

February 28, 1955

Letter, Harold Lady to Syngman Rhee

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Summary:

Harold Lady submits a plan for shipping FOA goods via ocean transportation.

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Memo No. 24

February 28, 1955

Dear President Rhee:

Subject: Plan for Ocean Freight Coordination Office

In response to his request, I submitted to Mr. Park, of your office, a program designed to realize the maximum saving in ocean freight cost on FOA goods and, incidentally to prevent losses and delays in the arrival of aid goods which might occur if Korea, by default, permits FOA Washington to control the division of shipping between U.S.- and Non-U.S.-flag vessels.

It should be stated that, while I believe this plan to be the best possible under present circumstances, it will probably be somewhat disappointing in the results it achieves because of the unusual situation at present prevailing in the world shipping market.

Owing to a number of factors, chief of which are (1) the high level of prosperity in most of the free world, (2) relaxation of export and import controls in many countries and (3) the heavy movement of U.S. coal to countries receiving American aid, the volume of cargo exceeds available shipping space. Consequently, it is difficult to charter ships or to obtain concessions of any kind from ship-owners. Charter rates are now three times what they were in early 1945, for example; and the price of Liberty ships, if one wishes to buy them, is 40% to 50% above the market price of a year ago.

While the recommended plan contemplates complete control by the Ocean Freight Coordination Office in Seoul of all shipping necessary to transport FOA cargoes to Korea, in actual practice it will be best for the Coordinator to delegate authority to the purchaser or supplier of FOA-financed commodities to arrange the freight in many instances, especially when the tonnage involved is small.



It should also be mentioned that, if the recommended policies and plan are put into effect, the profits of the American Korean Shipping Agency, Inc., will greatly exceed original expectations. Hence, it might be possible to obtain that company's consent to an amendment of its contract that would be more favorable to Korea.

Harold Wendell Lady