The original documents are located in Box C14, folder "Presidential Handwriting, 3/6/1975 (1)" of the Presidential Handwriting File at the Gerald R. Ford Presidential Library.

THE WHITE HOUSE

WASHINGTON

March 6, 1975

MEETING WITH REPRESENTATIVES OF THE
U.S. TANKER INDUSTRY
March 7, 1975
2:00 p.m.

From: L. William Seidman

I. PURPOSE

To discuss the problems facing the U.S. tanker industry.

II. BACKGROUND, PARTICIPANTS, AND PRESS PLAN

A. Background: It is likely that in the next few months 42 U.S. tankers will be idled. This would account for 44 percent of the total tonnage of the independently owned U.S. oil tankers and 21 percent of the total tonnage in the U.S. tanker fleet. This represents a return to the situation that existed prior to the 1972 Soviet grain deal when 44 tankers were laid up.

On February 4 the Executive Committee of the Economic Policy Board established an interagency group chaired by Secretary Dent consisting of representatives of the Departments of State, Defense, and the Treasury, OMB, FEA, and STR to study the problems that face the tanker industry and to consider possible remedial actions.

On February 7, Secretary Dent testified on the situation in the tanker industry before the Senate Commerce Committee indicating that you intended to meet in early March with industry representatives to obtain their views and recommendations.

Four short documents have been prepared as background material. An outline of the tanker industry problem is attached at Tab A. A short paper on the particular interests of the maritime industry representatives is attached at Tab B. The options under consideration by the interagency group on the tanker industry are attached at Tab C. A background on the Maritime Program is attached at Tab D. Suggested opening remarks prepared by the Department of Commerce are attached at Tab E.

B. Participants: See Tab F.

C. Press Plan: White House Press Corps Photo Opportunity.

III. DISCUSSION POINTS

A. Introduction

I have invited you to meet with me this afternoon to obtain your views and advice on the problems facing the U.S. tanker industry and I am pleased that you have arranged your schedules to be here.

As you are aware this Administration is firmly committed to continue our support of a healthy merchant marine and shipbuilding industry. In the budget just submitted to the Congress I requested a $34 million increase in appropriations for the Maritime Administration.

Despite impressive progress under the Merchant Marine Act of 1970 the U.S. tanker industry continues to face problems. The purpose of our meeting today is so that I can hear your views firsthand.

B. Review of Current Situation and Recommendations

I would like to call on Paul Hall to begin our discussion. (Following Paul Hall's remarks four other spokesmen would represent a balanced group in the industry.)

Ran Hetena, Maritime Overseas Corporation
John Diesel, Newport News Shipbuilding
Jesse Calhooun, National Marine Engineers
Joseph Kahn, Seatrain Lines

C. General Discussion

Some possible areas for inquiry are:

I understand that we are approaching a situation in the tanker industry similar to that we faced in 1971 prior to the Russian grain deal. Does the current situation represent a return to the trend that was developing in 1971 or are there some fundamentally new factors which should be considered?

How many jobs are in jeopardy either at sea or in the shipyards as a result of the downturn in the tanker market?

We read about layoffs in some shipyards, but isn't it a fact that many yards still have a shortage of labor?

I understand that the tanker situation is even worse in Japan and some European countries. What are those countries doing to remedy the situation?

Won't some of the current problems be remedied when Alaskan oil starts moving to California by ship?

What is the industry itself planning on doing to help meet the current situation?

A

THE TANKER INDUSTRY PROBLEM

Current Situation in the U.S. Tanker Industry

There presently are 244 U.S.-flag tankers for both domestic and international shipping. One hundred and three of these are owned by oil companies and are not likely to be significantly affected by the excess domestic and world capacity. The remaining 141 tankers are owned by independent operators. Many of these ships are either on long-term charter or are likely to have assured business in protected domestic trade. Adequate information is not available on the long-term prospects for all of these ships.

