

**GOVERNMENT TRANSPORTATION POLICY**

Declassified in Part - Sanitized Copy Approved for Release 2013/03/11 : CIA-RDP78-01617A004300050001-8

**IN SELECTED COUNTRIES**

4

---

---

**VOLUME I**

50

**MERCHANT SHIPPING**

**INLAND WATERWAYS**

---

---

~~RESTRICTED~~

FOREWORD

This report, issued in two volumes, has been prepared at the request of the President's Air Policy Commission. The 44 individual studies, contained herein, form the second part of a survey covering governmental policy with regard to transportation in eleven selected countries. The first portion of the survey, previously submitted, covered civil aviation in these eleven countries.

STAT  
STAT

In order to maintain uniformity in preparation, the information was collected on the basis of questionnaires, copies of which are bound at the end of each volume. The questionnaires may be laid open and used concurrently in examining the studies. It has been accordingly unnecessary to repeat the individual questions in the text of each study. Omission in any study of an item included in the questionnaire indicates that the question was inapplicable to the respective country or that satisfactory information is unavailable.

Other agencies have assisted Central Intelligence Agency in collection of data. The Department of State instructed several US diplomatic missions in foreign capitals to prepare studies covering the countries for which they were respectively responsible. This information was supplemented by additional data prepared in the Department of State. The Department of Commerce prepared studies covering the USSR and facilitated arrangements with the Department of State for obtaining data from abroad. The Library of Congress prepared a study on pre-war Germany, most of which has been included in this report.

Central Intelligence Agency has supplemented this data with additional information available from other sources. The opinions expressed in this report therefore do not necessarily reflect the views of agencies other than Central Intelligence Agency.

A general analysis of the report has been prepared by Central Intelligence Agency and placed as the first document in Volume I. It states certain over-all conclusions which were drawn after analysis of the individual studies.

15-4

Document No. 001

NO CHANGE in Class.

DECLASSIFIED

Class. CHANGED TO: TS S C

DDA Memo, 4 Apr 77

Auth: DDA REG. 77/1763

Date: 15/02/78 By: 021

CENTRAL INTELLIGENCE AGENCY  
24 December 1947

~~RESTRICTED~~

NO. 30

RI 00

SUMMARY

~~RESTRICTED~~

## WORLD SURVEY OF TRANSPORTATION POLICY

The studies contained in this two-volume report were prepared at the request of the President's Air Policy Commission. The Commission suggested the analysis of certain features of transportation policy with respect to merchant shipping, railway, inland waterway and highway transportation in the eleven countries which were selected for a similar study on civil aviation policy. These studies, accordingly, should be considered in connection with the results of the civil aviation survey contained in a previous volume of this series.

The President's Air Policy Commission desired to have the survey include other forms of transportation, as well as civil aviation, on the grounds that a study of policy concerning these media might have a bearing on its consideration of civil aviation policy.

In many countries there are differences which set civil aviation apart from the other means of transportation and exert an influence on policy. The most basic of these are due to the effects of the war. The hostilities disastrously affected surface transportation systems throughout Europe and in the western part of the USSR, as well as in China. Furthermore, the necessity for deferring maintenance throughout the world, an indirect result of the war, caused serious deterioration in the transportation systems of most countries.

The effects of the war with respect to merchant shipping were also far-reaching, although they manifested themselves in other ways. A substantial redistribution of the world merchant fleets was caused by (a) losses of ships through military action, and other causes related to the war, and (b) the great productivity of shipyards in the US, Canada and the United Kingdom. As a result of these factors, total world tonnage was materially increased while merchant fleets of some nations were greatly reduced or eliminated. During this period, on the other hand, air transport enjoyed an unprecedented stimulus from the enormous requirements for transportation created by the war.

The foregoing circumstances have determined the main post-war problems connected with merchant shipping, railway, inland waterway and highway transportation in many countries concerned primarily with overcoming the effects of the war and re-establishing pre-war levels of activity. Civil aviation, on the other hand, can still draw on a large stockpile of commercial transport aircraft and a total potential

~~RESTRICTED~~

RESTRICTED

world production far in excess of world peace-time demands. The problems which confront civil aviation are discussed in the preceding volume of this series.

Transportation policy is influenced frequently by a further fundamental difference between civil aviation and the other forms of transportation. This difference lies in the relative ease with which air communications between remote and isolated areas can be established. (This is particularly conspicuous in South America, which has been backward in organizing adequate surface transport.) In such areas, emphasis is now being placed on civil aviation development, rather than on the extension of existing rail facilities. It is true that the capacity of airlines cannot approach that of rail or highway carriers and that air operations, accordingly, could not satisfy the transportation demands of a large-scale regional economic development. On the other hand, the political, strategic and economic advantages of air communications can be made available almost without delay.

This survey has revealed that in all eleven countries under consideration, a Ministry responsible for transportation has been established. In several cases, however, the Ministry of Transport does not handle all forms of transportation. Civil air policy is separately administered in five of the countries. In fact, there are instances, for example in the United Kingdom, where responsibility for civil aviation has been removed from an existing Ministry of Transport and placed in a newly-created Ministry of Civil Aviation.

The efficiency with which transportation policy is implemented in the eleven countries varies greatly. As was pointed out in the previous volume on civil aviation, however, it appears impossible to identify efficiency with any specific form of governmental organization. The integration of transportation policy has not necessarily guaranteed efficiency. The efficiency of these agencies has been perforce adversely affected when severe political strains complicate the administration of a government. In France, for example, a recent Communist Minister was more occupied with promoting his party's interests than in raising the efficiency of his organization. Under such circumstances, the integration of all forms of transportation under one individual seems at times to have involved a sacrifice of efficiency as compared with the results of a more decentralized treatment.

The survey indicates that subsidization of all forms of transportation is effected wherever the national interest is sufficiently compelling and the financial condition of the country permits. However, there is a basic difference between civil aviation and the other forms of transportation, which bears on this question. All of the other media are older and have had time to stabilize their operations. Civil aviation, on the other hand, is so important strategically to many countries,

RESTRICTED

RESTRICTED

that they are not willing to await its normal development under its own resources.

Participation by other forms of transportation in civil air operations has been found to be almost universal. Its most frequent form is that of non-managing minority stock ownership. In several countries, however, shipping interests or railway companies directly operate air transport lines. In some countries, on the other hand, [redacted] government policy seems to be antagonistic to such direct operational participation.

STAT  
SIAT

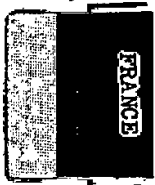
The surface forms of transportation do not now raise world-wide questions of international policy to the same extent as civil aviation. This is explained by: (a) the long tradition of international negotiations regarding surface transportation; (b) the basic organization of this activity which is recognized with few exceptions by all interested parties; (c) the large number of international treaties which legally regulate surface transportation; and (d) the absence of a multilateral agreement on civil aviation, and the continued existence of sharp disagreements over the principles which should govern international air transport operations.

MERCHANT  
SHIPPING

**Page Denied**

Next 5 Page(s) In Document Denied





## RESTRICTED

## TRANSPORTATION - FRANCE

## THE SUPREME TRANSPORTATION ADVISORY BOARD

NOTE: The following information was not available during the preparation of this study.

1. The most important development in French transportation since the war is the establishment by the National Assembly in August 1947 of a Supreme Transportation Advisory Board. The Board will advise the Minister of Public Works and Transport on all transportation matters submitted to it, but may also formulate recommendations on its own initiative. The Advisory Board's immediate mission is to present, within one year, plans for the coordination of rail, highway, inland waterway, air and ocean transportation. It will include in its plans coordination of domestic transport with colonial and international transportation. The Board will study all social, technical, financial and economic matters relative to the organization and functioning of the various modes of transportation; it will also study matters concerning stock and equipment, technical and commercial development and the social, economic and administrative problems arising therefrom.

2. The Supreme Transportation Advisory Board is established under the Minister of Public Works and Transport and consists of 69 members, including representatives from various government agencies, members of Parliament, specialists from the large transport organizations, employee representatives from the operating companies and public organizations such as tourist travel agencies. Seven permanent commissions are established under the Board, charged with examining questions of transport coordination. These are as follows:

Rail	-	highway
Rail	-	inland waterway
Rail	-	air
Rail	-	sea
Highway	-	air
Highway	-	inland waterway
Sea	-	air

3. The Supreme Transportation Advisory Board is financed through a special fund provided by the Minister of Public Works and Transport. The sum expended shall be reimbursed to the state by the various transportation operators under conditions to be set forth by decree of the Minister of Public Works and Transport and the Minister of Finance.

RESTRICTED

**RESTRICTED**FRANCE - MERCHANT SHIPPINGA. POLICIES

1. The French merchant marine is not nationalized, although it receives substantial subsidies from the Government for purposes of ship construction and operation. Traditional French policy has permitted freedom of action by the merchant marine providing no conflict arises with state interests. The merchant marine, however, is at present under government requisition, due to surviving war-time controls. This situation does not represent a permanent government policy, and it is intended to return the merchant marine to private hands as soon as conditions permit. Mention should be made, nevertheless, of a growing tendency by the government in recent years to assume a greater control of shipping companies through state participation in capital reorganization of companies in state receivership. There is agitation in some quarters for nationalization of the merchant marine, but thus far, proponents of government ownership have made little progress.
3. (a) French Government policy is to subsidize both merchant & ship construction and operation. The subsidies take various forms, such as: construction loans, low charter rates on government-owned vessels, operating and mail subsidies. The government also grants exclusive rights of cabotage in domestic and colonial areas to French flag vessels. This latter form of aid is not unique since it is provided by most maritime nations.
4. (a) France is quite liberal with regard to use of foreign-built vessels and foreign labor on French vessels. French shipping interests ordinarily prefer to use French-constructed bottoms, but there is no real restriction upon purchasing foreign vessels.
- (b) France, at present, is operating a number of American-built Liberty ships purchased under the US Ship Sales Act (1946).
- (c) With respect to labor, there appear to be no requirements regarding the use of French nationals on French vessels, with the exception that a certain percentage of licensed personnel must be French.
5. (a) The French Government has always taken an active interest & in the development of international agreements, both (b) official and private, regarding the merchant marine industry and is active in the International Labor Office, which promotes international agreements regarding working and living conditions aboard ship.
6. Merchant shipping policies are closely coordinated with civil air policies, since the government is heavily interested financially in both media of transport. Like many other countries, France is considerably more liberal in its policy toward

**RESTRICTED**

FRANCE - - MERCHANT SHIPPING (A-6 CONT'D)

the free flow of merchant shipping than in its policy toward "freedom of the air."

7. There are no legal restrictions upon ownership of air carriers by merchant shipping interests. In fact, COMPAGNIE GENERALE TRANSATLANTIQUE (the French Line) has a substantial ownership interest in Air France. Coordination of sea-air activity is emphasized and achieved through the authority of the Ministry of Public Works and Transport which has control over both sea and air activity.

B. ORGANIZATION

1. Merchant shipping is under the control of the Ministry of Public Works and Transport, and all regulations proposed by other agencies, public or private, must channel through the Ministry. The principal agency in the Ministry concerned with merchant shipping is the Secretary General for the Merchant Marine (SECRETAIRE GENERALE a la MARINE MARCHANDE), the other agencies in the Ministry having charge of purely subsidiary activities, such as ports and the fishing fleet. In addition to the Secretary General for the Merchant Marine (exercising nominal jurisdiction), the Transport Maritime virtually controls all French shipping through its powers of requisition. Transport Maritime, organized as a war agency, is still in operation and receives all revenue earned by the operators, and in turn pays out fees somewhat on the plan of the General Agency Agreement originated by the US War Shipping Administration with respect to American flag operations during the war and for some time thereafter. Transport Maritime is not planned as a permanent agency, but is scheduled for dissolution as soon as practicable.
2. Determination of policy and planning relating to the merchant marine is the responsibility of the Secretariat General referred to in 1. above. Departments and bureaus deal with specific problems such as: finance, personnel, materiel, training, freight rates, the fishing fleet, merchant marine hospitals and temporary conditions arising out of the war. Two of the eight bureaus are concerned with the interests of the state in the COMPAGNIE GENERALE (the French Line).
3. The agencies dealing with shipping operate under the Ministry of Public Works and Transport where they are subject to control and coordination. The merchant marine is directed through the Secretariat Generale de la Marine Marchande, which is independent of the various other agencies in the Ministry dealing with other forms of transport, such as rails, roads and air transport. The tight compartmentalism of these agencies in the Ministry appears to eliminate any substantial degree of administrative overlapping or conflict.

**RESTRICTED**FRANCE - MERCHANT SHIPPING (B-4)

4. The present Secretariat Generale de la Marine Marchande has evolved over a long period through several administrative forms. It was originally an independent Ministry until on orders of the Vichy Government the Merchant Marine Services were taken over by the Admiralty in 1940. They were subsequently placed by de Gaulle under the authority of the Ministry of Public Works and Transport where they now remain. While there is no official evidence that any consideration is being given to reorganization or creation of new agencies dealing with the merchant marine, there is little doubt that the organization of the Secretariat will be greatly changed if the proposed reorganization of the French Merchant Marine stressing national control should occur.
5. It is difficult to determine whether the criticisms currently leveled at French shipping are valid or are simply manifestations of dissatisfaction over the present disorganization of French transportation in general. The principal controversy is centered on whether or not the larger companies (those possessing 100,000 tons of shipping; equivalent to about 9 Liberty ships) should be subject to control by a government commission. This is being hotly contested but little progress is reported.

C. ADMINISTRATION

2. Rates charged by shipping companies are determined by the state which decides such matters in the light of the national interest, the interests of the operation being secondary. The French Government fosters and the companies participate in international rate conferences.
3. Competition for the purpose of bettering service is encouraged, but any action toward "cut-throat" competition which would strengthen one company at the expense of another in which the state has an interest would not be tolerated. All policy on competition is evaluated in the light of the ultimate profit to the state. France is party to many international and bilateral treaties, regarding traffic, rates and other related matters through the conferences referred to in 2 above.
4. There are established rules and procedures regarding inspection and investigation of accidents. The Council of Security (CONSEIL de SECURITE) in the Ministry of Public Works and Transport is charged with enforcement.
5. The government sponsors training of technicians for the merchant marine and has established and fostered technical schools for that purpose. Technicians of the officer class are licensed to perform certain duties in accordance with rigid examining procedures prescribed by the government similar to those of the United States.

**RESTRICTED**



## RESTRICTED

NETHERLANDS - MERCHANT SHIPPINGA. POLICIES

1. The Netherlands merchant fleet normally is privately owned and operated and the state exercises little control over the policies of merchant shipping operators. (The government position with respect to the merchant marine has paralleled to a considerable degree that of the UK.) Strict war-time state control over shipping was terminated in March 1946. The present partial state control over the merchant marine is a result of current heavy expenditures of public funds required to rehabilitate the war damaged industry.

It is the intention of the Netherlands Government to lift eventually the present partial control over merchant shipping and restore the industry fully to private industry. Conditions in Central Europe and political developments in the colonial Empire, however, may cause indefinite postponement of these plans.

2. Merchant shipping policies of the Netherlands are based largely upon political and economic considerations, relatively little attention being paid to military considerations, although in the late war, the Dutch merchant marine was of considerable assistance to the Allied cause.
3. The state normally does not directly subsidize ship construction. Before the war, the industry was aided primarily by loans and loan guarantees for construction. Assistance has also been given through duty exemptions on imports for construction purposes. Shipping interests also received government mail contracts, contributions to the Seamen's fund, and assurance of all government overseas shipments on vessels of Dutch nationals. Present policies continue such aids. At the present time, however, the state is granting operators additional assistance in the form of considerably more direct aid for construction of new shipping to replace losses sustained during the war.
4. Shipping operators may construct ships in Dutch yards, buy abroad, or build abroad, as they desire. There are no limitations on the use of foreign crews in the unlicensed ranks. There are restrictions, however, on the use of foreign nationals in licensed positions.
5. The Netherlands is a party to the International Labor Office agreements concerning working conditions and wages aboard ship. Dutch shipping companies are party to numerous international state and private agreements regarding rates, traffic, etc.
6. The state is endeavoring to work out policies coordinating

RESTRICTED

**RESTRICTED**NETHERLANDS - MERCHANT SHIPPING (A-6 CONT'D)

sea and air traffic. It is well aware of the importance of air transport and is participating financially in KLM to an increasing degree. The state policy of freedom of the seas is matched by its willingness to grant freedom of its air space to other countries upon a reciprocal basis.

