

The original documents are located in Box D34, folder “Maritime Trades Department, AFL-CIO, Washington, DC, January 10, 1973” of the Ford Congressional Papers: Press Secretary and Speech File at the Gerald R. Ford Presidential Library.

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MARITIME TRADES DEPARTMENT, AFL-CIO,
12 NOON, JAN. 10, 1973, 2000 "L" ST.,
N.W., WASHINGTON, D.C.

*Pete
Bill Moody
Cade - Henry
Lindberg School*

IT HAS BEEN JUST OVER A YEAR
SINCE I LAST APPEARED BEFORE THIS
AUDIENCE TO DISCUSS SOME OF THE PROBLEMS
FACING THE NATION'S MARITIME INDUSTRY AND
MERCHANT MARINE.

NOW IT IS TIME TO TAKE STOCK
AGAIN -- TO RENDER AN ACCOUNTING OF HOW
THE ADMINISTRATION AND THE NATION HAVE
MOVED AGAINST THESE PROBLEMS.

IT IS AN ACCOUNTING OF SOLID
ACHIEVEMENTS -- AN ACCOUNTING WHICH SHOWS
THAT WE, AS A NATION, HAVE FINALLY AND
TRULY FACED UP TO THE FACT THAT THE UNITED
STATES NO LONGER IS THE WORLD'S

NUMBER ONE MARITIME POWER. AND IT IS AN
ACCOUNTING WHICH SHOWS US READY TO "TURN
AROUND" AND MOVE FORWARD TO REGAIN OUR
FORMER MARITIME STATURE.

FIRST OF ALL, WE MUST REMEMBER
THE INSTRUMENT WHICH HELPED US GET
STARTED ON THIS TURNAROUND -- THE MERCHANT
MARINE ACT OF 1970. AS YOU WELL KNOW,
THE ACT HAS A DOUBLE PURPOSE: FIRST, TO
BRING BACK TO OUR NATION A STRONG AND
PROFITABLE MARITIME INDUSTRY AND, SECOND,
TO DEVELOP A MERCHANT FLEET SECOND TO
NONE IN THE WORLD.

IN FISCAL YEAR 1971, UNDER TERMS
OF THIS LAW, SUBSIDIZED SHIPBUILDING AND
CONVERSION CONTRACTS AWARDED EXCEEDED
\$390 MILLION -- A RECORD HIGH BUT STILL
SHORT OF THE ACT'S STATED GOALS. WE
WANTED TO START WORK ON 19 NEW SHIPS IN

~~THE~~ FISCAL '71. WE SETTLED, INSTEAD, FOR CONTRACT AWARDS FOR NINE NEW VESSELS.

THE PICTURE HAS CHANGED NOW. IN FISCAL 1972, CONSTRUCTION DIFFERENTIAL SUBSIDY CONTRACTS UNDER THE MERCHANT MARINE ACT OF 1970 CALL FOR BUILDING 21 NEW SHIPS.

A YEAR AGO I TOLD THIS AUDIENCE THAT AMERICAN SHIPYARDS ARE CROSSING THE THRESHOLD TO ONE OF THE LARGEST COMMERCIAL SHIPBUILDING MARKETS IN THE INDUSTRY'S PEACETIME HISTORY.

THAT PREDICTION HAS HELD UP. TODAY, THANKS TO THE MERCHANT MARINE ACT OF 1970, WE ^{HAVE} MORE TONNAGE ON THE WAYS OR ON ORDER THAN AT ANY TIME SINCE WORLD WAR II.

I THINK THAT IS A PROUD ACCOMPLISHMENT AND A SOLID STEP TOWARD

REBUILDING OUR MERCHANT FLEET AND OUR
MARITIME INDUSTRY. THE INVESTMENT FOR
BOTH FISCAL 1971 AND 1972 AMOUNTS TO WELL
OVER ONE BILLION DOLLARS -- AND THAT'S A
HEALTHY BOOST -- NOT JUST FOR THE MARITIME
INDUSTRY BUT FOR THE NATION'S TOTAL
ECONOMY.

