the company during the year.

2. Dividends declared by a merged company which is treated on a pooling of interests basis are included for the year of the merger, except dividends on preferred stock of merged company which was exchanged for common stock of the company (treated as common dividends).

3. Subsidiary preferred dividends are excluded (treated as fixed charge).

Available for common

1. "Available for common" represents net income less preferred dividend requirements.

2. Normally, the preferred dividend requirements used in this calculation will be the same as the preferred dividends declared. However—

A. If more or less than four quarterly preferred dividends are declared in 1 year (where dividends are declared quarterly), then preferred dividend requirements will be used in calculating available for common.

B. If all convertible preferred stock is converted into common during the year, no preferred dividends are deducted in calculating available for common.

C. If common stock is issued by the company in exchange for preferred stock of another company, the dividends on the old preferred stock are disregarded in calculating available for common.

Common dividends

1. "Common dividends" represents the dividends (other than stock dividends) declared on the common stock of the company during the year.

2. Dividends declared by a company which is merged on a pooling of interests basis are included for the year of the merger, including dividends on preferred stock of a merged company which was exchanged for common stock.

3. Dividends declared in stock of other corporations, including spin-offs, are included.

4. Dividends declared in preferred stock are included.

5. Subsidiary dividends (other than preferred, which are treated as a fixed charge) are excluded (treated as a minority interest).

APPENDIX III. DIRECTORY OF COMPANIES BY INDUSTRY INCLUDED IN THIS ANALYSIS

AEROSPACE

Bendix Corp.	Lockheed Aircraft Corp.
Boeing Co.	North American Aviation, Inc.
Curtiss-Wright Corp.	Republic Aviation Corp.
Douglas Aircraft Co., Inc.	United Aircraft
General Dynamics Corp.	

AIR TRANSPORT

American Airlines, Inc.	Trans World Airlines, Inc.
Eastern Air Lines, Inc.	United Airlines, Inc.
Pan American World Airways, Inc.	

ALUMINUM

Aluminium Ltd.	Kaiser Aluminum & Chemical Corp.
Aluminum Co. of America	Reynolds Metals Co.

AUTOS AND AUTO PARTS

American Motors Corp.	Electric Storage Battery
Bohn Aluminum & Brass Corp.	Ford Motor Co.
Borg-Warner Corp.	General Motors Corp.
Budd Co.	Libbey-Owens-Ford Glass Co.
Chrysler Corp.	Motor Wheel Corp.
Clevite Corp.	Rockwell-Standard Corp.
Dana Corp.	Sheller Manufacturing Corp.
Eaton Manufacturing Co.	Studebaker Corp.

AUTOTRUCKS

Fruehauf Trailer Co.	White Motors Co.
Mack Trucks, Inc.	

BREWERS

Associated Brewing Co.	Falstaff Brewing Corp.
Drewrys Ltd. U.S.A., Inc.	Ruppert, Jacob

CEMENT

Alpha Portland Cement Co.	Lone Star Cement Corp.
General Portland Cement Co.	Marquette Cement Manufacturing Co.
Lehigh Portland Cement Co.	Penn-Dixie Cement Corp.

CHEMICALS

Air Reduction Co.	Grace, W. R., & Co.
Allied Chemical Corp.	Hercules Powder Co.
American Cyanamid Co.	Monsanto Chemical Co.
American Potash & Chemical Corp.	National Distillers & Chemical Corp.
Chemetron Corp.	Olin Mathieson Chemical Corp.
Commercial Solvents Corp.	Publicker Industries, Inc.
Dow Chemical	Union Carbide & Carbon Corp.

COAL, BITUMINOUS

Consolidation Coal Co.	Peabody Coal Co.
Island Creek Coal Co.	Pittston Co.
North American Coal Corp.	

CONFECTIONERY

Brach, E. J., & Sons	Wrigley, Wm., Jr., Co.
Hershey Chocolate Corp.	

CONTAINERS, METAL AND GLASS

American Can Co.	National Can Corp.
Continental Can Co., Inc.	Owens-Illinois Glass Co.
Crown Cork & Seal Co., Inc.	Thatcher Glass Manufacturing Co., Inc.

CONTAINERS, PAPER

Container Corp. of America	Lily-Tulip Cup Corp.
Federal Paper Board Co.	Standard Packaging Corp.

COPPER

Anaconda Co.	Kennecott Copper Corp.
Copper Range Co.	Magma Copper Co.
Inspiration Consolidated Copper Co.	Phelps Dodge Corp.

DISTILLERS

Distillers Corp.-Seagrams, Ltd.	Walker (Hiram)-Gooderham & Worts, Ltd.
Schenley Industries, Inc.	

DRUGS

Abbott Laboratories	Pfizer, Chas., & Co., Inc.
American Home Products Corp.	Richardson-Merrell, Inc.
Bristol-Myers Co.	Scherling Corp.
Merck & Co.	Sterling Drug, Inc.
Norwich Pharmaceutical Co.	Warner-Lambert Pharmaceutical Co.
Parke, Davis & Co.	

ELECTRICAL EQUIPMENT AND ELECTRONICS LEADERS

Cutler-Hammer, Inc.	Radio Corp. of America
General Electric Co.	Square D Co.
McGraw-Edison Co.	Westinghouse Electric Corp.
Minneapolis-Honeywell Regulator Co.	

ELECTRICAL HOUSEHOLD APPLIANCES

Maytag Co.	Sunbeam Corp.
Singer Co.	

FERTILIZERS

American Agricultural Chemical Co.	Smith-Douglass Co., Inc.
International Minerals & Chemical Corp.	Virginia-Carolina Chemical Corp.

FOOD, BISCUIT BAKERS

Archer-Daniels-Midland Co.	Sunshine Biscuits, Inc.
Central Soya Co.	United Biscuit Co. of America
National Biscuit Co.	

FOODS, COMBINED

Armour & Co.	Heinz, H. J., Co.
Beatrice Foods Co.	Kellogg Co.
Beech-Nut Life Savers, Inc.	Libby, McNeill & Libby
Borden Co.	National Dairy Corp.
California Packing Co.	Quaker Oats Co.
Campbell Soup Co.	Staley Manufacturing Co.
Continental Baking Co.	Standard Brands, Inc.
Cudahy Packing Co.	Stokely-Van Camp, Inc.
Foremost Dairies, Inc.	Swift & Co.
General Baking Co.	Ward Baking Co.
General Foods Corp.	Wilson & Co.
Gerber Products Co.	

GOLD MINING

Dome Mines Ltd.	McIntyre Porcupine Mines, Ltd.
Homestake Mining Co.	

HEATING, AIR CONDITIONING, AND PLUMBING

American Radiator & Standard Sanitary Corp.	Otis Elevator Co.
Carrier Corp.	Owens-Corning Fiberglas Corp.
Crane Co.	Trane Co.
Fedders Corp.	Walworth Co.

HOME FURNISHINGS

Bigelow-Sanford, Inc.	Mohasco Industries, Inc.
Congoleum-Nairn, Inc.	Simmons
Kroehler Manufacturing Co.	Welbilt Corp.

LEAD AND ZINC

American Zinc, Lead & Smelting Co.	St. Joseph Lead Co.
Hudson Bay Mining & Smelting Co., Ltd.	

MACHINERY, COMBINED

ACF Industries, Inc.	Ex-Cell-O Corp.
Alco Products, Inc.	Foster Wheeler Corp.
American Brake Shoe Co.	Gardner-Denver Co.
American Machine & Foundry Co.	General Signal Co.
American Shipbuilding Co.	Halliburton Co.
Amsted Industries	Ingersoll-Rand Co.
Babcock & Wilcox Co.	International Harvester Co.
Bath Iron Works Corp.	Jaeger Machine Co.
Blaw-Knox Co.	Joy Manufacturing Co.
Bliss, E. W., Co.	Leesona Corp.
Bucyrus-Erie Co.	Link-Belt Co.
Bullard Co.	Monarch Machine Tool Co.
Case, J. I., Co.	National Aeme Co.
Caterpillar Tractor	Newport News Shipbuilding & Dry
Chain Belt Co.	Dock Co.
Chicago Pneumatic Tool Co.	Reed Roller Bit Co.
Cincinnati Milling Machine Co.	United Shoe Machinery Corp.
Clark Equipment Co.	Waukesha Motor Corp.
Combustion Engineering, Inc.	Westinghouse Air Brake Co.
Cooper-Bessemer Corp.	Worthington Corp.
Deere & Co.	Yale & Towne Manufacturing Co.
Dresser Industries, Inc.	

METALS AND METAL FABRICATING

American Metal Climax, Inc.	International Nickel Co. of Canada, Ltd.
American Smelting & Refining Co.	Mueller Brass Co.
Anaconda Wire & Cable Co.	Revere Copper & Brass, Inc.
Calumet & Hecla, Inc.	Scovill Manufacturing Co.
Cerro Corp.	Vanadium Corp. of America
General Cable Corp.	

MOTION PICTURES

Columbia Pictures Corp.	United Artists Corp.
Paramount Pictures Corp.	Warner Bros. Pictures
Twentieth Century-Fox Film Corp.	

OFFICE AND BUSINESS EQUIPMENT

Addressograph-Multigraph	National Cash Register Co.
American Photocopy Equipment Co.	Pitney-Bowes, Inc.
Burroughs Corp.	Royal McBee Corp.
International Business Machines Corp.	Sperry Rand Corp.

OIL, CRUDE, PRODUCERS

Amerada Petroleum Corp.	Texas Gulf Producing Co.
Superior Oil Co.	Texas Pacific Coal & Oil Co.

OIL, INTEGRATED, DOMESTIC

Atlantic Refining Co.	Sinclair Oil Corp.
Cities Service Co.	Standard Oil Co. (Indiana)
Continental Oil Co.	Tidewater Oil Co.
Phillips Petroleum Co.	Union Oil Co. of California
Shell Oil Co.	

OIL, INTEGRATED, INTERNATIONAL

Gulf Oil Corp.	Standard Oil Co. of California
Royal Dutch Petroleum Co.	Standard Oil Co. (New Jersey)
Socony Mobil Oil Co., Inc.	Texaco, Inc.

PAPER

Champion Papers, Inc.	International Paper Co.
Crown Zellerbach	Kimberly-Clark Corp.
Mead Corp.	Union Bag-Camp Paper Corp.
St. Regis Paper Co.	West Virginia Pulp & Paper Co.
Scott Paper Co.	

PUBLISHING

Conde Nast Publications, Inc.	McCall Corp.
Crowell-Collier Co.	McGraw-Hill Publishing Co.

RADIO AND TV BROADCASTERS

Columbia Broadcasting System, Inc.	Taft Broadcasting Co.
Storer Broadcasting Co.	

RADIO AND TV ELECTRONICS MANUFACTURERS

Admiral Corp.	Magnavox Co.
Beckman Instruments Corp.	Motorola, Inc.
Emerson Radio & Phonograph Corp.	Raytheon Co.
General Instruments Corp.	Texas Instruments
International Telephone & Telegraph Corp.	Thompson Ramo Wooldridge Corp.

RETAIL FOOD CHAINS

Acme Markets, Inc.	Jewel Tea Co., Inc.
Allied Supermarkets	Kroger Co.
Food Fair Stores, Inc.	National Tea Co.
Grand Union Co.	Safeway Stores, Inc.
Great Atlantic & Pacific Tea Co., Inc.	Winn-Dixie Stores, Inc.

RETAIL STORES, COMBINED

Aldens, Inc.	Marshall Field & Co.
Allied Stores	May Department Stores Co.
Associated Dry Goods Corp.	Mays, J. W., Inc.
Bond Stores, Inc.	Mercantile Stores Co., Inc.
Diana Stores Corp.	Montgomery Ward & Co., Inc.
Federated Department Stores, Inc.	Murphy, G. C., Co.
Gimbel Bros., Inc.	Neisner Bros., Inc.
Grant, W. T., Co.	Newberry, J. J., Co.
Kresge, S. S., Co.	Penny, J. C., Co., Inc.
Kress, S. H., & Co.	Sears, Roebuck & Co.
Lane Bryant, Inc.	Spiegel, Inc.
McCrorry Corp.	Woolworth, F. W., Co.
Macy, R. H., & Co., Inc.	

ROOFING AND WALLBOARD

Armstrong Cork Co.	Masonite Corp.
Fibreboard Paper Products Corp.	National Gypsum Co.
Flintkote Co.	Ruberoid Co.
Johns-Manville Corp.	U.S. Gypsum Co.

SHIPPING

American Export Lines, Inc.	United States Lines Co.
Moore-McCormack Lines, Inc.	

SHOES

Brown Shoe Co., Inc.	International Shoe Co.
Endicott Johnson Corp.	Melville Shoe Corp.
Genesco, Inc.	

SOAPS

Colgate-Palmolive Co.	Unilever N.V.
Procter & Gamble Co.	

SOFT DRINKS

Canada Dry Corp.	Dr. Pepper Co.
Coca-Cola Bottling Co. of New York	Pepsi-Cola Co.
Coca-Cola Co.	Royal Crown Cola Co.

STEEL

Armco Steel Corp.
 Bethlehem Steel Corp.
 Colorado Fuel & Iron Corp.
 Crucible Steel Co. of America
 Inland Steel Co.
 Jones & Laughlin Steel Corp.

National Steel Corp.
 Republic Steel Corp.
 United States Steel Corp.
 Wheeling Steel Corp.
 Youngstown Sheet & Tube Co.

SUGAR, COMBINED

Amalgamated Sugar Co.
 American Crystal Sugar Co.
 American Sugar Co.
 Central Aguirre Sugar Co.

Great Western Sugar Co.
 National Sugar Co.
 South Puerto Rico Sugar Co.
 SuCrest Corp.

SULFUR

Freeport Sulphur Co.
 Jefferson Lake Sulphur Co.

Pan American Sulphur Co.
 Texas Gulf Sulphur Co., Inc.

SYNTHETIC TEXTILES AND TEXTILE WEAVERS

American Enka Corp.
 American Viscose Corp.
 Beaunit Corp.
 Burlington Industries, Inc.
 Celanese Corp. of America

Cone Mills Corp.
 Dan River Mills, Inc.
 Lowenstein, M., & Sons, Inc.
 Reeves Bros., Inc.
 Stevens, J. P., & Co., Inc.

TEXTILES, APPAREL

Bobbie Brooks, Inc.
 Cluett Peabody & Co., Inc.
 Manhattan Shirt Co.

Munsingwear, Inc.
 Van Raalte Co., Inc.

TIRE AND RUBBER GOODS

Dayco Corp.
 Firestone Tire & Rubber Co.
 Goodrich, B. F., Co.

Goodyear Tire & Rubber Co.
 United States Rubber Co.

TOBACCO, CIGAR MANUFACTURERS

Bayuk Cigars, Inc.
 Consolidated Cigars Corp.

DWG Cigars Corp.
 General Cigar Co., Inc.

TOBACCO, CIGARETTE MANUFACTURERS

American Tobacco Co.
 Liggett & Myers Tobacco Co.
 Lorillard, P., Co.

Philip Morris, Inc.
 Reynolds, R. J., Tobacco Co.

COMBINED FINANCIAL STATEMENTS OF LINES HOLDING OPERATING-DIFFERENTIAL
SUBSIDY CONTRACTS UNDER THE PROVISIONS OF THE MERCHANT MARINE
ACT, 1936

DECEMBER 31, 1962

American Export Lines, Inc.
American Mail Line, Ltd.
American President Lines, Ltd.
Bloomfield Steamship Co.
Delta Steamship Lines, Inc.
Farrell Lines, Inc.
Grace Line, Inc.
Gulf & South American Steamship Co., Inc.

Lykes Bros. Steamship Co., Inc.
Moore-McCormack Lines, Inc.
Pacific Far East Line, Inc.
Prudential Lines, Inc.
States Steamship Co.
The Oceanic Steamship Co.
United States Lines Co.

WAYNE KENDRICK & Co.
CERTIFIED PUBLIC ACCOUNTANTS,
Washington D.C., November 12, 1963.

TO THE LINES HOLDING OPERATING-DIFFERENTIAL SUBSIDY CONTRACTS:

The accompanying combined financial statements and other financial information of the lines having operating-differential subsidy contracts under the provisions of the Merchant Marine Act, 1936, as listed in the accompanying index, have been compiled from financial statements furnished by the lines, which, with apparently necessary reclassifications of certain items, were found to be in agreement with financial statements accompanied by opinions of their respective independent public accountants. The opinions of the independent public accountants were based upon examinations made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as were considered by them to be necessary in the circumstances. In some instances, the accountants found it not practicable to confirm accounts receivable from U.S. Government departments by direct communication, but by means of other auditing procedures satisfied themselves as to the accrual of operating-differential subsidy on the basis indicated in note (1) to the combined financial statements and also as to other receivables from the U.S. Government.

It was not possible to determine the effect upon the combined financial statements of final determination of the amounts of operating-differential subsidy and the resultant effect upon recapture, statutory reserve fund deposit requirements, and Federal taxes on income, all as referred to in the accompanying notes to the combined financial statements.

In our opinion, based on our examinations and the reports of other independent public accountants as shown in the accompanying list of lines holding operating-differential subsidy contracts, and subject to the observation in the preceding paragraph, the accompanying combined balance sheet and combined statement of earnings and retained earnings present fairly the combined financial condition of the lines as at December 31, 1962, and the combined results of their operations for the 3 years then ended, in conformity with generally accepted accounting principles applied on a consistent basis, and the accompanying schedules of other financial information, though not considered necessary for a fair presentation of the combined financial condition and results of operations, in our opinion, present fairly the information therein set forth.

Respectfully submitted.

WAYNE KENDRICK & Co.,
By WAYNE KENDRICK,
Certified Public Accountant.

THE SUBSIDIZED LINES: LIST OF LINES HOLDING OPERATING-DIFFERENTIAL
SUBSIDY CONTRACTS AND THEIR INDEPENDENT PUBLIC ACCOUNTANTS

American Export Lines, Inc.: Arthur Andersen & Co.
 American Mail Line Ltd.: Peat, Marwick, Mitchell & Co.
 American President Lines, Ltd.: Peat, Marwick, Mitchell & Co.
 Bloomfield Steamship Co.: Price Waterhouse & Co.
 Delta Steamship Lines, Inc.: Peat, Marwick, Mitchell & Co.
 Farrell Lines, Inc.: Haskins & Sells.
 Grace Line Inc.: Price Waterhouse & Co.
 Gulf & South American Steamship Co., Inc.: Price Waterhouse & Co.
 Lykes Bros. Steamship Co., Inc.: Price Waterhouse & Co.
 Moore-McCormack Lines, Inc.: Arthur Andersen & Co.
 Pacific Far East Line, Inc.: Peat, Marwick, Mitchell & Co.
 Prudential Lines, Inc., Septimus & Co.
 States Steamship Co.: Haskins & Sells.
 The Oceanic Steamship Co.: Price Waterhouse & Co.
 United States Lines Co.: Price Waterhouse & Co.

NOTE.—The following companies, which no longer hold operating-differential subsidy contracts, have been included in the combined schedules of financial information with the exception of schedule 2, as follows:

To December 31, 1953:

New York & Cuba Mail Steamship Co.: Stewart, Watts & Bollong.

To December 31, 1955:

Pacific Argentine Brazil Line, Inc.: Hood & Strong.

Seas Shipping Co., Inc.: Price Waterhouse & Co.

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Combined statement of earnings and retained earnings for the years ended December 31, 1962, 1961, and 1960.....	B
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Summary of combined operating differential subsidy and recapture thereof, for the 25 years ended December 31, 1962.....	2
Gains on vessel transactions for the 25 years ended December 31, 1962, and for the 3 years ended December 31, 1962.....	3
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Combined stockholder investment and long-term indebtedness by years and dividend return on stockholder investment for the 25 years ended December 31, 1962.....	5
Combined net assets represented by long-term indebtedness and stockholder investment as at December 31, 1962.....	6
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THE SUBSIDIZED LINES

EXHIBIT A.—Combined balance sheet as at Dec. 31, 1962, 1961, and 1960

[Stated in thousands of dollars]

ASSETS

	Dec. 31—		
	1962	1961	1960
Current assets:			
Cash.....	38,553	31,006	27,366
Marketable securities, at cost.....	38,748	19,123	17,151
Receivables:			
Maritime Administration:			
Estimated operating-differential subsidy, less \$49,946 (1962), \$55,358 (1961), and \$55,362 (1960) withheld against recapture (note 1).....	126,271	157,081	156,201
Other.....	5,612	3,870	3,002
Traffic and other.....	82,279	73,427	67,493
Inventories.....	5,013	5,280	5,587
Unexpired insurance and other prepaid expenses.....	1,0518	10,324	10,631
Subtotal.....	306,994	300,111	287,431

EXHIBIT A.—Combined balance sheet as at Dec. 31, 1962, 1961, and 1960—Con.

[Stated in thousands of dollars]

ASSETS—Continued

	Dec. 31—		
	1962	1961	1960
Current assets—Continued			
Deduct estimated deposits to be made in statutory reserve funds.....	79,244	76,341	67,859
Total current assets.....	227,750	223,770	219,572
Statutory reserve funds (note 2):			
Capital reserve fund.....	85,912	117,285	141,086
Special reserve fund.....	124,330	126,359	133,737
Estimated deposits to be made (as above).....	79,244	76,341	67,859
Subtotal.....	289,486	319,985	342,682
Add operating-differential subsidy withheld against recapture (Contra).....	49,946	55,358	55,362
Subtotal.....	339,432	375,343	398,044
Bond proceeds, vessel trade-in allowances, etc. (to be used or applied as payments on vessels under construction).....	19,703	22,614	45,772
Property and equipment (at cost):			
Vessels less depreciation of \$345,077 (1962), \$313,548 (1961), and \$319,747 (1960).....	567,900	455,153	397,652
Vessels under construction.....	114,114	130,433	100,403
Other property and equipment less depreciation of \$15,866 (1962), \$14,691 (1961), and \$13,889 (1960).....	14,381	13,819	13,224
Subtotal.....	696,395	599,405	511,279
Other assets and deferred charges.....	25,575	25,222	27,228
Total assets.....	1,308,855	1,246,354	1,201,895

LIABILITIES AND STOCKHOLDER INVESTMENT

Current liabilities:			
Notes payable.....	1,500	6,585	7,820
Accounts payable and accrued expenses.....	88,742	79,571	75,951
Payable to Maritime Administration.....	2,626	2,623	3,165
Provision for claims and repairs.....	14,221	13,296	11,713
Estimated Federal taxes on income, less U.S. Government tax anticipation certificates of \$994 (1962), \$ (1961), and \$ (1960) (note 3).....	15,575	11,153	17,028
Subtotal.....	122,664	113,228	115,677
Unterminated voyage net revenue (excess of revenue over net expenses of voyages in progress, and advance ticket sales and deposits).....	45,323	45,717	39,083
Total current liabilities, including untermiated voyage net revenue.....	167,987	158,945	154,760
Other liabilities payable from statutory reserve funds.....	16,197	14,490	8,489
Long-term indebtedness, including current maturities:			
Mortgage notes and bonds payable on vessels.....	266,154	225,930	216,328
Other.....	4,105	17,159	19,464
Subtotal.....	270,259	243,089	235,792
Recapture of operating-differential subsidy: Operating-differential subsidy withheld (contra).....	49,946	55,358	55,362
Total liabilities.....	504,389	471,882	454,403
Stockholder investment:			
Capital stocks.....	132,782	132,761	132,771
Capital surplus.....	42,975	40,175	38,733
Retained earnings (note 4).....	628,709	601,536	575,988
Total stockholder investment.....	804,466	774,472	747,492
Total liabilities and stockholder investment.....	1,308,855	1,246,354	1,201,899

NOTE.—See accompanying notes to combined financial statements.

EXHIBIT B.—Combined statement of earnings and retained earnings for the years ended Dec. 31, 1962, 1961, and 1960

[Stated in thousands of dollars]

	Year ended Dec. 31—		
	1962	1961	1960
Terminated voyage results:			
Revenue from vessel operations (from schedule 7).....	672, 427	604, 354	633, 036
Deduct expenses of vessel operations:			
Wages, subsistence, fuel, maintenance, insurance, etc. (from schedule 7).....	674, 584	623, 188	644, 047
Less operating-differential subsidy (after interim adjustments of cumulative recapture).....	181, 208	170, 113	160, 991
Subtotal.....	493, 376	453, 075	483, 056
Vessel depreciation.....	38, 205	33, 978	33, 890
Total expenses of vessel operations.....	531, 581	487, 053	516, 946
Total, terminated voyage results.....	140, 846	117, 301	116, 090
Add other income:			
Agency fees and terminal, stevedoring and other shipping operations (net).....	2, 587	2, 546	2, 831
Other income (net), including interest of \$9,915 (1962), \$9,776 (1961), and \$11,163 (1960).....	10, 962	10, 434	12, 700
Subtotal.....	154, 395	130, 281	131, 621
Deduct other expenses:			
Administrative and general expenses.....	88, 065	83, 002	81, 719
Interest expense.....	10, 497	7, 978	7, 513
Subtotal.....	98, 562	90, 980	89, 232
Earnings before Federal taxes on income.....	55, 833	39, 301	42, 389
Deduct Federal taxes on income.....	17, 928	10, 820	15, 154
Net earnings.....	37, 905	28, 481	27, 235
Add gains on vessel transactions.....	5, 348	9, 825	2, 849
Net earnings and gains.....	43, 253	38, 306	30, 084
Retained earnings at beginning of period.....	601, 536	575, 988	561, 594
Subtotal.....	644, 789	614, 294	591, 678
Deduct other deductions:			
Dividends (other than stock dividends).....	13, 245	11, 342	14, 350
Miscellaneous adjustments (net).....	2, 835	1, 416	1, 340
Subtotal.....	16, 080	12, 758	15, 690
Retained earnings at end of period.....	628, 709	601, 536	575, 988
Net earnings deposited or to be deposited in statutory reserve funds (note 2):			
Mandatory.....	16, 514	19, 909	16, 707
Voluntary.....	6, 222	3, 473	1, 530
Total.....	22, 736	23, 382	18, 237

NOTE.—See accompanying notes to combined financial statements.

EXHIBIT C. NOTES TO COMBINED FINANCIAL STATEMENTS

[Amounts stated in thousand dollars]

(1) Operating-differential subsidy: Operating-differential subsidy has been accrued on the basis of rates established by the Maritime Subsidy Board and its predecessors, or, in instances where the board has not established rates (for 1962, 1961, and to some extent certain prior years), based on rates established for the latest previous year or upon estimates made by officials of the lines.

An accrual as at December 31, 1962, includes approximately \$51,400 withheld by the Maritime Administration from payment to the lines pending completion of administration audits of the lines' annual accountings to the administration for the current and certain prior years.

Operating-differential subsidy is subject to recapture by the Maritime Administration to the extent of one-half of the amount by which earnings from subsidized operations for a stipulated period (usually 10 years) exceed 10 percent per annum

of capital necessarily employed in such operations, as defined by the Maritime Administration. The amount subject to recapture cannot exceed the subsidy for the period. Operating-differential subsidy withheld against recapture as at December 31, 1962 (\$49,946), represents that part of accrued subsidy equivalent to cumulative recapture based on interim computations with respect to recapture periods not then completed. This amount of subsidy withheld from payment to the lines is treated as an addition to statutory reserve funds as any part thereof which may become receivable by the lines as a result of future operations would be subject to deposit in the special reserve fund.

(2) Statutory reserve funds: The Merchant Marine Act, 1936, as amended, and the subsidy contracts require the deposit in the statutory reserve funds of (a) earnings from subsidized operations in excess of 10 percent of capital therein necessarily employed, less that part of operating-differential subsidy equivalent to recapture, and, therefore, withheld by the Maritime Administration; (b) such part of such withheld subsidy as may become payable to the lines; (c) amounts equal to depreciation charges on owned subsidized vessels, if earned; and (d) proceeds from sale or other disposition of subsidized vessels. Under certain conditions additional earnings may be deposited voluntarily in the statutory reserve funds.

These funds may be used only for the purchase and reconditioning of vessels, for payment of recapture of operating-differential subsidy (unless withheld as mentioned above) and, under limited conditions and if approved by the Maritime Administration, for transfer to general funds.

The statutory reserve funds as at December 31, 1962, include U.S. Government and other securities at amortized cost, \$184,780, on which the quoted market was \$184,922.

Information submitted by the lines indicates that all voluntary deposits in the statutory reserve funds have been approved by the Maritime Administration.

(3) Federal taxes on income: Earnings deposited or required to be deposited in the statutory reserve funds are not subject to Federal taxes on income in the year earned; but approximately \$344,444 of earnings and gains so deposited or to be deposited may become subject to Federal taxes on income if withdrawn for general purposes or in the event of termination of subsidized operations. No provision has been made for such taxes in the accompanying financial statements.

Tax-deferred earnings withdrawn from the statutory reserve funds for investment in vessels are not taxable when withdrawn; but amounts so withdrawn and invested are, for Federal income tax purposes, excluded from the depreciable cost basis of vessels. As long as the subsidy agreement remains in effect with respect to such vessels the depreciation deposits mentioned in note (2) herein operate to offset the reduction in depreciation charges for income tax purposes. Tax-deferred amounts included in the net cost of vessels approximated \$232,323 as at December 31, 1962.

(4) Retained earnings: The operating-differential subsidy agreements, in general, limit cash dividends which may be declared from subsidized earnings in any year to 10 percent of capital necessarily employed in subsidized operations for such year and require maintenance of a conservative dividend policy within the meaning of the agreements. The amount of capital necessarily employed in subsidized operations for the year 1962, based on estimates by the lines, was \$624,998. Due to this and other restrictions, dividends which could be declared from combined retained earnings as at December 31, 1962, were limited to approximately \$65,047.

(5) Contingent liabilities: There are various lawsuits, claims, commitments, and contingent liabilities of the lines, but they are not expected to have any material effect upon the financial condition or results of operations.

(6) Construction commitments: The various operating-differential subsidy contracts require that, subject to certain terms and conditions, the lines replace their subsidized vessels at the end of their statutory life. In this connection, as at December 31, 1962, there were 43 replacement vessels previously contracted for by the lines and under construction or presently to be constructed at an estimated cost to the lines of \$235,409. Additionally, the lines have signed construction contracts in 1963 for replacement vessels at a cost of approximately \$78,459.

(7) General: In the preparation of the accompanying schedules, certain transactions recorded prior to December 31, 1948, have been reallocated to appropriate periods. Adjustments applicable to prior periods recorded subsequent to that date have not been reallocated to the periods to which they apply since they have not been material in relation to the aggregate financial condition of the lines.

DISCRIMINATORY FREIGHT RATES

SCHEDULE 1.—Statement of changes in combined stockholder investment for the 25 years ended Dec. 31, 1962, and for the 3 years ended Dec. 31, 1962

[Stated in thousands of dollars]

	25 years ended Dec. 31, 1962	3 years ended Dec. 31, 1962
Net operating earnings:		
Commercial operations (after subsidy less recapture)	1, 170, 203	137, 523
Wartime operations (after renegotiation)	89, 327	
Subtotal	1, 259, 530	137, 523
Deduct Federal income and excess profits taxes	320, 614	43, 902
Net earnings (notes A and 7)	938, 916	93, 621
Add:		
Gains on vessel transactions, schedule "3"	117, 535	18, 022
Retained earnings at beginning of period	1, 538	561, 594
Subtotal	1, 057, 989	673, 237
Deduct:		
Dividends (other than stock dividends)	310, 105	38, 937
Capitalizations of retained earnings (net)	82, 079	5, 026
Distribution to parent company of stock in 50-percent-owned company	2, 500	
Retained earnings of lines terminating or commencing as subsidized operators	26, 751	347
Miscellaneous adjustments (net)	7, 845	218
Subtotal	429, 280	44, 528
Retained earnings at end of period	628, 709	628, 709
Capital stock and capital surplus at beginning of period	62, 157	167, 190
Increases in capital stock and capital surplus during period (note B)	113, 600	8, 567
Stockholder investment at end of period	804, 466	804, 466

NOTES.—(A) Includes net earnings of approximately \$548,775, which were deposited or are to be deposited in statutory reserve funds for the 25 years ended Dec. 31, 1962.

(B) Capital stock of lines no longer subsidized has been eliminated.
(See exhibit C—notes to combined financial statements.)

SCHEDULE 2.—Summary of combined operating-differential subsidy and recapture thereof for the 25 years ended Dec. 31, 1962

[Stated in thousands of dollars]

	Total	Applicable recapture period	
		Prior periods	Current period
Differential for—			
Wages	1, 432, 605	785, 530	647, 075
Subsistence	38, 415	23, 153	15, 262
Maintenance and repairs	97, 970	56, 888	41, 082
Insurance	150, 098	83, 955	66, 143
Stores, supplies, and expendable equipment	1, 547	1, 628	(81)
Unallocated	7, 330	7, 330	
Subtotal	1, 727, 965	958, 484	769, 481
Subject to recapture:			
Paid	208, 389	186, 833	21, 556
Eliminated payable	10, 438	5, 272	5, 166
Subtotal	218, 827	192, 105	26, 722
Net subsidy	1, 509, 138	766, 379	742, 759

NOTE.—This schedule includes only figures reported by lines currently operating as subsidized lines.

SCHEDULE 3.—Gains on vessel transactions for the 25 years ended Dec. 31, 1962, and for the 3 years ended Dec. 31, 1962

	25 years ended Dec. 31, 1962			3 years ended Dec. 31, 1962		
	Vessels		Amount	Vessels		Amount
	Number	Total dead-weight tons		Number	Total dead-weight tons	
With U. S. Government:						
Insured losses (insured at or below "just compensation" values established by War Shipping Administration).....	45	411, 425	Thousand \$22, 983			Thousand
Sales (including trade-ins) and requisitions for title:						
Title V vessels.....	91	878, 367	20, 808			
Others.....	88	822, 270	31, 435	6	56, 542	\$2, 279
Subtotal.....	224	2, 112, 062	75, 226	49	492, 971	10, 185
All other sources:						
Foreign sales.....	72	611, 359	19, 987	2	5, 000	827
Domestic sales.....	45	408, 247	10, 725	11	107, 692	2, 499
Commercially insured losses.....	29	261, 750	11, 265	1	13, 362	2, 232
Transfers to affiliates.....	14	132, 164	332			
Subtotal.....	160	1, 413, 520	42, 309	14	126, 054	5, 558
Total.....	384	3, 525, 582	117, 535	63	619, 025	18, 022

NOTES.—(1) The gains reflected above are net of applicable Federal income taxes, if any.

(2) Vessels with aggregate tonnage of 407,165 were assigned to the U. S. Government before delivery to the respective subsidized lines and have not been included in the above summary.

SCHEDULE 4.—Summary of estimated construction-differential subsidy paid to American shipyards applicable to vessels contracted for by the subsidized lines for the 25 years ended Dec. 31, 1962, and for the 3 years ended Dec. 31, 1962

	25 years ended Dec. 31, 1962		3 years ended Dec. 31, 1962	
	Number of vessels	Estimated construction-differential subsidy	Number of vessels	Estimated construction-differential subsidy
Total subsidy paid to American shipyards as part of vessel construction cost and initially applicable to vessels contracted for by the subsidized lines.....	319	Thousands \$760, 714	54	Thousands \$273, 575
Less subsidy applicable to vessels for which contracts were canceled or assigned to the U. S. Government prior to delivery to the lines.....	40	69, 397		
Subsidy applicable to vessels actually delivered to the lines.....	279	691, 317	54	273, 575
Deduct subsidy applicable to vessels on which price adjustments were made under Merchant Ship Sales Act of 1946.....	101	172, 807		
Subsidy applicable to vessels actually delivered to the lines and not subject to price adjustment under Merchant Ship Sales Act of 1946.....	178	518, 510	54	273, 575
Deduct subsidy recovered by U. S. Government applicable to—				
Insured vessels lost as a result of war casualty.....	14	17, 064		
Vessels requisitioned for title or assigned to the U. S. Government (at depreciated cost).....	47	67, 110		
Subtotal.....	61	84, 174		
Net subsidy.....	117	434, 336	54	273, 575

NOTE.—Construction-differential subsidy payments to American shipyards applicable to vessels contracted for as shown in the above summary were ascertained by the respective lines from Government reports as to such payments or from other available information. The above figures are applicable only to vessels delivered to the lines and do not include vessels under construction.

DISCRIMINATORY FREIGHT RATES

SCHEDULE 5.—Combined stockholder investment and long-term indebtedness by years and dividend return on stockholder investment for the 25 years ended Dec. 31, 1962

Year	At end of each year			Percentage of dividends to stockholders' investment at beginning of each year
	Stockholder investment	Fixed indebtedness (including current maturities)	Total	
	<i>Thousand</i>	<i>Thousand</i>	<i>Thousand</i>	
1938.....	\$59,914	\$53,292	\$113,206	1.6
1939.....	66,863	53,609	120,472	5.1
1940.....	107,329	74,706	182,035	8.8
1941.....	172,077	56,052	228,129	7.2
1942.....	222,892	55,331	278,223	5.4
1943.....	229,310	33,007	262,317	2.2
1944.....	245,919	25,149	271,068	2.6
1945.....	255,178	39,858	295,036	2.3
1946.....	287,732	58,622	346,354	3.1
1947.....	336,604	96,705	433,309	5.7
1948.....	367,699	98,004	465,703	4.9
1949.....	400,061	81,340	481,401	5.3
1950.....	413,675	89,701	503,376	3.6
1951.....	449,429	101,069	550,498	3.5
1952.....	498,334	106,237	604,571	3.4
1953.....	524,973	113,677	638,650	3.2
1954.....	522,548	113,561	636,109	3.2
1955.....	558,682	127,154	685,836	3.3
1956.....	588,244	171,716	759,960	3.1
1957.....	655,019	179,543	834,562	3.2
1958.....	709,094	177,602	886,696	3.1
1959.....	728,784	198,478	927,262	2.3
1960.....	747,492	235,792	983,284	2.0
1961.....	774,472	243,089	1,017,561	1.5
1962.....	804,466	270,259	1,074,725	1.7

SCHEDULE 6.—*Combined net assets represented by long-term indebtedness and stockholder investment as at Dec. 31, 1962*

	Amount (thousands)	Percent
NET ASSETS		
Net working capital.....	\$59,763	5.6
Statutory reserve funds and other funds earmarked for vessel construction:		
Tax-deferred earnings.....	173,073	
Other deposits.....	136,116	
Subtotal.....	309,189	
Deduct amounts payable from statutory reserve funds.....	16,197	
Subtotal.....	292,992	27.2
Property and equipment (cost less depreciation):		
Vessels.....	567,900	
Vessels under construction.....	114,114	
Other property and equipment.....	14,381	
Subtotal.....	696,395	64.8
Other assets and deferred charges.....	25,575	2.4
Total.....	1,074,725	100.0
TOTAL INVESTMENT		
Long-term indebtedness.....	270,259	25.1
Stockholder investment:		
Retained earnings available for dividends.....	65,047	
Capital stocks, capital surplus, and retained earnings not available for dividends.....	739,419	
Subtotal.....	804,466	74.9
Total.....	1,074,725	100.0
Capital necessarily employed in subsidized operations (as computed in accordance with applicable regulations).....	624,998	

NORE.—Net working capital includes untermiated voyage net revenue, but excludes current maturities on long-term debt as well as amounts to be deposited in statutory reserve funds. Statutory reserve funds include amounts to be deposited.

DISCRIMINATORY FREIGHT RATES

SCHEDULE 7.—*Combined vessel revenue and expenses for the years ended Dec. 31, 1962, 1961, and 1960*

[Dollars stated in thousands]

	Year ended Dec. 31—					
	1962		1961		1960	
	Amount	Percent	Amount	Percent	Amount	Percent
Revenue:						
Passenger ship operations.....	\$107,293	16.0	\$95,663	15.8	\$103,718	16.4
Cargo ship operations.....	565,134	84.0	508,691	84.2	529,318	83.6
Total revenue from vessel operations (to exhibit B).....	672,427	100.0	604,354	100.0	633,036	100.0
Expenses:						
Wages.....	201,393	29.9	186,918	30.0	184,876	28.7
Payroll taxes, welfare, etc.....	27,472	4.1	22,191	3.5	21,035	3.3
Subsistence.....	25,953	3.8	23,526	3.8	24,958	3.9
Stores.....	16,586	2.5	15,516	2.5	16,214	2.5
Other maintenance.....	6,303	.9	6,049	1.0	7,076	1.1
Fuel.....	50,941	7.6	49,078	7.9	49,391	7.7
Repairs.....	30,648	4.5	27,958	4.5	29,332	4.5
Insurance:						
Hull and machinery.....	15,656	2.3	15,066	2.4	15,595	2.4
Protection and indemnity.....	24,201	3.6	24,055	3.9	25,071	3.9
Other.....	814	.1	667	.1	617	.1
Other vessel expenses, including charter hire of \$1,414, \$2,103, and \$2,811, respectively.....	6,485	.9	6,929	1.1	7,770	1.2
Agency fees and commissions.....	15,859	2.4	14,180	2.3	15,015	2.3
Wharfage and dockage.....	13,307	2.0	13,218	2.1	13,473	2.1
Other port expenses.....	28,516	4.2	26,844	4.3	27,526	4.3
Stevedoring.....	127,378	18.9	115,911	18.6	124,403	19.3
Other cargo expenses.....	56,483	8.4	52,302	8.4	55,955	8.7
Freight brokerage.....	5,031	.7	4,730	.8	5,080	.8
Passenger brokerage.....	5,774	.9	5,306	.8	5,424	.8
Other voyage expenses.....	15,341	2.3	13,956	2.2	14,656	2.3
Prior years' adjustments (net) (credit).....	443	-----	(1,212)	(.2)	580	.1
Total expenses of vessel operations (to exhibit B).....	674,584	100.0	623,188	100.0	644,047	100.0

(End of Part 1.)

PART 2
Materials submitted by the Federal Maritime Commission

MATERIALS SUBMITTED BY THE FEDERAL MARITIME COMMISSION

SUMMARY OF PILOT STUDY

CANNED MEATS

In conducting the pilot study on canned meat, preliminary analysis was made of 29 different trading areas between the United States and various foreign countries. Of these 29 areas, the rate shown in tariffs on file with the Commission indicate a higher export rate than inbound rate in 18 trades. The percentage of this adverse disparity varies from less than 10 percent to as high as 200 percent in one or two trades.

Of the 18 trading areas which involved an apparent adverse disparity with respect to markets in Western European nations including the United Kingdom, our analysis indicates that with respect to pork products, ham, sausages, etc., the market for American exports is limited for a number of reasons. Denmark, Poland, and Holland are low-cost volume producers of canned ham and pork products and are large net exporters. Therefore, the United Kingdom and other Western European nations tend to buy their requirements of this commodity from their closest and least expensive source of supply. Also, in the United Kingdom there are dollar restrictions which tend to limit purchases to other European nations rather than from the United States. Also, canned beef and pork imports from the United States to France and Germany have been prohibited by those Governments for the past 2 years. Norway prohibits the importation of any meat products from the United States.

With respect to U.S. manufactured canned beef and veal, however, Western European nations and the United Kingdom appear to have been a substantial market. While there are various other factors which tend to impede our exports of these products to Western Europe and the United Kingdom reduction of export freight rates on these commodities would probably improve the competitive situation of American exports. Further study will be made by the Commission of the rate situation in these areas.

Market areas in the Far East for American canned meat exports have been Japan, Philippines, Hong Kong, Australia, New Zealand, Malaya, and Burma.

Australia and New Zealand are now large producers and meat exporters of canned meat products. In addition to the fact that these two countries are low-cost producers of these commodities, New Zealand has protectionist embargoes and severe import restrictions against importation of canned meat products. Australia charges a 6 pence per pound plus 10 percent ad valorem import duty against importation of canned meats, except on imports from New Zealand, where the duty is only 2 pence per pound. In connection with the Philippine market, there is an indication that consumers in this country prefer United States products, but it is a very price conscious market and they tend to buy cheaper grades of canned meats from Australia, New Zealand, Argentina, and Brazil.

There are indications that the price of canned beef to the Philippines from Argentina and Brazil is in excess of 6 cents per pound cheaper than comparable American canned beef. If the freight rate from the United States to the Philippines were reduced to zero, it would apparently reduce the delivered cost by approximately 2½ cents per pound. It therefore appears that the export freight rate on canned meat products to various Far East markets has not been a major or significant factor in limiting U.S. exports of these products.

Various different factors appear in the analysis of our export rate problems to South American countries. Both Argentina and Brazil are large volume producers of low cost canned meat products. Proximity to other South American countries gives a definite competitive advantage to the exporters from those countries.

Furthermore, Colombia has an absolute prohibition against importation of many foreign meat products, and high protectionist duties on the balance.

Chile has a high protective tariff barrier and is situated so close to Argentina and Brazil, major exporters of canned meat products, that American exporters are virtually barred from this market without consideration of the export freight rate.

Brazil places a 100-percent ad valorem duty on canned meat products as well as a 100-percent prior deposit requirement as protection for its domestic meat production. Argentina and Uruguay have large domestic meat canning industries and are major low-cost exporters of this commodity.

Except for the situation above referred to in connection with the Western European and United Kingdom market for canned beef and veal, which will be further informally investigated by the Commission, it does not appear that rate disparities or the level of export freight rates has been a significant factor in limiting the exportation of U.S. canned meats products.

POTASH FERTILIZER

Production of potash fertilizer in the United States is limited almost exclusively to the Carlsbad, New Mexico area, and high inland freight rates to the Atlantic and gulf coasts are a serious impediment to the exportation of this type of fertilizer. Because of these inland freight charges, German and French competitive producers are able to secure a substantial part of the domestic market in the Northeastern United States. Approximately 95 percent of the potash fertilizer exported from the United States is carried in bulk, of which more than one-half is carried by tramp or charter vessels. Five percent or less of this commodity is carried under liner rates for bagged potash.

Cargo carried on tramps or on charter vessels is completely exempt from regulation under the Shipping Act, 1916, and bulk cargoes carried by liner vessels are exempt from the tariff filing requirements of section 18 of the Shipping Act, 1916, and therefore, section 18(b)(5) probably does not apply to rates on bulk commodities. While many carriers do file their rates on bulk fertilizer for information purposes, these rates could legally be removed from tariffs at any time, and can be changed at any time without notice to the Commission.

In Western Europe, Germany and France are major manufacturers and exporters of low-cost potash and in fact, export much of this commodity to North-eastern U.S. ports. The great majority of this movement is in bulk charter vessels. Looking at liner rates filed in tariffs on file with the Commission, which are rates primarily on bagged potash, it appears that outbound rates from Atlantic ports and gulf ports to Western Europe are approximately twice as high as inbound rates to the United States from those countries. Since these liner rates apply to a relatively small part of the movement of potash fertilizer, we are continuing informal studies to determine the actual effect of this rate structure on U.S. exports and imports of potash fertilizer.

With respect to South America, U.S. shipments of potash to South American countries have been about equal to European exports. Again, the great volume of this movement has been in bulk carriage, rather than at liner bagged potash rates. However, because of industry complaints that rates from the United States are substantially higher than rates from Europe to the same South American countries, we are continuing study of this matter.

Japan is the world's largest import market for potash and is the largest customer of American-produced potash fertilizer. West Germany, France, and Spain have been other large suppliers of Japanese potash needs, and imports from Russia are now increasing as a result of a Russia-Japan trade agreement.

Again, in the Japanese trade at least 95 percent of the movement is in bulk. Information furnished from industry sources indicates that ocean freight rates from the United States to Japan are more favorable than competitive rates on potash from Europe to Japan. There is apparently a newly developing potash manufacturing industry in Canada which may in the next few years become our largest competitor in this commodity to Japan. At the present time, however, it appears that bulk freight rates from Canada and from the United States are reasonably competitive.

HOUSEHOLD APPLIANCES

Because of the number of different household appliances which are involved in our foreign commerce, this pilot study was limited to consideration of household refrigerators, vacuum cleaners, and gas stoves.

General

Prior to World War II the United States produced a majority of the household appliances used throughout the free world. For example, the United States produced 90 percent of the free world's total annual refrigerator output. Since that time the U.S. share of free world home appliances has declined, as indicated by the fact that in 1963 the United States produced only about 30 percent of the total free world production of electric refrigerators.

The most significant factor accounting for this decline is the tremendous growth of household equipment manufactured in foreign nations, particularly in Western Europe, the United Kingdom, and Japan. In the European Common Market area, for example, there are now estimated to be 67 manufacturers of household electric refrigerators producing 255 different brands of this item. There has been a somewhat similar decline in exportation of other U.S.-manufactured home appliances.

In addition to a substantial growth of foreign production of household appliances there are a number of other factors which adversely affect the sale of U.S.-manufactured household appliances in foreign countries. These include import restrictions, foreign exchange restrictions, import duties, etc. Also, American appliances are primarily manufactured for suitability to the American market and are not readily adaptable for use in foreign countries. Ninety-six percent of the refrigerators sold in England have a gross capacity of less than 7 cubic feet, and this is also true of 90 percent of the refrigerators used in France, and 88 percent of those used in Italy. In the United States approximately 90 percent of the household refrigerators are manufactured in excess of 11-cubic-foot capacity. Also, national electric supply and safety standards of foreign countries differ from those in the United States. U.S.-manufactured appliances are not usually designed to meet such standards. In most foreign countries, electric current is 220-volt, 50-cycle, alternating current, whereas U.S. domestic manufactured electrical appliances are manufactured to 110 volts and 60 cycles. Furthermore, electricity and gas are substantially higher in cost in many foreign countries than they are in the United States. In some areas of the world the less developed economies make it more economical to employ unskilled, low-paid labor, rather than to buy and use household appliances.

Household refrigerators.—With respect to European countries, the outbound rate on refrigerators from the United States appears to be lower than the inbound rate in connection with Germany, Belgium, France, Denmark, and Sweden, whereas, the outbound rate to Italy and the United Kingdom are higher than the inbound rate.

With respect to South American countries, there were slightly higher outbound rates to Brazil, Argentina, and Uruguay than the inbound rate from the same countries. The other three South American countries studied had no specific inbound rates on household refrigerators.

With respect to Japan, the outbound rate on household refrigerators from the United States is better than 50 percent higher than the inbound rate from Japan to the United States.

Vacuum cleaners.—With respect to European countries, the rates to Western Germany, Belgium, and Denmark are lower from the United States than the inbound rates from those countries. The outbound rates to Italy, Sweden, the United Kingdom, and France are higher than the inbound rates. With respect to Japan, Israel, and Lebanon, the outbound rates are higher than the inbound rates from those countries.

Gas stoves.—Rates from the United States to Western Germany, Belgium, Italy, and Brazil are lower than inbound rates on the same commodity whereas the export rates from the United States are higher to Japan, Sweden, and the United Kingdom than the inbound rates from those countries.

Economic factors affecting U.S. trade

Japan.—Japan has been a relatively minor market for exportation of U.S.-manufactured household appliances. According to the household appliance industry itself, safety code requirements, import licenses, cartel arrangements, low-cost domestic production, preference for small sized units, etc., have been key factors in limiting exports. While there are adverse inbound-outbound rate disparities on household appliances between the United States and Japan, the study does not show that the export freight rate has been a major factor in limiting exportation of these items to Japan when compared with other more significant factors.

United Kingdom.—The United Kingdom is a major manufacturer of household appliances, and exportation of these items to the United Kingdom has been

severely limited by a number of factors, such as import duties up to as high as 20 percent, whereas commodities from Commonwealth nations enter free of duty, smaller average size of household appliances, different electrical power requirements, etc.

The National Electrical Manufacturers Association, Foreign Traffic Committee has complained to the Business and Defense Services Administration of the Department of Commerce about the higher export rate on electrical appliances to England, than the inbound rate on the same commodities. However, as discussed hereafter, the National Electrical Manufacturers Association has not cooperated with the Commission staff in furnishing details of their complaint.

Italy.—Italy is a major producer of refrigerators and vacuum cleaners. Italy assessed import duties of 17 percent on refrigerators and 24 percent of vacuum cleaners. Also, U.S. products are relatively high in price when compared with domestic manufactured units and are generally not adaptable to Italian electrical characteristics. However, the export rates on refrigerators and vacuum cleaners from the United States to Italy are well over twice as high as the inbound rates, and apparently this is accounted for by the fact that the inbound rate from Italy is substantially lower than from other European countries. There is no indication however that the inbound rate is so low as to be noncompensatory. The export rate to Italy is approximately in line with the export rate on these commodities to other European nations. Furthermore, three U.S. companies now have plants in Italy which manufacture refrigerators for the Italian market.

Sweden.—Domestic production in Sweden of household appliances has grown tremendously in recent years, as illustrated by the growth of A. D. Electrolux, which does a substantial export business and also operates manufacturing plants in other foreign countries. The U.S. Electrolux Co. is a subsidiary of the Swedish company. While there appear to be adverse rate disparities between the United States and Sweden on vacuum cleaners and gas stoves and a favorable disparity on refrigerators, it does not appear that there is any substantial trade potential in Sweden for American manufactured household appliances.

Israel and Lebanon.—There are favorable rate disparities between the United States and Israel and Lebanon on refrigerators, and an adverse disparity in rates on vacuum cleaners between the United States and these countries. The difference in these disparities is accounted for by the higher export rate from the United States on vacuum cleaners than on refrigerators, since the inbound rate on both these commodities is the same. Lebanon, together with Israel is the third largest United States export market for refrigerators in the world, accounting for exports in 1962 of 17,000 units valued at \$2,800,000. However, with respect to vacuum cleaners, where the export rate is substantially higher U.S. exports in 1962 were 1,500 units for a value of \$45,000. The reasons for the substantially higher rates on vacuum cleaners is not yet known. Further study is continuing in this matter.

In the course of this study, an effort was made to verify the accuracy of a supposedly true illustration of discriminatory rates which had been received by the Joint Economic Committee, with respect to the rates on vacuum cleaners. At a hearing of the committee on June 20, 1963, the following example was cited:

"A specific model of a vacuum cleaner retails in the United States for \$49.95. The same model manufactured in England sells there for \$99.95, or \$50 more. But the landed difference between the \$49.95 machine shipped from the United States to Australia and the machine shipped from England is only a difference of \$1. Or there is a \$49 freight differential in favor of English exports to Australia of vacuum cleaners."

Inquiries were made of the Business and Defense Services Administration to elicit some factual data to corroborate this case, but they were unable to tell us anything other than that some unidentified exporter had cited this case during the course of one of their industry meetings. Staff analysis of tariff rates on file with the Commission indicates that the ocean freight charge from any American port to Australia on an average-size, canister-type home vacuum cleaner would be approximately \$3. If the ocean freight rate from the United Kingdom had been absolutely zero, the maximum difference in landed cost that could be attributed to an ocean freight differential would be \$3. It is apparent that the balance of the \$49 differential in exporting vacuum cleaner, from the United States as compared with English exports is attributable to factors other than the freight rate.

In the course of this pilot study the National Electrical Manufacturers Association, a national trade association of companies manufacturing various types of electrical equipment, was asked for details of any foreign rate studies they have made or complaints which they have involving ocean freight rates. While in the

past this association has made a number of appearances before congressional committees and before the Department of Commerce complaining about the high level of export ocean freight, rates it has been unwilling or unable to furnish the Commission staff with specific details of any ocean rate studies or complaints against ocean freight rates. Efforts to determine whether the high level of export freight rates may have adversely affected exports of household appliances are continuing.

AUTOMOBILES AND TRUCKS

Numerous trading areas throughout the world were considered in the study of the effect of ocean freight rates on export of automobiles and trucks. Significant unfavorable rate disparities existed only in connection with the United Kingdom, Japan, West Germany, the Philippines, Belgium, the Netherlands, and Sweden. Adverse rate disparities also exist in connection with Brazil, Argentina, Uruguay, Iraq, Iran, Arabia, Israel, Australia, New Zealand, but they do not appear to have been significant. It should also be noted that none of this latter group of countries produce automobiles or trucks for export in any volume. The primary areas of study were the nations of Western Europe, the United Kingdom, Japan, and various South American nations.

In recent years, U.S. exports to most foreign areas have been declining. With respect to Western Europe and the United Kingdom, the primary factor which accounts for this is the growth of domestic manufacturing in West Germany, France, the United Kingdom, and Italy. West Germany is now producing 12 to 14 percent of the world production of motor vehicles, making it the world's second largest producer behind the United States. The United Kingdom is the third largest producing nation, about 9 percent of the total, France is the fourth ranking producer with 8 percent, Japan is the fifth largest producer with 5 percent, and Italy ranks sixth with slightly less than 5 percent of total production. Canada, Australia, Belgium, and Sweden rank next in production in the order named.

This study shows that one of the major reasons for the decline in U.S. exports of automobiles to the foregoing countries has been the fact that American corporations have chosen to manufacture automobiles in foreign countries which are tailored to the particular needs of the market involved, rather than to ship U.S.-built vehicles to those markets. For example, one out of every three German cars, and two out of every five British-built cars are made in plants set up in those countries by General Motors or Ford. These two U.S. companies, together with Chrysler, now account for 24 percent of Western Europe's total automobile output. In addition to those manufacturing subsidiaries, in Eastern Germany, General Motors and Ford have established manufacturing subsidiaries in Germany, Australia, Brazil, and Argentina, and maintain assembly plants dispersed in other countries throughout the world. The reasons given by the industry itself for establishing foreign production subsidiaries were lower labor costs, nationalistic policies, duties, quotas, and special fees, preference for small inexpensive to operate cars, etc., and the export freight rate was considered only a relatively insignificant factor among many others.

United Kingdom and Western Europe

Countries in Western Europe have import duties on automobiles which are substantially higher than the duties levied by the United States against imports of motor vehicles from those countries. For example, Western Germany has an import duty of approximately 23 percent, United Kingdom approximately 28 percent, France approximately 28 percent, compared with 8½ percent import duty on automobiles imported from these countries into the United States. In addition, the United Kingdom has a purchase tax of 25 percent, France 25 percent, Italy 25 percent.

The United Kingdom has had restrictions and quotas on importation of U.S.-manufactured automobiles for a number of years, although since 1960, these quota restrictions have been reduced. There are, however, numerous other impediments to the export of American-manufactured automobiles to the United Kingdom. In addition to the import duty and purchase tax indicated above, gasoline costs approximately \$0.52 per gallon in the United Kingdom, spare parts are substantially higher, etc. In a country with a relatively low average annual income, the cost of operating a U.S. compact car, as compared with smaller English-manufactured cars, is virtually prohibitive. The Automobile Manufacturers Association has indicated that, expressed as a percentage of annual income, the purchase of a small British car would require 53 percent of the average annual income, whereas purchase of a U.S. compact, or low-priced car, would be above 200 percent. Annual cost of operating the smaller British car would be

about 11 percent of annual income, compared with about 30 percent for operating a U.S. compact.

For example, an American compact car is priced at \$2,108 in the United States. The cost of this automobile when delivered to and available for sale in the United Kingdom would be \$5,831. Of this price only \$298 is represented by the ocean freight rate, and the balance of the increase over the U.S. cost of \$3,500 is made up of other fees, duties, taxes, etc. The comparable selling price of a small manufactured British car is \$1,473. Similar figures indicate that the cost of a U.S.-manufactured compact car sold in Western Europe is approximately four times as high as the small European-manufactured car.

We should note that, with respect to France, there is a favorable disparity, that is, the rate from the United States is less than the rate from France to the United States. With respect to Italy, there is an adverse disparity of only 3 percent, with respect to West Germany there is an adverse disparity of 23 percent, and with respect to the United Kingdom the adverse disparity is 133 percent. If the outbound rate to the United Kingdom should be reduced to the same level as the inbound rate from the United Kingdom, it would reduce the cost of the American compact automobile in England from approximately \$5,830 to \$5,680.

Japan

With respect to Japan, the export rates on automobiles from the United States is slightly more than 100 percent higher than the inbound rate on the same commodity. The growth of the Japanese domestic production has been even more spectacular than in Western Europe. From relatively minor production in 1950 they have expanded their production to approximately 1 million units, making them the fifth largest producer in the world.

Exportation of U.S.-manufactured automobiles to Japan is limited by the same high cost and expense of operation as have been previously summarized with respect to the United Kingdom and Western Europe. In addition, there are very restrictive foreign exchange and import licensing requirements which tend to adversely affect importation of automobiles and trucks into Japan. The Japanese commodity tax is graduated on the basis of engine displacement, and favors small cars to the near exclusion of larger American cars. Also, some Japanese cities have specific restrictions against operation of vehicles which exceed certain specified sizes. These restrictions are in many instances less than the size of American-manufactured vehicles.