7. Three shipping companies own a minority interest in the Dutch airline KLM and are currently protesting the state proposal to establish a state monopoly of civil aviation.

**B. ORGANIZATION**

1. Merchant shipping is under the over-all control of the Director General of Navigation in the Ministry of Transport and under the immediate control of the Department of Shipping, (formerly an independent Ministry, but now under the Ministry of Transport). Direct government control, similar to the US War Shipping Administration, ended as of 2 March 1946. The Department of Economic Affairs issues safety regulations.
2. The agency dealing directly with the merchant marine is the Department of Shipping. The agency contains a number of bureaus, each dealing with specific problems such as finance, welfare, inspection, training and qualifications, etc.
3. The Department of Shipping is separate from the departments concerned with other forms of transport but is, like the others, directed and coordinated by the Ministry of Transport. There is no apparent overlapping between departments except in the case of inland water and ocean-going transport occasioned by the nature of port operations.
4. The development of the merchant marine and the agencies of government concerned with it may be attributed largely to the geographic position of the Netherlands. Situated on an outlet of the Rhine, Rotterdam has long been one of the leading ports of the world. The ports of the Netherlands functioned before World War II as entrepots for northwestern Europe, serving a great European hinterland. This strategic position of the Netherlands, together with extensive trade with the Dutch colonial empire, resulted in the development of a large merchant marine which has been traditionally a valuable source of foreign exchange.

No reorganization of the existing Department of Shipping is contemplated, nor are new agencies to deal with maritime affairs to be created.

5. The Department of Shipping is apparently operating efficiently and the Dutch merchant marine is fast recovering from the effects of the war.

- 2 -

**RESTRICTED**



RESTRICTED

NETHERLANDS - MERCHANT SHIPPING (C-1)

C. ADMINISTRATION

1. The government, normally, does not attempt to control the inauguration of new shipping services, but requires that papers of incorporation be filed.
2. In contrast to the strict control exercised by the government over rail rates, no interest is manifested by the State in the establishment of either minimum or maximum freight rates in merchant marine traffic. The government is not concerned with the activities of shipping companies in regard to maritime conferences, since it considers such activities as commercial arrangements of little interest to the state.
3. Competition between Dutch ocean carriers is not controlled by the government but is somewhat regulated by the carriers themselves through the widespread practice of pooling facilities and traffic. Participation in international rate pools is subject only to approval by the Department of Shipping.
4. Safety regulations affecting the merchant marine are issued by the Department of Economic Affairs, and maintenance of standards is required by law.
5. The state is interested in the training of technicians for the merchant marine. There are schools for the training of masters, mates and engineers at Rotterdam, Amsterdam, (two), Den Helder, Flushing, and other locations.
6. Annual reports by the steamship lines are required by the Shipping Directorate of the Ministry of Transport. The reports include financial statements and statistical data on operations.

RESTRICTED



## USSR - MERCHANT SHIPPING

## POLICY

1. Planning with respect to merchant shipping is controlled by the Soviet state. Merchant shipping in the USSR is an instrument of national policy. As is the case with all elements of the Soviet economy, merchant shipping can only justify its existence to the extent that it furthers the over-all program of the Party.

The official statement of the Soviet Government that the volume of sea-going freight shall be increased to 220 per cent of the pre-war level by 1950 and the merchant marine increased by 600,000 tons is noteworthy in the light of the Soviet position in world trade. While the value of Soviet exports and imports moving by ocean-going trade appears to have accounted for only about one per cent of the value of total world shipping traffic, Soviet-flag vessels constituted, in 1939, about two per cent of the world ocean-going merchant fleet. This raises the question of whether the Soviet merchant marine is already larger than Soviet world trade justifies.

Assuming that world construction programs are sufficient to replace vessels scheduled for the scrap heap, the merchant fleet of the world in 1950 will be about 20 per cent larger than the 1939 fleet. In contrast to this over-all increase, Soviet plans call for ship construction equivalent to about 70 per cent of their present fleet. In the absence of indications that the USSR intends to abandon its relative isolation from world trade, it must be assumed that domestic considerations have dictated these expansion plans. Some increase in Soviet coastwise traffic will undoubtedly result from the ambitious industrialization and relocation features of the current Five-Year Plan. Additional new tonnage can be absorbed through replacement of obsolete tonnage. A large part of the incentive for the expanded merchant marine, however, must stem from strategic requirements and prestige considerations. The USSR, as a major power, dislikes to pursue a minor merchant marine before the world. An ample factor of safety in the size of its merchant marine, moreover, would be of great importance, if part of its merchant fleet were to be sacrificed in the course of a future military eventuality.

2. Prior to World War II, the USSR had been a secondary power, possessing warm water ports, the approaches to which it could not certainly control in case of hostilities with major powers. This and other limitations prevented it from becoming a sea power, and overseas military adventures were beyond its capabilities. There was, therefore, no place for global military or political planning in its merchant shipping policy. As a result of World War II, however, the USSR has become a major power, and has launched a program of industrial expansion which, if successful, will vastly increase its capabilities for major construction projects, such as the development of a powerful Navy, a large Air Force, and an extensive merchant marine. While its position with respect to warm water ports has no certainty of solution, the USSR can at least visualize the possibility of political developments improving its position in this regard. Thus, global political and military analysis can begin to be applied to planning in the field of

USSR - MERCHANT SHIPPING (A-2 CONT'D)

merchant shipping, although the basic weakness of the USSR in overseas military operations cannot be quickly changed. On the other hand, local situations adjacent to the USSR now call for direct political-military planning in merchant shipping affairs. Soviet development of the Northern Sea route, its improved position in the Baltic, the elimination of Japan, the Soviet contractual position in the Manchurian port, and tension in the Black Sea have all created situations in which the advantage of a merchant marine is clearly indicated. Military-political considerations, therefore, are now undoubtedly reflected in merchant marine planning, in spite of the fact that merchant shipping projects for the immediate future will not basically alter the Soviet world position in shipping.

From the point of view of purely domestic politics, Soviet merchant shipping policy is dominated by political considerations, because all planned activity in the Soviet Union is a manifestation of the Party's political will.

3. Because of the political organization of the Soviet Union, the question of state subsidies for ship construction and operation is academic. Subsidies are generally defined as extra-economic payments or privileges granted by a state to private operators for the performance of a service deemed to be in the public interest. It is apparent, therefore, that there can be no Soviet subsidies in the usual sense for the reason that there are no private operators. In a broader sense, all shipping activity in the USSR is subsidized, as it is controlled by the State, and can be maintained, regardless of its degree of economic self-sufficiency, if it serves the State interest.
4. The Soviet Union is actively engaged in expanding domestic construction of merchant vessels. Present plans call for doubling 1940 shipyard output by 1950; one yard building freighters is to be constructed on the Black Sea and another for trawlers and sea-going tugs in the Baltic. There is no apparent state policy forbidding the use of foreign-built vessels, despite the drive toward Soviet self-sufficiency. In the pre-war years, there was considerable construction for Soviet account in foreign shipyards, notably Germany, Denmark, France and the Netherlands. At the present time, however, little such construction appears to be under way. Soviet use of foreign vessels is confined to vessels operated under charter party agreements and the vessels aggregating 603,400 gross tons procured under Lend-Lease from the US. The merchant marine of the USSR is manned by Soviet nationals.
5. Soviet policy with respect to international merchant shipping has evidenced general indifference toward multilateral agreements. Numerous bilateral agreements have been concluded, however, which include understandings on shipping problems as a part of economic arrangements. The Soviet Union is not a party to the various international agreements relating to such maritime problems as rates, working conditions, vessel classification, etc. (The USSR, however, was signatory to some of the

RESTRICTED

USSR - MERCHANT SHIPPING (A-6 CONT'D)

pre-war Conventions regarding ocean safety, for example, the 1929 London Convention on Safety at Sea.) Since private operation of merchant shipping does not exist in the Soviet Union, there are no inter-company agreements. On the other hand, shipping agreements exist between State agencies.

The most important international question facing the USSR in the field of merchant shipping is the disposition of the 603,400 tons of US Lend-Lease shipping still operated by the Soviet Union. This fleet is equivalent to about 50 per cent of the USSR's own fleet, and its disposition is a matter of prime importance to the USSR strategically, as well as economically.

6. Merchant shipping and civil aviation are administered by separate ministries, but it appears that their functions are actively integrated in over all planning by the State Planning Commission (Gosplan). While the Soviet Union favors freedom of the seas in principle, it frequently enforces restrictions on foreign shipping using its ports. The USSR, furthermore, has attempted to secure civil aviation rights into foreign areas, although it does not permit airlines of even its satellite states to fly into Soviet territory.
7. Schedules of shipping lines and air communications are presumably coordinated in remote areas of the USSR. The state agency operating merchant vessels, however, does not operate air carriers, and there is no administrative control exercised by either medium over the other.

B. ORGANIZATION

1. State agencies concerned with the merchant marine or closely related aspects of it are:

State Planning Commission  
 Ministry of the Merchant Marine  
 Ministry of the Shipbuilding Industry  
 Ministry of Trade

2. The Ministry of the Merchant Marine is specifically charged with operation and maintenance of the Soviet merchant fleet, including its operations in the Caspian Sea. The Ministry of the Shipbuilding Industry is responsible for planning and construction of the merchant fleet; the Ministry of Trade is responsible for providing both foreign suppliers and foreign outlets. Merchant marine planning is included in over-all national planning undertaken by the State Planning Commission. Supplementing the official USSR Government agencies are Party organizations which exercise direct influence on administration at all levels. Major decisions, in fact, are taken within the Party's Politburo.
3. The Ministries mentioned above are in themselves separate agencies dealing with specific problems, but all are subject to over-all control of their economic aspects by the State Planning Commission. The Ministry of the Merchant Marine has no direct connection with Ministries responsible for other media of

RESTRICTED

USSR - MERCHANT SHIPPING (B-3 CONT'D)

transport. The extent of conflict between the agencies dealing with transportation is not known. However, since Soviet ocean-going vessels also ply the inland waterways, and operations on the Caspian Sea, an inland waterway, are under the jurisdiction of the Ministry of the Merchant Marine, it is apparent that there is some overlapping which provides areas of potential conflict.

4. The structures of the agencies mentioned in B-1 have been repeatedly changed in the course of the various economic planning programs adopted since 8 February 1918, when the merchant fleet of the country and subsidiary shipping property were taken over by the state. (Vessels which were used as a direct means of livelihood, those belonging to cooperative enterprises, those owned by municipalities or states, and those in certain other minor categories were excepted.) Some of this requisitioned fleet was handed over to the various states and state agencies for operation, but the bulk of the fleet was put under the control of a section of the Commissariat of Communications. In 1930, the Soviet trend toward a highly controlled and fully socialized economy was reflected in the establishment of the Commissariat of Water Transport, which was created to assume control of all forms of water transport. In March 1946, jurisdiction over inland-water transport having been removed, the Commissariat was renamed the Ministry of the Merchant Marine. There is no evidence of impending further changes in merchant shipping organization.
5. To ask whether the agencies administering Soviet merchant shipping policy are operating in the public interest is tantamount to asking whether the Communist Party is ruling the USSR in the true interests of the Soviet people, which is beyond the scope of this study. The question of administrative and operational efficiency is susceptible of more objective treatment. The Soviet merchant marine has unquestionably raised the efficiency of its equipment and personnel in recent years through the acquisition of improved vessels and the emphasis on extensive training programs. On the other hand, the shortage of port equipment and extensive war damage have kept over-all efficiency far below the standards of the leading maritime nations. The bureaucratic efficiency of the merchant shipping agencies is undoubtedly similar to that of the Soviet Government generally, which is characterized by an unwieldy system of numerous agencies (52 Ministries are officially listed) contending with obvious problems of overlapping, and subject to numerous factors which retard the processes of administration.

### C. ADMINISTRATION

1. The establishment of new scheduled shipping services between the USSR and specific foreign ports is under the complete jurisdiction of the State. The usual economic aspects of such questions, carefully weighed in countries with free competition, are subordinated in the USSR to over-all political and economic planning.

USSR - MERCHANT SHIPPING (C-2)

2. The procedure for the determination of freight rates for Soviet Merchant Marine traffic falls into two categories. Rates on goods hauled for the account of one of the state agencies are determined by negotiation between the agencies concerned. The State Planning Commission, however, has the authority to review and to revise any rates established at lower levels. The power to establish freight rates, therefore, may be said to reside in the State Planning Commission. When Soviet bottoms are not available and foreign charters are resorted to, the rate negotiations are carried out by the Ministry of the Merchant Marine and the foreign operators concerned. In the rare cases where Soviet vessels operate between two foreign ports for foreign account, world freight rates are applied.
3. Since the merchant marine is State-owned, there is no competition in the true sense between merchant marine operators. The crews of the various vessels do, however, engage in vigorous "Socialist competition" to attain official approbation of their efficiency in seamanship and freight handling, in the fulfillment of freight traffic plans and the lowering of costs. The State has found it advantageous to offer medals, prizes, etc. for the attainment of stated objectives. It is state policy to avoid competition between the media of transportation, if such competition would adversely affect State planning.
4. Safety and inspection rules and their enforcement are the responsibility of the Division of Navigation Inspection in the Ministry of the Merchant Marine. Accidents are investigated in an orthodox manner with investigations relying to a considerable degree upon eyewitness accounts. Failure to observe safety regulations invites serious penalties.
5. The government maintains numerous schools throughout the country for the training of shipping technicians as part of the plan for Ministry of Labor Reserves. This program, inaugurated in 1940, is being currently extended. Graduates of these schools with training in shipping are assigned directly to jobs according to their specialization. Training of technicians is given to those with the equivalent of a high school education after selection of students is made on a basis of previous scholastic record and aptitudes. Trade schools also enroll boys who have only finished elementary schools, but wish to prepare for a career on shipboard, usually not in a highly skilled technical capacity. All Soviet labor is supposed to be documented, and written evidence of education and previous work record ordinarily is demanded before applicants are accepted for any position.
6. (See A-5)
7. All enterprises are required to submit exhaustive reports on many phases of their activities. These reports are used (a) by the enterprises themselves, (b) by the State Planning Commission, (c) for the preparation of whatever statistical and economic data the USSR is willing to release, including that for propaganda purposes, and (d) for the implementation of the Soviet system of incentive rewards.





RESTRICTED

SWEDEN - MERCHANT SHIPPINGA. POLICIES

1. The basic policy of Sweden with respect to merchant shipping is to encourage private interests in such operations with as little state control as possible. All aspects of merchant shipping policy are formulated by the individual operators. State controls are invoked only in matters of the national interest.
2. Merchant shipping policy does not reflect considerations of a political or military nature. Economic considerations are dominant in the attitude of Sweden toward merchant shipping.
3. Swedish policy permits private ownership of merchant shipping and relatively little government aid is given to such operators. Ship construction, however, is aided by government loans or loan guarantees. Concessions to ship owners permit accelerated depreciation of vessels in evaluation for tax purposes, and include minor benefits to promote domestic ship construction. Other forms of government aid to Swedish operators include mail subsidies and reservation of the coastal trade to Swedish-flag vessels. It is believed that no change in the policies outlined above are contemplated in the immediate future.
4. The government does not require that construction of Swedish-flag vessels be undertaken in Swedish yards, nor does it require that Swedish ship operators use Swedish-built vessels. Such requirements on the part of the state are considered to be unnecessary since Sweden has a long record of efficient and low-cost shipbuilding. However, it should be noted that all large Swedish vessels, such as the luxury liners, are built abroad, since Swedish yards are not equipped to construct vessels in that category. Government restrictions on the use of foreign labor either in the construction or operation of merchant shipping also is unnecessary as Swedish sailors and shipbuilding personnel are accounted among the best in the world. There is, however, a legal requirement that Swedish citizens must constitute two-thirds of the crew of Swedish flag vessels, and this requirement is rather closely checked both in home ports and by Consuls abroad. The government has recently imported foreign labor, both skilled and unskilled from outside Sweden, notably Italy, in order to meet a critical shortage of manpower. The shipbuilding industry, however, has objected to the importation of Italian labor and has made strong recommendations that German technicians, more familiar with Swedish construction methods, be furnished.
5. Sweden is a party to numerous international agreements concerning shipping. Sweden, in fact, has led the way in promulgating such agreements, and has been particularly active in promoting shipping between northern and western European countries; an example of this is their active participation in the Baltic Conference and in the North Atlantic Freight Conference.

