

SUBCHAPTER I-A—NATIONAL SHIPPING AUTHORITY

PART 315—AGENCY AGREEMENTS AND APPOINTMENT OF AGENTS

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AUTHORITY: 50 U.S. C. App. 1744; 49 CFR 1.66.

SOURCE: 58 FR 44285, Aug. 20, 1993, unless otherwise noted.

§ 315.1 Purpose.

This part summarizes the procedures governing the award and administration of Agency Agreements in the form of Service Agreements and Ship Manager Contracts entered into between the United States of America, acting by and through the Director, National Shipping Authority (NSA) of the Maritime Administration (MARAD), Department of Transportation, and Agents which will manage or otherwise conduct the business of one or more vessels owned, controlled or time-chartered by the United States, which vessel(s) may be assigned to Agents from time to time pursuant to the specific provisions of a Service Agreement or Ship Manager Contract.

§ 315.3 Definitions.

(a) *Agent* includes a General Agent, Berth Agent and Ship Manager, designated as such under a standard form of Service Agreement or Ship Manager Contract to manage and conduct the business of vessels of which the United States is owner, owner *pro hac vice* or time charterer.

(b) *Citizen of the United States* means a person (including receivers, trustees and successors or assignees of such Persons as provided in 46 App. U.S.C. 803), including any Person (stockholder, partner or other entity) who has a controlling interest in such person, any person whose stock or equity is being relied upon to establish the requisite U. S. citizen ownership, and any parent corporation, partnership or other entity of such Person at all tiers

of ownership, who, in both form and substance at each tier of ownership, satisfies the following requirements—

(1) An individual who is a Citizen of the United States, by birth, naturalization or as otherwise authorized by law;

(2) A corporation organized under the laws of the United States or of a State, the controlling interest of which is owned by and vested in Citizens of the United States and whose chief executive officer, by whatever title, chairman of the board of directors and all officers authorized to act in the absence or disability of such persons are Citizens of the United States, and no more of its directors than a minority of the number necessary to constitute a quorum are noncitizens;

(3) A partnership organized under the laws of the United States or of a State, if all general partners are Citizens of the United States and a controlling interest in the partnership is owned by Citizens of the United States;

(4) An association organized under the laws of the United States or of a State, whose chief executive officer, by whatever title, chairman of the board of directors (or equivalent committee or body) and all officers authorized to act in their absence or disability are Citizens of the United States, no more than a minority of the number of its directors, or equivalent, necessary to constitute a quorum are noncitizens, and a controlling interest in which is vested in Citizens of the United States;

(5) A joint venture, if it is not determined by the Maritime Administrator to be in effect an association or partnership, which is organized under the laws of the United States or of a State, if each conventurer is a Citizen of the United States. If a joint venture is in effect an association, it will be treated as is an association under paragraph (b)(4) of this section, or, if it is in effect a partnership, will be treated as is a partnership under paragraph (b)(3) of this section.

(c) *Director, National Shipping Authority, or Director* means the Maritime Administrator. It also means the Associate Administrator for Shipbuilding and Ship Operations, or the Associate

Administrator for Marketing, respectively, when the NSA is operating under authority delegated by the Maritime Administrator.

(d) *NDRF* means a National Defense Reserve Fleet site.

(e) *United States* means the States of the United States, Guam, Puerto Rico, the Virgin Islands, American Samoa, the District of Columbia, the Commonwealth of the northern Mariana Islands and any other territory or possession of the United States.

[58 FR 44285, Aug. 20, 1993, as amended at 69 FR 34310, June 21, 2004]

§315.5 Appointment of agents.

(a) *Eligibility.* The Director shall restrict the appointment as Agent to qualified applicants. Each applicant shall establish that eligibility according to procedures that may be obtained from MARAD and shall:

(1) Be a Citizen of the United States, as defined in §315.3(b) of this part;

(2) Demonstrate the necessary ability, experience and resources as an operator of vessels or ports, or shoreside husbander of vessels; and

(3) Continue to meet all such requirements throughout the term of the appointment.

(b) *Procedures.* Information about procedures for appointment as General Agent, Berth Agent or Ship Manager may be obtained from, and inquiries and other written communications shall be submitted to, the Maritime Administration, Attn: Office of Acquisition, MAR-383, Department of Transportation, 400 Seventh Street SW., Washington, DC 20590, tel. (202)366-1943. Inquiries should be made during normal business hours.

(c) *Approval.* After final approval of an Agent by MARAD, the contracting office shall transmit the Service Agreement or Ship Manager contract to the Agent for execution and return to MARAD.

(d) *Agreements.* The standard text of the Service Agreement and Ship Manager Contract may be obtained from the Office of Acquisition at the address appearing in paragraph (b) of this section, by mail or in person during normal business hours.

§315.7 Administration of agency agreements.

(a) *Amendments.* The MARAD contracting office shall prepare modifications to all Service Agreements and Ship Manager Contracts that are required due to changes in the Federal Acquisition Regulation or Transportation Acquisition Regulation, or changes in MARAD policy or procedure.

(b) *Annual review of General Agent representations and certifications.* The contracting office shall require that each General Agent certify annually that all representations and certifications incorporated in a Service Agreement are current, complete and accurate, or provide new representations and certifications.

§315.9 Duties of agents.

The Agent shall perform all duties prescribed in the Service Agreement or Ship Manager Contract and shall be guided by such directions, orders or regulations as may be issued by MARAD.

§315.11 Vessel deactivation procedures.

When an Agent is responsible as vessel operator to decommission and deliver a vessel to the NDRF, that Agent shall observe all the procedures and requirements prescribed by MARAD contained in instructions which may be obtained from the MARAD Division of Reserve Fleet (MAR-743) at the address specified in §315.5(b) of this part. Tel. (202) 366-5752.

PART 317—BONDING OF SHIP'S PERSONNEL

Sec.

1. What this order does.
2. Amount of bond.
3. Premiums.
4. Posting of bond.
5. Measures to protect ship's payrolls.
6. Surety and form of bond.

AUTHORITY: Sec. 204, 49 Stat. 1987, as amended; 46 U.S.C. 1114.

SOURCE: AGE-3, 16 FR 6751, July 12, 1951. Redesignated at 45 FR 44587, July 1, 1980, unless otherwise noted.

Section 1

46 CFR Ch. II (10-1-04 Edition)

Section 1 What this order does.

This order requires that General Agents, appointed under Service Agreement "G.A.A., 3/19/51" shall not advance or entrust any monies or slop chest property of the United States to a master, purser or any other member of the ship's personnel unless such person is under a bond indemnifying the United States against loss of such monies or property caused solely or in part by the dishonesty or lack of care of any such person in the performance of the duties of any petition covered by the bond.

Sec. 2 Amount of bond.

The amount of the bond must be governed by the amount of monies advanced or value of slop chest property entrusted, and shall, at all times, not be less than the value of slop chest property entrusted plus advances of monies for which a satisfactory accounting has not been made.

Sec. 3 Premiums.

The bonds provided for shall be furnished without cost to the National Shipping Authority, but the cost of the premiums of such bonds shall be included in the overhead expense of the General Agent.

Sec. 4 Posting of bond.

The General Agent shall retain an executed copy of each such bond in its principal office for examination by the National Shipping Authority at any time.

[Amdt. 1, 16 FR 9527, Sept. 19, 1951. Redesignated at 45 FR 44587, July 1, 1980]

Sec. 5 Measures to protect ship's payrolls.

(a) General Agents are not required to consider the amount of the payroll delivered to the Master at the conclusion of a voyage in determining the amount of bond required for any one person filling a bonded position hereunder. However, the person paying off the crew should be either the Master, or purser, or some other member of the ship's personnel acting for the Master who has been bonded pursuant to this order. If, however, the person paying off is a shoreside employee of the General Agent, such employee shall be

bonded under the General Agents' general fidelity bond.

(b) The principal risk involved where payrolls are delivered to a vessel at the conclusion of a voyage is loss through hold-up. Therefore, reasonable protection shall be taken by all General Agents where payrolls are delivered to a vessel or elsewhere. Because the circumstances of each case will vary, the General Agents shall use their best judgment in determining whether armored car service, armed guards or similar types of protection should be employed (in other words, the General Agents should follow their usual practices). The cost of these services may be included in vessel operating expenses.

(c) General Agents are not required to purchase hold-up insurance, since subject to the terms, conditions and limitations of Service Agreement "G.A.A., 3/19/51" losses resulting from this exposure are assumed by the National Shipping Authority.

Sec. 6 Surety and form of bond.

Each bond provided for by this order shall be duly executed by an authorized surety appearing on the current approved list of companies acceptable as sureties on Federal bonds published by the U.S. Treasury Department. The form of bond required by the National Shipping Authority to be used by the General Agents shall be as follows:

DEPARTMENT OF TRANSPORTATION

MARITIME ADMINISTRATION, NATIONAL
SHIPPING AUTHORITY

Position Fidelity Schedule Bond

In consideration of the annual premium _____ (hereafter called the "Surety") hereby agrees to pay to _____ or its successors (hereafter called the "Agent") or the United States of America, (hereafter called the "United States"), represented by the Director, National Shipping Authority of the Maritime Administration, Department of Transportation (hereafter called the "Director"), as their interests may appear, the amount of any pecuniary loss of money or slop chest property caused, solely or in part, by reason of the dishonesty or lack of care of any person in the performance of the duties of any position, now or hereafter listed in the Schedule of Positions and Amounts forming part hereof (hereafter called the "Schedule"),

on any and all vessels from time to time allocated to the Agent by the Director.

This bond is executed and accepted subject to the following agreements, limitations and conditions:

First. Liability under this bond begins with the ___ day of ___, 19__ in respect of each person then filling any position named in the Schedule on any and all vessels then allocated to the Agent by the Director. As to any position or positions bearing the same designation as that of any position or positions named in the Schedule on any vessel or vessels thereafter allocated to the Agent by the Director, liability under this bond shall automatically begin as soon as such position or positions are filled, provided the Director or the Agent shall within ninety (90) days of the date such position or positions are filled notify the Surety in writing of the date such position or positions are filled. As between the Agent and the Director, it shall be the responsibility of the Agent to give the notice to the Surety as provided herein. Without affecting its liability hereunder, the Surety agrees that neither the Agent nor the Director need furnish the names of vessels on which positions are bonded hereunder at any time during the effective period of this bond.

Second. If the Agent or the Director shall request the Surety to increase or decrease the amount of coverage applicable to any position named in the Schedule, the Surety shall make such change by written acceptance showing the increase or decrease in the amount of coverage and the effective date thereof, which effective date shall not be prior to the date of such request; provided, however, that if the Director shall within ninety (90) days after receipt of notice of a decrease resulting from a request by the Agent, advise the Surety that it does not consent to such decrease, such decrease shall become inoperative and coverage shall continue in the amount applicable prior to such decrease as if such decrease had never been made.

Third. If the Surety knows or has reason to believe that any person filling any position named in the Schedule has caused any loss of money or property entrusted to him by reason of his dishonesty or lack of care in the performance of the duties of such position, the Surety may terminate the coverage of this bond as to such person by giving notice in writing to the Agent and the Director at least thirty (30) days prior to the completion, in a continental United States port, of the then current voyage of the vessel on which such person is filling a position, in which case the coverage of this bond as to such person shall terminate when the crew is paid off upon such completion of the voyage. The Agent may cancel the coverage of this bond (a) as an entirety or (b) as to any position named in the Schedule by giving the Surety fifteen (15) days' written notice ac-

companied by written approval of the Director to such cancellation. The Director may cancel the coverage of this bond (a) as an entirety or (b) as to any position named in the Schedule upon fifteen (15) days' written notice to the Surety. In the event of any such cancellation the Surety shall refund to the Agent any unearned premiums computed pro rata.

Fourth. After discovery and report to the Agent or the Director of any loss hereunder, the Agent or the Director shall give the Surety written notice thereof, and within ninety (90) days after such written notice to the Surety shall file with the Surety affirmative proof of loss itemized and sworn to on forms furnished by the Surety. Prior discovery and report to the Agent of such loss shall not affect the right of the Director to notify the Surety of such loss and to file proof of loss. As between the Agent and the Director, it shall be the responsibility of the Agent to give the notice and to file the proof of loss with the Surety as provided herein. "Discovery and report" as used herein is defined in paragraph Tenth hereof.

Fifth. Any suit to recover on account of any loss hereunder shall be brought before the expiration of five years from the report to the Agent or the Director of the act causing such loss.

Sixth. The Agent will declare at the original effective date of this bond, and at each subsequent premium anniversary date, the total number of persons then filling each position named in the Schedule, and the annual premium will be computed for the ensuing year on the basis of the aggregate coverage represented by such declaration. Upon such premium anniversary date there will be a computation of additional premium or refund of premium in proportion to the change in the coverage each year.

Seventh. Settlement of any claim hereunder shall be made by check payable to the Agent unless otherwise instructed by the Director, but no settlement of any claim hereunder may be made for an amount less than the full amount of the loss for which the claim is made without the written consent of the Director thereto.

Eighth. The Surety shall not be entitled to any reimbursement, salvage or recovery,—except from insurance, reinsurance, collateral or indemnity taken by the Surety for its own benefit,—on account of any loss hereunder until the Agent or the Director, as their interests may appear, is reimbursed in full.

Ninth. No modification or change of any nature of the provisions of this bond shall take effect unless the Director shall have given his written consent thereto, except that the Agent may increase the coverage hereunder in accordance with the provisions of paragraph First hereof without such consent of the Director.

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Tenth. (a) Any action, approval or consent which by the provisions of this bond is required to be taken or signed by the Director shall be effective if taken or signed by the Director or by his authorized representative, and wherever and whenever herein any right, power, or authority is granted or given to the Director, such right, power, or authority may be exercised in all cases by his authorized representative, and the act or acts of such authorized representative, when taken shall constitute the act of the Director hereunder.

(b) "Discovery and report" by the Agent as used herein shall be deemed to mean discovery by any person and the report of such discovery to an executive officer or head of a department or division concerned with such discovery and report of the Agent at the Agent's principal place of business within the continental United States. "Discovery and report" by the Director shall be deemed to mean discovery by any person and the report of such discovery to an executive officer

or head of a division or section concerned with such discovery and report at the Director's headquarters.

(c) Notices, approvals and requests required by the provisions hereof shall be sent to the Surety addressed to it at its home office at.

(d) Notices, acceptances and requests required to be sent to the Agent shall be sent to The Agent, _____ (Name and head office address).

(e) Notices and requests to be sent to the Director shall be addressed to the Director, National Shipping Authority of the Maritime Administration, Department of Transportation, at the Director's headquarters.

Signed, sealed and dated this ____ day of _____, 19__.

[corporate seal] _____ (Surety)

Attest or witness:

____ By _____
____ By _____

SCHEDULE OF POSITIONS AND AMOUNTS

The positions set forth hereinafter in this Schedule are all located on board the vessel or vessels allocated by the Director from time to time to the Agent named herein

Item No.	Description position	Number persons filling position	Amount coverage on each	Aggregate coverage	Premium

[AGE-3, 16 FR 6751, July 12, 1951, as amended by Amdt. 1, 16 FR 9527, Sept. 19, 1951. Redesignated at 45 FR 44587, July 1, 1980]

PART 324—PROCEDURAL RULES FOR FINANCIAL TRANSACTIONS UNDER AGENCY AGREEMENTS

ACCOUNTS

Sec.

1. Books of account.
2. Bank account.

ACCOUNTING FOR REVENUES

3. Accounting for revenues.

FUNDING OF OPERATIONS

4. Funding of operations.

DISBURSEMENTS

5. Disbursements at principal office of agent.
6. Disbursements at other domestic ports.
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DOCUMENTS

8. Disbursement documents.
9. Maintenance of documents.
10. Lost documents.

REPORTS AND AUDIT

11. Reports to the owner.
12. Audit.

AUTHORITY: Sec. 204, 49 Stat. 1987, as amended; 46 U.S.C. 1114.

