

FISHERIES LOAN FUND

fiscal year 1958



FISH AND WILDLIFE CIRCULAR 106

**UNITED STATES DEPARTMENT OF THE INTERIOR
FISH AND WILDLIFE SERVICE
BUREAU OF COMMERCIAL FISHERIES
WASHINGTON 25, D. C.**

ANNUAL REPORT OF FISHERIES LOAN FUND FISCAL YEAR 1958

The Fisheries Loan Fund was authorized by Section 4 of the Fish and Wildlife Act of 1956 (16 U.S.C. 742c) and operations were begun during fiscal year 1957. Background and historical information regarding the Fund can be found in the Annual Report of Fisheries Loan Fund, Fiscal Year 1957, published as Fish and Wildlife Circular No. 103.

The backlog of loan applications was reduced during fiscal year 1957. During the fiscal year ending June 30, 1958, the number of applications leveled off at a somewhat lower rate than prevailed during the preceding year. Conditions in many of the fisheries were a little poorer than during the preceding fiscal

year. During the last half of calendar year 1957, when the greater proportion of fish taken during the fiscal year was landed, catches of salmon, tuna, ocean perch, haddock, Pacific sardines, and shrimp, among the major species, dropped below landings of the previous year.

STATISTICS OF THE FISHERIES

The number of fishing craft and fishermen employed during calendar year 1958 declined slightly from the previous year. A summary of the number of fishing craft and fishermen is shown in table 1.

Table 1.--Vessels, boats and fishermen--United States and Alaska, 1958

Area	Vessels		Boats	
	Number	Fishermen	Number	Fishermen
North Atlantic.....	2,364	11,292	26,899	37,731
Southeast.....	4,696	15,819	14,956	21,479
Pacific Northwest.....	2,366	7,440	3,794	8,035
California.....	1,389	5,995	1,328	2,214
Great Lakes and Mississippi River....	555	1,583	10,312	11,962
Alaska.....	1,904	¹ 12,136	4,673	(1)
Total, exclusive of duplication....	11,496	47,623	61,916	81,331

¹ Fishermen on boats combined with those on vessels.

Note: Some duplication may be included within areas when vessels fish from several ports. This has been excluded in the total.

During the calendar year 1958 the catch of fish and shellfish in the United States and Alaska totaled 4.7 billion pounds valued at \$379.7 million. This was about 42 million pounds less than taken during 1957 but the value was nearly \$20 million larger. However, the major portion of this catch was taken during the last 6 months of the

calendar year, placing the increased value largely in fiscal year 1959.

REVIEW OF THE PROGRAM

In February 1958 the Assistant Secretary for Fish and Wildlife appointed a committee to review the

operations and administration of the Fisheries Loan Fund. The committee was composed of a representative of the Small Business Administration, the Office of the Solicitor of the Department of the Interior, and the Bureau of Commercial Fisheries. The committee conducted a detailed review of the program and made a number of recommendations.

The committee recommended (1) that certain changes be made in the application form to make preparation easier; (2) that processing procedures be simplified and review of recommendations be decreased so that processing time could be cut substantially; (3) that the Small Business Administration maintain closer control over procedures connected with closing the loan; (4) that the regulations entitled Loan Procedures be revised; and (5) that all employees concerned with the program be better informed regarding principles followed by the Central Office in making final determinations. This report was accepted by the Assistant Secretary, and at the end of the fiscal year arrangements were being made to put all of the changes into effect as soon as possible.

ORGANIZATION AND STAFF

The organization of the Office of Loans and Grants was not basically changed during the fiscal year. The field office located in Pascagoula, Mississippi, was moved to St. Petersburg Beach, Florida.

The country was divided into regions by the Bureau of Commercial Fisheries during the fiscal year and Regional Directors appointed for each region. Up to June 30, 1958, line supervision of field employees of the Office of Loans and Grants had not been transferred to the regions. Preparations were being made to effect such a transfer of supervisory authority during the following fiscal year. The

central office staff consisted of three professional and three clerical employees. The field staff included four full-time and one half-time professional employees and one full-time and one half-time clerical employees.

STATUS OF THE LOAN FUND

During the fiscal year ending June 30, 1958, 194 loan applications totaling \$5,361,000 were received. This made a total of 452 applications (\$16,032,000) received since the program began in 1957. During the year 109 loans totaling \$2,662,000 were approved, 87 (\$3,074,000) were declined, 19 (\$659,000) were declared ineligible, and 24 (\$1,225,000) were withdrawn. During the two fiscal years that the program has been operating, 242 loans totaling \$6,267,000 have been approved. Figures 1, 2, 3, and 4 show the number and value of loan applications received and loans approved by area during the fiscal year 1958. Figures 5, 6, 7, and 8 show the number and value of applications received and loans approved by area during the fiscal years 1957 and 1958.