South America

In South America, Brazil, and Cuba have in the past been among the largest export markets for U.S. motor vehicles. The reasons for the decline in exports to Cuba are obvious. Brazil now provides for practically all its own requirements from manufacturing plants located in that country. For example, motor vehicles production in Brazil has increased from 30,700 units in 1957 to 145,674 units in 1961. Four American companies account for over half of the domestic production in Brazil. Volkswagen is the largest single producer.

In addition to domestic production in Brazil, there is an import duty of 80 percent ad valorem on cars weighing up to 1,600 kilograms, and a 150-percent duty on cars over 1,600 kilograms. This definitely is restrictive against importation of large American cars into Brazil. The study shows that the outbound freight rate on automobiles from New York to Brazil, of \$39 per ton, is relatively insignificant when compared with other restraints to this trade.

Chile now has in effect a prohibition against imports of vehicles except for certain special types and knocked-down materials. In Venezuela, Chrysler has a manufacturing plant and both Ford and General Motors have assembly plants.

In Uruguay, there is an import duty of 300 percent plus a 1-year deposit.

In connection with South America, it should be pointed out that the outbound rates from the United States to Venezuela, Peru, and Colombia are equal to the inbound rate, and to Brazil, Argentina, and Uruguay the export rate is only 3 to 8 percent higher than the inbound rate.

In conclusion, while the export freight rate is in some instances higher on automobiles from the United States than the inbound rate, this study on motor vehicles indicates that it is a relatively insignificant factor when compared with other factors such as high tariffs, import licensing, quotas and exchange controls, import deposits, new car ownership registration fees and taxes, the extremely high cost of purchasing and operating a U.S. automobile, and tremendous growth in foreign production.

CANNED FRUITS AND VEGETABLES

This summary of the pilot study on canned fruits and vegetables will be separated into two parts—canned fruits, and canned vegetables.

Canned fruits

In 1961, U.S. production of canned fruits was 71 percent of the world's total production and U.S. exports accounted for 42 percent of the world's trade in these commodities. Canned peaches, fruit cocktail, and pineapples account for approximately 90 percent of U.S. exports and, therefore, the study was concerned with these products. Canned peaches and fruit cocktail are shipped primarily from California, while canned pineapple is shipped primarily from Hawaii.

With respect to canned peaches and fruit cocktail, the major market for U.S. exports are the European countries. There are no unfavorable inbound-outbound disparities in rates between California and Europe; that is, the outbound rates are lower than the inbound rates. Some adverse disparities do exist between U.S. gulf ports and some European ports and between certain Atlantic and gulf ports on the one hand and minor markets on the other hand. These disparities, however, appear to be relatively insignificant when it is recognized that the vast majority of canned peaches and fruit cocktail are exported from California.

The National Canners Association indicates that with respect to canned peaches and fruit cocktail, the industry is not so much concerned with inbound-outbound rate disparities as with lower rates from competitive countries. They indicate that the ocean freight rates from South Africa and Australia to the United Kingdom and Europe are substantially lower than the rates from the Pacific coast. Some comparative rates have been furnished, and further investigation is continuing with respect to this third-country rate situation, in order to determine whether a factfinding investigation or formal investigative proceeding should be instituted.

With respect to canned pineapple, the State of Hawaii produces more than 50 percent of total world production. There are no reported inbound-outbound disparities between Hawaii and other countries. However, the National Canners Association and the Hawaiian pineapple industry are concerned over the present competitive position of Hawaiian canned pineapple in the European market. The National Canners Association has indicated concern over the export freight rate from Hawaii to Europe as compared with lower rates from major foreign competitive producing areas such as South Africa, Malaya, Taiwan, and Australia. This third-country competitive situation is being further studied.

Canned vegetables

Approximately 50 percent of the total-value of U.S. exports of canned vegetables in 1962 was canned asparagus, and nearly all of this commodity is exported from the Pacific coast. Ninety-two percent of U.S. exports of this commodity went to Europe.

There are no adverse inbound-outbound disparities, where export rates are higher than import rates in the west coast-European trade. There are a few unfavorable disparities between Atlantic and gulf ports to minor consuming areas, but these appear to be relatively insignificant. The National Canners Association again indicates that lower rates from competitive third countries is a more significant factor in exportation of canned vegetables than is the inbound-outbound disparity.

The second largest canned vegetable export from the United States is canned tomato paste and puree, and, next to Canada, Japan is our best customer. The export rate to Japan is approximately double the import rate from Japan, but there is no indication of any substantial importation of these products from Japan. Italy is the world's largest manufacturer and exporter of canned tomato paste and puree, and the study shows that the export rate from the United States to Italy is more than twice as high as inbound rate from Italy on the same commodity. The inbound rate of approximately \$25 per ton does not, however, appear to be noncompensatory.

A specific problem arose in the course of this study with respect to canned mushrooms imported from Taiwan. In recent years Taiwan has become a major producer and exporter of canned mushrooms. In 1961, Taiwan exported to the United States 6,079 pounds, and in the first 6 months of 1962, these exports increased to nearly 5 million pounds. The domestic producers of canned mushrooms have indicated serious concern that these imports are injurious to the domestic industry.

Inbound rates on canned mushrooms are less than half the outbound rates from the United States to Taiwan. While the inbound rate of \$27 per 40 cubic feet does not appear to be out of line with other inbound canned vegetables rates from the Far East, because of the specific complaint from the industry, further informal investigation of this matter is continuing.

This pilot study on canned vegetables has developed a specific complaint from a shipper of waxed beans who has stated that the ocean freight rate from Portland, Maine, or Boston to Hamburg, Germany is \$38.50 per ton, while the rate on the same commodity from Montreal, Canada, to Hamburg is only \$20.25. We are contacting the shipper involved to develop more details about this matter and will determine what further action should be taken with respect to this lower competitive third country rate.

There appear to be some situations where lower third country competitive rates have resulted in loss of markets to American canned goods shippers, and these will be further developed by informal investigation. Also, the specific problems which were developed regarding canned mushrooms and canned waxed beans are receiving further informal investigation. Other than these situations, it does not appear that inbound-outbound disparities or the present level of export rates on canned fruits and vegetables have been a significant factor in restricting U.S. exports of these commodities.

NITROGENOUS FERTILIZERS

There are a number of different nitrogenous fertilizers which are manufactured at various locations throughout the United States. The pilot study on nitrogenous fertilizers concerns itself with three main types—urea, ammonium sulfate, and ammonium nitrate.

Urea

The three major producers of urea in the world are Japan, the United States, and Western Europe.

Europe

Because of substantially lower costs of production and high volume of production, together with monopolistic controls through the international cartel called Nitrex, the market for exports of urea to Europe is virtually nil. While there appear to be rate situations where outbound rates from the United States to European countries are higher than the inbound rate, these disparities do not appear to be of major significance in respect to the European market.

The remaining areas for export of this commodity are certain countries in Asia and South America.

Asia

Rates between the United States and various countries in Asia on urea do not indicate any adverse rate disparities where outbound rates would be higher than inbound. Japan is the world's leading producer of urea fertilizer, and European producers ship in volume to India, Vietnam, Korea, Taiwan, and Indonesia. Liberal sales conditions and low prices by both the Japanese and European producers have made commercial sales of U.S. manufactured urea extremely difficult. For example, Japanese export prices average \$63.50 per ton free on board, Japan, compared U.S. export prices averaging \$83.45 per ton free on board, U.S.A. In addition, Japan offers urea on a barter basis to improve its competitive position in Asia. Nitrex, the Western Europe export cartel, is aggressively pushing barter deals in Asian markets even undercutting Japanese sales.

Virtually all sales of urea fertilizer made in Asia have been AID Government-sponsored cargo movements. For the foregoing reasons it does not appear that the export freight rate to Asian countries has been a significant factor in impeding exportation of U.S. urea fertilizer to that area.

South America

Central and South American countries are now largely supplied by European competitors at prices well below U.S. export prices. Because of the decisive cost advantage and more attractive terms, the export rates on urea fertilizer to South America do not appear to have had a significant adverse effect on shipments of this commodity to South American countries.

Ammonium sulfate fertilizer

United States, Japan, and Europe are major producers of ammonium sulfate which is the leading compound in world production of nitrogenous fertilizers.

Ammonium sulfate is the least expensive of all nitrogenous fertilizers. Japan and European producers manufacture ammonium sulfate fertilizer largely for export and conduct aggressive export sales campaigns throughout various world markets.

Europe

The European sales cartel, Nitrex, dominates the European market and also exports to South American countries, the United States and various countries in Asia. Europe has not been a significant market for ammonium sulfate for the same reasons previously indicated with respect to urea. With respect to European countries, outbound rates from U.S. Atlantic ports are generally lower than inbound rates from Europe, except with respect to France and Italy, where the rates are about 30 percent higher outbound.

Asia

U.S. exports of ammonium sulfate to countries in Asia amounted to approximately 80 percent of the total U.S. exports of this material. The great majority of this moved in bulk form by tramp vessel.

There do not appear to be any adverse rate disparities on ammonium sulfate between the United States and Asian countries. Nitrex, the European cartel is a strong competitor in Asia, shipping in large volume by tramp and charter vessels at very low rates.

For the foregoing reasons, commercial exports of ammonium sulfate to Asian countries do not appear to have been adversely affected by the level of liner freight rates.

South America

With respect to South American countries, there do not appear to be any adverse disparities in rates on ammonium sulfate between the United States and South America, and there has been relatively little export of this commodity to that area.

Ammonium nitrate

Ammonium nitrate is the least important of the nitrogenous fertilizers in the U.S. export market. U.S. exports of this product amounted to only 41,533 tons in 1962 moving for the most part to Mexico, Peru, Chile, and Korea. The limited exports of ammonium nitrate are explained in part by the transportation hazards of this commodity. The Texas City disaster in 1947 killed nearly 600 people and did extensive damage to the better part of this city. No adverse disparities are shown for the Central and South American trades and the Korean exports were under the AID program. It is noted that the rates from the United States to Chile on this commodity appear to be out of line with the rates on the same commodity to Peru, and further study will be made in this area.

With respect to Europe, in addition to the hazardous nature of ammonium nitrate, the U.S. manufactured price is substantially higher than the manufactured price in France and Belgium, indicating that U.S. manufactured ammonium nitrate is priced out of the European market without regard to the export freight rate.

ELECTRIC MOTORS

This study covered situations where the outbound rate on electric motors exceeded the inbound rate from only 3 or 4 percent, to over 100 percent in the trades from the United States to Japan, West Germany, the United Kingdom, France, and certain South American countries. In some of the South American countries involved, the rate outbound was lower than the inbound rate.

The freight rate on electric motors in the trade studies indicates to average less than 5 percent of the landed cost of the U.S. export product. Also, import duties varying from 5 to 20 percent in Europe and the United Kingdom, from 15 to 20 percent in Japan, and as high as 100 percent in some South American countries have been an important factor in limiting exports of electric motors.

Analysis of the trade between the United States and Japan shows that American imports from Japan are of very small motors, 0.10 horsepower or less, whereas exports to Japan from the United States are in highly specialized types, generally in fractional horsepowers.

One of the largest manufacturers of electric motors in the United States has indicated that the freight fare is a relatively insignificant part of the landed cost of electric motors in foreign markets.

This company stated that it had offered to absorb the entire freight rate to Europe and to Japan in efforts to make its product more competitive, but that

the price gap was still too great for this absorption to have any appreciable effect on their competitive position. Local cost of manufacturing electrical motors in Europe and Japan run 20 to 30 percent below the cost of manufacturing in the United States.

There appear to be situations where rates on electric motors to one South American country are substantially higher than rates on the same commodity to a neighboring and even adjacent country. The Commission is continuing its study into this rate structure to determine whether further action should be taken.

Certain factors other than export freight rates have adversely affected the ability of U.S. manufacturers to effectively compete in foreign markets in the sale of electric motors. Exports of U.S. manufactured electric motors to Japan are somewhat restricted because of Japanese requirements for 50-cycle equipment, whereas U.S. manufactured electric motors are normally designed for 60-cycle frequency. In addition, most U.S. electric motors are designed to meet very stringent U.S. safety specifications, whereas foreign countries of competitive manufacture have far less exacting safety specifications with resulting reduced manufacturing costs.

This pilot study on electric motors does not indicate that inbound-outbound rate disparities have been a significant factor in impeding the exportation of this commodity to foreign markets. The only area indicated for further study is the situation in South America where the rates to one particular country appear to be unusually high in relation to rates to neighboring countries.

CONSTRUCTION MACHINERY

The pilot study on this commodity considered ocean freight rates between the United States and 20 major market areas. Only four of these areas involved unfavorable inbound-outbound disparities; that is, higher export rates than import rates. Rates from the United States to Australia were 4 percent higher outbound than inbound, rates to India were 10 percent higher, rates to Japan were 12 percent higher, and rates to the Philippines were 70 to 75 percent higher.

Of the entire free world production of construction machinery in 1962, approximately \$3 billion in value, the United States produced 75 percent or \$2,262 million and exported 32 percent or \$713,203,000 worth of its total production.

At a meeting held September 23, 1963, the Construction Industry Manufacturers Association's tariff committee met with personnel of the U.S. Department of Commerce, and a representative of the Federal Maritime Commission. At this meeting it was brought out that there was no particular evidence that ocean freight rates were of major importance in the curtailment of sales in overseas countries.

The major areas of concern to these industry representatives were factors other than rates, including among others, heavy import duties, license requirements, advance foreign exchange deposits, exchange surcharges, local bid preferences, and local sales taxes applied to imported commodities.

In connection with Australia, import duties ranging up to 47.5 percent are of much more concern to the industry than the adverse rate disparities, and even so, over \$33 million worth of construction machinery was exported to that country in 1962. In India, licensing systems and import controls appear to be more significant than the 10 percent unfavorable disparity, and that country imported from the United States over \$13 million worth of construction machinery in 1962.

Japan virtually excludes the sale of most types of U.S. construction machinery, although it imported \$6,500,000 worth of these machines in 1962. Japan produces \$250 million worth of construction machinery and two Japanese companies now have Government approval to enter into joint enterprises with United States and Germany companies for production of various construction machinery in Japan for sale overseas.

Rates on construction machinery between U.S. North Atlantic ports and our major markets in Europe are lower from the United States to Europe than the rate inbound on the same commodities. In fact, the rate from North Atlantic ports to Germany is \$16.50 and to Belgium and Dutch ports is \$15, which rates, appear, if not actually noncompensatory, to barely cover the carriers' out-of-pocket costs for loading and unloading the cargo. For example, unsubstantiated figures on loading costs at New York indicate that this cost alone runs to over \$14 per ton.

With respect to the Philippines, the outbound rate on construction machinery is approximately the same as the rate from the United States to Japan. The unfavorable disparity in the Philippine trade is accounted for by the fact that there is an exceptionally low rate on this commodity inbound from the Philip-

pires. This inbound rate from the Philippines is \$35 per ton, as compared with a rate inbound from Japan of \$65.50. The explanation for this excessively low inbound rate may be that there have been shipments of used heavy military and construction equipment subsequent to World War II. We are continuing further informal investigation into this particular rate disparity.

Another reason why the level of export freight rates is not considered a serious limitation on U.S. exports of construction equipment is that industry has established numerous manufacturing and assembly plants in foreign countries. These are either completely owned by U.S. companies or licensed for manufacture. In 1963, there were over 100 manufacturing plants owned or licensed by major American construction machinery manufacturers in foreign countries, with a total production estimated in excess of \$350 million. Following is a statement of one company as to the reasons for this, and it is significant to note that the export freight rate was not mentioned:

"In the past several years, most of the major manufacturers of this type of equipment have established either wholly owned manufacturing subsidiaries, joint ventures or licensing agreements in many of the world's principal markets outside of the United States. As a group, we have no reluctance about doing this, provided the decisions to establish these facilities can be based on the same economic factors that influence our establishing branch factories in the United States. Too often, however, these decisions are made because of artificial barriers established by various countries. Some of these have already been mentioned but just to recap for a moment, these barriers are:

- "1. Customs tariffs.
- "2. Surcharges in addition to tariffs.
- "3. Internal discriminatory sales taxes on imports.
- "4. Prior deposit.
- "5. Import licensing.
- "6. Financing restrictions.
- "7. Forcing of local manufacturing by edict or something slightly more subtle."

In conclusion, there is no indication that inbound-outbound rate disparities, or the level of export freight rates have been a significant factor in impeding the exportation of American-manufactured construction machinery.

SUPERPHOSPHATE FERTILIZERS

Superphosphate fertilizers are produced almost completely in the southeastern United States, primarily Florida, and therefore are close to water ports for easy export by water transportation.

With respect to countries in Europe, there appear generally to be favorable rate disparities, that is, lower export rates than import rates. A large portion of the movement of this commodity moves in bulk and much of it by tramp unregulated carriers. Most countries in Europe are major producers of superphosphates, and other European countries purchase their needs from these nearby low-cost producers. In general, export rates from the United States are lower than inbound rates from those countries to the United States. The study concludes that Western Europe offers a very poor market potential, and the export freight rate has not been a significant factor in limiting U.S. exports.

With respect to Asia, almost all exports of U.S.-produced superphosphates have been AID shipments, and most have moved at bulk nonlinear rates. Japan is a major manufacturer of low-cost superphosphates and, except for AID cargoes above referred to, Asian countries do not represent a sizable potential market for commercial shipments of U.S. superphosphates.

South American countries have been a U.S. market and substantial buyer of U.S.-produced superphosphates. Chile and Brazil particularly have been sizable markets for this commodity.

This study indicates that exportation of phosphate fertilizer to various South American countries is seriously handicapped by low-cost imports from Europe and Japan. A number of instances have been noted where freight rates from Europe and Japan appear to be substantially lower to certain South American countries than the rates on the same commodity from the United States.

There is now pending before the Commission a formal proceeding, docket No. 1098, *International Commodities Corporation v. River Plate and Brazil Conference*, concerning apparent discrepancies between rates fixed by the conference from the United States to Brazil and substantially lower rates charged by the lines from Europe to Brazil.

Further study is continuing to determine whether additional investigative or factfinding proceedings are necessary with respect to common carrier rates from the United States on various phosphate fertilizer when compared with rates from foreign sources of supply.

It appears that certain fertilizer manufacturers and exporters are in a position to furnish the Commission with details of competitive rates, the identity of the conferences and carriers involved, and other evidence which would be essential if the Commission is to proceed with any formal investigations.

The Bureau of Investigation is now contacting such shippers to determine the effect of evidence available to the Commission if it should institute any formal proceedings.

Also, certain situations have been discovered where freight rates from the United States to some South American countries appear to be out of line with rates on the same commodities to other South American countries. Study is continuing in these situations.

ELECTRICAL MACHINERY, ELECTRICAL INSTRUMENTS AND INDUSTRIAL CONTROLS

This pilot study indicates that the United States is the major world producer of and trader in these commodities, followed by West Germany, Japan, and the United Kingdom. U.S. production is generally restricted to the eastern portion of the country, and exports move largely from Atlantic ports, with some limited export to Japan through Pacific coast ports.

Studies of 14 trading areas in which these commodities move shows that only 2 of these areas have an unfavorable rate disparity, that is, higher export rates than import rates. These were in the trades between the United States on the one hand, and Japan and the United Kingdom on the other.

With respect to electrical instruments, an unfavorable disparity exists only in the United States-Japan trade. The study shows that U.S.-manufactured instruments are generally a much more sophisticated and valuable product than the electrical instruments manufactured in Japan. Also, electrical instruments, in addition to being a valuable commodity, tend to be relatively small and light, and therefore most shipments move by airfreight and air express. Where shipments of these commodities move by water, the ocean freight rate is a very small percentage of landed cost. With respect to electrical machinery and industrial controls, the study shows that by far the most serious deterrent to our exports to Japan and the United Kingdom is the substantially lower cost of manufacture in foreign countries, particularly Japan. Different technical requirements, manufacture for different electrical power supply—60 cycle, 110 volts in the United States and 50 cycle, 220 volts foreign—are other factors which tend to restrict U.S. exports. Also, there are substantial import duties on these products assessed by the United Kingdom and Japan. The National Electrical Manufacturers Association indicates that strong governmental credit support by the United Kingdom and Japan give a competitive advantage to manufacturers in these countries, as compared with U.S. exporters who must establish and insure their own lines of credit.

This study does not indicate that inbound-outbound ocean freight rate disparities have adversely affected U.S. exports of electrical machinery, electrical instruments, and industrial controls.

CANNED AND FROZEN FRUIT JUICES

This study was limited to the movement of grapefruit juice, orange juice, and blended citrus juices, which account for over three-fourths of the value of all fruit juices exported by the United States in 1962. Over 90 percent of these fruit juices are packed in Florida, and the limited volume of canned and frozen juices shipped from California include chiefly juices from lemons, peaches, and pears.

The largest foreign market for these fruit juice items is Canada, and European nations and the United Kingdom represent the next largest foreign market. The great majority of canned and frozen citrus juices moves from U.S. gulf ports, and in each instance the outbound rates to various European countries are less than the inbound rates to the United States from those countries. It does not appear, therefore, that unfavorable disparities are a significant factor in limiting the sale of U.S. canned or frozen citrus juices in the European market. While an unfavorable disparity does exist between U.S. North Atlantic ports and the Netherlands and West Germany, it does not appear that this is a trade of significant volume to exporters of these commodities.

The United Kingdom is the largest importer of citrus juices in Western Europe, principally from Italy, Israel, Spain, and the British Caribbean. With respect to orange juice, only 1 percent was imported from the United States whereas 37 percent came from Israel, 10 percent from Spain, 4 percent from Italy. Twenty-four percent of United Kingdom imported canned and frozen grapefruit juice came from the United States, and the United Kingdom ranked first in exports of U.S. grapefruit juice to Europe. There are very restrictive monetary quotas, 300,000 pounds, cost, insurance, and freight, on citrus juices, and imports are sharply limited to prefer the British West Indies.

Ocean freight rates on canned citrus juices are reported to be substantially lower to the United Kingdom from Israel and Jamaica than from U.S. gulf ports. Further informal investigation is being undertaken to determine whether some Commission action should be taken.

West Germany is the second leading European market for U.S.-exported citrus fruit juices, the United States supplying more than 70 percent of the West German supply.

The United States supplied about 70 percent of the total imports of citrus juices into Sweden in 1958.

France has prohibited the importation of U.S. orange juice and imports nearly all of its supply from north Africa and Israel. This has been accomplished through barter arrangements, trade agreements, and the use of import premiums. Nearly all citrus juice was purchased by France at prices substantially above world market levels. The importation of U.S. grapefruit juice into France has been accomplished by the use of "premium dollars" which importers purchased at nearly twice the official franc dollar exchange rate. This has approximately doubled the import cost of U.S.-manufactured grapefruit juice in France.

Better than 70 percent of citrus juice imports into Belgium has come from the United States, and it appears that Belgium is an important market for U.S. frozen and canned citrus juices.

In addition to the various market restrictions in certain European countries, above referred to, there has been in recent years, one overriding significant factor which has caused a decline in U.S. exports of canned and frozen citrus juices. Adverse weather conditions in Southeastern U.S. areas have resulted in reduction of supplies. This has led to a relatively favorable price level in the domestic U.S. market, and a decrease in volume offered for export.

In conclusion, it does not appear that export freight rates have been as significant a factor in limiting exportation of canned and frozen juices to Europe as have embargoes, quota systems, preferential purchase arrangements, exchange controls, import duties, and the relatively limited U.S. domestic production in recent years.

SULFURIC ACID

Sulfuric acid is such a widely used and relatively cheap material that it is uneconomical to ship it in quantity over long distances. Wherever demand is reasonably large, plants for local production are usually constructed.

In 1962, 40 to 50 percent of U.S. exports of sulfuric acid went to Canada and the balance to Latin America. Exports totaled 19 million pounds but represented only 0.05 percent of domestic production (38 billion pounds).

Potential markets in European nations are relatively limited because of large volume manufacturing of this commodity. Belgium is a large exporter of sulfuric acid to Germany, the Netherlands, and France. Germany, another large manufacturer, also exports to Australia, Sweden, and Yugoslavia.

Situations are shown to exist where rates on sulfuric acid to Europe and Japan appear to be substantially higher than rates on other somewhat similar products such as alcohol, pigments, paints, and varnishes. However, since it does not appear that sulfuric acid is a commodity of potential movement to these areas, it does not appear that these export freight rates have been detrimental to American exports.

Also, ocean freight rates on sulfuric acid to some nearby Central American destinations appear to run exceptionally high when compared with other neighboring areas. Study will continue into these rates to Central American situations to determine whether action by the Commission is necessary.

RADIOS, PHONOGRAPHS, AND PARTS

Free world production of radios in 1961 was 45 million units, the United States being the world's largest producer with 37 percent, Japan the second largest with 32 percent, followed by West Germany with 9 percent, the United Kingdom with

7 percent, France with 6 percent, and Belgium with 3 percent. The study shows that the United States exported only about 2 percent of the total value of the radios it produced, and less than 1 percent of the phonographs and miscellaneous spare parts considered in this study. Higher export rates than import rates on radios were found to exist between the United States and Japan, Hong Kong and certain Western European nations, and with respect to phonographs adverse disparities were found in the trade with Japan and the United Kingdom.

The study shows that there are many factors which seriously restrict U.S. exports of the subject commodities. These include customs duties, licensing, and quota restrictions, weight requirements, technical and electrical standards different from the United States, equalization weight requirements, and particularly the substantially lower foreign production cost. In relation to these factors, the impact of export ocean freight rates on the movement of these commodities is relatively insignificant.

The study shows that by far the greatest competition between United States and Japanese manufactured radios is in small portable transistor radios. According to the Electronic Industries Association, the price quoted at San Francisco, including Federal tax and duties paid, for a six-transistor pocket-type radio was \$9.80 United States produced, \$5.50 Japanese produced, and \$4.40 Hong Kong produced. Component parts for this type of radio were priced at \$6.43 United States produced, and \$4.26 foreign produced. Foreign producers of radios, phonographs, and component parts tend to have such cost and price advantage that they not only dominate the U.S. market but also the world market as well. A number of domestic manufacturers have discontinued the production of some types of radios, and some have arranged for manufacture of their brand name product in Japan. Nearly all companies which are continuing domestic manufacture have turned to the use of foreign-produced components.

The study is continuing to determine the existence of any specific instances where an unreasonably high export freight rate on the commodities covered by this study has adversely affected the United States.

STANDARD NEWSPRINT

The newsprint industry is a worldwide operation dominated by a few large international corporations. The International Paper Co., a U.S. corporation, and the world's largest paper company, owns forest lands and concessions for factories, plants, and production facilities in the United States, Canada, Great Britain, France, Germany, Italy, Israel, Greece, and Colombia, Mexico, Ecuador, Martinique, Guadalupe, and the Philippines. A comparable British company similarly has worldwide interests including their own fleet of oceangoing vessels.

No significant disparities between inbound and outbound ocean freight rates on newsprint were found to exist. Only about 5 percent of U.S. annual production is exported, primarily to Venezuela, the Philippines, and Mexico in recent years.

The United States is the world's largest user of newsprint, but produces less than a quarter of its own total consumption, the major foreign source of this commodity being Canada.

U.S. exports of newsprint are limited, as indicated above and have decreased in recent years. Our pilot study indicated that the major reason for this decrease is the increasing productive capacity of newsprint plants located abroad, many of which are either owned or financed by American capital. Ocean freight rates do not appear from this study to be a significant factor in the exportation of this commodity.

SULFUR

Sulfur is a commodity which is very cheap and the freight rate tends to be a high percentage of the actual value of the commodity.

The U.S. sulfur industry appears to have had relatively few ocean freight rate problems since a substantial portion of its exports move by tramp or charter vessels. Ninety-nine percent of U.S. waterborne exports of this commodity are shipped by a corporation organized under the Webb Pomerene Act by the four major sulfur producers. In recent years sulfur has been shipped in liquid form on tankers under charter or owned by the industry, thus making the industry virtually independent of common carriers by water.

Analysis of the rate on bagged sulfur to the United Kingdom indicates substantially higher rates outbound from the United States than the inbound rates from the same countries. The situation with respect to Belgium, France, and the Netherlands indicates a favorable disparity; that is, the export rate is lower than the import rate. However, since crude sulfur is carried predominately in

bulk, very little actually moves under these common carrier liner rates. Bulk sulfur, carried without mark or count is exempt from the rate filing requirements of section 18(b) of the Shipping Act, 1916, and if carried by tramp or charter vessel, the rates are not within the jurisdiction of the Federal Maritime Commission.

The pilot study on sulfur indicates that the export freight rates on sulfur by common carriers have not been a significant factor in limiting U.S. exports of this commodity.

WOODPULP

The pilot study on woodpulp showed that the existing markets for U.S. export of woodpulp are United Kingdom, Japan, West Germany, Italy, and France. In each instance, with respect to these trades, the export rate from the United States is lower than the reciprocal inbound rate on woodpulp from those countries to the United States; that is, there is a rate disparity favorable to the American exporters in these trades.

Tariffs on file with the Commission indicate that rates from the United States to Sweden, Finland, and Norway are approximately 50 percent higher than the rates inbound from those same three countries to the United States. However, the Scandinavian countries are among the world's largest low-cost producers and exporters of woodpulp.

It therefore does not appear that the export rates to these countries has had an adverse effect upon exports of woodpulp. However, the \$16 per ton import rate appears to be a depressed rate. Further study will be made to determine whether this rate may be noncompensatory.

SODA ASH

The areas studies in connection with soda ash primarily involved European nations, some South American nations, the Philippines, and Africa.

Soda ash is a very cheap commodity which is used primarily for manufacture of glass. It is a relatively cheap commodity to produce, and therefore the industrial nations of the world are nearly all self-sufficient, and frequently have large surpluses for export. Even in the newly developing areas, facilities for production of soda ash are being built, thus tending to reduce the volume of international trade in this commodity.

Certain adverse inbound-outbound rate disparities are found to exist in the trade between the United States and Europe. However Western European nations are major manufacturers of soda ash, and, in fact, are large exporters throughout the world. It therefore does not appear that export freight rates to Europe have been a serious impediment to exportation of this commodity to that area.

In the Far East, Japan has for some time been a low-cost major producer of this commodity and exports large quantities to Pacific and Asian markets.

With respect to South America, there have in the past been some shipments from the United States particularly to Argentina, Brazil, and Venezuela. With respect to Argentina, that country is now in process of building domestic facilities for production of soda ash, more than sufficient to satisfy its domestic needs. With respect to Brazil, that country now has manufacturing plants in existence, and while there have been some operating difficulties in the immediate past which have required importation of foreign soda ash, the indications are that domestic manufacture will soon more than satisfy the domestic market. Also, Mexico is expanding its soda ash manufacturing capacity, and an industrial publication indicates that Argentina, Brazil, and Mexico should effectively close out U.S. competition from Latin American markets.

Newly developing nations in Africa have provided only a minor market to American producers, and Kenya, South Africa, and Israel apparently can supply, at relatively low cost, the future needs of this area.

The Philippines have in the past been a minor market for U.S. exporters of soda ash, and our study shows that there is some evidence that ocean freight rates may have been a significant barrier to increasing our exports of this commodity to the Philippines.

The cost of soda ash in the United States appears to be very close to the cost of that same commodity in the United Kingdom. However, English producers appear to be quite successful in the Philippines. While the rate from the United States to the Philippines does not appear to be substantially out of line with other rates in this trade, these facts indicate that the Commission should make further

informal investigation into the freight rate structure from the United States to the Philippines on soda ash.

PLYWOOD

This pilot study deals with two distinct types of plywood—hardwood and softwood. Ocean transportation rates do not generally make a distinction regarding the two types of plywood, but our study clearly shows that each has separate and compelling factors which influence its movement. Since only Japan and Europe are competing producers of plywood, our study was more comprehensive in those two areas.

Japan is a major world producer and exporter of plywood. Basic materials are either of local origin or are imported into Japan from the Philippines and, because of the low cost of production, the finished products are sold all over the world at prices that local producers, including the United States, may not be able to meet. A tremendous market for Japanese hardwood plywood has grown up in the United States which probably could not have been satisfied by local manufacturers because of higher costs of production and lack of local basic materials. Because of this situation there is no market in Japan for American hardwood plywood and the freight rate structure has no effect upon this condition. Japan produces little, if any, softwood plywood.

The Douglas Fir Plywood Association, representing practically the entire softwood plywood industry, has made surveys in Japan which tend to show a potential market for softwood plywood in that country. Assuming that such markets may exist, it seems quite evident that rate reductions on this commodity would probably be of assistance in opening the market to American exporters. Therefore, because of the difference in the two types of plywood involved, the present rate disparity would seem to be meaningful only if the contemplated market in Japan for our softwood plywood materializes.

A recent market survey made by the Douglas Fir Plywood Association in Europe indicates that a potential may exist for expanding our markets in the United Kingdom and Europe substantially. The surveyors recommended that the association embark on a 2-year program in several selected areas to test the market in those areas for softwood plywood. Since the United States imports very little softwood plywood from this area, the relatively small rate disparity in favor of imports (18 to 30 percent) may not be a significant impediment to our exporters. However, here again it is evident that rate reductions could probably be of material aid in the implementation of the association plan for expansion of these markets.

Because of a lack of sufficient specific evidence to show that the present rate structure on plywood may create such statutory violations as would support findings by the Commission, a nonadjudicatory, factfinding investigation to develop sufficient evidentiary facts to either institute a formal adjudicatory proceeding or conclude that the rate disparities have no adverse effect on our commerce or exporters, has been ordered by the Commission.

BICYCLES AND MOTORCYCLES

This study has primarily been directed to factors affecting bicycles. Continuing study is being conducted with respect to motorcycles.

Outbound rates on bicycles from the United States to West Germany, the United Kingdom, the Netherlands, and Japan range from 27 to 200 percent higher than the inbound rates on the same commodity from those countries. During the year 1962, the United States exported only 4,800 bicycles valued at approximately \$130,000 while importing 1,268,000 valued at approximately \$24,500,000.

Analysis of the cost for U.S. bicycles as compared with the average cost of foreign manufactured bicycles in the areas above referred to shows that the American manufacturing costs are so high that even if the export freight rates were reduced to zero, the landed cost of the American bicycles in these foreign markets would still be substantially higher than the competitive cost of foreign manufactured bicycles. It is therefore apparent that the export freight rate itself does not now have a detrimental impact on the exportation of U.S.-manufactured bicycles.

There is some indication that the low inbound rate from some of the above areas may be noncompensatory, in that it is below the actual added cost of loading and handling in foreign ports and discharging and handling at the U.S. ports. It is apparent, that if a carrier actually pays out more money to load and discharge a commodity, and thereby loses money because of carrying the cargo, it must make up such loss by higher charges on other cargo which it carries. The Com-

mission is further studying these inbound rates on bicycles to determine what, if any, additional action is necessary.

WALNUT LOGS

Walnut logs for use in hardwood furniture manufacture (black walnut) are grown only in the United States in commercial quantity, and this production is limited to a relatively few Eastern States. American black walnut is currently in heavy demand throughout the world, because of a strong preference for walnut over other hardwoods now being used in furniture manufacturing.

No rates on walnut logs have been filed in inbound tariffs to the United States, and therefore there are no specific rate disparities on this item. In our export trade, West Germany, Italy, Canada, and Japan have accounted for approximately 90 percent of U.S. exports.

Because of limited supply in this country as compared with the domestic market and the oversea demand, the Export Walnut Manufacturers Association has petitioned the Department of Commerce for an embargo or quota under provisions of the Export Control Act.

Because of the present limited supply of walnut logs and the export quota limitations put on this commodity it has been concluded that the exportation of walnut logs has not been in any way adversely affected by export freight rates or by any disparity between inbound and outbound ocean freight rates.

On February 14, 1964, the Bureau of International Commerce of the Department of Commerce announced the establishment of an export quota of 7.3 million board feet annually in an effort to minimize further depletion of this country's preserves.

In view of the foregoing factors, it does not appear that any further investigation of the export or import rates on walnut logs would be warranted.

GREAT LAKES-UNITED KINGDOM PORTS

OUTBOUND

Great Lakes-United Kingdom Eastbound Conference—four members. From Great Lakes to United Kingdom ports.

Nonconference competition:

1. American Export and Isbrandtsen.
- *2. Bristol City Line—Bristol Channel ports.
3. Canadian Pacific Steamships.
4. Cunard Steamship Co., Ltd.
5. Erickson Reefer Line.
- *6. Furness Great Lakes Lines—Newcastle, Hull, and London.
7. Hamburg American, North German Lloyd, Ernst Russ.
8. Hamburg Chicago Line.
9. Head Line and Lord Line.
10. Irish Shipping, Ltd.
11. Hycar Line.
12. Manchester Liners, Ltd.
13. Michigan Ocean Line.
14. Mid Continent Line.
15. Nordship United Kingdom Line.
16. Oceanica of America.
17. Saguenay Shipping, Ltd.
18. States Marine Lines.
19. Waterman Steamship Corp.

UNITED KINGDOM-EUROPE-MEDITERRANEAN

OUTBOUND

Gulf-French Atlantic Hamburg Range Freight Conference—15 members. From Tampa, Fla.-Brownsville, Tex., range to Antwerp-Hamburg range.

Nonconference competition:

1. All Cargo Lines.
2. Cunard Steamship Co., Ltd.
3. Hamburg American Line-North German Lloyd.
4. Independent Gulf Line.

*Nonconference carriers competitive service limited to area indicated.

5. Norge Line.
6. Oceanica of America.
7. Ocean Stinnes Line.
8. Polish Ocean Lines.
9. Scandinavian American Line.
10. Tankrederiet Gefion A.S.
- *11. Transatlantic & Pacific Steamship Lines—Luebeck, Germany.
Gulf-French Atlantic Hamburg Range Freight Conference—15 members.
From Tampa, Fla.-Brownsville, Tex., range to Bordeaux-Dunkirk range.
Nonconference competition:
 1. All Cargo Lines.
 2. Cunard Steamship Co., Ltd.
 3. Independent Gulf Line.
 4. Norge Line.
 5. Oceanica of America.
 Gulf-Mediterranean Ports Conference—20 members. From United States, Gulf of Mexico, and South Atlantic ports from Brownsville, Tex.-Cape Hatteras range to Haifa, Jaffa, and Yaffo Port (Tel Aviv), Israel.
Nonconference competition:
 1. d'Amico Line.
 2. Fabre Line.
 3. Oceanica of America.
 Gulf-Mediterranean Ports Conference—20 members. From Gulf and South Atlantic ports (Brownsville, Tex.-Wilmington, N.C. range) to Spanish Mediterranean ports from Huelva, east including Balearic Islands.
Nonconference competition:
 1. All Cargo Lines.
 2. American Export Lines.
 3. Cerrahogularri.
 4. Flotta Laura Naples.
 - *5. Fassio Line—South Atlantic to Spain.
 6. Holland South Atlantic Line.
 7. Kulukundis Line, Ltd.
 - *8. Lykes Bros.—Morehead City, N.C.
 9. Midwest Mediterranean Line, Inc.
 10. Oceanica of America.
 - *11. Orient Mid-East Lines—Morehead City to Mediterranean.
Tica Line.
Gulf-Mediterranean Ports Conference—20 members. From Brownsville, Tex.-Cape Hatteras range to all ports (except Spanish) served on the Mediterranean Sea from Gibraltar to Port Said (including Adriatic, Black Sea, and Gulf of Taranto ports) and from north African ports in Morocco (including Atlantic west coast Moroccan ports) to Port Said inclusive.
Nonconference competition:
 1. All Cargo Lines.
 2. American Asia Line, Inc.
 3. American Export Lines.
 4. Cerrahogularri.
 5. Crescent Line, Ltd.
 6. d'Amico Line.
 7. Fabre Line.
 8. Fassio Line.
 - *9. Flotta Lauro Naples—West coast Italy and Marseilles.
 10. Holland South Atlantic Line.
 11. Ipar Transport, Ltd.
 - *12. Jugoslavenska Linijska Plovidba—South Atlantic ports.
 13. Jugoslavenska Oceanska Plovidba.
 14. Kvarnerska Plovidba.
 15. Lykes Bros. Steamship Co.
 16. Oceanica of America.
 - *17. S.C.I. Line—Alexandria and Port Said.
 - *18. Scindia Line—Alexandria and Port Said.
 - *19. Sidarma Line—French Mediterranean and Italian ports.
 20. Splosna Plovba.
 21. Stevenson Line.
 22. Tica Line.
 23. Tri Continental Shipping Corp.
 24. Turkish Cargo Lines.

*Nonconference carriers competitive service limited to area indicated.

TAMPA, FLA.-BROWNSVILLE, TEX., RANGE TO DENMARK, ESTONIA, FINLAND, LATVIA, LITHUANIA, NORWAY, POLAND, SWEDEN, AND CONTINENTAL AND RUSSIAN PORTS VIA THE BALTIC

OUTBOUND

Gulf-Scandinavian & Baltic Sea Ports Conference—four members. Tampa, Fla.-Brownsville, Tex., range to Denmark, Estonia, Finland, Latvia, Lithuania, Norway, Poland, Sweden, and continental and Russian ports via the Baltic.

Nonconference competition:

1. Bloomfield Steamship Co.
2. Gulf Continental Lines.
3. Norge Line.
4. Oceanica of America.
- *5. Polish Ocean Lines—Poland.
6. Wallenius Line.

GULF OF MEXICO-UNITED KINGDOM PORTS

OUTBOUND

Gulf-United Kingdom Conference—nine members. Gulf of Mexico to United Kingdom ports.

Nonconference competition:

1. All Cargo Lines.
2. America-Europe Line.
3. Armamente Deppe.
4. Gulf Continental Lines.
5. Holland America Line.
6. Independent Gulf Line.
7. Norge Line.
8. Oceanica of America.
9. Scandinavian American Line.
10. Waterman Steamship Corp.

HAMPTON ROADS-PORTLAND RANGE TO DENMARK, ESTONIA, FINLAND, ICELAND, LATVIA, LITHUANIA, NORWAY, POLAND, SWEDEN, AND CONTINENTAL AND RUSSIAN PORTS SERVED VIA THE BALTIC

OUTBOUND

North Atlantic Baltic Freight Conference—14 members. Hampton Roads-Portland range to Denmark, Estonia, Finland, Iceland, Latvia, Lithuania, Norway, Poland, Sweden, and continental and Russian ports served via the Baltic.

Nonconference competition:

1. Gulf Continental Line.
- *2. Meyer Line—Scandinavia.
3. Oceanica of America.
4. Rederiaktiebolaget 'Rex'.
5. Wallenius Line.

UNITED KINGDOM-EUROPE-MEDITERRANEAN

OUTBOUND

North Atlantic Continental Freight Conference—10 members. From Hampton Roads-Portland range to Antwerp-Hamburg range.

Nonconference competition:

1. Finn Lines.
2. Gulf Continental Lines, Inc.
- *3. Iceland Steamship Co. Ltd.—New York to Rotterdam-Hamburg.
4. Marchessini Lines.
5. Meyer Line.
- *6. North German Lloyd—Kiel, Germany.
7. Oceanica of America.
8. Polish Ocean Lines.
9. Scandinavian-American Line.
10. States Marine-Isthmian.
11. Wallenius Line.

*Nonconference carriers competitive service limited to area indicated.

North Atlantic French Atlantic Freight Conference—five members. From Hampton Roads-Portland range to Dunkirk-Bordeaux range.

Nonconference competition:

1. Gulf Continental Lines, Inc.
2. Meyer Line.
3. Oceanica of America.
4. States Marine-Isthmian.
5. United States Lines.

*6. Wallenius Line—Le Havre-Dunkirk.

North Atlantic Israel Eastbound Freight Conference—two members. Hampton Roads-Maine range to Tel Aviv (Yaffo—Port), Haifa.

Nonconference competition:

1. Tica Line.
2. Torm Lines.

American Great Lakes-Mediterranean Eastbound Freight Conference—11 members. From U.S. Great Lakes ports to Iberian Peninsula, North African ports and ports on the Mediterranean Sea from Gibraltar to Port Said, including Adriatic, Marmara, and Black Sea ports, and from Casablanca to Port Said.

Nonconference competition:

1. Great Lakes Bengal Line, Inc.
2. Isthmian Lines.
3. Jadranska Slobonda Plovidba.
4. Midwest Mediterranean Line.
5. Oceanica of America.
6. Tica Line.
7. Trade & Transport, Inc.

Hawaii-Europe Rate Agreement—three members. Hawaii to ports in Europe, Scandinavia, United Kingdom.

No nonconference competition.

North Atlantic Mediterranean Freight Conference—22 members. From Hampton Roads-Portland range to all ports served on the Mediterranean Sea from Gibraltar to Port Said (except Israeli and Spanish Mediterranean ports) and including Adriatic and Black Sea ports and from Casablanca to Port Said inclusive.

Nonconference competition:

1. All Cargo Lines.
2. American Asia Lines, Inc.
3. Cerrahogullari.
4. Costa Line.
5. Fabre Line.
6. Fassio Line.
7. Greek Line.
- *8. Hamburg America Line—Melilla, Spanish Morocco.
9. Holland South Atlantic Line.
10. Ipar Transport Ltd.
11. Jugoslavenska Linijska Plovidba.
12. Kulukundis Line Ltd.
13. Meyer Line.
14. Midwest Mediterranean Line, Inc.
15. Nedlloyd Line.
16. Oceanica of America.
17. Riza ve Aslan Sadikoglu Ortaglari Komandit Surkete.
- *18. Scindia Line—Alexandria and Port Said.
- *19. S.C.I. Line—Alexandria and Port Said.
20. Splosna Plovba.
21. Tica Line.
22. Tri Continental Shipping Corp.
23. Turkish Cargo Lines.

*Nonconference carriers competitive service limited to area indicated.

HAMPTON ROADS-PORTLAND RANGE TO UNITED KINGDOM

OUTBOUND

North Atlantic United Kingdom Freight Conference—12 members. Hampton Roads-Portland range to United Kingdom.

Nonconference Competition:

1. America Europe Line.
- *2. Black Diamond Lines—Hull, England only.
3. Gulf Continental Lines.
4. Hamburg American Line.
- *5. Liberty-Pac International Corp.—Liverpool, London only.
- *6. Marchessini Line—London only.
7. Meyer Line.
- *8. North German Lloyd—Dublin, London, Bristol, Liverpool only.
9. Oceanica of America.
10. Scandinavian American Line.
11. States Marine-Isthmian Agency.
12. Waterman Steamship Corp.

UNITED KINGDOM-EUROPE-MEDITERRANEAN

OUTBOUND

Pacific Coast European Conference—22 members. From Alaska, Washington, Oregon, and California to United Kingdom, Ireland, Scandinavia, Continental Europe, and Mediterranean Sea.

Nonconference competition:

1. Lincasa Line.
 2. Oceanica of America.
 - *3. Royal Mail Lines Ltd.—United Kingdom.
 4. States Marine-Isthmian.
 - *5. Wallenius Line—Bordeaux-Hamburg range.
- South Atlantic Steamship Conference—five members. From Cape Hatteras, N.C., Key West, Fla., to Denmark, Estonia, Finland, Latvia, Lithuania, Norway, Poland, Sweden, and to continental and Russian ports served via the Baltic.

Nonconference competition:

1. Gulf Continental Lines.
 2. Norge Line.
 3. Oceanica of America.
 4. Scandinavian American Line.
 5. Wallenius Line.
- South Atlantic Steamship Conference—five members. From Cape Hatteras, N.C., Key West, Fla., to Dunkirk, Bordeaux range.

Nonconference competition:

1. All Cargo Lines.
2. Armamente Deppe.
3. Belgian Line.
4. Cunard Steamship Co., Ltd.
5. Gulf Continental Lines, Inc.
6. Holland America Line.
7. Nardo Lines.
8. Oceanica of America.

*Nonconference carriers competitive service limited to area indicated.

CAPE HATTERAS, N.C.-KEY WEST, FLA., TO ANTWERP, GHENT, ROTTERDAM,
AMSTERDAM, HAMBURG, BREMEN, AND BREMERHAVEN

OUTBOUND

South Atlantic Steamship Conference—five members. Cape Hatteras, N.C.-Key West, Fla., to Antwerp, Ghent, Rotterdam, Amsterdam, Hamburg, Bremen, and Bremerhaven.

Nonconference competition:

1. All Cargo Lines.
2. American Star Line.
3. Armamente Deppe.
4. Black Diamond Lines.
5. Belgian Line.
6. Cunard Steamship Co., Ltd.
7. Gulf Continental Lines.
- *8. Hamburg America-North German Lloyd—Miami and Port Everglades.
9. Holland America Line.
- *10. Iceland Steamship Co.—Charleston to Rotterdam-Hamburg.
11. Independent Gulf Line.
12. Marchessini Lines.
13. Nardo Lines.
14. Oceanica of America.

CAPE HATTERAS, N.C.-KEY WEST, FLA., TO UNITED KINGDOM

OUTBOUND

South Atlantic Steamship Conference—five members. Cape Hatteras, N.C., Key West-Fla., United Kingdom.

Nonconference competition:

1. All Cargo Lines.
2. American-Europe Line.
3. American Star Line.
4. Cunard London Service.
- *5. Cunard Steamship Co., Ltd.—West Coast United Kingdom, north of Bristol Channel.
6. Gulf Continental Lines, Inc.
7. Head Line and Lord Line.
8. Independent Gulf Line.
9. Marchessini Line.
10. Norge Line.
11. Oceanica of America.

GREAT LAKES-BORDEAUX-HAMBURG RANGE

OUTBOUND

U.S. Great Lakes Bordeaux-Hamburg range Eastbound Conference—10 members. Great Lakes-Bordeaux-Hamburg range.

Nonconference competition:

1. American Export and Isbrandtsen Line.
- *2. Erickson Reefer Line—Le Havre-Hamburg.
3. Hycar Line.
- *4. Mid Continent Line—Le Harve-Hamburg.
- *5. Nordships—Le Havre to Hamburg.
6. Oceanica of America.
7. Saguenay Shipping, Ltd.
8. States Marine.
- *9. Swedish Chicago Line—Hamburg-Rotterdam.
10. Wallenius Line.

*Nonconference carriers competitive service limited to area indicated.

GREAT LAKES PORTS-SCANDINAVIA AND BALTIC PORTS

OUTBOUND

U.S. Great Lakes Scandinavian and Baltic Eastbound Conference—four members. Great Lakes ports to Scandinavia and Baltic ports.

Nonconference competition:

1. Head Line and Lord Line.
2. Hycar Line.
- *3. Moore-McCormack Lines—Baltic ports.
4. Oceanica of America.
- *5. Orient Mid-East—Poland.
- *6. States Marine Line—Poland.
- *7. Wallenius Lines—Scandinavia.
- *8. Waterman Steamship Corp.—Scandinavia.

UNITED KINGDOM-EUROPE-MEDITERRANEAN

INBOUND

Continental North Atlantic Westbound Freight Conference—nine members. From Antwerp, Rotterdam, Amsterdam, Bremen, and Hamburg to New York, Boston, Philadelphia, Baltimore, Norfolk, and/or Newport News.

Nonconference competition:

1. Dammers Line.
2. Dominion Line.
3. Finn Lines.
4. Marchessini Lines—Antwerp, Rotterdam, Amsterdam.
5. Meyer Line.
- *6. Moore-McCormack Line, Inc.,—Antwerp, Rotterdam, Amsterdam.
7. Norge Line.
8. Polish Ocean Line.
9. Rex Line.
10. Scindia Steamship (London) Ltd.
11. States Marine-Isthmian.
- *12. Universal Shipping Corp.—Antwerp.
13. Wallenius Lines.
14. Waterman Steamship Corp.

French North Atlantic Westbound Freight Conference—five members. From Dunkirk, Le Havre, Rouen, Nantes, Saint Nazaire, La Pollice or Bordeaux to U.S. North Atlantic in Hampton Roads-Portland, Maine range.

Nonconference competition:

1. Black Diamond Lines.
2. Dammers Line.
3. Dominion Line.
4. Holland-America Line.
- *5. Norge Line—Le Havre to Dunkirk.
6. Polish Ocean Line.
7. Rex Line.
- *8. Scindia Steamships (London), Ltd.—Le Havre to Dunkirk.
9. States Marine-Isthmian.
- *10. Wallenius Line—Le Havre to Rouen.
11. Waterman Steamship Corp.

Great Lakes-United Kingdom Westbound Conference—five members. From United Kingdom to United States Great Lakes.

Nonconference competition:

1. Bristol City Line.
2. Canadian Pacific.
3. Cunard Steam Ship Co., Ltd.
4. Erikson Reefer Line.
5. Furness Line.
6. Head Line and Lord Line.
7. Hycar Line.
8. Isbrandtsen Line.
9. Manchester Liners.
10. Michigan Ocean Line.
11. Saguenay Shipping Ltd.

*Nonconference carriers competitive service limited to area indicated.

Greece, Turkey, Syria Area Westbound Tobacco Conference—two members. From Greece, Turkey, and Syrian ports to U.S. North Atlantic (Wilmington, N.C.-Portland, Maine range).

Nonconference competition:

1. Concordia Line.
2. D. B. Deniz Nakilyati T.A.S. (Turkish Cargo Lines).
- *3. Greek Line—Greece.
- *4. Hansa Line—Turkey and Syria.
5. Hellenic Line.
- *6. Ipar Transport—Turkey.
7. Isthmian Line.
8. Kulukundis Lines, Ltd.
9. Prudential Lines, Inc.
- *10. Torm Lines—Syria.
11. Zim Israel Navigation Co.

Israel-U.S. North Atlantic Ports Westbound Freight Conference—two members. From Haifa-Tel Aviv to U.S. North Atlantic Hampton Roads-Portland Maine range.

Nonconference competition:

1. Central Gulf Lines.
2. Isthmian Line.
3. Levant Line.
4. Midwest Mediterranean Line.
5. States Marine-Isthmian.
6. Waterman Steamship Co.

Marseilles North Atlantic U.S.A. Freight Conference—nine members. From Marseilles to U.S. North Atlantic Hampton Roads-Portland range.

Nonconference competition:

1. All Cargo Lines, Inc.
2. Central Gulf Lines.
3. Concordia Line.
4. Crescent Line, Ltd.
5. Fabre Line.
6. Hamburg-America-North German Lloyd.
7. Ipar Transport.
8. Isthmian Line.
9. Kulukundis Lines, Ltd.
10. Levant Line.
11. Midwest Mediterranean Line.
12. Prudential Lines, Inc.
13. States Marine-Isthmian.
14. Waterman Steamship Co.

Mediterranean North Pacific Freight Conference—five members. From Portugal and Spain (Atlantic and Mediterranean) and all other ports in the Mediterranean and Black Sea and Morocco to San Diego, Los Angeles, San Francisco, Portland, Seattle.

Nonconference competition:

- *1. American Export and Isbrandtsen Line, except Seattle and Portland.
2. Hamburg Amerika Linie-North German Lloyd.
- *3. Splosna Plovba—Adriatic ports.

Mediterranean-U.S. Great Lakes Westbound Freight Conference—eight members. From all ports of loading in the whole Mediterranean including Marmara, Black Sea, and Adriatic ports and from Iberian Peninsula ports and north African ports including Morocco to U.S. Great Lakes ports.

Nonconference competition:

1. American Export Lines, Inc.
- *2. Jadranska Slobodna Plovidba—Italy and Yugoslavia.
3. Midwest Mediterranean Line, Inc.
4. Orient Mid-East Great Lakes Service.
5. Torm Lines.

North Atlantic Westbound Freight Association—12 members. From Great Britain, Northern Ireland, and Eire to North and South Atlantic ports of the United States.

Nonconference competition:

- *1. All Cargo Lines, Inc.—Ireland to South Atlantic.
- *2. American Star Line—South Atlantic.

*Nonconference carriers competitive service limited to area indicated.

- *3. Iceland Steamship Co., Ltd.—Dublin.
- *4. Meyer Line—Great Britain.
- *5. Scindia Steamships (London) Ltd.—United Kingdom.
- 6. States Marine-Isthmian.
- *7. Waterman Steamship Corp.—United Kingdom.
- Norway-North Atlantic Conference—three members. From Trondheim-Halofn, Norway, to Portland, Maine, to Norfolk.
- Nonconference competition:
 - 1. Black Diamond Lines.
 - 2. Rex Line.
 - 3. Waterman Steamship Corp.
- Outward Continental North Pacific Freight Conference—10 members. From Bordeaux, Le Havre, Dunkirk, Antwerp, Rotterdam, Amsterdam, Bremen, Hamburg, Copenhagen, Aarhus, Oslo, Stavanger, Bergen, Gothenburg, Stockholm, Gdynia, to Los Angeles, San Francisco, San Diego, Portland, Seattle, and Tacoma.
- Nonconference competition:
 - 1. Hamburg Amerika Linie-North German Lloyd.
 - 2. Hanseatic Line.
 - 3. Hanseatic-Vaasa Line.
- *4. Lincasa Line—Belgium, France, Holland, and Germany to California.
- 5. North Pacific Coast Line.
- *6. States Marine-Isthmian—(Bordeaux-Hamburg to Long Beach, Seattle).
- 7. Wallenius Line.
- Scandinavia Baltic, Great Lakes, Westbound Freight Conference—four members. From Norwegian, Polish, Russian, Danish, Swedish, Finnish, to U.S. Great Lakes ports.
- Nonconference competition:
 - 1. Erikson Reefer Line.
 - 2. Hycar Line.
- Scandinavia Baltic U.S. North Atlantic Westbound Freight Conference—five members. From Swedish, Polish, and U.S.S.R. Baltic and Finnish ports to U.S. North Atlantic ports.
- Nonconference competition:
 - *1. Black Diamond Lines—Polish and U.S.S.R. Baltic ports.
 - 2. Hamburg Amerika Linie-North German Lloyd.
 - 3. Holland America Line.
 - *4. Meyer Line—Swedish and Finnish.
 - *5. Moore-McCormack Lines, Inc.—Finland.
 - *6. Polish Ocean Line—Polish.
 - *7. Rex Line—Swedish and Finnish.
 - *8. Scandinavia American Line—Polish ports.
 - *9. Scandinavia American Line—U.S.S.R. Baltic to Camden, N.J.
 - *10. Wallenius Line—Swedish.
 - *11. Waterman Steamship Corp.—Sweden.
- Scandinavia and Baltic, U.S. South Atlantic and Gulf Westbound Rate Agreement—two members. From Baltic, Finnish, Norwegian, and Swedish ports to U.S. South Atlantic, Wilmington, and Miami and U.S. Gulf, Tampa, and Brownsville, Tex.
- Nonconference competition:
 - 1. Hamburg Amerika Linie-North German Lloyd.
 - *2. Lykes Bros. Steamship Co., Inc.—Gulf.
 - *3. Moore McCormack Lines, Inc.—Sweden.
 - *4. Polish Ocean Line—Gulf.
- Spanish-U.S. North Atlantic Olive Ports Conference—four members.
- Nonconference competition:
 - 1. Compania Transatlantica Espanola.
 - 2. Crescent Line.
 - 3. Fassio Line.
 - 4. Fresco Line.
 - 5. Hellenic Lines.
 - 6. Levant Line.
 - 7. Midwest Mediterranean Line, Inc.
 - 8. Prudential Lines.
 - 9. States Marine-Isthmian.
 - 10. United States Lines.

*Nonconference carriers competitive service limited to area indicated.

11. Waterman Steamship Corp.
12. Zim Israel Navigation Co.
Swiss North Atlantic Freight Conference—12 members.
Nonconference competition:
 1. Meyer Line.
- United Kingdom-U.S. Pacific Freight Association—seven members. From United Kingdom ports to Los Angeles, San Francisco, Portland, Seattle, and Tacoma.
Nonconference competition:
 - *1. States Marine-Isthmian—Long Beach and Seattle.
- United States Great Lakes, Bordeaux, Hamburg Range Westbound Conference—13 members.
Nonconference competition:
 1. American Export and Isbrandtsen Line.
 2. Erikson Reefer Line.
 3. Federal & Atlantic Lakes Line.
 4. Hycar Line.
 5. Midcontinent Line.
 - *6. Nordship Continental Line—Le Havre to Hamburg.
 7. Saguenay Shipping, Ltd.
 8. Wallenius Line.
- The West Coast of Italy, Sicilian, and Adriatic Ports-North Atlantic Range Conference (WINAC)—18 members. From Ventimiglia, Reggio Calabria, Sardinia, Sicilian, and Adriatic ports to Hampton Roads-Portland range.
Nonconference competition:
 1. All Cargo Lines, Inc.
 2. Central Gulf Lines.
 3. Crescent Line, Ltd.
 4. Fern-Ville Lines.
 5. Hamburg Amerika Linie-North German Lloyd.
 6. Isthmian Lines, Inc.
 7. Midwest Mediterranean Lines.
 8. Splosna Plovba.
 9. States Marine-Isthmian.
 10. Waterman Steamship Corp.