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SOURCE: FIS-1, 16 FR 2885, Apr. 3, 1951. Re-designated at 45 FR 44587, July 1, 1980, unless otherwise noted.

ACCOUNTS

Section 1 Books of account.

A separate set of books of account shall be opened for the purpose of recording the various transactions in connection with the said agency agreement. The books of original entry and ledgers may be similar in design to those heretofore employed by the agent unless it develops that they are inadequate, in which event the deficiency shall be remedied promptly. The accounts required in operations under this agency agreement, however, shall conform to the chart in the uniform system prescribed by the Maritime Administration in General Order No. 22, Revised (46 CFR part 282) and recordings in the accounts shall be in accordance with the descriptions thereof contained in the said uniform system.

Sec. 2 Bank account.

A separate joint bank account will be maintained in a depository or depositories designated by the agent and approved by the National Shipping Authority (referred to in this order as the owner), into which all collections under the agency agreement will be deposited and from which disbursements in connection with the activities, maintenance and business of the vessels thereunder will be made. Upon designation by the agent and approval by the owner of the depository or depositories, the owner will issue an order for the establishment of the joint bank account. The order will set forth the conditions governing the establishment and maintenance of the account and the making of deposits therein and withdrawals therefrom. A signed copy of the order of the owner will be furnished the agent and the agent promptly shall adopt, through its Board of Directors, a resolution satisfactory in form and substance to the owner, authorizing the establishment and maintenance of the account in conformity with the action of the owner. A signed copy of the order of the owner and a certified copy of the resolution of the agent will be furnished by the owner to the depository for its guidance in

maintaining the fund and honoring instruments of withdrawal. The order will provide, among other things, that:

(a) Withdrawals from this bank account may be made by the agent without the countersignature of the owner for disbursements in connection with the activities, maintenance and business of the vessels assigned under agency agreements, except disbursements involving payments to the agent directly, or to any other persons specifically designated by the Director, National Shipping Authority, in which instances the countersignature of a designated representative of the owner will be required, (b) withdrawals may be made from the account by the owner without the countersignature of the agent whenever and to the extent the owner shall determine that the balance in the account in excess of current operating requirements warrants such action, (c) the bank shall have no rights against the joint account on account of indebtedness of the agent either by way of set-off or otherwise, (d) the bank may receive for deposit in the joint account any funds tendered to it by any person with instructions that the same be deposited in the said account, and the bank shall have no responsibility to inquire as to the source of such funds, and (e) the bank shall disburse funds from the joint account in accordance with checks, drafts, or other orders for the payment of money, drawn as provided in the order, without making any inquiry as to the purpose or use to which such withdrawals are to be put.

ACCOUNTING FOR REVENUES

Sec. 3 Accounting for revenues.

(a) *General.* (1) The Agent shall be responsible for the prompt collection of all vessel operating revenue, shall issue such instructions as may be necessary to its branch houses or sub-agents, and shall take such other steps as may be necessary to insure prompt remittance to it of vessel operating revenue collected outside its principal office.

(2) Freight revenue collected, less refunds made therefrom, shall be remitted to the owner promptly subsequent to the close of each month. Disbursements except for refunds shall not be

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made from freight revenue collections unless specifically authorized by the owner.

(3) Passenger revenue collections shall be accounted for in accordance with procedures to be described.

(4) The agent shall in all cases perform his audit and review functions promptly and shall be in a position to supply complete documentation for a current audit by representatives of the owner.

(b) *Revenue documents*—(1) *Freight revenue*. The agent shall require its domestic and foreign branch houses, sub-agents, or other representatives, to prepare and submit revenue documents (manifests, bills of lading, out turn weight certificates, correction notices, etc.) to it. The manifest, in addition to showing the name of shipper, consignee, weight or measurement, freight rate and basis (whether the freight rate applies on measurement or weight basis), and amount of freight, shall show also advance charges, prepaid beyond charges, etc. A recapitulation sheet shall be made of the totals shown on the individual manifest sheets for each port. The aggregate totals of weight and measurement freight shall be converted to freight payable tons of bulk, general, heavy lifts, and commodities subject to special stevedoring rates if freight carried is subject to an over-all stevedoring agreement.

(2) *Passenger revenue*. Agents to whom combination passenger and freight vessels have been assigned under agency agreements and who heretofore have established a passenger accounting procedure, may continue to follow such procedure under the agency operations, unless such procedure is found to be inadequate by the owner.

(3) *Certifications of revenue documents*. The following certifications will be signed by branch houses or sub-agents:

(i) *Freight manifests*. Certified to be a true and correct reflection of cargo loaded and rates charged.

By: Branch house or sub-agent
Name Title

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(ii) *Passenger manifests*. Certified to be a true and correct reflection of passengers carried and rates charged.

By: Branch house or sub-agent
Name Title

(4) *Definition of manifest*. The term *manifest* as used in this order, shall be interpreted to include appropriate equivalent documents as customarily used.

FUNDING OF OPERATIONS

Sec. 4 Funding of operations.

Cash advances will be made by the owner in such amounts and at such times as are required to adequately fund the activities, maintenance and business of the vessels assigned under agency agreements.

DISBURSEMENTS

Sec. 5 Disbursements at principal office of agent.

All expenses directly applicable to the activities, maintenance and business of the vessels assigned under agency agreements shall be paid from funds advanced by the owner unless otherwise specifically provided. When paid by check, invoices shall reflect the numbers of the checks by which the invoices were paid; when paid other than by check of the agent at his principal office, invoices must bear evidence of payment.

Sec. 6 Disbursements at other domestic ports.

Disbursements at domestic ports other than the principal office of the agent for expenses as referred to in section 5 shall be made by one of the three following methods:

(a) After proper certification by the branch house or subagent, invoices shall be forwarded to the agent for payment, or

(b) The branch house or subagent shall pay invoices and thereafter apply to the agent for reimbursement, supporting its voucher with invoices bearing evidence of payment covering individual disbursement, or

(c) The agent may advance from time to time from the joint bank account

the funds necessary to meet the requirements of such branch houses or subagents in connection with the activities, maintenance and business of the vessels assigned under the agency agreement. In such cases the branch house or subagent shall pay invoices from such advances and make proper accounting to the agent for each advance supported by invoices bearing evidence of payment and accompanied by remittance covering any unexpended balance of the advance, promptly after the departure of each vessel for which such advance was made.

Sec. 7 Disbursements at foreign ports.

Disbursement procedures at foreign ports may differ in the case of individual agents and in view of existing conditions. Disbursements at foreign ports shall be made by one of the following methods or by any other method outlined to and approved by the owner in advance of its use:

(a) The agent may advance from time to time from the joint bank account the funds necessary to meet the requirements of the business of the vessels assigned under the agency agreement. In such cases the foreign branch house or sub-agent shall pay invoices from such advances and shall make proper accounting to the agent for all advances supported by invoices bearing satisfactory evidence of payment. Any gains or losses in exchange on such advances or disbursements shall be for the account of the owner.

(b) The foreign branch house or sub-agent may pay all invoices from his own funds and thereafter draw on the agent for reimbursement, at the same time forwarding the disbursements account by air mail.

(c) The agent may establish Letters of Credit making funds available to the foreign branch house or sub-agent against which funds may be drawn by the sub-agent for branch house for payment of properly approved documents.

DOCUMENTS

Sec. 8 Disbursement documents.

(a) *Preparation of invoices by contractors and/or vendors.* (1) Invoices from contractors or vendors shall be supported by evidence of delivery of sup-

plies (delivery receipts), performance of services, or use in facilities furnished the vessels, and shall include the following:

- (i) Name of vessel.
- (ii) Name of port at which the services, supplies, or facilities were furnished.
- (iii) Date of delivery or service.
- (iv) Necessary details as to the nature of services, supplies, or facilities furnished including quantity, rate, price and total amount.

(2)(i) In addition to the foregoing, contractors or vendors shall certify each invoice or voucher (original only) in the following manner:

I certify that the above bill is correct and just and that payment therefor has not been received.

Name of contractor or vendor _____
By: _____

(ii) The agent shall advise its domestic and foreign branch houses, sub-agents, or other representatives to the effect that the foregoing information and certifications must be shown on all invoices or vouchers when received from contractors or vendors.

(iii) In instances where the foregoing certification is unobtainable for foreign purchases only, it may be waived: *Provided*, That, in lieu of such certification the agent certifies the invoice as follows:

We certify that the prescribed certification of the payee was unobtainable.

General agent or berth agent
By: _____

(3) In instances where it is not possible or practicable to obtain invoices bearing evidence of payment covering disbursements at foreign ports, that requirement will be waived, provided the agent certifies as follows:

We certify that, to the best of our knowledge and belief, this invoice has been paid.

General agent or berth agent
By: _____

(4) Invoices rendered to the agent by its branch houses or sub-agents shall be only those of the contractors or vendors who actually rendered the services or furnished the supplies or facilities.

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(5) If the laws of any country require the foreign sub-agent or branch house to retain the original invoice with stamps affixed, or if such laws require the original receipt as prima facie evidence of payment, the corresponding duplicate copy of the invoice, in proper form, must be forwarded to the agent with notation to that effect made thereon by the foreign sub-agent or branch house.

(b) *Certification of master, ship's officers, branch houses, sub-agents, or duly authorized representatives.* (1) Evidence of delivery of supplies, performance of services, or use of facilities, as normally provided by delivery receipts, or an equivalent form, comprises an essential part of proper documentation for disbursing purposes.

(i) Where supplies are delivered or services or facilities are furnished directly to a vessel, evidence of delivery or performance normally should be signed by a ship's officer.

(ii) Where such evidence is not signed by a ship's officer, any duly authorized representative of the agent may sign as "Duly Authorized Representative," provided the agent shall be responsible for the designation of proper and qualified representatives and provided the agent shall furnish, when so required by the owner, adequate evidence that the signing representative was duly authorized by him. In instances in which the agent may not be able to identify in advance the representative who may sign, the agent shall have the responsibility for determining that the person signing was qualified to execute evidence of delivery of supplies, performance of services, or use of facilities involved.

(2) For charges for watching cargo, stevedoring, wharfage, receiving and delivering cargo, clerking and checking, or other services or facilities not rendered directly to the vessel, for which normally delivery receipts or any equivalent form are not furnished, the following certification on the face of the original invoice by a duly authorized representative of the agent is required.

I certify that the services or facilities as specified have been furnished.

Name

Duly authorized representative

(3) Ships' payrolls shall be certified by the master (or his authorized representative) as follows:

I certify that this payroll is true and correct, and that the persons named hereon have performed the services for the period stated.

Master (or his authorized representative)

(4) In instances where vessels are under foreign articles the payroll shall bear proper evidence of having been paid off before a United States Shipping Commissioner or an American Consul.

(5) The slop chest account shall be certified by the master as follows:

I hereby certify that the above is a true statement of all Slop Chest transactions on this vessel and voyage.

Master (or his authorized representative)

(6) A similar certification shall be made by the Chief Steward (or his authorized representative) covering bar transactions (if any).

(c) *Certification by branch house or sub-agent where agent does not handle transactions directly.* The certification of the branch house or sub-agent must be shown on the original invoice (if rendered singly) or on the summary disbursement statement (if rendered in groups) in the following manner:

(1) *On single invoices.*

I certify that the prices charged are reasonable and correct.

Branch house or sub-agent

By: _____
Name Title

(2) *On the summary statement.*

I certify that the prices charged per invoices detailed above are reasonable and correct.

Branch house or sub-agent

By: _____
Name Title

Maritime Administration, DOT

Section 1

Sec. 9 Maintenance of documents.

The agent shall maintain the originals of all documents at his principal office. All documents originating at other domestic ports and at foreign ports shall be transmitted as currently as possible to the principal office of the agent. The agent shall in all cases perform his audit and review functions promptly and shall be in a position to supply complete documentation for a current audit by representatives of the owner. The agent shall maintain to the maximum extent possible a complete and orderly file of all authorizations for facilities, services and supplies, and complete tariffs and port schedules covering charges at domestic and foreign ports incident to the operation of the vessels assigned under the agency agreement.

Sec. 10 Lost documents.

In the event of the loss of documents, photostat, carbon, or other suitable copies may be substituted therefor, in which event the following certification shall be placed on such copies:

I certify that, to the best of my knowledge and belief, this is a true copy of an original that has been lost.

By: _____
Branch house or sub-agent
Name Title

REPORTS AND AUDIT

Sec. 11 Reports to the owner.

The agent shall submit to the local District Finance Officer of the owner, in triplicate, not later than 20 days after the end of each month, its general ledger trial balance and such schedules and support thereof as may be required. The agent shall also submit to the owner, in original and four copies, not later than 10 days after the end of each month a statement in the form and content to be prescribed reflecting cash receipts and cash disbursements for the preceding month and cumulative totals for the year to date; the original and one copy will be transmitted to the local District Finance Officer and three copies will be trans-

mitted to the Chief, Office of Finance, Maritime Administration, Washington.

[FIS-1, 16 FR 2885, Apr. 3, 1951, as amended at 33 FR 5952, Apr. 18, 1968. Redesignated at 45 FR 44587, July 1, 1980]

Sec. 12 Audit.

(a) The owner will audit as currently as possible subsequent to audit by the agent, all documents relating to the activities, maintenance and business of the vessels assigned under agency agreements.

(b) The agent shall maintain all documents in his principal office, for the time being in accordance with his customary practice of filing.

(c) Subsequent to audit by the owner, at such intervals as may be determined, the owner will authorize entries to be made to revenue and expense accounts and to accounts reflecting relations between the owner and the agent.

NOTE: Books of accounts and documents referred to in the above order, shall be retained until the completion of the audit by the General Accounting Office, at which time the Maritime Administration will take custody of the records.

[16 FR 2885, Apr. 3, 1951, as amended at 21 FR 8105, Oct. 23, 1956. Redesignated at 45 FR 44587, July 1, 1980]

PART 325—PROCEDURE TO BE FOLLOWED BY GENERAL AGENTS IN PREPARATION OF INVOICES AND PAYMENT OF COMPENSATION PURSUANT TO PROVISIONS OF NSA ORDER NO. 47

- Sec.
1. What this order does.
2. Terms.
3. Preparation of invoices.
4. Method of payment.
5. Accounting.

AUTHORITY: Sec. 204, 49 Stat. 1987, as amended; 46 U.S.C. 1114.

SOURCE: FIS-2, 16 FR 10026, Oct. 2, 1951. Redesignated at 45 FR 44587, July 1, 1980, unless otherwise noted.

Section 1 What this order does.

This order prescribes procedures for the preparation of invoices for, and payment and the accounting for, compensation payable to General Agents of the National Shipping Authority for

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services rendered in connection with the husbanding and conduct of the business of dry cargo vessels assigned to General Agents under the standard form of Service Agreement GAA, March 19, 1951, as prescribed in NSA Order No. 47. (AGE-4 of this chapter).

Sec. 2 Terms.

The terms employed in this order shall have the same meaning as those contained in NSA Order No. 47.

Sec. 3 Preparation of invoices.

(a) Pursuant to Article 4 of the Service Agreement, the General Agent shall prepare monthly invoices for compensation earned during the preceding month under the applicable provisions of NSA Order No. 47.

(1) Invoices shall be prepared so as to show separately husbanding services and other services in conducting the business of the vessels.

(2) Husbanding services shall be stated to indicate the names of all vessels delivered to the General Agent during the month involved, the number of days each vessel was serviced or operated by the General Agent during the month, rate of compensation per day, and the amount produced by the calculation.