The proportion of applications received from other sections of the country than the North Atlantic increased considerably during fiscal year 1958. There were several reasons for this. The first surge of applications received was largely from Massachusetts due to the fact that the industry in that area had been in a depressed state for a number of years and the demands for assistance had been more widely publicized there. During the fiscal year 1958 the tuna, sardine, shrimp, and salmon fisheries declined and fishermen in those areas became more cognizant of the program. There was also an increase in the percentage of applications received for loans of \$10,000 or less. This was probably due to increased familiarity with the program by smaller producers as well as a general tightening of credit.

The status of the fund as of June 30, 1958, was as follows:

Appropriated	\$10,000,000
Interest collected	105,409
Principal collected	<u>226,618</u>
Total available.....	10,332,027
Administrative Ex-	
penses	258,597
Net loans authorized ..	<u>1 5,673,985</u>
Total obligations	5,932,582
Amount available for	
loans	4,413,269
Applications being	
processed.....	3,275,000

¹Net loans authorized represents the total loans authorized minus authorizations which were cancelled after approval on request of the applicant.

Five percent interest is charged on all fisheries loans. All principal and interest collected is returned to the revolving fund and becomes available for future loans or administrative expenses. Administrative expenses are paid from the fund. A limitation on the amount which can be spent each year for this purpose is carried in the Department of the Interior Appropriations Bill. During fiscal year 1957 this limitation was \$313,000. However, only \$188,724 was used for this purpose.

During this fiscal year 9 loans were declared in default and turned over to the Department of Justice for collection. The loan which was reported in default in the previous fiscal year's annual report had its default remedied during this year and the vessel was released to the owner to resume fishing. As legal action has not been completed in most of the cases no figures on losses sustained are available. The estimated loss to date is \$97,000. As the earlier loans contained a greater proportion of high-risk loans, losses in future years are expected to be lower.

DISCUSSION AND CONCLUSION

During the past two fiscal years the Fisheries Loan Fund has provided long-term financing for approximately 250 vessels. As one of the requisites for obtaining a loan from this fund is a showing that the desired financing is not available on reasonable terms from any other source, it can be assumed that most, if not all, of these vessels would have been in serious difficulties if they had not been able to obtain these loans. The estimated catch of these 250 vessels in calendar year 1958 was approximately 230 million pounds. In addition to keeping these vessels operating, the fact that the Federal Government had sufficient faith in the fishery to make these loans encouraged the extension of limited credit to other vessels by banks and suppliers. The assistance provided these vessels by Fisheries Loans enabled many of them to pay off debts of long standing which assisted the general economy of those areas which are largely dependent on fishing.

Approximately 64 percent of the funds loaned was used for refinancing mortgages or lienable debts; 33 percent for repairs, improvements, and replacements; and 3 percent for operating expenses. During the early stages of the program a large portion of the funds was used for refinancing with much smaller amounts used for repairs and improvements. The proportion used for refinancing has been declining and this trend is expected to continue. As more of the funds go into vessel improvements the efficiency of the vessels will increase and prospects for repayment without foreclosures should improve.