CENTRAL AND SOUTH AMERICA

OUTBOUND

- U.S. Atlantic and Gulf-Haiti Conference—six members.
Nonconference competition:
- *1. Bookers Shipping (Trinidad) Ltd.—Gulf ports.
 - *2. Cam Export, Inc.—Miami, Fla.
 - *3. Caribbean Packet Co., Ltd.—Florida ports.
 - *4. Central Packet Co., Ltd.—Florida ports.
 - *5. Delfa Lines—U.S. gulf and South Atlantic ports.
 6. Dovar Line.
 - *7. Florida Inter-Island Shipping Corp.—U.S. South Atlantic and Gulf.
 - *8. Frutera Venezolana C.A.—Miami, Fla.
 9. Inscó Lines.
 10. Jem Shipping Co., Inc.
 - *11. Kirkconnell Co.—Miami, Fla., and gulf ports.
 - *12. Lincasa Line—U.S. gulf only.
 - *13. Narovi Shipping Corp.—Atlantic ports.
 14. Oceanica of America, Inc.
 15. States Marine-Isthmian Agency, Inc.
 - *16. Surinam Navigation Co., Ltd.—Gulf ports only.
 17. Tica Line.
- U.S. Atlantic and Gulf-Jamaica Conference—five members.
Nonconference competition:
- *1. Bookers Shipping (Trinidad) Ltd.—gulf ports.
 - *2. Caribbean Packet Co., Ltd.—Florida ports.
 - *3. Central Packet Co., Ltd.—Florida ports.
 - *4. Crenshaw's Inc.—Tampa, Fla.
 5. Dovar Line.

*Nonconference carriers competitive service limited to area indicated.

- *6. Frutera Venezolana C.A.—Miami, Fla.
 - *7. Hamilton Bros., Inc.—Tampa, Fla.
 - 8. Inesco Lines.
 - *9. Inter-American Lines, Inc.—Florida ports.
 - 10. Jem Shipping Co., Inc.
 - *11. Kirkconnell Co.—Miami, Fla., and gulf ports.
 - *12. Lincasa Line—U.S. gulf.
 - *13. Narovi Shipping Corp.—Atlantic ports.
 - 14. Oceanica of America, Inc.
 - 15. Skips A/S Viking Line.
 - 16. States Marine-Isthmian Agency, Inc.
 - *17. Surinam Navigation Co., Ltd.—Gulf ports.
 - 18. Tica Line.
- U.S. Atlantic and Gulf-Panama Canal Zone, Colon, and Panama City Conference—eight members.

Nonconference competition:

- *1. American Union Transport, Inc.—Cristobal, C.Z.
- 2. Azta Line.
- *3. Caribbean Packet Co., Ltd.—Florida ports to Colon, Panama.
- *4. Central Packet Co., Ltd.—Florida ports to Colon, Panama.
- 5. Coldemar Line.
- 6. Corporacion Peruana de Vapores.
- *7. Delfa Lines—Gulf and South Atlantic ports.
- 8. Dovar Line.
- *9. Ferrarhos Line—Gulf ports.
- *10. Grace Line—U.S. Atlantic ports to Las Minas Bay, Panama.
- *11. Gulf & South American Steamship Co., Inc.—U.S. gulf ports to Las Minas Bay, Panama.
- 12. Inesco Lines.
- 13. Jem Shipping Co., Inc.
- *14. Lincasa Line—U.S. gulf.
- *15. A.P. Moller-Maersk Line—U.S. Atlantic ports.
- 16. Oceanica of America, Inc.
- *17. Pan American Mail Line—U.S. gulf ports.
- 18. Peninsular & Occidental Steamship Co.
- 19. Standard Fruit & Steamship Co.
- 20. States Marine-Isthmian Agency, Inc.
- 21. United Fruit Co.

U.S. Atlantic and Gulf-Santo Domingo Conference—five members.

Nonconference competition:

- 1. American Union Transport, Inc.
- *2. Bookers Shipping (Trinidad) Ltd.—U.S. gulf ports.
- *3. Cam Export, Inc.—Miami, Fla.
- *4. Caribbean Packet Co., Ltd.—Florida ports.
- 5. Coldemar Line.
- 6. Delfa Lines.
- 7. Dovar Line.
- *8. Florida Inter-Island Shipping Corp.—U.S. South Atlantic and Gulf.
- *9. Frutera Venezolana C.A.—Miami, Fla.
- *10. Horst Associates Shipping Co., Inc.—Miami, Fla.
- 11. Inesco Lines.
- 12. Jem Shipping Co., Inc.
- *13. Lincasa Line—U.S. gulf.
- *14. Motorships of Puerto Rico, Inc.—U.S. Atlantic ports.
- *15. Narovi Shipping Corp.—Atlantic ports.
- 16. Oceanica of America, Inc.
- 17. States Marine-Isthmian Agency, Inc.
- *18. Surinam Navigation Co., Ltd.—U.S. gulf.
- 19. Tica Line.
- 20. United Fruit Co.
- *21. Central Packet Co., Ltd.—Florida ports.

U.S. Atlantic and Gulf-Venezuela and Netherlands Antilles Conference—five members.

Nonconference competition:

- *1. Bookers Shipping (Trinidad) Ltd.—Gulf ports.
- *2. Caribbean Packet Co., Ltd.—Florida ports to Venezuela.

*Nonconference carriers competitive service limited to area indicated.

- *3. Central Packet Co., Ltd.—Florida ports to Venezuela.
- *4. Delfa Lines—Venezuela.
 - 5. Dovar Line.
- *6. Ferrarhos Line—Gulf ports to Venezuela.
- *7. Flotta Lauro Naples—U.S. Gulf ports to Venezuela.
- *8. Frutera Venezolana C.A.—Miami, Fla.
 - 9. Insko Lines.
 - 10. Jem Shipping Co., Inc.
- *11. Kirkconnell Co.—Gulf ports only to Netherlands Antilles.
- *12. Oceanica of America, Inc.—Netherlands Antilles.
- *13. Peninsular and Occidental Steamship Co.
- *14. Sanguenay Shipping Ltd.—Searsport, Maine, to Venezuela.
 - 15. Skips A/S Viking Line.
 - 16. States Marine-Isthmian Agency, Inc.
 - 17. Tica Line.
 - 18. C.A. Venezolana de Navegacion.
- *19. Zim Israel Navigation Co., Ltd.—Gulf and South Atlantic ports to Venezuela. U.S. Atlantic and Gulf-West Coast of Central America and Mexico Conference—five members.
 - Nonconference competition:
 - 1. Azta Line.
 - *2. CTO Line—west coast of Mexico.
 - *3. Dovar Line—Costa Rica, El Salvador, Guatemala, Honduras, and Nicaragua.
 - *4. Iino Lines—Nicaragua.
 - 5. Insko Lines.
 - 6. Jem Shipping Co., Inc.
 - *7. Lincasa Line—U.S. gulf.
 - *8. A. P. Moller-Maersk Line—U.S. Atlantic ports to Ensenada, Mexico.
 - 9. Oceanica of America, Inc.
 - *10. Caribbean-Central American Line—Atlantic to El Salvador.
 - *11. Coordinated Caribbean Transport, Inc.—Miami, Fla., to Costa Rica, El Salvador, Guatemala, Honduras, and Nicaragua.
 - *12. Narovi Shipping Corp.—Atlantic ports.
 - *13. Waterman Steamship Corp.—New Orleans, La., to Corinto, Nicaragua. U.S. Atlantic and Gulf-West Coast of South America Conference—six members.
 - Nonconference competition:
 - 1. Boomerang Cargo Line.
 - *2. Compania Nacional de Navegacion, S.A.—gulf ports to Colombia.
 - *3. Corporacion Peruana de Vapores—Ecuador, Peru, and Chile.
 - *4. Delfa Lines—gulf and South Atlantic ports to Ecuador.
 - *5. Delta Steamship Lines, Inc.—U.S. gulf to Peru and Colombia.
 - 6. Dovar Line.
 - *7. Ferrarhos Line—U.S. gulf.
 - *8. Flotta Lauro Naples—U.S. gulf ports to Punta Arenas, Chile.
 - *9. Hamburg American Line and North German Lloyd—U.S. North Atlantic ports to Chile (via Bremen, Hamburg, or Antwerp).
 - *10. Moore-McCormack Lines, Inc.—U.S. Atlantic to Iquitos, Peru (via transshipment at Belem, Brazil).
 - 11. Naviera Dorhex Limitada.
 - 12. Oceanica of America, Inc.
 - 13. States Marine-Isthmian Agency, Inc.
 - 14. Tica Line.
- Capa Freight Conference—six members. U.S. Pacific-Honduras, Nicaragua, Costa Rica, Guatemala, and El Salvador.
 - Nonconference competition:
 - 1. Lincasa Line.
 - *2. Oceanica of America, Inc.—Costa Rica, El Salvador, Guatemala, and Nicaragua.
 - *3. States Marine-Isthmian Agency, Inc.
 - East Coast Colombia Conference—five members. U.S. Atlantic and Gulf-Barranquilla, Cartagena, and Santa Marta.
 - Nonconference competition:
 - *1. Caribbean Packet Co., Ltd.—Florida ports to Cartagena, Colombia.
 - *2. Central Packet Co., Ltd.—Florida ports to Cartagena, Colombia.
 - *3. Compania Nacional de Navegacion, S.A.—U.S. gulf ports.

*Nonconference carriers competitive service limited to area indicated.

- *4. Delfa Lines—U.S. gulf and South Atlantic ports to north coast of Colombia.
- *5. Delta Steamship Lines, Inc.—Gulf ports to Leticia, Colombia.
- *6. Dovar Line—Buenaventura and Tumco, Colombia.
- *7. Ferrarhos Line—U.S. gulf ports.
- 8. Insko Lines.
- 9. Jem Shipping Co., Inc.
- 10. States Marine-Isthmian Agency, Inc.
- 11. Tica Line.
- *12. United Fruit Co.—Santa Marta, Colombia.
East Coast South America Reefer Conference—10 members. U.S. Atlantic and Gulf-Brazil, Uruguay, and Argentina.
Nonconference competition:
 - *1. Booth Steamship Co., Ltd.—Brazil.
Gulf and South Atlantic-Havana Steamship Conference—four members.
Inactive.
 - Havana Steamship Conference—two members.
Inactive.
 - Leeward and Windward Islands and Guianas Conference—five members. U.S. Atlantic and Gulf-Leeward and Windward Islands, Trinidad, Barbados, British, French, and Netherlands Guianas.
Nonconference competition:
 - *1. American Union Transport, Inc.—Trinidad and British West Indies.
 - 2. Atlantic Lines.
 - *3. Bookers Shipping (Trinidad), Ltd.—U.S. gulf ports.
 - *4. Cam Export, Inc.—Miami, Fla., to Leeward and Windward Islands.
 - *5. Caribbean Packet Co., Ltd.—Florida ports to Leeward and Windward Islands, Trinidad, Barbados.
 - *6. Central Packet Co., Ltd.—Florida ports to Leeward and Windward Islands, Trinidad, and Barbados.
 - *7. Delta Line—U.S. gulf ports to Barbados.
 - 8. Dovar Line.
 - *9. Frutera Venezolana C.A.—Miami, Fla., to Trinidad.
 - 10. Insko Lines.
 - 11. Jem Shipping Co., Inc.
 - *12. Lincasa Line—U.S. gulf to Trinidad.
 - *13. Lykes Bros. Steamship Co.—U.S. gulf ports to Trinidad.
 - *14. Neatherlands Mead M.V.—Miami, Fla., to Leeward and Windward Islands, Trinidad, and Barbados.
 - *15. Nopal Line—U.S. gulf to Trinidad and Barbados.
 - *16. Oceanica of America, Inc.—St. Lucia, Barbados, and Antigua.
 - *17. Ozark Navigation, Inc.—Gulf to Barbados, Trinidad, Grenada, British Guiana, and Surinam.
 - *18. Skips A/S Viking Line—Trinidad and Barbados.
 - 19. States Marine-Isthmian Agency, Inc.
 - *20. Surinam Navigation Co., Ltd.—Gulf to Surinam.
 - 21. Tica Line.
 - *22. Torm Lines—Trinidad.
 - *23. Crenshaw's, Inc.—Tampa, Fla., to British West Indies.
Pacific Coast-Caribbean Sea Ports Conference—18 members. U.S. Pacific via Panama Canal to Colombia, Costa Rica, Guatemala, Honduras, and Republic of Panama.
Nonconference competition:
 - *1. Iino Lines—Republic of Panama.
 - *2. Lincasa Line—Costa Rica, Guatemala, Honduras, and Panama.
 - *3. A.P. Moller-Maersk Line—Canal Zone and Republic of Panama.
 - 4. Oceanica of America, Inc.
 - 5. States Marine-Isthmian Agency, Inc.
Pacific Coast-Caribbean Sea Ports Conference—18 members. U.S. Pacific via Panama Canal to Venezuela and the Netherlands Antilles.
Nonconference competition:
 - *1. Oceanica of America, Inc.—Netherlands Antilles.
 - 2. States Marine-Isthmian Agency, Inc.
Pacific Coast-Caribbean Sea Ports Conference—18 members. U.S. Pacific via Panama Canal to Barbados, British West Indies, Dominican Republic, French West Indies, Guianas, Haiti, Jamaica, Netherlands Antilles, and Trinidad.
Nonconference competition:

*Nonconference carriers competitive service limited to area indicated.

*1. *Lineasa Line*—Dominican Republic, Haiti, Jamaica, and Trinidad.

*2. *Oceanica of America, Inc.*—St. Lucia, Barbados, Dominican Republic, Haiti, Jamaica, Antigua, and Martinique.

3. *States Marine-Isthmian Agency, Inc.*
Pacific Coast-Caribbean Sea Ports Conference—20 members. U.S. Pacific via Panama Canal to Cuba (suspended Dec. 21, 1961, until further notice).
Inactive.

Pacific Coast-Mexico Freight Conference—8 members. U.S. Pacific-west coast Mexico.

Nonconference competition:

1. *Oceanica of America, Inc.*

2. *States Marine-Isthmian Agency, Inc.*

Pacific Coast-Panama Freight Conference—11 members. U.S. Pacific-Balboa, Cristobal, Colon, and Panama City.

Nonconference competition:

*1. *Iino Lines*—Republic of Panama.

*2. *Lineasa Line*—Almirante, Colon, and Cristobal.

*3. *A.P. Moller-Maersk Line*—San Francisco and Los Angeles, Calif.

4. *Oceanica of America, Inc.*

5. *States Marine-Isthmian Agency, Inc.*

Pacific Coast-River Plate Brazil Conference—six members. U.S. Pacific-Argentina, Brazil, and Uruguay.

Nonconference competition:

*1. *Moore-McCormack Lines, Inc.*—Uruguay and Argentina.

2. *Oceanic of America, Inc.*

3. *States Marine-Isthmian Agency, Inc.*

Pacific-West Coast of South America Conference—five members.

Nonconference competition:

1. *Oceanica of America, Inc.*

2. *States Marine-Isthmian Agency, Inc.*

River Plate Brazil Conference—14 members. U.S. Atlantic and Gulf-Brazil, Uruguay, Argentina, and Paraguay.

Nonconference competition:

*1. *American Plate Line*—Brazil, Uruguay, and Argentina.

*2. *Booth Steamship Co., Ltd.*—Brazil.

3. *Oceanica of America, Inc.*

*4. *Scansa Line*—U.S. east gulf ports to Asuncion, Paraguay.

5. *States Marine-Isthmian Agency, Inc.*

6. *Tica Line.*

Santiago de Cuba Conference—two members. U.S. Atlantic and Gulf-Santiago de Cuba.

Inactive.

INBOUND

Association of West Coast Steamship Companies—8 members. From Ecuador to U.S. Atlantic, gulf, and Pacific.

Nonconference competition:

*1. *Boomerang Cargo Line*—U.S. gulf.

*2. *Chilean Line*—Puerto Bolivar, or Puerto Nuevo, Ecuador, to Newport News, Baltimore, or Philadelphia (bananas only).

*3. *Grace Line*—U.S. Atlantic.

*4. *Grace Line*—U.S. Atlantic (plantains only).

*5. *Grace Line*—New York, N.Y. (bananas only).

Association of West Coast Steamship Companies—8 members. From Colombia to U.S. Atlantic, gulf, and Pacific.

Nonconference competition:

1. *Boomerang Cargo Line.*

*2. *Booth Steamship Co., Ltd.*—Leticia, Colombia, to U.S. Atlantic.

*3. *N. Y. K. Line*—U.S. Atlantic and gulf.

U.S. Atlantic and Gulf-Haiti Conference—6 members. From Haitian ports to U.S. Atlantic and gulf.

Nonconference competition:

1. *Dominican Steamship Line.*

*2. *Surinam Navigation Co., Inc.*—U.S. gulf ports.

*Nonconference carriers competitive service limited to area indicated.

U.S. Atlantic and Gulf-Panama Canal Zone, Colon and Panama City Conference—seven members. From Panama Canal Zone and Republic of Panama to U.S. Atlantic and gulf.

Nonconference competition:

- *1. Atlantic Reefer Line—North Atlantic.
- *2. Barber-Wilhelmsen Line—Cristobal and Balboa to U.S. Atlantic.
- *3. De La Rama Lines—Balboa and Cristobal.
- *4. Grace Line—Las Minas Bay, Payardi Island, Republic of Panama to New York.
- *5. Grace Line—Cristobal to U.S. Atlantic (plantains only).
- *6. A. P. Moller-Maersk Line—U.S. Atlantic.
- *7. N. Y. K. Line—Cristobal.
- *8. O. S. K. Line—U.S. Atlantic.
9. United Fruit Co.
10. United Philippine Line.

U.S. Atlantic and Gulf-Santo Domingo Conference—six members. From Dominican Republic ports to U.S. Atlantic and gulf.

Nonconference competition:

- *1. "K" Line—Santo Domingo to gulf.
 - *2. Surinam Navigation Co.—gulf ports.
- U.S. Atlantic and Gulf-Venezuela and Netherlands Antilles Conference—five members. From Venezuela and Netherlands Antilles to U.S. Atlantic and gulf.

Nonconference competition:

- *1. Bookers Shipping (Trinidad) Ltd.—Venezuela to gulf.
2. Boomerang Cargo Line.
- *3. Fern-Ville Lines—Venezuela.
- *4. Grace Line—Maracaibo, Venezuela to New York (plantains only).
- *5. N. Y. K. Line—Venezuela.
6. Skips A/S Viking Line.

U.S. Atlantic and Gulf-West Coast Central America and Mexico Conference—six members. From west coast ports Panama, Costa Rica, Nicaragua, Honduras, El Salvador, Guatemala, Mexico via Panama Canal to U.S. Atlantic and gulf.

Nonconference competition:

- *1. Atlantic Reefer Line—North Atlantic.
- *2. Barber-Wilhelmsen Line—Cristobal to U.S. Atlantic.
- *3. Cubamex Line—U.S. North Atlantic.
- *4. D'Amico Line—U.S. South Atlantic.
- *5. De La Rama Lines—Balboa.
- *6. Deppe Line—U.S. gulf.
- *7. D/S I/S Garonne—Belize, Honduras to Houston, Tex.
- *8. Flota Mercante Grancolombiana, S.A.—Puerto Limon, Costa Rica, Puerto Cortes, Honduras, Puerto Barrios and Galvez, Guatemala.
- *9. Harrison Line—Mexico to Houston and New Orleans.
- *10. Holland America Line—Mexico to gulf.
- *11. Grace Line—Balboa to Atlantic (plantains only).
12. A. P. Moller—Maersk Line.
- *13. Nopal Line—Mexican ports.
- *14. O. S. K. Line—U.S. Atlantic.
- *15. Polish Ocean Lines—Mexico to gulf.
- *16. United Philippine Line—Mexico to Panama Canal Zone.

Brazil-U.S.-Canada Freight Conference—14 members. From Victoria and Brazil ports south thereof to U.S. Atlantic and Gulf.

Nonconference competition:

- *1. Black Diamond Lines—North Atlantic.
2. Booth Steamship Co., Ltd.
3. Ivaran Lines.
- *4. Moore-McCormack Lines, Inc.—U.S. Atlantic ports.
5. Nopal Line.
6. Torm Lines.

Camexco Freight Conference—14 members (green coffee only). From west coast of Costa Rica, Nicaragua, Honduras, El Salvador, Guatemala, and Mexico to U.S. Pacific.

Nonconference competition:

1. United Philippine Lines.

*Nonconference carriers competitive service limited to area indicated.

Canal, Central America Northbound Conference—17 members. From west coast Canal Zone, Costa Rica, Nicaragua, Honduras, El Salvador, Guatemala to U.S. Pacific.

Nonconference competition:

- *1. Barber Line—Balboa to Los Angeles and San Francisco.
- *2. Iino Lines—Panama.
- *3. "K" Line—Puerto Cortez, Honduras to Los Angeles and San Francisco.
- 4. Mitsui Steamship Co., Ltd.
- *5. A. P. Moller-Maersk Line—Balboa.
- *6. N. Y. K. Line—Balboa to Los Angeles and San Francisco.
- 7. United Philippine Lines.

Caribbean-Pacific Northbound Freight Conference—14 members. From Barbados, British West Indies, Cuba, Dominican Republic, French West Indies, Guianas, Haiti, Jamaica, Netherlands Antilles, Surinam, Trinidad, Venezuela to U.S. Pacific.

Nonconference competition:

- *1. Grace Line—Haiti.
- 2. Fern-Ville Lines.
- 3. United Fruit Co.

Colpac Freight Conference—five members. From Barranquilla and Cartagent to U.S. Pacific.

Nonconference competition: None.

East Coast Colombia Conference—five members. From Colombia to U.S. Atlantic and gulf.

Nonconference competition:

- 1. Boomerang Cargo Line.
- 2. N. Y. K. Line.

European, South Pacific and Magellan Conference—members not listed. From Peru, South and Central America to Puerto Rico.

This is not a U.S. conference.

Havana Northbound Rate Agreement—four members.

Inactive.

Leeward and Windward Islands and Guianas Conference—five members. From Leeward and Windward Islands, Trinidad, Barbados, British, French, and Netherlands Guianas to U.S. Atlantic and gulf.

Nonconference competition:

- *1. Argentine Lines—Port of Spain to U.S. Atlantic.
- *2. Bookers Shipping (Trinidad) Ltd.—U.S. gulf.
- 3. Boomerang Cargo Line.
- 4. Empresa Lineas Maritimas Argentinas (Argentine Lines).
- *5. N.Y.K. Line—Port of Spain, Trinidad.
- *6. Skips A/S Viking Line—Trinidad, British, and Netherlands Guianas.
- *7. Surinam Navigation Co., Inc.—British Guianas to gulf.
- *8. Torm Lines—Trinidad to Atlantic.

Mid-Brazil-United States-Canada Freight Conference—14 members. North Brazil-United States-Canada Freight Conference—14 members. From Brazil to U.S. Atlantic and gulf.

Nonconference competition:

- *1. Black Diamond Lines—Via Europe to U.S. North Atlantic.
- 2. Booth Steamship Co., Ltd.
- *3. Empresa Lineas Maritimas Argentinas (Argentine Line)—U.S. gulf.
- *4. Hamburg American Line-North German Lloyd, via Europe to U.S. North Atlantic.
- 5. Holland Pan-American Line.
- 6. Ivaran Lines.
- *7. Moore-McCormack Lines—U.S. Atlantic.
- 8. Nopal Line.
- 9. Torm Lines.

Pacific Coast-Mexico Freight Conference—eight members. From west coast Mexico to U.S. Pacific.

Nonconference competition: None.

Pacific Coast-River Plate Brazil Conference—six members. From Argentina, Brazil, Uruguay to U.S. Pacific.

Nonconference competition: None.

River Plate and Brazil-United States Reefer Conference—nine members. From Argentina, Uruguay, Brazil to U.S. Atlantic and gulf.

*Nonconference carriers competitive service limited to area indicated.

Nonconference competition:

- *1. Booth Steamship Co., Ltd.—Brazil.
- *2. Delta Steamship Lines—U.S. gulf.
- *3. Moore-McCormack Lines, Inc.—U.S. Atlantic.
- 4. Nopal Line.
- *5. Torm Lines—Argentina and Brazil.

River Plate-United States-Canada Freight Conference—14 members. From Argentina, Uruguay, Paraguay to U.S. Atlantic and gulf.

Nonconference competition:

- *1. Black Diamond Lines—U.S. North Atlantic.
- *2. Delta Steamship Lines—Argentina and Uruguay to U.S. gulf.
- *3. Empresa Lineas Maritimas Argentinas (Argentine Lines)—Buenos Aires and Puerto Acuedo.
- *4. Moore-McCormack Lines, Inc.—Argentina to U.S. Atlantic.
- *5. Nopal Line—Argentina and Uruguay.
- *6. Torm Lines—Argentina.

Santiago de Cuba Conference—two members.
Inactive.

West Coast of South America Northbound Conference—six members. From Chilean and Peruvian ports to U.S. Atlantic and gulf.

Nonconference competition:

- *1. Boomerang Cargo Line—U.S. gulf.
- *2. Booth Steamship Co., Ltd.—Iquitos, Peru to U.S. North Atlantic.
- 3. Corporacion Peruana de Vapores.

West Coast of South America-North Pacific Coast Conference—four members. From Chile, Peru to U.S. Pacific.

Nonconference competition: None.

FAR EAST

OUTBOUND

Atlantic and Gulf-Singapore, Malaya, Thailand Conference—11 members. From Atlantic and gulf ports to Penang, Port Swettenham, and Singapore; also Bangkok.

Nonconference competition:

- 1. Central Gulf Lines.
- 2. Orient Mid-East Lines.
- *3. United States Lines Co.—Atlantic coast to Bangkok.

Pacific Coast Australasian Tariff Bureau—six members. From U.S. Pacific coast ports and Honolulu to Queensland, New South Wales, Victoria, South Australia and Tasmania and New Zealand.

Nonconference competition:

- *1. Kawasaki Kisen Kaisha, Ltd.—Australia.
- Hawaii Orient Rate Agreement—three members. From Hawaii to Yokohama, Kobe, Osaka, Magoya, Hong Kong, and Manila.

Nonconference competition:

- 1. Osaka Shosen Kaisha, Ltd.
- 2. Peninsular and Oriental Steam Navigation Co.

Atlantic and Gulf-Indonesia Conference—10 members. From Atlantic and gulf to Belawan, Deli, Cheribon, Djakarta, Samarang, and Surabaya.

Nonconference competition: None.

Far East Conference—19 members. From U.S. Atlantic and gulf to Japan, Korea, Taiwan, Siberia, Manchuria, China, Hong Kong, Indo-China, and Philippines.

Nonconference competition:

- *1. Barber Line—east coast to Philippines, Hong Kong, Japan.
- *2. Bulk Transport, Inc.—Taiwan, Philippines, Hong Kong, Japan.
- *3. China Merchants Steam Navigation Co., Ltd.—Japan, Taiwan.
- *4. China Union Lines, Ltd.—Japan, Taiwan, Hong Kong, Manila.
- *5. Compagne Maritime des Chargeurs Reunis, S. A.—Philippines, Taiwan, Hong Kong.
- *6. Central Gulf Lines—Japan, Manila, Cebu, Iiailo, Saigon, Taiwan.
- *7. Eddie Steamship Co., Ltd.—Japan, Philippines, Hong Kong, Taiwan.
- *8. Hamburg American Line—Atlantic to Manila.
- *9. Isbrandtsen Steamship, Co.—North Atlantic to Hong Kong, Japan, Manila, Saigon.

*Nonconference carriers competitive service limited to area indicated.

- *10. Korea Shipping Corp.—Hong Kong, Japan, Taiwan.
- *11. Marchessini Line—Japan, Manila, Hong Kong.
- *12. Orient Mid-East Lines—Manila, Hong Kong, Saigon, Taiwan, Japan.
- *13. Orient Overseas Line—Japan, Manila, Hong Kong, Taiwan.
- *14. Sabre Line—Japan, Hong Kong.
- *15. Seasons Navigation Corp.—Japan, Taiwan, Philippines, Hong Kong.
- *16. Taiwan Navigation Co., Ltd.—Japan, Taiwan.
- *17. Thai Lines—Philippines, Hong Kong, Japan, Taiwan.
- *18. Zim Israel Navigation Co.—Atlantic to Japan, Hong Kong, Manila.
- *19. Orient Mid-East Great Lakes Service—Japan, Hong Kong, Manila.
- *20. United States Lines Co.—Atlantic to Hong Kong, Manila, Philippines, Kobe.

Pacific Westbound Conference—30 members. From U.S. Pacific coast to Yokohama, Kobe, Nagoya, Osaka, Hong Kong, and Manila.

Nonconference competition:

- 1. China Union Lines, Ltd.
- 2. Eddie Steamship Co., Ltd.
- *3. Korea Shipping Corp., Ltd.—Japan.
- 4. Orient Mid-East Great Lakes Service.
- 5. Orient Overseas Line.
- 6. Sabre Line.
- *7. Sagus Marine Corp.—Japan.
- 8. Scandia Pacific Line.
- 9. Seasons Navigation Corp.
- *10. Tacoma Oriental Line, Inc.—Japan.
- *11. Taiwan Navigation Co., Ltd.—Japan.
- *12. Thai Lines, Ltd.—Philippines and Hong Kong.
- 13. Zim Israel Navigation Co., Ltd.

Pacific/Straits Conference—16 members. From Pacific coast ports to Singapore, Penang, and Port Swettenham.

Nonconference competition:

- *1. Orient Mid-East Great Lakes Service—Singapore and Straits Settlements.
 - 2. States Marine Lines.
 - *3. Thai Lines, Ltd.—Singapore.
- U.S. Atlantic and Gulf/Australia-New Zealand Conference—six members. From U.S. Atlantic and gulf to Australia and New Zealand.

Nonconference competition:

- *1. America-Australia Line—Australia.
 - *2. Kawasaki Kisen Kaisha, Ltd.—Australia.
 - 3. Star Shipping.
- U.S. Atlantic and Gulf/Australia-New Zealand Society Islands Conference—six members. From U.S. Atlantic and gulf to Papeete, Tahiti and other Society Islands and Noumea, New Caledonia.

Nonconference competition:

- *1. Atlanttrafik Express Service—New Caledonia.
 - 2. Star Shipping.
 - *3. West Coast Line, Inc.—Atlantic to New Caledonia.
- Pacific Indonesia Conference—10 members. From U.S. Pacific coast to Surabaya, Samarang, Cheribon, Djakarta, Belawan, Deli.

Nonconference competition:

- *1. States Marine Lines—Surabaya, Samarang, Djakarta.

INBOUND

Australia, New Zealand, and South Sea Islands Pacific Coast Conference—four members. From ports of call in Australia to ports in Hawaii and Pacific coasts ports of discharge.

Nonconference competition:

- *1. Columbus Line—Pacific coast.
- *2. Knutsen Line—Ports in Western Australia to Seattle and Tacoma, Wash.; Portland, Oreg.; and San Francisco and Los Angeles Harbor, Calif.
- 3. Tasman Pacific Service.

Deli-New York Rate Agreement—eight members. From east coast of Sumatra between Langsa and Indragiri (both included) to U.S. ports on the Atlantic coast including Gulf of Mexico.

Nonconference competition: None.

*Nonconference carriers competitive service limited to area indicated.

Associated Steamship Lines—63 members. From ports in the Republic of the Philippines to ports in the Panama Canal Zone, Puerto Rico and Virgin Islands.

Nonconference competition:

*1. American Export & Isbrandtsen Lines—Virgin Islands.

Australia, New Zealand and South Sea Islands Pacific Coast Conference—three members. From South Sea Island ports to ports in Hawaii and Pacific coast ports of discharge.

Nonconference competition:

1. Crusader Line.
2. Pacific Islands Transport Line.
3. Tasman Pacific Service.

Deli-Pacific Rate Agreement—six members. From east coast of Sumatra (Indonesia) between Langsa and Indragiri, both included to Los Angeles Harbor (San Pedro), San Francisco, Oakland, Portland, Seattle, Tacoma and Vancouver, British Columbia.

Nonconference competition:

*1. Splosna Plovba—Djakarta, Indonesia to Los Angeles Harbor, San Francisco, Oakland, Portland, Seattle, and Tacoma.

Associated Steamship Lines—35 members. From ports in the Republic of the Philippines to ports in the United States located in Alaska, Hawaii, the Pacific gulf, and Atlantic coasts.

Nonconference competition:

*1. Barber-Fern Ville Lines—Atlantic and gulf.

*2. Barber-Wilhelmsen Line—Atlantic and gulf.

*3. Fern-Ville Lines—Atlantic and gulf.

Associated Steamship Lines—eight members. From Philippine ports to Australia, New Zealand, Tasmania, New Guinea and South Pacific Islands.

Nonconference competition: None.

Java Pacific Rate Agreement—five members. From Indonesia (east coast of Sumatra between Langsa and Indragiri, both included, excepted) to Los Angeles Harbor (San Pedro), San Francisco, Oakland, Portland, Seattle, Tacoma, and Vancouver, British Columbia.

Nonconference competition:

1. A. P. Moller-Maersk Line.

Straits-Pacific Conference—13 members. From Singapore and Port Swettenham and Penang, Federation of Malaya to U.S. Pacific coast ports.

Nonconference competition:

*1. Knutsen Line—Seattle, Tacoma, Portland, San Francisco, and Los Angeles Harbor.

Australia, New Zealand, and South Sea Islands Pacific Coast Conference—four members. From New Zealand ports of call to ports in Hawaii and Pacific coast ports of discharge.

Nonconference competition:

1. Crusader Line.
2. Tasman Pacific Service.

Australia, New Zealand, and South Sea Islands Pacific Coast Conference—four members. From ports of call in New Zealand to interior and Atlantic U.S. points.

Nonconference competition:

1. Columbus Line.
2. Crusader Line.
3. Manz Line Joint Service.
4. The New Zealand Shipping Co., Ltd., Shaw Savill & Albion Co., Ltd., Port Line Ltd., Blue Star Line (New Zealand), Ltd. (joint service).

Thailand/U.S. Atlantic and Gulf Conference—13 members. From ports in Thailand to U.S. Atlantic and gulf ports.

Nonconference competition:

- *1. Barber-Fern Ville Lines—Atlantic.
2. Black Diamond Lines.

Straits/New York Conference—15 members. From Singapore and Port Swettenham and Penang, Federation of Malaya to U.S. Atlantic and gulf ports.

Nonconference competition:

- *1. Black Diamond Lines—Atlantic.

Australia, New Zealand, and South Sea Islands Pacific Coast Conference—four members. From ports of call in Australia to interior Atlantic U.S. points.

*Nonconference carriers competitive service limited to area indicated.

Nonconference competition:

1. A. B. Atlantrafik.
2. Atlantrafik Express Service.
3. Australian North American Line.
- *4. Blue Funnel Line/Barber-Fern Ville Lines—Western Australia.
5. Blue Star Line, Ltd.
6. Caravel Chartering Co.
7. Columbus Line.
8. Hamburg American Line.
- *9. Knutsen Line/Maersk Line—Western Australia to Atlantic coast.
10. Manz Line Joint Service.
11. United States Lines Co.

Trans Pacific Freight Conference—29 members. From Hong Kong to U.S. Pacific coast ports and Honolulu, Hawaii.

Nonconference competition:

- *1. American Export & Isbrandtsen Lines—Pacific coast.
2. China Union Lines, Ltd.
3. Eddie Steamship Co., Inc.
- *4. Korea Shipping Corp., Ltd.—U.S. Pacific coast.
- *5. Merchessini Lines, Joint Service of Sociedad Maritima San Nicholas S.A. and Compania Maritima San Basilio S.A.—west coast.
- *6. Orient Overseas Line—U.S. Pacific coast.
7. Zim Israel Navigation Co., Ltd. (Pacific Star Line).

Japan-Puerto Rico and Virgin Islands Freight Conference—13 members. From Moji, Kobe, Nagoya, Shimizu, Yokohama, and other ports in Japan to ports in Puerto Rico and ports in the Virgin Islands.

Nonconference competition:

1. American Export & Isbrandtsen Lines.
2. A. P. Moller-Maersk Line.
3. Nippon Yusen Kaisha.

Java New York Rate Agreement—nine members. From Indonesia (east coast of Sumatra between Langsa and Indragiri, both included, excepted) to U.S. ports on the Atlantic coast including Gulf of Mexico.

Nonconference competition:

- *1. Lykes Bros. Steamship Co., Inc.—ports in North Borneo, Brunei and Sarawak.

Trans Pacific Freight Conference—29 members. From Saigon and ports in Thailand and Cambodia to U.S. Pacific coast ports and Honolulu, Hawaii.

Nonconference competition:

1. American Export & Isbrandtsen Lines.
2. Isbrandtsen Steamship Co.

New York Freight Bureau (Trans Pacific Freight Conference)—32 members. From Keelung and Kaohsiung, Takao to U.S. Atlantic and gulf ports.

Nonconference competition:

- *1. American Export & Isbrandtsen Lines—New York, Norfolk, Baltimore and Philadelphia.
2. Korea Shipping Corp., Ltd.
3. Orient Overseas Line.
4. Sabre Line.
5. Shinnihon Steamship Co., Ltd.
6. Zim Israel Navigation Co., Ltd. (Pacific Star Line).

New York Freight Bureau and Trans Pacific Freight Conference—32 members. From Hong Kong to U.S. Atlantic and gulf ports.

Nonconference competition:

- *1. American Export & Isbrandtsen Lines—Atlantic.
2. China Union Lines, Ltd.
3. Eddie Steamship Co., Inc.
4. Korea Shipping Corp., Ltd.
5. Orient Overseas Line.
6. Sabre Line.
7. Zim Israel Navigation Co., Ltd. (Pacific Star Line).

Trans Pacific Freight Conference—29 members. From Keelung and Kaohsiung, Takao to U.S. Pacific coast ports and Honolulu, Hawaii.

Nonconference competition:

- *1. American Export and Isbrandtsen Lines—U.S. Pacific coast.
- *2. Korea Shipping Corp., Ltd.—U.S. Pacific coast.

*Nonconference carriers competitive service limited to area indicated.

3. Orient Overseas Line.

4. Shinnihon Steamship Co., Ltd.

Japan-Atlantic and Gulf Freight Conference—19 members. From Moji (including Shimonoseki Buoys), Kobe, Nagoya, Shimizu, Yokohama, and other ports in Japan, also from ports in Korea and Okinawa to U.S. gulf and Atlantic coast ports.

Nonconference competition:

*1. American Export & Isbrandtsen Lines—Atlantic coast.

*2. Black Diamond Lines—Atlantic coast.

3. China Merchants Steam Navigation Co., Ltd.

4. China Union Lines, Ltd.

5. Eddie Steamship Co., Ltd.

*6. Korea Shipping Corp., Ltd.—Japan and Korea.

*7. Orient Overseas Line—Japan.

8. Sabre Line.

*9. Zim Israel Navigation Co., Ltd. (Pacific Star Line)—Moji (including Shimonoseki Buoys), Kobe, Nagoya, Shimizu, Yokohama and other ports in Japan, also from Pusan, South Korea.

Trans Pacific Freight Conference of Japan—25 members. From Japan, Korea, and Okinawa to U.S. Pacific coast port, Honolulu, Hawaii, and Alaska.

Nonconference competition:

*1. American Export and Isbrandtsen Lines—Kobe, Moji, Nagoya, Shimizu, Yokohama, Japan, and Naha, Okinawa, to San Francisco, Los Angeles Harbor, Long Beach, Alameda, Oakland, Richmond, Stockton, and San Diego, Calif.

*2. China Merchants Steam Navigation Co., Ltd.—U.S. Pacific coast.

3. Eddie Steamship Co., Ltd.

*4. Korea Shipping Corp., Ltd.—Japan and Korea to U.S. Pacific coast.

*5. Marchessini Lines, joint service of Sociedad Maritima San Nicholas S.A. and Compania Maritima San Basilio S.A.—west coast.

*6. Orient Mid East Lines—Japan to U.S. west coast.

*7. Orient Overseas Line—U.S. Pacific coast.

*8. P. & O. Orient Lines—Japan to U.S. Pacific coast and Honolulu, Hawaii.

*9. Sabre Line—U.S. Pacific coast.

*10. Sagus Marine Corp.—Japan to U.S. Pacific coast.

*11. Sawayma Steamship Co., Ltd.—Japan to U.S. Pacific coast.

*12. Scandia Pacific Line—U.S. Pacific coast.

*13. Splosna Plovba—Japan to U.S. Pacific coast and Honolulu, Hawaii.

*14. Taiwan Navigation Co., Ltd.—Japan to U.S. Pacific coast.

*15. Zim Israel Navigation Co., Ltd. (Pacific Star Line)—Japan to U.S. Pacific coast and Honolulu, Hawaii.

INDIA-ÁFRICA

OUTBOUND

American West African Freight Conference—nine members. From U.S. Atlantic and gulf ports and St. Lawrence ports to Cape Verde Islands and West African ports, Canary Islands, Azores and Madeira Islands.

Nonconference competition:

1. All Cargo Lines.

*2. Cosmopolitan Line—U.S. North Atlantic to Abidjan, Ivory Coast, Douala, Cameroons and Pointe Noire, Gabon.

*3. Delta Steamship Lines—U.S. gulf to Takoradi and Tema, Ghana.

*4. Nopal Line—Cape Verde Islands and West African ports.

*5. Oceanica of America, Inc.—Serves 20 of 53 destination ports served by the conference.

*6. Stevenson Lines—Azores and Madeira Islands.

*7. Tica Line—Serves 21 of 53 destination ports served by the conference.

8. Westwind Africa Line.

Atlantic and Gulf Red Sea and Gulf of Aden Agreement—three members. From U.S. Atlantic and gulf ports in the Brownsville, Tex.-Portland, Maine range to Red Sea and Gulf of Aden ports of Aquaba, Assab, Djibouti, Hodeidah, Maydi (Maidi), Massawa, Mocha and Port Sudan.

*Nonconference carriers competitive service limited to area indicated.

Nonconference competition:

1. Central Gulf Lines.
2. Concordia Line.
3. Hansa Line.
- *4. Hellenic Lines Ltd.—Aquaba and Djibouti.
5. Hoegh Lines (joint service).
6. Malaya Indonesia Line.
- *7. Mediterranean Steamship Corp.—Aquaba and Djibouti.
8. Nedlloyd Line.
- *9. Oceanica of America, Inc.—Massawa, Eritrea, Aquaba, Jordan and Port Sudan, Sudan.
- *10. Orient Mid East Lines—Aquaba, Djibouti, Port Sudan and Massawa.
- *11. Seasons Navigation Corp.—Aquaba, Assab, Djibouti, Massawa and Port Sudan.
12. The Shipping Corp. of India, Ltd.
13. Thai Lines Ltd.
14. Waterman Steamship Corp.

Gulf-South and East African Conference—two members. From Gulf of Mexico ports in the United States of America to Cape Town—Also other ports in west, southwest, south and east Africa including the islands of Malagasy (Madagascar), Reunion, and Mauritius.

Nonconference competition:

1. Baron Line.
2. Moore-McCormack Lines, Inc. (Robin Line Service).
- *3. Oceanica of America, Inc.—Diego Suarez, Manakara, and Tulear, Malagasy Republic, and Beira, Lourenco Marques, and Mozambique, Portuguese East Africa.
- *4. South African Marine Corp., Ltd.—Serves 13 of 54 destination ports served by the conference.

The India, Pakistan, Ceylon, and Burma Outward Freight Conference—nine members. From U.S. Atlantic and gulf ports to Karachi, Bombay, Colombo, Calcutta, Madras, Chittagong, and Rangoon, and other ports in India, Pakistan, Ceylon, and Burma.

Nonconference competition:

1. American Asia Lines, Inc.
2. American Cargo Lines, Inc.
- *3. Baltimore Ocean Carriers—Bombay, Calcutta, Chittagong, Karachi.
- *4. Bulk Transport, Inc.—Karachi, Bombay, Calcutta, Chittagong.
5. Crescent Line, Ltd.
- *6. Crismar Lines—Karachi, Bombay, Calcutta, Madras, and Rangoon.
- *7. Farrell Lines—U.S. Atlantic to Chittagong, Pakistan.
- *8. Great Lakes Bengal Lines, Inc.—Chittagong, Pakistan.
9. Lykes Bros. Steamship Co., Inc.—U.S. gulf to India and Pakistan.
10. Mediterranean Steamship Corp.
- *11. Mitsui Steamship Co., Ltd.—U.S. gulf to Bombay, India.
12. Oceanica of America, Inc.
13. Orient Mid-East Lines.
- *14. Sabre Line—Karachi, Bombay, Calcutta, Madras, Chittagong, and Rangoon.
15. Scindia Line.
- *16. Seasons Navigation Corp.—Karachi, Bombay, Calcutta, and Chittagong.
17. Thai Lines, Ltd.
- *18. Torm Lines—U.S. North Atlantic ports to Mormagoa.
19. Waterman Steamship Corp.

The Persian Gulf Outward Freight Conference—two members. From U.S. Atlantic and gulf ports to Abadan, Bahrein, Bandar Shahpour, Basrah, Bushire, Khorramshahr, Kuwait, Khor El Mufatta, Mena Al Ahmadi, Ras Tanura, Damman, Umsaid, Salalah, and other Persian Gulf ports.

Nonconference competition:

1. Concordia Line.
2. Crescent Line, Ltd.
3. Hansa Line.
4. Hellenic Lines, Ltd.
- *5. Mediterranean Steamship Corp.—Damman, Kuwait, Bandar Shahpour, Khorramshahr, and Abadan.
6. Nedlloyd Line.
- *7. Oceanica of America, Inc.—Kuwait.

*Nonconference carriers competitive service limited to area indicated.

8. Orient Mid East Lines.
- *9. Seasons Navigation Corp.—Abadan, Bahrein, Damman, Khorramshahr, and Kuwait.
10. Thai Lines, Ltd.
11. Waterman Steamship Corp.

INBOUND

American West African Freight Conference—nine members. From west African ports to U.S. Atlantic and gulf ports and St. Lawrence ports.

Nonconference competition:

- *1. All Cargo Lines, Inc.—South Atlantic and gulf.
- *2. Hamburg American Line, North German Lloyd—Luanda, Angola, to United States north of Hatteras (raw coffee, only).
3. Tica Line.
4. Westwind Africa Line.

Calcutta-U.S.A. Conference—eight members. To U.S. Atlantic ports in the range from Portland, Maine, to Hampton Roads, inclusive.

Nonconference competition:

1. Nedlloyd Line.
2. Seasons Navigation Corp.
3. Thai Lines, Ltd.
4. Waterman Steamship Corp.

Calcutta-U.S.A. South Atlantic and Gulf Freight Conference—eight members. To U.S. South Atlantic ports south of but not including Hampton Roads, and U.S. Gulf of Mexico ports.

Nonconference competition:

1. Nedlloyd Line.
2. Seasons Navigation Corp.
3. Thai Lines, Ltd.
4. Waterman Steamship Corp.

Ceylon-U.S.A. Conference—10 members. From Colombo, Galle, and Trincomalee to U.S. Atlantic and gulf ports.

Nonconference competition:

1. Nedlloyd Line.
2. Orient Mid-East Lines.
3. Seasons Navigation Corp.

East Coast of India (Calcutta and Tuticorin excluded) and East Pakistan-U.S.A. Atlantic and Gulf Freight Conference—eight members.

Nonconference competition:

- *1. Hoegh Lines—Madras, Vizagapatam, and Kakinada, India.
2. Nedlloyd Line.
3. Seasons Navigation Corp.
4. Thai Lines, Ltd.
5. Waterman Steamship Corp.

Red Sea and Gulf of Aden-U.S. Atlantic and Gulf Rate Agreement—six members. From ports in the range from Aden to Suez, inclusive, to U.S. Atlantic and Gulf of Mexico ports.

NOTE.—Conference names rates only on beeswax, coffee, arabic gum, and niger seed.

Nonconference competition:

1. American Export Lines, Inc.
- *2. American President Lines, Ltd.—Assab, Djibouti, Massowah, and Port Sudan to U.S. North Atlantic ports (beeswax, coffee, and arabic gum).
- *3. Barber-Fern Ville Lines—(beeswax and niger seed).
4. T. & J. Brocklebank, Ltd.
- *5. Central Gulf Lines—(beeswax, coffee, and niger seed).
- *6. Compagnie Maritime Des Chargeurs Reunis—Aden (coffee and arabic gum).
7. Concordia Line.
8. Crescent Line, Ltd., Mediterranean Star Line, Crescent Line.
9. Hansa Line.
- *10. Hellenic Lines, Ltd.—(arabic gum).
11. Hoegh Lines.
12. Isthmian Lines, Inc.
- *13. Marchessini Lines—Djibouti (coffee).
- *14. A. P. Moller-Maersk Line—(coffee, arabic gum, niger seed).

*Nonconference carriers competitive service limited to area indicated.

- *15. Nedlloyd Line—Red Sea ports.
 *16. Orient Mid-East Lines—(coffee and arabic gum).
 *17. Scindia Line—Aden and Port Sudan (coffee).
 *18. S.C.I. Line (Shipping Corp. of India, Ltd.)—(coffee).
 19. Waterman Steamship Corp.—(beeswax, coffee, and niger seed).
 West Coast of India and Pakistan-U.S.A. Conference—11 members. From ports in the range from Karachi to Tuticorin, inclusive, to U.S. Atlantic and Gulf of Mexico ports.

Nonconference competition:

1. Central Gulf Lines.
- *2. Hamburg American Line, North German Lloyd—Bombay to Miami (wooden and brass art ware).
- *3. Hoegh Lines—Ports in the range from Bombay to Tuticorin, inclusive (excluding Maimagon).
4. Orient Mid-East Lines.
5. Seasons Navigation Corp.
6. Thai Lines, Ltd.
7. Waterman Steamship Corp

Conference open rate study

OUTBOUND

Conference	Tariff No.	Open rate commodity	Effective date of opening
Atlantic and Gulf Red Sea and Gulf of Aden Agreement. The India, Pakistan, Ceylon, and Burma Outward Freight Conference.	1	Ammonium nitrate.....	July 20, 1963
	10	Rice, open to Bombay, Calcutta, Madras Cochin. Tallow, inedible, in drums..... Fertilizers, in bags..... Dynamite.....	Oct. 15, 1961 Sept. 6, 1961 Jan. 1, 1962 May 29, 1961
United States Atlantic and Gulf-Haiti Conference.	8	Explosives, NOS..... Fuses, detonating, electric, explosive, safety explosive. Powder, blasting, gun.....	Do. Do. Do.
		ECC-7	Ammonia or ammonium, nitrate.....
East Coast Colombia Conference..... U.S. Great Lakes-Scandinavian and Baltic Eastbound Freight Conference. South Atlantic Steamship Conference..... American Great Lakes-Mediterranean Freight Conference.	5	Flour, wheat, in bags, to Norway only.....	Apr. 12, 1957
	7	Cotton linters.....	Feb. 1, 1957
Atlantic and Gulf/West Coast of Central America and Mexico Conference.	4	Ammonium (caution).....	Mar. 15, 1960
	CA-7	Wheat, whole grain in bags or barrels; in minimum lots of 1,000 tons on 1 vessel by 1 shipper from 1 port of shipment to 1 consignee at 1 port of destination.	Jan. 21, 1957
United States Atlantic and Gulf-Santo Domingo Conference	17	Explosives, NOS..... Caps, blasting or detonating..... Fuses, detonating, electric, explosive safety explosive. Powder, blasting.....	Jan. 7, 1963 Do. Do. Do.
		VEN-9	Explosives, viz: Caps, blasting or detonating; dynamite; powders, black, blasting, gun, smokeless or sporting; trinitrotoluol (TNT).
United States Atlantic and Gulf-Venezuela and Netherlands Antilles Conference.	SA-11	Ammonia or ammonium, viz: Nitrate. Oil, liquid, viz: Soybean (in minimum lots of 1,000 tons). To group 1 (Guayaquil only) ports. To group 2 ports.....	Dec. 15, 1958
		Explosives, viz: Caps, blasting or detonating; dynamite; powders, black, blasting, gun, smokeless or sporting; primers. Nitro-Carbon-Nitrate; trinitrotoluol (TNT).	Aug. 20, 1962 June 11, 1962
Atlantic and Gulf/West Coast of South America Conference.	9	Tobacco, stems (shipment must be certified by Internal Revenue invoice).	May 25, 1959 Feb. 1, 1961
		Tobacco, unmanufactured, in bales, hogsheads or tierces. Tobacco, unmanufactured, in cases or cartons.	Do. Do.

*Nonconference carriers competitive service limited to area indicated.

Conference open rate study

OUTBOUND—Continued

Conference	Tariff No.	Open rate commodity	Effective date of opening
North Atlantic Mediterranean Freight Conference.	7	Rates to Yugoslav ports—feeds, meal, meat, dry; to Italian base ports, Piraeus and Salonika only; through Dec. 31, 1963. Tallow, inedible, packed; to Alexandria and Greek base ports only; through Dec. 31, 1963.	Mar. 1, 1960 Do.
Atlantic and Gulf-Indonesia Conference.	13	Flour, wheat, in bags; effective up to and including Dec. 31, 1963. Fertilizers, superphosphate; phosphate of ammonia; effective up to and including Sept. 30, 1963 (minimum \$15.50 long ton free out). Oil, soybean, in drums; effective up to and including Dec. 31, 1963. Rice, in bags; effective up to and including Dec. 31, 1963.	May 1, 1960 Do. May 6, 1963 Nov. 11, 1960
Atlantic and Gulf-Singapore, Malaya and Thailand Conference.	14	Phosphate rock (ground mineral phosphate) effective through Dec. 1963; to base ports and Bangkok.	July 17, 1963
Pacific Coast Australasian Tariff Bureau (United States and Canadian ports local tariff).	12	Explosives.....	Oct. 1, 1957
Pacific-Indonesian Conference (Joint Tariff).	7	Flour, in bags.....	Feb. 12, 1959
Pacific Westbound Conference.....	1-X	Rice, in bags..... Fertilizer, packed, viz: Ammonium nitrate; to safe South Korean ports. Scrap steel rails to Japan..... Loose cast iron scrap..... Iron and steel scrap for rerolling purposes to Okinawa. Heavy melting scrap to Japan..... Cedar cants to Japan base ports..... Logs, cottonwood, to Japan base ports. Lumber to Korea..... Bran shorts to Japan..... Phosphate rock, packed or bulk..... Fertilizers, packed; to safe South Korean ports. Fertilizer, packed, viz: Ammonium nitrate; to safe South Korean ports. Rock, phosphate, packed or in bulk..... Woodpulp, to Japan base ports..... Bran, shorts and middlings, including wheat or oat millfeed and wheat or oat millrun, in bags; to Japan base ports. Pig iron, loose..... Scrap cast iron, loose..... Scrap, heavy melting, No. 2 bundles, charging box size. Steel slabs to Japan base ports..... Wooden poles and piling to Hong Kong. Scrap axles, n.o.s., to Japan base ports. Explosives, n.o.s. (caution) (except small arms, ammunition) minimum of \$60 W/M to Manila and San Fernando La Union; \$70 to Takao and Keelung, Formosa, and \$80 to Larap: To Manila..... To San Fernando La Union..... To Takao and Keelung, Formosa..... Pig iron..... Ammonia or ammonium, viz: Nitrate.	June 29, 1959 Sept. 1, 1957 Aug. 15, 1960 Do. May 11, 1959 Jan. 7, 1960 Apr. 1, 1961 Mar. 21, 1962 Sept. 1, 1957 Mar. 15, 1958 July 2, 1959 Apr. 4, 1961 Oct. 1, 1960 Do. Do. Do. Jan. 1, 1962 Do. May 1, 1957 Dec. 7, 1961 July 1, 1961 Jan. 1, 1962 Nov. 4, 1960 Jan. 19, 1961 May 3, 1963 Aug. 15, 1960 July 18, 1960
Far East Conference.....	23	Explosives, viz: ammo, small arms, caps, blasting dynamite, etc., NOS. Scrap, iron packed or loose.....	June 3, 1963 Oct. 24, 1962
Pacific Westbound Conference.....	3-R	Carbon black; to Italian base ports only (through Sept. 30, 1963). Cotton in bales; to Italian base ports only (through Oct. 31, 1963). Explosives, Kings Bay only to Tripoli, Libya. Tallow, inedible, packed: To Greek base ports through 9-30-63. To Alexandria, Egypt through 12-31-63.	June 7, 1963 June 3, 1963 Dec. 21, 1960 Feb. 26, 1962 Do.
Atlantic & Gulf/Panama Canal Zone, Colon, and Panama City Conference. Leeward and Windward Islands and Guianas Conference. North Atlantic Israel Eastbound Conference. Gulf/Mediterranean Ports Conference (Gulf and South Atlantic/Mediterranean (excluding Spain)).	P-9 9 5 7		

Conference open rate study

INBOUND

Conference	Tariff No.	Open rate commodity	Effective date of opening
Continental North Atlantic Westbound Freight Conference.	G	Automobiles, unboxed: Second hand, privately owned, or tourist (irrespective whether direct from the factory to their distributors or not) open rate with minimum of \$15 W/M.	Jan. 11, 1963
French North Atlantic Westbound Freight Conference.	6	Automobiles, unboxed: Tourists', other than new cars.	Sept. 1, 1963
Marseilles North Atlantic U.S.A. Freight Conference.	8	Yachts (minimum \$12.50 P/M)	Feb. 1, 1957
		Acid, monochloracetic, in drums	Jan. 24, 1963
		Aluminum, ingots, pigs	Nov. 25, 1962
		Aluminum, baulds, disks	Do.
		Aluminum, sheets, packed	Do.
		Cherries (bigarreux) drained, in tins, in cases	Do.
		Chestnut extract for tanning, in bags ..	Do.
		Ferrochrome/ferromanganese, in cases or drums	Do.
		Ferrochrome/ferromanganese, in bulk ..	Do.
		Ferrosilicium-ferromanganese (not dangerous)	Do.
		Ferrosilicium-ferroaluminium (not dangerous)	Do.
		Ferrosilicium, in bulk	Do.
		Ferrosilicium, in drums (not dangerous) containing 70 percent or over of silicium	Do.
		Ferrotitanium	Do.
Ferrotungsten	Do.		
Tires, automobile, ordinary	Do.		
Tires, automobile, metallic	Do.		
River Plate-United States-Canada Freight Conference.	10	Pipe, casing or tubing, oilfield iron or steel.	June 17, 1963
		Pipe or tubing, seamless steel, straight from Campana and B.A. only.	Do.
		Pipe, steel, black welded up to 14 inches; with couplings.	Do.
		Sugar in bags	July 19, 1960
West Coast South America Northbound Conference.	4	Guano	Feb. 1, 1959
		Lumber, in minimum lots of 500,000 board feet.	Do.
		Nitrate of soda and nitrate of soda potash.	July 1, 1956
		Ores and concentrates, iron	Feb. 1, 1959
		Sugar, raw, any quantity, in bags not exceeding 80 kilos each.	Do.
		Wool, rate on sheep wool from Punta Arenas, Chile.	Nov. 30, 1959
East Coast Colombia Conference	6	Cement, building, natural or portland, in bags, barrels or cartons, in minimum lots of 1,000 tons.	Mar. 12, 1959
Leeward and Windward and Guianas Conference.	7	Fruits, fresh	Sept. 17, 1948
		Bananas	May 6, 1963
		Asphalt, in barrels or drums, from Trinidad only.	Dec. 15, 1958
		Plantains	May 6, 1963
		Molasses in half-barrels, barrels, casks, or puncheons.	Mar. 3, 1952
Mid-Brazil/United States-Canada Freight Conference-North Brazil/United States-Canada Freight Conference joint tariff.	6	Sugar, in bags	June 1, 1955
Brazil/United States-Canada Freight Conference.	12	Parana pine, rough (undressed); minimum of \$30 per M.B.M.	June 1, 1961
		Parana pine, dressed; minimum of \$32 per M.B.M.	Do.
		Sugar, in bags	July 13, 1960
Atlantic and Gulf/Haiti Conference	6	Bananas	Dec. 24, 1951
		Sugar	Do.
		Wood, logwood	Do.
U.S. Atlantic and Gulf-Santo Domingo Conference.	17	Bananas, under refrigeration	Dec. 3, 1962
		Sugar	Aug. 2, 1955
		Plantains, under refrigeration	Dec. 3, 1962
		Salt	Nov. 30, 1959
Associated Steamship Lines	1	Sugar, centrifugal or raw, in bags—to Atlantic and gulf to Pacific coast and Honolulu	Aug. 1, 1956
		Sugar, refined, in bags	May 9, 1963
			Aug. 1, 1956

Conference open rate study

INBOUND—Continued

Conference	Tariff No.	Open rate commodity	Effective date of opening
Australia, New Zealand, and South Sea Islands Pacific Coast Conference (Australian tariff).	4	Rice, NOS, in bags minimum 2,000 long tons.	July 8, 1960
Australia, New Zealand, and South Sea Islands Pacific Coast Conference (South Seas tariff).	4	Copra cake and meal, in bags----- Sugar----- Rice, NOS, in bags, minimum 2,000 long tons.	Oct. 1, 1958 July 10, 1956 July 8, 1960
Japan-Puerto Rico and Virgin Islands Freight.	4	Coke----- Cement----- Urea, artificial fertilizer----- Birds and fowl in cages----- Ore ilmenite, in bags— Over 700 tons loaded per day----- Over 500 tons loaded per day----- Tin slag-----	June 1, 1954 Do. Feb. 1, 1962 Nov. 1, 1959 Aug. 21, 1957 June 14, 1960 Mar. 1, 1956 Jan. 3, 1963
Straits/New York Conference-----	19	Explosives: Caps, blasting; dynamite; fuses, detonating; nitrocarbonitrate; powder, blasting, gun; NOS.	July 15, 1963
Leeward and Windward Islands and Guianas Conference.	9	Muriate of potash-----	Nov. 30, 1961
Pacific/West Coast of South America Conference.	15	All rates from Rijeka, Yugoslavia-----	Mar. 1, 1961
Mediterranean-U.S.A. Great Lakes Westbound Freight Conference.	5	Cement, building, in bags or casks----	Feb. 1, 1960 Aug. 31, 1959
Scandinavia Baltic Great Lakes Westbound Freight Conference (from Polish and Russian Baltic to Great Lakes ports).	3	Cement, portland----- Cryolite (aluminium fluoride) in paper bags----- Cryolite residue----- Cement-----	Do. Apr. 3, 1959
Scandinavia Baltic Great Lakes Westbound Freight Conference (from Denmark to Great Lakes ports).	2	do-----	Jan. 1, 1960 June 1, 1962
Scandinavia Baltic Great Lakes Westbound Freight Conference (from Norwegian ports to Great Lakes ports).	2	Boats, yachts (minimum of \$418 per unit). All rates from Yugoslavia----- All rates from Rijeka, Yugoslavia-----	Feb. 1, 1958 Nov. 30, 1961
Norway/North Atlantic Conference-----	15	-----	-----
W.I.N.A.C-----	13	Livestock-----	July 18, 1960
Mediterranean U.S.A. Great Lakes Westbound Conference.	5	-----	-----
Atlantic and Gulf/Panama Canal, Colon, and Panama City.	N-2	-----	-----

FEDERAL MARITIME COMMISSION,
Washington, D.C., October 30, 1963.