RESTRICTED

## RESTRICTED

SWEDEN - MERCHANT SHIPPING (A-6)

6. Merchant shipping policies are not coordinated with those of civil aviation, but the policy of freedom of the seas, traditional with Sweden, has been matched by a policy of freedom of the air, insofar as Sweden has received the cooperation of other states.
7. There is no state policy against ownership of air lines by shipping companies, nor is there any restriction against participation of shipping companies in such undertakings. With respect to the integration of such operations, it should be noted that 40 per cent of the capital of SILA (Swedish Intercontinental Air Lines) is owned by several shipping companies, particularly the Swedish-American, Swedish Lloyd, and Johnson Lines. The Swedish Government, furthermore, has recently approved the operation of a new air line which will be directed by Aero Lloyd, an affiliate of Swedish Lloyd. It is not likely, however, that Swedish maritime interests will enter the field of aviation, to any large extent, except on a minority stock basis.

B. ORGANIZATION

1. The agencies of the government concerned with merchant shipping are:
  - The Ministry of Commerce
  - The Ministry of Foreign Affairs
  - The Ministry of Communications
2. The Ministry of Commerce, which administers policies with respect to trade, industry and shipping, also directs merchant shipping, as distinguished from coastal and inland shipping. The Ministry of Commerce also integrates all aspects of merchant shipping with the domestic transport policies formulated by the Ministry of Communications. However, the Ministry of Communications directs coastal and inland shipping together with other forms of inland transport. Questions of international shipping policy also come within the authority of the Ministry for Foreign Affairs.
3. The Ministry of Commerce and the Ministry for Foreign Affairs are autonomous within their own spheres, being subject only to control, direction and coordination by the action of the Prime Minister of the Riksdag. There is no direct administrative relationship between the above-mentioned Ministries and the Ministry of Communications, which deals with domestic transport problems. However, all the activities of the three Ministries are subject to overall coordination in the national interest. There appears to be no administrative conflict or overlapping other than the normal and unavoidable operational overlapping of the various media of transport.
5. Both the Ministry of Commerce and the Ministry for Foreign Affairs are considered to be operating efficiently in the public interest with respect to the various problems of merchant shipping.

## RESTRICTED

SWEDEN - MERCHANT SHIPPING (C-1)C. ADMINISTRATION

1. It is necessary only for operators to announce their intention of establishing such services, and to secure the approval of both the Ministry of Commerce and the Ministry for Foreign Affairs, inasmuch as state policies may be affected by the establishment of proposed services.
2. Shipping rates are determined by the individual operators. The Swedish Government vigorously supports the activities of its nationals in the formulation of international rate agreements, since it is to the advantage of Sweden, having substantial maritime interests, to promote stabilization of world shipping rates.
3. The state follows a policy of non-interference with respect to competition and will intervene only in instances where such competition is inimical to the national interest. It should be noted, however, that if a Swedish flag line were to become bankrupt, or otherwise suspend operations through other financial difficulties, it is likely that the state would intervene to continue operations for reasons of prestige and trade position on the route in question. Swedish operators may participate in such international shipping pools as they see fit. The Swedish Government and individual Swedish operators are parties to many international agreements concerning traffic, facilities and rates.
4. Rules and regulations concerning safety and inspection of merchant shipping facilities are under the jurisdiction of the Board of Trade of the Ministry of Commerce. Vessels of the Swedish merchant marine must meet standards of construction and operation as laid down by the Ministry of Commerce which is responsible for establishing and enforcing such regulations. Safety regulations are set forth by law and enforced by the Board of Trade. Ship inspectors make their reports to the head offices of the Board. Standards are roughly comparable to US and British standards, with the exception that Swedish regulations are less strict on fire-proofing than is the US. In case of accidents, the Master makes a report to the Board of Trade and there is a complete investigation.
5. The Swedish Government, at the present time, is establishing several training schools for merchant marine technicians. These schools will be supported largely with state funds. In addition to these contemplated schools, the Board of Trade presently operates four schools offering training in navigation. The Board is also responsible for establishing specifications for licensing of technicians and enforcing such regulations. Student personnel will be selected on the basis of qualifications laid down by the state and must meet state proficiency requirements before being licensed as deck officers and engineers. These state requirements conform to established world standards.

RESTRICTED

SWEDEN - MERCHANT SHIPPING (C-6)

6. The government requires shipping operators to submit annual reports which include comprehensive statistics on all aspects of operations as well as financial statements. Such requirements are not peculiar to the shipping industry, since the government requires the filing of such reports by all corporations.

RESTRICTED



**RESTRICTED**PRE-WAR GERMANY - MERCHANT SHIPPING

Note: The study on Railway Transportation includes data of a general nature which applies in part to merchant shipping.

**A. POLICIES**

1. In summary, the German mercantile marine was a forthright manifestation of post-war economic nationalism. The Treaty of Versailles had deprived Germany of nearly all of her ocean shipping, although the short-sea and coastwise trading companies were not affected. As early as 1917, the German Parliament was formulating plans for the post-war extension of shipbuilding. During the three years following the war, grants in subsidy amounting to 30 billion marks were made. Early in 1935 the Government provided a loan fund, granting loans up to 50% of the vessel's cost, and for the next 6 years construction was aided by a fixed annual sum. In the world economic depression of the 30's, the Government provided loans to assist in the scrapping of vessels, and guaranteed the obligations of the shipping companies. In this way, the Government became the principal shareholder in the two leading companies, the Hamburg-Amerika and the Norddeutscher Lloyd lines, which between them controlled 70% of German ocean traffic.

The Nazis transferred Government shares in the shipping companies back to private ownership, and a decree of February 1935 gave the individual companies within the Hapag and Norddeutscher Lloyd "complex" opportunity for independent action. At the same time, party control was maintained by the packing of the board of directors of both companies with favorites. The Norda concern, formed by the Hamburg-Amerika and Norddeutscher Lloyd, for the North Atlantic service, was given special assistance. The result of Nazi measures was a well-balanced mercantile marine, which served the peacetime needs of foreign commerce, and at the same time provided the navy with sufficient auxiliary vessels. The reduction of unemployment within the shipbuilding and subsidiary industries, and the construction of vessels suitable for conversion to naval purposes were probable the secondary aims of German shipping policy.

3. Germany has always violently denied the legitimacy of the subsidizing of ocean shipping, while at the same time granting subsidies surreptitiously. Immediately after the war, a group of shipping banks, with strong Reich participation, was formed to extend credit to shipping lines and shipbuilders. One third of the tonnage lost during the war was replaced by a grant of 30 billion paper RM in two installments, one of 12 billions and one of 18 billions, advanced against the assets of the individual shipping companies. A loan fund of 50 million RM was established in 1925. Subsequent direct financial assistance up to 1932 consisted of a loan of 18,000,000 marks in 1926 to finance the construction of six tankers; an export credit scheme in 1930 for the building of ships for foreign account; a Government guarantee in 1932 of a loan of 20,000,000 marks to German shipowners; a further guaranteed loan in 1932 of 77,000,000 marks, of which 7 million went to tramp companies; a grant in 1932 of 12,000,000 marks in

**RESTRICTED**

**RESTRICTED**PRE-WAR GERMANY - MERCHANT SHIPPING (A-3 CONT'D)

loans to subsidize the scrapping of some 400,000 tons of obsolete German vessels--about 10 per cent of the total German mercantile marine--one of the objects being the relief of unemployment.

In 1933 loans of up to 45,000,000 marks were authorized for assistance to shipping, and these were followed in the same year by further grants of 20,000,000 marks, the grants to be repaid if possible. At the end of 1933 grants were authorized towards the cost of repair and overhaul of seagoing ships from a subsidy fund of 500,000,000 marks originally provided as an unemployment relief measure in connection with housing. In 1934 this scheme was extended to apply to the construction of new vessels, which were not to be sold for the first ten years without the permission of the Government.

When England, the US, and the Scandinavian states left the gold standard, the shippers were given a "currency equalization" subsidy: 3 reichspfennig for each gross ton in operation daily, and 20% of crew and personnel salaries, roughly equivalent (in the aggregate) to 20% of the operating costs of a 6,000 ton vessel. Because costs for new construction were 35% higher in German than in foreign yards, construction grants, outright and unconditional subsidies, were given the shipbuilding industry.

During the world trade slump of the early 30's, the Government had subscribed capital, and thus became one of the principal shareholders in the two main shipping lines. The existence of other subsidies can be taken for granted, but their extent and the bases of their administration have not yet been revealed. The Nazis nominally returned administration to the companies, in 1937. At the same time, the career of Philip Reetsma, Göring's favorite, in the Hamburg-America line, indicates that the Government retained its influence.

4. In 1939, the total seaborne cargo carried in or out of German ports was 56,695,000 metric tons, of which it is estimated that 70% was transported in German bottoms.
5. Germany belonged to the Baltic and International Association of Navigation Congresses, the International Shipping Conference and the International Shipping Federation.
6. These questions are irrelevant here, since Deutsche Lufthansa, the only German civil air carrier, was a state owned, state controlled, and state subsidized monopoly. Similarly, the German shipping lines, for the larger part of the period between the wars, were government owned, and they were always dependent on Government subsidies. There was no question of coordination or regulation: both means of transport were directed from the top in the same aggressive campaign for foreign trade.
7. The shipping lines had early manifested their interest in aviation: Hamburg-America by the incorporation of the Luftschiffbau Zeppelin in 1918, Norddeutscher Lloyd by the erection of Lloyd Luftdienst in 1920. Hapag and Norddeutscher Lloyd air interests were amalgamated into Deutscher Aero Lloyd in 1923. When Deutsche Lufthansa

## RESTRICTED

PRE-WAR GERMANY - MERCHANT SHIPPING (A-7 CONT'D)

was formed in 1926, therefore, Hapag and Norddeutscher Lloyd each had interests amounting to 6,875 million RM of its 25 million RM capitalization. In the 25 million RM expansion of Deutsche Lufthansa capital in 1942, the Hapag and Norddeutscher Lloyd combine, the Deutscher Aero Lloyd, took up another 6 million RM. Since Deutsche Lufthansa was usually on a 50% subsidy basis, and the excess of subsidies over deficit were returned to the subsidy giver, there was no economic ground for a "sea-air" problem.

B. ORGANIZATION

1. Two divisions within the Transport Ministry were concerned with shipping. The Nautical Engineering Division was responsible for the construction of channels required for safety, and the location and maintenance of lighthouses, light ships and buoys. The Central Administrative body for shipping was, however, the Division of Shipping (Schiffahrtsabteilung), charged with the integration of shipping within the national economy.
3. The liaison between the Navy and the merchant marine was maintained by a special office, the Verbindung Schiffahrt-Marine, which also coordinated matters of telecommunications, distress at sea, and ice patrol. Closely related to the Transport Ministry was the national transport group for shipping, the Reichsverkehrsgruppe Seeschiffahrt. This corporative organization, like the others, was designed to resolve internal conflicts to eliminate competition, and to represent the shipping industry before the Minister of Transport in a consultative capacity.
4. (See the study on Railway Transportation for a general discussion of this question.)
5. (See the answer to this question in the study on Railway Transportation.)

C. ADMINISTRATION

2. Liner rates generally were fixed by conferences which, in distant trades, usually included a wide range of territory in their scope. For example, the Continental Far East Conference included the following territory: Norway, Sweden, ports on the Baltic Sea other than Russian ports, Denmark, Germany, Netherlands, Belgium, and French Ports, Dunkirk to St. Nazaire (both inclusive) to the Straits Settlements, Malay Peninsula, Siam, Hong Kong, China (including Manchukuo), Japan (including Taiwan), Hairen, and Chosen. The conferences applied the deferred-rebate system in some trades and the contract system in others. Shipper representation appears to have been informal and without distinctive character. The Government did not exercise any regulatory authority over rates, but was in a position to bring its influence to bear through its controlling interest in the principal shipping companies, the North German Lloyd and the Hamburg-American Line. Without direct bearing on rates, the Government affords assistance to shippers in the form of export subsidies.

RESTRICTED



RESTRICTED

PRE-WAR GERMANY - MERCHANT SHIPPING (C CONT'D)

4. There were no peculiarities in the German administrative system of safety regulation and inspection which require enumeration here. The only difference from commonly accepted practices lay in the high degree of centralization within the Ministry of Transport.
  
5. The training schools for merchant seaman and marine engineers were maintained by the various states rather than by the nation. However, the Reich deputies for the Seamen's Schools (Reichsbeauftragte für das seemannische Fachschulwesen) had the power to examine their curricula. Other boards in the Ministry of Transport examined candidates for officers in the merchant marine.

**Page Denied**

Next 7 Page(s) In Document Denied



RESTRICTED

BRAZIL - MERCHANT SHIPPINGA. POLICIES

1. Basic Brazilian policy with respect to merchant shipping is aimed at (a) the replacement of losses incurred during World War II; (b) a substantial increase in the total size of the pre-war fleet, and (c) improvements in the quality of vessels constituting the fleet. Brazil considers those objectives to be necessitated by the lack of highways and railroads connecting the isolated population concentrations along the coast, and by the demands of Brazilian foreign trade. To achieve the goals set for the merchant marine, Brazil is willing to (a) purchase large numbers of foreign vessels, involving substantial expenditures, (b) grant preferential treatment to her own vessels, even to the point of risking accusations of discrimination; and (c) subsidize the operations of its merchant vessels.

Through Lloyd-Brasileiro, the Brazilian Government owns and operates the major portion of the merchant fleet, particularly those vessels in overseas service. A large Amazon river shipping company (Booth), which was owned by British interests, was taken over by the Brazilian government in 1946.

The current program for the fleet's expansion calls for the expenditure of more than \$54,000,000. This involves primarily purchases from the US and Canada. It is expected that the program will provide Brazil with a better merchant marine than she had in pre-war years.

2. Policy in respect to the merchant marine does not appear to have been dominated by military considerations, although the Brazilian contracts for building ships in the US during World War II probably reflected military concern at shipping losses. While economic considerations are the basis for Brazilian merchant shipping policy, prestige and local aspirations, involving both international and domestic politics, have played a part in the determination of Brazilian objectives.
3. (a) There is no subsidy for ship building in Brazil. (The small Brazilian industry merely builds a few fishing vessels and coastal luggers.)
- (b) The government also aids its merchant marine by requiring that all government purchases made abroad be transported in Brazilian ships. In order to encourage foreign exporters to utilize Brazilian bottoms, various devices are employed including: (a) a 50% discount on consular fees is granted if the shipment is made in Brazilian ships; and (b) free passage in Brazilian ships is afforded to representatives of large foreign exporters. Until recently Brazilian ships were given priorities in the assignment of dock space in Brazilian ports where space is at a premium. This practice has now been discontinued as a result of foreign protests against such discrimination.

The foregoing support is granted primarily to government-owned ships. There are some small privately-owned coastwise shippers who do not receive any subsidies.

RESTRICTED

## RESTRICTED

BRAZIL - MERCHANT SHIPPING (A-4)

4. There is no large ship construction and hence Brazilian policy necessarily permits the purchase of foreign built ships. In fact, Brazil is actively acquiring as many foreign ships as possible for its expanding trade. Brazilian law requires that owners, captains and two-thirds of the crews of Brazilian vessels be Brazilian nationals. The two-thirds law is also applicable to shipyard and stevedore labor.

