

47.504 Exceptions.

The policy and procedures in this subpart do not apply to the following:

(a) Shipments aboard vessels as required or authorized by law or treaty.

(b) Ocean transportation between foreign countries of supplies purchased with foreign currencies made available, or derived from funds that are made available, under the Foreign Assistance Act of 1961 ([22 U.S.C.2353](#)).

(c) Shipments of classified supplies when the classification prohibits the use of non-Government vessels.

(d) Subcontracts for the acquisition of commercial items or commercial components (see [12.504\(a\)\(1\)](#) and [\(a\)\(11\)](#)). This exception does not apply to-

(1) Grants-in-aid shipments, such as agricultural and food-aid shipments;

(2) Shipments covered under [46 U.S.C. App.1241-1](#), such as those generated by Export-Import Bank loans or guarantees;

(3) Subcontracts under-

(i) Government contracts or agreements for ocean transportation services; or

(ii) Construction contracts; or

(4) Shipments of commercial items that are-

(i) Items the contractor is reselling or distributing to the Government without adding value (see FAR [12.501\(b\)](#)). Generally, the contractor does not add value to the items when it subcontracts items for f.o.b. destination shipment; or

(ii) Shipped in direct support of U.S. military-

(A) Contingency operations;

(B) Exercises; or

(C) Forces deployed in connection with United Nations or North Atlantic Treaty Organization humanitarian or peacekeeping operations.

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