GENTLEMEN: This letter is to serve a twofold purpose:

First, to confirm our telegram of October 23, 1963, requesting submission of certain documents pertaining to the receipt and disposition of shippers' requests and complaints.

Second, to inform you that the Federal Maritime Commission will publish in the Federal Register in the immediate future a notice of proposed rule-making (copy enclosed) applicable to the disposition of shippers' requests and complaints, soliciting your comments thereon.

As pointed out in our circular letter of June 19, 1962, to all conferences, an added responsibility was placed upon the Commission under section 15 of the Shipping Act, 1916, as amended by Public Law 87-346, 75 Stat. 762, by the following pertinent additional language:

"* * * The Commission shall disapprove any such agreement, after notice and hearing, on a finding of * * * failure or refusal to adopt and maintain reasonable procedures for promptly and fairly hearing and considering shippers' requests and complaints * * *"

Pursuant to this mandate the Commission is required to survey and evaluate the procedures utilized by Conferences and other bodies with rate-fixing authority under approved agreements to insure that such procedures are adequate to afford shippers a prompt and fair hearing on their requests and complaints. Accordingly, and confirming telegram of October 23, 1963, the Commission requests that you submit by November 15, 1963, copies of all written requests and complaints filed with you during the period July 1 to October 31, 1963, inclusive, and

a complete statement of each request and complaint which was submitted orally during this period, together with copies of all written notices to shippers of advice concerning action taken on such requests and complaints. As in the case of filings, if the notice of action taken was oral, a complete statement of the advice furnished orally should be forwarded to the Commission. In the event such oral advice was confirmed in writing, a copy of such confirmation should be furnished. It is requested that similar data be filed with respect to shippers' requests and complaints received and disposed of during the period November 1, 1963, through December 15, 1963. This submission should be accomplished on or before December 31, 1963, and should also include copies of any notices or statements as to the disposition of any shippers' requests and complaints included in the November 15 submission, which had not been concluded by October 31, 1963. A brief résumé of the complaints and requests should accompany your submission, following the attached format.

In view of congressional concern regarding the disparity of rates in the foreign commerce of the United States and other matters pertinent thereto, the Commission views this matter with the utmost concern, and urges that you give it your most serious consideration. The Commission has further directed that its district managers, located in New York, New Orleans, and San Francisco, be alerted with respect to this inquiry and they have been instructed to follow up the October 23 telegram and this letter with a personal visit to those conferences which are located in their respective headquarters cities, to answer any questions you may have and to assist in the resolution of any problems which may arise in complying with this request.

Your cooperation will be appreciated.

Sincerely yours,

THOMAS LISI, *Secretary.*

Enclosures (2).

Date received:

Name and address of party making request or complaint:

Nature of complaint:

Date of disposition:

Method of disposition:

If denied, reason:

FEDERAL MARITIME COMMISSION

[46 CFR, Part 527]

DOCKET NO. 1156

SHIPPERS' REQUESTS AND COMPLAINTS

Notice of Proposed Rulemaking

Notice is hereby given in accordance with provisions of Section 4, Administrative Procedure Act (5 U.S.C. 1003) and Sections 15 and 43 of the Shipping Act, 1916 (46 U.S.C. 814 and 46 U.S.C. 841a), that the Federal Maritime Commission is considering promulgation of the proposed regulations set forth hereinafter covering the consideration of shippers' requests and complaints.

Section 1. Statement of Policy—(a) Section 2 of Public Law 87-346 effective on October 3, 1961, amends Section 15 of the Shipping Act, 1916, to provide that the Commission shall disapprove any agreement after notice and hearing on a finding of failure or refusal to adopt and maintain reasonable procedures for promptly and fairly hearing and considering shippers' requests and complaints.

(b) It is the responsibility of the Commission to see that the basic minimal requirements deemed necessary to accomplish this end are instituted and maintain a continuing surveillance over the conferences and other rate-fixing agreements to insure that reasonable procedures are observed.

Section 2. Filing of Procedures—Within sixty days from the effective date of these rules, each conference and each other body with rate-fixing authority under an approved agreement shall file with the Commission a statement, outlining in complete detail, its procedures for handling shippers' requests and complaints.

Section 3. Reports—In January, April, July, and October of each year, each conference and each other body with rate-fixing authority under an approved agreement shall file with the Commission a report covering all shippers' requests

and complaints received and/or disposed of during the 3-month period, such report to include the following information:

1. Date request or complaint was received.
2. Identity of the person or firm submitting the request or complaint.
3. Nature of request or complaint, i.e., rate reduction, rate establishment, classification, overcharge, undercharge, measurement, etc.
4. Date final action was taken and nature thereof.
5. If denied, the reason.

Such report shall be accompanied by copies, or if oral, a statement setting forth complete details, of all such requests and complaints together with copies of the notices to shippers of advice as to action taken thereon. If said notice of advice as to action taken is oral, a complete statement thereof shall be filed with the Commission.

Section 4. Resident Agent—Conferences and other bodies with rate-fixing authority under approved agreements domiciled outside the United States shall designate a resident agent in the United States with whom shippers may lodge their requests and complaints. The resident agent shall maintain complete records, including the disposition of all requests and complaints filed with him.

Section 5. Tariff Provision—Tariffs filed by conferences and other bodies with rate-fixing authority under approved agreements shall include a provision stating where and by what method shippers may file their requests and complaints (including the identity and address of the resident agent referred to in Section 4), and the nature and extent of data that is desired by the Conference in support of such requests and complaints.

Interested parties may participate in this proposed rulemaking proceeding by submitting 15 copies of written statements, data, views, or arguments pertaining thereto, or requests for oral arguments, should the same be desired, to the Secretary, Federal Maritime Commission, Washington, D.C., 20573.

All statements, etc., received within thirty days of the publication of this notice in the Federal Register will be considered.

By the Commission October 23, 1963.

THOMAS LISI, *Secretary.*

(End of Part 2.)

PART 3
Coffee Pool

COFFEE POOL

APRIL 13, 1964.

Hon. PAUL H. DOUGLAS,
*Chairman, Joint Economic Committee,
Senate Office Building, Washington, D.C.*

DEAR SENATOR DOUGLAS: During the course of its recent hearings on discriminatory freight rates in ocean shipping your committee heard testimony on the subject of pooling agreements. Of particular interest to us was the testimony of Mr. Timothy J. May, Managing Director of the Federal Maritime Commission with respect to the coffee pooling agreements in which our companies have been and are participants (FMC No. 8505, as amended, and FMC No. 9040—the latter approved by the Commission on August 22, 1963).

We must advise you that we take strong exception to many of the statements made and impressions left by Mr. May; and we have instructed our attorneys to prepare a memorandum which will correct the record before your committee.

Pursuant to advice from members of your staff to our attorneys we attach the memorandum and respectfully request that this letter and the memorandum be appropriately inserted and made a part of the official record of the committee's hearings.

We, as subsidized American-flag operators, do appreciate the problems before your committee and offer our continuing assistance in any way possible to help in their resolution.

Respectfully submitted.

Capt. J. W. CLARK,
President, Delta Steamship Lines, Inc., New Orleans, La.
W. T. MOORE,
President, Moore-McCormack Lines, Inc., New York, N.Y.

APRIL 10, 1964.

Re coffee pooling agreements.

Mr. W. T. MOORE,
*President, Moore-McCormack Lines, Ind.,
New York, N.Y.*
Capt. J. W. CLARKE,
*President, Delta Steamship Lines, Inc.,
New Orleans, La.*

GENTLEMEN: As you requested, we have reviewed the testimony of Mr. Timothy J. May, Managing Director of the Federal Maritime Commission, before the Joint Economic Committee on March 26, 1964, with respect to the coffee pooling agreements in which your lines have participated and the adjudicatory proceeding before the Commission having to do with the most recent of those Agreements. We seriously question the propriety of any regulatory agency official testifying before a congressional committee with respect to an adjudicatory proceeding the decision of which is pending before his agency. It would be of similar questionable propriety for us to join with him in a congressional forum on questions which go directly to issues pending before the Commission. We agree, however, that aside from those issues his testimony should not be left unanswered, in view of the fact that it—

(1) Does not correctly set forth the law as to pooling agreements in general;

(2) Leaves the erroneous impression that the most recent coffee pooling agreement (No. 9040) has not been approved by the Commission;

(3) Evidences a complete misconception on his part with respect to ocean steamship rates on coffee; and

(4) Is inaccurate and/or misleading on virtually every aspect of the financial results of the earlier coffee pooling agreement (No. 8505) in its original form and as amended.

The law as to pooling agreements

Mr. May made quite a point of an asserted "staff position" that "pooling agreements are prima facie unlawful." We, of course, have no way of knowing the mental attitude of unnamed members of a large staff, but the only evidence of such position that has come to our attention is that stated by the hearing counsel in Docket No. 1096, which differed somewhat from the attitude of the hearing counsel in Docket Nos. 967/970, having to do with agreements 8640 and 8640-1.

By contrast, the presiding examiner, whose initial decision in Docket No. 1096 was served on February 14, 1964, certainly expressed no such opinion, and none has been expressed in the reported decisions of which we are aware. Quite to the contrary, in *Alcoa Steamship Co., Inc. v. CAVN, et al.*, 7 F.M.B. 345, affirmed 321 F. 2d 756, the Commission stated the exact reverse of that proposition, "Agreements within the scope of section 15 of the Act are approvable unless we find them to be contrary to the provisions of that section."

Nor is there any support for such a proposition in the legislative history from which that section evolved, which consists primarily of "The Alexander Report" (H. Doc. 805, 63d Cong., 2d sess). That report contains a quite comprehensive discussion of pooling agreements as constituting "one of the ways in which conference members regulate competition among themselves." It describes a pool as "Pooling the freight money from all or a portion of the cargo, the same to be divided in certain agreed proportions among the lines which are parties to the agreement," and goes on to state, "The pool is generally managed by some designated official on such a basis that, after provision is made for certain payments to meet the cost of running the steamers, the balance of freight money is divided among the lines in such a manner that each obtains in the apportionment the amount allotted to it by the terms of the agreement. In some cases * * *, each line is allotted a stipulated percentage of the total traffic, and at stated intervals an adjustment is made whereby the line or lines which have overcarried their allotment must pay to the lines which are short of their proportion a certain stipulated compensation" (pp. 285-286). There can be no doubt but that Congress knew exactly what it was dealing with when it included pooling agreements, alongside of conference agreements, within the purview of section 15.

Also, Congress had before it when it enacted section 15 an authoritative discussion of the merits of such agreements. The report has this to say on the subject of rates (p. 300): "Rate wars are detrimental to the interests of small shippers because the object in every rate war is to obtain the freight of large shippers by offering special rates. The inevitable result of rate wars is a gradual monopolization of the trade in given commodities by the more powerful shippers." It went on to point out the advantages and benefits to be derived from pools, saving in part, "Certain ports may be placed on a reasonable footing in freight rates, although the present movement of freight would warrant much higher rates. This is especially true where pooling is practiced." "In connection with the operation of a steamship conference", as reported by the New York committee, 'pooling is nothing more than an equalization of expenses and earnings by the component members of a conference with the object that the conference shall furnish all the facilities that are demanded for the transportation both of profitable and unprofitable cargo and for the accommodation of the least profitable as well as the most profitable ports * * * it enables the conferees to give service within the area of the conference operations at small or unimportant ports, often at a loss, which would have to be neglected unless such loss could be equalized by being brought into a division of the earnings with the other vessels which serve the more important ports.'

Under the heading of "Recommendations" the report states: "These advantages, the committee believes, can be secured only by permitting the several lines in any given trade to cooperate through some form of rate and pooling arrangement under Government supervision and control" (p. 416).

In the years subsequent to the Alexander report various congressional committees have examined pooling and related agreements. As recently as 1962 the Celler committee thoroughly investigated steamship practices generally, including pooling agreements. No change in existing law relating to pooling agreements resulted from that investigation although conference rate fixing and dual rate agreements were singled out for special treatment. The Celler committee commented upon pooling agreements:

"(3) *Effects of pooling agreements.*

"There are undoubtedly economic reasons which compel steamship lines to enter into one or more of the types of pooling agreements outlined above. Elimination of overlapping and duplicating transport facilities, the benefit derived from

offering more frequent sailings, and distribution of the risks of the trade are but a few of the advantages accruing to participants in pooling arrangements. A pooling agreement may also assist in counteracting discriminations based upon nationalistic preferences of foreign governments * * *” (Report of the Antitrust Subcommittee No. 5 of the Committee on the Judiciary, House of Representatives, 87th Cong., H. Rept. 1419, p. 171).

Although the Celler committee also listed some disadvantages of pooling agreements, and specifically questioned subsidized operators' membership in them, its only recommendation concerning pooling agreements was:

“6. The Commission should review all pooling agreements and other section 15 agreements to determine if they are actively functioning. Those that are inactive should be formally terminated by the Commission so that residual authority for such transaction will not be outstanding. Participants in all active section 15 agreements, other than Conference agreements, should be required to file periodic reports showing tonnages pooled or otherwise affected, revenues earned and distributed, sailing schedules adopted, and any other matters agreed upon. Such agreements should not be permitted by the Commission to be employed merely as devices by foreign lines to coerce American lines into bestowing upon them restrictive rights to any segment of our foreign commerce” (Ibid. p. 399).

The status of agreement 9040

Mr. May's testimony leaves the distinct impression in the record that Agreement 9040, the new coffee pooling agreement, is “pending before the Commission” in its entirety (Tr. 824, 827); that it is subject to an “investigation” ordered by the Commission (Tr. 831). Whether or not intentional, that is an incorrect impression of the status of that agreement.

There is no question, of course, but that the Commission may order an investigation of a pooling agreement at any time, before or after approval, and disapprove it or withdraw its approval after hearing. The proceeding now before the Commission, however, is not of that sort. The Commission never has ordered an investigation of the agreement. Rather, shortly after the agreement was filed with the Commission, a member of the Conference and a signatory of the pool, Nopal Line (Norwegian flag), filed a formal complaint, docketed as No. 1096, in which the other pool participants were named as respondents. The gravamen of its complaint, and the relief which it requested, went solely to the matter of the quota to which it is entitled under that agreement, as filed. By order of June 11, 1963, prior to hearing in docket No. 1096 the Commission approved the agreement, conditioned upon acceptance by the parties of a modification which provided that there be no payments into or out of the pool until the Commission decides docket 1096, and that thereafter distribution shall be made in accordance with that decision. In its order the Commission specifically stated that “examination of agreement 9040, as so modified, fails to show it to be unjustly discriminatory or unfair, detrimental to the commerce of the United States, or violative of the Shipping Act, 1916, as amended.” The modification was accepted by all parties to the agreement, and the Commission was advised of such acceptance on August 22, 1963. Thereafter, by letter of August 28, 1963, the Commission acknowledged receipt thereof and advised the pool administrator that “approval of agreement 9040 has been recorded effective as of said date.” Contrary to what Mr. May said, we have here an approved agreement, and the only question now in issue before the Commission is the level of quotas in that agreement.

We repeat that the Commission has full power in the premises, but the fact is that so far as this agreement is concerned it has been approved as to general form and content and is by no means “pending” in an investigation proceeding.

Ocean rates on coffee

Mr. May undertook to equate pool payments with the increase in the rate on coffee from Brazil to the United States, established by action of the Brazil-United States-Canada Freight Conference, located in Rio de Janeiro, from \$2.50 to \$3 per bag, effective April 1, 1964. His statement that “even though” under a \$2.50 rate the pool carriers were able to make enough revenue in a 6-month period to be able to pay over \$337,000 * * * they still raised the rate * * * demonstrates a complete misconception of the situation and of the working of the pool. In the first place, the payments to the pool are only the transfer of revenues from carriage of coffee, whatever they may have been. Had the rate been lower, the payments would have been less; had the rate been higher, the payments would have been more. The fact of turning over of coffee revenues

to the pool is dependent solely upon carryings in excess of quota, not upon the profitability or nonprofitability of the operation.

Mr. May does not mention the fact that the rate on coffee had not been increased since 1957, despite substantial increases in costs, increases in the rates on other commodities in that trade and on coffee in other trades. Neither does he mention the fact that the rate on coffee from Brazil to the U.S. Pacific coast, where there is no pooling agreement, also was increased at the same time, from \$2.75 to \$3.25 per bag. Mr. May also fails to note that the increase in the freight rate amounts to only about one-third of a cent per pound. As to the discussion (Tr. 829) about the cost of a cup of coffee, if a housewife used as much as 5 or 6 pounds of coffee a month the per bag increase in rate would add only about 2 cents a month to her budget (or translated to a per cup figure the increase would amount to 0.008 cent).

On the matter of so-called tourist coffee, shipped from Brazil to Europe, and later forwarded to the United States, Mr. May's statement that the Commission's Bureau of Investigation has informed the Commission that coffee "can be shipped more cheaply" by such routing, raises the question of where the Bureau obtained such information, which is completely contrary to advice obtained by the Chairman of the Brazil-United States-Canada Freight Conference directly from the lines operating in the Brazil-European trade.

The exchange between Mr. May and the chairman which appears to agree on the idea that "one of the American-flag lines' presidents" has sought to have the Commission take action to increase the rate applicable via Europe, also is at variance with our information.

As to the comparative rates, prior to April 1, 1964 (the period to which the testimony appears to be directed), they were:

From Brazil to United States: \$2.50 per bag, or \$41.67 per 1,000 kilos.
 From Brazil to United States Atlantic coast via European ports: \$45 per 1,000 kilos.
 From Brazil to United States gulf coast via European ports: \$52.50 per 1,000 kilos.

The latter rates should be noted in the light of the fact that the rate from Brazil to those European ports was \$41.30, and the rate from those ports to New York was \$27. Therefore, the through rate of \$45 is to be compared to a combination of separately published rates of \$68.30. One nonconference line had a rate from Europe to the gulf of \$23.25, which resulted in a combination of \$64.55, still a wide divergence from the through rates. The result of this low through rate, of course, was that coffee was transported to Europe for local use at a rate almost exactly the same as on coffee transported to the United States, but it could be reloaded and shipped on to New York for only \$3.70 additional.

At even that small additional cost, however (about 22 cents per bag) there would be absolutely no incentive to route coffee via Europe for reasons of rate, and every reason not to if transit time were a factor. The cause of such movement must be found in other factors, such as speculations in foreign exchange, credit irregularities, and the coffee market (with coffee in storage in European warehouses, closer to markets), or barter advantages. There also, of course, is the possibility that such movement involved irregularities of the sort that have plagued the marketing and transportation of coffee from time to time in the past. Coffee smuggling, shorts, false manifesting, etc., were among the causative factors underlying the promulgation by the Brazilian Government of the instruction, or decree, known as SUMOC 202. It is our understanding that it was to this aspect of the unexplained circuitous routing that representations were made to the Commission in an effort to enlist aid in solving the puzzle, and not with respect to the ocean rates via Europe.

As a matter of information, on April 1, 1964, the same date that the increased rate from Brazil to United States, direct, went into effect, the through rate via Europe also was increased. At this moment the comparison is:

Brazil to United States direct, \$3 per bag, or \$50 per 1,000 kilos.
 Brazil to New York, via Europe, \$47.50 per 1,000 kilos.
 Brazil to United States gulf, via Europe, \$55 per 1,000 kilos.

Announcement has been made that effective June 1, 1964, the rate from Brazil to New York via Rotterdam and Antwerp will become \$50.

It also should be noted that effective March 1, 1963, there was imposed a surcharge of \$3 per 1,000 kilos on coffee moving from Brazil to French, Belgian, Dutch, and German ports, but no such surcharge put on the coffee moving through those parts enroute to the United States.

Agreement 8505 and its financial results

Mr. May's testimony on this subject is set forth at pages 824-826 of the transcript. It is inaccurate in practically every detail, and with the erroneous assumptions contained in some of the questions which it provoked, it creates a completely false impression of the actual results of the agreement. We cannot understand the presence of these inaccuracies as the actual pool statistics, as compiled by the pool administrator, are contained in the files of the Commission. To accurately present those results we have prepared and attach a schedule of payments into and credits from the pool for each accounting period, to which we shall make reference hereinafter.

It should also be noted that there is a great deal of pertinent information in the Commission's possession bearing upon the genesis of the pool, its operation, and its purely statistical results, none of which may be found in Mr. May's testimony. There is one such matter that is deserving of special comment in the light of Mr. May's gratuitous characterization of pool payments to the Brazilian national line as "almost * * * a form of blackmail." We seriously question the propriety of such a charge, leveled against a friendly foreign nation, in connection with an agreement which operated pursuant to approval of both the United States Federal Maritime Commission and the Brazilian Maritime Commission. More importantly, however, Mr. May's testimony completely ignores the interest of Brazil in coffee—its most vital crop, and in its national line—Lloyd Brasileiro. Coffee is the backbone of the Brazilian economy, accounting for 70 percent of Brazil's exchange, and Lloyd as a Government instrument is required to participate substantially in the transportation of Brazil's most important export. Furthermore, such substantial participation is policy and a matter of national pride to the Brazilians, just as it is a matter of policy and pride in this country that American vessels participate substantially in this country's foreign trade.

While the attached statistical schedule itself fully and correctly sets forth the initial pool's results, we nevertheless feel that specific comment on some of Mr. May's glaring misstatements will serve to clarify the somewhat confused record now before the committee.

1. Mr. May stated he believed a pool had been in effect for "about 5 years."

Actually, the agreement to which he was referring covered the period of time from August 29, 1960, to February 28, 1963.

2. Mr. May states that since February 28, 1963, "the payments have been in abeyance pending the Commission's decision."

This is correct in that no payments have been made into or from any coffee pool for any period since that date. Complete accuracy, however, requires note of the fact that the old agreement expired on that date, and that it is the payments under the new agreement that "have been held in abeyance." (We have discussed the status of that agreement above.)

3. Mr. May states that for the last period of the expired agreement—August 29, 1962, to February 23, 1963—"there was a payment of \$337,000" to Lloyd Brasileiro and "that was paid by Delta Lines." He subsequently corrected that latter statement with the comment that the \$337,000 was paid "part from Delta and part from Nopal."

These statements are extremely misleading, particularly in light of what Mr. May left unsaid. For example, Delta's "part" of the \$337,000 was \$86,567.40 and not all of it went toward the payment from the pool to Lloyd, as Elma, the Argentine-flag line, also received a credit from the pool for the period—another fact omitted by Mr. May. It should also be noted that Mr. May here spoke only of the gulf segment of the pool and made no reference to the Atlantic segment.

The erroneous impression created by that selective testimony is evidenced by the chairman's question to the effect that "between \$650,000 and \$700,000 a year would be paid by an American subsidized line to this Brazilian line." The confusion and error were then compounded by Mr. May's response that "the records show that it [the payment by an American subsidized line] has been a total up to this most recent time of \$833,000. If you add this \$337,000 it brings you to around \$1,100,000." Each of the figures cited, both in the question and the answer, is a gross distortion of the fact as concerns payments into the pool by an American-flag line. Furthermore, Mr. May has misstated the amount of payment received by Lloyd from all gulf lines by including in his "around \$1,100,000" the amounts paid from November 23, 1960, through December 31, 1962, and then adding to it the payment for the period September 29, 1962, through February 28, 1963—thereby counting twice the payments incurred in October, November, and December of 1962.

Mr. May's recitation of "figures" relative to the pool also neglected those figures which show that Moore-McCormack and Delta revenue from coffee carried during the pool amounted to over \$11,500,000 and over \$8,000,000, respectively—unquestionably a significant omission for they are indicative of the great importance of coffee to the American lines.

4. When Mr. May compares the situations of the Norwegian line and the Brazilian line in the gulf trade, he does so on the basis of the last pool period, and contrasts carryings of 36 percent Nopal with 1 percent by Lloyd. While it is quite true that Nopal has been a consistent overcarrier and Lloyd an undercarrier in the gulf trade, that comparison for a period during which Lloyd was beset by strike troubles does not show a true picture. The first period, for example, had Nopal carrying just under 20 percent and Lloyd just under 10 percent.

More important, perhaps, is that Mr. May says that despite Nopal carrying more Lloyd "was still paid" the \$337,000. That, of course, misses the whole point of a pooling agreement. Had Lloyd not carried less, it would have been paid nothing. It should be noted also that Lloyd, or any other of the gulf lines, for that matter, had the physical capacity to carry all the coffee moving.

5. When Mr. May speaks of payments "by the American subsidized lines to the Brazilian line," he leaves the record in a most confused state. No payments are made from one line to another. Payments are to the pool in proportion to excess carryings and from the pool in proportion to deficit in carryings (so long as required sailings are met), during the accounting period. The attached schedule illustrates the changes that have occurred from one period to another.

6. Mr. May's affirmative answer to the question stating a proposition that the American-flag line pays a portion of its subsidy to a Brazilian line is completely in error, and demonstrates a lack of understanding on his part of the purpose and the mechanics of the subsidy contracts, as well as of the operation of the pool.

Subsidy contracts under the Merchant Marine Act of 1936 are so conceived and so administered that the contractor is reimbursed for the difference between his costs under the American flag, principally wages, and the costs of the foreign-flag lines. Its sole purpose is to put him on a parity with the foreign-flag lines. In essence, it merely allows him to pay wages at the American scale. Subsidy payment is in no way related to the operator's revenues, his losses, or his profits. Its purpose is solely to permit him to operate at costs reasonably related to those of the foreign-flag lines, and it is to those costs that subsidy payments must be and are put if the operator is to exist.

Pool payments, by contrast, are a portion of the gross revenues from coffee carried in excess of quota. If there are no carryings in excess of quota there are no such revenues. If carryings are less than quota, the operator receives payments from the pool. In either event, there is no relationship between such payments and the parity subsidy contemplated by the 1936 act.

As the foregoing demonstrates, a true picture of the financial results of the pool can be had only by looking at those results period by period as shown on the attached schedule, not by Mr. May's inaccurate and selective comments on those results. Mr. May's testimony leaves the impression that the pool is a one-sided arrangement which requires payment by American-flag lines and provides credits for foreign-flag lines. The fact is, as clearly shown by the schedule, that the situation as to pool payments and credits varied quite widely from period to period. As is also clearly shown, the pool arrangement was by no means a one-way street. Mr. May expresses criticism of the agreement based upon his selective choice of figures showing in highly exaggerated fashion payments into the pool by an American-flag line and credits to the Brazilian-flag line. The fact is that the only lines who have expressed dissatisfaction with the pool are some of the foreign-flag lines who feel that they paid in too much. Mr. May mentions only the Delta-Lloyd comparison. He does not mention the foreign-flag lines who were overcarriers, and consequent contributors to the pool; nor does he mention that Moore-McCormack Lines, the other American-flag-line participant in the agreement, was an under carrier during all but one pool period, and as a consequence was the recipient of substantial credits. The fact is that foreign-flag lines, during all of the pool periods combined, paid to the pool more than 80 percent of its total receipts, and that an American-flag line received credits of more than 17 percent of the total.

The situation that has existed during the first two periods of the new agreement, payments under which are being held in abeyance as mentioned above, also

illustrates the variance from period to period. It will be noted from the attached schedule that for the most recent of those periods, which ended February 29, 1964, on the basis of the pool administrator's tentative figures, both of the American flag lines were undercarriers, and are recipients of credit, and that Elma, the Argentine line, which during several preceding periods was a consistent under-carrier, is a substantial overcarrier and hence required to make a substantial payment to the pool.

We should also comment on the impression which Mr. May's testimony leaves to the effect that the Commission and its predecessors have always looked with extreme disfavor upon pools. While it certainly is correct that under normal circumstances no carrier is anxious to enter into a pooling agreement, the history behind such agreements demonstrates that they have come into existence to eliminate disruptive factors in a particular trade, such as malpractices or over-tonnaging, and thereby promote stability. The maritime agencies have constantly been aware of the need under such circumstances for pools and have not only approved but also encouraged the participation of United States-flag lines in pools. For example:

"Failure of shipping lines to cooperate in reducing excess vessel tonnage in operation has been an important factor in the past. *The practice of pooling freight earnings has relieved this situation somewhat, since it removes most of the incentive for the employment of tonnage in excess of requirements and insures a fair percentage of business to lines entering into such agreements. The fleet corporation has endeavored to encourage and assist American-flag lines in the negotiation of such agreements, of which the following are characteristic.* * * *" (Annual Report 1933, p. 61, U.S. Shipping Board Bureau of the Report of Commerce.)

In conclusion, it is our opinion that Mr. May does not accurately state the facts with respect to the coffee pools, the law as to pooling agreements, or the role of subsidy in connection therewith.

Very truly yours,

IRA L. EWERS
W. B. EWERS
DONALD MACLEAY
HAROLD E. MEISROW.

FEDERAL MARITIME COMMISSION,
Washington, D.C., May 1, 1964.

HON. PAUL H. DOUGLAS,
Chairman, Joint Economic Committee,
Congress of the United States,
Washington, D.C.

DEAR MR. CHAIRMAN: On April 13, 1964, Delta Steamship Lines, Inc., and Moore-McCormack Lines, Inc., submitted for the committee's records a memorandum prepared by the companies' attorneys, Messrs Macleay and Ewers. That memorandum purports to be an analysis of my testimony before your committee on March 26, 1964, and was submitted for the ostensible purpose of correcting the record.

At your request, I have reviewed the Macleay/Ewers memorandum and find it necessary to submit the following comments so that the record will, in fact, be corrected.

May I say generally that the Macleay/Ewers memorandum inaccurately reflects my testimony. It is recurrently critical of "impressions" purportedly created by my testimony and repeatedly criticizes not what I said but what I failed to say.

The "impressions" complained of are purely unrealistic and subjective reactions of the authors of the memorandum. I did not undertake to give a complete history of pools. My testimony consisted of answers to direct questions propounded by committee members. In contrast, the Macleay/Ewers memorandum presents a lawyer's brief on the whole question of the pool now pending before the commission for decision. I suppose my testimony was criticized because I failed to adopt and endorse in every particular the adversary position taken by Delta and Moore-McCormack in the Commission proceeding.

In review of the charges made in the memorandum, I believe your committee is entitled to the facts and that it is necessary to correct the record.

1. As I made clear in my testimony, your questions and my answers related only to the Gulf portion of the coffee pool.

2. Macleay/Ewers question the propriety of my testifying with respect to an adjudicatory proceeding pending before the Commission. As I noted in my

testimony, I testified in place of the Chairman, who must participate in the decision of the Nopal coffee pool case. Your committee is entitled to the facts of record and to the staff position, which is likewise a matter of record. As Managing Director, I in no way participate in the decision of the case. To the contrary, it is my responsibility in supervising the Office of Hearing Counsel, to take an adversary position where, in my opinion, the public interest requires it. The staff view of this matter was and is a matter of public record. It is precisely spelled out in briefs filed before the Commission; these briefs are public documents and available to any interested person. That being the case, it would be a curious situation if all the world could have access to the staffs' views on the case, but a duly authorized congressional committee could not question me about them without participating in an impropriety.

I note that Messrs. Macleay and Ewers question the propriety of their commenting on this matter in a congressional forum. Presumably they resolved the doubt, for their comments were delivered not only to your committee and the newspapers, but to each Commissioner who has to make the judicial decision in the case.

3. In my testimony I made it perfectly clear that I could speak only for the staff, that the Commissioners ultimately had to decide cases and questions of policy.

4. There is a staff position on this matter, concurred in by all principal elements of the staff. I will again repeat that it is the staff's position that pooling agreements are *prima facie* unlawful. As any lawyer knows, this is a legal device for establishing the burden of proof. It is quite true that the shipping statutes do not make pooling agreements unlawful. The statute left for the Commission, in the exercise of its regulatory function, the decision as to what anticompetitive agreements would not be contrary to the public interest, and the conditions of approval of such agreements. It is the staff's position that pooling agreements of this type are the ultimate anticompetitive device and as such should not be approved in the absence of a demonstration by the applicants that such a device will not be contrary to the public interest.

The Commission is free to accept or reject this staff recommendation. When the Commission has made its decision, that decision will become the policy of the staff. Before the Commission acts on a formal matter, however, it is the responsibility of the staff to formulate positions and make recommendations thereon to the Commission. And this is not done in secret. The staff makes its position known publicly in a formal proceeding, and there is full opportunity for all parties to the proceeding to contest the staff position and argue a different position. In this way the Commission is assured of a complete record, with all sides being heard, upon which to base its decision.

5. There were inaccuracies in my testimony concerning the financial operations of the pool and I wish to correct the record. I testified that the pool had been operative for 5 years. In fact the pool, designated as agreement No. 8505, as amended, was divided into five periods which covered $2\frac{1}{2}$ years. The pool designated as agreement No. 9040, the successor pool, has been in effect since March 1, 1963.

I stated that Lloyd, the Brazilian line, had received pool payments for the period November 23, 1960, through February 28, 1963, of "around \$1,100,000." Actually the payments were both to Lloyd and Elma, the Argentine line, and the total payment was \$958,904.48. However, only \$12,479.22 of this was paid to Elma, and \$946,425.26 to Lloyd.

I further testified that the American line, Delta, only paid "roughly one-fourth," or \$250,000 of the payments to Lloyd and that NOPAL, the Norwegian line, paid the rest. This was a substantial underestimate. Actually Delta paid \$412,010.99 of the \$958,904.48 or 43 percent.

Aside from these corrections, my testimony is factual and accurate. I did not purport to present every fact about the pool and restricted my testimony to the gulf portion of the pool, since that was the only area into which inquiry was made by the committee.

6. Macleay/Ewers contend that the "staff position" that "pooling agreements are *prima facie* unlawful" does not comport with law, citing the 50-year-old legislative history of the Shipping Act—the Alexander report, selected passages from the Celler report, and a 20-year-old annual report of the Shipping Board.

Obviously, the forum of a congressional committee is not the place to establish the "law" on any given question—particularly when that very question is pending before the agency. Hearing counsel's brief adequately states the "staff" view of section 15 with respect to pooling agreements—particularly with respect to

agreement No. 9040. There, it is argued that a pooling agreement is the ultimate weapon in the carriers' anticompetitive arsenal and a "need" or "justification" for such an extraordinary device must be established before it can be approved and no "need" or "justification" was shown. Cases were cited (1) where, in denying approval of a dual rate system¹ the Commission stated:

"* * * the critical feature of this case is not the possibility of monopoly, but the nonexistence of a competitive need in this trade for a dual rate system * * *"

(2) Where the present Chairman dissenting from Commission approval of a mere rate-fixing agreement² stated:

"* * * no present urgent necessity has been proven with relation to the agreement concerned here."

And concluded:

"If rates cannot be stabilized within [the Conference] structure, then we should take another hard look at the conference/dual rate system."

And (3) where the Commission condemned a stevedoring agreement,³ stating:

"Our national policy makes free competition the rule, and monopoly the exception *which must be justified*, and here respondents have failed to justify the desired monopoly." [Emphasis added.]

The Cavn cases⁴ cited by Macleay/Ewers are substantially different from the coffee pool. While SUMOC 202 remains in effect, the coffee pool covers 100 percent of the cargo covered. Under the Cavn agreement "about 75 percent of the total cargo in the trade is freely accessible to the other lines" (7 F.M.B. 345 at p. 354). In the Commission's Cavn report, it is noted that "the proposed agreement represents an attempt by the American-flag line, Grace, to counteract the effects of growing pressures and campaigns in Venezuela to ship via Cavn, the Venezuelan national line" (Ibid p. 347). In its decision upholding the Commission, the Court of Appeals for the District of Columbia Circuit specifically noted:

"The Commission expressly signified its readiness to look at the agreement again in the light of any such actions [further restrictive measures by Venezuela] or upon a future showing that the agreement was in fact having devastating consequences. This it is empowered to do under the reserve powers given it by section 15 of the Shipping Act."

The Macleay-Ewers memorandum cites the Alexander report as containing "a quite comprehensive discussion of pooling agreements as constituting 'one of the ways in which conference members regulate competition among themselves.'" The memorandum quotes pages 285, 286 of the report which merely describes pooling arrangements. The report, however, is more "comprehensive" than the memorandum reflects. The report notes that while rate competition by conference lines ceases under rate setting agreements, "competition in facilities continues" (p. 298), and that "Shippers are not placed at the mercy of the conference lines, because in nearly all the important branches of the American foreign trade there is competition * * *" (p. 299). These safeguards are utterly impossible in the coffee pool wedded, as it is, to SUMOC 202.

The report chronicles the disadvantages of conferences and agreements brought to the Committee's attention: "all monopolies are liable to abuse" (p. 304); "The primary object of such conferences and agreements is to prevent new lines from being organized in a trade and to crush existing lines which refuse to comply with the conditions prescribed by the combination * * *. The methods which have been adopted from time to time to eliminate competition show the futility of a weak line attempting to enter a trade in opposition to the combined power of the established lines when united by agreement * * *. Moreover, the federated lines can conduct the competitive struggle [with 'outsiders'] with the comfortable assurance that, following the retirement of the competing line, they are in a position to reimburse themselves through an increase in rates" (p. 304); "Conference lines are apt to become increasingly powerful within their respective areas, even to the extent of controlling the tramp traffic, until their limited monopoly of today, will become practically unrestricted." (P. 306.)

The Alexander Committee, fearing open competition could not be assured for any length of time, recommended,⁵ in spite of the disadvantages involved that lines be permitted "to cooperate through some form of rate and pooling arrangement under Government supervision and control" (p. 416) in order to secure the

¹ Contract Rates, Trans-Pacific Freight Conference of Japan, 4 F.M.B. 744 (1955).

² Agreement 8765 Between U.S. Flag Carriers in the Gulf/Mediterranean Trade (Docket 1062, Feb. 7, 1963).

³ California Stevedore & Bailiat Co. v. Stockton Port District (Docket No. 898, June 26, 1962).

⁴ 7 F.M.B. 345 (1962) and 321 F. 2d 756 (1963).

⁵ The Celler report terms this recommendation "grudging recognition" (p. 385).

advantages available—improvement of service (p. 295), stability of rates (p. 297), uniform rates to all merchants (p. 300), prevention of elimination of weaker lines from the trades (p. 300), maintenance of rates from United States to foreign markets on a parity with those from other countries (p. 301), reduction in the cost of service (p. 302), and the cost of service more economically distributed (p. 302). Hardly any of these advantages will spring from the coffee pool.

The Macleay-Ewers reliance on the Celler report is likewise misplaced. The quoted portion of that report citing advantages⁶ of pooling agreements stops two paragraphs too soon. The next paragraph reads:

"At the same time, the many disadvantages to the public from pooling agreements should not be overlooked. In the first place, as the board's public counsel argued in excepting to a favorable ruling of the trial examiner on the Lykes-Harrison pool, 'pooling agreements are bald efforts to substitute monopoly for competition.' To this extent, pooling agreements may tend to discourage active and vigorous solicitation of cargo, opening of additional office, furnishing of additional services to shippers, etc.

"Pooling agreements are particularly questionable when their participants include American subsidized lines. While conference agreements restrict rate competition among members, they do allow for the full play of competitive forces insofar as service to shippers is concerned. Pooling agreements, on the other hand, eliminate this form of competition, at least as between their signatories, as it makes little difference from the standpoint of any pool participant whether he is more or less successful than others if the agreement assures him of a given share of total joint revenues and cargoes" (pp. 171, 172). [Emphasis added.]

In its recommendations, the Committee stated:

"1. The Federal Maritime Commission should maintain extreme vigilance in its enforcement of sections 14, 15, 16, 17, and 20 of the Shipping Act, 1916, so as to insure that the steamship conferences do not, by unlawful and predatory devices, totally eliminate independent competition (p. 395).⁷

* * * * *

"6. The Commission should review all pooling agreements * * *. Such agreements should not be permitted by the Commission to be employed merely as devices by foreign lines to coerce American lines into bestowing upon them restrictive rights to any segment of our foreign commerce." (P. 399.)

It is submitted that there is nothing in the Alexander or Celler reports which equates pooling agreements with mere transshipment or rate fixing agreements.

7. The Macleay-Ewers memorandum states that the pool has been fully approved. It is the staff's contention that approval is still pending.

Docket No. 1096 is a "complaint case" and to that extent it is not an "investigation" in the narrow, technical sense of section 22 of the act which authorizes the Commission, upon its own motion, to undertake, investigate formal agency proceedings.⁸

Here, the formal complaint sought "an order modifying proposed Agreement No. 9040 so as to accord to NOPAL line a fair and nondiscriminatory share in the gulf money pool, and approving said proposed Agreement No. 9040 as so modified; or, in the alternative, *disapproving said agreement unless the proposed parties thereto so modify said agreement, together with said other and further relief as the Commission shall deem just and proper.*" [Emphasis added.]

On June 11, 1963, the Commission conditionally approved No. 9040, adding a proviso, accepted by the parties: "provided that no moneys shall be paid into the escrow fund established by the agreement, nor shall any moneys be distributed from such fund or otherwise among the parties, until such time as the Commission issues its final decision in docket 1096, and provided further that distribution at that time shall be made in accordance with such decision."

While the Macleay/Ewers memorandum flatly states that the Agreement was approved upon the acceptance of the condition and the return thereof to the Commission on August 22, 1963, we note that Mr. Ewers' brief filed on October 21, 1963 concludes " * * * the agreement should be approved." Similarly, in their

⁶ "Elimination of overlapping and duplicating transportation facilities, the benefit derived from offerings more frequent sailings, and distribution of the risks of the trade * * *." These either will not be accomplished or are unnecessary in the coffee trade: overlapping facilities have not and will not be eliminated. In the gulf alone, each carrier has the capacity to carry all the coffee. More frequent sailings are not needed. No "risk" visits Lloyd in the pool; Lloyd does not enjoy the confidence of American consignees who pay the freight and, in most instances, nominate the carrier.

⁷ Under the pool, with SUMOC 202, there can be no outside direct competition—even from tramps.

⁸ "Sec. 22. That any person may file with the board a sworn complaint setting forth any violation of this Act, * * *. If the complaint is not satisfied the board shall, except as otherwise provided in this Act, investigate it in such manner and by such means, and make such order as it deems proper * * *."

"The board, upon its own motion, may in like manner and, except as to orders for the payment of money with the same powers, investigate any violation of this Act."

briefs filed in October, counsel for Brodin and for Lloyd state that the agreement should be approved. These are hardly the conclusions counsel defending an approved agreement could be expected to make.

8. Macleay/Ewers note that the \$2.50 rate on coffee had been firm since 1957. Payments under the *Gulf section* of the pool—by their own statistics some \$958,904.48⁹ between November 1960 and February 29, 1963—obviously constitutes surplus revenue to that extent. Prior to April 1, 1964, Macleay/Ewers state, the rate on coffee from Brazil to U.S. Gulf via Europe was \$52.50 per 1,000 kilos. A tariff filing (copy attached) indicates the rate was \$47.50. Further, a letter from the Green Coffee Association of New York City, Inc. (copy attached), indicates that the Conference's new direct rate—\$3.00—makes it the "highest import freight rate for coffee from any part of the world * * *"

In any event, the Macleay/Ewers memo states that prior to April 1, 1964, the rates were:

"From Brazil to U.S.—\$2.50 per bag, or \$41.67 per 1,000 kilos.

"From Brazil to U.S. Atlantic Coast via European ports—\$45.00 per 1,000 kilos.

"From Brazil to U.S. Gulf Coast ports via European ports—\$52.50 per 1,000 kilos."

Except for the direct rate—which is the filed Conference rate—the source of their information is not furnished. A through rate from Brazil to U.S. Gulf ports, via Amsterdam, noted above, has been on file with the Commission since February 1962, and it states as the through rate \$47.50 per 1,000 kilos.

Similarly, the statement on page 10 of the Macleay/Ewers memorandum that the current Brazil-North Atlantic via Europe rate is \$47.50 per 1,000 kilos appears to be in error. There is on file with the Commission a through rate established by Holland America for Brazil-North Atlantic coffee via Europe, effective April 6, 1964, in the amount of \$43.00 per 1,000 kilos.¹⁰

9. Macleay/Ewers state "we cannot understand the presence of these inaccuracies as the actual pool statistics, as compiled by the pool administrator, are contained in the files of the Commission," and have attached to the memorandum a schedule purporting to show, by period, all payments into and disbursements from (including paper credits and debits) the pool under (1) Agreement 8505 and (2) Agreement 9040.

So much of their schedule which reflects operations under Agreement 8505 squares with the exhibits in Docket 1096. Thus in the Gulf section of the pool, Delta paid to undercarriers \$412,010.99 and NOPAL paid \$546,893.49. The two undercarriers Elma and Lloyd received respectively \$12,479.22 and \$946,425.26. From both sections of the pool the two South American-flag carriers received from other pool participants a total of \$1,524,521.72 for not carrying coffee. This amount was divided \$1,314,921.15 to Lloyd and \$209,600.57 to Elma. In addition to the prior pool payments under Agreement 8505, there were also payments made to Lloyd by 12 carriers in the trade under Agreement 8205 (Docket 1096, Ex. 3), commonly called the "Alimony Agreement" which amounted to \$392,418.25. Of this sum, Delta contributed \$98,589.65 and Moore-McCormack contributed \$135,550.19. The Alimony Agreement was in effect between April 1, 1956, and August 28, 1960, when Agreement 8505 replaced it.

The "Tentative Pool Results—Agreement 9040" contained in the Macleay/Ewers attachment are not amenable to checking in the files of the Commission, the above quoted language of the Macleay/Ewers memo notwithstanding. Despite Article 13 of Agreement 9040 which reads: "copies of accountings shall be furnished fully to the Governmental agency charged with the administration of section 15 of the Shipping Act, 1916, as amended," no accountings or tentative accountings had been filed with the Commission at the time of the Macleay/Ewers memorandum. The pool administrator was instructed to furnish them immediately.

The only authoritative tentative statistics under Agreement 9040 are contained in Exhibit 70-A in Docket 1096 and that exhibit covers the period from March 1, 1963 through July 3, 1963. It should be noted that these tentative statistics only cover five-sixths (5/6) of a pool period. The exhibit shows, however, that the net results of the Gulf pool to that date would require Delta to pay into the pool \$104,531.00 and NOPAL to pay \$49,548.00. Lloyd would receive \$92,959.00 and Elma would receive \$61,120.00. The record does not contain any tentative statistics with respect to the Atlantic segment of the pool. It is also interesting

⁹ \$412,010.99 by Delta and \$546,893.49 by NOPAL.

¹⁰ Holland America Line Through Rate Tariff N.A. No. 1. (It has since been replaced by Tariff N.A. No. 2, effective April 10, 1964, but the coffee rate is the same.)

to note that in 1947 when there was apparently no pooling arrangement in effect in the trade, Delta carried 90 percent of the Brazilian coffee moving directly to the Gulf whereas in 1962 Delta carried but 61.7 percent of the coffee (Docket 1096. Ex. 53).

Although my testimony related only to the gulf portion of the pool, Macleay/Ewers insist upon lumping the financial results of the two portions of the pool.

If the two portions of the pool are considered it must fairly be noted that Moore-McCormack, the other American-flag line in the pool, has financially benefited, because it was an undercarrier. According to the Macleay/Ewers attachment they were paid or are to be paid under agreements No. 8505 and No. 9040 a net of \$340,975.42.

On the other hand, however, Lloyd has been a recipient of payments or credits under agreement No. 8505 and No. 9040 totaling \$1,186,170.26 in the gulf trade and \$899,308.89 in the Atlantic trade. Thus, for not carrying coffee, Lloyd has received aggregate payments or credits in the amount of \$2,085,479.15.

10. The ultimate decision as to whether the coffee pool is in the public interest must be made by the Commission. The Commission has had the benefit of all the conflicting views and arguments regarding the pool. A summary of these views has been presented to your committee by the pool participants and in this letter by the Commission's staff. The responsibility for reconciling these differences and determining the public interest resides with the Commission. In exercising that responsibility, while the Commission should have a full and complete record before it and afford a hearing to all sides, they should be insulated from any pressures, regardless of the source, that would interfere with a fair and unbiased decision.

Copies of this letter will not be sent to the Commissioners nor to the newspapers, because I believe it would be improper to bring to the Commission's attention, in an ex parte fashion, this type of extra record material.

Sincerely yours,

TIMOTHY J. MAY,
Managing Director.

GREEN COFFEE ASSOCIATION OF NEW YORK CITY, INC.,
February 6, 1964.

Mr. W. A. STIGLER,
*Director,
Bureau of Foreign Regulation,
Federal Maritime Commission,
Washington, D.C.*

MY DEAR MR. STIGLER: The board of directors of the Green Coffee Association of New York City, Inc., today voted unanimously to protest the increase in ocean freight rates on green coffee filed by the Brazil-United States-Canada Freight Conference from \$2.50 per bag to \$3 per bag, which will become effective March 1, 1964. Our members feel strongly that this increase is unwarranted in view of the following:

1. The new rate of \$3 per bag is equal to \$51 per ton, which is the highest import freight rate for coffee from any part of the world, and unrealistic in comparison with these other rates.

2. Our trade can import coffee into the United States, with transshipment in Europe, at considerably less than \$51 per ton, and it stands to reason that this coffee must bear the same loading costs in Brazil and discharging costs here, as well as long transit time and transshipment-storage charges in Europe.

3. The present pooling arrangement, which has the approval of the FMC, in our opinion violates the shipping act of 1916, sections 15 and 16, in that it creates a shipping cartel by virtue of one member, Brazil, enforcing regulation SUMOC 202, paragraph 3, resulting in shipping costs which are totally unreasonable and will operate to the detriment of the commerce of the United States.

We respectfully petition the Federal Maritime Commission to disapprove the application for freight increase under tariff 12. No such application should be considered until the petitioners provide realistic and absolute documentary proof that such increase is warranted.

Please acknowledge receipt of this letter and advise of any hearing to be held or other procedural steps which will provide the undersigned with an opportunity to be heard on this most urgent matter.

Very truly yours,

J. E. BURT,
Chairman, Traffic and Warehouse Committee.

TEXAS TRANSPORT & TERMINAL CO., INC.,

New Orleans, La., January 31, 1962.

Subject: Public Law 87-346—Filing of rates.

FEDERAL MARITIME COMMISSION,
Washington, D.C.

GENTLEMEN: Acting as agents for and on behalf of the Holland-America Line, we herewith file rates as shown on the attached sheet.

Yours very truly,

N. V. NEDERLANDSCH-AMERIKAANSCH E

STOOMVAART MAATSCHAPPIJ

(HOLLAND-AMERICA LINE),

TEXAS TRANSPORT & TERMINAL CO., INC.,

General Gulf Agents.

H. R. WALTHER,

Inward Freight Department.

HOLLAND-AMERICA LINE, ROTTERDAM

Westbound through rate, basis for transshipments via Rotterdam

Commodity	From—	To—	Through rate
Removal goods over 10 cbm. per package.	Gdynia.....	Gulf ports...	\$46 per 1,000 kg. or cbm.
Paint.....	Bergen.....	do.....	\$51 per 1,000 kg. or cbm.
Ship's stores.....	do.....	do.....	\$45.50 per 1,000 kg. or cbm.
Personal effects.....	LaRochelle/Pallice.....	do.....	\$65.50 per 1,000 kg. or cbm.
Coffee.....	Rio de Janeiro.....	do.....	\$47.50 per 1,000 kg.
Beer.....	Copenhagen.....	do.....	\$29.25 per 1,000 kg.
Mineral water.....	do.....	do.....	\$29.25 per 1,000 kg.

Filed by Texas Transport & Terminal Co., Inc., New Orleans, La., as general Gulf agents. New Orleans, La., Jan. 31, 1962.

AUGUST 2, 1963.

Mr. RUSSELL NEAL,

*Chief, Section 3, Corporation Tax Branch, Tax Rulings Division.*Mr. NATHAN GORDON, *Director, Office of International Tax Affairs.*

With reference to our telephone conversation of July 31, 1963, I would appreciate it if you were to have an informal memorandum prepared on the tax consequences of an arrangement among shipping lines along the lines described below. The memorandum is for the use of the Joint Economic Committee in connection with its consideration of techniques for dealing with discrimination in freight rates against goods shipped across the Atlantic from the west to east.

Assume that international shipping companies from the United States, England, and France enter into a contractual pooling arrangement approved by the Maritime Administration under which the shipping company of each country is allocated a certain proportion of the total freight moving between the United States and, say, North Africa. The U.S. line is assigned a quota of 30 percent of the total freight movement. Suppose, however, that the U.S. company, in fact, carries 40 percent of the freight during the year. It would be required to deposit into the pool its receipts from the carriage of the excess freight of 10 percent. It would subsequently receive back its pro rata share of this amount or 3 percent (30 percent of the 10 percent). The question arises whether the U.S. company, in reporting its gross income for tax purposes, would be required to include in its gross income the revenue it derives from carrying 40 percent of the freight or the revenue from carrying 33 percent of the freight. If the latter, would all the expenses incurred in carrying 40 percent of the freight be allowed as a deduction to the U.S. shipping company? Would its net payment into the pool be taxable to the other shipping lines?

Suppose that in a given year, the U.S. company carries 20 percent of the freight and gets a payment from the pool equivalent to 3 percent of the total freight receipts. Would the company include the 3 percent in its gross income?

The memorandum should cite rulings or decisions, if any, in support of the conclusions. The memorandum will be kept confidential and will not, of course, constitute a ruling in any way.

U.S. GOVERNMENT MEMORANDUM

SEPTEMBER 27, 1963.

To: Director, Office of International Tax Affairs, Treasury Department.
From: Director, Tax Rulings Division, T:R:C:3-TEE, Internal Revenue Service.
Subject: Contractual freight pooling arrangement.
Attention: Mr. Nathan Gordon.

This is in reply to your memorandum dated August 2, 1963, asking us to prepare an informal memorandum regarding the tax consequences of an arrangement among shipping lines as described below. The memorandum is for the use of the Joint Economic Committee in connection with its consideration of techniques for dealing with discrimination in freight rates against goods shipped across the Atlantic from west to east.

Under an arrangement approved by the Maritime Administration, international shipping companies from the United States, England, and France enter into a contractual pooling arrangement under which each of the shipping companies is allocated a certain proportion of the total freight moving between the United States and north Africa. The U.S. shipping company is assigned a quota of 30 percent of the total freight movement. If the U.S. shipping company actually carries 40 percent of the freight during the year, it would be required to deposit into the pool its receipts from the carriage of the excess freight of 10 percent. It would subsequently receive back its pro rata share of this amount (30 percent of 10 percent or 3 percent).

You pose several questions concerning the above described arrangements:

(1) Would the U.S. company be required to include in its gross income the revenues it derives from carrying 40 percent of the freight or 33 percent of the freight?

(2) If the answer to question 1 is 33 percent, would all the expenses in carrying 40 percent of the freight be allowed as a deduction to the U.S. company?

(3) Would the U.S. company's net payment into the pool be taxable to the other shipping lines?

(4) If in a given year the U.S. company carried 20 percent of the freight and gets a payment from the pool equivalent to 3 percent of the total freight receipts, would the U.S. company include the 3 percent in its gross income?

Section 61 of the Internal Revenue Code of 1954 defines "gross income" as "all income from whatever source derived."

Section 451(a) of the Internal Revenue Code of 1954 provides that the amount of any item of gross income shall be included in the gross income for the taxable year in which received by the taxpayer, unless under the method of accounting used in computing taxable income, such amount is to be properly accounted for as of a different period.

In *North American Oil Consolidated v. Burnet* (1932), 286 U.S. 417, the "claim of right" doctrine was established by the Supreme Court. This doctrine provides that if a taxpayer receives earnings under a claim of right and without restrictions, they are taxable in the year received, whether the taxpayer sees fit to enjoy them or not, even though it may still be claimed that he is not entitled to retain the money, and even though he may later be adjudged liable to restore its equivalent.

In connection with the "claim of right" doctrine, section 1341 of the Internal Revenue Code of 1954 provides a special tax treatment for repayments of items previously included in income in a prior taxable year under the "claim of right" doctrine. Such repayments are deductible in the year in which made, but very often the deduction does not compensate adequately for the tax paid in the earlier year. Section 1341 eliminates this inequity if the amount repaid exceeds \$3,000.

Section 162 of the Internal Revenue Code of 1954 provides that there shall be allowed as a deduction all the ordinary and necessary expenses paid or incurred during the taxable year in carrying on any trade or business.

In answer to questions 1 and 2, the U.S. shipping company should include in its gross income the total amounts received or accrued during its taxable year. However, the amounts which are turned over to the pool during the taxable year because of the carriage of excess freight would serve to reduce the amounts that are to be reported as income as of the end of the taxable year. If no payments of excess receipts are made to the pool during the taxable year, the U.S. shipping company would be required to report as income the revenues derived from carrying 40 percent of the freight. Amounts repaid in a subsequent taxable year, which were previously included in gross income for a prior year under the "claim of

right" doctrine, would be allowed as a deduction in the year repaid; and if all the provisions of section 1341 of the 1954 code are met, the U.S. shipping company would be entitled to invoke the provisions of this section. The U.S. shipping company would be entitled to deduct all its ordinary and necessary business expenses paid or incurred during the taxable year in carrying on its business, including the expenses in carrying 40 percent of the freight.