THE CONSTRUCTION OF THIS NEW AND
TECHNOLOGICALLY-ADVANCED FLEET IS HIGHLY
IMPORTANT IF WE ARE TO RETURN TO A TOP
RANKING POSITION AS A MARITIME POWER. I
MIGHT POINT OUT HERE THAT THE SOVIET
UNION -- WHICH HAS BEEN BUILDING ITS FLEET
FOR MANY YEARS -- NOW RANKS FIFTH IN THE
WORLD, FINALLY OVERTAKING THE UNITED
STATES, WHICH RANKS SEVENTH.

WHILE I BELIEVE THAT IT IS
SOMETHING OF A MISTAKE TO GET INTO ANY KIND
OF A NUMBERS RACE WITH THE SOVIET UNION OR

WITH ANY NATION, FOR THAT MATTER, I DO THINK THAT THE NUMBERS GIVE US A FIRM INDICATION OF HOW BADLY WE HAVE SLIPPED, OF HOW OUR CAPABILITIES TO CONDUCT WORLD TRADE HAVE DECLINED IN THE PERIOD SINCE WORLD WAR II.

NOW, WITH THE MERCHANT MARINE ACT OF 1970 BEGINNING TO TAKE HOLD, WITH SLEEK NEW SHIPS ON THE WAYS AND ON THE PLANNING BOARD, OUR CAPABILITIES MUST INCREASE TO ENHANCE OUR WORLD TRADE POSITION.

I THINK WE HAVE TAKEN SOLID STEPS TOWARD THE GOALS WHICH THE ADMINISTRATION ^{& the Congress have} ~~HAS~~ SET. BUT THE ACCOMPLISHMENTS DO NOT END THERE. THERE ARE NEW PROSPECTS FOR US TO CONSIDER -- INCLUDING THE IMPORTANT PRINCIPLE OF BILATERALISM EMBRACED IN THE RECENT

TRADE AGREEMENT WITH RUSSIA.

THIS PACT GUARANTEES THAT
ONE-THIRD OF ALL THE CARGOES BETWEEN THE
UNITED STATES AND THE U.S.S.R. WILL BE
RESERVED FOR AMERICAN-FLAG SHIPS.

IT IS, AS ROBERT J. BLACKWELL,
THE ASSISTANT SECRETARY OF COMMERCE FOR
MARITIME AFFAIRS, PUT IT -- QUOTE -- 'AN
INDISPENSABLE FIRST STEP IN THE BEGINNING
OF A NEW ERA OF EXPANDED COMMERCE WITH
THE SOVIET UNION"-- UNQUOTE.

THIS PRINCIPLE OF BILATERALISM
MAY BE RELATIVELY NEW TO US AS A NATION,
BUT IT IS A WELL-TESTED, WELL-DEFINED
PRINCIPLE AMONG OTHER NATIONS WHO MAKE
BILATERAL DEMANDS IN ALL OF THEIR TRADE
AGREEMENTS.

FOR INSTANCE, PERU AND INDIA
HAVE SIGNED A TRADE PACT WHEREBY THE

PARTIES ENCOURAGE CONTRACTS UNDER WHICH 50 PER CENT OF THE CARGO GENERATED WILL BE CARRIED BY NATIONAL FLAG SHIPS.

ARGENTINA DEMANDS THAT ALL IMPORTS AND EXPORTS OF GOVERNMENT AGENCIES -- AS WELL AS ALL PRODUCTS MANUFACTURED WITH THE HELP OF GOVERNMENT FINANCING -- BE CARRIED BY SHIPS OF THE ARGENTINE FLEET.

FRANCE, TOO, DEMANDS THAT TWO-THIRDS OF ALL OIL IMPORTS BE BROUGHT TO THEIR SHORES BY TANKERS FLYING THE FRENCH FLAG.