(3) Services in conducting the business of the vessels shall be stated to indicate the name of the vessel, the voyage number, the amount of revenue, the rate of compensation, and the amount produced by the calculation; and, in the instance of vessels employed in MSTTS service, the number of days the vessels were so employed, the rate of compensation per day, and the amount produced by the calculation.

(b) Invoices shall be certified by a duly authorized officer of the General Agent as follows:

I certify that this invoice is correct and just, that it is a correct statement of the compensation calculated in accordance with the provisions of NSA Order No. 47 due the undersigned General Agent for the month of _____ under Service Agreement No. _____ made as of _____ with the National Shipping Authority, and that payment thereof has not been received.

Name of General Agent

Signature

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Sec. 4 Method of payment.

The General Agent shall prepare check drawn on the NSA Special bank account for countersignature by an authorized representative of the Owner. All such payments to the General Agent shall be considered as payments on account and are subject to post-audit by the Owner.

Sec. 5 Accounting.

The General Agent shall record the amounts of compensation paid from the NSA Special bank account in its agency books, in the following designated accounts:

Account 887—Husbanding Compensation.

Account 888—All Other Compensation.

This account shall be maintained to show separately compensation paid under sections 3(a), 3(b), 3(c), and 3(d) of NSA Order No. 47.

NOTE: Invoices and account books referred to in the above order, shall be retained until the completion of the audit by the General Accounting Office, at which time the Maritime Administration will take custody of the records.

[16 FR 2885, Apr. 3, 1951, as amended at 21 FR 8105, Oct. 23, 1956. Redesignated at 45 FR 44587, July 1, 1980]

PART 326—MARINE PROTECTION AND INDEMNITY INSURANCE UNDER AGREEMENTS WITH AGENTS

- Sec.
- 326.1 Purpose.
- 326.2 Insurer.
- 326.3 Insured.
- 326.4 Reports of accidents and occurrences.
- 326.5 Report of claims.
- 326.6 Settlement of claims.
- 326.7 Litigation.

AUTHORITY: 50 U.S.C. App. 1744; 46 U.S.C. 121a; 1114(b); 49 CFR 1.66.

SOURCE: 53 FR 37572, Sept. 27, 1988, unless otherwise noted.

§326.1 Purpose.

This part states that the Maritime Administration (MARAD) shall be responsible for providing or obtaining marine protection and indemnity (P&I) insurance for any vessel that has been placed in the National Defense Reserve

Fleet (NDRF), which includes the Ready Reserve Force component, which vessel is assigned under a General Agency Agreement. These various forms of Agreements are entered into by the United States, acting by and through the National Shipping Authority, MARAD, and a private company (Agent). An agreement also contains procedures for the Agent to report accidents and occurrences of a P&I nature to MARAD and to report and settle P&I claims.

§ 326.2 Insurer.

MARAD shall be responsible for providing or obtaining P&I insurance for all vessels assigned to Agents under an Agreement. At its election, MARAD may be a self-insurer of any one or more vessels covered by the Agreement, or may obtain P&I insurance coverage under one or more policies written by underwriters of marine insurance. MARAD shall determine the amount of coverage to be provided or obtained.

§ 326.3 Insured.

The insureds are: The United States of America, acting by and through the Director, National Shipping Authority, Maritime Administration, Department of Transportation, and its Agents (including Agents' employees). Sub-agents shall be insureds only as expressly provided in the Agreement. Independent contractors of the Agents are not insureds.

§ 326.4 Reports of accidents and occurrences.

The Agent shall report every accident or occurrence of a P&I nature promptly to both the Director, Office of Trade Analysis and Insurance, Maritime Administration, 500 Seventh Street, SW., Room 8121, Washington, DC 20590, Tel. (202) 366-1461, and the contracting officer named in the Agreement. If MARAD has obtained P&I insurance through a marine insurance underwriter, the Agent also shall concurrently file a report of such accident or occurrence with the underwriter. MARAD shall disclose full details as the identity of such underwriter to the Agent.

§ 326.5 Report of claims.

The Agent also shall submit a quarterly report of all claims of a P&I insurance nature to the Director, Office of Trade Analysis and Insurance. The report shall contain all relevant information, e.g., the names of the vessels and of the claimant, the date of the injury or occurrence, the amount claimed, the basis for any payments already disbursed in behalf of the United States, estimated future costs and an evaluation of the claim of the merits.

§ 326.6 Settlement of claims.

(a) After ascertaining from MARAD the availability of funds, the Agent is authorized to settle individual claims of a P&I insurance nature that do not exceed \$5,000. For a settlement in excess of \$5,000, the Agent shall obtain MARAD's prior approval through the Director, Office of Trade Analysis and Insurance. If MARAD has placed the P&I insurance with an insurance underwriter, the Agent also shall obtain the prior approval of the underwriter to settle claims.

(b) The amount of individual claims that do not exceed the Agent's limit for settlement shall be chargeable by the Agent to the vessel expense and shall be accounted for in accordance with current accounting instructions of MARAD.

(c) When settling any such claim, the Agent shall advise the claimant that such settlement shall be accounted for in accordance with current accounting instructions, and shall also advise the claimant that such settlement is not to be construed as an admission of liability by or on behalf of the United States, the Agent or any other person.

(d) The Agent shall apply sound judgment and follow standard practices of vessel operators in the settlement or other disposition of such P&I insurance claims, and shall settle such claims only when the settlement is adequately supported by all the facts and circumstances and is in the best interest of the United States.

§ 326.7 Litigation.

(a) If a court suit of a P&I nature is filed which arises out of the activities of the Agent under its Agreement, wherein the Agent is named as the

party defendant or one of the parties' defendant irrespective of whether the risk is covered by P&I insurance, the Agent shall immediately forward copies of the pleading and all other related legal documents, by first class mail, to the Chief Counsel, Maritime Administration, Department of Transportation, Washington, DC 20590, and to the Attorney General, Attn: Civil Division, Torts Branch, Department of Justice, Washington, DC 20530. No agent or authorized subagent shall incur any legal expenses in connection with any claim of a P&I nature, unless approved in advance by MARAD, and by the underwriter, where applicable. However, the Agent may incur legal expenses if the mission of the vessel will be frustrated or impeded and/or time will not permit such prior approval.

(b) In the event of any attachment or seizure of a vessel, whether or not the risk is of a P&I nature, the Agent shall immediately notify the Chief Counsel, Maritime Administration, Washington, DC 20590, Tel. (202) 366-05711, by telegram, radio, or cable.

PART 327—SEAMEN'S CLAIMS; ADMINISTRATIVE ACTION AND LITIGATION

Sec.

- 327.1 Purpose.
- 327.2 Statutory provisions.
- 327.3 Required claims submission.
- 327.4 Claim requirements.
- 327.5 Filing of claims.
- 327.6 Notice of allowance or disallowance.
- 327.7 Administrative disallowance presumption.
- 327.8 Court action.

AUTHORITY: 46 app. U.S.C. sections: 1114(b), 1241a; 50 U.S.C. app. 1291(a).

SOURCE: 56 FR 50275, Oct. 4, 1991, unless otherwise noted.

§ 327.1 Purpose.

This part prescribes rules and regulations pertaining to the filing of claims designated in § 327.3 of this part and the administrative allowance, or disallowance (actual and presumed), of such claims, in whole or in part, filed by officers and members of crews (hereafter referred to as "seamen") employed on vessels as employees of the United States through the National Shipping

Authority (NSA), Maritime Administration (MARAD), or successor.

§ 327.2 Statutory provisions.

(a) In connection with the Vessel Operations Revolving Fund created for the purpose of carrying out the vessel operating functions of the Secretary of Transportation, the Third Supplemental Appropriation Act, 1951 (46 app. U.S.C. 1241a), provides, in part:

That the provisions of sections 1(a), 1(c), 3(c) and 4 of Public Law 17, Seventy-eighth Congress (57 Stat. 45), as amended, shall be applicable in connection with such operations and to seamen employed through general agents as employees of the United States, who may be employed in accordance with customary commercial practices in the maritime industry, notwithstanding the provisions of any law applicable in terms to the employment of persons by the United States.

(b) Section 1(a) of Public Law 17 (50 U.S.C. app. 1291(a)), as amended, provides that:

(a) Officers and members of crews (hereinafter referred to as "seamen") employed on United States or foreign flag vessels as employees of the United States through the War Shipping Administration shall, with respect to (1) laws administered by the Public Health Service and the Social Security Act, as amended by subsection (b) (2) and (3) of this section; (2) death, injuries, illness, maintenance and cure, loss of effects, detention, or repatriation, or claims arising therefrom not covered by the foregoing clause (1); and (3) collection of wages and bonuses and making of allotments, have all of the rights, benefits, exemptions, privileges, and liabilities, under law applicable to citizens of the United States employed as seamen on privately owned and operated American vessels. * * *. Claims arising under clause (1) hereof shall be enforced in the same manner as such claims would be enforced if the seamen were employed on a privately owned and operated American vessel. Any claim referred to in clause (2) or (3) hereof shall, if administratively disallowed in whole or in part, be enforced pursuant to the provisions of the Suits in Admiralty Act, notwithstanding the vessel on which the seaman is employed is not a merchant vessel within the meaning of such Act. * * *. When used in this subsection the term "administratively disallowed" means a denial of a written claim in accordance with rules or regulations prescribed by the Administrator, War Shipping Administration. When used in this subsection the terms "War Shipping Administration" and "Administrator, War Shipping Administration" shall be deemed to include the United

States Maritime Commission with respect to the period beginning October 1 1941, and ending February 11, 1942, and the term "seaman" shall be deemed to include any seaman employed as an employee of the United States through the War Shipping Administration on vessels made available to or subchartered to other agencies or departments of the United States.

(c) The functions of the War Shipping Administrator and War Shipping Administration were transferred for liquidation purposes by title II of Public Law 492, 79th Congress (60 Stat. 501) to the United States Maritime Commission and, on August 20, 1949, by Reorganization Plan No. 6 of 1949 (63 Stat. 1069) to the Chairman of said Commission; certain of the functions of the United States Maritime Commission and of its Chairman were transferred on May 24, 1950, by part II of Reorganization Plan No. 21 of 1950 (64 Stat. 1273, 1276; 46 U.S.C. 1111-1114) to the Secretary of Commerce, and thereafter redelegated by the Secretary of Commerce to the Maritime Administrator (Department Order No. 117 (Amended), Manual of Orders, Department of Commerce); vessel operating functions were redelegated by the Maritime Administrator to the Director, National Shipping Authority, Maritime Administration (Administrator's Order No. 11 (Amended), Manual of Orders, Federal Maritime Board/Maritime Administration). In 1981, Public Law 99-31 (95 Stat. 165) transferred the Maritime Administration from the Department of Commerce to the Department of Transportation. By DOT Order 1100.60A, the Secretary of Transportation has delegated to the Maritime Administrator the authority to carry out the Act of June 2, 1951 (46 app. U.S.C. 1241a), regarding the Vessel Operations Revolving Fund (49 CFR 1.66). The Maritime Administrator has redelegated that authority to the Associate Administrator for Shipbuilding and Ship Operations (Maritime Administrative Order 70-1).

§ 327.3 Required claims submission.

All claims specified in 50 U.S.C. app. 1291(a) (2) and (3), quoted in § 327.2(b) of this part, shall be submitted for administrative consideration, as provided in §§ 327.4 and 327.5 of this part, prior to institution of court action thereon.

§ 327.4 Claim requirements.

(a) *Form.* The claim may be in any form and shall be

- (1) In writing,
- (2) Designated as a claim,
- (3) Disclose that the object sought is the administrative allowance of the claim,
- (4) Comply with the requirements of this part, and
- (5) Filed as provided in § 327.5 of this part.

The claim need not be sworn or attested to by the claimant. However, the statements made in the claim are subject to the provision of 18 U.S.C. 287 and 1001 and all other penalty provisions for making false, fictitious, or fraudulent claims, statements or entries, or falsifying, concealing, or covering up a material fact in any matter within the jurisdiction of any department or agency of the United States. Any lawsuits filed contrary to the provisions of section 5 of the Suits in Admiralty Act, as amended by Public Law 877, 81st Congress (64 Stat. 1112; 46 app. U.S.C. 745), shall not be in compliance with the requirements of this part.

(b) *Contents.* Each claim shall include the following information:

- (1) With respect to the seaman:
 - (i) Name;
 - (ii) Mailing address;
 - (iii) Date of birth;
 - (iv) Legal residence address;
 - (v) Place of birth; and
 - (vi) Merchant mariner license or document number and social security number.
- (2) With respect to the basis for the claim:
 - (i) Name of vessel on which the seaman was serving when the incident occurred that is the basis for the claim;
 - (ii) Place where the incident occurred;
 - (iii) Time of incident—year, month and day, and the precise time of day, to the minute, where possible;
 - (iv) Narrative of the facts and circumstances surrounding the incident; and
 - (v) The names of others who can supply factual information about the incident and its consequences.
- (3) The dollar amount of claim for:
 - (i) Past loss of earnings or earning capacity;

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- (ii) Future loss of earnings or earning capacity;
- (iii) Medical expenses paid out of pocket;
- (iv) Pain and suffering; and
- (v) Any other loss arising out of the incident (describe).

(4) All medical and clinical records of physicians and hospitals related to a seaman's claim for injury, illness, or death shall be attached. If the claimant does not have a copy of each record, the claimant shall identify every physician and hospital having records relating to the seaman and shall provide written authorization for MARAD to obtain all such records. The claim shall also include the number of days the seaman worked as a merchant mariner and the earnings received for the current calendar year, as well as for the two preceding calendar years.

(5) If the claim does not involve a seaman's death, the following information shall be submitted with the claim:

- (i) Date the seaman signed a reemployment register as a merchant mariner;
- (ii) Copy of the medical fit-for-duty certificate issued to the seaman;
- (iii) Date and details of next employment as a seaman; and
- (iv) Date and details of next employment as other than a seaman.

(6) If the claim is for other than personal injury, illness or death, the claim shall provide all supporting information concerning the nature and dollar amount of the loss.

§ 327.5 Filing of claims.

(a) Claims may be filed by or on behalf of seamen or their surviving dependents or beneficiaries, or by their legal representatives. Claims shall be filed either by personal delivery or by registered mail.

(b) Each claim shall be filed with the Ship Manager or General Agent of the vessel with respect to which such claim arose. The claimant shall send a copy directly to the Chief, Division of Marine Insurance, Maritime Administration, Department of Transportation, 400 Seventh Street SW., Washington, DC 20590.

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§ 327.6 Notice of allowance or disallowance.

MARAD shall give prompt notice in writing of the allowance or disallowance of each claim, in whole or in part, by mail to the last known address of, or by personal delivery to, the claimant or the claimant's legal representative. In the case of administrative disallowance, in whole or in part, such notice shall contain a brief statement of the reason for such disallowance.

§ 327.7 Administrative disallowance presumption.

If MARAD fails to give written notice of allowance or disallowance of a claim in accordance with § 327.6 of this part within sixty (60) calendar days following the date of the receipt of such claim by the proper person designated in § 327.5 of this part, such claim shall be presumed to have been "administratively disallowed," within the meaning in section 1(a) of 50 U.S.C. app. 1291(a), quoted in § 327.2(b) of this part.

§ 327.8 Court action.

No seamen, having a claim specified in subsections (2) and (3) of section 1(a) of 50 U.S.C. 1291(a), quoted in § 327.2(b) of this part, their surviving dependents and beneficiaries, or their legal representatives shall institute a court action for the enforcement of such claim unless such claim shall have been prepared and filed in accordance with §§ 327.4 and 327.5 of this part and shall have been administratively disallowed in accordance with § 327.6 or 327.7 of this part.