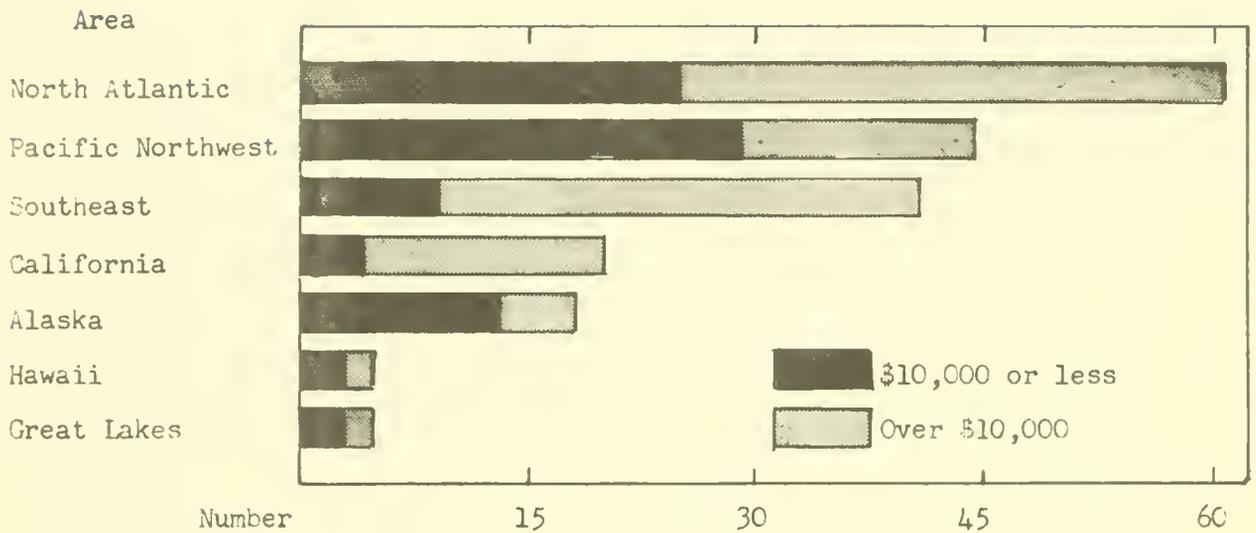


Figure 1.--Number of loan applications received by area, fiscal year 1958

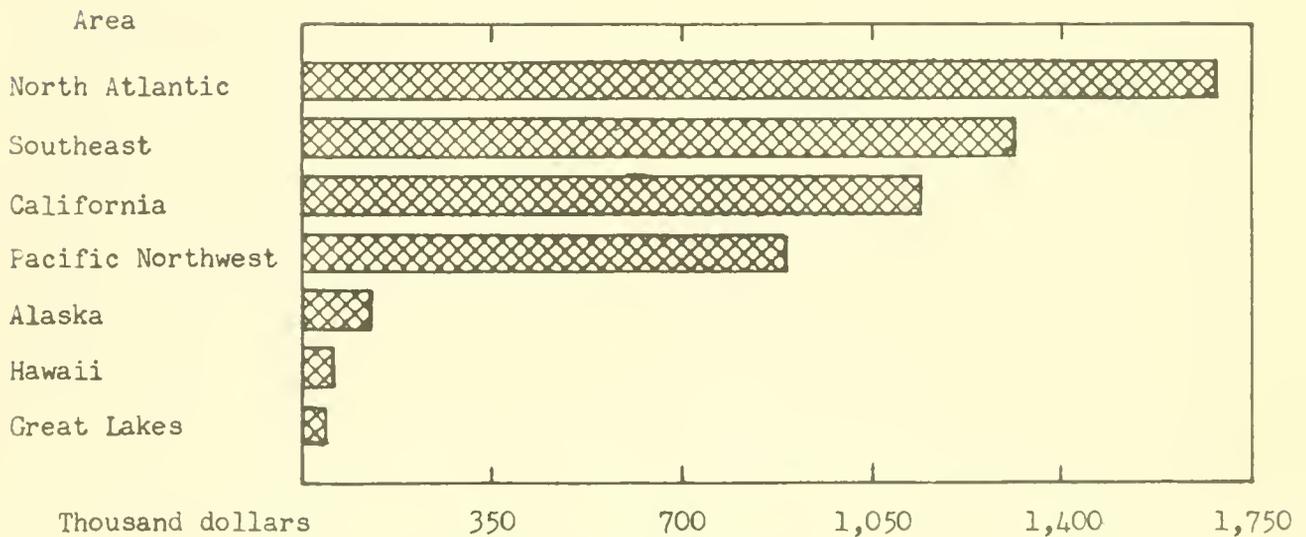


Figure 2.--Value of loan applications received by area, fiscal year 1958

