47.503 Applicability.

(a) Except as stated in paragraph (b) of this section and in 47.504, the Cargo Preference Acts of1904 and1954 described in 47.502(a) apply to the following cargoes:

(1) *Supplies* owned by the Government and in the possession of-

(i) The Government;

(ii) A contractor; or

(iii) A subcontractor at any tier.

(2) *Supplies* for use of the Government that are contracted for and require subsequent delivery to a Government activity but are not owned by the Government at the time of *shipment*.

(3) *Supplies* not owned by the Government at the time of *shipment* that are to be transported for distribution to foreign assistance programs, but only if these *supplies* are not acquired or contracted for with local currency funds (see 47.504(b)).

(b) Government-owned *supplies* to be shipped commercially that are-

(1) In the possession of a department, a contractor, or a subcontractor at any tier and

(2) For use of military departments *shall* be transported exclusively in *privately owned U.S.-flag commercial vessels* if such vessels are available at rates that are fair and reasonable for U.S.-flag commercial vessels.

(c) The 50-percent requirement *shall* not prevent the use of *privately owned U.S.-flag commercial vessels* for transportation of up to 100 percent of the cargo subject to the Cargo Preference Act of1954.

Parent topic: Subpart 47.5 - Ocean Transportation by U.S.-Flag Vessels