PART 328—SLOP CHESTS

Sec.

1. What this order does.
2. General Agent's requirements.
3. Master's requirements.
4. General provisions.

AUTHORITY: Sec. 204, 49 Stat. 1987, as amended; 46 U.S.C. 1114. Interpret or apply sec. 11, 23 Stat. 56; 46 U.S.C. 670.

Section 1 What this order does.

In accordance with the provisions of section 11 f the act of Congress approved June 26, 1884, 23 Stat. 56; 46 U.S.C. 670, this order requires all vessels operated by the National Shipping

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Authority under General Agency Agreement 3-19-51, Amendment 8-65, to be provided with a slop chest subject to all limitations contained in said act.

[OPR-1, 16 FR 4137, May 5, 1951, as amended at 33 FR 5952, Apr. 18, 1968. Redesignated at 45 FR 44587, July 1, 1980]

Sec. 2 General Agent's requirements.

The General Agent shall:

(a) Obtain from the Master, a requisition for slop chest items required for the intended voyage. Purchase for the account of the NSA, from recognized bona fide slop chest suppliers, at prices not in excess of the fair and reasonable level prevailing at the respective domestic ports, only such items and quantities reflecting past experience of actual requirements.

(b) Arrange for delivery on board to the custody of the Master all slop chest items purchased, together with a copy of the vendor's invoice showing items, units, unit cost and totals.

(c) Furnish the Master with a Slop Chest Statement showing on hand at the beginning of each voyage the items, units, unit cost, totals and selling price per unit of each item. The selling price shall approximate but not exceed 110 percent of the reasonable wholesale value of the same at the port at which the voyage commenced. The Slop Chest Statement shall also provide spaces for:

(1) Quantities and total value sold.

(2) Quantities and total cost value on hand, end of voyage.

(3) Quantities of each item required for next voyage.

(d) Submit to the Coast Director in the district in which the General Agent is located, upon termination of each voyage a copy of the Slop Chest Statement obtained from the Master as provided for in section 3(b) of this order and a copy of all invoices for slop chest purchases showing items by brand or trade name, unit cost and total.

(e) Account to the cognizant Coast Director for the purchase, delivery to the Master, receipts from sales, condemnations, transfers and all other transactions in connection with slop chests.

[OPR-1, 16 FR 4137, May 5, 1951, as amended by Amdt. 1, 33 FR 6475, Apr. 27, 1968. Redesignated at 45 FR 44587, July 1, 1980]

Sec. 3 Master's requirements.

The Master shall:

(a) Receive and receipt for the quantities of slop chest items delivered on board.

(b) Upon the termination of each voyage complete the Slop Chest Statement referred to in section 2(c) of this order, as to quantities and total value sold, quantities and total cost value on hand at end of voyage and quantities of each item required for the next voyage.

(c) Sell, from time to time as specified by him, any of the contents of the slop chest to any or every seaman applying therefor, at the unit price, specified by the Slop Chest Statement furnished the Master by the General Agent as provided in section 2(c) of this order.

(d) Account to the General Agent for all slop chest items received on board, for all receipts and for all other slop chest transactions engaged in during the voyage.

(e) Cause entry to be made in the ship's log authenticated by the person designated by the Master to be in charge of the slop chest, together with signatures of two other witnesses, for all losses sustained due to fire, water or other damage which renders articles unsaleable. Such log entries shall itemize the quantities damaged and the cost thereof.

(f) Submit a detailed written report to the General Agent covering losses incurred due to damage, theft or pilferage of slop chest items. The report shall be submitted at the termination of the voyage during which the damage, theft or pilferage occurred.

(g) Retain on board, all damaged slop chest items, for survey, removal and disposition by the General Agent at a domestic port.

[OPR-1, 16 FR 4137, May 5, 1951. Redesignated at 45 FR 44587, July 1, 1980]

Sec. 4 General provisions.

(a) All slop chest items, damaged or otherwise, shall be removed or transferred only in compliance with applicable regulations dealing with Property Removals.

(b) In the transfer of a vessel from one General Agent to another General

Agent the physical transfer of the complete slop chest shall also be accomplished between the respective General Agents. The General Agents participating in such transfer shall complete and have their respective representatives sign, a joint inventory containing the unit cost price and extensions of all slop chest items, a copy of which shall be submitted to the Division of Operations, NSA, Washington, DC 20590, together with a copy of the Slop Chest Statement for the voyage terminated prior to transfer of the vessel. An additional copy of the Slop Chest Statement shall be submitted to the Comptroller's Office, Division of Accounts, Maritime Administration, Washington, DC 20590.

(c) In pricing the contents of the slop chest, the General Agent shall comply with all applicable regulations of the Office of Price Stabilization, Economic Stabilization Agency.

(d) It shall be the responsibility of each General Agent and Master to exercise reasonable care and diligence in the compliance with the Owner's obligations hereunder and in the protection and disposition of slop chest items.

(e) Neither the General Agent nor the Master shall place insurance on the contents of the slop chest purchased for the account of the NSA.

All slop chests purchased on or after the effective date of this regulation shall conform to the instructions contained in this order.

NOTE: Records and logs referred to in the above order, shall be retained until the completion of the audit by the General Accounting Office, at which time the Maritime Administration will take custody of the records.

[OPR-1, 16 FR 4137, May 5, 1951, as amended at 21 FR 8105, Oct. 23, 1956; 33 FR 5952, Apr. 18, 1968. Redesignated at 45 FR 44587, July 1, 1980]

PART 329—VOYAGE DATA

Sec.

1. What this order does.
2. Voyage numbers.
3. Voyage commencements.
4. Voyage terminations.
5. Idle status period.
6. General provisions.

7. Operation under current GAA/MSTS Southeast Asia Program.

AUTHORITY: Sec. 204, 49 Stat. 1987, as amended; 46 U.S.C. 1114.

SOURCE: OPR-2, 16 FR 5950, June 22, 1951. Redesignated at 45 FR 44587, July 1, 1980, unless otherwise noted.

Section 1 What this order does.

The General Agents, as appointed by the National Shipping Authority, promulgated under GAA, 3/19/51, shall be instructed in the manner of recording voyage activities of dry cargo vessels operated for the account of the National Shipping Authority.

Sec. 2 Voyage numbers.

(a) The voyages of National Shipping Authority vessels shall be numbered consecutively commencing with voyage No. 1 having the prefixed designation NSA and followed by the General Agents' abbreviated designation and voyage number, as NSA-1/ABC-1.

(b) The continuity of NSA voyage numbers shall not change with berth agency operations or in the transfer of vessels to other General Agents.

(c) The General Agents' designated abbreviation and voyage numbers shall terminate upon transfer of the vessel and the succeeding General Agent shall affix his abbreviated designation and initial voyage numbers, as NSA-13/XYZ-1.

Sec. 3 Voyage commencements.

(a) All voyages shall commence at 0001 hours of the date on which any of the following activities occur first:

- (1) Vessel goes on loading berth, or
- (2) Vessel sails outward on a new voyage, or
- (3) Following termination of the previous voyage as prescribed in section 4(a) of this order.

(4) Following termination of an idle status period as prescribed in section 5 (a) and (b) of this order.

Sec. 4 Voyage terminations.

(a) All voyages shall terminate at a continental United States port at 2400 hours of the date on which any of the following activities were completed, whichever occurs last:

- (1) Final discharge of cargo or ballast.

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(2) Paying off of crew from sea articles.

(3) Completion of voyage repairs.

(b) [Reserved]

Sec. 5 Idle status period.

(a) The General Agent shall place a vessel in idle status during the period of reactivation or deactivation or upon redelivery from Military Sea Transportation Service notwithstanding the fifteen (15) days minimum period as provided for in paragraph (b) of this section.

(b) The General Agent shall place a vessel in idle status, although the voyage may have commenced, whenever and as soon as it is anticipated that the minimum period of inactivity will exceed fifteen (15) days, due, but not limited to: (1) Repairs, (2) labor, (3) awaiting allocation, (4) awaiting cargo.

(c) Should the anticipated period of inactivity terminate prior to the expiration of the 15 day minimum idle status period, except as provided in paragraph (a) of this section, the General Agent shall cancel the idle status and antedate the succeeding voyage commencement to the termination of the previous voyage as prescribed in section 4(a) of this order.

(d) Should an idle status period be established after a voyage has commenced, the voyage shall be suspended for the duration of the idle status period and resumed when the idle status period is terminated.

(e) Idle status periods as defined in this order, shall be established only in continental United States ports.

(f) Idle status periods shall be treated as separate accounting periods.

[OPR-2, 16 FR 5950, June 22, 1951, as amended by Amdt. 1, 17 FR 3830, Apr. 30, 1952; Amdt. 2, 22 FR 165, Jan. 8, 1957. Redesignated at 45 FR 44587, July 1, 1980]

Sec. 6 General provisions.

(a) In cases of overlapping activities and all other questions arising in respect to voyage commencements, terminations and idle status periods as defined in sections 4 and 5 of this order, the General Agent shall immediately inform the nearest Coast Director, or his local representative of the circumstances and submit recommendations for terminating a voyage. The re-

sulting recommendations, decisions and instructions shall be confirmed in writing to the General Agent, with a copy of such correspondence being sent to the Division of Operations, N.S.A., Washington 25, DC.

(b) In the event a vessel is employed in intermediate voyage or voyages, or in cross trading outside the continental United States, the voyage shall continue until terminated at a continental United States port.

(c) There shall be no voyage terminations outside continental United States ports except in cases of,

(1) Total loss or constructive total loss of the vessel.

(2) Transfer of operations.

Sec. 7 Operation under current GAA/MSTS Southeast Asia Program.

In order to adapt the provisions of NSA Order 35 (OPR-2) to the particular circumstances of the present GAA/MSTS Southeast Asia Program, the following material partially modifying certain sections of that order is published.

For General Agency operations not related to the current GAA/MSTS Southeast Asia Program, NSA Order 35 (OPR-2) remains unchanged and wholly applicable. Except where specifically altered by the material which follows, it also remains applicable to the present situation.

For voyages made under the current GAA/MSTS program only, the following provisions concerning voyage commencements and terminations shall apply in lieu of those appearing in sections 3 and 4 of NSA Order 35 (OPR-2). Continental United States ports do not include ports in the states of Alaska or Hawaii.

(a) The commencement of the initial voyage shall occur in a continental U.S. port at 0001 hours of the day the vessel is tendered and accepted for use by MSTS. Subsequent voyages shall commence in a continental U.S. port at 0001 hours of the day after either of the following activities occurs:

(1) The previous voyage terminates.

(2) Reduced operational status period terminates and vessel returns to full operational status.

(b) Voyages shall terminate in a continental U.S. port at 2400 hours of the

day that the following action is completed:

(1) Paying off of the crew from sea articles.

(c) Since, in all instances, the voyage termination procedure takes precedence over the voyage commencement procedure and since it is mandatory that voyages terminate in a continental U.S. port, the following exception to the requirement of paragraph (b) of this section shall be effective when warranted:

(1) If the vessel completes payoff as in paragraph (b) of this section and takes departure within the same calendar day, the General Agent shall immediately inform the nearest Coast Director of Area Representative of the circumstances and submit recommendations regarding voyage termination. The resulting recommendations, decisions, and instructions shall be confirmed in writing to the General Agent, copy to Division of Operations, Washington, DC 20590.

(d) Where a vessel is employed in intermediate voyages or in cross trading outside the continental United States, the original voyage shall continue until terminated under conditions in paragraph (b) of this section.

[OPR-2, Amdt. 3, 33 FR 6710, May 2, 1968. Redesignated at 45 FR 44587, July 1, 1980]

PART 330—LAUNCH SERVICES

Sec.

1. What this order does.
2. Authority for launch hire.

AUTHORITY: Sec. 204, 49 Stat. 1987, as amended; 46 U.S.C. 1114.

SOURCE: OPR-3, 16 FR 12791, Dec. 20, 1951. Redesignated at 45 FR 44587, July 1, 1980, unless otherwise noted.

Section 1 What this order does.

This order prescribes the circumstances under which launch hire will be accepted by National Shipping Authority as vessel operating expense.

Sec. 2 Authority for launch hire.

Launch hire in foreign and domestic ports will be accepted by National Shipping Authority as vessel operating expense, subject to the provisions of Article 5 of GAA 3-19-51 and BAA 9-19-

51, only under the following circumstances:

(a) When incurred by the Master of an NSA vessel, or by an agent of NSA or by his sub-agent, for the purpose of properly conducting the owners' activities and business of NSA vessels;

(b) When incurred in transporting liberty parties to or from an NSA vessel with the approval of the Master or the General Agent as properly for account of the vessel owner; and

(c) When incurred for the transportation of workmen required aboard the vessel, if the contract for the work provides that such service shall be for account of NSA, and the launch service is authorized by the representative of NSA or the agent who ordered the work to be performed for account of NSA.

PART 332—REPATRIATION OF SEAMEN

Sec.

1. What this order does.
2. Definitions.
3. Classification of repatriates.
4. Manner of repatriation.
5. Repatriation charges.
6. General provisions.

AUTHORITY: Sec. 204, 49 Stat. 1937, as amended; 46 U.S.C. 1114.

SOURCE: OPR-5, 18 FR 1446, Mar. 13, 1953. Redesignated at 45 FR 44587, July 1, 1980, unless otherwise noted.

Section 1 What this order does.

This order prescribes the manner in which seamen separated from vessels operated for the account of the National Shipping Authority shall be repatriated and explains how charges in connection with such repatriation shall be handled.

Sec. 2 Definitions.

(a) For the purpose of this order, the term *seaman* shall include every person, irrespective of capacity or rating, whose last service has been on a vessel operated for the account of the National Shipping Authority, upon which vessel he had signed shipping articles and whether or not he had signed off such articles before a consular or other authorized official, but shall not include the master of such a vessel.

(b) The term *General Agent* shall include any designated representative of such General Agent.

Sec. 3 Classification of repatriates.

Seamen in need of repatriation, whether being repatriated to or from the United States, shall be classified as follows:

(a) Seamen separated from their vessels because of the destruction of, abandonment of, or damage to their vessels, or because of termination of shipping articles at a port outside the continental limits of the United States.

(b) Seamen separated from their vessels as the result of illness or injury received in the service of their vessels or otherwise through no fault of their own.

(c) Seamen separated from their vessels for any cause whatsoever not described in paragraph (a) or (b) of this section.

Sec. 4 Manner of repatriation.

(a) A seaman described in paragraph (a) of section 3 of this order shall be repatriated in accordance with the provisions of the shipping articles, or the applicable collective bargaining agreement, employment contract, or statute. If a seaman in this class is repatriated as a passenger, the General Agent of the vessel of which he was last a crew member shall arrange for his passage and pay the amount of expense involved.

(b) A seaman described in paragraph (b) of section 3 of this order may be repatriated as a passenger where space is available and circumstances permit. If applicable collective bargaining agreements, employment contracts, or statutes do not conflict, he may return as a workaway or, at the discretion of the master of the repatriating vessel, he may sign on articles either as a replacement of to complete a vessel's complement or, when deemed advisable by the official authorizing the repatriation and with the approval of the master of the repatriating vessel, he may be signed on the articles as a *repatriated seaman (non-working)*. If a seaman in this class is repatriated as a passenger, or repatriate seaman (non-working), the General Agent of the ves-

sel of which he was last a crew member shall arrange for his passage and pay the amount of expense involved.

(c) A seaman described in paragraph (c) of section 3 of this order shall be returned as a workaway or, at the discretion of the master of the repatriating vessel, he may sign on as a replacement or to complete a vessel's complement. Only in unusual cases, and only with the prior approval of the Chief, Division of Operations, shall a seaman in this class be repatriated as a passenger or as a repatriate seaman (non-working). If a seaman in this class is repatriated as a passenger, or as a repatriate seaman (non-working), the General Agent of the vessel of which he was last a crew member shall arrange for his passage and pay the amount of expense involved.