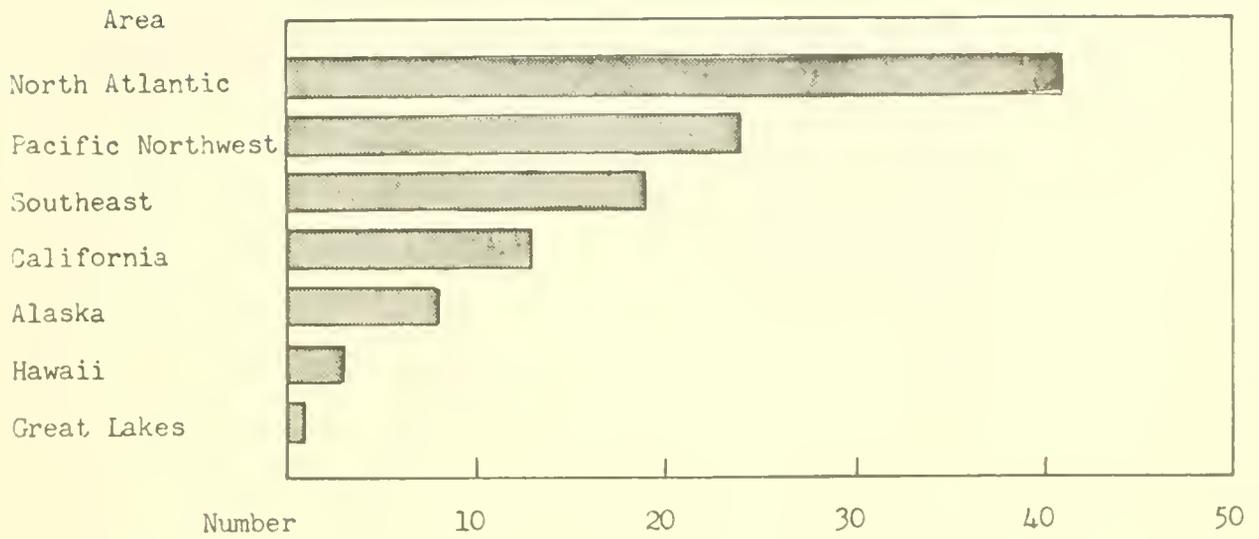


Figure 3.--Number of loans approved by area, fiscal year 1958

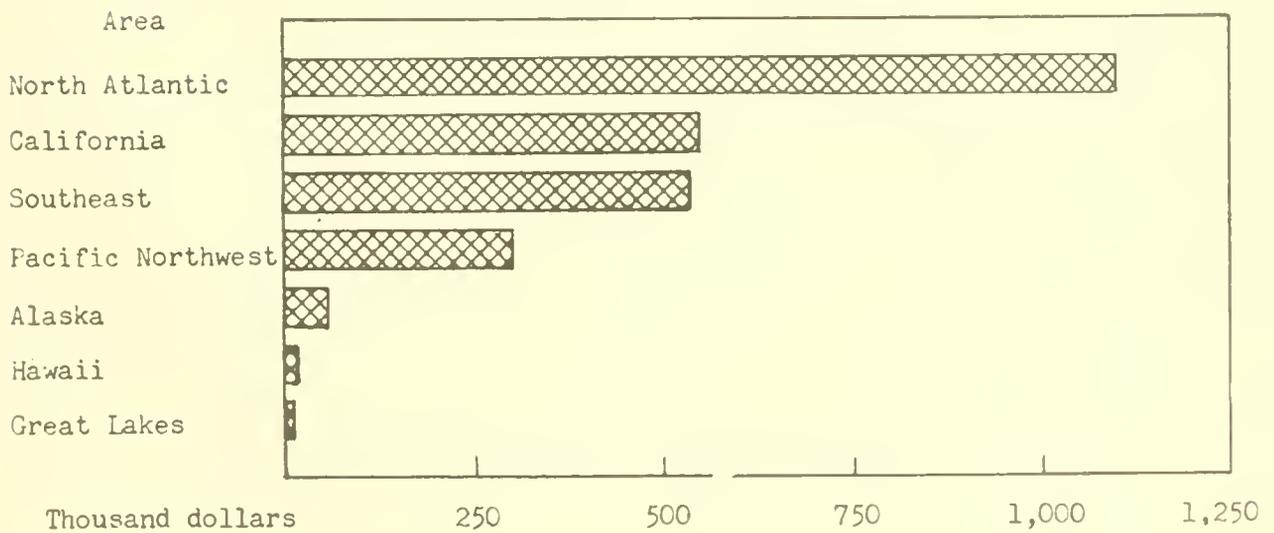


Figure 4.--Value of loans approved by area, fiscal year 1958

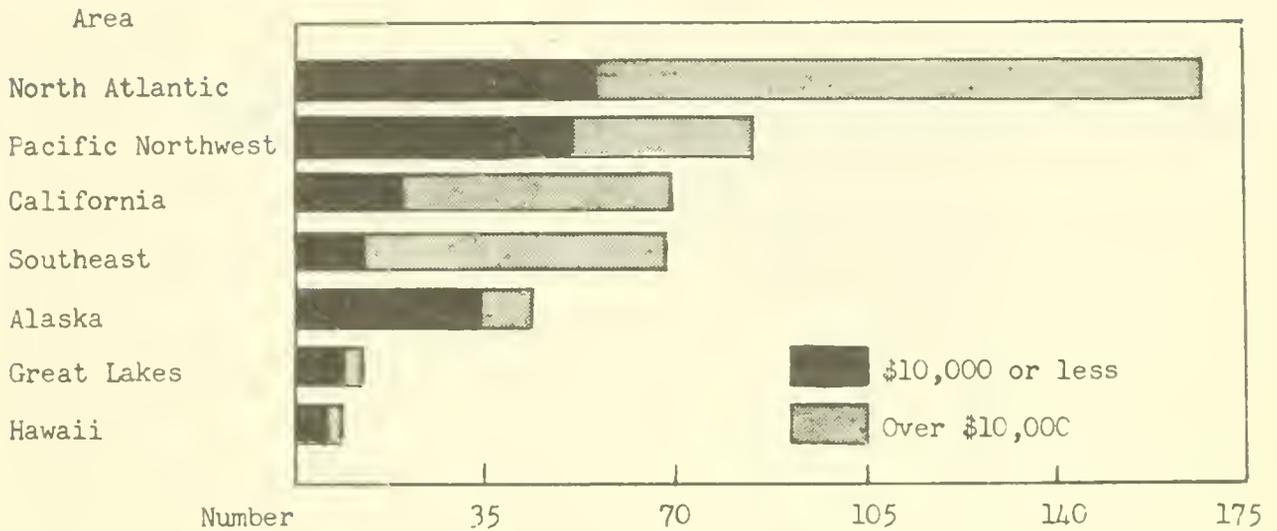