Currently, 26 of these independent tankers are in lay-up, and it is expected that another 16 will be laid up in the next few months as their current charters expire. These 42 tankers account for 21 percent of the total tonnage in the U.S. tanker fleet and for 44 percent of the tonnage of independently owned tankers. Eight of these 42 ships are over 30 years old and 23 are over 15 years old. These ships probably are the most inefficient ships in the U.S. tanker fleet. Six of the ships, however, are less than five years old.

Six U.S.-flag tankers now under construction without long-term charters may be unable to obtain viable trade during the next few years.

Furthermore, the major U.S. oil companies are not likely to place new charters for U.S.-flag tankers that are now available or under construction. Rather, they are likely to rely upon lower cost foreign-flag tankers, some of which are owned by their shipping subsidiaries.

The current situation is particularly difficult for the U.S. tanker industry since U.S.-flag tankers tend to be marginal carriers in the international oil trade due to higher American construction and operating costs.

The U.S. ships impacted most immediately by the excess domestic and international capacity are those operating in the "spot" market, without a long-term charter agreement. These are generally the older and smaller tankers that are too costly or slow to be used on a regular basis, and which are in demand only when there is a shortage of ships. It may also impact new ships being built which do not yet have charter agreements that will soon expire.

The Underlying Problem of Excess Capacity of Tankers

The current problem in the U.S. tanker industry reflects two major factors in oil transportation:

1. Domestic trade. Almost all of the U.S. tankers now without employment were intended for the protected domestic trade, and were not intended to be able to compete in international trade. There has been a long-term decline in domestic oil shipments, as pipelines have replaced tankers. This decline resulted in substantial excess capacity of these domestic tankers in the sixties and early seventies. In 1971, for example, 44 tankers were laid up (18 more than are now laid up). These tankers were employed again temporarily during the past two years carrying grain to the Soviet Union, and carrying some oil on single voyage contracts in the international trade due to temporary shortages of capacity in that trade.

2. International trade. In recent years there has been a large growth in the capacity of tankers in world trade, as shipbuilders anticipated a continued large growth in oil shipments. Even before the Arab oil embargo and subsequent price increases, it was generally expected that there would be an excess capacity of tankers for the international trade in the last half of this decade. World tanker tonnage increased from 75 million deadweight tons in 1963 to 232 million in mid-1974. The oil embargo and high oil prices have exacerbated this excess capacity problem by slowing the growth of oil shipments. It is expected that there will continue to be an excess capacity of tankers for the international trade at least through 1980.

Possible Impact of the Lay-up of U.S. Tankers

The shipping industry has laid off 2,000 employees as a result of the 26 tanker lay-ups. Another 1,300 employees could be laid off in the next few months. These 3,300 employees represent about 6.3 percent of the 52,000 employees on U.S.-flag ships.

The lay-up of some of these tankers might possibly reduce defense readiness. The information now available, however, does not indicate that this is a serious consideration; this is being studied further by DoD and Commerce.

The Maritime Administration has guaranteed the mortgages of many of the tankers under Title XI of the Merchant Marine Act. Commerce has a total of $1.2 billion in Title XI commitments on U.S. tankers. Commerce now estimates that 12 existing ships are in danger of default and that it may have to pay out about $70 million of these guarantees, in 1975 and 1976 (including $21 million for two ships at the Seatrain yard discussed below). If the tanker industry remains depressed for several years, it is likely that there will be some more defaults, but there is no way to estimate the likely loss.

Current Situation in Shipyards

1. Seatrain. The drop in demand for tankers has had a serious impact on the Seatrain yard in Brooklyn. The yard has experience only in building large tankers, and there is no prospect for additional tanker orders.

   Also, the yard is presently building two large tankers for which it has no buyers. The financial backers of the yard do not wish to provide financing to complete the two ships because of the little chance of being able to sell the ships at a reasonable price.