(d) A master shall be repatriated in accordance with applicable collective bargaining agreement, employment contract, statute, or established commercial practice.

Sec. 5 Repatriation charges.

(a) If it is deemed necessary to repatriate a seaman as a passenger aboard a privately operated vessel, plane, train, or other conveyance, the full amount of the reasonably incurred expense in connection therewith shall be billed against the General Agent of the vessel of which he was last a crew member.

(b) If a seaman is repatriated as a passenger, or as a repatriate seaman (non-working), aboard a vessel operated for the account of the National Shipping Authority under a General Agency Agreement, a flat transportation charge of \$5.00 per day shall be made for every day spent aboard the repatriating vessel, including day of embarkation and day of debarkation, which charge shall be in addition to necessary train or other conveyance expense, United States and foreign government taxes, port dues, landing fees or other charges of every nature levied in connection with such repatriation. In such a case, the General Agent of the vessel of which the repatriate was last a crew member shall be billed for the amount of expense involved, and appropriate entries covering the receipts and disbursements resulting

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from the repatriation shall be made in the proper books of account by the General Agent concerned. In the event the General Agent repatriating a seaman is also the General Agent of the vessel on which the seaman last served, it will not be necessary to issue a formal billing, but it is required that appropriate entries be made on the agency books of account to reflect a revenue of \$5.00 per day in the account of the vessel rendering the transportation service and that a charge covering the cost of repatriation be recorded against the vessel on which the seaman last served. In all cases, the General Agent charged with the repatriation expense shall take necessary steps to secure reimbursement of such expense from the P & I underwriters insuring the vessel against which the expense is charged. No charge is to be made in the case of a seaman repatriate who signs on vessel articles as a workaway or in any other capacity except as a repatriate seaman (non-working). When repatriation is required, it shall be effected by the first available means considered appropriate by the official authorizing such repatriation.

Sec. 6 General provisions.

(a) In case of repatriation of any seaman as a passenger aboard a vessel operated for account of the National Shipping Authority, the requirements of the applicable collective bargaining agreement or employment contract shall be met. In any event, a seaman repatriate shall receive at least as good accommodations as would be his due while sailing in his capacity.

(b) Unless otherwise directed, a seaman when repatriated as a passenger aboard a vessel operated for the account of the National Shipping Authority, shall be issued a ticket in the form prescribed by the General Agent of the vessel for its own vessels. Such ticket shall be surrendered to the master of the repatriating vessel. When repatriated as a repatriate seaman (non-working), the master of the repatriating vessel shall be furnished with a certificate from the official authorizing the repatriation setting forth that the circumstances require that the seaman be signed on as a repatriate seaman (non-working). The master shall ascertain

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the seaman's full name and rating, cause of repatriation, and the names of the vessels and the General Agent to be charged with the cost of the repatriation.

(c) It is recognized that the procedure set forth in this order will not cover all situations arising out of obligations to repatriate seamen nor fix ultimate responsibility for repatriation expenses which may sometimes depend upon determinations of fact which cannot be made prior to repatriation. In cases of emergency or in situations not covered in this order, the General Agent shall proceed in accordance with established commercial practice.

(d) Nothing in this order shall be construed to interfere with the proper exercise of authority by United States consular officials relative to repatriation of seamen in accordance with applicable statutes.

PART 335—AUTHORITY AND RESPONSIBILITY OF GENERAL AGENTS TO UNDERTAKE EMERGENCY REPAIRS IN FOREIGN PORTS

Sec.

1. What this order does.
2. General Agents' authority.
3. General Agents' responsibilities.
4. General provisions.

AUTHORITY: Sec. 204, 49 Stat. 1987, as amended; 46 U.S.C. 1114.

SOURCE: SRM-2, 16 FR 5321, June 6, 1951. Redesignated at 45 FR 44587, July 1, 1980, unless otherwise noted.

Section 1 What this order does.

This order outlines General Agents' responsibilities and limited authority in connection with repairs in foreign ports to vessels operated for the account of the National Shipping Authority under General Agency Agreement.

Sec. 2 General Agents' authority.

The General Agents are hereby delegated authority to undertake for the account of the National Shipping Authority only such emergency repairs outside the Continental United States as may be necessary to enable vessels to complete their voyages, provided the

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repair costs are not in excess of \$5,000 per vessel.

Sec. 3 General Agents' responsibilities.

In the event the cost of emergency repairs to a vessel in a foreign port is estimated to exceed \$5,000, requests for approval shall be transmitted by General Agents by cable or wire addressed to Chief, Division of Ship Repair and Maintenance, National Shipping Authority, Washington, DC 20590, and shall include the following information:

(a) The cost and time to effect permanent repairs on a straight time and overtime basis;

(b) The cost and time to effect such temporary repairs on a straight time and overtime basis as will enable the vessel to return to the United States under its own power or under tow;

(c) Whether required repairs can be effected by the use of facilities under the direct control of the Army, Navy, or other agencies of the United States Government, and if so, at what cost and time; and

(d) Where major repairs are involved, a recommendation regarding the advisability of repairing the vessel or abandoning it.

[SRM-2, 16 FR 5321, June 6, 1951, as amended at 33 FR 5952, Apr. 18, 1968. Redesignated at 45 FR 44587, July 1, 1980]

Sec. 4 General provisions.

The General Agents shall keep the Division of Ship Repair and Maintenance in Washington fully posted in detail as to the nature, extent, cost, and estimated time for completion of all foreign repairs where such repairs are for the account of the National Shipping Authority.

As soon as practicable after completion of either temporary or permanent repairs, the General Agent shall forward to the Division of Ship Repair and Maintenance, Washington, DC the following:

(a) A copy of the repair specifications;

(b) An itemized statement of the costs of the repairs supported by copies of invoices;

(c) A copy of the completion certificate showing the repair period, signature of a National Shipping Authority

representative (if available), the Agent's technical representative, the Chief Engineer, and the Master of the vessel;

(d) A report indicating the causes and circumstances leading to the repairs.

General Agents shall forthwith instruct their subagents and other representatives in foreign areas and their Masters and Chief Engineers with respect to their operations, pursuant to this directive.

This directive is intended strictly to limit repairs in foreign waters on vessels under National Shipping Authority control to those absolutely necessary to enable the vessels to complete their respective voyages at a port in the United States.

This directive shall not be construed to affect outstanding directives of the Office of the Comptroller.

NOTE: Records and supporting documents referred to in the above order, shall be retained until the completion of the audit by the General Accounting Office, at which time the Maritime Administration will take custody of the records.

[16 FR 5321, June 6, 1951, as amended at 21 FR 8105, Oct. 23, 1956. Redesignated at 45 FR 44587, July 1, 1980]

PART 336—AUTHORITY AND RESPONSIBILITY OF GENERAL AGENTS TO UNDERTAKE IN CONTINENTAL UNITED STATES PORTS VOYAGE REPAIRS AND SERVICE EQUIPMENT OF VESSELS OPERATED FOR THE ACCOUNT OF THE NATIONAL SHIPPING AUTHORITY UNDER GENERAL AGENCY AGREEMENT

Sec.

1. What this order does.
2. General Agents' authority.
3. General provisions.

AUTHORITY: Sec. 204, 49 Stat. 1987, as amended; 46 U.S.C. 1114.

Section 1 What this order does.

This order outlines General Agents' limited authority to arrange for and award contracts for voyage repairs and servicing equipment of vessels operated

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for the account of the National Shipping Authority under General Agency Agreement.

[SRM-3, Rev., 18 FR 5035, Aug. 22, 1953. Re-designated at 45 FR 44587, July 1, 1980]

Sec. 2 General Agents' authority.

The General Agents are:

(a) Hereby delegated authority to arrange for and award contracts for voyage repairs on vessels operated under the General Agency Agreement for the account of the National Shipping Authority when the aggregate cost of all such repairs in any one Continental United States port is not in excess of \$25,000.

(b) Also delegated authority to arrange for and order the performance of minor repairs to or servicing of pantry and galley equipment, radios, gyro compasses, fathometers, radio direction finders, fire extinguisher systems, ships clocks, binoculars, barometers, typewriters, adding machines, and any other vessel equipment of a similar nature where the aggregate amount does not exceed \$2,500 in any one continental United States port.

[SRM-3, Rev., 18 FR 5035, Aug. 22, 1953, as amended by Amdt. 2, 31 FR 16713, Dec. 30, 1966. Redesignated at 45 FR 44587, July 1, 1980]

Sec. 3 General provisions.

(a) The voyage repairs, as covered by section 2(a), may be awarded by the

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General Agents within the limitation specified under the Master Repair Contract if the contractor is a holder thereof or if the contractor does not hold a Master Repair Contract under NSA-WORKSMALREP if the contract price does not exceed \$2,000 and said contract is made in accordance with NSA Order 46 (SRM-5, Revised) and NSA Order 51 (SRM-6, Revised).

(b) The repairs to or servicing of ships equipment, as covered by section 2(b), may be awarded by the General Agents, within the limitation specified, by letter or purchase order.

(c) It is to be understood by all General Agents that the authority delegated by this order is not to be construed to cover alterations, additions, changes or betterments.

(d) The prime General Agents shall submit, in duplicate, to the Atlantic, Gulf or Pacific Coast Director, Maritime Administration, within whose District the Agents home offices are situated a monthly listing of all awards made by the General Agents and their Sub-Agents. This listing shall reflect individually the contractor, complete contract number, vessel, type of award, e.g., negotiated or bid, cost and repair period. This listing is to be submitted substantially in the following form:

Contractor	Contract No.	Vessel	Award	Amount	Start	Completed
Steamboat Repairs, Inc	MA-600-USL-1	John Doe	Bid	\$8,000	Jan. 1, 1953	Jan. 9, 1953
Steamboat Repairs, Inc	MA-600-USL-1A.	John Doe	Negotiated	1,000	Jan. 10, 1953

A copy of the monthly listing shall be forwarded by each prime General Agent to each Coast Director of the District in which any of the work involved was awarded. If no work was awarded by a General Agent under his delegated authority, a report to that effect shall be submitted to the pertinent Coast Director as prescribed in this section. The required reports shall be submitted to the Coast Directors within five (5) days after the last day of the month being reported upon. This reporting requirement has been approved by the

Bureau of the Budget in accordance with the Federal Reports Act of 1942.

NOTE: Records and supporting documents referred to in the above order, shall be retained until the completion of the audit by the General Accounting Office, at which time the Maritime Administration will take custody of the records.

[SRM-3, Rev., 18 FR 5035, Aug. 22, 1953, as amended at 21 FR 8106, Oct. 23, 1956. Redesignated at 45 FR 44587, July 1, 1980]

PART 337—GENERAL AGENT'S RESPONSIBILITY IN CONNECTION WITH FOREIGN REPAIR CUSTOM'S ENTRIES

Sec.

1. What this order does.
2. Submission of repair entries.
3. Application for remission of duties.
4. Evidence required.
5. General Agent's authority to effect payment of duties.

AUTHORITY: Sec. 204, 49 Stat. 1987, as amended; 46 U.S.C. 1114.

SOURCE: 16 FR 9658, Sept. 21, 1951. Redesignated at 45 FR 44587, July 1, 1980, unless otherwise noted.

Section 1 What this order does.

This order outlines the procedure to be followed by General Agents in filing foreign repair entries and obtaining relief from Custom's duties on equipment purchased for or repairs made to ships owned by or Bareboat Chartered to the U.S. Maritime Administration and operated under General Agency Agreement.

Sec. 2 Submission of repair entries.

At the first United States port of arrival upon termination of a foreign voyage, the ship's Master must file with the District Director of Customs as defined in 19 CFR 1.1(d) an affidavit on Custom's Form 3417 certifying that no equipment was purchased for or repairs made to the ship at a foreign port or if this is not the case, an affidavit on Custom's Form 3415 describing the equipment purchased and/or repairs made. If equipment was purchased and/or repairs were made in a foreign port, the Master simultaneously with or shortly after filing of Custom's Form 3415, must file a repair entry on Custom's Form 7535 together with invoices and required supporting documents.

[16 FR 9658, Sept. 21, 1951, as amended at 33 FR 5952, Apr. 18, 1968. Redesignated at 45 FR 44587, July 1, 1980]

Sec. 3 Application for remission of duties.

An application for relief from the payment of duties imposed is to be filed with the District Director of Customs as defined in 19 CFR 1.1(d) if the following circumstances prevail:

(a) When an item covered by the entry is not within the class of items liable to duty (i.e., that the item does not constitute equipment, repair parts or materials within the meaning of section 466 of the Tariff Act of 1930);

(b) When the purchase of the equipment, repair parts or materials or the making of the repairs was necessitated by stress of weather and/or other casualty encountered during the regular course of the particular voyage and was necessary to secure the safety and seaworthiness of the vessel; or

(c) When the equipment, repair parts or materials were manufactured or produced in the United States and the labor involved was performed by residents of the United States or by members of the regular crew of the vessel.

To insure consideration in the liquidation (i.e., the assessment of duty) of the entry, the application for relief must be filed within 90 days from the date of the entry, except in meritorious cases, the District Director may grant an extension of 90 more days upon written request therefor.

[16 FR 9658, Sept. 21, 1961, as amended at 33 FR 5952, Apr. 18, 1968. Redesignated at 45 FR 44587, July 1, 1980]

Sec. 4 Evidence required.

When relief is claimed on the grounds of stress of weather or other casualty, there must be submitted to the Collector the following:

(a) An affidavit of the Master which shall set out fully the nature of the casualty and/or stress of weather encountered; when and where the casualty and/or stress of weather occurred; nature of the damage sustained; the port where the repairs were made or the equipment purchased and a statement of the Master as to whether the repairs or equipment purchased were required to secure the safety or seaworthiness of the vessel to enable her to reach a port of destination in the United States;

(b) Itemized invoices covering the cost of repairs made or equipment purchased;

(c) Abstracts of the vessel's log;

(d) Classification surveyor's report confirming vessel's classification when the repairs were made in order to insure seaworthiness.

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The Master shall certify as true copies or originals, as the case may be, one copy of each repair bill, abstract of vessel's log, survey report and other documents used in support of the application for relief. If a document is written in a foreign language, it should be accompanied by a translation certified to be accurate.

Sec. 5 General Agent's authority to effect payment of duties.

(a) In those cases where the conditions outlined in section 3 of SRM-4 do not prevail, the General Agent shall effect payment of duties imposed by Customs and shall include the expenditure in the voyage accounts of the vessel. In those cases where the conditions as outlined in section 3 of SRM-4 do prevail, the General Agent shall exhaust every means toward obtaining remission of duty imposed.

(b) Should the General Agent fail to obtain remission of duties in such cases, he shall refer the matter to the appropriate Coast Director for his (The Director) determination as to whether further appeal to the Bureau of Customs is warranted or that payment of duty should be made by the General Agent.

NOTE: Records and supporting documents referred to in the above order, shall be retained until the completion of the audit by the General Accounting Office, at which time the Maritime Administration will take custody of the records.

[SRM-4, 16 FR 9658, Sept. 21, 1951, as amended by Amdt. 1, 18 FR 5035, Aug. 22, 1953; 21 FR 8106, Oct. 23, 1956. Redesignated at 45 FR 44587, July 1, 1980]

PART 338—PROCEDURE FOR ACCOMPLISHMENT OF VESSEL REPAIRS UNDER NATIONAL SHIPPING AUTHORITY MASTER LUMP SUM REPAIR CONTRACT—NSA-LUMPSUMREP

Sec.