5. Brazilian merchant shipping companies are members of various international conferences.

The navigability of several rivers for deep-draft shipping has given rise to international agreements covering reciprocal treatment and free transit for vessels engaged in river navigation. Brazil has specific international agreements of this type with Brazil, Argentina, Chile, Uruguay, Paraguay, Peru and Columbia.

6. No coordination appears to exist between shipping and civil air policies in Brazil.

7. While no prohibition exists against the operation of airlines by steamship companies, there appear to be no cases of such activity.

B. ORGANIZATION

1. The Ministry of Transport and Public Works controls all shipping through the following departments:

- (a) Merchant Marine Commission.
- (b) Department of Ports, Rivers and Canals, and River Plate Basin Navigation Commission.

The Brazilian Navy (see B 2)

2. All phases of merchant shipping are under the jurisdiction of the Brazilian Merchant Marine Commission, which was organized in 1941. The Merchant Marine Commission determines schedules, fixes rates, distributes tonnage, determines port occupation time, correlates traffic with other transport services, determines freight rates and salaries of personnel, approves subsidies for Merchant Marine deficits, controls the charter and sale of national vessels, and approves the acquisition of imported materials for the Merchant Marine. The Commission also licenses unscheduled voyages to national or foreign ports.

The National Department of Ports, Rivers and Canals has jurisdiction over port construction, maintenance of equipment, operation of ports and outwise navigation facilities; it is divided into four sections:

- Hydrographic
- Works and planning
- Economic and commercial
- Administration

## RESTRICTED

BRAZIL - MERCHANT SHIPPING (B-2 CONT'D)

The Brazilian Navy, which had exclusive jurisdiction over shipping prior to 1941, still passes on the plans for ships built in foreign shipyards. Since Brazilian merchant ships form a naval reserve fleet, a direct naval interest exists. The Navy enforces safety regulations through the Capitania dos Portos.

3. There is practically no relation between the Merchant Marine Commission and the Air Ministry. War-time coordination between the various forms of transportation is rapidly disappearing.
4. By Decree Law 3119 March 17, 1941, the Merchant Marine Commission was subordinated to the Ministry of Transport and Public Works to improve coordination. The functions of the Merchant Marine Commission and the National Department of Ports, Rivers and Canals were clarified to avoid overlapping and conflict. A reorganization is under consideration by which the composition of the Merchant Marine Commission would be altered without changing its functions. The new Commission would be called the Merchant Marine Department, having one Director with an advisory board composed of representatives of the Ministry of Marine, the Ministry of Transport and Public Works, and representatives from the three principal shipping companies plus one representative for the remaining smaller companies. (Lloyds Register reports that the three largest Brazilian shipping companies are Lloyd-Brasileiro; Companhia Nacional de Comercio Navegacao Costeira; and Companhia Comercio e Navegacao.)
5. The shipping agencies are sincerely attempting efficient operation in the public interest, but are handicapped by political, military and financial considerations. The Brazilian Merchant Marine Commission is considered to be well organized and on the whole to have good personnel, although there have been intimations of graft and political interference. Operating efficiency does not compare with US standards. Some of the older Brazilian vessels are obsolescent, and cannot compete with more modern foreign ships. The vessels now under construction for Brazil, however, will be fully capable of meeting international competition.

C. ADMINISTRATION

1. The Brazilian Merchant Marine Commission passes on all plans to establish steamship companies. It decides whether a ship is serviceable and whether it may be operated in Brazilian waters. It has also tried, though unsuccessfully, to dictate to the steamship companies which ports are to be served.
2. Rates are controlled by a Conference of the various Brazilian lines. The Merchant Marine Commission, however, has a veto right on rates, and actually rejects rates when they are found to be discriminatory or excessive.

RESTRICTED

## RESTRICTED

BRAZIL - MERCHANT SHIPPING (C-3)

3. Broadly speaking, the predominant position of the Government in Brazilian shipping has had the effect of reducing competition domestically. Competition between Brazilian and foreign lines has been restricted by the constitutional exclusion of foreign vessels from coastwise trade. (This can be, and has been, temporarily lifted when in the country's interests.) Brazilian ships are favored, in their competition with foreign ships, by measures cited in A-3 (b), and by subsidization.

International agreements are described in A-5.

4. Safety standards follow the 1929 International Convention for Safety of Life at Sea. The Department of the Navy, which has jurisdiction, enforces safety regulations through the Capitania dos Portos. Inspection of a vessel is made once yearly afloat and every second year in drydock. During those inspections hulls, decks, engines, crew quarters, etc. receive a rigid examination, upon the satisfactory completion of which an inspection certificate is issued. Classification Society certificates are acceptable in lieu of government inspection. Standards follow the Lloyds Register and the American Bureau of Shipping requirements. Legal provisions governing safety are generally patterned after US laws.

In the event of an accident a report must be made to the nearest port captaincy who institutes a survey. Accidents in foreign waters are reported to the nearest Brazilian consul or Classification Society.

5. The Federal Government subsidizes institutions for training sailors. The Merchant Marine Training Program has been assigned a ship and a small number of Naval officers and crewmen. The Navy conducts final examinations. Candidates are rated as cadets, after theoretical instruction, and assigned to ships for deck and engine room training. License requirements for deck and engine personnel are believed to be about the same as those prevailing in the US.
6. Article 33 of the Merchant Marine Commission Regulations Decree Law 7838, September 11, 1941, requires shipping companies: (a) to forward by the fifteenth of each month data concerning traffic during the previous month; (b) to supply quarterly, by vessel, details on maintenance; (c) to submit annual balance sheets, profit and loss statements; and (d) to permit any examination or investigation the Merchant Marine Commission deems justifiable.





ARGENTINA - MERCHANT SHIPPINGA. POLICIES

1. The basic Argentine policy with respect to merchant shipping is characterized by a determination to lessen the country's dependence on foreign shipping, and to obtain preferential treatment for Argentine vessels by means of international commercial agreements. The implementation of this policy has necessitated a program of expansion for the merchant fleet. This was facilitated in its initial stages by the acquisition of war-immobilized vessels caught in Argentine harbors. The expansion of the merchant fleet represents one phase of a more basic Argentine policy of encouraging the country's industrialization and diminishing the economic dependence of the country on the rest of the world.

Argentine tactics in the negotiations of trade agreements with western countries have revealed the Argentine intention of exploiting the current world shortage of foodstuffs to further the interests of Argentine marine shipping.

Argentine merchant shipping policy is determined solely by the state.

2. It is reasonable to conclude that military and political considerations play a substantial part in the determination of Argentine policy with respect to merchant shipping. The control of merchant shipping by the Ministry of the Navy and the Government's determination to diminish the country's dependence on foreign interests are circumstances which strongly suggest this conclusion.
3. No subsidies are known to exist with respect to the operation of privately owned vessels. On the other hand, the Government makes generous loans in order to encourage the acquisition of additional bottoms by private owners and is actively pressing its own program of purchasing ships. While the operation of Government-owned vessels does not receive a subsidy, strictly speaking, it does enjoy certain advantages inherent in Government ownership and the consequent direct Government interest in the welfare of this activity.
4. (a) There is no new shipping construction under way in Argentina. The Government, however, has included in the Five-Year Plan an item of \$57,000,000 for development in the ports of Buenos Aires and Rosaria, as well as \$50,000,000 for port development in southern Argentina.  
  
(b) Argentina allows performance the use of foreign-built ships in transporting Argentine commerce. It is the policy, however, to reduce the amount of commerce so carried. In some cases a temporary increase in the Argentine merchant fleet is effected by the charter of foreign ships and their operation under the Argentine flag. Dock space is assigned impartially to Argentine and foreign-owned vessels.

ARGENTINA - MERCHANT SHIPPING (A-5)

5. (a) During 1947 Argentina announced the conclusion of several international trade agreements which contained preferential shipping clauses for the protection of Argentine merchant shipping interests.
- (b) Argentine shipping companies are members of the Inter-American Maritime Conference established at Washington in 1940.
6. The National Economic Conference attempts to coordinate and integrate all transportation policy. Domestically, there is no evidence that merchant shipping and air policy are integrated. On the other hand, Argentine international policy exhibits in both fields the tendency to protect Argentine interests through arbitrary terms in commercial agreements.
7. The only shipping company which has introduced itself into the air transport field is the Dodero. This company holds the controlling interest in the Alfa Airline, resulting in a practical monopoly over river passenger transportation. To a limited extent Dodero has established ticket interchange facilities between its shipping and air interests.

B. ORGANIZATION

1. The General Administration of the National Merchant Marine is subordinate to the Ministry of the Navy. Under the General Administration are (a) The Advisory Commission for the Coordination of Maritime Traffic and (b) the General Maritime Prefecture.

2. General Administration of the National Merchant Marine

Advisory Commission for the Coordination of Maritime Traffic - created to foment, orient, regulate and protect the activities of Argentine Merchant Shipping;

The General Maritime Prefecture - controls ports, ship inspection, pilotage, crews and ship registration.

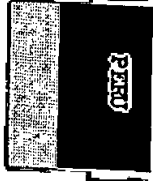
3. The coordination of all forms of transportation policy is effected theoretically by the National Economic Council. The NEC is supposed to integrate the policies of (a) Secretariat of Aeronautics, covering Civil Air, (b) the Ministry of Navy, which is responsible for the merchant marine and (c) the Ministry of Public Works, which is responsible for other forms of transportation. The problems of overlapping of functions between various agencies, and the resultant conflicts, were clearly revealed recently when an "interventor" was appointed for the port of Buenos Aires. After his appointment the "interventor" stated that "too many agencies are concerned with shipping matters."

ARGENTINA - MERCHANT SHIPPING (B-4)

4. The former Advisory Commission for the Coordination of Maritime Traffic proved to be inadequate for the implementation of resolutions adopted at the Inter-American conference held at Mexico City. As a result the present General Administration of the Merchant Marine was established. Further reorganizations are not contemplated.
5. Archaic and outmoded Argentine procedure pertaining to the merchant marine, as well as its inefficient application, have been denounced by none other than the "Interventor" of ports. His frank admission reflects common knowledge among the Argentine public of these deficiencies.

C. ADMINISTRATION

1. The establishment of new shipping services is dependent on approval by the General Administration of the National Merchant Marine, though a request to this end may be initiated at any time by a shipping company.
2. Rates applying to inter-American traffic are based on the provisions of the 1940 Washington Conference. Other freight rates are proposed by the individual companies and are subject to approval by the General Administration of the National Merchant Marine. The state-owned merchant marine, as well as other Argentine shipping companies, are members of the River Plate and Brazil conferences of Freight Tariffs in effect between Argentina and the US. Generally speaking, rates approved by the General Administration of the National Merchant Marine are applied uniformly to all Argentine companies.
3. The competition of foreign shipping lines is somewhat restricted by the preferential treatment for Argentine bottoms which has been inserted in certain trade agreements (See A-1). Argentine participation in shipping pools does not appear to exist. In fact, Argentine law specifically prohibits monopolistic contracts, agreements or combinations in both fluvial and maritime shipping.
4. The General Maritime Prefecture has issued voluminous regulations pertaining to safety, which govern the inspection of equipment and personnel, and the investigation of accidents. These regulations are enforced by the Maritime Police.
5. Argentine regulations require that bridge officers and engineers be graduates of the State Nautical School. Their diplomas must be certified by the General Maritime Administration.
6. Specified shipping agencies are required to submit annual reports covering financial operations to the Ministry of the Navy. Financial and operating statements must also be published annually by all private shipping companies.



## RESTRICTED

PERU - MERCHANT SHIPPINGA. POLICIES

1. The economy of Peru depends heavily on coastal and overseas shipping, which is almost entirely provided by foreign-flag vessels. The laissez-faire policy of the Government merely attempts to provide shipping at points not otherwise served by foreign ships. Merchant shipping and inland water policies are determined and administered by the Ministry of Navy, and are subject to no substantial coordination with policy regarding other forms of transportation.
2. Shipping policy is largely determined by economic rather than political and military considerations.
3. Although direct government subsidies to Peruvian shipping do not exist, state aid is granted in other forms. The exclusion of foreign shipping from coastwise operations (cabotage), for example, is of great advantage to the State-owned Peru Steamship Corporation. The state also aids shipping through the Navy, which provides facilities and lighterage when needed to overcome unloading difficulties caused by the "pacific swell". Preferential treatment is given Peruvian ships by coordinating trucking services with Peruvian ship movements at the new port of "Iquitos".
4. There is no construction of large ships in Peru. The ships acquired since the war are predominantly U.S. vessels. Labor engaged in local small craft construction and ship repairs, as well as crews of Peruvian flag vessels are subject to the provision that at least eighty percent of any personnel unit must be Peruvian nationals.
6. There is no particular coordination between policies governing Civil Aviation and merchant shipping.
7. While shipping interests may own and operate air carriers, no instance of this appears to exist.

B. ORGANIZATION

1. The Ministry of the Navy is responsible for all merchant shipping and inland waterway policy.
2. The Ministry of the Navy regulates and polices shipping through captains of the ports. A high naval officer directs the state-owned steamship company.
5. The Ministry of the Navy is generally considered to be discharging its responsibilities efficiently in the public interest.

RESTRICTED

RESTRICTED

PERU - MERCHANT SHIPPING (C-2)

C. ADMINISTRATION

2. Approval of shipping rates by the Ministry of Finance is required. The schedules proposed by the carriers are usually based on what the traffic will bear.
3. Peru is indifferent toward international shipping pools and is not a party to any international agreements concerning the pooling of traffic, equipment or facilities. International arrangements concerning rates in which Peru has an interest are the West Coast South American Conference for Atlantic and Gulf tariffs, and the U.S. Pacific Coast Tariff Conference.
4. The investigation of marine disasters and shipping accidents is handled by the Navy. Enforcement of port regulations is the responsibility of the respective port captains.
5. The training of civilian shipping personnel and technicians is supervised by the Peruvian Navy, and is carried out under standards meeting Naval requirements for the various service ratings.
6. The usual forms in connection with the registration of vessels are required in Peru, and customary commercial documents pertaining to ships' cargoes are used, but no periodic or special reports need be submitted to the Government by ship operators.

RESTRICTED



## CHINA - MERCHANT SHIPPING

A. POLICIES

1. It appears that China's policy with regard to post-war merchant shipping will call for: (a) replacement of tonnage lost during the wars; (b) protection of the coastal fleet by exclusion of foreign shipping from coastal operations; and (c) development of a small fleet for world-wide operations. In implementation of this policy, China will continue its traditional subsidies to shipping. Policy will be largely determined by the state. Vested interests, however, strongly influence government shipping policy. Quasi government-owned companies have in fact come under the control of important individuals. (The China Merchants Steam Navigation Company is one such powerful semi-autonomous body.)
2. Political considerations strongly influence Chinese shipping policy. They explain China's determination: (a) to obtain a token share in trans-oceanic shipping; (b) to replace Japan and the UK in Near Seas trade; and (c) to reserve coastal traffic exclusively to Chinese vessels. Military considerations will perforce affect Chinese shipping policy as long as the Civil War continues. Control of northern ports enables the National Government to move war materiel and military personnel by sea into organized base areas.
3. Subsidies are currently granted to shipping, including certain privately-owned companies which carry government cargo or personnel, chiefly military. The government thus supports the development of shipping facilities to the extent of its limited resources.
4. While the Chinese Government desires to develop greater ship-building facilities, little has been accomplished to date. There is no objection to the use of foreign built ships, as evidenced by the considerable number of vessels purchased abroad by the government and by subsidized private interests. The chief obstacle to this program is the government's meager foreign exchange position. Foreign labor is not generally wanted: it is sought only when Chinese technicians are not available.
5. China has concluded no international shipping agreements other than those inherent in or incidental to the provisions of existing commercial treaties.
6. Chinese civil air and merchant shipping policies are both administered by the Minister of Communications and are thus subject to his coordination. It is Chinese policy to exclude foreign ships and airplanes from the benefits of cabotage, local service being reserved to predominantly nationally-owned and operated facilities. China limits foreign shipping lines to strictly international traffic by restricting the ports of call, as well as the kind of passengers and freight. These restrictive policies reflect the determination of the Chinese to support their own transportation interests in every possible way.