   Seatrain has furloughed most of its workforce of 2,600 people, and has requested additional Federal assistance to permit completion of the two ships. If the assistance is not provided, the yard is likely to close down permanently. If assistance is provided, the yard is unlikely to be able to remain open after completion of the two ships. If the firm goes out of business, the Government will have to pay off about $45 million on guarantees of loans on yard facilities in addition to losing about $32 million in CDS funds which have been invested.

   The Seatrain request for assistance is now being considered by Commerce.

2. Todd Shipyards. The Todd shipyard in San Pedro, California, is also having financial problems, primarily due to cost overruns on fixed-price contracts caused by inflation. Two contracts for two ships each are in the process of cancellation, a contract for three other tankers may be cancelled, and cost overruns are affecting fixed-price contracts for five other tankers.

In spite of these problems, the yard seems to have good prospects for the future, with Navy and other private construction work, if its short-term financing problems can be solved. Todd has requested a Federal guarantee of bank loans which is now being considered by Commerce.

3. Other Shipyards. While a survey of other major shipyards throughout the country showed currently unfavorable prospects, they are expected to be able to adjust to the lack of demand for tankers without severe long-run problems. There is an increasing program of Navy shipbuilding for the yards, a strong demand for oil drilling rigs, and continued demand for other civilian ships except tankers.

B

INTERESTS OF THE REPRESENTATIVES OF THE TANKER INDUSTRY

The interests of the maritime industry representatives scheduled to attend the March 7 meeting are primarily to obtain profitable business for the independently owned tanker fleet, which in turn will improve the prospects for shipyards engaged in tanker construction. Beyond this general goal, the concerns of the maritime representatives become somewhat more diverse. For example:

- -- The seagoing maritime unions want to keep U.S.-flag tankers out of lay-up to provide employment for their members. Since most of the major oil companies have "company" unions, the national maritime unions do not benefit from the construction and operation of proprietary tankers by the major oil companies. They do benefit when the major oil companies charter independently owned tankers.

- -- The tanker operators are interested in obtaining profitable employment for their ships.

- -- Both shipyard management and labor want to improve the market conditions for U.S.-flag tankers. This will avoid defaults on tankers under construction, cancellations of tankers on order and possibly lead to future orders. In particular, Mr. Kahn of Seatrain is seeking extraordinary government assistance to enable his shipyard in Brooklyn to complete two 225,000 DWT tankers. The ships are being built for speculation and have no prospects of charters. The company is unable to finance their completion.

C

THE WHITE HOUSE
WASHINGTON

Bill Seidman

Why can't we do

#5 - now?

Talk with Jack

Marsh re #6.

OPTIONS FOR GOVERNMENT ACTION
TO ASSIST THE TANKER INDUSTRY

On February 4, the Economic Policy Board formed an interagency group to study the problems that confront the U. S. tanker industry. The following options are under consideration or in preparation for review by this interagency group:

1. Limited Cargo Preference. This approach is similar to the Energy Transportation Security Act of 1974, which was vetoed on December 28, but would remove some of the objectionable features. For example, it could only apply to existing ships, the ceiling freight rates could be limited to a very modest profit, and the required percentage of U. S.-flag carriage could be dropped from the proposed 30 percent by 1977 to 20 percent. While this would weaken the inflationary impact, the concern regarding foreign retaliation would remain. In lieu of legislation, cargo preference might be applied administratively for a limited period of time on the same national security basis as oil import quotas.

2. Oil Import License Fee Exemption. Importers who use U.S.-flag tankers would be exempt from oil import license fees, but would pay higher U.S.-flag costs instead. This exemption would be equal to the added costs of using a U.S.-flag tanker, including a modest profit for the tanker owner. With the $1 per barrel fee put into effect on February 1, these license fees more than cover the cost of using U.S.-flag tankers on most U.S. trade routes. Because of the distance, the current fee does not cover all the added U. S.-flag transportation costs from the Persian Gulf. This would be a temporary, voluntary program, with importers free to negotiate with tanker owners on how much of the fee exemption is passed through to the owner. Application could be limited to existing tankers and those contracted for construction. Revenue loss to the Treasury is estimated at about $200 million.