The answer to question 3 as to whether or not the other shipping companies would be subject to U.S. tax on the U.S. shipping company's net payment into the pool is dependent on the status of the other shipping companies under our income tax laws. In general, for purposes of the income tax, foreign corporations are divided into two classes; namely, nonresident foreign corporations and resident foreign corporations. A nonresident foreign corporation is a foreign corporation which is not engaged in trade or business within the United States at any time during the taxable year. A resident foreign corporation is a foreign corporation which, at some time during the taxable year, is engaged in trade or business within the United States. Every nonresident foreign corporation not engaged in business in the United States is taxable at the rate of 30 percent upon the gross amount of fixed and determinable annual or periodical income. A foreign corporation engaged in a trade or business in the United States is taxed at the same rates as domestic corporations. A foreign corporation whether resident or nonresident is taxable only on income derived from sources within the United States to the extent specified in sections 1.881-2 and 1.882-1 of the Income Tax Regulations. Section 883 of the Internal Revenue Code of 1954 provides, in general, in the case of ships under a foreign flag, that earnings derived from the operation of a ship or ships documented under the laws of a foreign country which grants an equivalent exemption to citizens of the United States and to corporations organized in the United States shall not be included in gross income of a foreign corporation and shall be exempt from taxation. It should be pointed out that treaties between the United States and foreign countries may also govern the tax treatment of certain types of income as well as certain taxpayers.

In connection with question 4, it appears that the U.S. shipping company was penalized for not carrying its assigned quota of the total freight. However, the fact that the company may be penalized under the pooling agreement for not carrying its portion of the total freight would not affect the amounts required to be included in gross income. Since in the factual situation presented, the U.S. shipping company carried 20 percent of the freight, it would be required to include in its gross income the revenues derived from carrying this amount of freight. In addition, any payments received from the pool should also be included in gross income. If the U.S. shipping company is obligated under the pooling agreement to make payments into the pool because it did not carry its quota of freight, such payments, if determined to be an ordinary and necessary business expense under the provisions of section 162 of the 1954 Code, would be allowed as a deduction in arriving at taxable income.

In conclusion, we would like to mention that the factual situation presented was not in sufficient detail for us to determine whether or not the freight pooling arrangement constitutes a partnership for Federal income tax purposes.

We hope the foregoing information will be of help to you in connection with the problem of discrimination in freight rates.

E. H. HATFIELD,
Acting Director, Tax Rulings Division.

(End of Part 3.)

PART 4
Shippers' Correspondence

SHIPPERS' CORRESPONDENCE

CHAVES & FEIST, LDA.,
Lisbon, August 23, 1963.

To CONGRESSIONAL JOINT ECONOMIC COMMITTEE,
Washington, D.C.

DEAR SIR: We have just read in Time newsmagazine of the ninth inst., page 52, a very interesting article about shipping.

As Portugal's most important distributors of toys, we have complained for many years about the difficulties in importing American toys due to the extremely high fees until same reach us.

Whereas toys being imported from many other countries used to cost about 1 percent f.o.b. and 6 to 10 percent (according to the volume) freight fees, we have to pay for American toys about 5 percent f.o.b. fees and an average of 30 percent freight.

We have an order pending with our exporters Messrs. Kraemer Mercantile Corp., 500 Fifth Avenue, New York 36, N.Y., to be forwarded in September, subject the exaggerated shipping freight fees we have paid up to now, will be reduced. Maybe you will succeed that this is being done immediately, otherwise we probably will be forced to cancel the order, buying similar goods elsewhere, as we have done in the past.

Thanking you for your attention we remain,

Yours faithfully,

CHAVES, FEIST & CA., LDA.

RIVERSIDE, CONN., *May 8, 1963.*

Hon. PAUL DOUGLAS,
Chairman, Joint Economic Committee,
U.S. Senate, Washington, D.C.

DEAR SIR: The writer was astonished to learn through the newspapers that you were unaware that the ocean freight rate charged to carry a product from the United States to a foreign country is higher than the ocean freight rate charged for carrying the same product from the same foreign country to the United States. The specific reference was to the matter of steel.

Although we believe that charging different ocean freight rates when carrying material in one direction than when carrying it in another is supposedly illegal, such freight rate practice is almost universally applied, and certainly applies to practically every heavy chemical known to the writer. Such freight rate discrimination is one of the principal reasons that many small businessmen who used to serve world markets have been forced out of business.

Although there may be great protests from various steamship lines, it certainly seems logical that the freight rate in one direction should be the same as the freight rate in the other, and I do hope something will be done to force the steamship lines to offer the same rate in either direction.

Incidentally, if it has not come to your attention, the writer believes you will find House Report No. 1419, dated May 12, 1962, extremely enlightening.

Yours very truly,

CARL DIXON.

1179

RIVERSIDE, CONN., May 17, 1963.

HON. PAUL H. DOUGLAS,
Senate Office Building,
Washington, D.C.

DEAR SENATOR DOUGLAS: Thank you very much for your letter of May 13 with enclosures, which I have read with great interest.

I have already had the pleasure of showing the shipping conference freight rates report, dated May 9, 1963, which you sent to me, to one or two of my friends, who were flabbergasted.

Whatever the case, I am very happy to say that one of my other friends in the industry will be sending to you in a day or two a rather detailed report of his efforts to overcome the problem, and will also send you information on a number of ocean freight rates to illustrate his point.

As you requested, I am giving you below three specific examples taken at random regarding these freight rates. I assure you, it would be possible to list hundreds. It seems to me that the way to overcome the problem, as previously mentioned, is that any time a steamship line quoted a freight rate in one direction, they should be automatically forced to quote exactly the same freight rate on the particular product in the other direction.

In any event, here are the rates:

Barium carbonate:

New York to Antwerp: \$20.75 per 2,240 pounds.
Antwerp to New York: 16.75 per 1,000 kilos.

Barium chloride:

New York to Antwerp: \$20.75 per 2,240 pounds.
Antwerp to New York: 16.25 per 2,240 pounds.

Sodium bicarbonate:

New York to Antwerp: \$31.00 per 2,240 pounds.
Antwerp to New York: 22.50 per 1,000 kilos.

Some phrases are used incidentally, such as "forced to quote such rates to meet competition" etc. These phrases are not objectionable in themselves; however, I still stick to the point that whatever freight rate is quoted in one direction should automatically be quoted in the other direction. If certain freight rates are temporarily reduced or increased in one direction for whatever cause, it should also apply in the other direction.

With very best regards, I remain,

Yours very truly,

CARL DIXON

DODGE CORK CO., INC.,
Lancaster, Pa., January 30, 1964.

Mr. THOMAS H. BOGGS,
Staff Economist, Joint Economic Committee,
Congress of the United States, Washington, D.C.

DEAR MR. BOGGS: Attached herewith is a photocopy of letter dated January 27, 1964, from the North Atlantic United Kingdom Freight Conference.

In effect, freight rates for cork closures on eastbound shipments have been equalized with westbound shipments. Last October, you may recall, there was a disparity of about 330 percent.

I am hopeful that other businesses are having similar experiences, and I am sure that it is due to the excellent work of the Joint Economic Committee that appropriate action has finally been taken in this direction.

I would also advise that I have had some correspondence with Mr. Robert J. Blackwell of the Federal Maritime Commission, and he was been furnished a detailed report on our experiences.

Yours very truly,

A. B. DODGE, Jr.

NORTH ATLANTIC UNITED KINGDOM FREIGHT CONFERENCE,
New York, N.Y., January 27, 1964.

Subject: Cork closures for bottles, United Kingdom.

DODGE CORK CO., INC.,
Lancaster, Pa.

(Attention of Mr. Richard L. Shultz, Assistant Sales Manager.)

DEAR SRS: With further reference to your letter of this past December 27, 1963, please be advised that your request in regard to the above-noted subject was again discussed at our last meeting.

Upon review, it has been agreed, effective January 28, 1964, to establish the reduced contract rate of \$85 a ton of 2,240 pounds.

We hope that your export sales to the United Kingdom will now be increased and your acknowledgment of receipt of this letter would be very much appreciated.

Very truly yours,

A. J. PASCH, *Chairman.*

DODGE CORK CO., INC.,
Lancaster, Pa., February 11, 1964.

MR. DONALD F. WIERDA,
*Vice President, United States Lines,
New York, N.Y.*

DEAR MR. WIERDA: Last Saturday I received the printed report of your testimony before the Joint Economic Committee last November. In reading through this report I found on page 514 the record of a written testimony which you submitted in which testimony you referred to my company and to me in person.

Your testimony contains seven statements which are either erroneous or misleading and indicate rather clearly that you could not have read my testimony which you so piously have termed to be incorrect.

Specifically:

1. You state "the Dodge Cork Co. are known to United States Lines Co. as importers of jute backing for cork tiles from the United Kingdom."

We cannot be very well known to your company because we don't import jute backing; we do not purchase jute backing nor do we use jute backing for cork tile.

2. You stated that "the district freight manager of United States Lines Co. of Philadelphia, W. P. Searforce, calls regularly on the Dodge Cork Co. at their offices in Lancaster, Pa."

I condemn your use of the word "regularly" because it connotes a frequency of calls totally inconsistent with their actual number, I don't believe I have personally seen Mr. Searforce more than once in the past decade. His only visit to Lancaster to us in 1963 was on November 7, following my testimony. Certainly his calls on us are much less frequent than those we receive from other carriers handling comparative volumes of freight. Furthermore, his calls have seemed primarily of a social nature or occasionally to discuss a problem concerning freight handling. He has not sold us on your service, actual or potential.

3. You referred to our Mr. Jefremov as export sales manager for our company and to me as President. Mr. Jefremov (and you did not even spell his name correctly) is not nor ever has been our export sales manager or sales manager of any sort, nor am I president of our company.

4. You referred to the fact that we have never approached you or any steamship company about reductions in rates. Had you read my testimony you would have known our position and how it came about that we were even aware of freight rate differentials. We were asked to testify before the Joint Economic Committee to tell of our experience and we believe this committee has done its work in revealing a lot of facts and in disseminating information which small firms like ourselves otherwise may not have known.

5. I object to your use of the word "continuous" in talking about personal contact with the Dodge Cork Co. In a historical sense this might be true but it gives one the impression of a frequency which does not exist.

6. Finally, you stated that I was "incorrect" in describing import rates. You made this as a general statement without being specific and I challenge you either to prove your statement or retract it. The fact is that on shipments of cork stoppers from Philadelphia, Pa., to London, England, we last year had to pay a general cargo rate of \$68.25 per 40 cubic feet. This worked out for our product to be approximately \$238 per long ton. This same identical commodity can move from London to New York at a rate of 510 shillings per 2,240 pounds, weight bases only, which works out to approximately \$72 per long ton.

One of the curious things to me is the fact that you should so arbitrarily contest my statements and the information I supplied without contacting me, your customer, in the manner which you so pointedly tried to indicate I had failed to contact your company. You very obviously are not aware of that part of my testimony in which I stated, "We specify the United States Lines coming out of

northern Europe wherever and whenever practicable. In other words, if two vessels are sailing within 2 or 3 days of each other and one is a British, Dutch, or German carrier or what have you, and one is a U.S.-flag vessel, we insist that the shipments to us be carried on a U.S.-flag vessel. Chairman Douglas then asked what we did for exports and I replied that we followed the same procedure. Chairman Douglas then remarked "That we are more faithful to American-flag carriers than they to us."

In conclusion, therefore, I believe that I am due an explanation from you. I further believe that you should write to Senator Douglas and correct the errors in your filed testimony. If more of your testimony on other matters is such a flimsy fabrication of fable, indeed you owe the committee an apology. I would also like to know from you some reason why we should continue with our policy to favor United States Lines with our business.

Yours very truly,

A. B. DODGE, Jr.

UNITED STATES LINES Co.,
New York, February 25, 1964.

Mr. A. B. DODGE, Jr.,
Vice President, Dodge Cork Co., Inc.,
Lancaster, Pa.

DEAR MR. DODGE: This will acknowledge your letter of February 11. I regret that some minor factual errors appeared in my testimony before the Joint Economic Committee last November among which were naming you as president of Dodge Cork Co. and stating that Mr. Jefremov was export sales manager.

Apparently I misinterpreted the information received concerning the cargo which you ship on our line. You are correct. It is not jute backing for cork tiles, in fact your shipments have consisted of cork carpeting, linoleum, synthetic rubber, and cork mats. However, those are the only errors I feel appear in the record and if you so desire I shall be glad to ask the Joint Economic Committee to correct them.

Insofar as the other points are concerned, I repeat to you that these are correct as outlined in the record of that committee and in my statement. Our Mr. W. P. Searfoorce, district freight manager at Philadelphia, does regularly call upon your company in Lancaster. Our records show that in 1963 he made calls on February 12, March 26, May 10, August 7, and November 7. I think that this number of business calls upon your firm by the district freight manager of our company can be described as regular. In addition of course we serve your interests through your Philadelphia freight forwarder.

With reference to your testimony, and in order that the Joint Economic Committee was not left with the impression that steamship conferences and American steamship lines were acting in callous disregard of our shipper needs, it seems only right that the record should be complete by showing that neither the United Kingdom Conference nor this company was aware of any rate problem in connection with the movement of your particular commodities. It seems to me it was also necessary to refute your error that there are no measurement rates in the United Kingdom tariffs when of course there are a very large number of them.

It certainly was distasteful to me to exchange views in public before congressional committees or otherwise on matters relating to your business or to mine. I think as intelligent businessmen we can and should sit down and work out whatever business problems we might have to our mutual satisfaction and I am glad to see in your letter of January 30 to the United Kingdom Freight Conference that you are apparently in agreement with these sentiments.

Sincerely yours,

DONALD F. WIERDA, Vice President.

DODGE CORK Co., INC.,
Lancaster, Pa., March 2, 1964.

Mr. DONALD F. WIERDA,
United States Lines Co.,
New York, N.Y.

DEAR MR. WIERDA: Acknowledging your letter of February 25, while I appreciate your taking the trouble to deal with what must be a very minor matter for you, I must continue to disagree with your major basic premise.

You continue to refer to my "error" that "there are no measurement rates in the United Kingdom tariffs * * *".

If you would examine my testimony, you would find that my testimony was in specifics and not in generalities. I stated that a measurement rate applied to our commodity (cork stoppers) when shipped from Philadelphia to London but when moving from London to Philadelphia on the same vessel it did not apply. As of October 1963 this was true and factual and I have documentary evidence to prove it. In my various statements referring to these freight rate discrepancies, I repeatedly referred to my personal experience, to the experience of my company and to our particular commodity. I made no indication that what applied to our commodity was true of any other commodity because I have no knowledge whatsoever of them.

Fortunately, because of the activities of our Government and the initiative shown by them to increase exports, we for the first time learned that something could be done; we followed the recommended action and the freight rates now have been equalized. As a result, our very modest sales thus far in 1964 have already doubled our total sales in 1963 in shipments to London.

Therefore, at the moment I have no further problems. I do request, however, that you issue a retraction of your public statement that my testimony was in error.

Cordially yours,

A. B. DODGE, Jr.

UNITED STATES LINES Co.,
New York, April 9, 1964.

Mr. A. B. DODGE, JR.,
Vice President, Dodge Cork Co., Inc.,
Lancaster, Pa.

DEAR MR. DODGE: In Mr. Wierda's absence from the office your letter of March 2 was held for his return. Upon arrival in his office he had to make hurried plans to leave within the week for the Far East and in order to not delay this matter any further he asked that I respond to your letter.

We have gone a little further into the recent rate history of the commodity most in question (cork stoppers). A specific commodity description "Cork closures for bottles" was introduced into the eastbound United Kingdom tariff at your instigation on December 17, 1963, at a contract rate of \$33 per ton, weight or measurement. This was changed effective January 28, 1964, to \$85 per ton weight, again at your request.

Prior to December 17, any movement of your commodity would have been rated correctly at the general cargo rate (\$68.25 per ton, weight or measurement) for a lack of a specific commodity rate. I am sure you understand that a carrier could not possibly undertake to state a rate for every item that moves in a foreign trade area. We rely on the shipper as the interested party to bring to our attention the existence of a specific commodity that he feels has been disadvantaged by the lack of a specific rate and the application of a general cargo rate. When the shipper does this, and on the basis of other pertinent facts that we ask be presented, the conferences very often take rate action favorable to the shipper.

To make a comparison as you have done of a general cargo rate on the one hand (eastbound) against a specific commodity rate for corks (westbound) is manifestly unfair on the issue of rate disparities. U.S. Government foreign trade statistics for 1962 indicate that exports to the United Kingdom of the classification which includes cork stoppers (schedule B No. 43081) amounted to 12,035 pounds valued at \$6,444. The only problem, Mr. Dodge, so far as we are concerned, is that this statistical classification reads as follows: "manufactured cork wood or bark and manufactures of natural, composition, or compressed cork, not elsewhere classified, not specifically fabricated for particular machines or equipment." This is followed by a listing of 65 items, one of which is "stoppers".

We cannot tell how much of the \$6,444 is involved for any one of these 65 items and were we to include them all in our tariffs, as well as all other similar situations, they would create a completely unmanageable tariff.

Consequently we must rely on the use of a catchall general cargo rate to be used until such time as a particular party shows interest and petitions us to establish a specific commodity rate. This procedure is typical of the practice followed by every mode of transportation throughout the world and throughout the history of the business.

In your testimony in the October hearings you dwelt on the point that "volume is never mentioned" and "not even shown in the papers one fills out to engage westbound steamer space." It was because of the general nature of these remarks that Mr. Wierda felt it necessary to point out the general fact that there are very many measurement rates from the United Kingdom. You are correct that the westbound "corks" rate is based on weight only, but I am sure you understand Mr. Wierda's reluctance to allow the impression to be gained from the record that the only rate basis inbound is weight, which the above statements infer. As a matter of fact we have researched the papers to which you might have been referring above and conclude that you probably had in mind what is generally referred to as a shipping note which we hand out to people who are going to use our forwarding service in London. This form shows no measurement basically because it is used by the Port of London Authority to levy certain charges against the cargo, all of which are based on weight. This form is used in no way for the booking of cargo nor for the computation of charges which necessarily requires measurement for many items. I can assure you that measurement is as significant inbound as outbound in this trade and, in fact, in all trades I have knowledge of. The fact that a specific rate might not be based on measurement does not mean this factor is not taken into consideration in setting a rate. Your current eastbound rate of \$85 weight versus the former \$33 weight or measurement reflects consideration of the weight-measurement relationship of this commodity.

While your letter of March 2 clarifies that you were trying to deal specifically with one particular rate, your testimony (p. 322 of the record) reads more generally "Our experience has been * * * and I am here speaking of cork products * * * on westbound transatlantic shipments, volume is never mentioned * * * etc." As a matter of fact there are seven entries in our westbound tariff, three of them on a weight basis only (including stoppers) and four on a weight or measurement basis (including cork soles, cork tipping, and cork table mats). Under the circumstances while we appreciate your interest was perhaps to be specific with respect to stoppers you more than once generalized about cork products. When Mr. Wierda said you were incorrect in describing the import rates, he was trying to deal with your broad assertion that measurement is not even "shown on the papers * * * etc." This, as he indicated in his statement is incorrect.

I am sorry you feel it took the Government's interest to enable you to get what you wanted * * * another businessman to consider changing his price. I could personally cite hundreds, even thousands, of negotiations I have directly or indirectly been involved in between shipper and carrier in my years in the business. You will find our self-interest closely allied with yours and we are not about to price someone out of a market if we can afford to carry his commodity at compensatory rates.

Sincerely yours,

JOHN H. GRIFFITH,
General Freight Traffic Manager.

APRIL 22, 1964.

Mr. JOHN H. GRIFFITH,
General Freight Traffic Manager,
United States Lines Co.,
New York, N.Y.

DEAR MR. GRIFFITH: On my return to Lancaster, I found your letter of April 9 and am grateful for the interesting additional information you have presented.

Rather than belabor this whole matter further, I think at this point it is sufficient to state that, prior to the activities of the Joint Economic Committee, we did not believe that any action on the part of a company as small as ours could have any effect whatsoever in obtaining a more favorable freight rate. In fact, we were advised specifically by both our customs broker and by our shipping agent that any such effort on our part would be a waste of time.

In my testimony, I was not trying to condemn anyone; but I was trying to tell of the experiences of our company and how freight rate differentials effected our business.

We very much appreciate the consideration that has been shown us, and the net result is that, small as it may be, our business in exports has been steadily increasing. We will be making a shipment to London next week which will be greater than the total volume of our exports to England for all of last year.

Testimony subsequent to mine and information in the public press further indicate that the stimulus of the Joint Economic Committee is beginning to have an effect, and it is our strong hope that, taken in the spirit of national interest, a renewed and vigorous activity on the part of American manufacturers and American steamship lines will result in a substantial increase in our exports and a profitable business for us all.

Again, many thanks for the attention and interest you have shown.

Yours sincerely,

ARTHUR B. DODGE, Jr.

FEDERAL MARITIME COMMISSION,
Washington, D.C., March 20, 1964.

Mr. JAMES P. GILES,
President, American Cement Corp., Los Angeles, Calif.

DEAR MR. GILES: Reference is made to your letter of February 25, 1964, protesting the disparity between the ocean freight rates on cement to the Far East and the rates on cement from the Far East.

In this connection you state that the outbound rate is \$24 per short ton (\$31 after June 30, 1964), whereas the inbound rate is \$13 per short ton. Rates set forth in the freight tariff of the Pacific Westbound Conference correspond with the outbound rates set forth in your letter. However, our records of the inbound rates as set forth in the freight tariff of the Trans-Pacific Freight Conference of Japan show the present rate on cement in casks and sacks to be \$16 per 2,240 pounds contract, effective from February 18, 1964. Friday thereto the inbound rate was \$14.

The Commission's jurisdiction over ocean freight rates in U.S. foreign commerce is limited. It does not have general authority to fix the level of such rates, nor does it have authority to suspend such rates. The Commission's direct authority is limited to that set forth in sections 17 and 18(b)(5) of the Shipping Act, 1916, as amended. Briefly, section 17 authorizes the Commission, after formal hearing, to alter rates which it finds to be unjustly discriminatory between shippers or ports; and section 18(b)(5) requires the Commission to disapprove rates found, after formal hearing, to be so unreasonably high or low as to be detrimental to the commerce of the United States.

Your letter does not indicate whether you have taken up the matter of the rate disparity with the steamship conference involved. If not, we suggest that you or your representative make an appropriate application for such rate adjustment as you feel the circumstances warrant. Any such application should set forth full details of the export shipments affected together with all pertinent facts to support your position in the matter. We believe that this approach will be the most conducive to prompt consideration by the conference. In this connection, we would appreciate receiving copies of your exchanges of correspondence with the conference.

We note your statement that shippers are required to sign 2- or 4-year contract agreements with the steamship conferences with whom they deal. You may not be aware that section 14(b) of the Shipping Act, 1916, as amended October 3, 1961, provides that every so-called dual-rate contract must contain a provision which permits "the contract shipper to terminate at any time without penalty upon 90 days' notice." Accordingly, we would appreciate being fully informed of these agreements, with copies thereof, if possible.

Please be assured of our desire to assist you in any way possible consistent with our regulatory responsibility.

Sincerely yours,

JOHN HARRILEE,
Rear Admiral, U.S. Navy (Retired), Chairman.

GREAT NORTHERN PAPER CO.,
New York, N.Y., November 21, 1963.

Mr. THOMAS H. BOGGS, Jr.,
Joint Economic Committee,
Senate Office Building, Washington, D.C.

DEAR MR. BOGGS: We have learned that the \$10-per-ton surcharge assessed by lines of the Far East Conference operating from U.S. ports to Manila is not applicable when member lines of the same conference pick up cargo at Canadian ports.

The \$10 surcharge assessed by the member lines of the Far East Conference was put into effect as a result of congestion at the Port of Manila in the Philippine Islands. Apparently the lines operating out of Canada, the majority of which are not members of the Far East Conference, while aware of the surcharge imposed by the Far East Conference, did not put a similar surcharge into effect for shipments from Canadian ports. Moreover, some of the member lines of the Far East Conference operating out of Canadian ports and from U.S. ports on the same voyage do not charge the \$10 penalty for cargoes picked up in Canada, but assess the charge when the same steamer picks up cargo in the United States after leaving Canadian ports.

We are confident you will recognize the fact that the assessment at U.S. ports is clearly discriminatory to U.S. shippers. Our organization, which annually ships on a regular monthly basis several thousand tons of newsprint paper to the Philippine Islands, has had its shipments completely paralyzed for well over a month as a result of the surcharge.

We therefore respectfully request your valued support and cooperation in seeking removal of this discriminatory and arbitrary surcharge. I need hardly point out the adverse effect this has on the export program advocated by the President of the United States and the consequent adverse effect on our world gold position.

Yours very truly,

ROBERT A. HAAK, *Vice President, Sales.*

JOINT ECONOMIC COMMITTEE,
U.S. SENATE,
Washington, D.C., December 9, 1963.

Mr. ROBERT A. HAAK,
Vice President, Sales, Great Northern Paper Co.,
New York, N.Y.

DEAR MR. HAAK: I appreciate your letter of November 21. I regret that I did not learn of the effects of the Manila surcharge on your company until after the Joint Economic Committee's November 19-20 hearings. During these hearings, the steamship industry was repeatedly asked about this surcharge and the only explanation given for the discrimination was that the \$2 surcharge on Japanese products had been imposed 3 months before the \$10 surcharge was imposed on U.S. products.

Unfortunately the Canadian question did not come up, but I feel certain that it will be included in the Maritime Commission's forthcoming investigation into surcharges. I would appreciate receiving from you a statement indicating which conferences and independent lines impose this surcharge from the United States but not from Canada. It would also be appreciated if you could indicate in dollar terms precisely how much this surcharge has cost your company.

If you can furnish such a statement by the end of December, I would like to request the committee to insert this material in the appendix to its recent hearings.

Thank you for calling this matter to our attention. It is of great concern to the members of the Joint Economic Committee.

Sincerely yours,

THOMAS H. BOGGS, *Economist.*

GREAT NORTHERN PAPER CO.,
New York, N.Y., December 12, 1963.

Mr. THOMAS H. BOGGS,
*Economist, Congress of the United States,
Joint Economic Committee, Washington, D.C.*

DEAR MR. BOGGS: Thank you for your letter dated December 9 addressed to Mr. R. A. Haak, who has asked me to reply to you inasmuch as the overseas sales of our products come under the jurisdiction of this department.

Please be advised that the sale of our qualities in the Philippines are handled by our representative, Van Reekum Paper, Inc., of this city. In the first 10 months of this year, we sold and shipped to Manila a quantity in excess of 6,000 tons of newsprint paper. This amounts to approximately \$800,000 in sales volume. We have had, therefore, an average monthly movement of 600 tons, which is more or less in line with the volume of our sales to Manila for several years.

We have not shipped a ton of paper to the Philippines since the 1st of November of this year, and this has been due solely to the application of the \$10 surcharge assessed by all lines operating out of U.S. ports. Because of the competitive nature of newsprint business, there simply is no room for the absorption of the surcharge by our company.

I should like to call your attention to the fact that we can, if we so desire, route our shipments through the port of West St. John in New Brunswick. This port lies just north of the Maine State line.

We are able to obtain a freight rate of \$24 per ton from St. John without surcharge as compared to \$26.05 from Searsport plus the current surcharge of \$10. Our inland freight charges to St. John are \$3.70 higher than they are to Searsport, so that, in the final analysis we could effect shipment via St. John should we so elect to do it at very little additional cost to us.

We will be forced to do it if the current discriminatory rate remains in effect. This is a step we shall take most reluctantly inasmuch as we will deprive the State of Maine of other income which accrues to other industries as the result of our exports through a port in Maine.

It is our understanding that one or more members of the Far East Conference operating out of Canadian ports as well as U.S. ports are waiving the surcharge of cargoes lifted in Canada whereas it is imposed on cargoes lifted from U.S. ports. We believe the Far East Conference offices will confirm this to you if called upon to do so.

We had outright cancellations of 630 tons of paper destined for Manila in the month of November. It is safe to assume that for the month of December we would have a similar amount. If the surcharge continues through the month of December, the combined 2-month loss will be some 1,200 tons of paper with an approximate value of \$160,000.

We trust that the above will answer the question asked in your letter, and we shall be pleased to submit any additional information you may require if it is available to us.

Very truly yours,

J. V. CARENA,
Manager, Export Sales.

JOINT ECONOMIC COMMITTEE,
U.S. SENATE,
Washington, D.C., January 9, 1964.

Mr. J. V. CARENA,
*Manager, Export Sales,
Great Northern Paper Co.,
New York, N.Y.*

DEAR MR. CARENA: Thank you for your letter of December 12. Senator Douglas expects to insert this material in the appendix of the committee's recent hearing record on discriminatory ocean freight rates.

We have been informed by the Maritime Commission that you have been in touch with Mr. Thomas Matias who is handling the Manila surcharge investigation. The Commission's investigation is continuing even though the surcharge has been reduced to \$5 a ton.

Thank you again for bringing this matter to our attention.

Sincerely yours,

THOMAS H. BOGGS, *Economist.*

INTERNATIONAL COMMODITIES CORP.,
New York, N.Y., July 9, 1963.

Senator PAUL H. DOUGLAS,
Senate Office Building,
Washington, D.C.

DEAR SENATOR: Some time ago, you received from us a copy of our complaint before the Federal Maritime Commission against the River Plate and Brazil Conferences, Lloyd Brasileiro, and the various other steamship lines involved. This case continues before the Federal Maritime Commission. As we mentioned in our complaint, we have lost business during 1961 and 1962, and we are still losing business today.

Lloyd Brasileiro enjoys the protection of the U.S. laws and calls at the various U.S. ports. Yet, because of the SUMOC regulation described in our complaint, Lloyd precludes any possibility of exports of fertilizers from this country to Brazil, with the exception of phosphate rock and some triple superphosphate, which is being released by them. We are unable to sell any potash or ammonium sulphate, all of which is being exported to Brazil by Europe, the Soviet Union, and East Germany. Potash has also been exported there by Israel and Canada. In the case of the Soviet Union, Israel, East Germany, and Canada, Lloyd grants releases to these countries because they do not maintain regular service with these countries, nor do they enjoy any privileged position by the laws of these countries. In the case of Europe, where Lloyd does maintain service, the cargo is readily released and low rates have prevailed, again to the detriment of U.S. exports. Yet, in the case of the United States, where Lloyd does enjoy a privileged position of maintaining a regular service between various Brazilian and United States ports and having the protection of U.S. laws insofar as their membership in the River Plate and Brazil Conferences is concerned, they do not release such cargo for shipment aboard chartered vessels, which would enable the American exporters to compete against Europe, the Soviet Union, Israel, East Germany, and Canada.

Only a fortnight ago, Canada shipped a half-million dollars worth of potash to Brazil, because a release was readily granted by Lloyd to have the material shipped on an outside vessel. Had a U.S. producer and/or exporter had the same opportunity, this material could easily have been sold by the United States.

It is inconceivable that a foreign government can compel American producers and exporters to use a foreign line for shipments of American material to that country, at ocean freight rates that are not competitive, and thus cause a complete loss of business to the United States simply because the United States permits regular service between that country and its own ports and protects the foreign line involved through U.S. laws. On the other hand, those countries which do not have or permit such regular service can easily ship material at competitive rates to the same foreign country and take away virtually all the business from the U.S. producers and exporters. How long can a situation of this type be permitted to continue?

We are hopeful that something can be done to expedite a change in this state of affairs. If we can be of any further assistance in this connection, please feel free to contact us again.

Respectfully yours,

E. S. FINLEY, *Vice President.*

INTERNATIONAL COMMODITIES CORP.,
New York, N.Y., October 23, 1963.

Senator PAUL H. DOUGLAS,
Senate Office Building,
Washington, D.C.

DEAR SENATOR: In line with our previous correspondence, I am taking the liberty of sending you herewith a copy of our letter to the Chairman of the Federal Maritime Commission, as well as photostatic copies of the enclosures.

As you can see from the above, things have not changed much, and the steamship conferences continue to hold out for high freight rates, which prevents us, as well as other exporters of bulk parcels which cannot be shipped aboard complete charter vessels, from competing against Europe.

We are fearful that the system of steamship conferences, combined with activities of certain Webb-Pomerene associations and topped by a continuous stream of mergers, far from making us more competitive in the field of exports, continues to present a stranglehold on the competitive effort of the United States in general and the export trade in particular.

We have submitted our views, as well as copies of the various memorandums including the memorandum of law presently before the Federal Trade Commission which concerns activities of a Webb-Pomerene Association, to Senator Hart and Representative Celler. It is our contention that the system of conferences as well as Webb-Pomerene associations are outmoded institutions, and they are used invariably, under the protection of Federal law, to fix prices and restrict U.S. commerce abroad by restricting competition here in the States. This, in addition to an endless series of mergers, has already eliminated many independent exporters, who were the best guarantors of truly competitive foreign trade.

We greatly admire, sir, your concern for the foreign trade of this country at this time, and, if we can be of further assistance to you in this connection, please feel free to call upon us at all times.

Very truly yours,

E. S. FINLEY, *Vice President.*

SOUTH AND EAST AFRICA,
RATE AGREEMENT No. 8054,
October 16, 1963.

INTERNATIONAL COMMODITIES CORP.,
New York, N. Y.
(Attention of Mr. John A. Herrmann).

GENTLEMEN: Please refer to the correspondence exchanged between us in connection with your request for the establishment of an ocean freight rate of \$9 per long ton and \$8.50 per long ton, depending upon quantities involved, on bulk urea moving from U.S. Atlantic and gulf ports to South Africa

With respect to this matter, at a recent meeting of the lines parties to agreement No. 8054 I was directed to inform you that the lines regret exceedingly being unable to comply with your request.

May I add that your application was thoroughly discussed after which the lines expressed the view that no downward adjustments are warranted at this time.

Very truly yours,

J. M. PHILLIPS, *Secretary.*

SOUTH AND EAST AFRICA,
RATE AGREEMENT No. 8054,
September 16, 1963.

INTERNATIONAL COMMODITIES CORP.,
New York, N. Y.
(Attention of Mr. John A. Herrmann).

GENTLEMEN: I shall be pleased to place before the lines for their consideration your letter of September 12, 1963, in which you request the establishment of an ocean freight rate of \$9 per long ton and \$8.50 FIO per long ton, depending upon quantities involved.

Once a decision has been reached with regard to this matter, I shall communicate with you again at once.

Very truly yours,

J. M. PHILLIPS, *Secretary.*

SEPTEMBER 12, 1963.

Re bulk urea from U.S. east coast and gulf to South Africa.

SOUTH AND EAST AFRICA RATE AGREEMENT No. 8054,
New York, N. Y.
(Attention of Mr. J. M. Phillips, secretary.)

GENTLEMEN: We have been asked on various occasions recently to offer urea in bulk to South African base ports. The material would be shipped from Houston, New Orleans, and, possibly, Savannah. Unfortunately, there is no established rate for bulk urea, only for urea in bags at \$19.75 per long ton berth terms.

We request, therefore, that you establish a rate for bulk urea at the same level as bulk potash; namely, \$9, per long ton FIO for 500 to 999 tons and \$8.50 per long ton FIO for 1,000 to 1,999 tons.

Very truly yours,

INTERNATIONAL COMMODITIES CORP.,
JOHN A. HERRMANN.

SOUTH AND EAST AFRICA
RATE AGREEMENT No. 8054,
October 15, 1963.

Mr. E. S. FINLEY,
Vice President, International Commodities Corp.,
New York, N. Y.

DEAR MR. FINLEY: Your application to Gulf/South and East Africa Conference requesting adjustment of ocean freight rate on triple superphosphate has been referred to this office for action.

In this connection, after thoroughly considering your application, the lines parties to agreement No. 8054 have directed me to inform you that they regret exceedingly being unable to comply therewith.

With respect to this matter, the lines feel that current rates applicable to subject commodity are fair and equitable and that no downward adjustments are warranted at this time.

Very truly yours,

J. M. PHILLIPS, *Secretary.*

INTERNATIONAL COMMODITIES CORP.
New York, N. Y., September 24, 1963.

GULF/SOUTH AND EAST AFRICA CONFERENCE,
New Orleans, La.
(Attention of Mr. L. M. Paine, Jr.).

GENTLEMEN: We are at the present negotiating an export sale involving between 10,000 and 20,000 tons of triple superphosphate. We regret to inform you, however, that predicated on your current freight rate for this cargo to be carried from Tampa to Mombasa, and which was quoted to us as being \$23.75 per long ton liner terms, we find it impossible to come anywhere near our European competitors. Although our f.o.b. price is approximately the same as that of Europe or somewhat cheaper, our c.i.f. price, predicated on the above-mentioned conference freight rate, carries us \$10 per long ton over the price of our competitors.

In view of the above, we hereby apply to you to reduce the ocean freight rate currently applicable from \$23.75 per long ton to \$13.75 per long ton, liner terms. We are confident that with this reduction we might be in a position to book approximately 10,000 tons of cargo, to be shipped in partial lots of 1,000-2,000 tons per month commencing October/November and continuing through early spring next year.

Your early attention to the above will be appreciated.

Very truly yours,

E. S. FINLEY, *Vice President.*

INTERNATIONAL COMMODITIES CORP.,
New York, N. Y., October 23, 1963.

Mr. JOHN HARLLEE,
Chairman, Federal Maritime Commission, Washington, D. C.

DEAR Mr. CHAIRMAN: We have been informed that it is the present policy of the Federal Maritime Commission to receive information pertaining to those applications for freight reductions before various steamship conferences which were turned down by these conferences.

In line with this policy, we are enclosing herewith photostatic copies of our letter of application to the Gulf South and East Africa Conference dated September 24 as well as their answer dated October 15.

The refusal of South and East Africa Rate Agreement No. 8054 typifies our problems of the past as well as those of the present. As a result of this refusal, we are not in a position to compete against Europe, and it is expected that the business already has been, or soon will be, lost to Europe.

We are also sending you enclosed herewith a copy of our application to the same conference for establishment of a workable rate for bulk urea, together with a copy of their refusal, respectively dated September 12 and October 16. It may be worthwhile to note at the same time that our application of September 12 did not receive any reply until October 16, over a month later, although our application was acknowledged on September 16 by the conference, as per attached copy.

Should you require any additional information pertaining to this or similar problems, please feel free to call upon us.

Very truly yours,

E. S. FINLEY, *Vice President.*

INTERNATIONAL COMMODITIES EXPORT CORP.,
New York, N.Y., February 3, 1964.

Senator PAUL H. DOUGLAS,
Chairman, Joint Economic Committee,
Senate Office Building, Washington, D.C.

DEAR SENATOR: I am sending you enclosed herewith additional correspondence concerning our application for freight rate adjustment to the Gulf Associated Freight Conferences. As you can see, the situation appears pretty hopeless.

Kind regards.

Respectfully yours,

E. S. FINLEY, *Vice President.*

INTERNATIONAL COMMODITIES EXPORT CORP.,
New York, N.Y., February 3, 1964.

GULF ASSOCIATED FREIGHT CONFERENCES,
New Orleans, La.

(Attention of Mr. L. M. Paine, Jr., Secretary).

DEAR MR. PAINE: We refer to your letter of January 30, with regard to which we very much regret that you are unable to provide the requested adjustment in the rate. We also regret the fact that we find it difficult, if not impossible, to follow the reasoning on the basis of which this decision was reached by the conference members.

(AD 1) You state that the rate involved (which we find out of line) is in line with the general level of other bagged fertilizer. The question is, however, how much fertilizer have the conference members shipped from the United States to Kenya? Is it not possible that the increase in the operating costs of the carriers is due to the fact that some of the rates are unworkable?

(AD 2) We are at a complete loss to understand why Tampa should be considered an "outport," particularly as far as fertilizer is concerned; at least 4 million tons of phosphate rock move out of Tampa every year in addition to 300,000 to 400,000 tons of triple superphosphate and several hundred thousand tons of other fertilizers. We have chartered many vessels for many destinations and note that the cost of placing a vessel on berth in Tampa is not great, and it compares favorably with other ports—in fact, the turnaround at Tampa is probably faster than at any other U.S. gulf or east coast port. The phosphate rock, and frequently the triple superphosphate, can be loaded almost as quickly as coal at Hampton Roads. The port charges rarely exceed \$1,000.

(AD 3) On numerous occasions, various freight conferences have pointed out that the excessive ocean freight rates are not caused by the length of voyage. When we pointed out to some conferences that they charged twice as much for a run from the U.S. gulf to the east coast of Brazil as they did from Europe to the east coast of Brazil, where the run was twice as long, they pointed out that the length of the run has little or nothing to do with it. In view of your statement relating to high labor costs in the States, we are perfectly willing to assume the cost of pacing the goods on board the ship, and, instead of your quoting on liner terms, you could offer us freight space on an FIO basis, at a level of approximately \$10 per long ton FIO.

In the latest issue of the Maritime Research weekly newsletter, there are a number of fixtures made public and among them a grain fixture of 10,000 tons from the U.S. gulf to Russia (Black Sea) at \$9.50 for March 6 movement; another grain fixture of 12,000 tons from the U.S. gulf to Kandla at \$11.90; and another one from the U.S. gulf to Haifa at \$8.60. Considering that grain generally runs between \$0.50 and \$1 a ton higher than a fixture of fertilizer and considering that insofar as the destination is concerned Mombasa would just about strike an average between Kandla and the other fixtures, a \$10 FIO rate would not be out of the ordinary for a charter. On the other hand, a charter does not carry general cargo, which provides so much better remuneration than fertilizer cargo.

We believe, therefore, that an offer of \$10 FIO for bottom cargo is not as bad or impossible as you seem to indicate.

We should appreciate hearing from you further with regard to this important matter and remain,

Very truly yours,

E. S. FINLEY, *Vice President.*

GULF ASSOCIATED FREIGHT CONFERENCES,
New Orleans, La., January 30, 1964.

Mr. E. S. FINLEY,
*Vice President, International Commodities Corp.,
New York, N.Y.*

DEAR MR. FINLEY: We wish to confirm the advices previously furnished to you to the effect that the member lines of the Gulf/South and East African Conference are unable to provide the adjustment requested in the rate on triple superphosphate from Tampa to Mombasa. The considerations on which this decision was reached by the conference members include the following:

(1) The rate involved is in line with the general level of rates of the conference on similar commodities, including more than 20 other bagged fertilizers, which general level cannot be reduced due to the increased operating costs of the carriers.

Tampa is an outpost in this trade which is not regularly served by the carriers, and the rate requested by you would be noncompensatory, particularly when consideration is given to the cost of placing a vessel on berth in this port.

(3) The rates in this trade, including the rate in question, are quite low when consideration is given to the length of the voyage involved (as an example, the voyage from the U.S. gulf to Mombasa is the equivalent of three voyages across the North Atlantic in the New York-United Kingdom trade), as well as the extremely high level of costs, including labor charges, incurred in the handling of the cargo in this country.

Yours very truly,

L. M. PAINE, Jr., *Secretary.*

SOUTH AND EAST AFRICA RATE AGREEMENT No. 8054,
New York, N.Y., October 15, 1963.

E. S. FINLEY,
*Vice President, International Commodities Corp.,
New York, N.Y.*

DEAR MR. FINLEY: Your application to Gulf South and East African Conference requesting adjustment of ocean freight rate on triple superphosphate has been referred to this office for action.

In this connection, after thoroughly considering your application, the lines parties to agreement No. 8054 have directed me to inform you that they regret exceedingly being unable to comply therewith.

With respect to this matter, the lines feel that current rates applicable to subject commodity are fair and equitable and that no downward adjustments are warranted at this time.

Very truly yours,

J. M. PHILLIPS, *Secretary.*

SEPTEMBER 24, 1963.

GULF SOUTH AND EAST AFRICA CONFERENCE,
New Orleans, La.
(Attention of Mr. L. M. Paine, Jr.).

GENTLEMEN: We are at the present negotiating an export sale involving between 10,000 and 20,000 tons of triple superphosphate. We regret to inform you, however, that predicated on your current freight rate for this cargo to be carried from Tampa to Mombasa, and which was quoted to us as being \$23.75 per long ton liner terms, we find it impossible to come anywhere near our European competitors. Although our f.o.b. price is approximately the same as that of Europe or somewhat cheaper, our c.i.f. price, predicated on the above-mentioned conference freight rate, carries us \$10 per long ton over the price of our competitors.

In view of the above, we hereby apply to you to reduce the ocean freight rate currently applicable from \$23.75 per long ton to \$13.75 per long ton, liner terms. We are confident that with this reduction we might be in a position to book

approximately 10,000 tons of cargo, to be shipped in partial lots of 1,000-2,000 tons per month commencing October/November and continuing through early spring next year.

Your early attention to the above will be appreciated.

Very truly yours,

INTERNATIONAL COMMODITIES CORP.,
E. S. FINLEY, *Vice President.*

INTERNATIONAL COMMODITIES EXPORT CORP.,
New York, N.Y., March 11, 1964.

Senator PAUL H. DOUGLAS,
*Chairman, Joint Economic Committee,
Senate Office Building, Washington, D.C.*

DEAR SENATOR DOUGLAS: On February 3 I sent you copies of additional correspondence of ours with Gulf Associated Freight Conferences. Today I received a letter from them in which they decline a lowering of ocean freight rates again.

I thought that you might be interested in this refusal, particularly in view of the argument we presented to them in our letter of February 3.

With kind regards,

Respectfully yours,

E. S. FINLEY, *Vice President.*

GULF ASSOCIATED FREIGHT CONFERENCES,
New Orleans, La., March 9, 1964.

Mr. E. S. FINLEY,
*Vice President, International Commodities Export Corp.,
New York, N.Y.*

DEAR MR. FINLEY: We have and thank you for your letter of February 3, 1964, the contents of which have been noted and considered by the member lines.

We must advise that the conference, in the exercise of the business judgment of its members, remains of the view that the rate request submitted must be declined.

Yours very truly,

L. M. PAINE, Jr., *Secretary.*

INTERNATIONAL COMMODITIES EXPORT CORP.,
New York, N.Y., March 31, 1964.

Senator PAUL H. DOUGLAS,
*Chairman, Joint Economic Committee,
Senate Office Building, Washington, D.C.*

DEAR SENATOR DOUGLAS: I refer to my previous correspondence pertaining to the freight conference system. I decided to write to you again because we ran across a typical case whereby we could show you how the U.S. commerce suffers by the conferences.

This particular case is all the more pathetic since it occurred under the United States AID program to South Vietnam, and the situation has repeated itself for quite sometime despite the fact that the AID program to South Vietnam proceeds under the Area Code 901 which excludes virtually all the industrial nations, and permits relatively few underdeveloped nations to compete for this business.

On or about January 7th, South Vietnam under tender No. 104/TNTV/VTTM purchased about 35,000 tons of ground phosphate rock; about 33,000 tons from Tunisia and about 2,000 tons from Israel. The price of the Tunisian rock on an f.o.b. basis was \$18.67. The price from Israel was \$18. The prices at which the American producers offered the rock varied from \$14.94, at which we offered the U.S. rock, to \$15.40 at which some of our competitors offered it, and there were several prices in between, and one or two above these two figures. For your convenience we are sending you enclosed herewith a photostatic copy of the tabulations of these prices. It is very clear to see that the Tunisian product is approximately 20 percent higher than the American product on an f.o.b. basis.

We are also sending you enclosed herewith the results of the tender No. 104 covering the material and the freight. You will note that the other products,

as in the case of the phosphate rock, in nearly all instances, were awarded to either Tunisia or Israel despite the fact that in practically all cases the fertilizers were higher in price on a f.o.b. basis than those offered by the American producers, and sometimes, as mentioned previously, by as much as 20 percent or more. What then went wrong? There is only one answer to this and that is the ocean freight. The ground phosphate rock had to be shipped from the States aboard a U.S.-flag line. There is only one such steamship line from Tampa (which is the port of shipment for ground phosphate rock) to Saigon, and that line is Lykes. Although there is a so-called open rate for ground phosphate rock, sometime last year Lykes decided that the minimum freight for ground phosphate rock should be \$14 per long ton free out, which is equivalent to \$23.62 per metric ton, free out. Curiously enough, this is a little under \$3 per metric ton over and above the \$20 FIO freight rate from Tunisia. It is reported that the cost of loading in Tunisia is a little under \$1. What it really means is that the freight from Tampa to Saigon aboard a U.S.-flag vessel is approximately 15 percent higher than it is from Tunisia to Saigon. It is more or less the same \$3 by which the American product is cheaper than the Tunisian product on an f.o.b. basis.

Lykes is the only U.S.-flag line from the gulf. It is a subsidized steamship line. It has no competition from any other U.S.-flag line. The arbitrary setting of the ocean freight has been complained about by ourselves and others to AID, but to no avail. We have pointed out to the steamship line on numerous occasions these circumstances, but they simply stated that they are not interested in carrying the cargo in lower freight than those shown "pegged minimum."

You will also note that the awards were made to Israel on their potash for shipment aboard Israeli line Zim Israel Lines, at a rate of \$17 per metric ton, FIO. Ocean freight from the States for a movement of this cargo was \$25.59 per metric ton, free out, equivalent to about \$24.50 FIO, or about 40 percent higher than the freight rate from Israel.

The other point in connection with this is that South Vietnam rarely, if at all, permits American shippers to use other than U.S.-flag ships, under the AID program, but in the case of Israel and other shippers permitted to participate under code 901, such waiver is virtually automatic.

Today we received a confirmation of yet another award of an additional 30,500 tons of ground phosphate rock from Tunisia to Saigon at \$38.67 per metric ton C. and F. Saigon, liner terms. GSA in this particular case held a negotiated tender in Washington on or about March 10, 1964, under invitation B-29797-N. The award was confirmed to us today over the telephone and photostatic copy of the award is enclosed herewith.

Since it was a negotiated tender, GSA refuses to give any details of any offers at all. We, ourselves, had offered 3,500 tons at a price of \$15.08 per metric ton, f.a.s. We assumed that various competitors in the United States offered similar products at prices probably below this and above this level. We also assume that here again Tunisia offered the material at a price above \$18 and probably at more or less the same figure as last, i.e., about 20 percent above U.S.A. prices. Yet despite this, the award was given to Tunisia. Here again there is only one answer, and that is ocean freight. It is a most interesting fact that GSA in the original solicitation for offers under this tender, in accordance with their paragraph 2 of the basis-of-award clause, indicated that the offers will be evaluated on the f.a.s. or f.o.b. port of shipment only and that ocean freight will not be used in the consideration for awards. For some unexplained reason, however, a few days before the deadline, GSA amended this paragraph for basis of award, deleting it, and substituting a new basis of award in that "offers will be evaluated on the basis of the last landed cost to destination." This amendment knocked out virtually every American producer and/or exporter from contention under tender No. 104 as it did under FPNGC B-29797.

We are sending you, enclosed herewith, photostatic copies of both the original paragraph 2 and the amendment.

In the light of the foregoing how can an American producer or exporter hope to compete against foreign shippers? Our prices are frequently 20 percent lower than those of the foreign suppliers and yet we don't stand a chance because of the freight situation.

Should you require any additional information concerning this matter, please feel free to let us know.

Respectfully yours,

E. S. FINLEY, *Vice President.*

Item No	SUPPLIER	Quantity offered: M/T.	%	Unit price: FOB or PAS US\$	Port of loading	Origin: of the: Manufacturer	Re- marks
16	CENTRAL RESOURCES CORP.	800	46%	PAS 97.62	New Orleans	USA	Swift & Co.
	LOBEL CHEMICAL	800	-	PAS 88.40	Tampa	Am. Agricult. Co.	
	WOODWARD & BICKERSON	800	-	PAS 108.04	-	Conc. Phosph. Exp. Assn.	
	US SUMMIT CO. NEWYORK	800	-	PAS 92.35	Houston	olia Int. Co.	
17	10,000 M/T. GROUND ROCK PHOSPHATE.-						
	CHEMICAL PHOSPHATE	2000	30%	FOB 18.00	Bilat	Israel: Chem. Phosphate	
	PHOSP. ROCK EXPORT CO.	5000	30%	FOB 16.53	Tampa	USA: Virginia Carolina Corp.	
	"-	1500	30%	FOB 16.20	"-	Swift Co.	
	CENTRAL RESOURCES CORP.	10000	31%	FOB 18.67	Sousse/Sfax	Tunisia/Tunisienne Engr. Pulver	
	MITSUBISHI INT.	10000	31%	PAS 15.24	Tampa	USA: Int. Minerals Chem. Cor ⁵⁹	
18	10,000 M/T. GROUND ROCK PHOSPHATE.-						
	CHEMICAL PHOSPHATE	2000	30%	FOB 18.00	Bilat	Israel: Chem. Phosphate	
	PHOSP. ROCK EXP. CO.	2000	30%	FOB 15.33	Tampa	USA: Am. Agricult. Ch. Co.	
	INT. COMM. EXP. CORP.	2000	30%	PAS 14.94	"-	"-	
	TOKYO INTERNATIONAL	2000	30%	PAS 15.38	"-	"-	
	MITSUBISHI INT.	10000	31%	PAS 15.24	"-	"-: Int. Minerals Chem. Corp.	
	CENTRAL RESOURCES CORP.	10000	31%	FOB 18.67	Sousse/Sfax	Tunisia/Tunisienne Eng. Pulveris	
	LOBEL CHEMICAL	2000	30%	PAS 15.40	Tampa	USA: Am. Agricult. Chem. Co. ⁶⁰	
19	10,000 M/T. GROUND ROCK PHOSPHATE.-						
	CHEMICAL PHOSPHATE	2000	30%	FOB 18.00	Bilat	Israel: Chem. Phosphate	
	MITSUBISHI INT.	10000	31%	PAS 15.24	Tampa	USA: Int. Minerals Chem. Co.	
	CENTRAL RESOURCES CORP.	10000	31%	FOB 18.67	Sousse / Sfax	Tunisia/Tunisienne Engtabl. Pulverises	
20	10,000 M/T. GROUND ROCK PHOSPHATE.-						
	PHOSP. ROCK EXP. CO.	1200	30%	FOB 15.33	Tampa	USA: Am. Agricult. Chem. Co.	
	INT. COMM. EXP. CORP.	1200	30%	PAS 14.94	"-	"-	

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Item No	SUPPLIER	Quantity offered M/T	%	Unit prices FOB or FAS US\$	Port of loading	Origin of the Merchand	Manufacturer	Remarks
20	TOKYO INT. NEW YORK	1200	30%	FAS 15.38	Tampa	USA	American Agricult. Chem.	
	LOBEL CHEMICAL	1200	30%	FAS 15.40	-"	-"	-"	
	WOODWARD & DICKERSON	10000	31%	FAS 15.34	-"	-"	Int. Minerals Chem. Co.	
	MITSUBISHI INT.	10000	31%	FAS 15.24	-"	-"	-"	
	CENTRAL RESOURCES CORP	10000	31%	FOB 18.67	Sousse/Sfax	Tunisia/Ste Tunisienne	Engrais Pulverisee	
21	<u>5,000 M/T. GROUND ROCK PHOSPHATE.--</u>							
	TOKYO INT. NEWYORK	2000	30%	FAS 15.38	Tampa	USA	Am. Agricult. Chem. Co.	
	PHOSP. ROCK EXPORT	2000	30%	FOB 15.33	-"	-"	-"	
	-"	1500	30%	FOB 16.20	-"	-"	Swift Co.	
	INT. COM. EMP. CORP.	2000	30%	FAS 14.94	-"	-"	Am. Agr. Chem. Co.	
	LOBEL CHEMICAL	2000	30%	FAS 15.40	-"	-"	-"	
	WOODWARD & DICKERSON	5000	31%	FAS 15.34	-"	-"	Int. Min. Chem. Co.	
	MITSUBISHI INT.	5000	31%	FAS 15.24	-"	-"	-"	
	CENTRAL RESOURCES CORP.	5000	31%	FOB 18.67	Sousse/Sfax	Tunisia/Ste Tunisienne	Engrais Pulverisee	

Republic of Viet-Nam
 Department National Economy,
 DIRECTORATE GENERAL OF COMMERCE
 59 rue Gia Long, Saigon

OFFICIAL RESULTS FOR TENDER FOR THE PROCUREMENT OF
FERTILISER (N°104/TNTV/VTTM of January 15, 1964 (FOB/PAS)
 (N°284/TNTV/VTTM of January 23, 1964 (FREIGHT))

ITEMS : 11, 12, 13, 14, 17, 18, 19, 20, 21.

Supplier	Quantity	Unit	Port	Steamship	Quantity	Unit	Port	Unit	Unit	Origin
(1)	MT.	FAS per M/T.	of loading	Company	(M/T.)	price per M/T.	of shipment	price C & F	Nutri-ent (U.N.)	(11)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
				<u>Item 11.- 800 M/T Potassium Chloride</u>			(T.D.D. = 15-2-64)			
Dead Sea Works	800	FOB	Eilat	Zim Israel	800	17,00	(Delivery in Saigon)	56,00	0,933	15-4-64 Israel
	60% K2O	39,00		Lines		(FIO)				
				<u>Item 12.- 800 M/T. Potassium Chloride</u>			(T.D.D. = 15-7-1964)			
"	800	FOB	Eilat	Zim Israel	800	17,00	(Delivery in Saigon)	56,00	0,933	15-9-64 Israel
	60% K2O	39,00		Lines		(FIO)				
				<u>Item 13.- 200 M/T. Potassium Sulphate</u>			(T.D.D. = 15-2-1964)			
"	200	FOB	Eilat	Zim Israel	200	17,00	(Delivery in Saigon)	68,00	1,417	15-4-64 Israel
	48% K2O	51,00		Lines		(FIO)				
				<u>Item 14.- 900 M/T Potassium Sulphate</u>			(T.D.D. = 15-5-1964)			
"	900	FOB	Eilat	Zim Israel	900	17,00	(Delivery in Saigon)	68,00	1,417	15-7-64 Israel
	48% K2O	51,00		Lines		(FIO)				
1)- Chemicals and Phosphate	1000	FOB	Eilat	Zim Israel	1000	17,00	(T.D.D. = 29-2-1964)	55,00	1,167	30-4-64 Israel
	30% P2O5	18,00		Lines		(FIO)				
Central Resources Corp.	9000	FOB	Tunisie	Spacebrokers Inc.	9000	20,00	(T.D.D. = 31-3-1964)	38,67	1,247	31-5-64 Tunisie
	31% P2O5	18,67				(FIO)				
				<u>Item 18.- 10,000 M/T Ground Rock Phosphate</u>			(T.D.D. = 31-3-1964)			
Chemicals & Phosphate	2000	FOB	Eilat	Zim Israel	2000	17,00	(Delivery in Saigon)	35,00	1,167	31-5-64 Israel
	30% P2O5	18,00		Lines		(FIO)				

..... / 2

DISCRIMINATORY FREIGHT RATES

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Supplier	Quantity	Unit	Port of Loading	Steamship Company	Quantity awarded	Unit price	Port of shipment	Unit price	Units	Origin
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
2)- Central Resources Corp.	8000	TON	Tunisie	Spacebrokers Inc.	8000	20,00 (FIO)	Tunisie	38,67 (FIO)	1,247	Tunisie
Item 19.- 10,000 M/T Ground Rock Phosphate										
1)- Chemicals and Phosphate	2000	TON	Milat	Mim Israel Lines	2000	17,00 (FIO)	Milat	35,00 (FIO)	1,167	Tunisie
2)- Central Resources Corp.	8000	TON	Tunisie	Spacebrokers Inc.	8000	20,00 (FIO)	Tunisie	38,67 (FIO)	1,247	Tunisie
Item 20.- 10,000 M/T Ground Rock Phosphate										
Central Resources Corp.	10000	TON	Tunisie	Spacebrokers Inc.	10000	20,00 (FIO)	Tunisie	38,67 (FIO)	1,247	Tunisie
Item 21.- 5,000 M/T Ground Rock Phosphate										
Central Resources Corp.	5000	TON	Tunisie	Spacebrokers Inc.	5000	20,00 (FIO)	Tunisie	38,67 (FIO)	1,247	Tunisie

2400

Sigon, February 5th, 1964



NOTICE TO PROSPECTIVE OFFERORS

Solicitation for offers FPNBC-B-29797-N-3-10-64

The attached solicitation for offers covers phosphates and phosphatic fertilizer materials as specified. Offerors are cautioned to read carefully all terms and conditions.