1. What this order does.
2. Use of contract for competitive bid and negotiated price awards.
3. Specifications.
4. Procedure for securing competitive bids.
5. Procedure for negotiated price awards.
6. Awarding of work.
7. Job order numbering.
8. Extra work and changes.

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9. Payment.
10. Bonds.
11. Guarantee obligations.
12. Disposition of removed equipment and scrap.
13. Insurance.
14. Anti-Kickback and Davis-Bacon Acts.
15. Subcontracts.
16. Liquidated damages.
17. Performance of work resulting from damage sustained while undergoing repairs.
18. Group classification.
19. Ship Repair Summaries.
20. Reports of awards.
21. Delegations of authority.

AUTHORITY: Sec. 204, 49 Stat. 1987, as amended; 46 U.S.C. 1114. Interpret or apply R.S. 3709, as amended; 41 U.S.C. 5.

SOURCE: SRM-5, Revised, 18 FR 5035, Aug. 22, 1953. Redesignated at 45 FR 44587, July 1, 1980, unless otherwise noted.

Section 1 What this order does.

This order cancels NSA Order No. 32 (SRM-1); and outlines the procedure to be followed by the several Coast Directors, their field Ship Repair and Maintenance Staffs, the General Agents of the Authority, and the ship repair contractors in the award and performance of vessel repairs under the National Shipping Authority Master Repair Contract, NSA-LUMPSUMREP. The Coast Directors, field Ship Repair and Maintenance Staffs and the General Agents shall be referred to hereafter in this order as representatives of the Authority.

Sec. 2 Use of contract for competitive bid and negotiated price awards.

(a) The NSA-LUMPSUMREP Contract is a Master form of fixed price contract and is applicable to ship repair work awarded as a result of competitive bidding or negotiation. As a general rule all work awarded under the NSA-LUMPSUMREP Contract must be awarded upon the basis of competitive bids. Revised Statute section 3709 (41 U.S.C. 5), which requires the award of contracts on the basis of competitive bids, however, permits award upon a negotiated basis in certain situations, that is, "where immediate delivery or performance is required by the public exigency."

(b) There are set forth in paragraphs (b)(1) to (3) of this section three (3) examples of situations where the negotiation of fixed price awards for the accomplishment of work under the NSA-LUMPSUMREP Contract will be permitted in lieu of competitive bidding:

(1) *Where the desired results from competitive bidding cannot be obtained.* For example, where there is doubt as to the reality of competition or the fairness or reasonableness of a low bid, all bids shall be rejected. If the ship's availability permits a new Invitation for Bids for the work in question shall be issued. If the bids received as a result of the second invitation are not considered satisfactory the bids are to be again rejected and prices of all specification items are to be negotiated with and the job awarded to the lowest bidder. If the low bidder refuses to accept the award upon the condition referred to the offer of award subject to price negotiation may be made to the next lowest bidder, etc. Negotiated awards in such cases shall be made in accordance with the conditions set forth on the invitation form, e.g., time specified, liquidated damages, etc. If a satisfactory price cannot be secured by negotiation with the bidders as herein proved an award may be made upon a negotiated basis approved in section 5 of this order.

(2) *Where the element of time is paramount.* There will be instances where expeditious ship turnarounds will necessitate the award of work without the delay involved in awarding on the basis of competitive bids. In such cases immediate negotiation for a fixed price with one contractor will be permissible. However, full consideration must be given to the factors involved in order to determine whether, under the circumstances, the time requirements make necessary the negotiation of price rather than using the competitive bid procedure. Such relevant factors are the individual ship's commitments with respect to loading berths, sailing dates, and the charter hire, etc., that might accrue in the event additional ship lay-time is required because of competitive bidding. Definite dollar and time values cannot be established as specific guides for determining when to negotiate. The individual ship and

circumstances involved are the governing elements. The practice of consistently favoring one contractor where this type of repair is required will not be permitted but instead, to the maximum extent possible, all qualified contractors in the particular port shall be given the opportunity to perform work for the National Shipping Authority.

(3) *Extra items of work found subsequent to the awarding of the work covered by the original specifications.* Where extra items of work are required after the commencement of the awarded work, it is permissible to negotiate with the contractor who is performing the awarded work, for the accomplishment of such extra work under the provisions of Article 6 of the NSA-LUMPSUMREP Contract. A discussion of this procedure is set out in section 8 of this order. However, where items of extra work are found after examinations have been made as called for by the original specifications, negotiation with the contractor to perform such items of extra work shall be permitted only if the aggregate estimated cost of such items of extra work would not amount to a substantial part of the entire job. If the items of extra work amount to a substantial part of the entire job, they shall be awarded in the same manner and after consideration of the same factors as are set forth above for awarding original work.

Sec. 3 Specifications.

(a) It shall be incumbent upon the representatives of the Authority on each and every vessel requiring repairs for the account of the National Shipping Authority to prepare complete, detailed and fully descriptive specifications of the particulars of each repair item, identified in each particular case by the appropriate voyage number. Decisions of the Coast Directors' Ship Repair and Maintenance Staffs with respect to the need for any particular item in repair specifications shall be final. The specifications for voyage repairs shall itemize the work involved and shall be numbered consecutively and shall be arranged in accordance with the group classification set forth

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in section 18 of this order with the segregation by the three departments, namely, deck, engine and steward.

(b) The specifications shall in their final written form be explicit in every respect and shall include drydocking, if required, as well as all other items of work known to be required or discernible through visual inspection and examination regardless of the fact that later decision may be made to eliminate or defer some of the items of work. In no case shall an item of work, the accomplishment of which is problematical, be so identified or segregated in the specifications. Resorting to such general phraseology as "overhaul as necessary," "open up for examination and repair or renew as necessary," "repair or renew," etc., shall not be permitted in preparing and writing the specifications.

(c) Where an exact and final determination of the extent of the work cannot be ascertained until an examination has been made, the particular items involved shall so specify and the specifications with respect to said items shall be limited to such examinations as are necessary.

(d) If it is desired by the representatives of the Authority to change any item in the specifications after the specifications have been issued to bid such changes shall be reduced to writing and shall be distributed to the invited bidders at least by such time prior to the time originally specified for the opening of bids as shall reasonably permit the bidders to revise their estimates. If determined to be necessary or desirable under the circumstances, the representative of the Authority may extend the time for opening of bids.

(e) Any exceptions taken to the specifications by a prospective bidder shall be made known to the representative of the Authority prior to the time specified for opening the bids. If it is finally determined by the representative of the Authority that the exceptions are justified, then the procedure set forth in the preceding sub-paragraph shall be followed. Exceptions accompanying bids not processed as herein prescribed, but made known at the time the bids are opened will not be ac-

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ceptable, and will be a cause for rejecting such bids.

(f) When it is anticipated that the cost of a job will be in excess of a Coast Director's delegated authority, one (1) copy of specifications, and in case of bids a copy of Invitation for Bids, Instructions to Bidders and listing of contractors invited to bid shall be forwarded to the Chief, Division of Ship Repair and Maintenance, Washington, DC, simultaneously with the specifications being issued to the contractors.

(g) In all cases where materials, parts or equipment are required in connection with the performance of any particular repair item the representatives of the Authority shall utilize to the fullest possible extent spares and replacement parts stocked in Maritime Administration warehouses. Prior to arranging for the purchase or furnishing of repair parts by repair contractors, it shall be the responsibility of the representatives of the Authority awarding work to determine that the required parts are not available in the Maritime Administration warehouse in the area involved, contingent upon the urgency of the particular situation, ship's sailing schedule, etc.

Sec. 4 Procedure for securing competitive bids.

(a) The geographical area within which bids will be invited involves the exercise of sound administrative judgment. All the relevant factors should be considered in deciding over what areas competitive bids should be invited. Such factors will include the scope and nature of the work, the location of the vessel, and the time and expense involved in shifting and returning the vessel to its loading berth consistent with the operating requirements.

(b) Invitations for Bids shall be sent to all contractors, within the area as determined in paragraph (a) of this section, who are considered to be financially qualified and to be capable of performing all of the work set forth in the specifications either by the utilization of their own or subcontractors' facilities. In this regard attention is invited to section 15 of this order.

(c) When inviting Bids the NSA form entitled "Invitation for Bids, Instruction for Bidders, and Specifications for Repairs, Renewals, Alterations and Additions to the Vessel _____" shall be used.

(d) Attention is called to the fact that the Invitation for Bids form includes a statement of the completion date for the work. In the event bids are invited the individual vessel's period of availability and the extent of the proposed work shall be considered in fixing a completion date that is consistent with the scope of the work involved. Consideration must be given to the fact that it will not be possible in every case to get lower bids by extending a completion date beyond the normal time required to do the work merely because the vessel's availability is exceptionally long. At the same time, care is to be exercised to insure that the repair period is not shortened, when there is no urgent need for the use of the vessel, to such an extent that it is impossible for the contractor to accomplish the work under normal working conditions. A completion date can only be fixed so as to be financially and otherwise to the best interests of the Government after due consideration has been given to all of the factors involved.

(e) The Invitations for Bids shall provide that the contractors shall submit, simultaneously with their responses to Invitations for Bids, unit prices for each item of specification work in a separate sealed envelope. Only the envelope containing the separate item prices of the contractor determined to be the low bidder shall be retained by the representative of the Authority and shall not be opened until after the award is made. All other envelopes containing separate item prices shall be returned unopened to each contractor by the representative of the Authority. In the event the low bid is rejected, the itemized prices of the low bidder shall be returned to him in the unopened envelope. Item prices submitted by contractors will not be subject to public perusal.

(f) Vessel repair work contracted for by representatives of the National Shipping Authority is subject to the provisions of the Davis-Bacon Act, ex-

cept in those cases where at the time of the issuance of the Invitations for Bids the site of the work is not known. Where bids are being invited from bidders in more than one port area, the port area in which the award will be made will not be known, and the Invitations for Bids, accordingly, must state that the work in question is not subject to the Davis-Bacon Act.

(g) The Invitations for Bids shall also include a statement of the per day liquidated damages, for the particular type vessel on which the work is to be performed.

(h) The Invitation for Bids shall state where the bids are to be opened.

(i) When Invitations for Bids are issued by a General Agent, the General Agent, at the time the invitations are issued shall make available to the local Ship Repair and Maintenance office, three (3) copies of the specifications, three (3) copies of a list of contractors to whom invitations have been sent, and three (3) copies of the Invitation for Bids.

(j) Where the scope and probable cost of the work and the time required for effecting such work are secondary as compared to the ship's time, and where the preparation of formal specifications and the issuance of formal Invitations for Bids are not practicable, the representative of the Authority may orally contact as many qualified contractors as is feasible, in order to obtain written "Spot Bids." Each contractor who indicates its intention to bid shall be fully advised as to the specific work involved and given an opportunity to inspect the vessel to enable it to prepare a bid. The contractor shall be verbally advised of a time and place for the submission of the "Spot Bids." If such bids are invited by the General Agent, the General Agent shall also advise the Coast Director or his duly appointed representative of the time and place of opening the "Spot Bids," and if practicable, the NSA representative shall attend such opening. If submission of such spot bids is not in writing the contractors shall immediately confirm their respective Spot Bids by written tenders. The representative of the Authority shall, if requested by responsive contractors, furnish invitations

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for bids and supporting specifications to the contractors.

Sec. 5 Procedure for negotiated price awards.

(a) In the award of vessel repair work upon the basis of negotiation or request for quotation, other than work covered by a supplemental job order, the contractor shall be furnished with the information provided for in Article 1(a) of the NSA-LUMPSUMREP Contract.

(b) The contractor, within the time specified in a request for a quotation, may quote a price and shall submit itemized prices and the price breakdown provided for in Article 1(c) of the NSA-LUMPSUMREP Contract. In the event a mutually satisfactory price cannot be agreed to, a price shall be determined by the representative of the Authority making the award which shall be set out in the job order or the supplemental job order issued to the contractor. Within thirty (30) days from the receipt of such job order or supplemental job order the contractor may appeal such price to the Director of the Authority as a dispute under Article 27 of the NSA-LUMPSUMREP Contract.

Sec. 6 Awarding of work.

(a) Those portions of all bids reflecting the total aggregate cost of the work involved shall be opened publicly. The work shall be awarded to the contractor submitting the lowest qualified bid. The term *lowest* shall mean the bid most advantageous to the Government after evaluation of all bids by the application of differentials and any other relevant factors set forth in the Invitation for Bids. All pertinent costs of moving the vessel from the port where said vessel is located at the time bids are invited to the port of the responsive bidders' work sites and/or plants are to be stated on the Invitation for Bids. If the vessel is scheduled to return to the same port where located at the time bids were invited, all costs of returning the vessel to that port shall also be included on the Invitation for Bids and considered in the bid evaluation.

(b) Immediately after an award of a job order or a supplemental job order

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on a negotiated basis a written report shall be submitted by the representative of the Authority, making the award, to the appropriate Coast Director's office stating the pertinent reasons for awarding the job on a negotiated rather than bid basis. A copy of this report must be attached to the Ship Repair Summary.

(c) When an award is made, a job order in the form attached to the NSA-LUMPSUMREP Contract shall be issued to the contractor and when awards are made in excess of the Coast Directors' Authority one copy each of all job orders and supplemental job orders and supporting specifications are to be forwarded to the Chief, Division of Ship Repair and Maintenance, Washington, DC, simultaneously with the issuance of said orders to the contractors.

Sec. 7 Job order numbering.

(a) The NSA-LUMPSUMREP Contract number shall be inserted in every job order and supplemental job order thereto awarded to a Contractor. The Chiefs of local Ship Repair and Maintenance offices shall give consecutive numbers starting with No. 1 to job orders awarded by them to each contractor. The General Agents shall give consecutive numbers starting with No. 1 to job orders awarded by each General Agent. Job orders and supplemental job orders covering work awarded by a General Agent shall bear the initials of the prime General Agent, as a prefix to the numeral for example, "Job Order No. USL-1." Thus, the first award made by a local Ship Repair and Maintenance office to each respective master repair contractor shall bear "Job Order No. 1". The first award made by each General Agent to each respective master repair contractor shall also bear "Job Order No. 1" and in addition the Prime General Agents initials. Sub-agents shall use the initials of the Prime General Agent in identifying the job order number. Any additional means of numbering other than the numeral and Prime Agent's initials are not to be used. Supplemental job orders shall contain the original job order number suffixed by the letter "A" on the first supplemental job order, the letter "B" on the

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second supplemental job order, and so forth.

Sec. 8 Extra work and changes.

(a) At any time after the award of an original job order and during the time the work thereunder is being performed, additional or extra work or changes in the work covered by the job order may be directed by the representative of the Authority.

(b) Such additional or changed work shall be directed by a written Change Order as provided in Article 6 of the NSA-LUMPSUMREP Contract.

(c) A supplemental job order shall be issued to the Contractor covering such Change Order(s), which supplemental order shall include the agreed amount of contract price increase or decrease and any revision in the completion date of the job order work, as modified by the Change Order(s).

(d) In the event a change in the contract price or revision in the completion date cannot be agreed upon the representative of the Authority shall determine the contract price or revised completion date and issue a supplemental job order to the contractor who shall proceed with the work covered by the Change Order(s) and the Contractor may appeal such contract price or revised completion date as provided in Article 27 of the NSA-LUMPSUMREP Contract.

Sec. 9 Payment.

(a) Repair contractors invoices covering work awarded by the field staff of the National Shipping Authority:

(1) Repair Contractors will submit invoices for repair costs covered by job orders under Master Repair Contract or work orders under WORKSMALREP Contracts, directly to the local office of the National Shipping Authority awarding the work.

(2) The local office of the National Shipping Authority will:

(i) Review repair contractors' invoices to determine that the charges have been billed in accordance with the prices provided in the job order and repair contract.