CHINA - MERCHANT SHIPPING (A-7)

7. Currently, there is no joint ownership of shipping and air interests.

B. ORGANIZATION

1. All forms of transportation, including civil aviation, are the responsibility of the Ministry of Communications.
2. The Ministry of Communications has delegated merchant shipping responsibilities to its Department of Navigation and Civil Aviation. According to Article IX of the organic law, the Department of Navigation and Civil Aviation is charged with the following matters pertaining to merchant shipping:
  - (a) planning, constructing and equipping all navigation facilities;
  - (b) control and operation of all navigation facilities;
  - (c) all other matters relating to navigation;
  - (d) supervision of shipping facilities, both publicly and privately owned;
  - (e) settlement of all maritime affairs;
  - (f) matters concerning all ship and operating personnel;
  - (g) construction and operation of harbor installations; and

Within the above framework, the department supervises such important companies and administrations as the China Merchants Steam Navigation Company, Ltd., the Commission on Shanghai Harbor Administration and Adjustments, the Directorate General of Ports, etc.

3. There is no direct relationship between the Departments of the Ministry of Communications, except through whatever over-all coordination may evolve from consultative action among the responsible officials for the four forms of transport, the Minister and the two vice-Ministers. The highest level of coordination for policy and planning is the Executive Yuan - roughly comparable to the US Cabinet. In most matters affecting the national interest, the Ministry of Communications is required to obtain the approval of the Executive Yuan. The Minister of Communications discusses with other Ministries any problems affecting their interests, but the government usually supports the Minister of Communications in problems primarily within his jurisdiction.
4. In 1930, the government took responsibility for shipping away from the Maritime Customs and placed it under the Ministry of Communications. At the same time, more direct government control of China's shipping was established than had been previously

## CHINA - MERCHANT SHIPPING (B-4 Con't)

exercised. While no major reorganizations of China's merchant shipping agencies appear imminent, it was reported recently that control of pilotage affairs has been transferred from the Maritime Customs to the Department of Navigation and Civil Aviation.

5. The Ministry of Communications is headed by US and German-trained General Yui Ta-wei, who is unquestionably interested in improving the efficiency of China's merchant shipping establishment. His efforts are compromised, however, by a serious lack of vessels, inadequate facilities for their efficient operation and the selfish attitudes of various pressure groups. For example, vested interests such as the China Merchants Steam Navigation Company, Ltd., have been able to prevent foreign carriers from engaging in traffic from overseas ports to Yangtze river ports. In spite of China's nationalistic attitude toward foreign interests, the Chinese Government, wishing to bolster the merchant marine, recently announced that steamship lines owned jointly by Chinese and foreigners will be permitted to operate in local territorial waters, provided, however, that Chinese nationals hold a two-thirds interest in the capitalization and directorship. The Ten Year Plan, moreover, originally sponsored by Sun-Yat-sen and still favored by Chiang Kai-shek, calls for: (a) an increase in port capacity of 100 million tons of cargo annually; (b) a merchant fleet of 3 million tons; and (c) 18,000 kms of rivers navigable to power vessels. Unless a radical change in China's capabilities occurs, however, the above objectives are likely to remain indefinitely no more than an expression of the country's aspirations.

C. ADMINISTRATION

1. Plans for new routes and facilities originate in Sections and Departments of the Ministry. They are discussed at various levels, and if approved by the Ministry are submitted to the Executive Yuan which, after weighing the pressures exerted by political and other groups, makes the final decisions.
2. Since Chinese merchant shipping does not engage in overseas operations to any appreciable degree, Chinese shipping does not participate in international rate conferences, and the establishment of ocean rates for Chinese vessels is entirely academic. Rates for coastal and river shipping, on the other hand, are subject to government approval. The companies are permitted to negotiate conference rates, submitting them to the Ministry of Communications. After consideration, the Ministry forwards rate proposals to the Executive Yuan for final approval. In practice, the Executive Yuan appears to believe that low freight rates act as a deterrent to the inflationary price trend, and rate increases have therefore lagged behind costs. The result of this policy is to burden the national budget with subsidies, while protecting the economy from increased costs.
3. It can hardly be said that competition is fostered in China. Shipping and other transportation facilities are so scant that competition between shipping companies or between the media of transportation is largely an academic issue. The combination of

RESTRICTED

## CHINA - MERCHANT SHIPPING (C-3 Con't)

economic conditions and government control measures has in fact effectively restricted competition. The US and UK, moreover, have protested the monopolist practices of the government-backed China Merchants Steam Navigation Company, Ltd., in extracting exorbitant lighterage costs for unloading foreign carriers at the Taku Bar. These methods, and other abuses, are designed to discourage foreign flag vessels, and thus tend to restrict competition. China does not participate in international pools or other shipping agreements.

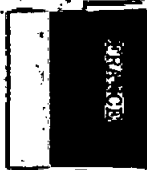
4. Detailed regulations are in effect governing inspection of equipment, choice of personnel, and investigation of marine accidents. While the Ministry of Communications initiates such regulations, all major regulations are passed upon by the Executive Yuan. Statutory regulations governing navigation (the Code of Maritime Law) are voted by the Legislative Yuan and the State Council.
5. All engineers and pilots must be licensed by the government, based on written and competency tests. The requirements are high in comparison with airline pilot requirements.
6. Detailed reports on tonnage, tariffs, revenues, personnel, inspections and accidents are supplied to the Department of Navigation and Civil Aviation of the Ministry of Communications.

RESTRICTED

INLAND  
WATERWAYS  
RACO

**Page Denied**

Next 3 Page(s) In Document Denied



RESTRICTED

TRANSPORTATION - FRANCE

## THE SUPREME TRANSPORTATION ADVISORY BOARD

NOTE: The following information was not available during the preparation of this study.

1. The most important development in French transportation since the war is the establishment by the National Assembly in August 1947 of a Supreme Transportation Advisory Board. The Board will advise the Minister of Public Works and Transport on all transportation matters submitted to it, but may also formulate recommendations on its own initiative. The Advisory Board's immediate mission is to present, within one year, plans for the coordination of rail, highway, inland waterway, air and ocean transportation. It will include in its plans coordination of domestic transport with colonial and international transportation. The Board will study all social, technical, financial and economic matters relative to the organization and functioning of the various modes of transportation; it will also study matters concerning stock and equipment, technical and commercial development and the social, economic and administrative problems arising therefrom.

2. The Supreme Transportation Advisory Board is established under the Minister of Public Works and Transport and consists of 69 members, including representatives from various government agencies, members of Parliament, specialists from the large transport organizations, employee representatives from the operating companies and public organizations such as tourist travel agencies. Seven permanent commissions are established under the Board, charged with examining questions of transport coordination. These are as follows:

Rail	-	highway
Rail	-	inland waterway
Rail	-	air
Rail	-	sea
Highway	-	air
Highway	-	inland waterway
Sea	-	air

3. The Supreme Transportation Advisory Board is financed through a special fund provided by the Minister of Public Works and Transport. The sum expended shall be reimbursed to the state by the various transportation operators under conditions to be set forth by decree of the Minister of Public Works and Transport and the Minister of Finance.

RESTRICTED

RESTRICTED

FRANCE - INLAND WATERWAY TRANSPORTATIONA. POLICIES

1. The immediate concern of the French Government with respect to inland water transport is to restore war-damaged waterways and equipment as rapidly as possible in order to re-establish this important channel of domestic and international trade. The government is therefore rebuilding and improving existing waterways by deepening canals to permit passage of barges of greater capacity; improving facilities on the Seine and Saone rivers; and extending canal-works in the north.

The long-range policy of France is to encourage domestic inland water carriers and promote international use of inland water facilities. A French fleet on the Rhine, for example, has been of prime importance to the French economy with respect to the transport of coal, cereals, petroleum products and other bulk materials.

Political considerations have dominated French policy toward international questions affecting inland waterways. For example, France participated as a non-riparian state in pre-war negotiations concerning Danube traffic. In view of Communist strength at home, however, the French Government is now unwilling to antagonize the USSR and the French Communists by voicing its desire for a resumption of the former status of the Danube.

With respect to the Rhine, the French attitude reflects fear of a revived Germany. France is determined to maintain its leadership in the Central Rhine Commission, not so much because Rhine traffic is important to the French economy, but because France is afraid that relaxed vigilance might later invite a bid on the part of Germany to vitiate international control and substitute German domination of this important artery.

2. Policies for inland waterways are determined by the Ministry of Public Works and Transport through the Department of Navigable Waterways (DIRECTION des VOIES NAVIGABLES). This department is administered independently from those dealing with other forms of transport. The Ministry, however, coordinates policy for all transport.
3. Strategic and military considerations have not greatly influenced state policy in respect to the inland waterway system and the operation of its facilities (i.e., docks, equipment, vehicles, etc.). The relative importance of inland waterways to other forms of inland transportation is indicated by a pre-war estimate that of all French freight tonnage, about 10 per cent was carried by water, 10 per cent by road and about 80 per cent by rail.

RESTRICTED



## RESTRICTED

FRANCE - INLAND WATERWAY TRANSPORTATION (A-4)

4. Inland waterways receive considerable aid from the state through improvements in facilities and the assignment of new equipment to operators who may reimburse the government when financially able to do so. The Ministry has entered into a six-year, state-financed cooperative plan with the waterway operators, designed to restore and renew the river fleet, much of which is notably obsolete. State aid is also inherent in the policy of permitting the water carriers to charge special rates for transport of equipment and materials of strategic value to the state economy.
5. Government policy toward inland waterways is principally influenced by economic considerations; the importance of moving certain goods, such as coal; and the financial interest of the state in the waterways, which according to the latest available estimates (1944) approximated \$600,000,000.

B. ORGANIZATION

1. All questions dealing with waterways in France are under the jurisdiction of the Ministry of Public Works and Transport through the Department of Navigable Waterways, and through the Department of Maritime Ports which is responsible for certain construction and maintenance problems in port areas. In addition to the two Departments, there is an autonomous establishment known as the Office National de la Navigation, which has considerable authority concerning inland navigation.
2. The Department of Navigable Waterways is concerned with new construction, maintenance and technical problems. The Office National de la Navigation has jurisdiction over the equipment of river ports and traction facilities on the banks. The Office is also charged with commercial exploitation of the waterways and the problems of labor relations between bargemen and owners.
3. All transport agencies are subject to coordination by the Ministry of Public Works and Transport. The agencies dealing with inland waterways and the agencies concerned with merchant shipping, such as the Department of Maritime Ports, have certain common problems, otherwise their functions do not overlap. No inter-agency conflict is apparent.
4. Inland water transport agencies were originally established by the law of 5 August 1879, dividing the waterways into principal and secondary systems. The transport crisis of the twenties and the nationalization of the rail system had little effect upon the administration of French inland waterways.

RESTRICTED

FRANCE - INLAND WATERWAY TRANSPORTATION (B-5)

5. The French inland waterways system was badly disorganized by war damage and is just now in the process of rehabilitation. Steps now being taken by the government in this connection appear to meet with public approval.

C. ADMINISTRATION

1. The Ministry of Public Works and Transport authorizes the opening of new waterway routes. There must be evidence of: public need; strategic necessity (in this respect, the views of defense establishments are authoritative); or advantage to the overall transport coordination program of the Ministry.
2. In 1936, a law was passed providing that freight rates be fixed under joint action by a delegate of the Office National de la Navigation and delegates of the carriers, shippers and consignees. Freight rates since the war have been established by decrees of the Ministry of Public Works and Transport and the Ministry of the National economy. Such rates are subject to strict control by the state and are subject to considerable opposition from the carriers, who desire more flexibility than is now permitted.
3. Inland water transport is favored by the state over highway transport, but not to the extent of providing competition to the state-owned railways. French policy is to control transport competition from the standpoint of state interests, regardless of the position of the private operators. Any operation, however, that is aimed at coordination of existing services is given every aid not contrary to the requirements stated above.
5. Government subsidized training schools are available for training in engineering and navigation.
6. France has for many years participated in international waterways agreements concerning traffic, rates, facilities and related matters. At the present time, the state is engaged in negotiations of a general nature with a view to restoring normal operations on the European international waterways as quickly as possible. As a riparian state, France for over 100 years has maintained an active interest in European river traffic conventions and the international conventions dealing with canal systems. (See A-1 for discussion of French policy regarding the Rhine and Danube.)

RESTRICTED



RESTRICTED

NETHERLANDS - INLAND WATERWAYSA. POLICIES (See C-6 for Dutch attitude on Rhine Commission)

1. The most urgent objective of Netherlands inland waterway policy is the reestablishment of the country's traditional position as gateway to the industrially important Rhineland. Possessing excellent harbors and lying across all channels of the lower Rhine, the Netherlands controlled, prior to the war, a substantial share of all traffic on the Rhine in both directions. This included loading and discharging of ships at deep water, as well as warehousing of transit goods, and a certain amount of processing. With the collapse of Germany and the control by occupational forces of international shipments, this activity was drastically curtailed. The effect on the Dutch economy was serious. The complete reestablishment of the Netherlands position will require a resumption of normal trade movements throughout Western Germany, as well as the concurrence of the occupational authorities, who are still using the ports of Hamburg and Bremen for large quantities of goods destined for Western Germany.

Because of the indispensability of the Netherlands inland waterway system as a carrier of freight, and the vast investments of the state in its physical improvement, the government has traditionally favored inland water transport over other media. Since the rise of the railroads, however, and the advent of modern highway transport, state policy has tended toward a balance between the various media. Policies regarding operation of the waterways are determined entirely by the state as a part of the over-all control, despite the fact that the water carriers (i.e., barges and motor-driven vessels) are largely privately owned.

2. Policies concerning water transport are normally determined by the Bureau of Waterways, under the authority of the Ministry of Transport. At the present time, however, a Director General of Transport (superimposed upon the transportation administration agencies of the country during the war) coordinates reconstruction measures and policies.
3. Inland waterway transport policies, while originally based to a considerable degree upon strategic and military considerations, today primarily reflect the economic needs of the country. (The waterway system of the Netherlands was developed originally not for transport alone, but as a safeguard against flooding; more recent construction also has been designed for drainage purposes.)
4. Inland waterway transport is not subsidized beyond the indirect aid given by the state in maintenance and administrative services incidental to operation of the waterways. All inland waterways are entirely state owned.
5. State policy concerning inland waterways has been greatly influenced by vested interests, economic and geographic conditions. Political conditions have had relatively little influence upon inland waterway policy, except where such waterways traverse national boundaries.

RESTRICTED

NETHERLANDS - INLAND WATERWAYS (B-1)

B. ORGANIZATION

1. The Bureau of Waterways in the Ministry of Transport has complete responsibility for operation of Netherlands waterways. Other Ministries must coordinate their plans and policies, as they affect waterways, in accordance with the over-all policy of the Ministry of Transport. A Rate Commission establishes rates for inland water carriers as well as for all other forms of transportation.
2. The Bureau of Waterways is composed of several offices, each dealing with specific problems of waterway transport. Functions relating to railway barges and those relating to ordinary types of carriers, are handled by separate subdivisions in the Bureau. Waterway management is decentralized, and the provincial authorities have considerable responsibility regarding maintenance of ways and other works, subject to the over-all control of the Ministry.
3. There is no direct relation between the Bureau of Waterways and the other transport agencies within the Ministry. The activities of the Bureau, however, are subject to coordination with other transport policies of the Ministry. There is no administrative relationship between inland waterways, ocean shipping and civil aviation, other than that occasioned by the interests of inland and coastal carriers with respect to usage of certain common transport facilities.
4. For a number of years there has been relatively little change in the organization of the agencies directly responsible for waterways, although there have been changes shifting waterway administration from one Ministry to another, as from the Ministry of Public Works to the present Ministry of Transport. Such changes have been nominal rather than functional. The organization of new agencies does not appear to be under consideration. The agencies dealing with waterways in the Netherlands are believed to be operating as efficiently as possible under the present limitations imposed by war damage. The public, however, is critical of the waterway agencies, due to administrative delays and government regulations which affect operations.