3. Rate Subsidy. Legislation would be sought for a new form of direct subsidy to cover the difference between a fully compensatory U.S. tanker freight rate and prevailing rates in the world market. Subsidies would be paid directly to tanker owners from appropriated funds. This would require time to obtain legislative authority and funds.

4. <u>Cost Subsidy</u>. Under the authority of the Merchant Marine Act, tanker owners would receive a government subsidy equal to the difference between U.S. and foreign costs. This procedure has been followed for the carriage of grain to Russia. However, since world rates are now below foreign costs, the combined revenue from world rates and subsidy would not be compensatory. Additional appropriations would be required.

5. <u>Increase Government Preference Cargoes.</u> The minimum U.S.-flag share of government cargoes, such as grain sent abroad under the P.L. 480 program, is 50 percent. This could be administratively increased to 75 percent, providing more cargo for U.S.-flag ships, including 10 additional voyages for U.S.-flag tankers by June 1975. The cost of this change would be $10.9 million in FY 1975. While not a total solution to industry problems, this would be a positive step by the Administration to provide assistance.

6. <u>Increased Military Use of Commercial Tankers.</u> The Navy could place civilian crews on their existing tankers now crewed by Civil Service employees and even replace Navy crews on at least some fleet oilers. This would help the seagoing unions. To help the operators, the Navy could institute an accelerated replacement program for some 15 tankers in the Military Sealift Command fleet with chartered commercial tankers. It may further be possible to replace the Navy's aging underway replenishment tankers with appropriately modified commercial tankers. Some of these actions will require reprogramming DOD funds.

7. <u>Tankers for Oil Storage.</u> Tankers could be temporarily used for emergency oil storage. This would probably require funding and give little relief to the unions.

8. <u>Government Purchase.</u> The government could purchase idle U.S.-flag tankers for lay-up in the National Defense Reserve Fleet. This would require legislative authority and funds and would not provide seagoing jobs.

D

BACKGROUND ON FEDERAL ASSISTANCE TO MARITIME INDUSTRIES

Situation Prior to 1970

By the end of the 1960's, the outlook for the U.S. maritime industry was bleak. The World War II merchant marine had become obsolete and was in need of replacement. Only 4.6% of U.S. international trade tonnage was carried in U.S.-flag ships in 1969 as opposed to 54% in 1946. The situation was even worse in the growing bulk commodity trade, e.g., petroleum, grain, ore, where U.S.-flag carriage represented less than 3%.

With government support at a low level, seafaring employment and shipyard employment were falling. These problems were becoming progressively worse since the Merchant Marine Act of 1936 did not extend the full range of subsidy assistance to ships designed for the growing bulk market.

Merchant Marine Act of 1970

To remedy these problems, a new maritime program was enacted in 1970. This program encompassed the following actions:

- -- A shipbuilding subsidy program was initiated to produce modern, productive ships.
- -- Bulk carriers were made eligible for the full range of government assistance.
- -- The ship construction and ship operating subsidy systems were revised to encourage more competitiveness in yards and vessel operations.
- -- Indirect financial assistance programs were expanded to encourage ship construction projects without outlays of Federal funds.
- -- Labor and management were induced to work together to resolve differences that had been the cause of costly disruptions of shipping operations in the past.

Progress Since 1970

The Administration's new merchant marine program has made good progress toward stabilizing the ship operating and shipbuilding industries. Evidence of this includes:

-- Construction-differential subsidy contracts have been awarded for 59 new merchant ships, valued at $3.1 billion. The construction of these ships will generate 125,000 man-years of employment.

-- Eighteen conventional freighters have been converted into modern, highly productive containerships.

-- Fifty-four new ships have been ordered from American shipyards with private capital, although many have received government guarantees under the expanded Ship Financing Program.

-- The shipyard backlog for merchant construction is the highest in U.S. peacetime history -- 93 ships as of January 1, 1975.