Particular attention is directed to the following clauses:

Paragraph 1: Area of Source Restriction.

Paragraph 2: Basis of Award. Offers will be evaluated on the basis of F.A.S. Vessel, U.S. Port of Shipment and/or F.O.B. Vessel, Foreign Port of Shipment only. Ocean Freight will not be used in the consideration for awards.

All blanks must be completed.

NOTE.—Offers are requested per metric ton; material to be bagged 50 kg. per bag, gross for net.

GENERAL SERVICES ADMINISTRATION,
FEDERAL SUPPLY SERVICE,
PROCUREMENT OPERATIONS DIVISION,
Washington, D.C., March 3, 1964.

NOTICE TO PROSPECTIVE OFFERORS

AMENDMENT NO. 1 TO SOLICITATION FOR OFFERS FPNGC-B-29797-N-3-10-64

Solicitation FPNGC-B-29797-N-3-10-64, covering Ground Rock Phosphate, issued February 27, 1964, for closing 5:00 p.m., E.S. Time, March 10, 1964, is changed as follows:

Page 5, Paragraph 2, *Basis of Award*, delete entire paragraph.

Insert in lieu thereof: "*Basis of Award*: Offers are invited F.A.S. Vessel, U.S. Port of shipment and/or F.O.B. Vessel, Foreign Port. However, offers will be evaluated on the basis of the lowest landed cost to destination."

Page 5, Paragraph 4, *Availability for Inspection and Shipment*, delete entire paragraph.

Insert in lieu thereof: "*Availability for Inspection and Shipment*: The Government desires that material be available for inspection and shipment at the earliest possible time. Partial deliveries are acceptable. First delivery is desired within 15 days after Notice of Award. Last delivery is desired not later than 45 days after Notice of Award. Supplier to quote earliest delivery showing quantity offered and days of availability after award."

Page 7, Paragraph 13 (also page 1 where reference is made), *Negotiation Authority*, delete entire paragraphs.

Insert in lieu thereof: "*Negotiation Authority*: This Contract negotiated pursuant to Section 302(c)(2) of the Federal Property and Administrative Services Act of 1949, 63 Stat. 393, as amended (41 U.S.C. 252) (22 U.S.C. 2393)."

Page 7, Insert Paragraph 15, *Submission of Offers*: Telegraphic Offers are acceptable.

All other terms and conditions of the Solicitation for offers remain the same. Offeror should acknowledge receipt by signature hereunder in the space provided and return in duplicate with their offer.

Receipt acknowledged:

Name of Firm

Signature and Title

Date

KRAEMER MERCANTILE CORP.,
New York, N.Y., October 23, 1963.

Senator PAUL H. DOUGLAS,
Chairman, Joint Economic Committee,
Congress of the United States, Washington, D.C.

DEAR SENATOR DOUGLAS: Thank you for your letter of September 10. With your permission, we enclose herewith copy of today's letter of our new trade association, the American Toy Export Association, to the Chairman of the Federal Maritime Commission.

Cordially yours,

H. E. BAER, *President.*

AMERICAN TOY EXPORT ASSOCIATION,
October 23, 1963.

Mr. JOHN HARLLEE,
Chairman, Federal Maritime Commission,
Washington, D.C.

DEAR SIR: As a newly formed trade association we wish to approach your Commission to lend our weight to the existing pleas made by various other companies, individuals, and organizations to eliminate the severe handicap of unbalanced inward and outward freight rates.

We are sure that you have in your possession more data than we could possibly compile, but we wish to point out that toys are a commodity which suffers more heavily than many others from the difference between the inward and outbound rates. We find that as an average, imports carry an ocean freight rate of about 10 percent of merchandise value, but exports are saddled with freight rates of anywhere from 30 to 50 percent in the same trade routes.

On January 18, 1963, the undersigned, as president of Kraemer Mercantile Corp., 500 Fifth Avenue, New York 36, N.Y., submitted data to the Federal Maritime Commission. Further information was given to your Mr. Bonner Field on occasion of a Department of Commerce meeting with representatives of the U.S. toy industry on August 22, 1963. At that time, we requested that toys be given priority status in your studies of ocean freight rate structures. Kraemer Mercantile Corp. did receive a communication from your Chief of the Division of Informal Complaints, but the request for more and more papers strikes us as just another way of shifting the burden from where it belongs to the shoulders of the exporter, who does not have access to the vast amount of information which you already possess.

One of our foreign clients, who wished to raise his voice in protest against the unfair U.S. freight rates, and who was told to file voluminous reports, put it very succinctly, "since this question is not a new one for you, we see no reason for our losing further time with our supplying you the many documents you are now requesting which you can easily obtain from any forwarding agent. We have no difficulty in buying toys in other countries, thus we are of the opinion that you, as the main interested party in the increase of American export, should obtain freight and f.o.b. fees rates from other countries."

We have in our files—available to any representative you wish to send to us—many letters from prospective customers of the U.S. export trade stating that high freight costs have forced them to forgo the U.S. market. When one sees comparisons like the following, one does not have to wonder why:

New York to Venezuela:	\$41 per ton.
Hamburg to Venezuela:	\$37.30 per ton.
Japan to Venezuela:	\$24.30 per ton.

Another unreasonable impediment to U.S. toy exports is the difference in classifying toys in the tariffs of the different conferences. For example, on the New York to Callao tariff, toys are rated fifth class; but to the Dominican Republic, toys are rated first class. (See letter to Stevenson Steamship Line from Kraemer Mercantile, dated August 20, 1963, copy of which was given to Mr. Field—no reply from the line or from the Federal Maritime Commission.)

We realize the many duties to be performed by your commission, but do feel that you cannot avoid any longer to come face to face with the most important issue today: the discrimination against U.S. exports by the rate-making bodies in ocean commerce.

Our association, within our limits, is eager to assist you in helping the U.S. to export more for the country's benefit.

Very truly yours,

H. E. BAER,
Acting Chairman, ATEA,
C/O Kraemer Mercantile Corp., New York, N.Y.

The members of the association are:

Century Distributing Co., 1133 Broadway, New York City.
Dayton Price Co., Ltd., 1 Park Avenue, New York.
Guiterman Co., Inc., 95 Broad Street, New York.
Kalglass International, Inc., 220 Fifth Avenue, New York City.
Kraemer Mercantile Corp., 500 Fifth Avenue, New York City.
E. Miltonberg Co., 43 Great Jones Street, New York City.
Overseas Agencies, Division Harvey Cross, 245 Fifth Avenue, New York.
Henry L. Shrier Co., 200 Fifth Avenue, New York City.
H. G. Wathen Co., 112 East 19th Street, New York City.

NEUERT, WILTON & ASSOCIATES, INC.,
Chicago, Ill., December 31, 1963.

HON. PAUL H. DOUGLAS,
Chairman of the Joint Economic Committee,
Congress of the United States, Washington, D.C.

DEAR SENATOR DOUGLAS: Following up on your suggestion that we apply for freight rate decreases, I beg to enclose photocopy of our letter of July 29, 1963, to the Great Lakes Overseas, Inc., Chicago, with the request for a slight decrease for our freight rates for bathroom scales to Copenhagen, Denmark. We were turned down. Fortunately enough, for this one order, we found a possibility of shipping via Rotterdam and transshipping from there at the requested rate of 90 cents, while the Great Lakes Overseas, Inc., turned down our request and insisted on the \$1.10 rate. As this was a one-time opportunity, we, unfortunately, lost 90 percent of our Danish bath-scale business in 1963; and, having our European competitors given free access to our otherwise well-satisfied customers, we shall probably find it difficult to regain this market in the foreseeable future, for American made scales.

I also enclose a photocopy of an ocean freight rate increase information, received on the date of November 22, 1963, from the Atlantic and Gulf-Singapore, Malaya and Thailand Conference. I have no information, which would enable me to claim that this conference does not need this freight rate increase; in fact, considering continuously increasing labor cost, they probably need it badly. For American exporting industry and American exporters, it is, however, irrelevant, why such freight rates increases become necessary, as long as their result is a continuing and increasing loss of foreign markets, because of resulting uncompetitive landed cost of American merchandise in previously American-supplied foreign countries.

Respectfully yours,

H. NEUERT.

JULY 29, 1963.

Re ocean freight rates on bathroom scales, Chicago-Copenhagen.

GREAT LAKES OVERSEAS, INC.,
Chicago, Ill.
(Attention of Mr. Roy Frank).

DEAR MR. FRANK: We applied to the United States Great Lakes Scandinavian and Baltic Eastbound Conference for a rate reduction from \$1.10 per cubic foot to 90 cents per cubic foot, from Chicago to Copenhagen on bathroom scales which was not approved per Mr. DeGroot's letter to us of July 18.

You undoubtedly know that we are staunch supporters of Great Lakes shipping and have used the services of the vessels serving this port since 1947, when very few vessels called at this port, mainly the Fjell Lines and the Oranje Lines. You probably knew me then as Miss Rudnick. We tried to educate our oversea accounts to use the Great Lakes services during the season, and we were successful. Now most of our accounts do all their purchasing during the Great Lakes shipping season.

I do not have records back to 1947; but, to give you an example of how much our Great Lakes shipping volume has increased, I can give you figures from 1959 through 1962, inclusive.

In 1959, we shipped a total of 9,391 cubic feet via the Great Lakes ports. In 1960, we shipped a total of 27,591 cubic feet via the Great Lakes ports. In 1961, we shipped a total of 34,406 cubic feet via the Great Lakes ports. In 1962 we shipped a total of 55,925 cubic feet via the Great Lakes ports.

The greatest percentage of this cargo moved via the port of Chicago and most of it on the vessels handled by your agency. This was all part of our planning to reduce our customer's landed costs, be more competitive, and increase the volume of business.

We started to ship bathroom scales to Denmark via the port of Copenhagen in 1960 and quoted CIF prices. In 1960, we shipped 1,596 cubic feet; in 1961, we shipped 2,588 cubic feet; and in 1962, we shipped 2,620 cubic feet to this port.

In 1963, we had no shipments whatsoever of bathroom scales to Copenhagen, as our price, which is unchanged, is no longer competitive. In order to meet the competition, we have to come down 15 cents per scale on our CIF prices. Due to our extremely low markup, we can only allow 10 cents per scale without suffering a complete loss. This means we still need to come down .05 cents per scale. The only place we can possibly look for this is in a freight reduction.

The present ocean freight rate from Chicago to Copenhagen is \$1.10 per cubic foot, as it has been for the past few years. If this rate can be reduced to 90 cents per cubic foot, this would result in a savings of 20 cents per cubic foot. Four of our bathroom scales measure 1 cubic foot, which would represent a rate reduction of 5 cents per scale.

Our competition is not other U.S. manufacturers of this commodity but European competition so that this loss of business is not only ours but also means a loss of business to the Great Lakes shipping.

We feel that a reduced ocean freight rate to Copenhagen of 90 cents per cubic foot is all we need to regain this lost business, and we ask that you contact your principals, the owners of the lines you represent, for their approval to same.

Naturally, we would like to see a 90-cent rate applicable to all the Scandinavian and Baltic base ports from Chicago but we are still shipping to Swedish ports and Norwegian ports at the present rates of \$1.10 but we do not face the strong competition there as we do in Denmark and would be happy, indeed, if the rate reduction from \$1.10 per cubic foot to 90 cents per cubic foot would be approved for Danish ports only.

Anything you can do for us will be sincerely appreciated.

Very truly yours,

NEUERT, WILTON & ASSOCIATES, INC.,
F. HERGAN.

ATLANTIC AND GULF, SINGAPORE, MALAYA, AND THAILAND CONFERENCE,
New York, N.Y., November 22, 1963.

RATE NOTIFICATION 397

To Contract Shippers:

ATLANTIC AND GULF PORTS TO SINGAPORE, MALAYA, AND THAILAND

INCREASE IN OCEAN RATES

During October 1961, this Conference announced to its shippers an increase in freight rates. Since the rates provided by that announcement became effective they have, generally speaking, been in effect, except for those items which have been afforded substantial reductions. Since that increase the Member Lines of this Conference have been faced with steadily mounting costs of operation, the most significant of which would probably be the replacement costs of vessels.

As it is the desire of the Members to continue to serve our shippers with the fast, dependable, and efficient service which has prevailed in the past, it has been decided, with great reluctance, to obtain some measure of relief through a moderate increase in our rates.

We wish to inform you, therefore, that effective March 1, 1964, rates and lump-sum charges will be adjusted upwardly by approximately 10 percent (10%). It might be well to mention here that the effectiveness of this rate increase will apply

to delivery of cargo to vessels' loading berth, alongside or on the wharf on March 1, 1964.

Subscribers to Freight Tariff No. 14 will receive revised pages to Freight Tariff as promptly as is possible. Shippers who are not subscribers to our Tariff will be promptly furnished rates they require upon application to this Office or the Office of any Member Line.

In the meantime, we attach table which sets forth the rate level to become effective for any given rate presently shown in our freight tariff.

J. F. NASH.

<i>If present rate is—</i>	<i>Increased rate will become—</i>	<i>If present rate is—</i>	<i>Increased rate will become—</i>
\$2.00	\$2.20	\$30.75	\$33.75
\$2.50	\$2.75	\$31.00	\$34.00
\$2.75	\$3.05	\$31.25	\$34.25
\$2.80	\$3.10	\$31.50	\$34.75
\$3.30	\$3.65	\$31.75	\$35.00
\$3.55	\$3.90	\$32.00	\$35.25
\$6.00	\$6.60	\$32.25	\$35.50
\$6.60	\$7.25	\$32.50	\$35.75
\$17.00	\$18.75	\$32.75	\$36.00
\$18.00	\$19.75	\$33.00	\$36.25
\$19.00	\$21.00	\$33.25	\$36.50
\$20.00	\$22.00	\$33.50	\$36.75
\$20.25	\$22.25	\$33.75	\$37.25
\$20.50	\$22.50	\$34.00	\$37.50
\$20.75	\$22.75	\$34.25	\$37.75
\$21.00	\$23.00	\$34.50	\$38.00
\$21.25	\$23.50	\$34.75	\$38.25
\$21.50	\$23.75	\$35.00	\$38.50
\$21.75	\$24.00	\$35.25	\$38.75
\$22.00	\$24.25	\$35.50	\$39.00
\$22.25	\$24.50	\$35.75	\$39.25
\$22.50	\$24.75	\$36.00	\$39.50
\$22.75	\$25.00	\$36.25	\$39.75
\$23.00	\$25.25	\$36.50	\$40.25
\$23.25	\$25.50	\$36.75	\$40.50
\$23.50	\$25.75	\$37.00	\$40.75
\$23.75	\$26.25	\$37.25	\$41.00
\$24.00	\$26.50	\$37.50	\$41.25
\$24.25	\$26.75	\$37.75	\$41.50
\$24.50	\$27.00	\$38.00	\$41.75
\$24.75	\$27.25	\$38.25	\$42.00
\$25.00	\$27.50	\$38.50	\$42.25
\$25.25	\$27.75	\$38.75	\$42.75
\$25.50	\$28.00	\$39.00	\$43.00
\$25.75	\$28.25	\$39.25	\$43.25
\$26.00	\$28.50	\$39.50	\$43.50
\$26.25	\$29.00	\$39.75	\$43.75
\$26.50	\$29.25	\$40.00	\$44.00
\$26.75	\$29.50	\$40.25	\$44.25
\$27.00	\$29.75	\$40.50	\$44.50
\$27.25	\$30.00	\$40.75	\$44.75
\$27.50	\$30.25	\$41.00	\$45.00
\$27.75	\$30.50	\$41.25	\$45.25
\$28.00	\$30.75	\$41.50	\$45.75
\$28.25	\$31.00	\$41.75	\$46.00
\$28.50	\$31.25	\$42.00	\$46.25
\$28.75	\$31.75	\$42.25	\$46.50
\$29.00	\$32.00	\$42.50	\$46.75
\$29.25	\$32.25	\$42.75	\$47.00
\$29.50	\$32.50	\$43.00	\$47.25
\$29.75	\$32.75	\$43.25	\$47.50
\$30.00	\$33.00	\$43.50	\$47.75
\$30.25	\$33.25	\$43.75	\$48.25
\$30.50	\$33.50	\$44.00	\$48.50

DISCRIMINATORY FREIGHT RATES

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<i>If present rate is—</i>	<i>Increased rate will become—</i>	<i>If present rate is—</i>	<i>Increased rate will become—</i>
\$44.25	\$48.75	\$60.25	\$66.25
\$44.50	\$49.00	\$60.50	\$66.50
\$44.75	\$49.25	\$60.75	\$66.75
\$45.00	\$49.50	\$61.00	\$67.00
\$45.25	\$49.75	\$61.25	\$67.25
\$45.50	\$50.00	\$61.50	\$67.75
\$45.75	\$50.25	\$61.75	\$68.00
\$46.00	\$50.50	\$62.00	\$68.25
\$46.25	\$51.00	\$62.25	\$68.50
\$46.50	\$51.25	\$62.50	\$68.75
\$46.75	\$51.50	\$62.75	\$69.00
\$47.00	\$51.75	\$63.00	\$69.25
\$47.25	\$52.00	\$63.25	\$69.50
\$47.50	\$52.25	\$63.50	\$69.75
\$47.75	\$52.50	\$63.75	\$70.25
\$48.00	\$52.75	\$64.00	\$70.50
\$48.25	\$53.00	\$64.25	\$70.75
\$48.50	\$53.25	\$64.50	\$71.00
\$48.75	\$53.75	\$64.75	\$71.25
\$49.00	\$54.00	\$65.00	\$71.50
\$49.25	\$54.25	\$65.25	\$71.75
\$49.50	\$54.50	\$65.50	\$72.00
\$49.75	\$54.75	\$65.75	\$72.25
\$50.00	\$55.00	\$66.00	\$72.50
\$50.25	\$55.25	\$66.25	\$73.00
\$50.50	\$55.50	\$66.50	\$73.25
\$50.75	\$55.75	\$66.75	\$73.50
\$51.00	\$56.00	\$67.00	\$73.75
\$51.25	\$56.50	\$67.25	\$74.00
\$51.50	\$56.75	\$67.50	\$74.25
\$51.75	\$57.00	\$67.75	\$74.50
\$52.00	\$57.25	\$68.00	\$74.75
\$52.25	\$57.50	\$68.25	\$75.00
\$52.50	\$57.75	\$68.50	\$75.25
\$52.75	\$58.00	\$68.75	\$75.75
\$53.00	\$58.25	\$69.00	\$76.00
\$53.25	\$58.50	\$69.25	\$76.25
\$53.50	\$58.75	\$69.50	\$76.50
\$53.75	\$59.25	\$69.75	\$76.75
\$54.00	\$59.50	\$70.00	\$77.00
\$54.25	\$59.75	\$70.25	\$77.25
\$54.50	\$60.00	\$70.50	\$77.50
\$54.75	\$60.25	\$70.75	\$77.75
\$55.00	\$60.50	\$71.00	\$78.00
\$55.25	\$60.75	\$71.25	\$78.50
\$55.50	\$61.00	\$71.50	\$78.75
\$55.75	\$61.25	\$71.75	\$79.00
\$56.00	\$61.50	\$72.00	\$79.25
\$56.25	\$62.00	\$72.25	\$79.50
\$56.50	\$62.25	\$72.50	\$79.75
\$56.75	\$62.50	\$72.75	\$80.00
\$57.00	\$62.75	\$73.00	\$80.25
\$57.25	\$63.00	\$73.25	\$80.50
\$57.50	\$63.25	\$73.50	\$80.75
\$57.75	\$63.50	\$73.75	\$81.25
\$58.00	\$63.75	\$74.00	\$81.50
\$58.25	\$64.00	\$74.25	\$81.75
\$58.50	\$64.25	\$74.50	\$82.00
\$58.75	\$64.75	\$74.75	\$82.25
\$59.00	\$65.00	\$75.00	\$82.50
\$59.25	\$65.25	\$75.25	\$82.75
\$59.50	\$65.50	\$75.50	\$83.00
\$59.75	\$65.75	\$75.75	\$83.25
\$60.00	\$66.00	\$76.00	\$83.50

DISCRIMINATORY FREIGHT RATES

<i>If present rate is—</i>	<i>Increased rate will become—</i>	<i>If present rate is—</i>	<i>Increased rate will become—</i>
\$76.25	\$83.75	\$90.75	\$99.75
\$76.50	\$84.25	\$91.00	\$100.00
\$76.75	\$84.50	\$91.25	\$100.50
\$77.00	\$84.75	\$91.50	\$100.75
\$77.25	\$85.00	\$91.75	\$101.00
\$77.50	\$85.25	\$92.00	\$101.25
\$77.75	\$85.50	\$92.25	\$101.50
\$78.00	\$85.75	\$92.50	\$101.75
\$78.25	\$86.00	\$92.75	\$102.00
\$78.50	\$86.25	\$93.00	\$102.25
\$78.75	\$86.50	\$93.25	\$102.50
\$79.00	\$87.00	\$93.50	\$102.75
\$79.25	\$87.25	\$93.75	\$103.25
\$79.50	\$87.50	\$94.00	\$103.50
\$79.75	\$87.75	\$94.25	\$103.75
\$80.00	\$88.00	\$94.50	\$104.00
\$80.25	\$88.25	\$94.75	\$104.25
\$80.50	\$88.50	\$95.00	\$104.50
\$80.75	\$88.75	\$95.25	\$104.75
\$81.00	\$89.00	\$95.50	\$105.00
\$81.25	\$89.50	\$95.75	\$105.25
\$81.50	\$89.75	\$96.00	\$105.50
\$81.75	\$90.00	\$96.25	\$106.00
\$82.00	\$90.25	\$96.50	\$106.25
\$82.25	\$90.50	\$96.75	\$106.50
\$82.50	\$90.75	\$97.00	\$106.75
\$82.75	\$91.00	\$97.25	\$107.00
\$83.00	\$91.25	\$97.50	\$107.25
\$83.25	\$91.50	\$97.75	\$107.50
\$83.50	\$91.75	\$98.00	\$107.75
\$83.75	\$92.25	\$98.25	\$108.00
\$84.00	\$92.50	\$98.50	\$108.25
\$84.25	\$92.75	\$98.75	\$108.75
\$84.50	\$93.00	\$99.00	\$109.00
\$84.75	\$93.25	\$99.25	\$109.25
\$85.00	\$93.50	\$99.50	\$109.50
\$85.25	\$93.75	\$99.75	\$109.75
\$85.50	\$94.00	\$100.00	\$110.00
\$85.75	\$94.25	\$103.75	\$114.25
\$86.00	\$94.50	\$104.50	\$115.00
\$86.25	\$95.00	\$107.50	\$118.25
\$86.50	\$95.25	\$109.00	\$120.00
\$86.75	\$95.50	\$110.00	\$121.00
\$87.00	\$95.75	\$118.75	\$130.75
\$87.25	\$96.00	\$120.75	\$132.75
\$87.50	\$96.25	\$126.50	\$139.25
\$87.75	\$96.50	\$131.00	\$144.00
\$88.00	\$96.75	\$134.75	\$148.25
\$88.25	\$97.00	\$137.50	\$151.25
\$88.50	\$97.25	\$143.25	\$157.50
\$88.75	\$97.75	\$151.75	\$167.00
\$89.00	\$98.00	\$158.25	\$174.00
\$89.25	\$98.25	\$165.25	\$181.75
\$89.50	\$98.50	\$167.00	\$183.75
\$89.75	\$98.75	\$196.00	\$215.50
\$90.00	\$99.00	\$316.25	\$348.00
\$90.25	\$99.25	\$379.50	\$417.50
\$90.50	\$99.50	\$555.50	\$611.00

DAVID PETRI (DEVELOPMENTS), LTD.,
Heathfield-Sussex, December 31, 1963.

Subject: Export of American merchandise to England.

WILLIAM RUSCH, Esq.,
Commercial Section, U.S. Embassy, London.

DEAR MR. RUSCH: I am sending a copy of this letter to your Ambassador because I feel it is of considerable importance to the American peoples.

My company manufactures and sells games and sports equipment to the United States and my products are carried by United States Lines or Cunard or any conference ships at a cost of 132 shillings a ton.

In an endeavor to build up some reciprocal trade we have now become sole agents for one of the largest games and sports goods manufacturers in the States, namely, General Sportcraft Co. Ltd., of Bergenfield, N.J.

The intention in this arrangement is that we should buy complete equipments from General Sportcraft and distribute in this country, in Eire and, in due course we hope, to the Commonwealth where we have excellent merchandising arrangements.

I am staggered to have received quotations from my London shipping house to the effect that games and sports equipment when shipped from the States to England are charged at the rate of 236 shillings a ton—or damn nearly double the East-West price!

This fantastic situation is, according to my shipping agents, perfectly normal on top of which I gather from my telephone conversation with you today that you are equally unconcerned that the American manufacturer and therefore the American economy should be taken for such a "ride." The result of this state of affairs is that we will only be able to sell a fraction of the American-made products than would be the case were fair and reasonable freight prices charged.

I would suggest to you, to the Ambassador, and to President Johnson that you get this matter put right immediately.

For our part we are anxious to start importing in bulk during February and March, and I would be grateful if you would arrange for reasonable freight rates to be in effect by that time.

No doubt I shall hear from you by return.

Yours sincerely,

DAVID PETRI, *Managing Director.*

SÃO PAULO, BRASIL, *August 16, 1963.*

Senator PAUL DOUGLAS,
*U.S. Congress,
 Washington, D.C.*

DEAR SENATOR DOUGLAS: May I introduce myself as a sales agent on behalf of foreign industries with an experience of almost 20 years in the import and export business at this market.

I have read the article "Shipping—What the Traffic Will Bear", which appeared in the Latin American edition of Time newsmagazine of August 9, and I must say that, in my opinion and in accordance with my experience over the last years, the preoccupations of the U.S. exporters regarding the high ocean freight rates are fully justified. I would like to give you two examples in this respect:

Until about 2 years ago I sold here for my U.S. principals larger quantities of sodium phosphates to almost all local consumers. Then the European producers wanted to get the good orders covering sometimes several hundred of tons. But their reduced prices could be accompanied until the lower ocean freight rates from British and European ports came into the picture and made England and France competitive. Today such difference in the ocean freight may amount to about 10 percent of the c.i.f. prices and since beginning of last year I am not selling 1 single pound.

I am selling bentonite, a common ground clay, also from the United States to local consumers, mainly steel foundries, and increased the sales over the last years. But now this business is in danger too and partly because of the sky high and continuously increasing ocean freight rate from the gulf ports to Santos for this material.

The price for bentonite is around \$35 per metric ton f.o.b. gulf ports. The ocean freight rate established by the "River Plate and Brazil Conferences" amounts to \$31 plus \$8 plus 35 percent port congestions surcharge for Santos equals \$49.85 per long ton, which includes the new increase of \$2 of the basic freight rate effective September 1. Originally the rate started at the basic \$29 per long ton,

but with the continuous increases established by the Conferences we now arrived at this astronomic figure which I consider astronomic for such an item as common ground clay.

The steamship lines state that they have to charge these high rates because of the high charges at the Brazilian ports. But such port charges are the same for ships from any origin. Formerly it also was said that bentonite moves in small quantities only in comparison with such items as soda ash and caustic soda. But now bentonite is being shipped from the gulf ports in hundreds of tons and nobody seems to be concerned that the rate continues high while caustic soda and soda ash, with reduced shipments, continue paying a basic ocean freight rate of \$16 per long ton.

I do not question the surcharge for Brazilian ports of the 35 percent port congestions surcharge for Santos, which have been established by all conferences including from Europe. But I cannot agree with the basic ocean freight rate of \$31 per long ton which I consider far too high for such an item as common ground clay or bentonite.

Claims submitted to the steamship lines and the River Plate and Brazil Conferences in New York have no effect. Recently a nonconference service offered to carry bentonite from the gulf ports to Santos at a basic ocean freight rate of \$24.65 per long ton and to call at the port of Santos for a mere 200 tons. The local agencies of the regular lines state that such an offer would be unprofitable but I have no doubt that the nonconference line still would make money with only 200 tons, because otherwise no such offer would have been made. Unfortunately, for several reasons, it is practically impossible to use nonconference lines because of their irregular schedules.

It now seems that the bentonite business will be lost slowly against Argentine competition. Due to several factors involved, besides the low freight rates from Argentina to Brazil, c.i.f. prices cannot be compared. But the Argentine bentonite is of inferior quality and local consumers prefer by far the U.S. bentonite. Consequently a normal difference in prices is a not too great handicap. However, with the sky-high ocean freight from the gulf ports to Santos and the continuous increases the difference of the landed cost has become so great that local consumers are finally forced to accept the Argentine bentonite because of the great difference in the c.i.f. prices.

I explained to the agencies of the steamship lines that, in the final run, they too will lose this business which they consider "fine," but that does not stop the rate hikes. I only hope that under the action of your committee the steamship lines serving Brazil and specially the River Plate and Brazil Conferences will review their unscientific rate schedules and establish a new basic freight rate for common ground clay or bentonite on a similar basis as for soda ash, caustic soda and similar products, that is, on a level which justifies the same in comparison with the low cost of the product.

Anticipating my best thanks for your attention, I remain,

WERNER H. SCHWARDT.

STERLING PUBLISHING CO., INC.,
New York, N.Y., November 1, 1963.

Hon. PAUL DOUGLAS,
U.S. Senate, Washington, D.C.

DEAR SENATOR DOUGLAS: I am enclosing a copy of a letter to the Eastbound Shipping Freight Conference in the expectation that you will be interested in the matter because of your current investigation.

I feel very strongly on the subject and I feel that a great injustice is being done through these discriminatory freight rates. Mr. Pasch is a pleasant conversationalist, but his stand, as expressed to me verbally, if it represents the view of the Conference, is to my mind detrimental to expanding the export of books to England.

I think you will agree with me that aside from the economics of the situation, it is desirable to have young English people read American books and learn more of our viewpoint and our way of life.

Yours truly,

DAVID A. BOEHM, *President.*

STERLING PUBLISHING CO., INC.,
New York, N.Y., November 1, 1963.

Mr. A. J. PASCH,
Chairman, North Atlantic United Kingdom Freight Conference,
New York, N.Y.

DEAR MR. PASCH: I am enclosing our application for modification in ocean freight rate, as per my discussion with you the other day. I have since discovered that we made application for a reduction in the rate in May of this year and that your conference declined the request. I am reapplying because I have made further investigation and I believe that I can prove that the rate charged on the books produced in America is discriminatory against the product and puts American-made books in an unfair competitive position compared to British-produced books.

As I told you, we have worked out a favorable contract for the export of American-printed books with a British publishing house; namely, Oak Tree Press, in London. This contract allows a British publisher to sell our American-made books at a low enough price to capture a fairly substantial portion of the British market. As far as sales volume is concerned, the enterprise is successful, but the British publisher has told us that the profit margin is severely restricted because of the excessive freight charges which he was not expecting to pay. He was under the impression that freight moving eastbound across the Atlantic would be accorded the same rate as freight moving westbound.

We have been told the reasons for the difference in rates and can understand a slight variation, but not the tremendous variation which does exist. The same books shipped westbound would cost \$20 per 40 cubic feet, as against \$68.25 for 40 cubic feet eastbound. Oak Tree Press has informed us that they can no longer publish American-printed books unless some adjustment in the rates is accorded us. The books can be much less expensively produced in England.

My suggestion is that your conference consider the possibility of applying a sliding scale of rates to books. The present rate is probably not excessive on very heavy, expensive volumes of a technical nature, which sell for \$10 and more retail. But, on books such as we are discussing here; namely, instructive or educational books for average amateurs or persons of student age which sell for about 9s. 6d. to 12s. 6d. in England these are heavily weighted down by the freight rating and a special rate of no more than \$34, or one-half of the present rate, should be accorded such books.

I have discussed this matter with executives of the U.S. lines and with the U.S. Embassy in London, and I have been advised to carry the matter further if your conference fails to agree to it. As you told me, I know that Senator Paul Douglas, of Illinois, is investigating shipping and the Maritime Commission is interested in such matters. I hope that your conference will reconsider this problem in the light of information I have given you. In line with President Kennedy's program of promoting sales of American-made products abroad and turning the balance of payments around once more, I hope your conference will take a determined step in the right direction.

Yours truly,

DAVID A. BOEHM, *President.*

APPLICATION FOR MODIFICATION IN OCEAN FREIGHT RATE

1. Name of Commodity, and trade name if any: Books—not otherwise specified.
2. Schedule B. Commodity No. 95123.
3. Railroad Consolidated Classification description:
4. State if hazardous or inflammable: No. Label required: No.
5. Uses of Commodity:
6. Form of commodity; flake, granulated, liquid, paste, powdered or solid:
7. Packing; bag, bale, barrel, box, carton, crate: Cartons.
8. Package dimensions: Length: Width: Height: Cu.Ft. per Pkge.: Various.
9. Package gross weight: Various. Cubic Feet per 2,240 lbs.:
10. F.A.S. value per lb.: Per Pkge.: Per Unit:
11. Point of Origin of commodity: New York.
12. Port of Loading: New York. Port of Discharge: London.
13. Present rate: \$68.25 on contract. Rate Requested: \$34.
14. Percentage rate to value: 50¢ per lb. Percentage rate to value: 25¢ per lb.
15. Volume of present movement: \$2,000 annually—our company alone.

16. Anticipated volume if rate modification granted: It might double in a year.
17. Is movement continuous, seasonal or sporadic: Continuous.
18. Name competitive commodity: British-produced books.
19. State F.A.S. value of competitive commodity:
20. Reason for requested modification (if foreign competition, please furnish all known data including country of origin, ocean freight rate, laid down cost, and the steps taken by applicant to reduce other costs to meet competition):
21. Application submitted by Sterling Publishing Co., Inc., David A. Boehm, President, 419 Fourth Avenue, New York 16, N.Y.

Date: November 1, 1963.

(NOTE.—Any further information which you may wish to submit in support of your request may be included on reverse side hereof, or in a covering letter.)

STERLING PUBLISHING Co., Inc.,
New York, N.Y., December 10, 1963.

HON. PAUL H. DOUGLAS,
Chairman, Joint Economic Committee,
Congress of the United States, Washington, D.C.

DEAR SENATOR DOUGLAS: Thank you very much for your letter of December 6. I'm glad that you were able to use the information I sent you previously.

Before receiving your letter, I did get a call from the North Atlantic-United Kingdom Freight Conference who offered to reduce its freight rate on unbound books to approximately \$42 from \$68 on shipments going to the United Kingdom. This seemed quite acceptable to us and to our English publishing customer and we have so informed the conference.

There is still of course a disparity on bound books but the larger market exists in unbound books and we do not care to make an issue of that rate at this time.

I want to thank you for your efforts. I feel certain that this voluntary reduction came about through your investigation.

Thank you again.

Yours truly,

DAVID A. BOEHM, *President.*

STERLING PUBLISHING Co., Inc.
New York, N.Y., January 2, 1964.

HON. PAUL H. DOUGLAS,
Chairman, Joint Economic Committee,
Congress of the United States, Washington, D.C.

DEAR SENATOR DOUGLAS: I spoke too soon in my letter of December 10. I was under the impression that the North Atlantic-United Kingdom Conference was voluntarily reducing its rates on unbound books going to the United Kingdom from \$68.25 to \$42.75. It was after I was so informed by Mr. A. J. Pasch, chairman of the conference, by phone, that I wrote you and also told the British publisher, Ward Lock & Co., Ltd., with whom we are trying to do business. When Mr. Pasch later confirmed the new rate in writing, however, he stated that it was contingent upon the books being valued at \$600 or less per freight-ton. Most American shipments of unbound books run to more than this value. We, therefore, appealed again to the conference to raise the value limit to \$1,000 per freight-ton, but they have now summarily refused our plea.

I consider the last minute insertion of a value limitation most unusual if not unethical conduct since no discussion of values occurred between Mr. Pasch and myself. This seems to have been a tricky maneuver at a time when the shipping rates were being investigated by your committee. The letter to you in which I applauded Mr. Pasch for cooperation and for making it possible for us to increase our shipment of books to England should never have been sent and would never have been sent if I had known the conditions of evaluation.

At the time of our phone conversation, Mr. Pasch and I agreed that the conference need not classify unbound books and bound books together although logically they should be classified together. The disparity in rates still exists on bound books and now also on unbound, as the value limitation prevents all but a few cheaply printed books from coming in under the rate.

If you are opening the hearings once more or if you are directing the Maritime Commission to investigate conference rates, I would appreciate your bringing

these facts into the open. Unfortunately, I myself will not be available to pursue the matter personally as I am leaving on a trip to the Far East within a few days.

Yours truly,

DAVID A. BOEHM, *President.*

U.S. GOVERNMENT MEMORANDUM

FEDERAL MARITIME COMMISSION,
March 20, 1964.

To: Mr. Thomas Boggs, Joint Economic Committee.
From: Leroy F. Fuller, Associate Director, Bureau of Foreign Regulation.
Subject: Sterling Publishing Co. complaint—Rate on unbound books to the United Kingdom.

Some time ago you furnished me with a file regarding efforts by Mr. David A. Boehm, president of Sterling Publishing Co., to get reduced rates on unbound books from United States North Atlantic ports to the United Kingdom.

The file indicated that the North Atlantic United Kingdom Conference finally reduced the outbound rate on unbound books from \$68.25 to \$42.75, but the reduction was limited to books valued at \$600 or less per freight-ton. Mr. Boehm indicated that a substantial portion of the books shipped by his company to the United Kingdom had a valuation in excess of \$600 per ton, and, therefore, the freight rate reduction granted by the conference was of little value to him.

After reviewing the file, I discussed this matter with the chairman of the North Atlantic United Kingdom Conference and with Mr. Boehm. An agreement was reached to raise the value on unbound books to which the \$42.75 rate would apply from \$600 to \$850 per freight-ton. This rate has now been filed by the conference to be effective from and after Tuesday, March 17, 1964, and I have today verified by telephone with Mr. Boehm that this new valuation of unbound books is satisfactory to him, and his shipments can now move at the \$42.75 rate. He is still concerned, however, with the continuing high rate of \$68.25 on bound books from United States North Atlantic ports to the United Kingdom. We are continuing to review this rate problem with Mr. Boehm, other book publishing firms, and the conference.

LEROY F. FULLER.

STERLING PUBLISHING CO., INC.,
New York, N.Y., April 7, 1964.

NORTH ATLANTIC UNITED KINGDOM FREIGHT CONFERENCE,
New York, N.Y.

GENTLEMEN: Since my telephone conversation several weeks ago with Mr. A. J. Pasch and in accordance with Mr. Pasch's request, I have investigated the situation regarding publishers in our field and have ascertained that they have the same problems we have in regard to excessive freight rates on shipments going to Europe. Their exports are severely restricted by the fact that transportation charges are so high and this causes high prices for American books selling in England and on the Continent.

During this interim, I have talked to Prentice-Hall and to other members of the American Book Publishers Council, and in every instance they agree that the freight rates are discriminatory on bound books—that there is a great disparity between outgo shipments and incoming on bound books and that there is a difference that is unjustified between bound books and unbound books.

I believe that other publishers will join me in requesting a reduction in the freight rate on shipments to the United Kingdom under conference contracts on bound books. I think that a rate of \$42.75, equivalent to the rate on unbound books, is a fair and equitable rate and anything higher than this would be unjustified. I know that at the moment contracts are in a state of limbo; shipments are not going forward and every day more books are piling up here in our warehouse ready for shipment. We have been told by our customers in the United Kingdom to hold up shipments until rates are reduced.

If it is necessary for us to make a formal application for a rate reduction, we will be happy to do so, but as far as I am concerned, you may use this letter in lieu of formal application. Won't you please let me know what action you take at the earliest possible moment. Thank you very much.

Yours truly,

DAVID A. BOEHM, *President.*

STERLING PUBLISHING CO., INC.,
New York, N.Y., April 24, 1964

MR. R. J. GAGE,
Chairman, North Atlantic United Kingdom Freight Conference,
New York, N.Y.

DEAR MR. GAGE: We have previously filled out a detailed analysis of our traffic and if you will just look in your files, you will find that the entire matter was detailed in our previous correspondence with Mr. Pasch. The enclosed forms have been filled out before and I see no reason to fill them out again. There has been no change since the last time we applied, which was in October or November of 1963, asking for a reduced rate on both bound and unbound books. We received the reduction on unbound books and are now asking for a reduction on the bound book rate. It is a very simple matter, and I don't think that you should delay by the tactic of asking us to fill out more forms.

Yours truly,

DAVID A. BOEHM, *President.*

U.S. RUBBER RECLAIMING CO., INC.,
Buffalo, N.Y., October 25, 1963.

HON. PAUL H. DOUGLAS,
Chairman, Joint Economic Committee,
Congress of the United States,
Washington, D.C.

DEAR SENATOR DOUGLAS: In connection with our correspondence regarding the comparative ocean freight rates paid by shippers in the United States and foreign countries, I enclose a tabulation showing a comparison of rates on reclaimed rubber from Liverpool, England, versus our Atlantic and Gulf ports to several destinations. Please note that the tabulation also shows the approximate rate per 100 nautical miles of travel.

The rates used for this table were obtained from conference steamship lines in the United States, and through our affiliate in England, the Dunlop Rubber Co., Ltd. The distances in nautical miles were obtained from a Hammond atlas in our office.

I am enclosing also an article from Brandon's Shipper & Forwarder, issue of October 7, 1963, which to me indicates the capricious manner in which ocean freight rates are established by steamship lines. I refer to the granting of an extremely low rate on shipments of paper to Ecuador to further the interests of the Grace Line. Should there not be an ostensibly impartial body, like the Interstate Commerce Commission, to pass on the fairness of ocean freight rates; and not leave it to the steamship companies and their conferences to establish whatever rates best serve their own selfish interests?

I am sorry that you could not come to Buffalo to address our Buffalo World Trade Association. Perhaps next year when we have our combined meeting with the Rochester and Syracuse associations you could address the larger group.

With best wishes.

Respectfully yours,]

CHARLES F. SMITH,
Export Sales Manager.

Ocean freight rates per 2,240 lbs. on reclaimed rubber versus distance in nautical miles between ports

To—	From Liver- pool	From New York	Difference	Revenue per ton per 100 miles		
				Liver- pool	New York	Difference
South Africa (Durban and Cape Town).	\$22.19 W/M. (6,076 mi.)	\$52.00 W/M. (6,995 mi.)	+\$29.81 ... +919 mi.	} \$0.365	\$0.743	{ +\$0.378. +104 percent.
India (except Madras).....	\$33.95 W/M. (6,223 mi.)	\$50.00 W/M. (8,153 mi.)	+1605 ... +1,930 mi.			
Australia (Sydney and Mel- bourne).	\$42.70 W/M. (11,018 mi.)	\$50.00 W (9,961 mi.)	+7.30 ... -1,057 mi.	} .384	.503	{ +\$0.119. +31 percent.
Valparaiso, Chile.....	\$42.00 W/M. (7,185 mi.)	\$37.00 W/M. (4,627 mi.)	-\$5.00 ... -2,558 mi.			
				} .585	.798	{ +\$0.213. +36 percent.

(The article referred to in the preceding letter follows:)

THE RATE STRUCTURE

In response to the efforts made in connection with the President's export expansion program, 13 North Atlantic steamship companies last week agreed to make eastbound rates equal to westbound rates on some 25 "two way" commodities.

To anyone familiar with the market this is a tremendous contribution to our export effort, defying, as it does, the economic law which largely governs the rates.

It is obvious that if there is a glut of cargo in ratio to the ships available, the freight rate will rise. Conversely, on the westbound leg across the Atlantic, there are more ships available—because tramp owners, rather than bringing ships home in ballast, compete keenly for the available general cargo, thus driving down the rate.

Ratemaking, as W. J. McNeil, president of Grace Line, said last week, is a complicated business. In some cases a rate is made attractive to help an infant industry abroad. This is not altruism, Mr. McNeil said, it is good business. If a new industry is nurtured along, new markets and increased cargo results.

For example, bananas are beginning to be shipped in cardboard boxes because the fruit is delivered in better condition. Grace Line has set a rockbottom rate of \$25 a ton to carry paper to Ecuador—because it wants to see the new paper box business develop and it wants to carry bananas.

Another factor affecting outbound rates, Mr. McNeil said, is the high cost of labor. Cargo handling costs in this country are two and three times as high as abroad. If the steamship companies are willing to shave rates to help our export effort—and thereby generate more cargo—it would seem reasonable for organized labor to cooperate by seriously considering automation.

As a matter of fact, the entire rate structure and all the factors impinging on it should be reviewed. It is apparent that in some cases rates could be shaved, and there are also some rates that are almost noncompensatory. This should be adjusted.

(End of Part 4.)

PART 5

**Materials submitted by U.S. Department of State, Department of
the Navy, and Agency for International Development**

**MATERIALS SUBMITTED BY U.S. DEPARTMENT OF STATE,
DEPARTMENT OF THE NAVY, AND AGENCY FOR INTER-
NATIONAL DEVELOPMENT**

APRIL 7, 1964.

Mr. DAVID E. BELL,
Administrator, Agency for International Development, Washington, D.C.

DEAR MR. BELL: The Joint Economic Committee is conducting an investigation of discriminatory ocean freight rates and their effects on our balance of payments. Thus far our investigation has revealed that—

1. It costs our exporters more to ship many American-made products to Europe or Japan than it costs these countries to send comparable products to the United States.

2. It costs more on a per ton-mile basis to ship U.S. exports to third market areas of South America, South Africa, and India than it costs to send comparable products from foreign ports to these same countries.

Ocean freight rates in U.S. foreign commerce are set by steamship conferences—associations of foreign and domestic steamship lines—which are dominated by foreign-flag lines and, by bloc voting, can maintain higher rates on American exports than on foreign exports.

During the course of our most recent hearing, Mr. Frank Barton, Deputy Under Secretary of Commerce for Transportation, cited the cargo preference laws as a contributing factor to high outbound ocean freight rates. It was implied that, because of AID cargo, export rates are substantially higher than import rates on the Atlantic-Far East trade route. It would be most helpful to the committee investigation if you could provide us with a list of the major AID commodities shipped on the Atlantic-Far East routes and the applicable freight rates.

It would be appreciated if the above information could be furnished in conjunction with the Department of Commerce study on this subject which is expected to be completed in approximately 6 months.

Faithfully yours,

PAUL H. DOUGLAS, *Chairman.*

DEPARTMENT OF STATE,
AGENCY FOR INTERNATIONAL DEVELOPMENT,
Washington, May 12, 1964.

Hon. PAUL H. DOUGLAS,
*Chairman, Joint Economic Committee,
U.S. Senate, Washington, D.C.*

DEAR MR. CHAIRMAN: Thank you for your letter of April 7. In accordance with your suggestion that our findings be furnished in conjunction with the Department of Commerce study, we have arranged to turn over our basic shipping data to the Department.

AID cargo forms a significant proportion of the outbound liner cargo moving from this country in our U.S.-flag cargo liners. Attached is a copy of our October 10, 1963, news release on this subject. On some routes, such as to north Europe or Australia, there is no AID cargo. U.S. Government generated cargo under military, Public Law 480, Export-Import Bank, or AID programs, singly or in combination, may account for almost all of the traffic on some trade routes, but we do not have the trade route data as does Commerce to give the specific proportion.

Most AID shipments arise out of transactions made by exporters selling to importers abroad following normal commercial channels of trade procedures. Accordingly, there is nothing special about a freight rate applied to a liner shipment because it is AID financed. All of the rates, except a few pertaining to certain bulk shipments, must be filed with the Federal Maritime Commission. The commodities, materials and equipment moving under our program are not

the types of things we import from AID recipient countries. We have no way ourselves to evaluate the effects of AID cargo on levels of liner rates outbound and inbound.

If I can be of any further assistance, please do not hesitate to call.

Sincerely yours,

WILLIAM S. GAUD, *Acting Administrator.*

FEBRUARY 20, 1964.

Hon. G. GRIFFITH JOHNSON,
Assistant Secretary for Economic Affairs,
Department of State, Washington, D.C.

DEAR MR. SECRETARY: The enclosed article, sent to us by one of the leading steamship lines, indicates that ocean freight rates on cargo shipped from South Africa to Britain and other European ports are controlled by the respective governments.

It would be most helpful to our investigation of discriminatory ocean freight rates if you could verify this article and also inform the committee of any other nations which directly or indirectly establish or have the right to approve or disapprove ocean freight rates.

Thank you for your cooperation.

Very truly yours,

PAUL H. DOUGLAS, *Chairman.*

DEPARTMENT OF STATE,
Washington, May 20, 1964.

Hon. PAUL H. DOUGLAS,
Chairman, Joint Economic Committee,
U.S. Senate.

DEAR MR. CHAIRMAN: Reference is made to your letter of February 20, 1964, and interim replies of February 28 and April 30, concerning the control of ocean freight rates by the Government of South Africa and the practices of other countries with respect to the control of these rates.

A reply to the Department's request for a report on this matter in South Africa has now been received and a copy of our Embassy's report, with its enclosures, is attached. You will note that the report generally confirms the newspaper article that was enclosed with your letter.

As mentioned in my interim reply of April 30, the Department was compiling available information on the practices of other nations in the control of ocean freight rates. A copy of this compilation covering 17 countries is enclosed. With the United States, these countries provide a large proportion of the free world's international trade and the oceangoing merchant fleets in which that trade is carried. The original sources of the information on which this compilation is based are the governments of the respective countries.

If the Department can be of any further assistance to you in this or any other matter please do not hesitate to let me know.

Sincerely yours,

FREDERICK G. DUTTON,
Assistant Secretary.

Enclosures:

1. Pretoria's A-338 and enclosures I, II, III.
2. Copy of compilation.

DEPARTMENT OF STATE AIRGRAM

(A-338)

APRIL 30, 1964.

To: Department of State.

INFO: AmEmbassy, Cape Town.

From: AmEmbassy, Pretoria.

Subject: Control of Ocean Freight Rates by South African Government.

Ref: Department's A-50 to AmEmbassy, Cape Town, March 10, 1964.

Deptel 1393.

The increase in freight rates between South African and European ports, reported in the Cape Town "Argus" of January 31, 1964 (original copy attached), with effect from April 1, 1964, was approved by the South African Government in terms of an existing Agreement between the Government, the South African Perishable Products Export Control Board, and the Union-Castle Mail Steamship Company Ltd., acting on behalf of the South and South East African Conference Lines. Two copies of this Agreement are forwarded as Enclosure II. A list of the members of the South and South East African Conference is provided as Enclosure III.

This Agreement was signed in 1955 and came into effect on January 1, 1957, for a 10-year period. It provides that the Conference Lines cannot increase northbound ocean freight rates without the consent of the SAG and the Control Board; and, further, that southbound freight rates may be increased (except on plant and raw materials) but not decreased by the Conference Lines without SAG approval. The Agreement provides for automatic triennial review of freight rates by the parties. However, at any time, no more frequently than every 12 months, any party may make representations to the others with regard to changes in rates. This latter procedure was the one followed in the case of the recently announced rate increases. The approval of these increases by the Minister of Economic Affairs in January 1964 represented SAG concurrence as a party to the Agreement to a proposal made by the Conference Lines in late 1963.

The South African Government itself has passed no laws or regulations affecting ocean freight rates. The sole legislation in this field is Act No. 20 of 1929, establishing a Shipping Board whose purpose is solely to advise the Minister of Economic Affairs on matters concerning ocean transport, i.e.; South African Government participation in the agreement of 1955. Ocean freight rates between South Africa and other areas of the world are determined by conference arrangements among shipping lines, but the South African Government is not a party to any agreements with any of these other conferences. The participation of the Government in an Agreement with the South and South East African Conference lines is explained by the predominant importance of ocean transport between South Africa and Europe for the South African economy.

For the Ambassador:

JOHN MILES,

Counselor of Embassy for Economic Affairs.

Enclosures:

- I. Capetown Argus of January 31, 1964, Article.
- II. Two copies of agreement between South African Government and the Union-Castle Mail Steamship Co., Ltd.
- III. List of members of South and South East African Conference lines.

[Reprinted from Cape Town Argus, Jan. 31, 1964]

HIGHER SEA FREIGHT RATES BOTH WAYS WILL SEND PRICES UP

The Argus Shipping Correspondent

While the Government has allowed shipping companies of the South and South East African Conference lines a 7½-percent increase on freight rates to Europe, the increase from European ports—announced in London today—is 10 percent on freight to South Africa.

These increases are almost certain to mean that the man in the street will pay more for goods imported from Britain and the Continent—even if it is only a few cents on a particular item.

South African exporters, at the same time, will probably have to step up their prices to European buyers to meet the extra cost of shipping.

With one exception, the new freight rates to and from South Africa come into force on April 1. They cover ports in South and East Africa from Walvis Bay to Beira.

SOME EXCLUDED

The Minister of Economic Affairs (Dr. N. Diederichs) announced the authorization of the 7½-percent freight rate in Cape Town last night. Certain items were excluded.

These items have been excluded to help them in the face of fierce competition on world markets. In the export of fresh fruit in particular, price is all important in meeting competition from other fruit-growing nations.

A manager of one of the biggest shipping companies in the local conference lines said:

"Just about every shipping company in the world is struggling—they pay small dividends, no dividends, or operate at a loss.

"There is the high cost of building new ships, wages have gone up five or six times, so have stevedoring charges, and port charges in some places have been increased. Congestion, too, can be a factor in increasing operating costs."

He said the Minister was told that of a sample of about 3,000 industries in Britain, shipping was at the bottom in the way of returns on capital.

A FEW CENTS

The manager of a firm of export and import agents said: "There has been a worldwide tendency to increase freight rates. The new rates here simply mean that you and I will pay more for the things we buy—not 10 percent, or 7½ percent, but a few cents on, say, a teapot.

"Freight rates are only a small fraction of the cost of importing or exporting an item."

These would be paid by the shippers and buyers who would, he thought, eventually pass the extra cost on to the man in the street.

He said the west African freight rates had been increased by 10 percent from January 1.

MEMBERS OF SOUTH AND SOUTH EAST AFRICAN CONFERENCE LINES

South African Marine Corp.
 South African Lines.
 Union-Castle Mail Steamship Co. Ltd.
 Clan Line.
 Mail Steamship Co.
 Ellerman & Bucknall Steamship Co. Ltd.
 Hall Line Ltd.
 Harrison Line.
 Springbok Shipping Co. Ltd.
 Houston Line Ltd.
 British India Steam.
 Holland Afrika Line.
 Compagnie Maritime Belge (Lloyd Royal).
 Rederiak Tiebolaget Transatlantic.
 Messageries Maritimes.
 Chargeurs Reunis.
 Lloyd Triestino.
 German East Africa Line.

Head office: London.

South African office: Cape Town.

Represented in terms of Agreement of 1955 by Union-Castle Mail Steamship Co. Ltd.

(Enclosure I, referred to in preceding Embassy report, follows:)

AGREEMENT BETWEEN THE GOVERNMENT OF THE UNION OF SOUTH AFRICA, THE PERISHABLE PRODUCTS EXPORT CONTROL BOARD AND THE UNION-CASTLE MAIL STEAMSHIP COMPANY LIMITED, RELATIVE TO THE OCEAN CONVEYANCE OF GOODS BETWEEN THE UNION OF SOUTH AFRICA AND CERTAIN UNITED KINGDOM AND CONTINENTAL PORTS

Operative from 1st January, 1957, to 31st December, 1966

ARTICLES OF AGREEMENT

Made this Nineteenth day of August in the year One Thousand Nine hundred and Fifty-five, between the Government of the Union of South Africa, The Perishable Products Export Control Board and The Union-Castle Mail Steamship Company, Limited (whose registered offices are at 3 Fenchurch Street, London, E.C. 3), for and on behalf of and by authority of the South African Conference.

The respective parties hereto hereby agree as follows:

Definitions

1. In this Agreement, unless otherwise provided:

"The Government" shall mean the Government of the Union of South Africa;

"The Union" shall mean the Union of South Africa;

"The Board" shall mean the Perishable Products Export Control Board constituted pursuant to the provisions of Act 53 of 1926, as amended, of the Union Parliament;

"The Contractors" shall mean The Union-Castle Mail Steamship Company, Limited, and the other members of the South African Conference, on whose behalf and with whose authority the said Company has entered into this Agreement;

"The South African Conference" shall mean such Shipping Companies as constitute the South African Conference and are engaged in regular trade between European berth ports and South African berth ports, which Shipping Companies, by formal notification to the Government through the Contractors, undertake to adhere to the terms and conditions laid down in this Agreement;

"South African Berth Ports" shall mean Walvis Bay, Luderitz Bay, Cape Town, Mossel Bay, Port Elizabeth, East London, and Durban;

"European Berth Ports" shall mean Southampton, London, Liverpool (including Birkenhead), Glasgow, Middlesbrough (Southbound), Hull (Northbound), Newport (Southbound) and Avonmouth (Northbound); Hamburg, Bremen, Amsterdam, Rotterdam, Antwerp, Calais, Dunkirk, Havre and Bordeaux; Oslo, Gothenburg, Copenhagen; Marseilles, Genoa, Naples, Leghorn, Venice, and Trieste;

"Ship" or "Vessel" shall mean steamship or motor vessel;

"Ton" shall, unless otherwise specified, mean 2,240 lbs. when weight is indicated and 40 cubic feet when measurement is indicated;

"Government cargo" shall mean the cargo referred to in clause 2 of this Agreement;

"*Force majeure*" in relation to the Contractors shall mean any cause, happening or event not within the control of the Contractors including (without prejudice to the generality of the foregoing) act of God, fire, storm, tempest, perils or accidents of the seas and rivers, war risks and war-like or other hostile acts (whether any war or hostilities be actually declared or not), acts of the Queen's enemies, piracy, restraints of princes, governments whether *de facto* or *de jure*, rulers or peoples or governmental or statutory Acts, orders, rules, regulations, restrictions or requisitions, revolution, insurrection, riot, civil commotion, strikes, lock-outs, and labour disputes;

"Regular Ships" shall mean Mail, Intermediate and other ships participating in the scheduled services of the Contractors;

"Vessels loading on the berth" shall mean vessels which supplement the regular ships and load on the same terms as such ships;

"Special Ships" shall mean vessels nominated in addition to regular ships and vessels loading on the berth to meet the requirements of the Perishable Products Export Control Board.

GOVERNMENT CARGO

General Conditions

2. (a) The Government agrees that all goods, materials, supplies and equipment, and everything of every description required to be shipped from the United Kingdom or the Continent of Europe to the Union and Lourenco Marques for the use of its State Departments (including the South African Railways and Harbours Administration and the Provincial Administrations), shall be shipped solely and exclusively in vessels operated by the Contractors, and such goods shall be delivered at the normal loading berths of such vessels at the berth ports of loading: Provided that the Government shall in each and every calendar year during the currency of this Agreement, if it so desires, have the right to ship by Government vessels, and/or vessels chartered by the Government, and/or vessels chartered by the Board to load perishables at South African ports, such cargo up to 12½ per cent of the total tonnage shipped for the use of State Departments (including the South African Railways and Harbours Administration and the Provincial Administrations) during the preceding calendar year.

(b) The Government agrees to arrange for the insertion of appropriate conditions in all tenders, orders, and contracts, issued for the supply of goods and materials for Government account, providing for the observance by the suppliers and all concerned of the conditions of this Agreement, and will stipulate that tenderers, when tendering for supplies *ex* South African stocks, shall indicate whether such supplies are actually in stock at date of tender.

(c) The Contractors undertake to convey all cargo tendered to them under the foregoing conditions at the rates of freight provided for in this Agreement.

Notice of Readiness

3. The tonnage for the conveyance of Government cargo shall in all cases be provided by the Contractors within twenty-eight days of notice being given that the cargo is ready for shipment. In respect of shipments to Walvis Bay or Luderitz Bay, notice under this Clause shall not be invoked for less than a minimum quantity to be mutually agreed between the Government and the Contractors.

Timber Shipments

4. In the event of the Government requiring to arrange shipments of timber from the Baltic, White Sea, or any European port, the Contractors shall have the option of carrying the consignments at the ruling rates of freight in the trade.

PERISHABLES

Refrigerated Accommodation

5. (a) The Contractors undertake to use their best endeavours to provide approved refrigerated space for perishables averaging over any period of four consecutive weeks the undermentioned tonnages per week:

During the period 1st November to 15th January—5,000 tons of 52 cu. ft.