C. ADMINISTRATION

1. Plans for establishment of new waterways or improvement and extension of existing waterways must be approved by the Ministry of Transport. In view of the state's financial responsibility, approvals are subject to budgetary limitations.
2. Shipping rates must be submitted to a Rate Commission which is responsible for the adjustment of rates for all forms of transport. Waterway rates are notably lower than those for other forms of transport. This is a policy developed by the state in order to insure that bulky low-value commodities will be handled by the slower moving water carriers rather than by the limited facilities of the rail systems and highway carriers. It should be noted that present legislation regard-

RESTRICTED

NETHERLANDS - INLAND WATERWAYS (C-2 CONT'D)

ing water carrier rates is comparatively new, dating from 1933. Prior to this, waterway traffic rates were unregulated, and carriers operated in a completely free system of competition.

3. State policy does not permit any competition between media of transport which would eventually weaken the over-all position of any one of them. Rail transport has been a potential threat to the water carriers for a hundred years. The inland water carriers, at first, fought the development of rails vigorously, but in the latter part of the 19th century, it became evident that railroads and waterways, despite their inherent competitive positions, supplemented each other to the ultimate benefit of the state economy. In two years immediately following World War I, road transport became increasingly important and state policy was of necessity adjusted to this new situation.
4. Safety regulations with respect to water operations are the responsibility of the Department of Economic Affairs. Such regulations, while definitely prescribed by laws covering safety of equipment and operations, have not been strictly enforced.
5. The state encourages the training of technicians in the field of transport and the schools, state supported as well as private, cover training in all branches of seafaring. In recent years there has been a continuing interest in the study of inland navigation. In 1937, almost 1400 students were undergoing training in navigation. In order to qualify for high technical positions in the inland waterway transport system, it is necessary to meet certain qualifications required by the state. Qualifications are determined by the Ministry of Transport with the advice of various private technical organizations and the Ministry of Education. Technicians in non-operating aspects of waterway transport, such as construction and equipment, also receive technical training at Delft and other institutions.
6. International agreements concerning waterways are important to the Netherlands waterway system, since so much of the traffic moving over the system is international in character. While vessels of Dutch nationals account for the bulk of the traffic in normal times, German, French and Belgian carriers also participate to a considerable degree in traffic over the Netherlands waterways. Waterway policies concerning traffic, equipment, rates and related problems have been the subject of numerous treaties and conferences between the Netherlands and neighboring states. Some of these treaties date back over 100 years, and their administration has become part of the international policies of the state.

The most important current problems affecting Netherlands inland waterways through the activities of international organizations are those connected with the Central Rhine Commission

RESTRICTED

RESTRICTED

NETHERLANDS - INLAND WATERWAYS (C-6 CONT'D)

(see A-1 for discussion of the Rhine port problem). While the Dutch are reasonably satisfied with the Rhine Commission as presently constituted, there are indications of apprehension in the Netherlands concerning the possibility that the Soviet Union might later obtain participation in control of Rhine traffic. There is a feeling in the Netherlands that if a future Danube Commission is placed under the Economic Commission for Europe (ECE), in which the Soviet Union participates, a precedent would be created which might give the USSR membership in a future Rhine Commission. The Netherlands is also alert to forestall any attempt of the Central Rhine Commission to expand its authority and to obtain jurisdiction over such questions as bridge construction on the Netherlands waterways.

RESTRICTED

J-SR



RESTRICTED

USSR - INLAND WATERWAY TRANSPORTATIONA. POLICIES

1. The Soviet State exclusively dominates the evolution of all economic policy including that governing inland waterways. As revealed by the Fourth Five-Year Plan, the basic Soviet policy with respect to navigable inland waterways calls for an extension of the system (from about 65,000 miles in 1940 to about 70,000 miles in 1950). While the Plan foresees an increase of 38 percent over pre-war traffic by 1950, it is evident that the major emphasis will be on restoration of war-damaged facilities; and that no substantial change in the relative importance of inland waterway transportation (accounting in 1940 for less than 10 percent of total Soviet traffic) will occur during the current Five-Year Plan. In view of the fact that extensive additions to the present network would be both practical and advantageous, long-range policy aspires to an ambitious program of inland waterway development. The main features of this program, which will be instituted under the Five-Year Plan, are as follows:
  - a) Reconstruction and improvement of the existing water system connecting the upper Volga and the Baltic Sea.
  - b) Joining of the Volga and the Don rivers by means of a canal below Stalingrad designed to permit Volga traffic to proceed directly to Rostov.
  - c) Construction of four canals which will afford Dnepr river traffic, including large size vessels, access to the Black Sea and the Baltic.
2. As in the instance of the other media of transport, policies for inland water transport are determined and administered by the responsible Ministry with some latitude for independent action, subject to the over-all control of the State Planning Commission (GOSPLAN). At the Cabinet level, there is coordination of operations of the Ministry of the River Fleet and those of the Ministry of the Merchant Marine which, under the Soviet administrative organization, is responsible for operations on the Caspian despite the fact that the Caspian is landlocked. There may be some minor coordination of air transport and inland water transport in remote areas.
3. While economic factors are dominant in Soviet inland waterway policy, strategic and military considerations are carefully weighed in both current and long-range planning. It is significant, for example, that a Soviet artificial waterway makes it possible to transfer light naval craft between the Baltic and the White Sea. Waterways also provide the only organized transportation in large areas of northern Siberia, and the rivers west of the Urals, navigable on a north-south axis, demonstrated in World War II their

RESTRICTED

USSR - INLAND WATERWAY TRANSPORTATION (A-3 CONT'D)

logistic value as lateral arteries. Soviet policy with respect to the Danube suggests that the USSR, now a riparian state, intends to capitalize on its control of the lower Danube through which it has acquired a weapon of great strategic significance in Southeastern Europe.

4. On subsidization, the remarks contained in the Merchant Shipping and Highway Transportation studies (A-4) are applicable to Inland Waterway Transportation.
5. State policy on inland water transport is influenced principally by economic and geographic conditions. The need for a cheap form of transportation to augment and supplement rail capacity has been the principal economic factor. The extensive network of rivers available for exploitation and difficulties of terrain and climate have provided opportunities as well as problems of a geographic nature. Political and historical conditions and vested interests have played only minor roles in the determination of inland water transportation policy.

B. ORGANIZATION

1. The state agencies concerned with inland water transport are: (a) the Ministry of the River Fleet, (b) the Ministry of the Merchant Marine, and (c) the Ministry of Internal Affairs. Over-all planning of inland waterways and transportation is the responsibility of the State Planning Commission (GOSPLAN).
2. It is the function of the Ministry of the River Fleet to propose policy at the Cabinet level; to supervise the operation of river transport facilities and to control all administrative and technical matters relating to inland water transport (except those under the jurisdiction of the Ministry of the Merchant Marine). The Ministry of the Merchant Marine is similarly responsible for that portion of the Soviet fleet operating on the Caspian Sea. The Ministry of Internal Affairs is responsible for actual construction work on the canal systems of the state, which form valuable links between the inland waterways. The Ministry has no administrative authority over operation on the canals, however, that being the province of the Ministry of the River Fleet. The operations and plans of these Ministries are, like all other economic matters, subject to the over-all control of the State Planning Commission. The Ministries are organized into divisions, which have well-defined responsibilities such as finance, inspection, administration, technical aspects, etc.
3. The Ministries mentioned in 2-1 above are not directly related to each other, but their activities are controlled and directed at the Cabinet level by the State Planning Commission. The breakdown of the Ministry of the River Fleet into a great number of subdivisions has probably resulted in the almost inevitable creation of administrative conflicts typical of this type of organization.

RESTRICTED

USSR - INLAND WATERWAY TRANSPORTATION (B-4)

4. To administer various Communist government functions. Commissariats were established in the USSR in 1918. The Commissariat of Communications, for example, was responsible for inland waterways until 1930 when a Commissariat of Water Transport was established. In 1939 this Commissariat was abolished and two Commissariats were formed to administer Maritime and River Transport respectively. In March 1946 the various Commissariats were replaced by Ministries, with no apparent change in function.
5. Dissatisfaction in higher government circles with the accomplishments of lower administrative levels has been reflected in the Soviet press by unusually severe criticism of negligence, bureaucracy, and delays which have impeded the restoration of badly damaged facilities and disrupted services to their pre-war levels of efficiency. Evidence of inefficiency is so unmistakable that the publicized announcement of the early attainment of 1947 freight transport objectives by the Ministry of the River Fleet is thought to have been rigged through a prior downward revision of the original goals.

C. ADMINISTRATIVE

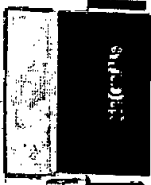
1. The state establishes new inland water lines in accordance with the basic plans as determined by the State Planning Commission and the Ministry of the River Fleet. Projects for inland waterway development must compete for approval with all other items of the Soviet budget. The allocation of the USSR's strained resources is rigidly established in accordance with the Communist Party's conception of Soviet interests.
2. Rates for inland water transport are established by the carriers at levels calculated to produce reasonable operating profits. The transporting agency may be overruled, however, by the State Planning Commission in the over-all interests of the state, and aggrieved shippers can carry complaints to higher administrative echelons for resolution.
3. In the sense of competing for business, there is now little occasion for competition in the USSR, because over-all transportation capacity is inadequate and shippers are more likely to compete for space. Competition between modes of transport in the sense of interference by one form of transportation in the logical province of another is effectively discouraged by the Soviet Government. The pervasive control of all transportation in the USSR enables the government, in theory at least, to direct the operations of any transportation activity into channels considered to present the greatest national advantage. A discussion of "socialist competition" which is organized for the purpose of directing unit rivalry toward improved accomplishments is contained in the Merchant Shipping study (see C-3).

RESTRICTED

RESTRICTED

4. The inland water transportation system is covered by specific rules dealing with safety and inspection. Equipment and facilities are supposed to be periodically inspected; derelictions call for severe punishment. The Ministry of the River Fleet is charged with the administration of safety and inspection regulations for all inland water transport. Laxity in the application of regulations is frequent. Accident investigations are carried out with much reliance upon local witnesses. Soviet authorities maintain that in such proceedings the logic of a situation, rather than legal technicalities, is the determining factor.
5. The state sponsors technical training schools under the authority of the Ministry of Labor Reserves. Training in inland water transport is included in the curricula as part of the general program of the state to develop transportation technicians.
6. In general, the inland waterways used by the USSR lie wholly within the Soviet Union, or in satellite and dominated areas where the USSR is able to dictate the terms of their international use. In some of these cases, such terms have been formalized in economic agreements containing clauses applying to various aspects of inland waterway operations. In the case of the Danube, Soviet policy has prevented the post-war resumption of the agreements which formerly regulated its international use. The USSR, meanwhile, has established joint companies in satellite riparian countries on terms which solidify Soviet control of the river below the western boundary of the Soviet Zone in Austria. At the same time, shipping of other countries which formerly used the Danube is excluded from this area.
7. The Ministry of the River Fleet requires detailed reports covering many aspects of operations. Such reports are used in the basic planning of the Ministries, and contribute important economic and statistical data required by the top-level programming work of the State Planning Commission.

RESTRICTED



RESTRICTED

SWEDEN - INLAND WATERWAY TRANSPORTATIONA. POLICIES

1. State policy permits a considerable portion of the canal system and other artificial ways to be operated under private enterprise, corporations owning the ways and operating them under their own management. In the case of natural waterways, however, the state, having developed the facilities, retains control and administers them, but does not engage in actual operations.

Inland shipping facilities of Sweden provide a valuable adjunct to the other media of transport (i.e., rail, road and coastal shipping). Sweden's rugged coastline and the prevailing strong seas limit the importance of coastal carriers and result in considerable reliance being placed upon natural inland waterways and canals. The state has been vitally interested for a long period in the development of inland waterways as a means of exploiting Swedish natural resources such as iron ore and lumber. The Swedish lumber industry, in fact, could not compete in European markets without the aid of the inland waterway system, developed over the past hundred years.

2. Inland waterways policy is determined and administered independently of policies for other media of transport. Such policies are, however, integrated with the over-all transport policy planning of the Ministry of Communications.
3. Inland waterways policy is based primarily upon economic considerations. Sweden's traditional policy of neutrality makes strategic and military considerations secondary. The German military policy of denying free passage to Swedish coastwise traffic in war-time, however, has caused the Swedes to construct certain inland waterways which serve as alternate shipping routes.
4. The government does not directly subsidize waterway transportation, but it is interested as a matter of policy in the development of equipment and the maintenance of facilities.
5. Waterways policy is conditioned by: (1) the geography of the country; (2) economic conditions; and (3) the influence of commercial enterprises having a vested interest in water transport. These latter formulate policy to a large extent. The government exercises a minimum of control.

B. ORGANIZATION

1. Inland waterways are administered by the Board of Roads and Waterways in the Ministry of Communications.
2. It is the function of the Board to formulate and administer over-all policies for all inland waterways in Sweden. The Board is directly charged with technical problems concerning the waterways.

RESTRICTED

RESTRICTED

SWEDEN - INLAND WATERWAY TRANSPORTATION (B-3)

3. The Board of Roads and Waterways has no direct relation to the other transport agencies except as its policies and plans are subject to control by the Ministry. There is no administrative relationship, and little occasion for any working relationship between the Board of Roads and Waterways and the state agencies dealing with merchant shipping and civil aviation.
4. The present organization of the Ministry as it affects waterways has undergone no significant change in the last ten years, and there is no evidence that any changes are contemplated.
5. The state agencies dealing with water transport are considered to be highly efficient by both Swedish and foreign observers, and little criticism of operating policy is voiced.

C. ADMINISTRATION

1. The state interposes no objection to the establishment of new inland waterway services sponsored by private capital.
2. Rates for inland water transport are determined by the operators of the transport facilities, and are not subject to state regulation.
3. The state policy of non-intervention in the relationships between the various forms of transport is reflected in its attitude toward waterways. Despite its financial interest in the rail lines (the state owns 74 per cent of all mileage), there is no evident policy of discrimination in favor of the railroads. The policy of non-intervention probably is based on: (1) the fact that the waterways in Sweden are more suitable for the transport of certain types of goods than are the railroads; and (2) the traditional policy of free competition.
4. The Labour Inspectorate in the Ministry of Social Affairs establishes safety rules for shipping and is responsible for their enforcement.
5. The Swedish Government has a long record of interest in the training of personnel for the maritime industry, and these technicians are also employed in inland water transport. There are several state-sponsored and state-operated schools for technical training.
6. Sweden has promoted traffic agreements between the Scandinavian states as a matter of policy for many years.

RESTRICTED





PRE-WAR GERMANY - INLAND WATERWAY TRANSPORTATIONA. POLICIES

1. The German policy was to foster the construction of waterways as a practical means of combatting unemployment, of providing efficient and cheap means of transportation of low-cost bulk commodities, and, following the dictum laid down by von Moltke in 1875, or forming an alternate transport system capable of relieving the railways in time of war. Even before the Third Reich, Germany owned an extensive and well-kept system of waterways. The Nazis wished to expand and revive water transportation not only for its potential usefulness in the German industry, but for the needs of total war. By increasing the capacity of the Dortmund-Ems canal and the terminal port of Emden, a valuable alternative all-German route was provided between the heavy industries of Rhenish Westphalia and the sea. The completion of the Mittelland canal in 1938 met the long-felt need of a link between the hitherto separate eastern and western waterway systems. The increase of port facilities, rationalization, and a radical series of administrative reforms were to establish facilities that might relieve the Reichsbahn of the maximum tonnage of commercial goods, thereby increasing the latter's capacity for the transport of troops and military goods for which speedy transport was essential.
2. Under the Minister, the Secretary of State for Railroads was also in charge of the two departments concerned with inland navigation: the Department of Administration and Inland Shipping, to which was attached a Group for National Defense; and the Department of Waterways, to which was attached a special group for administration and legal affairs.
4. The costs of the building and maintenance of the inland waterways system were borne entirely by the municipal, state and national authorities. There was no appreciable subsidy of individual shipping concerns, because, as will be shown, the German policy was to keep to a minimum the number of such concerns while at the same time expanding the waterway net. In the worst of the depression, under the Brüning administration, 20% to 50% subsidies on construction costs were given to 5,206 firms, with 13 million RM given to the shippers and 3 million RM to the ship builders. The payment of interest on debts was temporarily cancelled. The law of April 25, 1932 gave the Minister of Transport the right to eliminate shipping he considered unnecessary. The Nazis continued the policy of restriction until 1936 when the tax on the transportation of freight was abolished. Because of the handicraft characteristics of much of German inland shipping, there was no Nazi attempt at nationalization.
5. Refer to Railway Transportation A. 5.