-- Investment in modernized shipyard facilities has totaled $370 million since 1970, with an additional $340 million planned.

-- Construction-differential subsidy rates have steadily dropped from an average of 54% of domestic cost before the 1970 Act to 33-37% for conventional ships and as low as 16.5% for liquefied natural gas carriers.

-- The U.S. subsidized fleet has increased in size by 11% and decreased in age by 18%.

-- U.S.-flag ships carried more foreign cargo tonnage in 1973 than in any year since 1957, reaching 6.4% of tonnage and 18.9% of value.

-- The U.S. has developed one of the largest and most modern fleets for the carriage of general cargo in the world.

-- Maritime management and labor have worked together successfully to improve productivity and eliminate the strikes which had characterized the industry in the past.

E

SUGGESTED OPENING REMARKS FOR THE PRESIDENT

Gentlemen:

As you know, I have asked you here to obtain your views and advice on the problems facing the U.S. tanker industry. Thank you for arranging your schedules to be here.

Collectively, this is a representative group of leaders of the tanker industry, including independent tanker owners, shipyard management, merchant seamen, and shipbuilding labor. I am certain that we in government can gain useful insights and possible solutions from our discussions with you.

Before turning to the specifics of the tanker industry, I want you to know that this Administration is firmly committed to continue our support of a healthy merchant marine and shipbuilding industry. As evidence of that commitment, I have included \$618 million in appropriations for the Maritime Administration in the budget just submitted to the Congress. This is an increase of \$34 million over the current year.

With funding at these levels, I am certain we can sustain the impressive progress that has been made since the Merchant Marine Act of 1970. While we do have problems in the tanker industry, we must not lose sight of what has been accomplished. In the past few years, by working together, the government and the maritime industry have:

- Reversed the long decline in the U.S. merchant marine.

- Awarded construction-differential subsidy contracts for 59 new merchant ships, which will provide more than 125,000 jobs at sea and in ship construction.
- Generated orders for 54 additional merchant ships without subsidy, primarily with the aid of the expanded Ship Financing Program.
- Raised the shipyard backlog to the highest level in U.S. peacetime history.
- Carried more cargo in U.S.-flag ships in 1973 than in any of the preceding 16 years.
- Initiated a new era of labor and management cooperation.

Despite this progress, the U.S. tanker industry is facing problems. The demand for ocean transportation of petroleum seemed to be headed for a period of steady growth before the Arab oil embargo. However, the fourfold increase in oil prices that has occurred in the past year has completely reversed the outlook for waterborne oil imports. Now the United States must look beyond these immediate price effects and develop policies and programs to reduce permanently our vulnerability to the arbitrary actions of the oil producing countries. We have not sought this policy of reduced oil imports, but the actions of foreign governments have made it clear that we must do so to protect our economic and national security interests.

No doubt there are many in the U.S. tanker industry who believe that oil cargo preference would have avoided today's unfavorable situation. However, I am firmly convinced that such a measure would have led to consequences that would be far worse for the entire nation. Oil cargo preference would have invited retaliation and been against the very free trade principles that Secretary Dent will be working for in his new role as Special Trade Representative. Finally, there is the danger that in a restricted market, the industry would become less efficient and noncompetitive. These undesirable consequences are avoided by the existing direct subsidy system, which is a proven and superior means of assisting the merchant marine.

Within these limits, I want to consider what further might be done to help the tanker industry. I would now like to hear your views on the causes of the industry's problems and on possible solutions.