Figure 5.--Number of loan applications received by area, fiscal years 1957-1958 inclusive

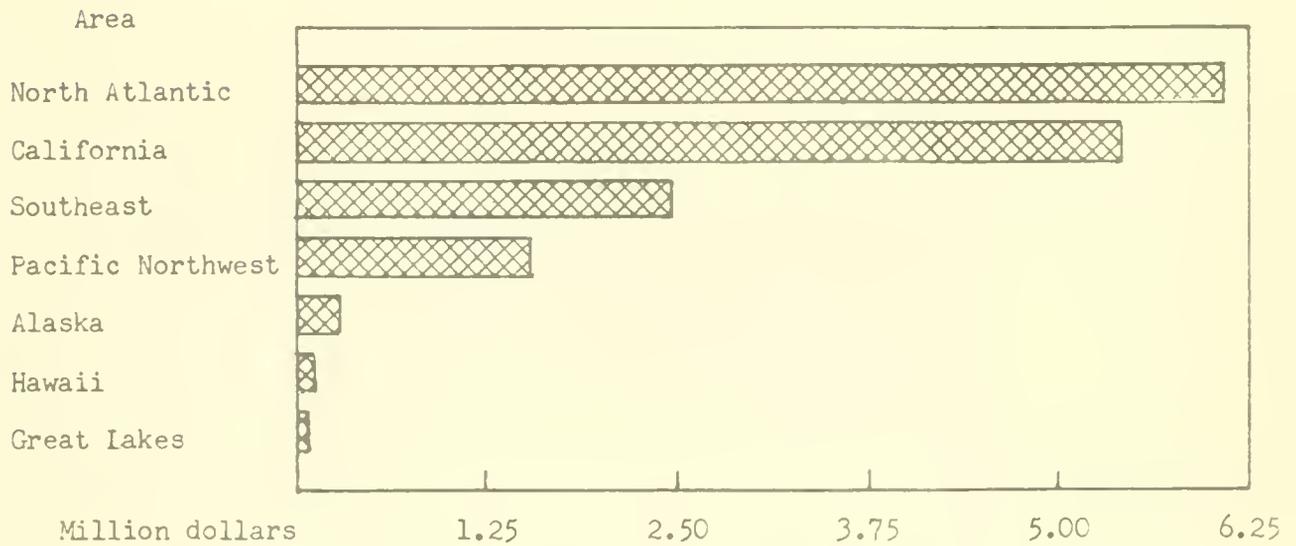


Figure 6.--Value of loan applications received by area, fiscal years 1957-1958 inclusive

