

of consumers. Among the things that have enlarged the horizons of the industry and broadened the opportunities for the fishermen are improved methods of handling, processing, preserving, packing and transporting the catch.

All of these operations require machinery and equipment — cooking and freezing equipment, canning and can-closing machinery, refrigeration equipment and many others. Much of this machinery must be financed. Our company alone handles millions of dollars worth of it every year.

Financial institutions recognize that opportunities lie in growing industries. The fishing industry is growing in importance throughout the world and nowhere is its growth more apparent than in the waters of the Caribbean and Gulf — particularly in the shrimping industry. Since we have confidence in the future of the fishing industry, our objective is to aid in its growth through helping to finance the boats and equipment that are needed.

The Financing of the Netherlands Fishing Fleet

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The financing of the Netherlands fishing fleet has shown some change since the end of the war, to the extent that the investments required to keep the industry going are considerably larger than before the war, and that it is very difficult to obtain long-term capital for this industry.

In the past so-called family partnerships were predominant, mostly in the form of a corporation, sometimes in the form of a limited partnership. It was customary in former years for a shipping mortgage bank or an ordinary bank to provide a family corporation with money in the form of a mortgage, in which case the managing directors of the respective ship-owners' companies were held personally responsible for the fulfilment of the companies' obligations. Thus, the legal form of the corporation was only some sort of protection against the great risks of liability which the dangers of the sea entail.

The Netherlands fishing fleet may be divided into three groups, viz.:

1. The trawlers which are engaged in the so-called "major-fishery" on the North Sea. This group comprises about 45 ships, one third of which are motor vessels and two thirds of which are steam vessels.
2. Motor and steam luggers which are engaged mainly in herring fishery; about 225 ships comprise this fleet.
3. The small inshore fishery, for which motor cutters are used, comprises about 450 ships.

In addition there are a large number of small vessels engaged in oyster, shrimp and mussel fishing on the inland waterways. I shall not go into details about the financing of this group of small vessels.

The ships of the first two groups mentioned are owned by 85 concerns, 43 per cent of which own only one ship. Of the 13 concerns which operate

trawlers, 11 are corporations. Of the trawlers, 60 per cent are from 16 to 40 years old, and replacement of these by new vessels will be necessary in the near future. The cost of replacing a large trawler of about 800 HP is now approximately one million guilders, or \$260,000.

It goes without saying that small family groups cannot raise such large funds, even if part of the money would be furnished by mortgage banks. The same applies to the cost of building new herring luggers of Group 2. A new motor lugger now costs about four hundred thousand guilders, which is equal to \$100,000. Even the smaller inshore vessels mentioned under Group 3 cost approximately two hundred thousand guilders, or \$50,000.

Up to the present time, mortgages have been used in a limited way. Several banks restricted themselves in the granting of mortgages up to a maximum of 50 per cent of the value estimated by their appraisers. The terms are usually 5 to 10 years, depending on the condition of the collateral.

If it proves impossible to obtain a mortgage from a bank an appeal can be made to the "Recovery Bank", founded after the war, which bases its credit grants more on the operating results than on the value of the collateral.

Up until now it has been the customary procedure, at least in many cases when a fishing vessel was bought by one person or concern, that certain trades people, mainly the suppliers of the oil or the coal, participated in the furnishing of the necessary funds for the purchase of the ship.

Whether the payments on these credits could be made usually depended on the operating results. It has happened that the tradesman who granted such a credit ultimately suffered a loss on his investment, but such losses were as a rule wholly or partly compensated by the profits made on the sales of fuel and supplies over a large number of years.

Inasmuch as the owners of fishing vessels in the years immediately preceding the last war were dependent on Government support in some form (although it cannot be said that there was actually a depression) it is understandable that neutral investors were not exactly keen on investing their money in this industry.

As a result there are very few shipowning concerns whose shares are in the hands of outsiders; these shares are not quoted in the official Stock Exchange listings, but they do appear in the separate listings of securities which are called "non-marketable shares".

The Government is aware of the difficulties involved in the building and financing of new ships, and recently instructed a "Committee for the Reorganization of the Sea Fishing Industry" to report on this problem. Briefly summarized, the report of this Committee states that there is little need for short-term capital or short-term credit. In view of the fact that the proceeds of the catches are immediately made available to the shipowners' companies to pay their operating costs, in most cases only long-term capital is needed for the purpose of financing the purchase of a new ship.

Among other things the Committee has proposed the founding of a Fisheries Bank, which supposedly would grant a credit of 50 per cent on the building expenses of a new ship. The Committee has further reasoned that 25 per cent of the building expenses should be met by the shipowners themselves, and 25 per cent in the form of a first mortgage. If a fishery

bank should actually be formed these percentages might be changed. It is clear that the existing shipowners' companies can hardly finance the building of new ships, whereas it cannot be expected that private investors outside the industry will make any considerable investments in this field.

It is not the intention here to present a gloomy picture of the condition of the fishing fleet in the Netherlands. It should be remembered that war and occupation wrought destruction among the Dutch fishing fleets, from which the industry has now largely recovered through the efforts of the Netherlands people.

In the face of the present problems we in the Netherlands will not fail to reorganize our fishing fleets in time, and thus see to it that the fishing industry will remain to be one of the most flourishing in our country. The Government and private enterprise will no doubt work together to achieve the replacing of part of the fleet by new ships. Government's assistance, if necessary, will be a temporary one, until the fishing industry will be able to state that it has fully overcome the effects of the war, and, as in former years, will have a fleet worthy of the position which the Netherlands as a fishing nation has occupied through the ages.

Financing of Fishing Vessels In Denmark

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Before approaching the subject of the financing of fishing vessels, it would be useful to give a brief description of how the Danish fishing fleet is built up, and how a fishing vessel may serve as security for a loan in Denmark.

In 1952 there were 2878 fishing vessels in Denmark ranging from five to 19.9 gross tons and 758 fishing vessels of 20 gross tons or more. The present tendency is towards building strong and seaworthy wooden vessels of 30 to 40 gross tons, with diesel engines of about 100 HP, whose purchase value may be estimated at approximately \$20,000. Just as in the Danish farming, fishing in Denmark is also accomplished in small units. As a rule, the skipper entirely or partly owns his ship. There are only a few fishing companies that own more than one or two fishing vessels, and these fishing companies should not be considered as characteristic.

In some cases the skipper's father or his brother is a partner of the ship. The vessel is built and equipped in such a way that it may be used for the fishing of several different species. Fishing vessels especially built for tuna fishing or shrimp fishing alone, do not exist in Denmark.

Every fishing vessel is, of course, registered in a port. Furthermore, all fishing vessels of 20 gross tons or more are listed in a Ship Register. To illustrate the importance of this Ship Register, the writer wants to point out that all land in Denmark is listed in a special Land Register with drawings and measurements of the land concerned. Through this system it is possible to determine who has owned the land concerned for several hundred years, and which buildings have been erected on it. The Land Register also states whether or not an area has served as security for any commitments and to