



U.S. Department
of Transportation

**Maritime
Administration**

400 Seventh Street, S.W.
Washington, D.C. 20590

June 16, 1986

Prioritization of U.S.-Flag Shipping Services for
Compliance With the Cargo Preference Requirements of
the Cargo Preference Act of 1954

In order to set out simply the basic principles of prioritization of U.S.-flag shipping requirements under the Cargo Preference Act of 1954 (Public Law 664), 46 U.S.C. 901, to meet the needs of the shipping community, the following general guidance has been prepared to summarize existing requirements under governing authorities. Requests for further information may be directed to this office. Our new telephone is (202) 366-4610.

The Maritime Administration's prioritization of U.S.-flag service for cargo preference purposes is as follows:

- (1) The following all U.S.-flag vessel services have equal status in the selection by shippers of preference cargoes:
 - (a) U.S.-flag vessel service (U.S.-flag vessel with relay/transshipment to another U.S.-flag vessel to final discharge port);
 - (b) Direct U.S.-flag vessels services;
 - (c) Intermodal services to the final destination or from the point or port of origin utilizing only U.S.-flag vessels for any water-borne portion.
- (2) In the event that all U.S.-flag vessel service as described in Paragraph (1) above is not available, U.S.-flag vessels with relay or transshipment via a foreign-flag vessel to final discharge port is the acceptable and required U.S.-flag service under the statute.

Federal agencies and/or their program participants may not make determinations of non-availability without the Maritime Administration's concurrence of the criteria utilized.

We suggest that you also service Comptroller General Opinions of B-145455 dated June 12, 1968, B-140872 dated May 10, 1960, B-165421, December 23, 1968, and B-155185 dated November 17, 1969, as they relate specific cargo preference concepts relative to U.S.-flag vessel services.

Sincerely,



for

S. THOMAS ROMEO
Chief and Inter-Agency Liaison
Division of National Cargo
Office of Market Development