F

LIST OF ATTENDEES FOR MEETING WITH THE PRESIDENT
ON THE TANKER INDUSTRY

Labor Representatives

Paul Hall, President	Seafarers International Union of North America
Jesse M. Calhooun, President	National Marine Engineers Beneficial Association (AFL-CIO)
Shannon J. Wall, President	National Maritime Union
Page Groton, Assistant to the President	International Brotherhood of Boilermakers, Iron Shipbuilders, Blacksmiths, Forges, and Helpers (AFL-CIO)
Robert Lowen, Secretary-Treasurer	International Organization of Masters, Mates, and Pilots

Management Representatives

Joseph Kahn, Chairman of the Board	Seatrain Lines, Inc.
John T. Gilbride, President	Todd Shipyards Corporation
John P. Diesel, President	Newport News Shipbuilding
Ran Hetena, Senior Vice President	Maritime Overseas Corporation
Karl R. Kurz, Vice President	Keystone Shipping Company

Administration Representatives

Secretary Simon
Secretary Dent
L. William Seidman
James T. Lynn
Frank G. Zarb
W. J. Usery
Robert T. Blackwell

BIOGRAPHIES OF THE ATTENDEES FOR

THE MARCH 7 MEETING

John Phillip Diesel

President and Chief Executive Officer of Newport News Shipbuilding and Dry Dock Co.

Mr. Diesel was hired by Tenneco, Inc., in 1972 to serve as President of their wholly owned subsidiary, Newport News Shipbuilding. As of January 1975 their shipyard employees numbered 22, 725 of which 34.9 percent are minority. Currently, the shipyard is completing a $175 million facilities expansion program to handle merchant shipbuilding. The yard has contracts to construct 3 liquefied natural gas carriers and three 390,000 DWT Very Large Crude Carriers in these new facilities. The tankers will be the largest ships ever constructed in the United States. The profitability of the new facilities are heavily dependent on additional tanker construction. However, the shipyard is primarily engaged in shipbuilding for the Navy in that of their $3-1/4 billion backlog, $2-1/2 billion is for Naval construction. Mr. Diesel testified during the "1974 Seapower Hearings" before the Seapower Subcommittee of the Armed Services Committee.

John T. Gilbride

President of the Todd Shipyards Corporation.

Mr. Gilbride has devoted his entire career to Todd Shipyards Corporation, beginning in 1932 in their Brooklyn Division and becoming President of the corporation comprised of seven shipyards in 1958. The seven shipyards are located in: Brooklyn, New Orleans, Houston, Galveston, San Pedro (Los Angeles), San Francisco, and Seattle. The majority of these yards are occupied in ship repair, both Navy and commercial. All new construction work is at San Pedro and presently includes 14 ships with a total contract cost exceeding $400 million. Contracts for four tankers are currently in the process of cancellation due to a poor market outlook. A contract for three tankers is in default, due to lack of financing and disputes over performance. The yard is likely to take heavy losses on contracts for five additional tankers due to inadequate provisions for inflation. Todd has built many Navy ships but its current shipbuilding backlog is all commercial. Todd is the largest major independent U.S. shipbuilder. As of January 1975 the total employment was 9,586 of which 39 percent are of minority (evenly split, Black and Spanish surnamed). The Todd, San Pedro, shipyard has 47.2 percent minority employment.

Joseph Kahn

Chairman of the Board of Seatrain Lines, Inc.

Seatrain Lines is the Parent Company of a shipyard and 6 operating tanker companies. The above operating companies own 6 tankers. Five of the 6 tankers are laid-up, representing 87 percent of the carrying capacity of Seatrain's tanker fleet. In addition, the shipyard is presently closed down with about 1800 employees laid-off. The shipyard is located in Brooklyn, New York, on the site of the former Brooklyn Navy Yard. Problems faced by the firm: The demand for tankers and tanker services has fallen so that no market presently exists for some of the tankers in their fleet or for those under construction. The shipyard is unable to finance the construction work required to complete two tankers under construction and is in immediate danger of bankruptcy.

Ran Hettena

President, OSG Bulkships Inc.