(ii) Attach to each repair contractor's invoice, a copy of the WORKSMALREP work order or job order and supplemental job order(s), if

any; a signed completion certificate; and, in the case of competitive bids, abstract of bids listing the contractors who submitted bids, the bid prices and completion time specified by each contractor, the name of the contractor to whom the work was awarded, and an explanation of the basis for the award when the contract is not awarded to the lowest bidder.

(iii) Review each repair contractor's invoice and attachments to ascertain completeness of supports and whether repair items included therein have been placed under the appropriate repair group numbers as set out in section 18 and make corrections as necessary.

(iv) Forward the invoices and supports to the District Ship Repair and Maintenance office for final review.

(3) The District office shall make a final review and if in order forward the contractor's invoices and other supports relating to (i) voyage and idle status repairs to the principal office of the General Agent, and (ii) reactivation repairs and all others which do not involve General Agency operated ships to the appropriate District Finance Officer.

(4) The General Agent, upon receiving repair contractors' invoices and attachments thereto from the District Ship Repair and Maintenance office will:

(i) Review each invoice and attachments to assure that the payment authorized by the District office appears to be proper on the basis of the attachments.

(ii) Upon determination that all necessary supporting documents are attached, make payment directly to the contractor.

(5) The District Finance Officer, upon receiving repair contractors' invoices pursuant to paragraph (a)(3)(ii) of this section will process them in accordance with prescribed procedures.

(b) Repair contractors invoices covering work awarded by General Agents:

(1) Repair contractors will submit invoices for repair costs covered by job orders under Master Repair Contracts or work orders and WORKSMALREP contracts directly to the principal office of the General Agent or author-

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ized Sub-Agent contracting for the ship repair work.

(2) The General Agent or authorized Sub-Agent, upon receipt of an invoice from a contractor, will follow the procedure outlined in paragraph (a) (2)(i thru iii) and (4)(ii) of this section.

[SRM-5, Rev., 18 FR 5035, Aug. 22, 1953, as amended at 33 FR 5952, Apr. 18, 1968. Redesignated at 45 FR 44587, July 1, 1980]

Sec. 10 Bonds.

(a) All bids in response to an Invitation for Bids and all quotations in response to a request for a quotation in excess of \$2,000, shall be accompanied by a guaranty or a bid bond in a sum equal to twenty-five (25) percent of such bid or quotation to insure the acceptance of the job order covering the awarded work and the furnishing of the performance and payment bonds required by Article 14 of the NSA-LUMPSUMREP Contract. The standard Government form of bid bond (Standard Form 24 Revised November 1950) shall be used.

(b) In compliance with the performance bond and payment bond requirements of Article 14 of the NSA-LUMPSUMREP Contract, the standard form of individual performance bond (Standard Form 25 Revised November 1950) and the standard form of individual payment bond (Standard Form 25A Revised November 1950) respectively, shall be used. Such bonds (in the respective penal sums of 50 percent of the respective job order contract prices but if the job order contract price is in excess of \$1,000,000 in the penal sum of 40 percent of such job order contract price) shall guarantee the Contractor's performance and payment obligations in connection with the work covered by an original job order awarded on either competitive bid or negotiated basis, as that work may be modified by supplemental job orders to such original job orders.

(c) The individual bid, performance and payment bonds shall be submitted by the contractors to the awarding offices (General Agents or local offices of NSA) to verify the correctness of the penalty amount, contract and job order numbers, etc. The individual bonds shall then be forwarded by the awarding office to the office of the appro-

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priate Coast Director for final action and approval pursuant to existing regulations.

(d) For the convenience of contractors, in lieu of submitting individual bid, performance and payment bonds they may file with the Authority approved annual or blanket bid, performance and payment bonds covering the Contractor's bond obligations under job orders (as such job orders may be modified by supplemental job orders) awarded under said contracts in such annual period. Annual bonds shall be submitted by the Contractors or their surety representative to the appropriate Coast Director's office for clearance pursuant to existing regulations. In this regard all annual bonds must be of the open penalty type.

(e) No repair voucher (progress or final) where bond coverage is required shall be passed for payment until such time as the required bid, performance and payment bonds have been given final clearance.

Sec. 11 Guarantee obligations.

(a) Under the provisions of Article 10 of the NSA-LUMPSUMREP Contract the Contractor's guarantee liability extends to defects and deficiencies in the Contractor's work developing within sixty (60) days from the date of the acceptance of all the work and the accepted redelivery of the vessel to the Authority.

(b) Notice of such defects and deficiencies must be given to the Contractor not later than ninety (90) days after the acceptance of the work.

(c) As soon as practicable, after the acceptance of work performed under a job order, and the supplemental job orders thereto, the office awarding the job order shall furnish to the General Agent two copies of the specifications, job order and supplemental job orders, together with a statement of the date of the expiration of the Contractor's guarantee responsibility with respect to some work.

(d) The General Agent shall during the period of the Contractor's guarantee responsibility screen all deficiencies and defects and repair items

and list separately against the respective specifications, all items which represent defects or deficiencies in the Contractor's work.

(e) In order that the Contractor may be notified of such defects and deficiencies prior to the expiration of the 90-day notice period, the General Agent, particularly with respect to vessels in foreign ports or vessels which may be at sea, shall instruct the Master of the respective vessel to forward the information with respect to defects and deficiencies in the Contractor's work to the General Agent's home office by the most expeditious manner of communication.

(f) In connection with all deficiencies and defects, referred to in paragraph (d) of this section, the General Agent shall immediately notify the Contractor and the local Ship Repair and Maintenance Office Head in the vessel's port of call with copies of such notification to the Chief, Division of Ship Repair and Maintenance in Washington, DC, in all cases and to the Chairman, Trial and Guarantee Survey Boards, if the total contract price is equal to or in excess of \$100,000. If practicable, the local Ship Repair and Maintenance Office Head shall arrange to view the defective or deficient work in question and, if possible, shall secure the correction of such defects or deficiencies by the Contractor in question.

(g) The General Agent, and the representative of the local Ship Repair and Maintenance staff, who acted under the provisions of paragraph (e) of this section promptly shall file with the Chief, Division of Ship Repair and Maintenance in Washington, DC, and also with the Chairman, Trial and Guarantee Survey Boards, if the total contract price equals or exceeds \$100,000, separate or concurring reports setting out the defects and deficiencies, describing the actual conditions found, causes of failure, and the disposition of each defect or deficiency item.

Sec. 12 Disposition of removed equipment and scrap.

(a) Article 8 of the NSA-LUMPSUM REP Contract provides that any ship equipment, fuel, lube oil, supplies,

stores, furniture, fixtures, salvage and other movable property removed from the vessel is the property of the United States and shall be disposed of in such manner as the Authority may direct within sixty (60) days from the date of the completion of the work. The representative of the Authority, by appropriate item in the specifications, shall cause the Contractor to segregate all equipment, salvageable material and scrap, removed from a vessel in the performance of repairs, in such a manner as to be readily identifiable, and shall submit a list thereof to the local Property and Supply office which is responsible for arranging for retention, disposal, etc., of said equipment, material, and scrap. A copy of the listing is to be attached as a support to the Ship Repair Summary (MA-159).

(b) After the 60-day period, if no direction for disposal is given the Contractor, the Contractor shall store and protect, in the shipyard or outside of the shipyard at its election, such property of the United States, for the additional period directed by said local Property and Supply office who shall furnish a copy of such written direction to the representative of the Authority. The increased contract price for the cost of the storage for such additional period shall be covered by purchase order prepared by the local Property and Supply office.

(c) All scrap removed from the vessel shall be the property of the United States and shall be handled as provided in paragraph (b) of this section: *Provided, however,* That any scrap or salvage may, upon the written approval of the local Property and Supply office, be purchased or disposed of by the Contractor at the prevailing market price, or at not less than the fair value thereof in the absence of an established market therefor. The net sales price of the scrap or salvage disposed of by the Contractor shall be promptly paid to the office of the District Finance Officer, or at the option of the office of the District Finance Officer, shall be credited against the moneys due or to become due the Contractors.

[SRM-5, Rev., 18 FR 5035, Aug. 22, 1953, as amended at 33 FR 5952, Apr. 18, 1968. Redesignated at 45 FR 44587, July 1, 1980]

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Sec. 13 Insurance.

Article 9 of the NSA-LUMPSUM REP Contract sets forth the Contractor's liabilities and obligations with respect to awarded work. Said Article 9 requires that the Contractor shall maintain insurance to cover such liabilities and obligations. Evidence of such insurance shall be submitted to the Chief, Division of Insurance, Washington, DC, by the contractors for approval.

Sec. 14 Anti-Kickback and Davis-Bacon Acts.

(a) All work awarded under the NSA-LUMPSUMREP Contract is subject to the provisions of the Anti-Kickback Act, and is also subject to the provisions of the Davis-Bacon Act (except in those cases where the Invitations for Bids or job order state that the work covered thereby is not subject to the Davis-Bacon Act). Article 24 of the NSA-LUMPSUMREP Contract requires the compliance of Contractor and its subcontractors with the applicable provisions of said acts. In this respect the Contractor agrees in the NSA-LUMPSUMREP Contract to comply with the regulations of the Secretary of Labor made pursuant to the Anti-Kickback Act.

(b) The Contractor shall, as provided in Article 24(a) of the NSA-LUMPSUM REP Contract, post at the site of the work the wage determination decision of the Secretary of Labor as provided in said Article 24(a).

(c) It shall be the responsibility of the representative of the Authority awarding the work to determine that the Contractor has made the postings required by Article 24(a) of the NSA-LUMPSUMREP Contract.

(d) In lieu of submitting weekly certified copies of all payrolls to the Authority, as provided in Article 24(d) of the Master LUMPSUMREP Contract the Contractor shall maintain his weekly payrolls for a period of three years and submit weekly an affidavit that the payrolls of the Contractor for the preceding week are correct and complete, that the wage rates contained therein are not less than those determined by the Secretary of Labor and that the classifications set forth for each labor mechanic conforms with

the work he performed. The Contractor shall also submit, and shall be responsible for the submission by its subcontractors of the Anti-Kickback Act affidavits as provided in Article 24(f) of the Master LUMPSUMREP Contract. The Contractor shall submit one copy of each of the weekly payroll and Anti-Kickback Act affidavits to the Records Administration Section, Maritime Administration, Washington 25, DC.

(e) The representative of the Authority shall require Contractors, pursuant to the provisions of Article 24(d) of the NSA-LUMPSUMREP Contract, to classify or reclassify any class of laborers or mechanics employed on National Shipping Authority contract work and not listed in the Secretary of Labor's decision (schedule of wages). A report of such cases shall be forwarded to the District Ship Repair and Maintenance office for transmittal to the Office of Maritime Labor Policy.

(f) The representatives of the Authority shall be responsible for establishing procedures insuring that Contractors are complying with the Davis-Bacon Act and in cases of non-compliance withhold payment of contractors' invoices.

(g) The following certification shall be inserted by all contractors on all invoices rendered covering work awarded under the Master Repair Contract subject to the Anti-Kickback and Davis-Bacon Acts.

I hereby certify that in performing the work for which the invoice was rendered that all applicable terms and conditions of the Anti-Kickback and Davis-Bacon Acts as provided in the Master Repair Contract and regulations of the Department of Labor have been complied with.

Sec. 15 Subcontracts.

Under Article 29 of the NSA-LUMPSUMREP Contract, the Contractor is authorized to subcontract portions of the work. However, the Contractor must obtain prior approval from the representative of the Authority, awarding the work, for each subcontract in an amount exceeding 10 percent of the contract price for the work covered by a job order or supplemental job order.

Sec. 16 Liquidated damages.

(a) The liquidated damages payable for each calendar day of delay shall be placed on each job order and supplemental job order whether awarded on a competitive bid or negotiated basis.

(b) The completion certificates are to contain the date on which work is actually completed, whereas the job order and supplemental job orders are to contain a completion date based on a fair and reasonable estimate of time to be allowed the contractor to perform the work. Thus, the difference between the completion date specified on the job order or supplemental job orders and on the completion certificates will be the period for which liquidated damages are assessed. If an extension of an original completion date is considered justifiable, the completion certificates are to bear in detail in the space provided for "exceptions" the reasons why the completion dates were extended beyond that specified in the original job orders. The face of the Ship Repair Summaries (MA-159) shall reflect the amounts of liquidated damages. The penalty amount shall be deducted from the invoice prior to payment for the work involved.

[18 FR 5035, Aug. 22, 1953; 18 FR 5294, Sept. 2, 1953. Redesignated at 45 FR 44587, July 1, 1980]

Sec. 17 Performance of work resulting from damage sustained while undergoing repairs.

(a) When damage is sustained by a vessel during performance of repairs under the NSA Master Contract, negotiations for accomplishment of work necessary to correct such damage are to be made with the repair contractor involved, if practicable, and a job order issued to the contractor for the repair of damage. Such job orders are to be assigned a new number and are not to be supplemental to the original award. The following "without prejudice" clause is to be made a part of and placed on each job order issued for the performance of work discussed in this section.

It is understood and agreed that the work covered by this job order is awarded and accepted without prejudice to, or waiver of, any rights of the United States or the Contractor.

(b) If it is determined that the contractor is at fault and the contractor refuses to accept the responsibility, the procedure outlined in Article 27 of the master repair contract shall be followed. It is to be understood that the payment of this type of account is to be withheld pending establishment that the contractor involved is relieved of all responsibility for the damage.

(c) In the event other than the original contractor effects the damage repairs immediate arrangements are to be made by and through the General Agent to collect from the contractor considered responsible for the damages.

(d) A damage survey is to be conducted in all such cases and a report thereon submitted to the Chief, Division of Ship Repair and Maintenance, Washington, DC.

Sec. 18 Group classification.

In the preparation of specifications, Job Orders, Supplemental Job Orders and WORKSMALREP Contracts costs by Group Numbers as set forth and described below are to be inserted thereon:

Number	Classification
41	<i>Maintenance Repairs</i> (deck, engine and stewards department repairs resulting from wear and tear).
42	<i>Original installation of, repairs to, and removal of national defense features.</i>
44	<i>Conversions</i> (conversion of vessels to troop carriers, hospital ships, and for other special purposes).
51	<i>Alterations, Additions and Betterments</i> (additional equipment, such as, spar decks, heavy lift equipment, change of cargo or passenger space, increasing speed of vessel, and structural changes).
52	<i>Strengthening of Newly Constructed Vessels</i> (strengthening of vessels according to program).
54	<i>Damage Repairs</i> (claimed as a result of enemy action, heavy weather, stranding, collision, fire, stevedore damage, ice damage, and other damages). NOTE: All items chargeable to each separate casualty to be properly identified and segregated both with respect to casualty and cost.
63	<i>Builders' and Vendors' Guaranty Work</i> (repairs and replacements chargeable to builders and vendors of equipment—separate cost to be furnished for each item).
64	<i>Repair Contractors' Guarantee Items</i> (repairs to correct deficiencies due to faulty workmanship and/or materials incident to prior repairs performed under provisions of Master Repair Contract where responsible contractor did not effect the necessary corrections).
65	<i>Other Costs</i> (temporary lights, garbage disposal, tugs to shift vessel while in contractors' yard, and other miscellaneous work requiring distribution of costs over more than one group).

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Number	Classification
66	<i>Miscellaneous Expenses Applicable to Voyage Operating Expense</i> (removal of cargo debris, fresh water when not required for testing purposes, cleaning cargo and other tanks where no repairs or alterations are involved, and other similar expenses).
67	<i>Preparation of Vessels for Lay-up</i> (stripping, draining and preservation. No repairs to be included in this grouping).

Sec. 19 Ship Repair Summaries.