B. ORGANIZATION

1. See Railway Transportation, B. 1, 2, 3, 4, 5.

The "Inland Shipping" Division (Abteilung Binnenschiffahrt) of the Ministry of Transport controlled the general affairs of inland

RESTRICTED

PRE-WAR GERMANY - INLAND WATERWAY TRANSPORTATION (B-1 CONT'D)

shipping, especially policy, economic research, collection of statistics, and personnel matters, although the actual administrative work was carried out by subordinate agencies.

2. The Department of Administration and Inland Shipping, (see A-2) was concerned with general affairs of inland shipping; policy, economic research, collection of statistics, and personnel. It also supervised the work of the Transport Groups composed of private and public enterprises in the inland shipping industry. The Department of Waterways was in charge of planning, construction, and maintenance of waterways. Regionally this control was established by means of Waterways Directorates, and locally by Waterways Officers which were subordinate to the Directorates. Other duties of the Waterways Department involved the promotion of security in shipping, ice clearance, and the establishment and maintenance of signals, buoys and other navigational aids.

All carriers were organized in a quasi-public body, with representation from the private shipping industry, the Reich Government and the National Socialist Party, called the Reich Transport Group for Inland Shipping (Reichsverkehrsgruppe-Binnenschifffahrt). This corporate group was concerned with the details of shipping and with the improvement of traffic and facilities.

C. ADMINISTRATION

1. This question is not strictly applicable; since the governmental policy was one of restricting rather than expanding transport facilities and enterprises. For specific information see the relevant sections of this report.
3. On grounds of the emergency in inland shipping caused by untrained competition with the railroad a cartel system was created in 1932 for the eastern German waterways, which in 1934 was extended to German shipping on the Rhine. The essentials for the laws of December 23, 1931 and June 16, 1933 called for: (a) shipping unions for the different waterways, in which individual shippers were collected for purposes of market regulation and corporate representation, (b) compulsory cartels of the larger shipping companies in specific waterways like the Elbe, (c) agreements between the organizations created under a and b on the division of custom and a coordination of resources, (d) freight committees, made up of representatives of the shipping unions, the larger shipping lines, the unloaders, and forwarders, (e) constriction of the number of ships available through an embargo on the building or reconstruction of vessels. By a decree of 1936, all shipowners, associations, and freight committees were absorbed into the Reichsverkehrsgruppe Binnenschifffahrt. Under the "leadership principle," the chairman of this group was appointed by the Minister of Transport, and in turn appointed all the directors of the district groups. It can be assumed that as long as the Ministry of Transport was dominated by railroad men, the interests of the Reichsbahn in tariff matters were well secured.

Concretely, the embargo on new shipping tonnage remained in effect until 1937. First, construction of unpropelled barges and tankers

PRE-WAR GERMANY - INLAND WATERWAY TRANSPORTATION (C-3 CONT'D)

was permitted. On January 31, 1938 restrictions on tug boats and motor ships were lifted in time for the building of the West Wall, but lack of material prevented any real extension of the inland shipping fleet before the outbreak of war. Paradoxically, it will be recalled that inland waterways and canals were a concern of the Government.

Since the fixing of tariff rates is the single most important instrument of regulating transport competition, this question is implicitly answered in the answers to question C-2 in the study on Railway Transportation.

4. There were no peculiarities in the German administrative system of safety regulation and inspection which require enumeration here. The only difference from commonly accepted practices lay in the high degree of centralization within the Ministry of Transport.
5. Labor employed in the German inland waterways totaled about 130,000 workers, of whom approximately 95,000 were estimated to constitute persons employed on river craft. To ensure a constant supply of skilled labor trained on Nazi political lines, a 3 years' apprenticeship system was compulsorily introduced in 1938. Moreover, a "Professional Training Scheme for Inland Shipping" was set up, and in 1939 re-designated the "Reich Working Combine for Training in Inland Shipping." The "Reich Working Combine," composed jointly of representatives of the Shipping Association and of the Trade Board "Power Transport Administration" of the German Labor Front, carried out the compulsory training scheme, and selected in each river zone a suitable training center and hostel for trainees. This training was carried out under strict Nazi-party supervision.
6. As of September 1, 1938 Germany had ratified the following international transport conventions of the League of Nations, which had some bearing on inland waterway transportation: the transit conventions, ports convention, and the declaration recognizing the flag of Inland States, Germany belonged to the following international organizations concerned with inland waterway transportation:

European Commission of the Danube  
 International Commission of the Danube  
 International Elbe Commission  
 Central Commission on the Navigation of the Rhine.

**Page Denied**

Next 2 Page(s) In Document Denied

BRAZIL

RESTRICTED

BRAZIL - INLAND WATERWAY TRANSPORTATIONI. POLICIES

1. Basic inland waterway policy is determined by the Brazilian Government. While the Government desires to support inland waterway transportation and to improve the existing waterways, it has been unable to allocate the large amounts of money necessary to exploit the full potential transportation capacities of its many rivers. In fact, the waterways have recently deteriorated, due to the impossibility of securing badly needed maintenance equipment which is in short supply on the world market.
2. The Ministry of Transport and Public Works determines and administers policies for all forms of transportation except air. However, little integration exists and the various departments function almost autonomously.
3. While the development of Brazil's inland waterways has been inspired by economic considerations, and their current operation reflects predominantly the economic requirements of the country's river basins, the system unquestionably has a strategic significance which influences government thinking. The Amazon system, for example, provides Brazil with a strong lateral defensive artery which would be of value in case of a military threat in the north. It also brings to seaboard strategic materials which are important to other countries, and thus greatly strengthens Brazil's political position internationally. Tributaries of the Amazon, moreover, are navigable into Peru, Bolivia, and Colombia; Brazil is therefore in a position to shut off the waterway connections between the respective areas and the oceanic Amazon.
4. The Brazilian Government has, in effect, subsidized river transportation from the beginning, by paying for the improvements necessary to establish the practical navigability of its rivers. A 200-mile railroad, for example, was constructed by the government to provide a by-pass around the Madeira rapids and falls. The maintenance of river channels is also undertaken by the government.

Direct subsidization of river navigation companies is carried out in the form of cash grants and reimbursable advances. For example, the following grants were made in 1946 to shipping companies which operate in varying degrees on Brazil's rivers:

RESTRICTED

## RESTRICTED

BRAZIL - INLAND WATERWAY TRANSPORTATION (A-4 CONT'D)

Firms	in 1000 cruzeiros
Lloyd Brasileiro . . . . .	40,000
Cia. Nacional de Navegacao Costeira . . . . .	8,750
Serv. Nav. Amazonia e Adm. Porto Para . . . . .	7,000
Serv. de Nav. da Bacia do Prata . . . . .	5,000
Serv. de Nav. do Guapore . . . . .	700
Serv. de Nav. do Madeira . . . . .	200
Serv. de Transporte do Arapa . . . . .	350
Navegacao dos Antazes . . . . .	150
Navegacao Araguaia - Tocantina . . . . .	486
Navegacao Fluvial do Parana . . . . .	350
Navegacao Bahiana do Sao Francisco . . . . .	440
Navegacao do Rio Doce . . . . .	24
Navegacao do Baixo Sao Francisco . . . . .	350

In addition to the foregoing, the Merchant Marine Commission made advances in 1946 amounting to thirty million cruzeiros to the following firms on the indicated terms:

Classification	Firm	Amt. in 1000 Cr.	To be Reimbursed	Authorization
Financing	Aracati Campos	1,400	Yes	President
"	Lloyd Brasileiro	3,660	No	President
"	Serv. Nav. da Bacia do Prata	3,581	No	President
"	Paulo C. Cruz Galdeira	871	No	President
"	Navegacao Bahiana	700	No	President
"	Escola Prof. da Marinha Mercante	5,000	No	President
"	Serv. Nav. da Bacia do Prata	700	Yes	President
Loan	Serv. Nav. da Bacia do Prata	100	Yes	Pres. of Mar. Comm
Financing	Serv. Nav. da Bacia do Prata	273.5	Yes	President
"	Nat'l Dept. Ports, Rivers & Canals	148.6	Yes	Min. Trans.
"	Serv. Nav. Amazonia e Adm. Porto Para	2,500	Yes	President
"	Nav. Rodolpho Souza Ltd.	700	Yes	President
"	Serv. Nav. Amazonia e Adm. Porto Para	7,500	Yes	President
"	Serv. Nav. da Bacia do Prata	2,930	Yes	President
Aid	Aracati Campos	80.9	No	President

RESTRICTED

## RESTRICTED

BRAZIL - INLAND WATERWAY TRANSPORTATION (B-2 CONT'D)

- Sect. 1 - Hydrography and mapping
- " 2 - Meteorology
- " 3 - Experimental hydrography

## (b) Division of Engineering and Construction

- Sect. 1 - Projects
- " 2 - Construction
- " 3 - Property
- " 4 - Dredging

## (c) Division of Economics

- Sect. 1 - Investigations - commercial
- " 2 - Statistical

## (d) Division of Administration

- Sect. 1 - Communications
- " 2 - Materials
- " 3 - Budget
- " 4 - Personnel

## (e) 19 Fiscal Districts

There are three regional offices of the Department:

- North - at Belem
- Northeast - at Recife
- South - at Rio de Janeiro

3. All forms of transportation, except civil air, are under the jurisdiction of the Ministry of Transport and Public Works. While coordination is thus theoretically assured at the Ministry level, there is little actual coordination of the Ministry's various semi-autonomous departments, and no formal relation to the Air Ministry exists. The temporary war-time integration of national transportation policy has largely disappeared.
4. The first predecessor of the present Department of Ports, Rivers and Canals was organized in 1935 as the National Department of Ports and Shipping. It was directly subordinated to the Ministry of Transport and Public Works and was charged with all matters relating to ports and rivers. Its responsibility further included merchant shipping and transport in both fluvial and oceanic ports. The Department was divided into four sections: (1) Secretariat; (2) Plans and Construction; (3) Contracts and Investigations; and (4) Statistics. Decree Law No. 6166, 31 December 1943, reorganized the department and changed its name to National Department of Ports, Rivers and Canals. Except for two regional offices instead of three, the present organization (see B-2) was established.
5. The National Department of Ports, Rivers and Canals is attempting to discharge its responsibilities efficiently and in the public interest. It appears, however, that

RESTRICTED



RESTRICTED

BRAZIL - INLAND WATERWAY TRANSPORTATION (B-5 CONT'D)

the government is handicapped by political and financial limitations. General satisfaction has been expressed with the work of both the Merchant Marine Commission and the National Department of Ports, Rivers and Canals. As a consequence of wartime scarcities, however, the latter entity has not been in a position to keep the various ports and rivers in good condition. Plans for the improvement of port facilities and for the dredging of rivers and harbors are being examined.

C. ADMINISTRATION

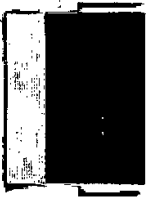
1. The Merchant Marine Commission is legally charged with the approval of navigation routes for Brazilian vessels engaged in fluvial transportation. This responsibility applies to both privately and publicly-owned vessels.
2. The Merchant Marine Commission establishes inland waterway rates as well as those for coastwise shipping.
3. Competition is restricted by the limiting of coastwise trade to national companies and by the granting of subsidies to certain government-owned entities. The assigning of routes may also be used to restrict or foster competition.
4. As mentioned above, the National Department of Ports, Rivers and Canals establishes rules and regulations to govern safety and inspection, equipment and personnel and investigation of accidents. It is reported that there is no steamboat investigation service comparable to that in the United States and that technical examinations have heretofore been somewhat lax. Some private criticisms of this situation has been voiced.
5. Technicians are trained in three different manners. The government gives a small subsidy to an institution called the Abriço Cristo Redentor for the training of sailors. The Lloyd Brasileiro operates a school for the training of pilots, engineers and other technicians. Men released from the Navy have generally had sufficient training to qualify them for service in the Brazilian Merchant Marine. There is, nevertheless, a scarcity of trained technicians and ordinary seamen in Brazil.
6. The Brazilian government has specific international agreements with Argentina, Chile, Uruguay, Paraguay, Peru and Colombia covering reciprocal and free transit of respective vessels engaged in river navigation.
7. Under the terms of article 33 of the regulations of the Merchant Marine Commission issued pursuant to Decree-Law 7830 of 11 September 1941, all shipping companies are obliged to communicate by the fifteenth of each month

RESTRICTED

RESTRICTED

BRAZIL - INLAND WATERWAY TRANSPORTATION (C-7 CONT'D)

data concerning traffic during the previous month; to supply quarterly, by vessel, details concerning conservation and repairs; to submit annual balance sheets, profit and loss statements and to permit any examination or investigation which the Maritime Commission may consider justifiable. The information so submitted is processed by the Merchant Marine Commission and an effort is made to adapt regulations to existing conditions. Summarized information concerning fluvial freight and passenger movement is published in the annual report of the Merchant Marine Commission. The purely local and native craft traffic is not capable of informed reporting, and is not subject to the foregoing regulations.



ARGENTINA - INLAND WATERWAYSA. POLICIES

1. The basic Argentine policy with respect to inland waterways is to supplement inadequate Argentine railroad and highway transportation and to promote trade with Uruguay, Southern Brazil, Paraguay and Southeastern Bolivia. This form of transportation is confined essentially to the Rio de la Plata and its tributaries, the Paraguay, Parana and Uruguay rivers. It is noteworthy that regular steamer service is maintained from Buenos Aires as far as Asuncion, Paraguay, a distance of 1,630 river miles on the La Plata, Parana and Paraguay rivers.

Policy is wholly determined by the Government.

2. Policies were determined in the Ministry of Public Works until recently, when the National Economic Council was created to coordinate and integrate all forms of transport policy, including civil air.
3. As outlined in 1, inland waterway policy reflects essentially economic considerations. Some consideration, however, is given to the strategic and military value of fluvial transport, particularly in view of the importance of this transportation to the material resources of Paraguay and Uruguay and to the oil fields of Southeastern Bolivia.
4. The Argentine Government owns and operates a nationalized river fleet. While private companies and river craft builders do not appear to be actually subsidized, they do receive generous credits from the Government for the acquisition of equipment. Canal dredging and river improvements are performed by the Government.

Lacking technical experts, skilled ship builders and basic materials, the Government buys certain types of foreign-built river craft. Foreign labor is not barred.

5. Until the establishment of the state river fleet, fluvial transport was almost entirely in the hands of the Dodero lines, which maintained scheduled passenger and freight service. Dodero now controls the Alfa Airline, operating to cities in the area served by its river lines. Argentine policy regarding inland waterways must have been influenced by Dodero, in view of the long-standing pre-eminence of this private interest.

B. ORGANIZATION

1. The agencies concerned with inland waterways policy are:

The National Economic Council;

The Administration of River Transportation;  
a semi-autonomous entity under the Ministry of Public Works; and

RESTRICTED

ARGENTINA - INLAND WATERWAYS (B-1 CONT'D)

The General Maritime Prefecture, a dependency of the Ministry of Navy.

2. The Director General of River Transportation operates the state river fleet and is responsible for maintaining a navigable channel. He issues regulations governing all river traffic. The General Maritime Prefecture controls ports, vessel inspection, operating licenses and ship registration.
3. No apparent relation exists between the Administration of River Transportation and the General Maritime Prefecture, as they are under separate ministries. Coordination is supposed to be effected, however, at the level of the National Economic Council. There does not appear to be overlapping in the two agencies concerned with river transport.
4. Wartime conditions seriously handicapped rail and road transport, because of scarcity of fuel and lack of vehicles and equipment. To ease this situation the Government established the Administration of River Transportation and organized the state river fleet. No other agencies are expected to be created, or existing ones reorganized.
5. Fluvial transportation is not operating efficiently, because of antiquated and inadequate craft. Expansion and improvement, however, is actively promoted through the acquisition of new modern vessels.