Overseas Shipbuilding Group, Inc., is the parent company of various subsidiaries which own and operate 13 tankers and one bulk carrier under the U.S.-Flag. In addition, the company has 4 tankers under construction in U.S. yards. Five of the 13 tankers are laid-up. This represents about 1/3 of the carrying capacity of their fleet. The Company also owns and operates several tankers under foreign flag. Problems faced by the firm: Because of deterioration in both the domestic and international markets and the higher costs of U.S. construction and operations, the firm is unable to obtain charters for U.S.-flag tankers. The oil companies are now contracting for their own ships for Alaska oil, which this firm was heavily counting upon.

Paul Hall

President, Seafarers' International Union of North America, AFL/CIO and also President, Maritime Trades Department of the AFL-CIO.

Mr. Hall has held the post of the Union's president for the past 26 years. The Union represents unlicensed seamen in the deck, engine and steward's departments and also maintains some representation rights among unlicensed seamen in the Great Lakes and on inland waters. A native of Alabama, Hall served in the U.S. merchant marine as an oiler in the engine room. The Union's seafaring membership is about 21,000 with collective bargaining agreements covering approximately 8,000 shipboard jobs. However, the union is affiliated with other AFL-CIO unions, with a total membership of about 8 million workers.

Jesse Calhoon

President of the National Marine Engineers' Beneficial Association.

The Union represents licensed engineering officers employed aboard U.S.-flag ocean-going merchant ships; Calhoon, after serving as Secretary/Treasurer for several years, was elected President in 1963. The Union has a membership of about 9,500 engaged in the U.S. ocean-going merchant marine where the MEBA has jurisdiction over approximately 2,500 shipboard engineering positions. The union is affiliated with the air controllers.

Shannon J. Wall

President of the National Maritime Union of America AFL/CIO.

Elected President of the Union in June, 1973, for a four-year term. Replaced former Union President Joseph Curran, who retired after 36 years as the organization's head. Wall served as Secretary-Treasurer of the Union prior to his election as President. Born in Seattle, Washington, Wall started his seafaring career in 1941 as an able-bodied seaman. At the end of World War II he worked in various units of the NMU organization. The NMU represents unlicensed seamen in the deck, engine and steward's department aboard ocean-going U.S.-flag merchant ships, including tankers. The Union also has some representation rights among unlicensed seamen aboard Great Lakes vessels and along the inland waters. The Union's membership is approximately 30,000. Collective bargaining agreements cover about 7,500 shipboard jobs.

Page Groton

Washington representative for, and assistant to the International President of the Boilermakers Iron Shipbuilders Marine Council.

The organization has a membership of about 45,000 nationwide, representing the major shipbuilding crafts. Groton, a native of Baltimore, Maryland, was employed at Sun Shipbuilding and Drydock Co., for a period of 23 years, and has also been active in the affairs of the State of Pennsylvania's AFL-CIO Federation.

<u>Karl R. Kurz</u>

President of Chas. Kurz and Co., Inc. and Keystone Tankship Corporation.

The above companies own and operate 22 U.S.-Flag tankers and have 2 more on order. In addition they also operate but do not own several other vessels. They also own or have substantial interest in 5 tankers which fly the Liberian Flag. Three of their U.S. tankers are laid-up. These tankers represent about 10 percent of the carrying capacity of their owned fleet. Problems faced by the firm: Drop of tanker demand has led to: (1) unemployment of U.S. tankers and associated crews, and (2) employment of some tankers at below break-even costs.

THE WHITE HOUSE

WASHINGTON

March 7, 1975

ADMINISTRATIVELY CONFIDENTIAL

MEMORANDUM FOR: L. WILLIAM SEIDMAN

FROM: JERRY H. ~~JONES~~

The President has reviewed your briefing paper for the March 7 meeting with representatives of the U.S. tanker industry and made the following notations on Tab C (copy attached):

-- Why can't we do #5 -- now?
Talk with Jack Marsh re: #6.

Please follow-up with the appropriate action.

Thank you.

cc: Don Rumsfeld

MEETING WITH
REPRESENTATIVES OF THE U.S. TANKER
INDUSTRY

Friday, March 7, 1975

2:00 P.M.

THE PRESIDENT HAS SEEN