I COULD CITE MANY OTHER EXAMPLES OF THIS PRINCIPLE IN ACTION. IT IS, AS I SAID, A WELL-USED, WELL-DEFINED PRINCIPLE.

NOW, FACING UP TO THE REALITIES OF ITS MARITIME POSITION AND FACING UP TO THE REALITIES OF ITS POSITION IN THE

WORLD OF TRADE, THE UNITED STATES EMBRACES
THE PRINCIPLE OF BILATERALISM. AND THE
SIGNIFICANCE OF THIS ACTION IS CLEAR.

WE HAVE AS A NATION RECOGNIZED THE FACT
THAT WE MUST CHANGE OUR MARITIME POLICIES
IF THE MERCHANT FLEET -- AN IMPORTANT ARM
OF OUR OVERALL TRADE PROGRAM -- ^{*of our national defense*} IS TO
SURVIVE.

SO, IN THE YEAR JUST PASSED, WE
HAVE SET A NEW TRADE POLICY FOR THE
NATION -- BILATERALISM -- AND THE FIRST
U.S.-FLAG SHIPS ALREADY HAVE BEEN UNLOADED
IN THE SOVIET PORT OF ODESSA. OTHERS ARE
ON THE WAY.

ALL OF THIS ADDS UP TO ANOTHER
MOVE IN THE EFFORT TO TURN THE MARITIME
INDUSTRY AROUND. AND IT IS ANOTHER
IMPORTANT ACCOMPLISHMENT IN THE PARADE OF
PROGRESS OF THE PAST YEAR.

THERE ARE OTHER ACCOMPLISHMENTS I CAN POINT TO. FOR EXAMPLE, THE NATIONAL MARITIME COUNCIL, FOUNDED UNDER THE AUSPICES OF THE MARITIME ADMINISTRATION, CELEBRATED ITS FIRST ANNIVERSARY A SHORT WHILE BACK.

IN SPITE OF THE NAY-SAYERS AND THE SKEPTICS, THIS GROUP OF LABOR, BUSINESS AND GOVERNMENT REPRESENTATIVES CONTINUES BUSY AT THE JOB OF PROMOTING CARGO FOR THE U.S.-FLAG FLEET.

THE COUNCIL HAS SUCCEEDED ADMIRABLY IN ANOTHER IMPORTANT MISSION -- THAT OF CREATING AN AWARENESS IN THE SHIPPING COMMUNITY THAT THE USE OF THE U.S.-FLAG FLEET FULFILLS MANY URGENT NEEDS -- CONTRIBUTING TO THE NATIONAL SECURITY AND DEFENSE, HELPING THE BALANCE OF PAYMENTS PICTURE, AND BOLSTERING

THE ECONOMY THROUGH THE CREATION OF MORE
MARITIME JOBS.

ANOTHER ACCOMPLISHMENT OVER THE
PAST YEAR IS THE NEW ATTENTION PAID TO
THE NATION'S FOURTH SEACOAST -- OUR INLAND
WATERWAYS. *Coming from Michigan*

FOR THE FIRST TIME A DOMESTIC
SHIPPING CONFERENCE WAS HELD TO CREATE
CLOSER TIES BETWEEN THE INDUSTRY AND THE
GOVERNMENT.

DELEGATES TO THIS UNPRECEDENTED
MEETING IN ST. LOUIS ASKED THE MARITIME
ADMINISTRATION FOR IMPORTANT NEW STUDIES
IN A NUMBER OF KEY PROBLEM AREAS.
SPECIFICALLY, DELEGATES ASKED FOR STUDIES
OF SHIPBUILDING SUBSIDIES, INSURANCE
COVERAGE, STREAMLINING OF OVERLAPPING
REGULATIONS, AND PORT AND HARBOR
FACILITIES -- AND THE STUDIES ARE UNDERWAY.

IN ADDITION TO THESE ACCOMPLISHMENTS, I THINK WE SHOULD NOTE THE ADMINISTRATION'S MOVE TO UPGRADE THE ROLE OF TRADE AND COMMERCE IN THE WORKINGS AND DELIBERATIONS OF THE U.S. DEPARTMENT OF STATE.

