

## 47.503 Applicability.

(a) Except as stated in paragraph (b) of this section and in [47.504](#), the Cargo Preference Acts of 1904 and 1954 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 of 1954.

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