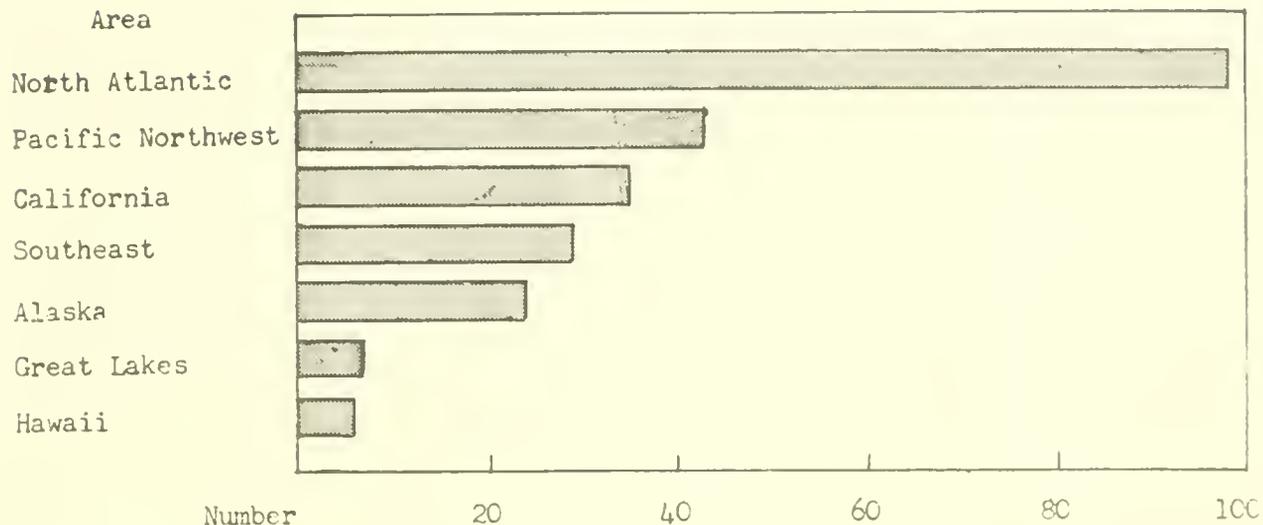


Figure 7.--Number of loans approved by area, fiscal years 1957-1958 inclusive

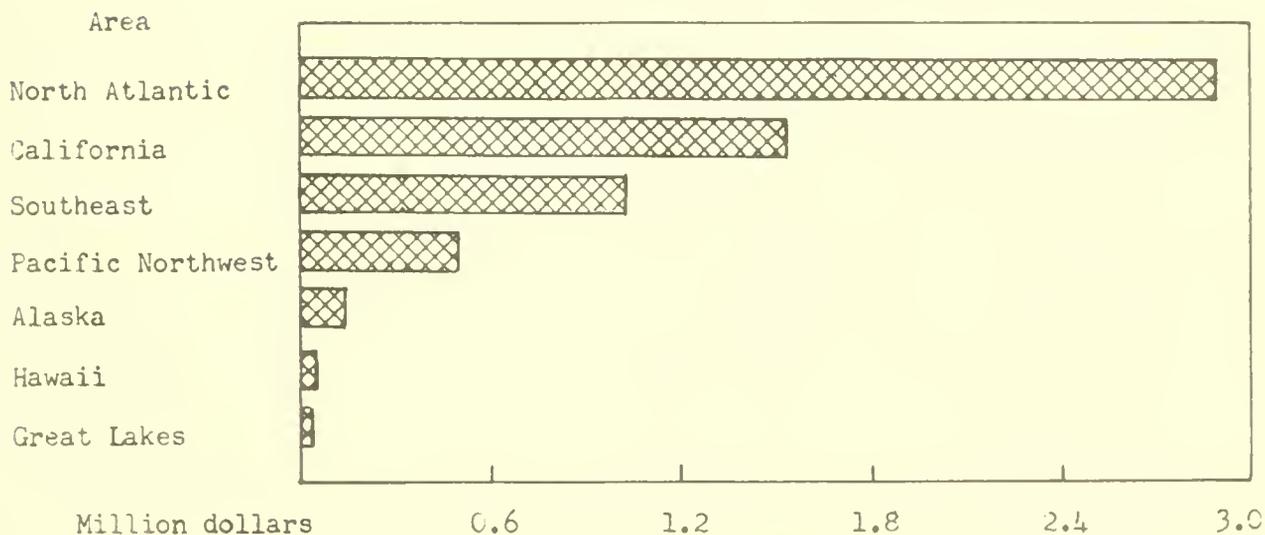


Figure 8.--Value of loans approved by area, fiscal years 1957-1958 inclusive

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