A NEW OFFICE OF UNDERSECRETARY OF STATE FOR ECONOMIC AFFAIRS HAS BEEN ESTABLISHED WITH THE MISSION OF EXAMINING THE TOTALITY OF OUR RELATIONS WITH OTHER COUNTRIES. THIS SHOULD INCLUDE ALL ASPECTS OF ECONOMIC TRADE AND BILATERALISM AS WELL AS OTHER DIPLOMATIC CONSIDERATIONS.

FRANKLY, I THINK THIS SORT OF OVERVIEW IS EXACTLY WHAT WE NEED AT THIS POINT IN TIME, FOR FORECASTS INDICATE THAT U. S. FOREIGN TRADE TONNAGE WILL MORE THAN DOUBLE OVER THE NEXT SEVEN OR EIGHT YEARS.

UPGRADING THE ECONOMIC AFFAIRS OFFICE IN THE DEPARTMENT OF STATE IS A STEP TOWARD GIVING US THE TYPE OF TOTAL PICTURE WE NEED IN ORDER TO PLAN FOR THIS MASSIVE TRADE EXPANSION.

THESE ARE SOME OF THE ACCOMPLISHMENTS OF THE PAST YEAR -- AND THEY ARE ACCOMPLISHMENTS, NOT MERELY PROMISES. BUT WE CANNOT RELAX NOW. THERE IS MUCH MORE TO BE DONE.

THE NATION FACES A MASSIVE ENERGY CRISIS AND THE MARITIME INDUSTRY IS INEXTRICABLY LINKED TO THE SOLVING OF THAT CRISIS.

BY THE MID-1980'S, FOREIGN IMPORTS WILL ACCOUNT FOR AT LEAST TWO-THIRDS OF OUR PETROLEUM SUPPLIES. THIS MEANS THAT THE WORLD TANKER FLEET -- THE WORLD FLEET, MIND YOU -- MUST BE DOUBLED.

THERE ARE NEW TANKERS NOW ON THE
WAYS; OTHERS ARE IN THE PLANNING STAGES;
BUT WE STILL HAVE A LONG WAY TO GO.

TODAY, SOME SECTIONS OF THE
NATION ARE FACING NATURAL GAS SHORTAGES. *The mid-
west, notably
Mich. has an
incl shortage.*
PREDICTIONS INDICATE THAT THE PROBLEM
WILL SPREAD. ONE SOLUTION IS THE
IMPORTATION OF LIQUEFIED NATURAL GAS.

IT IS ESTIMATED THAT AS MANY AS
80 LNG TANKERS WILL BE NEEDED TO FULFILL
OUR NEEDS FOR NATURAL GAS. CONTRACTS
ALREADY HAVE BEEN AWARDED FOR SIX OF THESE
TANKERS TO BE CONSTRUCTED IN U.S. SHIPYARDS
AND TO FLY THE AMERICAN FLAG. THE
POTENTIAL HERE IS NOWHERE CLOSE TO BEING
REALIZED.

ANOTHER AREA OF GREAT POTENTIAL
FOR THE MARITIME INDUSTRY LIES IN THE
MASSIVE OIL FIELDS OF ALASKA. A DECISION

ON HOW TO GET THAT OIL TO THE MAINLAND
IS PENDING IN THE COURTS. A DECISION TO
LINK THE NORTH SLOPE FIELDS WITH THE PORT
OF VALDEZ WOULD HAVE TWO RESULTS -- HELP
TO SOLVE OUR ENERGY CRISIS AND OPEN NEW
MARKETS FOR THE MARITIME INDUSTRY AND OUR
MERCHANT FLEET.