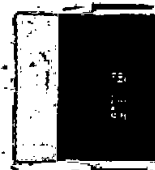
C. ADMINISTRATION

1. The Administration of River Transportation recommends establishment of a new water transportation service to the Ministry of Public Works. The Ministry of Public Works, upon advice from the National Economic Council, directs the River Agency to establish the service. Private companies wishing to establish new services must obtain approval of the River Agency.
2. Rates are determined by the Administration of River Transportation for the state-owned fleet as well as for private companies. All modifications must be approved by this agency to assure uniformity for river traffic. Rates are based on the nature of the cargo and distance involved in the lift. There is a substantial difference between up-river and down-river rates because of extra fuel consumption and other factors. Since Argentina and other riparian countries on the Rio de la Plata river system subscribe to freedom of navigation, the New York international rate conferences apply to this river.
3. At present services are furnished only by Argentine craft. Since the state-owned line and Dodero have the same rates, competition is limited to the quality of service provided.

RESTRICTED

ARGENTINA - INLAND WATERWAYS (C-4)

4. The General Maritime Prefecture has issued voluminous rules and regulations in the interests of safety. These regulate the inspection of equipment and personnel, and the investigation of accidents. Enforcement is in the hands of the Maritime Police.
5. Officers and pilots must graduate from the state nautical school and their diplomas must be certified by The General Maritime Prefecture, which issues the appropriate licenses. Only Argentinians may become candidates for these commissions.
6. There appear to be no international agreements or arrangements. The three rivers have been traditionally considered as international waterways and thus free to navigation.
7. The latter two agencies specified in B-1 submit annual reports, including financial operating statements, to their respective ministries. Private companies are required to publish annual financial statements including operating reports.



**RESTRICTED**

PERU - INLAND WATERWAYS

A. POLICIES

1. The Peruvian Government has no pronounced policy with respect to inland waterway transportation. The development of this activity is left to private initiative.
2. The Government's interest in merchant shipping and inland waterways is expressed through the Ministry of Navy. No particular coordination with policy covering other forms of transportation is exercised.
3. Peruvian flag steamers operate to Bolivian ports on international Lake Titicaca. For strategic and military reasons the Peruvian Government is interested in maintaining this route.
5. The upper tributaries of the Amazon provide fluvial transport for jungle and tropical products from the undeveloped eastern slopes of the Andes to the river port of Iquitos on the upper Amazon. The 153 mile steamer line on Lake Titicaca connects rail lines at both ends, and provides through traffic from the Pacific ports of Molendo and Hatarani to La Paz, Bolivia. The short rivers of the Pacific coast of Peru do not provide important inland waterways.

B. ORGANIZATION

1. (see A-2)

C. ADMINISTRATION

1. The establishment of new inland waterways is left to private initiative and is not subject to special procedures.
3. The Government makes no attempt to create competitive conditions in inland waterway transportation. Fluvial transport, the only method available on the Peruvian tributaries of the upper Amazon, is financed and operated privately without support or hindrance by the government.

**RESTRICTED**





**RESTRICTED**CHINA - INLAND WATERWAY TRANSPORTATIONPOLICIES

1. It is the policy of the Chinese Government to develop inland waterways to complement merchant shipping and rail facilities. The government and private shipping companies have acquired river tonnage as rapidly as possible in replacement of Chinese-flag losses suffered during the war. The government plays the major role in determining inland shipping policies.
2. Inland waterway shipping policies are determined and administered as integral parts of merchant shipping affairs because of the long distances open to ocean shipping on the Yangtze, Pearl and West rivers. While theoretically centralized administration of all transportation is effected through the Ministry of Communications, it appears that shipping policies are not closely integrated with policies for other forms of transportation.
3. Strategic and military considerations had little bearing on inland waterway development until the navigable rivers of China began to play an important part in Chinese military operations. Because the movement of goods on the inland waterways of China is vital to the survival of Free China, maintenance of this traffic has now acquired basic strategic importance.
4. Since its beginning, the strongly nationalistic Chinese Republic has desired to develop waterway traffic. The state has aided Chinese water transportation companies in many ways. Among them are: government ownership and operation of some facilities, reservation of inland waterways to nationals or national-controlled companies, and direct participation in certain Chinese shipping companies. Ship construction in government and private yards of both conventional types and specially-designed craft is fostered to the limit of resources in material and technical ability. The ten-year plan for economic reconstruction, formulated by Sun Yat-sun and reiterated by Chiang Kai-shek, includes a comprehensive merchant shipping program calling for acquisition of considerable tonnage, as well as improvement of inland waterway facilities. Specific features of this plan are:

New tonnage in inland waters	600,000 tons
Rivers navigable to junks	200,000 kms
New canals	1,000 kms
New inland water facilities	700 ports
Dike building	18,600 kms
Rivers navigable to steamers (Middle and upper Yangtze systems and other rivers)	18,000 kms

**RESTRICTED**

## RESTRICTED

CHINA - INLAND WATERWAY TRANSPORTATION (A-4 CONT'D)

Subsidies are currently granted to private shipping interests carrying government cargo or personnel, at present chiefly military.

5. Vested interests play an important part in the determination of Chinese policy on inland waterway transport. In December 1946 the China Merchants Steam Navigation Company, for example, was reported to own 60 vessels comprising 203,000 tons, or 40% of the inland and coastal fleets. While historically, water transportation has for centuries been vital to the Chinese economy, the attitudes manifested toward such transport have, in many instances, retarded progress. The influence of geography upon inland shipping has been very great because the great river systems afford easy access to the vast interior which is presently poorly supplied with both railways and roads. For example, the Yangtze valley, which is navigable to powered vessels for 1500 miles, has a population of 180,000,000; the Yangtze connects Chungking with the eastern provinces. Economic conditions have always influenced inland water and fluvial policies. Water-borne trade was the major form available to the Chinese people for centuries. Even since the organization of railroad and highway transport, the limited transportation requirements of the essentially agrarian economy have not been fully satisfied. Political conditions are important in the formulation of policy on water communications, because water is the only means of unbroken contact between the coast and many of the central government's interior subdivisions.

B. ORGANIZATION

1. Inland waterway transportation matters are under the jurisdiction of the Ministry of Communications.
2. The Ministry is divided into two major departments, one of which, the Navigation and Civil Aviation Department, is responsible for all inland waterway transportation and related matters. The Navigation and Civil Aviation Department of the Ministry of Communications is charged with the following responsibilities pertaining to inland waterways:
  - a planning, construction and equipment of all facilities;
  - b control and operation of facilities, including inland ports;
  - c supervision of inland shipping, both public and privately owned;
  - d settlement of inland waterway affairs;
  - e shipping and operating personnel;
3. There is no formal relation between the subdivisions of the Ministry of Communications handling inland waterways and aviation. Some over-all coordination, however, may evolve from consultative action among the officials in charge of the

RESTRICTED

CHINA - INLAND WATERWAY TRANSPORTATION (B-3 CONT'D)

various forms of transportation. The highest level of coordination for inland waterway policy and planning is the Executive Yuan. It does not appear that the Chinese transportation systems overlap or compete with each other, primarily because they are collectively incapable of satisfying the country's transportation requirements.

4. Fluvial transportation early received the attention of the Chinese Government. For example, the Yangtze River Regulations of 1898 and 1902 revised regulations that were adopted first in 1862. In 1930, the government took responsibility for shipping away from the Maritime Customs and placed it under the Ministry of Communications, thus establishing more direct government control over inland shipping.
5. The Ministry of Communications is undoubtedly endeavoring to operate the inland waterway routes in the public interest. However, many of the difficulties that hamper merchant shipping (see C-5, Merchant Shipping report) apply also to river transport. Furthermore, constant commandeering of bottoms by the Nationalist government causes troublesome backlogs in river ports above Hankow of passengers and freight destined for Shanghai. Still another handicap is the practice by Chinese shipping companies of organizing their operations to suit their own convenience, regardless of the national interest. Inefficiencies are also frequently encouraged by the government's policy against foreign commercial domination.

C. ADMINISTRATION

1. Plans for new inland water routes and facilities originate in the appropriate departments of the Ministry and local or regional administrations concerned with this form of transportation. They are discussed at various levels, and if approved by the Ministry, are submitted to the Executive Yuan for final action. The final decisions of the Yuan are subject to frequently intense pressure from political and private interests.
2. Inland waterway rates are proposed by the shipping companies which must submit rate schedules to the Ministry and subsequently to the Executive Yuan. The Executive Yuan endeavors in general to make rates lag behind prices. In this respect, the government appears to follow the principle of subsidization in lieu of increasing rates to cover costs of transportation.
3. The Chinese Merchant Shipping study (see C-3) outlines conditions affecting competition in the field of transportation, and indicates why competition in fluvial and other inland waterway systems in China is largely an academic question. Foreign competition is eliminated by the Chinese policy of forbidding the inland waters to foreign shipping, although Chinese services are inadequate.
4. Detailed regulations are in effect governing the inspection of equipment, choice of personnel, and investigation of accidents on the waterways. While the Ministry of Communications is the administrative authority for such rules, the Executive Yuan

RESTRICTED

~~RESTRICTED~~

CHINA - INLAND WATERWAY TRANSPORTATION (C-4 CONT'D)

passes on all major regulations. Statutory regulations, such as the Code of Maritime Law, are voted by the Legislative Yuan. This Code governs safety, personnel, navigations accidents, bridge officer requirements, etc.

5. Although the State has fostered the training of transportation technicians, it is not known to what extent such training has specialized in inland shipping. All engineers and pilots must be licensed by the government, based on written and competency tests which are apparently quite severe.
6. Since the routes over which most Chinese inland water traffic moves are wholly within Chinese territory, the question of international agreements concerning such traffic is of little importance.
7. Detailed reports on tonnage, tariffs, revenues, personnel inspections and accidents are required by the Department of Navigation and Civil Aviation of the Ministry of Communications.

~~RESTRICTED~~

QUESTION
NAME
RIPO

~~RESTRICTED~~

Questionnaire on  
MERCHANT SHIPPING

To be used in conjunction with this study

~~RESTRICTED~~

RESTRICTED

QUESTIONNAIRE ON MERCHANT SHIPPING

A. Policies

1. What are the basic policies of the country with regard to merchant shipping? To what degree are policies determined by the state?
2. To what extent are merchant shipping policies based on political and military considerations?
3. Does the government subsidize (a) ship construction and (b) ship operation? If so, how and to what extent?
4. What are the country's policies with regard to (a) ship construction, (b) use of foreign built ships, and (c) use of foreign labor?
5. What international agreements are in effect concerning shipping (a) among governments and (b) among companies?
6. Are merchant shipping policies coordinated with civil air policies? In its international relations, does the country follow the same or similar policies with regard to both shipping and air; or does the country follow a policy, for example, of "freedom of the seas" while opposing a policy of "freedom of the air"?
7. Are shipping interests permitted to own and operate air carriers? In what other ways are these two forms of transport coordinated or integrated?

B. Organization

1. What are the agencies of the government concerned with merchant shipping?
2. What are the functions of each of these agencies, and how are they organized to carry out these functions?
3. How are the various agencies related to each other? Are they controlled, directed, or coordinated by any agency or group on a higher level? How are they related to agencies concerned with other forms of transport? To what extent do the various agencies overlap or conflict with each other?
4. What conditions or developments led to the establishment of these agencies as they are now organized? What circumstances led to the abandonment or reorganization of previously existing agencies? Is any consideration being given to reorganizing existing agencies or creating new ones?
5. Are these agencies considered to be operating efficiently in the public interest?

C. Administration

1. What procedures are followed in determining the establishment of new shipping services?
2. How are rates determined and what types of regulations govern the rate-making processes? What is the role of the government and of the companies in international rate "conferences"?

RESTRICTED



**RESTRICTED**

3. To what extent, and by what means is competition fostered or restricted? Is participation in international shipping "pools" encouraged, prohibited, or regulated? What international agreements and arrangements exist concerning:
  - (a) Exchange of traffic
  - (b) Exchange of equipment
  - (c) Pooling of traffic, equipment and revenues
  - (d) Establishment of joint facilities
  - (e) Fixing of rates
  - (f) Allocation of routes
  
4. What types of rules and regulations govern the safety and inspection of equipment and personnel, and the investigation of accidents? How are these regulations established and enforced?
  
5. Does the Government foster or regulate the training of technicians in merchant shipping? To what extent, and how are technical classes of personnel licensed to perform their functions? What type of requirements must be met to obtain these licenses? How does the government determine its procedures with respect to training and licensing?
  
6. For the purpose of administering policies, enforcing regulations, granting financial aid, and assuring the adequacy, safety and efficiency of operations, what types of periodic or special reports and forms does the government require covering:
  - (a) Traffic
  - (b) Rates
  - (c) Expenses, revenues and investment
  - (d) Qualifications of technical and key personnel
  - (e) Inspections
  - (f) Accidents
  - (g) OthersTo what agencies are the reports submitted? How are they processed, and what uses are made of them?

**RESTRICTED**

Questionnaire on  
RAIL, HIGHWAY AND INLAND WATERWAY TRANSPORTATION  
To be used in conjunction with this study

**RESTRICTED**

**RESTRICTED**

**QUESTIONNAIRE ON RAIL, HIGHWAY AND INLAND WATERWAY TRANSPORTATION**

**A. Policies**

1. What are the basic policies of the country with regard to rail, highway and inland waterway transportation? To what degree are policies determined by the state?
2. Are policies determined and administered independently for each form of transportation, or are they integrated and centrally administered for all forms of transport, including sea and air?
3. To what extent are rail, highway and inland waterway transport policies based on strategic and military considerations?
4. Does the government subsidize these forms of transportation, promote the development of new types of equipment, and the construction of railroads, highways and canals?
5. To what extent is policy influenced by vested interests, historical, geographic, political and economic conditions?

**B. Organization**

1. What are the agencies of the government concerned with these forms of transport?
2. What are the functions of each of these agencies, and how are they organized to carry out these functions?
3. How are the various agencies related to each other? Are they controlled, directed, or coordinated by any agency or group on a higher level? How are they related to agencies concerned with shipping and civil aviation? To what extent do the various agencies overlap or conflict with each other?
4. What conditions or developments led to the establishment of these agencies as they are now organized? What circumstances led to the abandonment or reorganization of previously existing agencies? Is any consideration being given to reorganizing existing agencies or creating new ones?
5. Are these agencies considered to be operating efficiently in the public interest?

**C. Administration**

1. What procedures are followed in determining the establishment of new highways, motor transport lines, railroad lines and waterways?
2. How are rates determined and what types of regulations govern the rate-making processes?

~~RESTRICTED~~

3. To what extent, and by what means is competition fostered or restricted?
4. What types of rules and regulations govern the safety and inspection of equipment and personnel, and the investigation of accidents? How are these regulations established and enforced?
5. Does the government foster or regulate the training of technicians in the fields of transport? To what extent, and how are technical classes of personnel licensed to perform their functions? What types of requirements must be met to obtain these licenses? How does the government determine its procedure with respect to training and licensing?
6. In cases where these forms of transport extend beyond national boundaries, or connect with neighboring lines, what international agreements and arrangements exist concerning:
  - (a) Exchange of traffic
  - (b) Exchange of equipment
  - (c) Pooling of traffic, equipment and revenues
  - (d) Establishment of joint facilities
  - (e) Fixing rates
  - (f) Allocating routes
7. For the purpose of administering policies, enforcing regulations, granting financial aid, and assuring the adequacy, safety and efficiency of operations, what types of periodic or special reports and forms does the government require covering:
  - (a) Traffic
  - (b) Rates
  - (c) Expenses, revenues and investment
  - (d) Qualifications of technical and key personnel
  - (e) Inspections
  - (f) Accidents
  - (g) OthersTo what agencies are the reports submitted? How are they processed, and what uses are made of them?