During the period 16th January to 31st January—12,600 tons of 52 cu. ft.

During the period 1st February to 31st October—14,400 tons of 52 cu. ft.

The Contractors recognise that because of marketing requirements a proportion of the above tonnage, to be mutually agreed between the Board and the Contractors, will be made available to discharge at ports other than Southampton and London.

(b) The Board undertakes to ship perishables for discharge at European berth ports exclusively by vessels provided by the Contractors up to the tonnage specified in paragraph (a) of this clause, it being understood that in respect of perishable cargo in excess of the tonnage specified in paragraph (a) of this clause, and in respect of perishables for United Kingdom or Continental Ports other than European berth ports, the Contractors shall be given the first option of entering into an arrangement with the Board for the provision of tonnage in respect of such perishable cargo, under conditions mutually acceptable to the Board and the Contractors.

The Contractors undertake to use their best endeavours to meet the Board's requirements in terms of this arrangement.

Booking of Space

6. (a) *Mail Ships*.—Notice of refrigerated space requirements shall be given to the Contractors by the Board on the Thursday before each Mail Ship is due to arrive at Table Bay from Europe, unless otherwise agreed between the Contractors and the Board. The Board further agrees to give the Contractors provisional notice of requirements one week before the booking day mentioned above.

(b) *Intermediate and other Regular Ships (other than Mail Ships) operated by members of the South African Conference.*—Notice of refrigerated space requirements shall be given to the Contractors by the Board five weeks before the due date of sailing from Table Bay to Europe of each Intermediate or other Regular Ship (other than Mail Ships) operated by members of the South African Conference, unless otherwise agreed upon between the Contractors and the Board. The Board further agrees to give the Contractors provisional notice of requirements two weeks before the booking day mentioned above.

(c) *Union-Castle "R" Ships, also Special Ships.*

Two months' notice of refrigerated space requirements shall be given to the Contractors by the Board. The Board, however, agrees to give at least three months' provisional notice of anticipated requirements in respect of Union-Castle "R" ships, also Special Ships.

(d) *Notices.*—All notices under this Clause shall be given at the Cape Town office of the Contractors.

Unoccupied Space

7. In the event of space booked by the Board in Mail or Intermediate Ships of the Contractors or in any vessel loading on the berth not being filled with perishables, the Board shall, if required to do so, pay to the Contractors dead freight based on the tonnage of, and the freight rate on, any goods which the Contractors have been unable to accept in consequence of such booking.

In "R" vessels, if not loading on the berth, and in Special Ships, unoccupied space shall be paid for at the rate fixed in this Agreement, less any expense saved to the carrier by reason of the noncarrying of the cargo provided for.

Duration of Voyage

8. The Contractors undertake that the duration of the voyage of ships conveying perishables in pursuance of this Agreement, from Table Bay direct to Southampton, shall not exceed eighteen days.

It may be necessary on occasion to employ vessels of less speed than can make the voyage in the time stipulated; and it is agreed that, with the concurrence of the Board, the length of the voyage may, in such cases, be extended to a time agreed upon.

The voyage to ports other than Southampton shall be performed at a rate of speed not less than that provided for the Southampton voyage as above.

Certain Instruments to be provided

9. Every ship conveying perishables in pursuance of this Agreement shall be provided with thermometers of a type approved by the Board for use in the refrigerated chambers; a number, to be agreed upon, of such thermometers to be distant reading instruments.

At least one approved instrument for the estimation of carbon dioxide in the refrigerated chambers shall be provided in each ship.

In the case of each newly built vessel brought into service after the commencement of this Agreement, a recording thermograph of a type approved by the Board shall be installed to record the temperature of the air delivered to each chamber.

Certain Officers to have access to Chambers and Temperature Logs

10. Officers of the Board, of the Union Department of Agriculture, and of the Office of the High Commissioner for the Union of South Africa in London, shall at all reasonable times have free access to conveying ships' temperature logs, and to chambers, for the purpose of making any observations or taking samples.

The Contractors agree to provide free return passages by any vessel, other than a passenger liner, carrying perishable products from the Union for any officer(s) nominated by the Board from time to time for the purpose of collecting scientific data on such vessel, provided such vessel has the necessary accommodation.

Temperature of Refrigerated Chambers

11. The temperature which shall be maintained in the chambers for the respective classes of produce, and the variation thereof, shall be in accordance with the instructions of the Board issued through its authorized officer, subject to any instruction not applying beyond the power of existing vessels.

Perishables landed at Southampton and London

12. In the case of perishables landed at Southampton, the Contractors, unless requested to the contrary by the consignors or consignees, shall give delivery at Nine Elms Station in London without any further or additional charge.

In respect of fruit landed at Southampton and taken delivery of there, the Contractors shall pay dock dues thereon.

In respect of fruit landed at London, the Contractors shall pay dock dues thereon.

Ports of Discharge

13. (a) Perishable cargo conveyed in Regular Ships in terms of this Agreement shall be discharged at any European berth port which is customarily served by the shipowners concerned and which is within the ordinary itinerary of the conveying ship.

(b) The conditions under which the Contractors will convey perishables by other than Regular Ships shall be a matter for arrangement between the Contractors and the Board.

(c) The order of discharge ports for perishables shall be left for mutual arrangement.

(d) The Contractors agree that the Board shall have the liberty to give change of destination, at the discretion of the carrying Line, to any vessel, other than a Mail Ship, carrying perishable cargo in terms of this Agreement, to a port within the vessel's itinerary other than the port to which the bill of lading has been issued, or, in the case of an "R" Vessel or a Special Ship, to a port not unreasonably outside the vessel's itinerary, subject to the payment of the actual out-of-pocket expenses; it being understood that, if an additional port be arranged, one port in the itinerary will be cancelled.

(e) Where a vessel is scheduled to discharge at up to three ports and the minimum quantity required for each respective port has been shipped, the actual quantity to be discharged at any such port may be varied according to subsequent circumstances, provided the number of ports of discharge be not thereby increased and the Board remunerates the carrying Line should any additional costs be incurred in any manner whatsoever.

Rate of Loading Special Ships

14. It is agreed that the rate of loading for Special Ships shall be 750 cubic tons per weather working day for ships of less than five refrigerated hatches, and 1,000 cubic tons for ships with five or more refrigerated hatches, with demurrage payable at the rate of £400 per day, or in proportion to the rate of hire, at the option of the Board.

Overtime Charges at Loading Ports

15. The extra costs of loading in overtime at ports of loading, occasioned by the nonavailability of perishable goods in ordinary working hours, shall be borne by:

On shore: The Board.

On board ship: The Contractors.

Overtime Charges at Ports of Discharge

16. (a) The Contractors agree, if so desired by the Board, to discharge fruit in overtime at Southampton up to 10 p.m. at their own expense, provided they are not called upon to take any financial responsibility for the shore working costs involved, and provided further that such overtime discharge does not overtake shore working.

(b) The Contractors also agree that, provided the authorities at other ports of discharge, or the Board, undertake financial responsibility for shore overtime working at such ports, the conditions specified in the preceding paragraph in respect of Southampton shall also apply in respect of fruit discharged at such ports.

Minimum Loads for Union-Castle "R" Ships, also Special Ships

17. The Board guarantees a minimum cargo of 6,000 cubic tons of perishables shipped during the period May to October, both inclusive (or three-fourths of the ship's capacity, whichever is the lesser), or 4,500 cubic tons of perishables shipped during the period November to April, both inclusive (or two-thirds of the ship's capacity, whichever is the lesser), for all Union-Castle "R" Ships, if not loading on the berth, also Special Ships called for under clause 6 of this Agreement, and undertakes to use its best endeavours to utilise, as far as circumstances will permit, the space offered to them in the Regular Ships before calling for tonnage by Union Castle "R" Ships, if not loading on the berth, also Special Ships.

Articles not to be conveyed

18. The Contractors shall not convey in the chambers of any ship conveying perishables under this Agreement any article which is likely in any way to damage the perishable articles conveyed therein.

Refrigerated Space in Mail Ships

19. The Union-Castle Mail Steamship Company, Limited, undertakes that refrigerated space to a capacity of at least 4,500 tons of 52 cubic feet shall be provided in all new Mail Ships.

Type of Refrigerated Space to be provided

20. The Contractors agree that the insulation and cooling arrangements of the refrigerated spaces shall be of types approved by the Board.

If the height of any chamber is in excess of twelve feet, the Contractors will arrange, when fruit cargo is being carried, to provide temporary decking to limit the height of stow to twelve feet.

A certain portion of the refrigerated space shall be of a design appropriate for the carriage of chilled and frozen products. Such space shall be arranged as and when required after twelve months' notice from the Board.

The insulation of the chambers shall have as far as practicable a nonpermeable finish, and the insulating materials shall be of types approved by the Board.

The Contractors undertake to consult the Board from time to time regarding the refrigerated space to be provided in new perishable-carrying ships.

Vessels to Call at Walvis Bay

21. The Contractors undertake that they will, as far as possible, arrange for a vessel with refrigerated space to call at Walvis Bay at approximately monthly intervals to load perishables for European berth ports within the itinerary of the conveying ship, provided a minimum quantity of perishables is mutually agreed between the Board and the Contractors. The same arrangement shall apply in respect of the shipment of perishable products from Walvis Bay to Union Ports.

FREIGHT RATES

Rates of Freight to be Applied

22. (a) Subject to the provisions of clause 22(b), the Government and the Contractors agree that during the continuance of this Agreement the rates of freight (including any surcharges or other imposts leviable by the Contractors) which shall apply to any goods (including Government cargo and perishable products) conveyed in the ships of the Contractors from South African berth ports to European berth ports, or from European berth ports to South African berth ports, shall be the Contractors' appropriate tariff rates for merchant shippers ruling as at the 31st July, 1955, as subsequently amended with the consent of the Government. It is further agreed that such rates shall not be increased or materially modified except as provided for in clause 23.

(b) Locomotives, electric units, rail motor coaches and trailers, saloons, dynamometer cars, rail wagons of all descriptions, rails, and steel sleepers and accessories, imported by or on behalf of the Government, and perishable products in excess of the quantities stipulated in clause 5(a), shall be conveyed at rates of freight to be agreed upon.

(c) The Contractors shall, within a period of ninety days from the date of signature of this Agreement, deposit with the Government six copies of their full and complete tariff of rates for merchant shippers ruling as at the 1st September 1955.

(d) The Contractors agree that during the continuance of this Agreement, and in consultation with the Government, they will maintain a reasonable margin between the freight rates on imported manufactured products and the raw materials required for the manufacture of similar products in the Union.

(e) The Contractors undertake that during the continuance of this Agreement they will insure that the rates of freight charged for the conveyance of goods from European berth ports, past the Cape of Good Hope, to ports on the East Coast of Africa, South of the Equator, or in Madagascar, Reunion and Mauritius, shall normally not be less than those charged for the conveyance of similar Union products carried by them from Union ports to such ports. The same principle shall apply to the conveyance of goods from ports on the East Coast of Africa, South of the Equator, past the Cape of Good Hope, to European berth ports.

Modification of Rates of Freight

23. (a) The Government and the Contractors agree that the rates of freight operative under this Agreement shall be reviewed at three-yearly intervals, the first such review to take place at the end of three years from the date of signature of this Agreement.

(b) Notwithstanding the provisions of clause 23(a), the Government and the Contractors agree that during the continuance of this Agreement circumstances may arise justifying an adjustment of any of, or all the rates of freight (including any surcharges or other imposts leviable by the Contractors) provided for in clause 22. Accordingly, the Government and the Contractors shall, following the date of commencement of operation of this Agreement, have the right to submit representations each to the other regarding any adjustment as aforesaid, and the parties undertake that each will give fair and reasonable consideration to the representations of the other. The Government and the Contractors agree that any rates of freight determined as a result of any such representations shall not, unless otherwise agreed between the Government and the Contractors, be altered subsequently more frequently than once every twelve months.

(c) The Contractors recognise that certain items in their tariff of rates for merchant shippers ruling as at the 31st July, 1955, may require reclassification in order to remove anomalies and to obtain an equitable tariff structure. The Contractors accordingly agree that, provided they shall be under no obligation to surrender revenue without being suitably recompensed, the provisions of clause 23(b) shall apply to representations submitted by the Government relative to such reclassification.

GENERAL PROVISIONS

Low-rated Cargo not to be Discriminated against

24. The Contractors undertake not to discriminate, in the allocation of shipping space, against any cargo bearing a relatively low rate of freight. In order to give due effect to this undertaking the Contractors shall, before this Agreement enters into force, appoint two Committees, one in South Africa and one in London, whose function it shall be to ensure that all cargo offered for conveyance between South African berth ports and European berth ports or between European berth ports and South African berth ports shall be accorded reasonable shipping opportunity. These Committees shall have the power to make such directions as to the shipment of such cargo as they may deem equitable, and the Contractors undertake to abide by any direction so made.

The Government may, if it disputes the reasonableness or efficacy of any action taken by either Committee, require the matter in dispute to be submitted to arbitration in terms of clause 32.

Small Shippers

25. The Contractors undertake to protect the interests of the small shipper by carrying his cargo at the same rate of freight as that applicable to the large merchant shipper.

Liaison Committee

26. In order to maintain close liaison between the Government and the Contractors, and to facilitate the proper and expeditious consideration of matters arising from the administration of this Agreement, the Contractors shall appoint a Committee consisting of seven representatives of the South African Conference, and empowered to consult with the appropriate Union authorities.

Provision for Annual Discussion

27. In order to ensure the smooth functioning of this Agreement, the Government undertakes to call a conference, at intervals of not more than twelve months, of representatives of the Government, the Board, the Contractors, and such other parties as may be mutually decided upon, in order to consider any matter arising from the operation of this Agreement, and which, in the view of any party to this Agreement, may usefully form the subject of mutual consultation. The Chairman of the South African Shipping Board shall preside at such conferences.

Period of Agreement

28. This agreement shall commence on the First day of January, 1957, and shall, subject to the provisions of clauses 29 and 31, continue in force for a period of ten (10) years thereafter, that is to say, until the Thirty-first day of December, 1966, inclusive, and shall then terminate if the Government shall have given to the Contractors at their offices in London, or the Contractors shall have given to

the Government in Pretoria, twelve (12) calendar months' previous notice in writing that this Agreement shall so terminate; but if neither the said Government nor the Contractors shall have given such notice this Agreement shall continue in force after the said period of ten (10) years until the expiration of twelve (12) calendar months' notice in writing, such notice to be given on the Thirty-first day of December in any year by the said Government or the Contractors to the other of them.

The Agreement signed between the Government and the Contractors on 4th April, 1945, with all subsequent amendments thereof, is hereby cancelled as from 31st December, 1956.

Changed Circumstances

29. The Government recognising that the Contractors have entered into this Agreement on the basis of the existing conditions of overseas transport to and from the Union, it is mutually agreed that during the period of ten (10) years provided in clause 28 either party shall have the right to submit to the other representations concerning any matter regarding which changed circumstances may have arisen with a view to adjustment by mutual agreement. In the event of either party finding itself unable to meet the desires of the other party to the full extent considered by the party making the representations to be vital to its interests, such latter party shall, notwithstanding the provisions of clause 28 as to the ten (10) year period of this Agreement, have the right to give to the other written notice to terminate this Agreement at a date twelve (12) calendar months after the date of such written notice, and such termination shall not entitle either party to any special compensation. The provisions of this clause shall apply to any representations which may be submitted to the Contractors by the Government or to the Government by the Contractors in terms of clause 23.

Suspension of Obligations

30. The Government agrees that the Contractors shall not be held liable for or be under any liability in respect of or for the consequence of *force majeure* within the meaning of this Agreement and that the Contractors shall without any claim on the part of the Government be entitled to suspend their obligations under this Agreement to the extent which may be rendered necessary by *force majeure*.

Powers to Terminate Agreement

31. (a) The Government and the Contractors agree that in case of any substantial breach of any of its provisions by either party, the other party shall have the power, by written notice to that effect, to terminate this Agreement forthwith, and such termination shall not give the defaulting party any claim to compensation.

(b) If it is disputed that a breach of this Agreement has taken or is taking place, the matter shall be referred to arbitration in terms of clause 32.

Arbitration

32. If at any time during the continuance of this Agreement, or after the termination thereof, any dispute shall arise between the contracting parties hereto concerning any breach or alleged breach thereof, or the interpretation of any of the conditions or provisions herein contained, such dispute shall be referred to two arbitrators in the Union, one to be chosen by the Government and one by the Contractors. Before proceeding to the determination of any matter referred to them, the arbitrators shall nominate a person in the Union to be umpire in the event of any failure by the arbitrators to agree. The joint award of the arbitrators, or the separate award of the umpire when the arbitrators cannot agree, shall be binding and conclusive upon all parties to this Agreement.

Questions to be decided by South African law

33. All questions arising under or in connection with this Agreement shall be determined under and in accordance with the law of the Union of South Africa.

Approval of Agreement

34. This Agreement shall be subject to approval by the Parliament of the Union of South Africa and, if so approved, shall be binding on all parties hereto from and after the First day of January in the year One Thousand Nine Hundred and Fifty-seven. In the event of the said Parliament not approving of the Agreement before the Thirtieth day of June in the year One Thousand Nine Hundred and Fifty-six, it shall lapse.

In witness whereof the parties hereto have hereunto set their hands on the Nineteenth day of August in the Year One thousand Nine hundred and Fifty-five.

Signed by the Honourable Albertus Johannes Roux Van Rijn, in his capacity as Minister of Economic Affairs, and as such representing the Government of the Union of South Africa.

(Sgd.) A. J. R. VAN RIJN.

Signed for The Perishable Products Export Control Board by John Alexander Edward Gibson, Esq., Chairman.

(Sgd.) J. A. E. GIBSON.

Signed for and on behalf of The Contractors by John Sage Bevan, Esq., Deputy Managing Director of the Union-Castle Mail Steamship Company, Limited, and Chairman of the South African Conference.

(Sgd.) J. S. BEVAN.

As witnesses to all the above signatures:

(1) (Sgd.) J. J. KITSHOFF.

(2) (Sgd.) W. R. H. AUSTIN.

(Enclosure II, referred to in preceding Embassy report, follows:)

PRACTICES RELATING TO THE CONTROL OF OCEAN FREIGHT RATES BY CERTAIN COUNTRIES

1. *Belgium*.—The Government of Belgium does not regulate ocean freight rates in its foreign commerce.

2. *Canada*.—Although Government departments are accorded favorable rates, there is no legislation regulating the conduct of shipping conferences.

3. *Denmark*.—The Government of Denmark does not regulate freight rates in its foreign commerce.

4. *Finland*.—No restrictive regulations on ocean freight rates in foreign commerce exist in Finland.

5. *France*.—The Government of France does not regulate ocean freight rates, except between metropolitan France and Algeria.

6. *Germany*.—The Federal Republic of Germany exerts no influence on the fixing of ocean freight rates.

7. *Greece*.—The Government of Greece does not regulate ocean freight rates.

8. *Ireland*.—Ireland has no special machinery for the purpose of regulating ocean freight rates.

9. *Italy*.—The Government of Italy does not regulate rates in its foreign seaborne commerce.

10. *Japan*.—The Japanese Government does not regulate rates in international shipping. It does, however, require that a steamship conference report rates in advance to the Ministry of Transportation.

11. *Netherlands*.—The Netherlands does not regulate ocean shipping rates in its foreign commerce.

12. *Norway*.—There is no regulation by the Government of Norway of freight rates in its waterborne international commerce.

13. *Portugal*.—There are no arrangements for the control of freight rates in Portugal's oceanborne foreign commerce.

14. *Spain*.—The Spanish Government does not regulate the activities of liner conferences or the setting of ocean freight rates.

15. *Sweden*.—Rates are not regulated by the Swedish Government in its oceanborne foreign commerce.

16. *Turkey*.—There are no arrangements for the control of freight rates in the oceanborne commerce of Turkey.

17. *United Kingdom*.—The United Kingdom does not regulate rates in its seaborne foreign commerce.

FEBRUARY 4, 1964.

Vice Admiral ROY A. GANO,
Commander, Military Sea Transport Service,
U.S. Navy, Washington, D.C.

DEAR ADMIRAL GANO: The Joint Economic Committee has been investigating the impact of conference-established ocean freight rates on the U.S. balance of payments. The committee has held a series of hearings in 1963 and is expected to resume its investigation on March 10, 1964. In connection with the forth-

coming hearings, it would be most helpful to us if you could provide the following information not later than March 1:

1. Method by which DOD cargo rates are negotiated with steamship companies and conferences, both outbound and inbound.
2. Do these cargo rates apply to DOD only, or all Government cargo?
3. Method by which discounts from normal commercial rates are calculated.
4. Method of calculating stevedoring costs to compare DOD rates with commercial rates.
5. Detailed explanation of outbound and inbound discount calculations for Trade Route 12 (U.S. Atlantic-Gulf/Far East), Trade Route 29 (U.S. Pacific-Far East), and Trade Routes 5, 7 and 9 (U.S. North Atlantic-Continental Europe).
6. Discount calculations for DOD cargo shipments between ports in the Far Eastern area and ports in the Mediterranean, United Kingdom and Europe.
7. Leading DOD export and import commodities by trade route.

I would also like to take this opportunity to express my sincere appreciation for the past assistance of Mr. Earl Marshall in connection with our investigation. Your prompt attention will be appreciated.

Faithfully yours,

PAUL H. DOUGLAS, *Chairman.*

DEPARTMENT OF THE NAVY,
MILITARY SEA TRANSPORTATION SERVICE,
Washington, D.C., February 27, 1964.

HON. PAUL H. DOUGLAS,
*Chairman, Joint Economic Committee,
U.S. Senate, Washington, D.C.*

MY DEAR SENATOR DOUGLAS: This is in response to your letter of February 4, 1964, requesting certain information in connection with the impact of conference-established ocean freight rates on the U.S. balance of payments.

1. Method by which DOD cargo rates are negotiated with steamship companies and conferences both inbound and outbound:

The Military Sea Transportation Service (MSTS) presently negotiates two types of rates covering the movement of DOD cargoes on vessels operated by U.S.-flag common carriers. These are: (1) Rates negotiated in open end shipping contracts between the Government and the carriers and (2) rates on special movements of cargo which are either excluded from application of contract rates or are within a trade not covered by a contract.

Enclosure (1), entitled "Issuance and Rate Revision of Shipping Contracts," is submitted as a detailed explanation of the negotiation of rates and operational procedures under the shipping contracts.

The second type of rates negotiated between MSTS and the berth line carriers applies to three modes of shipment: through Government bill of lading movements (TGBL), standard Government bill of lading movements (GBL), and special lift movements under the shipping contract.

TGBL rates are negotiated between the Government and two steamship associations: The transpacific American-flag berth operators (TPAFBO) for rates to and from the west coast and the Atlantic and gulf American-flag berth operators (AGAFBO) for rates to and from the east and gulf coasts. The TGBL rates have generally been established on a basis of shipping contract rates plus a differential for stevedoring and administrative costs incurred in providing a berth term service.

The negotiation of rates for cargo moving under standard GBL does not take a set pattern. The rates are usually negotiated directly between the Government and the carrier who is responsible for lifting the cargo. There are many factors involved in the negotiation of these rates. Some of these are: The characteristics of the cargo, ports of loading and discharge, rates paid on previous shipments, comparable commercial berth term rates, and service available.

The rates for special lift movements under the shipping contract are negotiated in the same manner as standard GBL movements; however, the movement is covered by a special amendment to the contract held by the carrier lifting the cargo rather than by a GBL.

MSTS enters into negotiation of common carriage ocean rates only with the associations named above and with the individual berth line carriers. Although MSTS has dealt a limited number of times with steamship conferences on such

matters as establishment and interpretation of rates, there has never been an occasion where MSTs has negotiated an ocean rate with a conference.

2. Do these cargo rates apply to DOD only, or all Government cargo?

Rates negotiated by MSTs with the berth line carriers apply to cargo offered for shipment by DOD. It is possible for a nonmilitary agency to offer cargo for shipment under the sponsorship of the Army or Navy transportation agencies. In such cases the cargo is offered to MSTs by the Army or Navy as DOD cargo and is shipped on commercial vessels at the MSTs negotiated rates. While no data are currently available regarding the quantity of nonmilitary cargo shipped through MSTs, it is considered that the incidence of such shipments is minimal.

3. Method by which discounts from normal commercial rates are calculated:

MSTs conducts detailed studies for the purpose of calculating discounts afforded under Department of Defense shipping contract rates. The studies are based on actual cargo shipments. Representative manifests are selected by MSTs, and every item listed therein is rated out at the applicable shipping contract rate, the stevedoring rate, and the commercial tariff rate applicable for that trade in which the cargo moved. Total costs are then computed and the resulting total shipping contract cost plus the total stevedoring cost is compared to the commercial berth term cost.

4. Method of calculating stevedoring costs to compare DOD rates with commercial rates:

MSTs shipping contracts are negotiated to cover only ocean transportation. These rates do not include the cost of terminal services; or, in other words, shipping contracts are negotiated on a free-in-and-out (FIO) basis, the vessel being paid only for ocean transportation and being free of the expense of loading and discharging. The larger portion of DOD cargo moves across military terminals operated by either the Bureau of Supplies and Accounts (BUSANDA) for the Navy or the Office of the Chief of Transportation (OCOFT) and the Supply and Maintenance Command (SMC) for the Army. Stevedoring at military facilities is performed either by civil service personnel or by private firms under contract to the military.

In the smaller number of instances DOD cargo is loaded or discharged at commercial terminals. In such cases, the stevedore expenses are either reimbursed to the ocean carrier if it has paid them, or paid directly to the stevedore operator pursuant to contracts negotiated by BUSANDA, OCOFT, or SMC. Where the Government does not hold stevedoring contracts, the stevedoring is arranged by the carrier, and payment is made to it on the basis of its out-of-pocket costs.

In the preceding instances, MSTs compares FIO rates with commercial rates by adding to the FIO rates the cost of stevedoring. This makes the DOD rate comprehensive and, therefore, comparable to the commercial rate. In some instances, commercial stevedoring rates may differ from the actual costs of cargo handling at military terminals; therefore, commercial stevedoring charges are considered more meaningful in the comparison. Where no commercial stevedoring tariffs are utilized, MSTs applies the costs furnished by BUSANDA, OCOFT, or SMC as appropriate.

5. A detailed explanation of outbound and inbound discount calculations for Trade Route 12 (U.S. Atlantic-Gulf/Far East), Trade Route 29 (U.S. Pacific-Far East), and Trade Routes 5, 7, and 9 (U.S. North Atlantic-Continental Europe) is contained in enclosure (2).

6. Discount calculations for DOD cargo shipments between ports in the Far East area and ports in the Mediterranean, United Kingdom, and Europe:

The shipping contracts covering this service were originally negotiated effective April 1, 1958. Since the trades involve movement between foreign ports, commercial freight tariffs covering these routes were either nonexistent or impossible to obtain. Accordingly, the shipping contract rates were predicated on rates negotiated between MSTs and companies serving these trades for GBL shipments between January 1957 and February 1958. In other words, the average negotiated GBL rates actually paid during this period formed the basis for establishment of shipping contract rates between the Far East and Europe. Since the Federal Maritime Commission (FMC) does not require ocean carriers to file rates between foreign ports, it is exceedingly difficult at present to determine the comparative cost position between shipping contract and commercial costs in these trades. MSTs has requested the ocean carriers to furnish their commercial rates and upon their receipt a comparative cost study will be made.

7. Leading DOD export and import commodities by trade route:

Enclosure (3) sets forth the major commodities exported on commercial vessels in all trade routes by the Department of Defense.

The types and quantity of commodities imported by the Department of Defense are very limited. During fiscal year 1963 only 20 percent of the total dry cargo shipped by MSTs was inbound (import) cargo. This 20 percent consisted mainly of the following items:

- Household goods.
- Privately owned vehicles.
- Trucks.
- Aircraft engines and other miscellaneous items for repair.

I trust the above information answers your query in this matter.

Sincerely yours,

ROY A. GANO,
Vice Admiral, U.S. Navy,
Commander Military Sea Transportation Service.

[Enclosure 1]

ISSUANCE AND RATE REVISION OF MSTs SHIPPING CONTRACTS

MSTs shipping contracts are negotiated with commercial steamship companies to provide for movement of less-than-shipload lots of dry cargo, refrigerated cargo, and mail. Contracts are awarded to those carriers who demonstrate that they are maintaining a regularly scheduled, common carrier, berth line service over the trade route involved (such as U.S. East Coast/Mediterranean, U.S. West Coast/Far East, etc.)

A company desiring to enter into a shipping contract with MSTs must apply in writing to the contracting officer giving all pertinent facts including:

1. Number and types of vessels operated in the trade.
2. Frequency of service.
3. Length of time that the service has been in effect.
4. Clippings from newspapers and trade journals indicating that the company holds itself open as a common carrier to the general public.

The normal requirement is that a carrier must have maintained a minimum of one sailing per month for the last 3 months over the trade route involved. It must show that it can be expected to maintain at least one sailing per month in the future. Issuance of contracts is normally limited to companies operating vessels of U.S. registry. There are a few contracts in existence with foreign flag carriers that have been in effect for a number of years, but these contracts are utilized only when U.S. flag service is not available.

Upon receipt of the contract application, a detailed review is made of all the facets of the case. If it is a new or unknown company, it is checked for financial stability. Any protests by competitive carriers against issuance of the contract are investigated. When the contracting officer finds that issuance of a contract appears in order, a memo is written to the Contract Advisory Board (CAB). This Board, consisting of the Commercial Shipping Advisor, Assistant Chief of Staff (Operations), and the Chief Counsel, reviews the application and recommends approval or rejection by Commander MSTs.

The rates applicable to a new contract are usually identical to the rates prevailing in contracts held by other carriers serving the trade involved. Of course, if a carrier should offer rates lower than prevailing rates, they are accepted, but the contracting officer does not attempt to knock down existing rates if existing rates are considered fair and reasonable. If the new contract is to apply over a trade which is not currently covered by shipping contract, the rates are negotiated. The criterion for determining the reasonableness of rates is comparison with the rates contained in the prevailing commercial freight tariffs. Negotiated contract rates must offer the Government rates that provide ocean transportation at a total cost that is not higher than that available to the general public for movement of like goods in order to be acceptable. In commercial practice rates for berth service are contained in published tariffs or rate schedules, issued by freight conferences or individual shipping companies for each trade route. These tariffs provide, in some instances, class rates which apply to a large number of commodities identified by name, or specific rates for specific commodities. For instance, a tariff might contain one rate for beans, one rate for buttons, and another rate for bathtubs. Therefore, 1 tariff may contain 2,000 or more separate items, each with its own rate. In addition, the rates published in the tariffs include the charges for loading and discharging the cargo which is performed by the ocean carrier.

In developing the shipping contract it was determined that rates should be applied to broad categories of cargo rather than to each commodity. Through

study of old cargo manifests it was found that MSTs cargoes could be placed in four basic categories: General cargo, NOS; unboxed vehicles; unboxed guns; and refrigerated cargo. For example, the shipping contract has one rate for general cargo and this rate applies to any item in that category whether it be buttons, beans, or bathtubs. In addition to the four basic categories other minor categories have been added, but no MSTs contract contains more than 20 categories.

MSTs cargo, for the most part, is loaded and discharged at Army and Navy piers and terminals with the stevedoring being performed by civil service labor or by stevedores under contract to the Army or Navy. Therefore, the cost of stevedoring and related charges have not been included in the shipping contract rates. This results in FIO rates—that is, the vessel is free of expense for loading and discharging.

As the result of the large and continuing volume of cargo moved in lots of less than shipload quantity, under shipping contract, MSTs has been able to negotiate rates that, in many instances, are substantially lower than those available to the general public under published tariffs. The MSTs shipping contract provides an efficient means for the shipment of less-than-shipload lots of cargo with a minimum of cargo documentation.

Once a carrier has been issued a shipping contract, it becomes eligible to participate in the apportionment of cargo under the MSTs allocation system. The allocation system is designed to insure that all contractors will receive a fair share of cargo moving over the specific trade route covered by the shipping contract. Under this system, all cargo in excess of that which is to be moved by the MSTs nucleus fleet is divided between the berth line carriers serving a particular trade route on the basis of the average number of sailings per month maintained by each contractor during the past 12 months. For example, if a trade route is served by three carriers holding shipping contracts, with carrier A maintaining two sailings per month and carriers B and C each, maintaining one sailing per month, cargo would be allocated as follows:

Carrier A is assigned 50 percent.

Carrier B is assigned 25 percent.

Carrier C is assigned 25 percent.

The MSTs shipping contract is an open-end contract. It does not obligate MSTs to offer or book any cargo but provides rates, terms, and conditions applicable to the carriage of cargo booked thereunder. Once a shipping contract has been issued, it remains in effect as long as the carrier maintains at least one sailing per month in the trade route. If the carrier fails to maintain its regular monthly service, the matter is reviewed by COMSTS and if circumstances warrant the action, its shipping contract privileges are either suspended or canceled. In this event, the carrier, to regain its contract privileges, would be required to requalify by performing sailings in 3 consecutive months.

Separate shipping contracts have been negotiated for each of the trade areas over which DOD cargo moves in substantial quantities or at frequent intervals. Competing carriers in the same trade have similar contracts and provide service at the same rates, terms, and conditions. At present there are 161 shipping contracts in effect with 34 steamship companies. These contracts cover service to all principal areas of the world with the exception of South America, Australia, South Africa and, of course, Iron Curtain countries.

For purposes of negotiation with MSTs, the carriers have formed two associations. The U.S. East and Gulf Coast carriers have formed the Atlantic and Gulf American Flag Berth Operators (AGAFBO). The U.S. Pacific Coast carriers have formed the West Coast American Flag Operators (WCAFBFO). These two associations, which are organized under an agreement pursuant to section 15, Shipping Act, 1916, duly filed with the Federal Maritime Commission, represent the ocean carriers in all major rate negotiations with MSTs. Currently 27 of the 34 carriers holding shipping contracts are members of one or both of the associations. Six of the seven nonmembers are not eligible to join since they are either foreign flag or serve only domestic trades (Hawaii and Alaska). The only nonmember who is eligible to join is the United Fruit Co. Since most of the contracts are issued to association members, it will be found that rates, terms, and conditions in each contract for any one trade route are, for all practical purposes, identical.

Shipping contract rates are adjusted from time to time after requests for rate increases are made by the individual contractors or requests for rate decreases, for rate decrease are made by the contracting officer. Requests for rate increases must be supported by proof of increases in vessel operating costs, substantiated by corresponding increases in commercial tariff rates to the general public. Although rate increases are requested by individual carriers, the rate negotiations are conducted under the auspices of the association (either AGAFBO or WCAFBFO) having cognizance over the particular trade involved. The association submits the vessel operating cost increases for each carrier, and averages all the increases together to make a request for a percentage rate increase applicable to all carriers.

When a request for a rate increase is received, all items of vessel operating cost submitted by the carrier are investigated. The costs presented are checked against data obtained from MARAD, Department of Labor, Department of Commerce, published fuel prices, and food price indexes. Cognizant MSTs staff members are also consulted to compare the costs presented with those experienced in the operation of MSTs controlled vessels. Any cost increases which appear out of line are returned to the contractor for further verification. If the additional support presented is not considered satisfactory, the contracting officer has authority to arbitrarily reduce them to correspond to increases which can be justified.

In addition to the cost increase review, studies are conducted of comparable prevailing commercial rates in the trade. Actual manifests of cargo moving under shipping contract are rated out against the commercial tariff and compared to the cost under shipping contract. The FIO rates of the shipping contract are increased to berth term rates by adding the cost of loading, discharge, and related terminal services as reported by the Army and Navy. The shipping contract/commercial rate comparison will indicate the areas where rate increases can be granted without exceeding the cost available to the general public. It also points out any instances where shipping contract rates are too high by comparison with rates being charged to the commercial shipping public.

When the MSTs position is agreed upon, a conference is arranged with the vessel operators. These meetings are held with the MSTs delegation headed by Commander MSTs. The industry group is headed by the secretary of the association and attended by representatives of each company involved. Company representatives are usually drawn from the vice presidential level.

At the conference all pertinent data involved are discussed and the positions of both sides are reviewed. The rate increase agreed to is limited to two-thirds of the proven increases in vessel operating costs. This "two-thirds formula" is derived from the fact that vessel operating costs are considered to be two-thirds of the carriers' total costs under an FIO operation. The other third consists of items such as vessel amortization, office rental, administrative salaries, etc., the cost of which the carriers are unable or unwilling to disclose. Accordingly, MSTs takes the position that these costs have not increased.

After the rate increase is agreed upon, the effective date is determined. Under contract provisions the rate increase cannot be effective less than 60 days after request. Rate increases by law cannot be retroactive; however, if the case warrants, MSTs will request the Federal Maritime Commission to waive the 30-day period required to increase rates.

Commercial rates are always subject to fluctuation, depending on current trade trends. At times the commercial rates are reduced to a point where the shipping contract costs exceed the average commercial cost for one or more MSTs categories of cargo. In such event the contracting officer requests the carriers to agree to a rate decrease. The negotiation is handled in a manner similar to a rate increase, with a study prepared and conferences held within the staff and with the contractors. If it is not possible to reach an agreement with the carriers, the contracting officer may determine that the cargo involved be removed from carriage under the contract and be shipped at commercial rates under Government bill of lading (GBL).

[Enclosure 2]

DETAILED EXPLANATION OF OUTBOUND AND INBOUND DISCOUNT CALCULATIONS FOR TRADE ROUTE 12 (U.S. ATLANTIC-GULF/FAR EAST), TRADE ROUTE 29 (U.S. PACIFIC/FAR EAST), AND TRADE ROUTES 5, 7, AND 9 (U.S. NORTH ATLANTIC-CONTINENTAL EUROPE)

1. The data furnished in response to this request were compiled from applicable shipping contract/commercial tariff comparative cost studies incident to rate negotiations conducted with the carriers during 1962 and 1963. The average commercial berth term tariff costs presented are those actually developed in the studies, except as noted. The average DOD costs presented were those used in the studies, adjusted for any increases or decreases in the shipping contract rates that have been negotiated subsequent to the time the studies were conducted.

2. It must be pointed out that the comparative cost studies were conducted to fulfill specific requirements concerned with the rate negotiation involved. This is evident in the vehicle rate studies for the European trades, where the U.S. East and Gulf Coast/Europe traffic was combined for administrative reasons. Another disparity is that the shipping contract trades established by MSTs for military traffic in some instances do not coincide with the trade routes designated by the Maritime Administration. For these reasons the data furnished in some instances deviate from the form requested. These deviations are noted where they occur.

3. In making the comparative cost studies representative manifests were selected for each trade route involved. Each individual cargo item appearing on the manifests was priced out at the specific berth term tariff rate set forth in the commercial freight tariff used by the predominant shipping contractor serving the trade involved. Since, in each instance, the predominant contractor was a member of the freight conference, the commercial costs shown in this report are predicated on conference tariff rates. Where a dual rate system applies, i.e., contract or noncontract, the studies were conducted using the tariff contract rates, which are the lower of the two. It is emphasized that the average tariff cost furnished for the cargo categories in this report are aggregate commercial rates computed on that cargo which falls into the shipping contract rate category concerned. For example, the average tariff cost shown for general cargo would include hundreds of commodities that have each been priced out at the specific tariff rates and then averaged together to arrive at an aggregate measurement-ton cost for general cargo.

4. The average DOD costs furnished were compiled using the currently applicable MSTs shipping contract rate plus the cost of stevedoring and terminal services. The cost of stevedoring and terminal services used is considered to be the most accurate available and reflects the average costs that would be experienced by a commercial operator when moving cargo over commercial terminals. There might be a difference in administrative Government costs between moving cargo under shipping contracts as compared to moving cargo in commercial practice due to differences in cargo documentation procedures. Also, under shipping contract, the carriers are relieved of certain expenses that are encountered in commercial practice such as cargo solicitation and fees to freight forwarders. No adjustment has been made for these intangibles since it would be virtually impossible to assign a dollar value to such items.

5. Comparative cost positions have been furnished for general cargo, household goods, vehicles, and refrigerated cargo, since approximately 95 percent of all cargo shipped by MSTs falls within these categories. It will be noted that, in most instances, two cost comparisons are presented for the general cargo category. As is usually found in a study of this nature, there is a certain amount of general cargo which, due to inadequate manifest description or the absence of a comparable commercial tariff category, could not be priced out at specific commodity rates. In commercial practice such items would be assigned the general cargo NOS rate. Since the NOS rate is usually higher than the average specific commodity rate, the results of a study using NOS rates would inflate the average commercial cost. Where conditions warrant, the MSTs studies of general cargo are made both on the basis of all cargo, including that cargo rated at general cargo NOS, and on the basis of only that identified cargo which could be priced out at specific commodity rates. This is done as an added check since the study of only identified cargo represents the minimum discounts realized.

6. The results of the comparative cost studies, by shipping contract category, for the trade routes requested, are as follows:

A. U.S. Atlantic and Gulf/Far East

	Outbound	Inbound
Total general cargo (includes general NOS rates):		
Average tariff cost (per MT).....	\$74.85	\$78.84
Average DOD cost (per MT).....	\$41.65	\$44.54
Discount (per MT).....	\$33.20	\$34.30
Discount (percent).....	44.3	43.5
Identified general cargo (excludes general NOS rates):		
Average tariff cost (per MT).....	\$65.97	\$69.58
Average DOD cost (per MT).....	\$42.03	\$41.66
Discount (per MT).....	\$23.94	\$27.92
Discount (percent).....	36.2	40.1
Household goods:		
Average tariff cost (per MT).....	\$88.48	\$69.58
Average DOD cost (per MT).....	\$41.84	\$41.66
Discount (per MT).....	\$46.64	\$27.92
Discount (percent).....	52.7	40.1
Automobiles:		
Average tariff cost (per MT).....	\$52.99	\$57.07
Average DOD cost (per MT).....	\$41.70	\$40.42
Discount (per MT).....	\$11.29	\$16.65
Discount (percent).....	21.3	29.1
Other vehicles:		
Average tariff cost (per MT).....	\$58.54	\$58.75
Average DOD cost (per MT).....	\$42.40	\$41.90
Discount (per MT).....	\$16.14	\$16.85
Discount (percent).....	27.5	28.7
Refrigerated cargo: Not applicable in this trade.		

B. U.S. Pacific Coast/Far East

	Outbound	Inbound
Total general cargo (includes general NOS rates):		
Average tariff cost (per MT).....	\$56.62	\$57.95
Average DOD cost (per MT).....	\$31.18	\$31.15
Discount (per MT).....	\$25.44	\$26.80
Discount (percent).....	44.9	46.2
Identified general cargo (excludes general NOS rates):		
Average tariff cost (per MT).....	\$53.47	\$59.93
Average DOD cost (per MT).....	\$30.42	\$31.12
Discount (per MT).....	\$23.05	\$28.81
Discount (percent).....	43.1	48.1
House goods: Are included in general cargo rate comparisons.		
Automobiles:		
Average tariff cost (per MT).....	\$51.99	\$52.74
Average DOD cost (per MT).....	\$33.37	\$36.66
Discount (per MT).....	\$18.62	\$16.08
Discount (percent).....	35.8	30.4
Other vehicles:		
Average tariff cost (per MT).....	\$54.87	\$54.20
Average DOD cost (per MT).....	\$39.95	\$33.40
Discount (per MT).....	\$14.92	\$20.80
Discount (percent).....	27.1	38.3
Refrigerated cargo—Chill or freeze:		
Average tariff cost (per MT).....	\$91.72	(1)
Average DOD cost (per MT).....	\$50.22	(1)
Discount (per MT).....	\$41.50	(1)
Discount (percent).....	45.2	-----

¹ No cargo shipped.

C. U.S. North Atlantic/United Kingdom (except as noted)

	Outbound	Inbound
Total general cargo (includes general NOS rates):		
Average tariff cost (per MT).....	\$52.70	\$40.70
Average DOD cost (per MT).....	\$33.55	\$33.73
Discount.....	\$19.15	\$6.97
Discount (percent).....	36.3	17.1
Identified general cargo (excludes general NOS rates):		
Average tariff cost (per MT).....	\$44.11	\$34.21
Average DOD cost (per MT).....	\$33.55	\$33.73
Discount (per MT).....	\$10.56	\$0.48
Discount (percent).....	23.9	1.4
Household goods: Are included in general cargo rate comparisons.		
Vehicles: Due to the nature of the latest vehicle rate negotiations in this trade, a composite vehicle study was made using all vehicles moving between the U.S. Atlantic and Gulf Coasts and the United Kingdom combined. Accordingly the vehicle cost comparisons are presented on this basis:		
Vehicles (up to and including 8,960 lbs. per unit):		
Average tariff cost (per MT).....	\$28.50	\$22.53
Average DOD cost (per MT).....	\$27.20	\$18.63
Discount (per MT).....	\$1.30	\$3.90
Discount (percent).....	4.5	17.3
Vehicles (exceeding 8,960 lbs. per unit):		
Average tariff cost (per MT).....	\$36.11	\$44.10
Average DOD cost (per MT).....	\$33.16	\$32.78
Discount (per MT).....	\$2.95	\$11.32
Discount (percent).....	8.1	25.6
Refrigerated cargo (NOTE.—Only outbound cost comparisons are shown since there is no inbound movement of refrigerated cargo. It will be noted that separate rates for chilled and freeze products are provided in this trade):		
	Chilled	Freeze
Average tariff cost (per MT).....	\$63.29	\$73.61
Average DOD cost (per MT).....	\$49.62	\$59.62
Discount (per MT).....	\$13.67	\$13.99
Discount (percent).....	21.5	19.0

D. U.S. North Atlantic/Continental Europe

(NOTE.—For purposes of setting rates under shipping contract the entire West Coast of Continental Europe from Bordeaux, France, to Hamburg, Germany, is considered as one range. The MSTs shipping contract FIO rates are identical, by category, for the entire range, although in commercial practice the conferences provide three rate areas for this trade. Further, it is understood that the Bordeaux-Hamburg Range is split into two trade routes by the Maritime Administration. The rates shown below are for the entire Bordeaux-Hamburg Range.)

	Outbound	Inbound
Total general cargo (includes general NOS rates):		
Average tariff cost (per MT)	\$44.68	(¹)
Average DOD cost (per MT)	\$33.42	
Discount (per MT)	\$11.26	
Discount (percent)	25.2	
Identified general cargo (excludes general NOS rates):		
Average tariff cost (per MT)	\$33.52	(¹)
Average DOD cost (per MT)	\$33.42	
Discount (per MT)	\$0.10	
Discount (percent)	0.3	
Household goods:		
Average tariff cost (per MT)	\$67.68	\$47.50
Average DOD cost (per MT)	\$35.02	\$35.00
Discount (per MT)	\$32.66	\$12.50
Discount (percent)	48.2	26.3
Vehicles: Due to the nature of the most recent rate negotiation for this trade the cost comparison study was made using all vehicles moving between U.S. East and Gulf/Bordeaux-Hamburg Range. Accordingly, the vehicle rate comparisons are presented on this basis.		
Vehicles (up to 8,960 pounds per unit except privately owned, used, passenger automobiles of foreign manufacture shipped inbound):		
Average tariff cost (per MT)	\$33.86	\$39.61
Average DOD cost (per MT)	\$31.50	\$31.45
Discount (per MT)	\$2.36	\$8.16
Discount (percent)	6.9	20.6
Vehicles (exceeding 8,960 lbs per unit):		
Average tariff cost (per MT)	\$43.50	\$58.85
Average DOD cost (per MT)	\$33.90	\$34.42
Discount (per MT)	\$9.53	\$24.43
Discount (percent)	21.9	41.5
Privately owned, used, passenger vehicles of foreign manufacture, west-bound (applies inbound only):		
Average tariff cost (per MT)		\$17.26
Average DOD cost (per MT)		\$17.20
Discount (per MT)		\$0.06
Discount (percent)		0.3
	Chill	Freeze
Refrigerated cargo (outbound only):		
Average tariff cost (per MT)	\$83.50	\$74.52
Average DOD cost (per MT)	\$60.75	\$70.01
Discount (per MT)	\$22.75	\$4.51
Discount (percent)	27.2	6.0

¹ There have been no recent detailed studies made of MSTs inbound general cargo. It should be noted that inbound general cargo is approximately 2.0 percent of the total MSTs general cargo movement.

[Enclosure 3]

LEADING DOD EXPORT COMMODITIES

A. Refrigerated cargo:

(1) Chill:

Butter.
 Cheese.
 Fish.
 Fruit.
 Milk.
 Vegetables.
 Medical supplies.

(2) Freeze:

Bakery products.
 Fish.
 Fruits.
 Ice cream.
 Juice concentrates.
 Meals, prepared.
 Meats.
 Milk.
 Poultry and parts.
 Vegetables.

B. Privately owned passenger vehicles.

C. Military vehicles.

(1) Trucks.

(2) Tanks.

(3) Roadbuilding equipment.

D. Household goods.

E. Ammunition and explosives.

F. General cargo:

(1) Subsistence:

Bakery goods.
 Beans, dried, in bags.
 Beer.
 Beverages, nonalcoholic, in glass.
 Beverages, nonalcoholic, in tins.
 Biscuits.
 Candy and confectionery.
 Canned goods.
 Cereals, ready to eat.
 Cereals, requiring cooking.
 Coffee, roasted.
 Condiments.
 Crackers.
 Flour, prepared, in packages.
 Flour, wheat, in bags or bales.
 Gum, chewing.
 Liquors.
 Milk, evaporated or condensed, in tins/cans.
 Pineapple, canned.
 Rice.
 Salt, common.
 Sugar, refined.

(2) Metal products:

Barrels and metal drums.
 Iron shot.
 Iron or steel bars.
 Iron or steel bolts or nuts.
 Iron or steel structural.
 Iron or steel nails.
 Metal and metal products.

F. General Cargo—Continued

- (3) Automobile and truck parts:
 - Antifreeze.
 - Automobile parts, new.
 - Batteries and parts.
 - Spark plugs.
 - Tires, tubes, pneumatic, except aircraft.
- (4) Drugs and sundries:
 - Alcohol, grain or wood.
 - Dental goods.
 - Drugs and medicines, excluding penicillin, sulfa, serums, vaccines, and vitamins.
 - Ether/chloroform.
 - Medical supplies.
 - Pads, sanitary.
 - Paper, toilet.
 - Penicillin.
 - Razor blades and sharpeners.
 - Serums and vaccines.
 - Sodium chlorate.
 - Sodium peroxide.
 - Toilet preparations.
 - Vitamins.
- (5) Machinery and parts:
 - Generators.
 - Machinery.
 - Machinery parts.
 - Motors.
 - Pumps and parts.
 - Transformer.
- (6) POL items:
 - Grease, lubricating.
 - Lighter fluid.
 - Oil, lubricating.
 - Gasoline.
- (7) Paints, varnishes:
 - Paints.
 - Shellac.
 - Varnish.
- (8) Instruments and apparatus:
 - Instruments, dental.
 - Instruments, surgical.
 - Instruments, scientific.
 - Tubes, X-ray.
 - Ultraviolet ray apparatus and equipment.
 - X-ray apparatus and equipment.
- (9) Construction material: Cement, construction.
- (10) Aircraft parts:
 - Aircraft wing and belly tanks.
 - Aircraft parts.
- (11) Containers:
 - CONEX, empty.
 - Containers, other than CONEX.
- (12) Miscellaneous items:
 - General cargo.
 - Books.
 - Boots and shoes, leather.
 - Bottles and jars, glass, empty.
 - Cement, liquid.
 - Cement, rubber.
 - Cigarettes.
 - Cigars.
 - Clothing.
 - Detergents.
 - Foil, aluminum.

F. General Cargo—Continued

(12) Miscellaneous items—Continued

- Furniture, new.
- Hardware.
- Mattresses, packed.
- Magazines or periodicals, new.
- Motion picture film, exposed.
- Motion picture film, unexposed.
- Needles.
- Paper napkins.
- Paper towels.
- Paper.
- Parachutes.
- Radio parts, excluding tubes, packed separately.
- Radio tubes packed separately.
- Refrigerators, knocked down.
- Scrap and salvage, space available.
- Scrap and salvage, space requirement.
- Soaps (does not include detergents).
- Sporting goods.
- Stationery.
- Togacco, smoking.
- Tools, hand and portable, electric.
- Toys.
- Typewriters and office machines.
- Watches and parts.
- Low value surplus items, space requirement.
- Low value surplus items, space available.

G. Military mail.

H. Lumber and logs.

(End of Part 5.)

PART 6

**Miscellaneous information submitted during the course of the
Joint Economic Committee Hearings on Ocean Freight Rates
and the Balance of Payments**

**MISCELLANEOUS INFORMATION SUBMITTED DURING THE
COURSE OF THE JOINT ECONOMIC COMMITTEE HEARINGS
ON OCEAN FREIGHT RATES AND THE BALANCE
OF PAYMENTS**

COVINGTON & BURLING,
Washington, D.C., May 26, 1964.

Hon. PAUL H. DOUGLAS,
*Chairman, Joint Economic Committee,
U.S. Senate, Washington, D.C.*

DEAR SENATOR: We have read with great interest the letter and memorandum of Mr. Clarence D. Martin, Jr., Under Secretary of Commerce for Transportation, to you under date of April 28, 1964, and now published in the Hearings of the Joint Economic Committee. The memorandum has made some important admissions and has given some important assurances. We are particularly pleased to note that the question of whether the cargo preference laws should be amended or abolished is receiving intensive study. We have written to Under Secretary Martin asking for his comment on our analysis of some of his statements. I enclose a copy of that letter.

The letter refers to the extra cost to the Department of Agriculture of using U.S.-flag vessels under the several Public Law 480 programs. The Public Law 480 cargoes are, of course, only one part of the total tonnage moving under the cargo preference program. In addition to Public Law 480, preference is granted with respect to shipments moving for the account of the International Cooperation Administration, Bureau of Public Roads, General Services Administration, the Department of Defense, and those movements initiated by Export-Import Bank loans.

It occurs to us that the staff of your committee may have figures showing the total annual cost to the United States of the indirect subsidy through cargo preference. If your staff has any such figures available I would be most grateful if we could be given a copy of any compilation that is not classified.

Sincerely yours,

JOHN G. LAYLIN.

COVINGTON & BURLING,
Washington, D.C., May 26, 1964.

Mr. CLARENCE D. MARTIN, Jr.,
*Under Secretary of Commerce for Transportation,
Department of Commerce, Washington, D.C.*

DEAR MR. MARTIN: We have received a copy of the hearings before the Joint Economic Committee of the Congress of the United States containing your letter to the chairman of the committee dated April 28, 1964, with accompanying memorandum. We note that your Department recognizes that "To the extent that cargoes are reserved for U.S.-flag tramp carriers, and to the extent that the rates on such cargoes are based on costs for U.S. commercial vessels, it amounts to a program of subsidy for U.S.-flag operations which are not subsidized through an operating subsidy under the Merchant Marine Act of 1936."

You doubtless have seen the figures showing the partial cost of this subsidy. They were supplied on February 19 of this year by the Department of Agriculture to a subcommittee of the House Appropriations Committee. For the Public Law 480 programs alone this subsidy cost over \$160 million in 1963 and exceeded \$100 million both in 1961 and in 1962. Since 1955 this indirect subsidy cost the taxpayers \$675,700,000.

The Public Law 480 cargoes are, as you know, only one part of the total tonnage moving under the cargo preference program. This program also includes shipments moving for the account of the International Cooperation Administration, Bureau of Public Roads, General Services Administration, Department of Defense, and those movements initiated by Export-Import Bank loans.

The extra costs of the Public Law 480 preference alone average for the last 3 years over two-thirds the amount of the appropriation requested by the Maritime Administration for the entire 1965 liner operating subsidy program. Not only the amount of this indirect subsidy, but the adverse effect on agricultural sales abroad "has," according to a report of the House Appropriations Committee, "become a major issue."¹

In addition to the cost to the American taxpayer of the indirect subsidy to the tramps, the American economy is paying a heavy price through the loss of foreign exchange by the U.S.-flag liners owing to the encouragement our example is giving other countries to discriminate against our ships. You are doubtless aware of the recent threatened spurt in this practice in the proposal of the Advisory Transport Committee of the Latin American Free Trade Association. This would restrict 90 percent of the cargoes in shipments between the nine members to their flag vessels.

In your response to question 3 posed by the Joint Economic Committee you refer to further intensive studies with respect to the desirability of the amendment or abolition of cargo preference laws. We presume that the further studies will include a thorough appraisal of the value of the dry-cargo tramp vessels² to the United States in time of emergency. We have heard the view often expressed that the defense value of these vessels—numbering about 80—would be minimal and that it is very doubtful that it is worth the cost to the American taxpayer to support these tramp vessels by any subsidy, whether direct or indirect, through cargo preference.

If we read correctly the discussion in your memorandum of the preference and nonpreference cargoes that move on U.S.-flag liners, which of course enjoy a direct subsidy, we gather that the increased cost by reason of cargo preference is difficult to ascertain and perhaps does not amount to very much. If that is true, we are puzzled by the statement in answer to the third question where it is said: "It is important to note that in the absence of our present cargo preference laws much, if not most, of the cargoes which are now carried on U.S.-flag ships would go on foreign-flag vessels." Should not this sentence be restricted to the U.S.-flag dry-cargo tramps? If it applies as well to the liners, then we would gather that the U.S. liners are in fact charging more than their foreign competitors for cargoes that have a preference status and are therefore receiving an indirect subsidy over and above the direct subsidies that are supposed to make them competitive. We would be grateful for your comment as to this.

In view of the interest of the Joint Economic Committee in this matter, we are taking the liberty of sending to the chairman a copy of this letter. Enclosed is a copy of our letter to Senator Douglas.

Sincerely yours,

JOHN G. LAYLIN.

¹ "The matter of the extra cost of shipping agricultural commodities in U.S. ships has become a major issue in view of the large shipments of goods under Public Law 480. This also became a primary consideration in negotiating agreements for sales of wheat to Soviet countries. While the committee recognizes the need to protect the American merchant marine, it does not feel that this should be allowed to interfere unduly with agricultural sales abroad. Further, it does not feel that the Department of Agriculture should be expected to carry the extra costs involved in the difference between world shipping rates and American-flag carrier rates." Report No. 1387 of the House Appropriations Committee, May 8, 1964, p. 54.

² Presumably, the tramp ships of which your memorandum speaks are the U.S.-flag freighters and not the tankers which are at times used in dry-bulk trade.

CARGO PREFERENCE

**Statement Submitted June 8, 1962 to
THE MARITIME EVALUATION COMMITTEE**

**By
COVINGTON & BURLING**

**As Counsel for
A. P. MOLLER, COPENHAGEN
Managing Owner of
Maersk Shipping Interests**

STATEMENT ON CARGO PREFERENCE

Submitted to

The Maritime Evaluation Committee

By

COVINGTON & BURLING

As Counsel for

A. P. MOLLER, COPENHAGEN

Managing Owner of Maersk Shipping Interests

SUMMARY

An evaluation of the maritime policies of the United States must necessarily be made within the framework of this country's over-all policies.

In matters affecting our foreign commerce, this country's over-all policy, as set forth in the President's Message to the Congress on January 25, 1962, is that the members of the free world who are desirous of keeping it free should, as far as is practicable, reduce the obstacles to the free play of competition amongst themselves.

Ships will carry the greater part of the goods flowing in the "open competitive trading system" envisaged by the President's Message. As a leading commercial power, the United States has since 1936 pursued a policy of creating and maintaining a privately owned merchant fleet capable of carrying a substantial portion of the goods moving in its foreign commerce.

The challenge, becoming increasingly acute, is to create and maintain our merchant fleet in such a way as to promote, or at least not obstruct, the achievement of our national goals.

At least one of our maritime policies—that of cargo preference—is not only inconsistent with the national policy announced by the President but will, if continued, operate to defeat that policy.

U. S. cargo preference walls have been erected against the free play of competition for important cargoes shipped in the

foreign commerce of the United States. One hundred percent of the cargoes financed by The Export-Import Bank must be shipped on U. S. flag vessels; this 100 percent requirement is sometimes reduced to 50 percent but only in favor of vessels flying the flag of the recipient country; third-flag vessels are completely denied the opportunity to compete unless the other ships are physically not available.

One hundred percent of the cargoes financed by the Agency for International Development and on which the Agency pays the ocean freight are denied to all but U. S. flag ships. Even where AID does not pay the ocean freight, at least 50 percent of AID cargoes must be carried by U. S. flag vessels.

