

kind of loan it was decided that one per cent of the loan was to be disregarded each year, so that totally 10 per cent of the loan given according to this law, equal to one per cent of the purchase value of the vessel, should not be repaid if the fisherman would strictly observe the conditions of repayment and keep his vessel in good repair.

Financing Fishing Vessels In Sweden

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In Sweden sea-going wooden fishing boats 70 to 80 feet long cost about \$40,000 to \$50,000. A Government loan-fund was established in 1932 to provide loans for the procurement of boats, engines or other mechanical equipment, gear, fish-transport vehicles, small boats and other transport facilities, small fish plants and for fish farming. Each year a sum of Kr. 2,000,000 (\$400,000) is being loaned. The maximum value for each loan was increased in 1943 to \$24,000. Unfortunately, the number of applications is so large that the available amount is usually insufficient. It frequently happens, therefore, that the amount requested has to be reduced. The government requires the first mortgage on the vessel, and for some responsible person to stand security. For the first two years no payments of principal or interest are required. Thereafter principal and interest have to be paid by equal instalments over a period of a maximum of 10 years. The interest is 3.6 per cent and the penalty interest six per cent.

For 1954 the Government estimates that they will receive from fishermen Kr. 1,300,000 (\$260,000) in repayments on old loans. Accordingly the Government is going to increase the loan fund by Kr. 700,000 (\$140,000) to make loans possible up to a total value of \$400,000 in 1954.

In order to obtain a loan, the fisherman sends an application to the Agricultural Society in his part of Sweden or, if he is living in West Sweden, to the County Council. This body scrutinizes the application and, in the case of an Agricultural Society, it has to make an additional endorsement. The loan application is then sent to the Board of Fisheries for approval or possible adjustment of the sum. If approved, the Board informs the Treasury which then pays the loan sum by cheque to the Agricultural Society or the County Council for payment to the fisherman, once he has produced the necessary guarantees.

In addition to the Government loans, the fishermen frequently use the credit facilities provided by the Provincial Savings Banks or Commercial Banks, and usually a fisherman can buy a new boat without contributing more than 20-25 per cent of the cost himself. The savings banks charge an interest of about four per cent and require that the loan be paid back in 15-20 years. They demand security over and above the mortgage. Some commercial banks also provide similar loans and presently charge four and one-half per cent interest for loans shorter than three months and five per cent for loans longer than this period.

The experience in Sweden is that fishermen are good borrowers and the losses are insignificant.