WE HAVE MADE CONSIDERABLE
PROGRESS IN THE PAST YEAR. WE HAVE A LONG
WAY TO GO. THERE ARE STILL OBSTACLES TO
OVERCOME. BUT ~~THIS~~ ^{the} ADMINISTRATION ^{& the Congress will} ~~IS~~
PROVIDING ~~THE~~ THE TYPE OF LEADERSHIP -- AND
THE TYPE OF FAR-REACHING PROGRAMS -- WHICH
WILL HELP US TO REBUILD OUR MARITIME
INDUSTRY, OUR MERCHANT FLEET AND OUR
POSITION ON THE SEAS.

-- END --

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REMARKS BY REP. GERALD R. FORD, R-MICH.
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BEFORE THE MARITIME TRADES DEPARTMENT, AFL-CIO

2000 "L" STREET, N.W.
WASHINGTON, D.C.

12 NOON WEDNESDAY, JANUARY 10, 1973

FOR RELEASE ON DELIVERY

It has been just over a year since I last appeared before this audience to discuss some of the problems facing the nation's maritime industry and merchant marine.

Now it is time to take stock again -- to render an accounting of how the Administration and the nation have moved against these problems.

It is an accounting of solid achievements -- an accounting which shows that we, as a nation, have finally and truly faced up to the fact that the United States no longer is the world's Number One maritime power. And it is an accounting which shows us ready to "turn around" and move forward to regain our former maritime stature.

First of all, we must remember the instrument which helped us get started on this turnaround -- the Merchant Marine Act of 1970. As you well know, the Act has a double purpose: first, to bring back to our nation a strong and profitable maritime industry and, second, to develop a merchant fleet second to none in the world.

In fiscal year 1971, under terms of this law, subsidized shipbuilding and conversion contracts awarded exceeded \$390 million -- a record high but still short of the Act's stated goals. We wanted to start work on 19 new ships in fiscal '71. We settled, instead, for contract awards for nine new vessels.

The picture has changed now. In fiscal 1972, construction differential subsidy contracts under the Merchant Marine Act of 1970 call for building 21 new ships.

A year ago I told this audience that American shipyards are crossing the threshold to one of the largest commercial shipbuilding markets in the industry's peacetime history.

That prediction has held up. Today, thanks to the Merchant Marine Act of 1970, we have more tonnage on the ways or on order than at any time since World War II.

(more)



I think that is a proud accomplishment and a solid step toward rebuilding our merchant fleet and our maritime industry. The investment for both fiscal 1971 and 1972 amounts to well over one billion dollars -- and that's a healthy boost -- not just for the maritime industry but for the nation's total economy.

The construction of this new and technologically-advanced fleet is highly important if we are to return to a top ranking position as a maritime power. I might point out here that the Soviet Union -- which has been building its fleet for many years -- now ranks fifth in the world, finally overtaking the United States, which ranks seventh.

While I believe that it is something of a mistake to get into any kind of a numbers race with the Soviet Union or with any nation, for that matter, I do think that the numbers give us a firm indication of how badly we have slipped, of how our capabilities to conduct world trade have declined in the period since World War II.

Now, with the Merchant Marine Act of 1970 beginning to take hold, with sleek new ships on the ways and on the planning board, our capabilities must increase to enhance our world trade position.

I think we have taken solid steps toward the goals which the Administration has set. But the accomplishments do not end there. There are new prospects for us to consider -- including the important principle of bilateralism embraced in the recent trade agreement with Russia.

This pact guarantees that one-third of all the cargoes between the United States and the U.S.S.R. will be reserved for American-flag ships.

It is, as Robert J. Blackwell, the assistant Secretary of Commerce for Maritime Affairs, put it -- quote -- an indispensable first step in the beginning of a new era of expanded commerce with the Soviet Union -- unquote.

This principle of bilateralism may be relatively new to us as a nation, but it is a well-tested, well-defined principle among other nations who make bilateral demands in all of their trade agreements.

For instance, Peru and India have signed a trade pact whereby the parties encourage contracts under which 50 per cent of the cargo generated will be carried by national flag ships.

Argentina demands that all imports and exports of government agencies -- as well as all products manufactured with the help of government financing -- be carried by ships of the Argentine fleet.