At least 50 percent of the shipments of agricultural commodities by the Department of Agriculture under Public Law 480 are removed from competition and reserved for U. S. flag ships.

Even cargoes moving under the auspices of the United Nations but financed by the United States are restricted to U. S. flag ships; on some of these, a 100 percent flag requirement has been imposed and on others a requirement that at least 50 percent be shipped on U. S. flag vessels.

At least 50 percent of the cargoes financed by the Inter-American Development Bank with funds supplied by the United States to the Social Progress Trust Fund are denied to all but U. S. flag ships.

These restricted cargo markets are in addition to the total reservation of defense cargoes and the "at least 50 percent" reservation of cargoes moving under the auspices of the General Services Administration, the Bureau of Public Roads, and other governmental agencies.

This system of artificial quotas or of building walls around these cargo markets not only removes them from the free play of competition but is contributing to a world shipping system of restricted markets. As other nations in increasing numbers follow the lead of the United States, the high seas are becoming Balkanized. Such Balkanization hurts U. S. flag ships as well as the ships of our predominantly maritime allies. It has encouraged

some countries to establish uneconomic fleets, to their loss and to the detriment of the merchant fleets of the United States and its allies.

As most free nations of the world, including the United States, are acutely concerned with their balance-of-payments position, the temptation is for each nation to follow the short-sighted practice of restricting the carriage of its import and export trade to vessels flying its flag. If this temptation is not overcome—if the recent trend continues—the result might at worst be a complete impasse since the foreign trade of one nation is by definition also the foreign trade of another. At best, the result will very likely be a world shipping system in which large portions of the world's fleets go empty half the time.

A cold, hard look at United States maritime policies, including that of cargo preference, is needed. The existence of the Maritime Evaluation Committee, the President's Message on Transportation, and Secretary McNamara's recent testimony before the House Merchant Marine Subcommittee, attests to this fact. In re-evaluating our maritime policies and practices, the United States must face up squarely to the world-wide situation.

When the Prime Minister of Great Britain feels obliged publicly to announce that he is keeping in mind during his conference with President Kennedy the adverse effect of the cargo preference laws, this country can no longer afford to engage—as some cargo preference advocates do—in futile arguments as to which nation started flag discriminations. The "I didn't, you did" kind of argument not only is unbecoming; it befogs the issue.

U. S. cargo preference can no longer be defended on the ground that our tramp fleet needs it. The counsel for the American Tramp Shipowners Association has, himself, admitted that cargo preference has been a failure as a mechanism for creating and maintaining a healthy tramp fleet.

Furthermore, it should not be forgotten that the United States by numerous subsidies, including construction and operating differential subsidies, mortgage insurance, tax advantages and others, has put most segments of the American merchant marine on a competitive parity or better than parity with the fleets of other

nations. During 1960, ships under the U. S. flag or under effective U.S. control carried 30 percent of the liner-type cargoes, 41 percent of the tanker cargoes and 64.2 percent of the industrial service dry cargoes moving in the foreign commerce of the United States. If all the cargo preference cargoes which they carried had been excluded and if, furthermore, it were assumed that all of it had been carried by foreign flag ships, U. S. flag ships and ships under effective U. S. control would still during 1960 have carried 22.6 percent of the liner-type cargoes, 36.7 percent of the tanker cargoes and over 64 percent of the industrial service dry cargoes. In short, these segments of the merchant marine under U. S. flag and under effective U. S. control carried an average of 41.1 percent of such cargoes. This is a very substantial share. Danish ships, for instance, carried only 22.5 percent of Danish foreign commerce in 1960.* These segments of our merchant marine have proved that they can effectively compete; and, as demonstrated, can compete even without cargo preference help.

The growing Balkanization of world shipping trade following our lead cannot be dismissed with a plaintive assertion—sometimes heard in official circles—that other countries “abuse” the mechanism of cargo preference by applying it to other than governmentally financed cargoes. A number of foreign cargo preference measures also apply only to governmentally financed cargoes. When others do what we are doing we see that the distinction is without meaningful difference. (Indirectly, if not directly, most cargoes of many countries are financed by government.) If the U. S. policy were strictly adhered to by other countries, the United States would be at a serious disadvantage, for most governments control a far greater proportion of their foreign commerce than does the U. S. Government.

To attempt to justify cargo preference measures on the ground that they aid our balance-of-payments position is to fall into the kind of mistake which the former Secretary of the Treasury

* The Danish flag fleet receives no government aid either for the construction or operation of its ships, nor does it receive any tax advantages denied to any other Danish industry. Moreover, the Danish coastwise trade is open to the flags of all countries. The Danish Government has no laws or regulations of any sort giving Danish ships preference cargoes.

Robert Anderson characterized as the "beggar-my-neighbor policies which were so disastrous in the great depression of the 1930s." The President has emphatically rejected such policies as applied to international trade in general. The reasons for such rejection apply with equal force to that part of international trade that consists of the purchase and sale of shipping services.

In short, the time has come for the United States to face up to the necessity for bringing its maritime practices into line with its over-all national policy. The detrimental effects of our cargo preference, including the growing Balkanization of the high seas, present a sharp challenge to this country. As a leader in the free world, the United States should now take the initiative in freeing its cargo markets from the restrictive walls of cargo preference. Just as we are moving, along with our allies and trading partners, to lower the barriers around our other markets, we should join with them in opening the shipping markets of the free world to the play of free competition.*

* The foregoing is a summary of the statement submitted to the Maritime Evaluation Committee. The balance of the statement was written in support of the conclusions stated. The full statement should be consulted by those interested in a fuller demonstration of the unfortunate effects of the cargo preference practices that have crept into our maritime policy.

I. THE OVER-ALL INTERNATIONAL ECONOMIC POLICY OF THIS NATION IS TO PROMOTE AN OPEN COMPETITIVE TRADING SYSTEM IN COMPETITIVE GOODS.

President Kennedy, in his Message to the Congress on January 25, 1962, pointed out that "A new American trade initiative is needed to meet the challenges and opportunities of a rapidly changing world economy."¹ The challenges can only be met, said the President, by promoting freer trade and lowering the protective walls of our tariffs. Noting that his proposal was "designed as the expression of a nation," President Kennedy declared:

"This philosophy of the free market—the wider economic choice for men and nations—is as old as freedom itself."²

Pointing to this country's position of leadership the President stated:

"The meaning and range of free economic choice will either be widened for the benefit of free men everywhere or confused and constricted by new barriers and delays."³

As former Secretary of State Christian Herter and former Under Secretary of State for Economic Affairs William Clayton have pointed out, the nations of the free world are increasingly interdependent and "if the United States domestic policy is damaging to Western unity the West is diminished in the cold war."⁴

The policy of developing "an open competitive trading system in competitive goods"⁵ recognizes that the new Common Market—as it is now constituted and as it is expected to be expanded when Great Britain, Denmark and other European countries have joined—presents a challenge to the trade of the United States.

Speaking on May 4, 1962, from the new wharf in New Orleans, President Kennedy put the issue sharply in focus when he said:

"We must either trade or fade."

* * *

"Let us not avoid the fact: we cannot sell unless we buy."⁶

II. THE PROTECTIVE WALLS OF U. S. CARGO PREFERENCE MEASURES DENY TO OTHERS THE ABILITY TO COMPETE FOR SIZEABLE CARGO MARKETS.

An evaluation of our cargo preference measures⁷ must start with a clear understanding of the extent to which they operate to prevent others from competing for the sale to us of their shipping services. The impact of these measures is considerably greater than generally supposed. Those who discount the adverse effects with the simple statement that cargo preference cargoes make up only 6 percent of our total export and import tonnage and that the so-called 50/50 measures thus deny to the flags of other nations only 3 percent of our total tonnage are allowing themselves to be misled. As will be seen, the figures 6 percent and 3 percent are themselves completely misleading; moreover, the impact cannot be measured solely in terms of tonnage but must be related to freight receipts.

Taking only one of the reserved markets, namely those cargoes moving under the auspices of the Agency for International Development and its predecessors (not including DLF and Eximbank cargoes or agricultural cargoes shipped under Title II of P.L. 480), it is important to note that from 1948 to the middle of 1961 AID paid out approximately \$1.8 billion for freight charges⁸; more than 70 percent of this sum went to American flag operators. During the same period, cargoes moving under the auspices of the AID and its predecessors (not including DLF and Eximbank cargoes but including agricultural commodities shipped under Title II of P.L. 480) totaled 115,972,000 tons⁹. In one year alone (fiscal 1960) there were over 4.3 million tons of such cargo to which P.L. 664 applied¹⁰; in fiscal 1961 this increased to over 6 million tons.¹¹

These figures, however, only begin to tell the full story. For instance, in 1960 alone, there were 16.5 million tons of cargo (including ICA, Agriculture, G.S.A. and Bureau of Public Roads shipments, but excluding Eximbank and Defense cargoes) to which cargo preference applied;¹² U.S. flag liner and tanker vessels carried over 62 percent of the tonnage moving in these respective classes.¹³

The sizeable reservation of market reflected by the foregoing figures does not, however, complete the full story. There must be added as reserved to U.S. vessels the tremendous market of cargoes moved under Export-Import Bank financing arrangements to which Public Resolution 17 has since 1934 applied.¹⁴ These cargoes are not included in the figure of 6 percent so often erroneously cited as measuring the

tonnage to which cargo preference applies.¹⁵ It seems incredible, but no accurate statistics have been kept on Export-Import Bank financed cargoes. Neither the Department of Commerce nor The Export-Import Bank has published any statistics comparable to those put out by AID and its predecessors.*

The magnitude of this reserved market may, however, be estimated when it is considered that Eximbank has lending authority of over \$7 billion,¹⁶ all of which is by statute required to be used to assist the increase in American export and import trade, much of which must have been carried in the ocean commerce of the United States.¹⁷ And for those who assert that the 100 percent U. S. preference applicable to Eximbank financed cargoes is generally waived down to 50 percent, it should be carefully pointed out that this waiver runs only in favor of vessels of the recipient countries.¹⁸ As far as the vessels of the traditional third-flag shipping countries are concerned, the market of Eximbank financed cargoes is completely shut off except where other ships are physically unavailable.¹⁹

To these reserved markets must now be added the cargoes which will be financed by the multi-national Inter-American Development

* The Maritime Administration, Office of Ship Statistics, Division of Operating Agreements and Traffic, did supply to the Division of Cargo Data an estimate for the years 1959 and 1960. The estimate was that in 1959 a total of 351,000 long tons, and in 1960 a total of 344,000 long tons, of cargo were exported under Export-Import Bank financing arrangements. See Table cited in note 14, *infra*. Mr. Fred Tirling, Chief of the Division of Operating Agreements and Traffic, has orally characterized his office's estimates as "crystal ball gazing."

Moreover, while some Eximbank credits have gone to allow purchase of quantities of bulk commodities such as cotton, the majority of the development credits are used to purchase the type of cargo which has low tonnage but high freight rates. Thus, the only significant way of measuring the impact of the restriction placed on the movement of Export-Import Bank cargoes is to analyze the amount of ocean freight receipts for which foreign flag vessels have been denied the opportunity to compete. It is understood that the raw materials for such a study do exist, because under Export-Import Bank procedures reimbursement to a recipient of a loan cannot be obtained until the recipient documents compliance with the cargo preference provisions; moreover, specific documentation is required for reimbursement for ocean freight charges.

Until adequate statistical information is made available by our government and, more specifically, by the Maritime Administration, on the tonnage of, and ocean freight receipts applicable to, cargoes financed or guaranteed by the Export-Import Bank, no reliance should be placed upon the figure of 3 percent as constituting the percentage of our export and import foreign trade which our cargo preference laws deny to foreign flag competition.

Bank out of the Social Progress Trust Fund supplied by the United States. The agreement between the United States Government and the IADB provides for the application to those funds of Public Law 664, under which at least 50 percent of the cargoes must be denied to all but U.S. flag vessels.²⁰

Finally, the United States has imposed cargo preference restrictions, some up to 100 percent, even on funds supplied to the United Nations to be used under United Nations auspices.²¹ The United States has supplied a total of \$40.9 million to the United Nations for use in its Congo aid program and has imposed the condition that, over-all, at least 50 percent of the cargoes financed from this money be carried on U.S. flag vessels.²² In supplying funds to the U.N.R.W.A., the United States has required that 100 percent of the cargoes, largely flour supplied to Palestinian refugees, be carried in U.S. flag vessels.²³ These goods go to these refugees under the auspices of the United Nations.

In an indirect but significant way, the United States Government further implements its policy of promoting restrictive cargo markets by its officially espoused campaign of "Ship American."²⁴ Illustrative are the posters now to be seen on U. S. mail trucks bearing a legend which implies that to ship on other than U.S. flag ships would weaken America. According to the Post Office Department's Public Relations Section, that Department will not allow the posting of signs on its trucks unless they support officially approved programs.

III. THE EFFECTS OF UNITED STATES FLAG DISCRIMINATION NOT ONLY HURT THE MARITIME NATIONS WHICH ARE OUR TRADITIONAL ALLIES BUT ALSO OPERATE TO CREATE A SYSTEM HARMFUL TO U. S. FLAG VESSELS.

A. U. S. cargo preferences have contributed to a world-wide trend of restricted cargo markets.

The most fundamentally damaging effect of this country's cargo preference policies has been their contribution to the increasing "Balkanization" of world shipping trade.

At the outset, let it be made plain that the United States merchant marine is harmed as much if not more than the vessels of the pre-dominately maritime nations by the cargo preference walls increasingly being raised by other countries. Illustrative is the report sent on March 7, 1962, to Senator Warren Magnuson by Donald W. Alexander,

Maritime Administrator, listing some thirteen nations which now by governmental laws, decrees, regulations or other methods, discriminate against U. S. flag vessels by routing cargoes to national flag ships.²⁵

Brazil, Chile, Colombia, France, Peru, the Philippines, Taiwan, Uruguay, and Venezuela have all adopted restrictive cargo preference measures²⁶ since the United States enacted in 1954 Public Law 664, which made general the specific provisions previously found in earlier foreign aid legislation,²⁷ reserving at least 50 percent of the cargoes for United States flag vessels. In addition to these countries listed by the Maritime Administrator, mention should also be made of India, Burma and Egypt which have recently issued flag discrimination measures.²⁸

Some of these countries have adopted a 100 percent preference for their own flag vessels. For instance, the Philippine State Department's Circular #765 (February 27, 1958) provided that:²⁹

"All letters of credit opened by Government agencies and corporations should provide that the merchandise imported into the Philippines be shipped on Philippine flag vessels whenever such vessels are available at port of shipment . . ."

Senator Warren Magnuson pointed out on April 3, 1962, that:³⁰

"Uruguay, in September, 1960, established surcharges of as much as 150 percent on any goods not imported on Uruguayan vessels. In July, 1960, all public departments were required to utilize national flag vessels for ocean transport of imports and exports, including those covered by fiscal exemptions granted by the Executive. In November, 1961, another decree required 8.25 percent of ships' wages to be paid by foreign flag vessels as contribution to the Government Stevedores Labor Association, while Uruguayan vessels pay only 3.5 per cent.

"Venezuela, in September, 1959, required all private contractors engaging in public works to use the Venezuelan national shipping line to bring in equipment and materials, and in February, 1961, made any exoneration of import duties to be conditioned upon use of national flag shipping. Also freight charges on imports must be paid in Venezuelan currency, and U. S. flag carriers are required to accept payment at a currency exchange rate fixed by Venezuela.

"Colombia requires preference for its own fleet in the case of cargoes moving for account of its official and quasi-official agencies, which takes in a substantial portion of the country's imports. However, there are no known statutes, decrees, or regulations directly affecting commerce with the United States.

“The Government of Peru, in January of this year, enacted a law which would authorize periodic decrees to be issued establishing the percentage (no limit set) of Peru’s export and import cargoes which must be transported in national flag vessels. The particular article of the statute with respect to possible shipping discriminations has been protested by the United States, and has not as yet been put into effect.”

Moreover, formal laws and regulations are not the only mechanisms of flag discrimination. This country’s officially espoused “Ship American” campaign is consciously being copied.

Illustrative is the “Ship Philippine” campaign.³¹

Japanese lines have announced their intention of organizing a “Ship Japanese” campaign. Moreover, officials of the Japanese Ministry of Transportation have, according to news articles, indicated that they will cooperate with the Japanese lines in this campaign.³²

British interests, including particularly the Royal Mail Lines, have proposed that the British Government immediately inaugurate a “Ship British” campaign.³³ Sir Donald Anderson, Chairman of the Peninsula and Oriental Steamship Group, operating 339 vessels, has suggested that British cargo preference retaliation may prove necessary to counter foreign discrimination.³⁴ The depth of the British feeling on this matter was evidenced in the debate in the House of Commons which was such that Deputy Prime Minister R. A. Butler felt compelled to promise to convey to the Prime Minister, for his conversations with President Kennedy, the “extreme depth of feeling on both sides of the House.”³⁵

The trend which these examples point up is leading to an extremely serious situation. Illustrative is the recent conference in London of representatives of ten nations—Britain, Belgium, Denmark, France, West Germany, Greece, Italy, Norway, The Netherlands and Sweden—called by the British Minister of Transportation to discuss, among other things, the flag discrimination measures of the United States.³⁶ At this conference the threats of retaliatory action had an ominous ring. That such retaliatory action was not there agreed upon demonstrates the restraint with which these traditional maritime nations have reacted toward what appears to be the effort to restrict still further the American cargo markets. Significant also is the fact that Prime Minister Macmillan’s resistance to the pressures for retaliation came under sharp fire in the House of Commons from both Labor and Conservative members.³⁷

The Argentine shipping organization, Instituto de Estudios de la Marina Mercante, is similarly sponsoring a "Ship Argentine" program. The Institute, in a yearbook published last year, has said:

"It is foolish to fear that we shall suddenly be accused of flag discrimination, as we have—according to the Chamber of Shipping of the United Kingdom—already some time ago plunged into this sin. Above all, the way in which the North American shipping policy is conducted will justify any means we might use to protect ourselves also against the USA in our aim that up to 50% of the Argentine foreign trade be transported on our own ships wherever we have a regular service."³⁸

If the trend demonstrated above continues, this country's merchant marine will find itself wondering why it ever asked for cargo preference. As market after market is shut off, the privilege of competing for cargo markets will have become a matter to be laboriously negotiated between governments; it will have become a lever by which pressure of considerable strength is exerted against the United States, to the detriment of the merchant marine that our practice of cargo preference was instituted to benefit.

And it is no answer to this ominous trend of restricting the shipping markets for the apologists for our restrictions plaintively to assert that other nations are "abusing" cargo preference by applying it to more or different cargoes than does the United States. This assertion is really misleading; a large number of the cargo preference measures of other countries are applied only to "governmentally financed" cargoes—*i.e.*, many other countries *exactly* copy the United States.³⁹

A bad example is not made better by the fact that some take it a step further. As a practical matter most every bad example invites abuse. It does this nation little good to make much of the distinction between governmental and commercial cargoes. While it may be possible to explain the distinction to foreign visitors, the line is inevitably blurred in the political arenas abroad. The United States as a leading power must recognize that it cannot expect others to apply instruments of governmental policy—such as cargo preference—without tempting others to go one better.

Advocates of cargo preference for governmentally financed cargoes must face up to the fact that even if other nations adhered strictly to the U. S. distinction, the United States would be at a serious disadvantage. Other governments control far greater proportions of their nations' commerce and industry than does the United States. For

instance, utilities—heavy users of coal shipped from elsewhere—are governmentally controlled in the United Kingdom, France, Denmark, Sweden and The Netherlands. Railroads are commonly governmentally controlled abroad. Moreover, the newer countries and the economically developing countries are utilizing government to control even larger segments of their industry.

The United States has recognized that capital investment in the less developed areas and capital transfer among the more highly developed areas is often more quickly if not better handled through governmental entities. Government financing is spreading.⁴⁰ The Export-Import Bank is no longer unique; similar institutions, such as the Kreditanstalt fuer Wiederaufbau of Germany, have appeared. International lending agencies, such as the World Bank, the International Development Bank and the International Finance Corporation, are of growing importance. Some twenty nations already have in operation governmentally guaranteed systems of exporter credit insurance covering risks associated with the shipment of goods abroad.⁴¹ Recipient nations often channel funds through governmental development corporations. It is interesting to note that, according to reports in shipping circles, the Philippines,⁴² Japan⁴³ and Brazil⁴⁴ have all seized upon the “governmentally-financed” distinction to extend their cargo preference measures to funds lent to their governments by the World Bank.

That at least certain segments of the U. S. maritime industry are beginning to recognize the dangers of cargo preference and its Balkanizing effect on world shipping trade is seen from the fact that the American Merchant Marine Institute urged *rejection* of the proposal recently put forward by the American Maritime Association that would have extended cargo preference restrictions to the oil import market by reserving 25 percent of crude and unfinished oil imports for U. S. flag vessels.⁴⁵ The editorial of the Journal of Commerce, “Shipping Outlook: A Sound Step,” May 1, 1962, which supported the rejection by the Institute of the AMA’s proposal, commented:

“At present this country is seeking to offset some flag discrimination by Latin-American countries which has seriously impaired activities of ship lines serving these countries from the U. S. And any move to take similar action in this country would undoubtedly bring about similar actions by other nations.

“There is no question that any move by this country to bring its commercial cargoes under cargo preference would add fuel to the smouldering fires abroad and could serve no useful purpose for the industry. Rather it could, in time, react seriously against it as it has done in the case of Latin America.”

B. U. S. cargo preference laws and their administration adversely affect the ability of our traditional allies to purchase American goods.

Ocean shipping services are one of the most important products which many countries sell to the world. For these nations—many of them our traditional allies—the sale of shipping services is a necessary concomitant to their ability to purchase the goods and services of other countries, including the United States.

For instance, the United States sold to Denmark in 1960 over \$75 million worth of goods over and above what Denmark sold to the United States.⁴⁶ Only through its sale of shipping services was Denmark able to purchase these goods. Notwithstanding its over-all shipping earnings of approximately \$133 million,⁴⁷ Denmark's over-all balance of payments deficit in 1960 was about \$22 million.⁴⁸ Recently published preliminary figures for 1961 show Danish shipping earnings of approximately \$134 million⁴⁹ and an over-all balance of payments deficit of \$58 million.⁵⁰ During this period Denmark's currency reserves declined from \$298.3 million in 1959 to \$255.1 million in 1960. This decline has continued and at the end of February, 1962, the Danish reserves were only \$225.0 million⁵¹ with preliminary corrections reducing this figure to \$165 million.⁵²

President Kennedy has declared that "we cannot sell unless we buy."⁵³ This country must keep this in mind, for there can be no real discussion of having the predominantly maritime nations buy U. S. products without a discussion of their being permitted to sell or at least to compete for the sale to us of their shipping services. And it should not be forgotten that they are legitimately concerned not only about the restriction of U. S. cargo markets, but also about the world trend toward protected shipping markets, which U. S. policies encourage.

C. Cargo preference laws operate to defeat our enlightened efforts to improve our balance-of-payments position by expansion of trade.

United States cargo preference laws are not only inconsistent with this country's trade policy but operate to defeat the expansion of trade by which this nation has committed itself to improve its balance-of-payments position.

The argument that U. S. flag discrimination is justified because it conserves dollars which would otherwise flow out of the country is unsound, quite aside from the fact that it can be self-defeating since it is equally open to use by others nations in regard to their currencies.

Former Secretary of the Treasury Robert Anderson, in bringing to national attention in April, 1960 our balance-of-payments problem, emphasized as to the remedy:

“Of course, any country can tackle its balance of payments problems by deliberately cutting imports or by imposing restrictions on capital outflows. But the kind of balance which would result from such measures would be based on contraction and not expansion. It would push us back into the beggar-my-neighbor policies which were so disastrous in the great depression of the 1930s. It would mean an abdication of our role of leadership.”⁵⁴

President Kennedy, in his Message to the Congress on Trade, emphatically rejected a policy of restriction. Specifically addressing himself to our balance-of-payments position, he stated:

“The growing pressures on our balance-of-payments position have, in the past few years, turned a new spotlight on the importance of increasing American exports to strengthen the international position of the dollar and prevent a steady drain of our gold reserves. To maintain our defense, assistance, and other commitments abroad, while expanding the free flow of goods and capital, we must achieve a reasonable equilibrium in our international accounts by offsetting these dollar outlays with dollar sales.”⁵⁵

As previously pointed out, the denial of cargo markets to the shipping fleets of our allies seriously hampers their ability to purchase our manufactured goods. We can hope to do as President Kennedy's Message says we must—solve our balance-of-payments problem through expansion of trade—but not if we deny to our trading partners the ability to compete in sizeable markets for the sale of their principal product, shipping services.

D. The administration of U. S. cargo preference laws has contributed to the development of fleets by countries which have never had significant numbers of vessels, to the detriment of the competitive position of U. S. flag vessels and the vessels of our NATO allies.

The example set by U.S. cargo preference laws and by their administration has had the adverse result of promoting the construction of fleets by nations which have never before had significant numbers of vessels.⁵⁶ Waiving down to 50 percent the cargo preference applicable to Eximbank cargoes in favor of ships of recipient nations,⁵⁷ encourages recipient nations (some with little or no maritime experience) to increase the already excessive world shipping capacity. The AID (ICA) practice, quite prevalent in the past, of waiving the so-called 50/50 requirement where U.S. vessels were not available but

only in favor of vessels flying the flag of the recipient nation,⁵⁸ has also encouraged under-developed countries to expend precious resources on a national merchant marine which itself contributed to the glut of world shipping capacity. In short, the administration of our cargo preference laws has contributed to the development by countries other than our traditional NATO allies of fleets competitive with those of the United States and these allies.

It is to the fleets of our allies, as well as the United States-owned fleet, to which this country will look should war come. The member countries of NATO have already committed themselves, in the event of war affecting the NATO territory, to place the ocean-going vessels flying their flags into a joint pool from which vessels will be allocated by an international defense shipping authority to cover civil as well as military demands for tonnage.⁵⁹ The defense shipping board will not itself be a user of tonnage and will not decide the priority in connection with its utilization; rather it will be directly responsible to the supreme command of the joint war effort. Our NATO allies have thus already made a binding commitment that their fleets along with ours will be available to insure that the total allied shipping capacity can be utilized in the best and most effective manner.⁶⁰ To the extent that we, by our domestic cargo preference policies, hurt the fleets of these allies, we hurt ourselves.

The administration of our cargo preference laws and the extension of these laws to what is commonly known as "off shore" purchases, has also been troublesome. When in 1954 foreign aid cargoes purchased or procured outside the United States became subject to cargo preference restrictions,⁶¹ the ICA found it had to waive the requirement with respect to most cargoes because there were no U.S. vessels available in the trades in which the cargoes moved. In the first year ICA waived the requirement with respect to almost 75 percent of such cargoes.⁶² Since then, however, American ships have begun to go into these trades where they never before competed. Between 1954 and the end of 1960 the percentage of waivers dropped by 15 percent.⁶³ In short, through the administration of cargo preference laws there has been a government-sponsored intrusion of U.S. shipping into the carriage of trade between other countries and a disruption of the ordinary patterns of world trade.

III. CARGO PREFERENCE MEASURES ARE NOT AN EFFECTIVE MECHANISM BY WHICH TO HELP CREATE AND MAINTAIN A HEALTHY U. S. MERCHANT MARINE.

U. S. cargo preference measures were adopted with the idea of helping implement our policy of creating and maintaining a merchant marine. Undeniably, they have put more tons of cargo in U. S. flag vessels than would otherwise have been the case, but they have done so at a tremendous cost: they have led the way to the Balkanization of the high seas; they have hurt the fleets of our allies; they have operated against our over-all national policy in the field of foreign commerce; and they have proved ineffective as a mechanism for maintaining a healthy U. S. merchant marine.

Let us look at the various segments of the U. S. merchant marine.

In regard to the liner segment, it is important to realize that U. S. flag liner vessels carried 30.6 percent of the 48.3 million tons of dry cargo (liner-type) moving in the U. S. foreign commerce during 1960.⁶⁴ This was more than commensurate with the frequency of service offered; U. S. flag liner vessels supplied one-fourth of the sailings and obtained nearly one-third of the cargo.⁶⁵

It should not be forgotten that most U. S. flag vessels in the liner service are being acquired by their owners under the construction differential subsidy provisions⁶⁶ of the Merchant Marine Act of 1936 and are being operated with the assistance of the operating differential subsidies⁶⁷ provided by that Act. By these measures these vessels are put on a *competitive parity*⁶⁸ with the vessels flying other flags; indeed, considering the further subsidies in the form of mortgage guarantees under Title XI,⁶⁹ tax advantages⁷⁰ and other assistance,⁷¹ foreign ship owners believe that these vessels enjoy better than a competitive parity,—apart from cargo preference.

If one were to exclude completely all preference cargo which U. S. flag liners carried in 1960—and furthermore assume that all of it had been carried by foreign flag liners—U. S. flag vessels would still have carried 22.6 percent of the liner-type cargo moving in the U. S. foreign commerce.⁷² The significance of this should be underlined, particularly as a substantial share of this preference cargo would in fact undoubtedly have been carried by U. S. flag ships. The figure of 22.6 percent would be the very minimum. To a Dane, for instance, this is a most respectable percentage, for Danish ships carried only 22.5 percent of Danish foreign commerce during 1960.⁷³ And Dutch ships carried only 17.5 percent of the Netherlands' commerce in 1960.⁷⁴

An examination of the tanker cargoes is also significant. The liquid bulk cargo trade has seen the development of a system of vessels owned or under contract to the ultimate users of the cargo. Many of the tankers used in this trade are owned by American companies. They are considered by the Department of Defense to be "under effective U. S. control."⁷⁵ Tankers under effective U. S. control operating in the U. S. foreign commerce (some 179 tankers during 1960)⁷⁶ and tankers under U. S. flag together carried 41.2 percent of the tanker tonnage moving in the U. S. export and import trade during 1960.⁷⁷ Even if one were to exclude all preference cargo—and furthermore assume that all of it had been carried by foreign flag ships—it is significant that tankers under U. S. flag and under effective U. S. control would have carried over 36.7 percent of the total tanker trade of the U. S. during 1960.⁷⁸

An examination of the carriage of dry bulk cargoes is particularly interesting. In the movement of dry bulk cargoes, such as grains and ores, there has been a steady development throughout the world of modern, specialized vessels designed to carry these cargoes most economically in the trades in which they move. Ships under the U. S. flag and under effective U. S. control have participated in this development.

U. S. flag vessels and vessels under effective U. S. control carried 27.4 percent of the total dry bulk tonnage moving in the foreign commerce of the United States during 1960.⁷⁹ With regard to that portion of the dry bulk tonnage moving in the industrial service, where the modernization and specialization of ships is most advanced, U. S. flag vessels and vessels under effective U. S. control carried 64.2 percent of the industrial service cargoes moving in the U. S. foreign trade during 1960.⁸⁰ Negligible, if any, amounts of preference cargoes are carried in the industrial service.

With the world-wide development of modern, specialized ships for the carriage of dry bulk commodities, there has been a concomitant decline in the unspecialized type of ship which in the past has historically tramped the seas in search of cargo.

Tramping, in the historical sense, is continually becoming a smaller element in world shipping. Even historically, the United States has not really had a tramping fleet. In recent years, a so-called tramp fleet under the U. S. flag—now consisting of about 77 vessels, mostly of the obsolete Liberty, Victory and C-2 types⁸¹—has unsuccessfully attempted to buck the trend toward modern, specialized vessels for the

dry bulk trade. Even with cargo preference tonnage making up 90 percent of their cargoes,⁸² operation of these outmoded ships has not been generally profitable. These vessels are not of the type that this country requires in case of an emergency and cargo preference will not make them the type of fleet that this country requires. The counsel for the American Tramp Shipowners Association has himself admitted that cargo preference laws have not been "adequate to ensure the development of the type of fleet which this Country requires."⁸³ Since cargo preference normally gives cargo only for one-way passage, this is not surprising.

We submit that the above analysis demonstrates that the American merchant marine would have a substantial and healthy share of cargo on a free, competitive basis without the added element of cargo preference; and that cargo preference has proved that it is not an effective mechanism by which to help maintain a healthy U. S. merchant marine.

This country has been led to adopt an unsound cargo preference system for the sake of about 77 vessels that are attempting to engage in the old-fashioned practice of tramping in an age when dry bulk commodities are increasingly being carried in specialized ships. The dangerous medicine of cargo preference has not cured, and holds no promise of curing, the troubles of these tramps; and by giving the same medicine to healthy segments of our merchant marine, we have created an unhealthy situation and a dangerously contagious one.

IV. THE UNITED STATES SHOULD TAKE THE INITIATIVE, IN COOPERATION WITH ITS MARITIME AND TRADING PARTNERS, IN OPENING CARGO MARKETS TO THE FREE PLAY OF COMPETITION.

The United States must face up squarely to the fact that its cargo preference practices are contributing to the Balkanization of the high seas; that they hurt the fleets of our allies; that they have proved an ineffective and dangerous crutch by which to help our merchant marine; and that they operate to defeat our over-all national policy in the field of foreign commerce.

The challenge is clear; the response should be forthright. As a leader of the free world, the United States should seize the initiative in removing the walls of cargo preference from around our cargo markets. This nation, in cooperation with its maritime and trading partners, should move to stop the Balkanization of the world's shipping trade and to open the cargo markets of the free world—along with the markets for other goods and services—to free play of competition.

By thus bringing our maritime practices into line with our over-all national policy, we will prove with regard to that portion of international trade that consists of the purchase and sale of shipping services—as President Kennedy has said we are now proving with regard to the other portions of international trade—that “we believe in peacefully tearing down walls instead of arbitrarily building them.”⁸⁴

Only by rejecting cargo preference can the United States fulfill its role of leadership and only in this way can it hope in the long run to create and maintain a healthy and competitive U. S. merchant marine.

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June 8, 1962.

NOTES

1 Message from The President of the United States Relative to the Reciprocal Trade Agreements Program, House Doc. No. 314, 87th Cong., 2d Sess. (January 25, 1962), page 2.

2 *Id.*, pages 8-9.

3 *Id.*, page 12.

4 Herter and Clayton, "A New Look at Foreign Economic Policy," Statement submitted to the Joint Economic Committee of the Congress, 87th Cong., 1st Sess. (Oct. 23, 1961) (Joint Committee Print).

5 Under Secretary of State George Ball, Address Before the Forty-Eighth National Foreign Trade Convention, November 1, 1961, Department of State Press Release No. 755.

6 President Kennedy, Address at New Orleans Dock Ceremonies, May 4, 1962, Transcript published in New York Times, May 5, 1962, page 2 (City Edition).

7 The principal cargo preference laws are (1) Public Law 664, 83rd Cong., 2d Sess.; 68 Stat. 832; 46 U.S.C.A. 1241(b); (2) Public Resolution No. 17 of March 26, 1934, 73rd Cong., 2d Sess.; 48 Stat. 500; 15 U.S.C.A. 616a; Eximbank Regulations, 12 C.F.R. § 402.3(a); (P. R. 17 was construed in 37 Opinions of the Attorney General 546, 548 (1934)); and (3) Act of April 28, 1904, 58th Cong., 2d Sess.; 33 Stat. 518, 10 U.S.C.A. § 2631.

8 Agency for International Development, *Cargo Preference Report* (March, 1962), Part I, pages 32 and 27.

9 Agency for International Development, *Cargo Preference Report* (March, 1962), Part I, page 35, Table XV.

10 Agency for International Development, *Cargo Preference Report* (March, 1962), Part I, page 28, Table XI, and page 29, Table XII. (4.3 million derived by adding totals in second column of Table XI and in third column of Table XII.)

11 Agency for International Development, *Cargo Preference Report* (March, 1962), Part I, page 33, Table XIII and page 34, Table XIV. (6 million derived by adding totals in second column of Table XIII and third column of Table XIV.)

12 Department of Commerce, Maritime Administration, Office of Ship Statistics, Division of Cargo Data, "Contribution of Federal Programs to United States Foreign Trade—1960 Showing Participation By United States Merchant Ships in Each Category" (January 11, 1962).

13 *Ibid.*

14 Public Resolution No. 17, March 26, 1934, 73rd Cong., 2d Sess., 15 U.S.C.A. § 616a.

15 See, e.g., the article cited in note 65, *infra*, at page 4, which uses the figure 6% and which admits that Export-Import Bank financed cargoes are excluded.

16 See Export-Import Bank, *Report to the Congress for the Twelve Months Ending June 30, 1961*, page 6; 12 U.S.C.A. § 635e.

17 12 U.S.C.A. § 635(a).

18 Department of Commerce, Maritime Administration, "Statement of Policy on Public Resolution 17—73rd Congress" (July 24, 1959).

19 *Ibid.*

²⁰ The requirement that at least 50% of the cargoes financed by the U. S. contribution to the Social Progress Trust Fund be carried on U. S. flag ships is contained in an exchange of letters between the United States and the Inter-American Development Bank. See, Hearings Before the Senate Committee on Appropriations on H.R. 6518, April 28, 1961, page 61 (Committee Print). See also section 4.06 of the Social Progress Trust Fund Agreement.

²¹ See notes 22 and 23.

²² In October, 1961, the United States supplied \$12.9 million to the United Nations for use in the Congo. In March, 1962, the United States supplied an additional \$10 million (plus \$5 million for the United Nations Congo technical assistance) and in May, 1962, another \$18 million. The United States imposed on the \$10 million and \$18 million the condition that at least 50% of the cargoes financed from these funds be shipped on U. S. flag vessels; in addition, U. S. flag vessels were required to be utilized to the extent necessary to obtain compliance with the "at least 50%" requirement of Public Law 664 in regard to the entire \$40.9 million.

²³ Shipments of flour to Palestinian refugees have been handled under Title II of Public Law 480 to which Public Law 664 applies. Since, however, AID pays the ocean freight costs, a 100% U. S. cargo preference has been administratively applied to these shipments.

²⁴ See, e.g., letter of Secretary of Commerce Frederick Mueller, dated December 28, 1960, sent to 1,000 importers and exporters, urging a "Ship American" program. Press Release No. G-60-175, Office of the Secretary, Department of Commerce, December 28, 1960. See also in general, "Remarks by Donald W. Alexander, Maritime Administrator, U. S. Department of Commerce, at the Eighth Annual Atlas Awards Luncheon Sponsored by the American Merchant Marine Institute," March 22, 1962, Press Release No. M.A. S.P. 62-10, Maritime Administration, Department of Commerce, March 22, 1962.

²⁵ Report of Maritime Administration sent to Senator Warren Magnuson under cover of letter dated March 7, 1962, from Donald W. Alexander, Maritime Administrator (released by Senator Magnuson's office).

²⁶ *Ibid.*

²⁷ Economic Cooperation Act of 1948, 62 Stat. 137, as amended, 63 Stat. 50; Mutual Defense Assistance Act of 1949, 63 Stat. 714; Far East Economic Assistance Act of 1950, 64 Stat. 5; Yugoslav Emergency Relief Assistance Act of 1950, 64 Stat. 1122; India Emergency Food Aid Act of 1951, 65 Stat. 70; Mutual Security Act of 1951, 65 Stat. 373; Pakistan Wheat Transfer Program, 67 Stat. 80; Mutual Security Act of 1954, 68 Stat. 832.

²⁸ General Council of British Shipping, *Survey of British Shipping with Recommendations as to Policy*, London (December, 1960), pages 73-75.

²⁹ Government of the Philippines, Department of State, Circular No. 765, dated February 27, 1958.

³⁰ Congressional Information Bureau, Vol. 66, No. 83, April 3, 1962, pages 6-7.

³¹ See, e.g., letter of United Philippine Lines, Inc., dated November 30, 1961, sent to numerous shippers and stating:

"We appeal to you for support just as American, Japanese and shipowners of other nations are appealing to their shippers for support. Next time you have something to ship out or bring in from overseas, please think of 'Shipping Philippines'."

³² Journal of Commerce, "Far East Shipping Report: Japanese Lines Planning United Cargo Bookings," March 5, 1962.

³² Journal of Commerce, "Royal Mail Line Proposes 'Ship British' Campaign," April 17, 1962. (Number of vessels operated by P & O Group taken from Annual Report of P & O.)

³⁴ Journal of Commerce, "Change in UK Ship Policies Seen Near," March 29, 1962.

³⁵ New York Times, "Macmillan to Discuss U. S. Laws on Cargo in Talk with Kennedy," April 18, 1962; Washington Post, "Macmillan to 'Bear in Mind' Protests on U. S. Shipping," April 18, 1962; Journal of Commerce, "U.K. Will Carry Ship Protest to President," April 18, 1962.

³⁶ See, Journal of Commerce, "Europe Maritime Nations Eye U. S. Shipping Policies," May 4, 1962.

³⁷ See, Journal of Commerce, "UK Refuses Retaliation Move on US Ship Policy," May 9, 1962. But note also that the Common Market countries have retaliated against the U. S. action of raising the protective tariff walls around glass and carpets. See, New York Times, "Common Market Puts Up Tariffs as Reply to U. S.," June 5, 1962; Journal of Commerce, "Key US Plastic Seen Hit in Euromart Reprisals," June 6, 1962. The New York Times commented in an editorial entitled "Backward Step in Trade," June 6, 1962:

"Forceful evidence of the hurt we do our own trade program every time we lapse into protectionism is provided by the decision of the Council of Ministers of the European Economic Community to increase tariffs on certain American chemicals, paints and textiles. This step was taken in reprisal against the higher imposts President Kennedy recently ordered on American imports of sheet glass and woven carpets.

* * *

"One good way to end this tit-for-tat trade war is to stand firm against the pressure of domestic industries to nibble away at freer trade whenever they feel a competitive pinch."

³⁸ Quotation taken from article entitled "'As Long As We Are Not Worse Than America'—Argentine Defence of Plan to Oust Free Shipping," Dagbladet Børsen, February 1, 1962 (translated from Danish).

³⁹ The cargo preference measures of Colombia, the Philippines and Uruguay, for example, apply only to cargoes moving for the account of the government or its agencies or under government fiscal exemptions. See Report of Maritime Administrator cited in Note 25.

⁴⁰ See generally on channelling of funds through governmental entities, Frank M. Coffin, Deputy Administrator, AID, "Allies Are Carrying Their Share of Aid," Washington Post, Section E., June 3, 1962.

⁴¹ National Coordinating Committee for Export Credit Guarantees, *World's Principal Export Credit Insuring Systems* (March, 1962).

⁴² Based on trade information.

⁴³ *Ibid.*

⁴⁴ *Ibid.*

⁴⁵ See, Journal of Commerce, "AMA Asks Import Cargoes: US-Flag Tanker Fleet Held on Verge of Bankruptcy," April 4, 1962.

⁴⁶ (Danish) Ministry of Finance, Statistical Department, *Foreign Trade of Denmark—1960*, pages 20-21. (Danish Edition).

⁴⁷ (Danish) Ministry for Economic Affairs, Economic Secretariat, *Economic Survey of Denmark*, page 101 (March, 1962). (Danish Edition).

⁴⁸ *Ibid.*

⁴⁹ *Ibid.*

50 *Ibid.*

51 International Monetary Fund, *International Financial Statistics*, Vol. XV, No. 4 (April, 1962), pages 98-99 (item line 10).

52 (Danish) *Statistical Reports*, 1962, No. 15, Table 3, page 205.

53 Note 6, *supra*.

54 Robert B. Anderson, "The Balance of Payments Problem," 38 *Foreign Affairs* 419, 428 (1960).

55 Note 1, *supra*, at page 2.

56 Illustrative is the fleet of India. See *New York Times*, "India Expanding Merchant Fleet Goal Is 1,500,000 Tons in 1966," April 26, 1962.

57 Note 18, *supra*.

58 See, generally, Olson, "Cargo Preference and the American Merchant Marine," 25 *Law & Contemp. Prob.* 83, 99 (1960).

59 North Atlantic Treaty, 63 Stat. 2241, 34 U.N.T.S. 243 (entered into force for United States, August 24, 1949).

60 National Academy of Science—National Research Council, Maritime Research Advisory Committee, *Proposed Program for Maritime Administration Research*, Vol. II—Contributing Studies, Special Supporting Study No. 4, pages 52-3.

61 Public Law 664, 83rd Cong., 2d Sess., 68 Stat. 832; 46 U.S.C.A. 1241(b).

62 Agency for International Development, *Cargo Preference Report* (March, 1962), Part I, page 27.

63 *Ibid.*

64 Department of Commerce, Maritime Administration, "An Analysis of the Ships Under 'Effective U. S. Control' and Their Employment in U. S. Foreign Trade During 1960," (February, 1962), Table 2 (column 6).

65 Department of Commerce, Maritime Administration, "An Analysis of the Participation of U. S. and Foreign Flag Ships in the Oceanborne Foreign Trade of the United States—1937, 1938, 1951-60," (February, 1962), page 3, footnote 1.

66 46 U.S.C.A. §§ 1151-1161.

67 46 U.S.C.A. §§ 1171-1182.

68 See, Department of Commerce, "A Review of Maritime Subsidy Policy in the Light of Present National Requirements For a Merchant Marine and A Shipbuilding Industry," (Report dated May 3, 1954, submitted to the Committee on Merchant Marine and Fisheries of the House of Representatives, 83rd Cong., 2d Sess.) page 66 (Committee Print, 1954).

Note should be made that the construction differential subsidy (which at the present time amounts to 55% of the construction cost), mortgage guarantees, tax advantages and ship trade-in provisions are not limited to liner vessels by the Act of 1936, as amended. See, also, Statement of Secretary of Commerce Luther H. Hodges before the Committee on Merchant Marine and Fisheries of the House of Representatives, April 11, 1962.

69 46 U.S.C.A. §§ 1271-1277.

70 46 U.S.C.A. § 1161.

71 46 U.S.C.A. §§ 1157, 1160. See in general, Clarence G. Morse, "A Review of the Assistance Provided to the American Merchant Marine Under Statutes of the United States and Their Administration By the Federal Maritime Board and the Maritime Commission, U. S. Department of Commerce," 18 Federal Bar Journal 355-372 (1958). Note is made that the coastwise and intra-coastal trade is completely reserved for U. S. flag ships, 46 U.S.C.A. § 18; 48 U.S.C.A. § 509. One hundred percent of all cargo destined exclusively for our military establishment must be carried on U. S. flag ships. Act of April 28, 1904, 33 Stat. 518, 10 U.S.C.A. § 2631.

72 U. S. flag liner vessels carried 14.57 million of the 48.255 million long tons of liner-type cargo carried by liners of all flags. See article cited in note 64, *supra*, at Table 2 (columns 2 and 3). Of the 14.57 million long tons, 25% or 3.64 million consisted of preference cargoes. See article cited in note 65, *supra*, at page 4 (column 1). The non-preference cargoes carried by U. S. flag liners thus amounted to 10.93 million long tons or 22.6% of the total liner cargo carried by all flags.

73 Source: (Danish) Ministry of Finance, Statistical Department.

74 Source: Netherlands Statistical Department.

75 See article cited in note 64, *supra*, at pages 1 and 4.

76 See article cited in note 64, *supra*, at page 4.

77 See article cited in note 64, *supra*, at Table 2 (column 5).

78 U. S. flag tankers carried 6.235 million long tons and tankers under effective U. S. control carried 41.574 million long tons of the total 116.114 million long tons of tanker cargo carried by tankers of all flags in 1960. See article cited in note 64, *supra*, at Table 2 (columns 3 and 4). Of the 6.235 million long tons carried by U. S. flag tankers, 84% or 5.237 million long tons consisted of cargo preference tonnage. See article cited in note 65, *supra*, at page 4 (column 1). The total non-preference tonnage carried by U. S. flag and effectively U. S. controlled tankers amounted to 42.572 million long tons or 36.7% of the tonnage carried by tankers of all flags in 1960.

79 Vessels of all flags in 1960 carried 29.347 million long tons of cargo in the industrial service and 79.209 million in the irregular service, or a total of 108.556 million long tons of dry cargo other than liner-type. See article cited in note 64, *supra*, at Table 2 (column 2). Of this total, U. S. flag vessels and vessels under effective U. S. control carried a total of 29.721 million long tons, or 27.4% of the dry bulk cargo moving in the U. S. foreign commerce. See article cited in note 64, *supra*, at Table 2 (columns 3 and 4).

80 Note 64, *supra*, at Table 2 (column 5).

81 U. S. flag ships actively operating in the irregular service in the foreign trade of the United States as of December 31, 1961, totaled 77, as shown in Table III, pages 3-5, "Dry Cargo Service and Area Report," Maritime Administration, Department of Commerce (February 15, 1962).

82 Note 65, *supra*, at page 4.

83 Marvin J. Coles, Paper Presented Before the Symposium on Merchant Marine Policy, Ocean Shipping Management Institute, The American University, dated March 28, 1962 (Delivered April 24, 1962).

84 Note 1, *supra*, at page 5.

SHARP & BOGAN,
Washington, D.C., May 5, 1964.

Hon. PAUL H. DOUGLAS,
U.S. Senate, Washington, D.C.

DEAR SENATOR DOUGLAS: The independent, nonintegrated fabricators of welded wire mesh have followed the Joint Economic Committee hearings on ocean freight rate disparities with great interest, since their economic survival in the highly competitive, dual-distribution steel industry, is dependent almost entirely upon imported wire rod. Domestic wire rod has not been available at competitive prices.

The industry is presently caught in a double price squeeze: the cost of their raw material, imported wire rods, is increasing, and the price of their finished product, welded wire mesh, is decreasing.

Under these circumstances, the ocean freight rate on wire rods is critical. For this reason, a group of independent, nonintegrated wire mesh fabricators intervened in the Federal Maritime Commission investigation of iron and steel rates between the United States and Europe and Japan and Australia, docket No. 1114. A copy of the "Petition for Leave to Intervene," which was granted, is enclosed for your information.

In addition, an application has been filed with the Japan-Atlantic and Gulf Freight Conference requesting a reduction on the inbound ocean freight for hot-rolled carbon-steel wire rods.

Several wire fabricators have testified, to date, in this Federal Maritime Commission investigation on the level of ocean freight rates for wire rods. Their unanimous consensus is that the present level is already too high for their manufacturing operations.

For example, Mr. Norman Geller, vice president, Republic Wire Corp., Carteret, N.J., testified at an FMC hearing in New York on January 22, 1963, that his company's fabrication profit on a short ton of bright basic wire was \$2, resulting in an overall profit margin of 1 percent before taxes. Any increases in the cost of his raw material would force him into an unprofitable situation, which, if continued, would soon mean the end of his manufacturing operation.

At the FMC hearing held in San Francisco on February 28, 1963, Mr. James E. Smith, president of General Steel & Wire Co., Inc., Riverside, Calif., testified that his company's profit margin averages about 3 percent before taxes. The company cannot withstand any wire rod price increase unless there is an improvement in the wire mesh market.

General Steel & Wire Co., however, solved the high conference liner rate problem by shifting to charters. They save approximately \$3 per metric ton over the liner rate. Mr. Smith testified that his company would again ship wire rod on conference liners if the rate were lower, since liner shipments permit him to import smaller lots, thereby reducing his inventory costs. He further testified that, in his opinion, cargo arrives in better condition aboard liners.

At the same FMC hearing in San Francisco, a representative of a domestic wire rod mill testified that his company could not export wire rod even if the ocean freight rate were zero.

This testimony indicates that as far as the independent, nonintegrated wire mesh fabricators are concerned—the present inbound ocean freight rate on hot-rolled carbon wire rods is not only already too high, but there is no relationship between the inbound and outbound rate on this commodity. For this reason, we do not think the Joint Economic Committee should encourage the impression that "importers are getting a free ride."

Wire mesh fabricators are basically American manufacturing firms—not importers. True, their raw material, wire rod, is imported, but this practice is no different than the practice of the domestic integrated steel industry which imports its basic raw material, iron ore.

The recently announced reduction of \$20 per ton for wire rod, by United States Steel Corp., does not alleviate the situation. This new domestic price does not permit the independent fabricators a profit on their operation. It is still necessary to use the imported wire rod. Actually, we are of the opinion that the primary objective of this price reduction is to help establish a basis for an "injury" finding by the Tariff Commission in a forthcoming wire rod antidumping complaint. There are rumors in the trade that such a complaint is being prepared.

The ocean freight rate disparities question on iron and steel cannot be examined merely by comparing inbound and outbound rates. For a truly meaningful study, it is suggested that the Joint Economic Committee trace the imported steel to the ultimate American manufacturing consumer to determine the scope

of the U.S. industry dependent on foreign steel and then review the trade practices of the domestic steel industry. If this is done, we believe, it will clearly establish that the independent, nonintegrated steel fabricating industry has been forced to use imported steel by the anticompetitive pricing practices of the integrated industry.

From a practical point of view, the fabricators can offset increased ocean freight rates on conference liners by chartering trampers; but, in principle, we are opposed to broadside charges that importers are getting a free ride at the expense of exporters. This is certainly not the case of hot-rolled carbon-steel wire rod.

We are enclosing a brief filed with the U.S. Tariff Commission on behalf of the independent, nonintegrated fabricators of welded wire mesh. While this brief is concerned with a proposed U.S. duty reduction on welded wire mesh, it nevertheless contains a great deal of factual and statistical matter on the independent wire mesh fabrication industry which should be valuable background information for the committee staff.

We would be most happy to furnish any other factual material concerning this situation, and to discuss this matter with you personally or with committee staff members.

Very truly yours,

SHARP & BOGAN,
*Counsel for Florida Wire Products Corp., General Steel & Wire Co., Inc.,
 Ivy Steel & Wire Co., National Wire Products Corp., Southeast Steel &
 Wire Corp., Southwest Wire Products Corp., Wire Sales Co.,*
 ALAN D. HUTCHISON.

FEDERAL MARITIME COMMISSION, WASHINGTON, D. C.

DOCKET NO. 1114

INVESTIGATION OF IRON AND STEEL RATES BETWEEN THE UNITED STATES AND
 EUROPE AND JAPAN AND AUSTRALIA

PETITION FOR LEAVE TO INTERVENE

Come now your petitioners: Florida Wire Products Corp., of North Miami Beach, Florida; General Steel & Wire Co., Inc., of Riverside, California; Ivy Steel & Wire Company, of Jacksonville, Florida; National Wire Products Corp., of Baltimore, Maryland; Southeast Steel & Wire Corp., of New Orleans, Louisiana; Southwest Wire Products Corp., of Dallas, Texas; and Wire Sales Company, of Chicago, Illinois; and respectfully represent that they have a substantial interest in the investigation of iron and steel rates between the United States and Europe and Japan and Australia and desire to intervene in and become a party to the proceeding under the authority of section 502.73 of the Rules of Practice and Procedure. The petitioners' grounds for intervention, which are pertinent to the issues already presented and do not unduly broaden them, are as follows:

1. Petitioners are independent, nonintegrated, fabricators of welded wire concrete reinforcing mesh and other fabricated wire products, such as concrete pipe reinforcement mesh, chain link fence, and stucco netting, as well as producers of drawn bright basic wire, galvanized wire, and bailing wire.

2. Petitioners purchase substantial quantities of hot-rolled carbon steel wire rod, the basic raw material for wire and fabricated wire products.

3. Petitioners are unable to purchase hot-rolled carbon steel wire rod from United States integrated steel mills at prices which will permit them to compete with welded wire mesh and other fabricated wire products and wire, manufactured by the fabricating divisions or subsidiaries of the domestic integrated steel mills or with imported welded wire mesh.

4. Petitioners, therefore, are forced to purchase hot-rolled carbon steel wire rod produced abroad, primarily in Belgium, France, West Germany, and Japan, either directly from foreign exporters or from U.S. importers.

5. Petitioners' average margin of profit is substantially lower than the national average for manufacturing concerns. Consequently, an increase in the inbound ocean freight rate on hot-rolled carbon steel wire rods will increase the cost of their basic raw material and will reduce their already low margin of profit to the point where it is uneconomical to remain in business.

6. Petitioners contend, therefore, that the inbound rates on hot-rolled carbon steel wire rods are not so unreasonably low as to be detrimental to the commerce of the United States.

7. Petitioners further contend that an increase in the inbound rates on hot-rolled carbon steel wire rods will definitely be detrimental to the commerce of the United States by forcing the independent, nonintegrated producers and fabricators of wire and wire product out of business.

Wherefore, said petitioners: Florida Wire Products Corp.; General Steel & Wire Co., Inc.; Ivy Steel & Wire Company; National Wire Products Corp.; Southeast Steel & Wire Corp.; Southwest Wire Products Corp.; and Wire Sales Company; pray leave to intervene and be treated as a party hereto with the right to have notice of and appear at the taking of testimony, produce and cross-examine witnesses, and be heard in person or by counsel upon brief and at the oral argument, if oral argument is granted.

SHARP & BOGAN,
Attorneys for Petitioners.

By ALAN D. HUTCHISON.

JANUARY 6, 1964.

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PAYMENTS TO AND RECEIPTS FROM COFFEE POOL #8505, AS AMENDED

TENTATIVE POOL RESULTS - AGREEMENT 9040

Line (Flag)	Pool Segment	First Period ^{2/}		Second Period ^{2/}		Third Period		Fourth Period		Fifth Period ^{3/}		Reallocation of Scansa Quota ^{4/}	Recap		First Period ^{5/}		Second Period ^{5/}	
		\$ Pd.	\$ Rec'd.	\$ Pd.	\$ Rec'd.	\$ Pd.	\$ Rec'd.	\$ Pd.	\$ Rec'd.	\$ Pd.	\$ Rec'd.		\$ Pd.	\$ Rec'd.	\$ To Pay	\$ To Rec.	\$ To Pay	\$ To Rec.
Brodin (Sweden)	A		5,003.20	22,447.80		14,403.15		93,852.00		89,951.85	\$ 500.73		36,248.63	17,610.00			4,320.00	
Columbus (Germany)	A	23,032.00		65,002.50		75,771.44		2,574.45		138,330.45		315.71	305,026.55	63,270.00		37,565.00		
Delta (United States)	G			147,617.83		30,688.80		147,157.26		86,567.40			412,010.99	73,543.00			2,825.00	
Elma (Argentina)	A		187,856.00	33,582.60		74,675.24		58,602.15		79,412.40	491.36		197,121.35		14,524.00	121,746.00		
	G			82,521.69		4,253.30		59,612.81		39,641.40			12,479.22		85,572.00		18,791.00	
Holland Pan-American (Netherlands)	A	(Not a pool member)		43,239.15		34,951.50		23,448.15		540.00	27.53		101,126.33	11,750.00		14,650.00		
Ivaran (Norway)	A		58,147.20	123,157.80		14,454.44		43,684.65		21,637.80		315.71	116,194.32	50,416.00			61,483.00	
Lloyd Brasileiro (Brazil)	A	373,246.40			314,193.60		44,506.80		174,993.75		409,047.30	998.16	568,496.89		193,480.00		137,332.00	
	G				238,209.36		174,791.25		195,580.40		337,844.25		946,425.26		141,692.00		98,053.00	
Moore-McCormack (United States)	A		85,864.00		87,380.10		247,240.33		82,416.15	138,696.30		1,908.86	362,295.42	45,778.00			24,458.00	
Nopal (Norway)	G			8,069.84		139,869.45		108,035.95		290,918.25			546,893.49	153,720.00		119,669.00		
Norton (Sweden)	A		27,814.40	148,365.00		29,278.80		129,847.05		137,740.50		243.88	417,660.83	51,658.00		45,790.00		
Scansa (Denmark)	A	40,774.40			16,843.95	----- (No longer in pool) -----						5,117.65	18,812.80					
Torn (Denmark)	A		92,368.00		17,377.20	77,121.44		22,605.75		142,546.50		315.71	132,844.20		6,826.00	40,354.00		
Montemar ^{6/} (Uruguay)	A	(Not a participant in Agreement 8505)													25,651.00		32,512.00	

1/ A - Atlantic; G - Gulf

2/ Atlantic pool was divided into 5 six-month periods. Gulf pool because of late entry of one line was divided into 4 periods, the first of nine months, the remainder of six months. Figures for the 4 Gulf pool periods commence under the heading "Second Period" herein.

3/ One line has withheld payment pending its request for arbitration of a disputed matter.

4/ This reallocation took place when Scansa discontinued its participation during the third pool period.

5/ These figures are based on tentative statistics compiled by Pool Administrator.

6/ New pool entrant in Agreement No. 9040.

