

47.502 Policy.

(a) The policy of the *United States* regarding the use of *U.S.-flag vessels* is stated in the following acts:

(1) The Cargo Preference Act of 1904 ([10 U.S.C. 2631](#)), which requires the Department of Defense to use only *U.S.-flag vessels* for ocean transportation of *supplies* for the Army, Navy, Air Force, or Marine Corps unless those vessels are not available at fair and reasonable rates.

(2) The Merchant Marine Act of 1936 ([46 U.S.C. 1101](#)), which declares it is the policy of the *United States* to foster the development and encourage the maintenance of its merchant marine.

(3) The Cargo Preference Act of 1954 ([46 U.S.C. 1241\(b\)](#)), which is Section 901(b) of the Merchant Marine Act). Under this Act, Government agencies acquiring, either within or outside the *United States*, *supplies* that *may* require ocean transportation *shall* ensure that at least 50 percent of the gross tonnage of these *supplies* (computed separately for *dry bulk carriers*, *dry cargo liners*, and *tankers*) is transported on *privately owned U.S.-flag commercial vessels* to the extent that such vessels are available at rates that are fair and reasonable for U.S.-flag commercial vessels. This applies when the *supplies* are-

(i) Acquired for the account of the *United States*;

(ii) Furnished to, or for the account of, a foreign nation without provision for reimbursement;

(iii) Furnished for the account of a foreign nation in connection with which the *United States* advances funds or credits, or guarantees the convertibility of foreign currencies; or

(iv) Acquired with advance of funds, loans, or guaranties made by or on behalf of the *United States*.

(b) Additional policies providing preference for the use of *U.S.-flag vessels* are contained in-

(1) [46 U.S.C. 1241\(a\)](#) for official business travel by officers and employees of the *United States* and for the transportation of their personal effects; and

(2) [46 U.S.C. 1241\(e\)](#) for the transportation of motor vehicles owned by Government personnel when transportation is at Government expense or otherwise authorized by law.

(c) The provisions of the Cargo Preference Act of 1954 *may* be temporarily waived when the Congress, the President, or the Secretary of Defense declares that an *emergency* justifying a temporary waiver exists and so notifies the appropriate agency or agencies.

Parent topic: [Subpart 47.5 - Ocean Transportation by U.S.-Flag Vessels](#)