(more)

France, too, demands that two-thirds of all oil imports be brought to their shores by tankers flying the French flag.

I could cite many other examples of this principle in action. It is, as I said, a well-used, well-defined principle.

Now, facing up to the realities of its maritime position and facing up to the realities of its position in the world of trade, the United States embraces the principle of bilateralism. And the significance of this action is clear. We have as a nation recognized the fact that we must change our maritime policies if the merchant fleet -- an important arm of our overall trade program -- is to survive.

So, in the year just passed, we have set a new trade policy for the nation -- bilateralism -- and the first U. S.-flag ships already have been unloaded in the Soviet port of Odessa. Others are on the way.

All of this adds up to another move in the effort to turn the maritime industry around. And it is another important accomplishment in the parade of progress of the past year.

There are other accomplishments I can point to. For example, the National Maritime Council, founded under the auspices of the Maritime Administration, celebrated its first anniversary a short while back.

In spite of the nay-sayers and the skeptics, this group of labor, business and government representatives continues busy at the job of promoting cargo for the U. S.-flag fleet.

The Council has succeeded admirably in another important mission -- that of creating an awareness in the shipping community that the use of the U. S.-flag fleet fulfills many urgent needs -- contributing to the national security and defense, helping the balance of payments picture, and bolstering the economy through the creation of more maritime jobs.

Another accomplishment over the past year is the new attention paid to the nation's fourth seacoast -- our inland waterways.

For the first time a Domestic Shipping Conference was held to create closer ties between the industry and the government.

Delegates to this unprecedented meeting in St. Louis asked the Maritime Administration for important new studies in a number of key problem areas. Specifically, delegates asked for studies of shipbuilding subsidies, insurance

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coverage, streamlining of overlapping regulations, and port and harbor facilities -- and the studies are underway.

In addition to these accomplishments, I think we should note the Administration's move to upgrade the role of trade and commerce in the workings and deliberations of the U. S. Department of State.

A new office of Undersecretary of State for Economic Affairs has been established with the mission of examining the totality of our relations with other countries. This should include all aspects of economic trade and bilateralism as well as other diplomatic considerations.

Frankly, I think this sort of overview is exactly what we need at this point in time, for forecasts indicate that U. S. foreign trade tonnage will more than double over the next seven or eight years.

Upgrading the Economic Affairs Office in the Department of State is a step toward giving us the type of total picture we need in order to plan for this massive trade expansion.

These are some of the accomplishments of the past year -- and they are accomplishments, not merely promises. But we cannot relax now. There is much more to be done.

The nation faces a massive energy crisis and the maritime industry is inextricably linked to the solving of that crisis.

By the mid-1980's, foreign imports will account for at least two-thirds of our petroleum supplies. This means that the world tanker fleet -- the world fleet, mind you -- must be doubled.

There are new tankers now on the ways; others are in the planning stages; but we still have a long way to go.

Today, some sections of the nation are facing natural gas shortages. Predictions indicate that the problem will spread. One solution is the importation of liquefied natural gas.

It is estimated that as many as 80 LNG tankers will be needed to fulfill our needs for natural gas. Contracts already have been awarded for six of these tankers to be constructed in U. S. shipyards and to fly the American flag. The potential here is nowhere close to being realized.

Another area of great potential for the maritime industry lies in the massive oil fields of Alaska. A decision on how to get that oil to the mainland

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is pending in the courts. A decision to link the North Slope fields with the port of Valdez would have two results -- help to solve our energy crisis and open new markets for the maritime industry and our merchant fleet.

We have made considerable progress in the past year. We have a long way to go. There are still obstacles to overcome. But this Administration is providing the type of leadership -- and the type of far-reaching programs -- which will help us to rebuild our maritime industry, our merchant fleet and our position on the seas.

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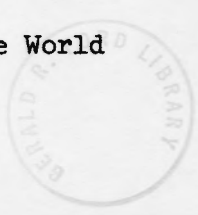
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