(a) Ship Repair Summaries shall be prepared on Form MA-159 by the General Agents and local offices of the Authority covering all work performed under their respective jurisdiction and submitted to the District Ship Repair and Maintenance office involved. The summaries must be properly identified and contain the correct cost breakdown as set forth in this order. If the summary covers work other than repairs related to a voyage, the summary must so state, e.g., reactivation, lay-up, idle status, etc. The District Ship Repair and Maintenance office shall review the summaries and supports to ascertain that they have been properly prepared in all respects. The originals of all summaries unsupported shall be forwarded by the District offices to the Chief, Operating Cost Control Branch, Office of Ship Operations, National Shipping Authority, Washington, DC, and two copies each of all summaries one of which is to be supported by one copy each of job orders, supplemental job orders, invitation for bids, specifications, invoices, itemized prices, completion certificates, ABS invoices and reports, purchase orders, price warehouse delivery tickets, property removal notices, WORKSMALREP Contracts, a statement that bid, performance and payment bonds were received and approved, abstract of bids containing the list of contractors in-

vited to bid and response of each, an explanation of the basis for an award when the contract is not awarded to lowest bidder, listing of scrap, salvageable material and equipment removed from a vessel, etc., shall be forwarded to the Chief, Division of Ship Repair and Maintenance, Washington, DC.

(1) Within 60 days after termination of the respective voyages for work awarded by General Agents.

(2) Within 30 days after completion of all work awarded by the Local Offices within a port area.

(b) In the event invoices for particular services are not available such as, American Bureau of Venders Inspectors fees, the summary is nevertheless to be prepared as outlined in this order and estimated costs for the missing billings set forth on the summary. Upon receipt of said invoices a supplementary summary shall promptly be prepared and distributed as outlined in this section.

(c) If no work is performed under a General Agent's jurisdiction for a particular voyage, the General Agent must submit for distribution as stated herein a repair summary stating across the face that no repairs, either foreign or domestic, were performed for the particular voyage involved.

Sec. 20 Reports of awards.

(a) The Coast Directors shall submit to the Chief, Division of Ship Repair and Maintenance, Washington, D.C., a monthly listing of all awards made under their jurisdiction. This listing shall reflect individually the complete contract number, contractor, vessel, type of award, e.g., negotiated or bid, costs and repair period. This listing shall be submitted substantially in the following form:

Contractor	Contract No.	Vessel	Award	Amount	Start	Completed
Steamboat Repairs, Inc. ...	MA-600 J.O.1	John Doe ...	Bid	\$15,000	Jan. 1, 1953	Jan. 10, 1953
Steamboat Repairs, Inc.	MA-600 J.O.1A.	John Doe ...	Negotiated	1,000	Jan. 11, 1953

(b) If no work was awarded during a reporting period, a report to that effect is to be made.

(c) The Coast Directors are to attach to their monthly reports, the originals

of the monthly reports submitted by the General Agents pursuant to section 3(d) of NSA Order 34 (SRM-3, Revised).

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Sec. 21 Delegations of authority.

(a) The term *authorized representative of the Authority* appears in several of the contract provisions of the NSA-LUMPSUMREP Contract. The respective representatives of the authority are the “authorized representative of the Authority” for the respective contract provisions as set out in this section:

(b) Articles 1 and 2—Chief, Division of Ship Repair and Maintenance, Coast Directors, Chiefs of District Ship Repair and Maintenance offices, Chiefs of Local Ship Repair and Maintenance offices, and General Agents (within the General Agents’ contract limitations); Article 3—Maritime Administration Marine Surveyors, Chief, Division of Ship Repair and Maintenance, Coast Directors, Chiefs of District Ship Repair and Maintenance offices, Chiefs of Local Ship Repair and Maintenance offices; and General Agents (within the General Agents’ contract limitations); Article 4—Coast Directors, Chief, Division of Ship Repair and Maintenance, Chiefs of District Ship Repair and Maintenance offices, Chiefs of Local Ship Repair and Maintenance offices, and General Agents; Article 5—Maritime Administration Marine Surveyors and General Agents; Article 6—Coast Directors, Chief, Division of Ship Repair and Maintenance, Chiefs of District Ship Repair and Maintenance offices, Chiefs of Local Ship Repair and Maintenance offices, and General Agents (within the General Agent’s contract limitations); Article 7—Chiefs of District Ship Repair and Maintenance Offices, Chiefs of Local Ship Repair and Maintenance Offices, and Maritime Administration Marine Surveyors; Article 18 (d)—Coast Directors; Chief, Division of Ship Repair and Maintenance, Chiefs of District Ship Repair and Maintenance offices, Chiefs of Local Ship Repair and Maintenance offices, and General Agents in connection with work awarded by General Agents; Article 27—Coast Directors, Chiefs of District Ship Repair and Maintenance offices and Chiefs of Local Ship Repair and Maintenance offices.

NOTE: Records and supporting documents referred to in the above order, shall be retained until the completion of the audit by

the General Accounting Office, at which time the Maritime Administration will take custody of the records.

[SRM-5, Rev., 18 FR 5035, Aug. 22, 1953, as amended at 21 FR 8106, Oct. 23, 1956. Redesignated at 45 FR 44587, July 1, 1980]

PART 339—PROCEDURE FOR ACCOMPLISHMENT OF SHIP REPAIRS UNDER NATIONAL SHIPPING AUTHORITY INDIVIDUAL CONTRACT FOR MINOR REPAIRS—NSA-WORKSMALREP

Sec.

1. What this order does.
2. Description of NSA-WORKSMALREP Contract.
3. When the NSA-WORKSMALREP Contract may be used.
4. Persons authorized to make awards under NSA-WORKSMALREP Contract.
5. Responsibility for duplicating copies of NSA-WORKSMALREP Contract.

AUTHORITY: Sec. 204, 49 Stat. 1987, as amended; 46 U.S.C. 1114. Interpret or apply R.S. 3709, as amended; 41 U.S.C. 5.

SOURCE: SRM-6, Revised, 18 FR 5040, Aug. 22, 1953. Redesignated at 45 FR 44587, July 1, 1980, unless otherwise noted.

Section 1 What this order does.

This order authorizes the use of NSA-WORKSMALREP individual contract for minor repairs to Maritime Administration owned or controlled vessels. The procedure to be followed by the field personnel of the Authority, the General Agents of the Authority, and the ship repair contractors is set forth in the “General Provisions for Small Repairs” and, therefore, no further reference is made to said procedure herein.

Sec. 2 Description of NSA-WORKSMALREP Contract.

This is an individual fixed price contract which may be awarded to any firm not holding an NSA-LUMPSUMREP Contract, as a result of formal competitive bids, spot bids, or by negotiation for the performance of ship repair work. NSA Order No. 46 (SRM-5, Revised) sets forth the conditions when work may be awarded on the basis of formal competitive bids, spot bids or negotiation, therefore, further reference thereto will not be made herein.

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Sec. 3 When the NSA-WORKSMALREP Contract may be used.

This contract may be used for awards to firms performing specialized work such as repairs to and adjustment of compasses, direction finders, radios, refrigerators, etc., as well as minor voyage repairs of a general nature and fees of the American Bureau of Shipping. The use of this contract is limited to awards not to exceed a total aggregate cost of \$2,000.

Sec. 4 Persons authorized to make awards under the NSA-WORKSMALREP Contract.

Authority is hereby delegated to the Atlantic, Gulf and Pacific Coast Directors, Chiefs of Local and District Ship Repair and Maintenance Offices and the General Agents to make awards under this form of contract, provided the aggregate cost of the work does not exceed \$2,000, and is within their expenditure limitations.

Sec. 5 Responsibility for duplicating copies of NSA-WORKSMALREP Contract.

It will be the responsibility of the several Coast Directors, Local and District Ship Repair and Maintenance Offices and the General Agents to duplicate copies of the work order form and general provisions to suit their respective needs.

PART 340—PRIORITY USE AND ALLOCATION OF SHIPPING SERVICES, CONTAINERS AND CHASSIS, AND PORT FACILITIES AND SERVICES FOR NATIONAL SECURITY AND NATIONAL DEFENSE RELATED OPERATIONS

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- 340.9 Compliance.

AUTHORITY: Defense Production Act of 1950, as amended (50 U.S.C. App. 2061 *et seq.*) Exec-

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utive Order 10480, as amended (18 FR 4939); Executive Order 12656 (53 FR 47491); 44 CFR Part 322; 49 CFR 1.45; Department of Transportation Orders 1100.60, as amended: 1900.8 and 1900.7D.

SOURCE: 58 FR 29352, May 20, 1993, unless otherwise noted.

§ 340.1 Scope.

This part establishes procedures for assigning priority for use by defense agencies, on commercial terms, of commercial shipping services, containers and chassis, and port facilities and services and for allocating vessels employed in commercial shipping services, containers and chassis, and port facilities and services for exclusive use by defense agencies (as defined in 340.2), at any time where appropriate under provision of title I of the Defense Production Act of 1950 (50 U.S.C. App. 2061 *et seq.*) as determined by the Secretary of Transportation. The procedures will provide the means to require vessel and port operators to provide defense agencies with existing commercial services and facilities not obtainable through established transportation procurement procedures. Thus the procedures will minimize interference with commercial operations and ensure rapid response to defense needs in times of crisis or war.

§ 340.2 Definitions.

As used in this regulation:

(a) *Administrator* means the Maritime Administrator, Department of Transportation, who is, ex officio, the Director, National Shipping Authority, within the Maritime Administration (MARAD). Pursuant to 49 CFR 1.45(a)(5), the Maritime Administrator is authorized to carry out emergency preparedness functions assigned to the Secretary by Executive Order 12656 (53 FR 47490, November 18, 1988).

(b) *Container* means any type of container for intermodal surface movement that is 20 feet in length or longer, 8 feet wide, and of any height, including specialized containers, with International Standards Organization standard fittings.

(c) *Container service* means the intermodal movement, which includes an ocean movement leg, of goods in containers.

(d) *Container service operator* means a vessel operator (defined in §340.2(v)) that provides containerized ocean shipping service.

(e) *Container supplier* means a U.S.-citizen controlled (pursuant to 46 App. U.S.C. 802) company which manufactures containers, is a container service operator, or is in the business of leasing containers.

(f) *Chassis* means a vehicle built specifically for the purpose of transporting a container so that when the chassis and container are assembled the unit produced serves the same function as a road trailer.

(g) *Chassis supplier* means a U.S.-citizen controlled (pursuant to 46 App. U.S.C. 802) company which is a container service operator or is in the business of leasing chassis.

(h) *Defense agency* means the Department of Defense, or any other department or agency of the Federal Government as determined by the Secretary of Transportation, for the purposes of this regulation.

(i) *FEMA* means the Federal Emergency Management Agency.

(j) *NAO* means the NSA Allocation Order, which is an order allocating the exclusive use of a vessel employed in commercial shipping service, a container, a chassis, or a port facility for the purposes of providing its services to a defense agency for a specified period.

(k) *NSA* means the National Shipping Authority, which is the emergency shipping operations activity of the Department of Transportation (MARAD).

(l) *NSPO* means an NSA Service Priority Order, which is an order directing that priority of service be given to the movement of cargoes of a defense agency.

(m) *Planning order* means a notification of tentative arrangements to meet anticipated defense agency requirements, issued by NAO or NSPO format, for planning purposes only.

(n) *Port authority* means any state, municipal, or private agency, or firm that (1) owns port facilities (2) manages such facilities for common-user commercial shipping services under lease from an owner; (3) owns or operates a proprietary port facility or terminal;

and (4) otherwise leases or licenses and manages a port facility.

(o) *Port facilities and services* means (1) all port facilities, for coastwise, intercoastal, inland waterways, and Great Lakes shipping and overseas shipping, including, but not limited to wharves, piers, sheds, warehouses, terminals, yards, docks, control towers, container equipment, maintenance buildings, container freight stations and port equipment, including harbor craft, cranes and straddle carriers; and (2) port services normally used in accomplishing the transfer or interchange of cargo and passengers between vessels and other modes of transportation, or in connection therewith.

(p) *Secretary* means the Secretary of Transportation or his or her designees to whom emergency authorities under the Defense Production Act of 1950 have been delegated, i.e., the Director of Office of Emergency Transportation or the Departmental Crisis Coordinator.

(q) *Secretarial Review* means the process by which the Secretary or his or her designee(s) exercises review, coordination, and control over departmental emergency preparedness programs and/or matters.

(r) *Shipper* means a civilian or Government agency that owns (or is responsible to the owner for) goods transported in waterborne service.

(s) *Shipping service* means a commercial service which provides for the movement of passengers or cargo by one or more modes of transportation and includes a waterborne movement leg in the overseas, coastwise, intercoastal, inland waterways, or Great Lakes shipping trades.

(t) *Vessel* means a vessel employed in commercial service for waterborne movement of passengers or cargo in the overseas, coastwise, intercoastal, inland waterways or Great Lakes shipping trades, or any portion of the cargo-carrying capacity of such vessel.

(u) *Vessel operator* means a company owning and/or operating, to and from any U.S. port, an ocean-going overseas, coastwise, intercoastal, inland waterways or Great Lakes vessel that is U.S.-flag, or foreign-flag and U.S.-citizen controlled (pursuant to 46 App.

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U.S.C. 802), or foreign-flag and non-citizen controlled that is made available to the United States (as described in §340.3(j)).

§ 340.3 General provisions.

(a) The provisions of this rule apply pursuant to authority granted to the President by title I, Defense Production Act of 1950, as amended (50 U.S.C. App. 2061 *et seq.*) that authority having been delegated to the Secretary of Transportation, with respect to civil transportation services, by §322.3(b) of title 44, Code of Federal Regulations. In order to give priority to performance under contracts deemed necessary or appropriate to promote the national defense and to allocate materials and facilities in such manner, upon such conditions and to such extent as necessary or appropriate to promote the national defense, the following procedures shall be applicable:

(1) In connection with deployment of the Armed Forces of the United States, or other requirements of the nation's defense, a defense agency (as defined in §340.2(h) of this part) may request priority use or allocation of vessels employed in commercial shipping services, containers, chassis, or port facilities and services.

(2) The Secretary may authorize initiation of priority and allocation authority in accordance with administrative and statutory authorities.

(3) The Administrator, on approval by the Secretary to initiate the use of priority and allocation authority under this regulation and in conformance with national program priorities, may direct owners and/or operators of vessels, containers, chassis, or port facilities to give priority usage to the defense agency or may allocate vessels, containers, chassis, or facilities for the defense agency's use during specified periods.

(b) A defense agency may transmit requests for assignment of priority for use or for allocation of vessels, containers, chassis, and port facilities and services to the Secretary by letter, memorandum, or electrical message.

(c) Justification for requested priorities or allocations may include references to military operations plans. When classified, justifications may be

provided separately by correspondence or staff coordination. NSPOs and NAOs will not include classified information.

(d) The Administrator shall determine, before issuing an NSPO or NAO, that the action is necessary to meet the requirements of the national defense (as determined by the defense agency) and conforms to Secretarial guidance for coordinating the Department's crisis response, and that the proposed approach is the most effective way to do so. The Administrator, in conjunction with the defense agency, shall coordinate with vessel operators, container suppliers, chassis suppliers, port authorities and the Coast Guard to identify vessels, equipment and facilities to meet requirements covered by NSPOs and NAOs. The Administrator shall ensure that arrangements to provide defense support under NSPOs and NAOs satisfy the defense agency's requirements with minimum disruption to commercial activities.

(e) When resources are required for movement of hazardous or other special cargo, the Administrator shall ensure that the Commandant of the Coast Guard and the Captain of the Port and other concerned hazardous materials officials of the U.S. Department of Transportation, as required, are notified and that the views of all concerned agencies and interests are obtained and reflected in actions taken pursuant to this regulation. Any action taken pursuant to this regulation shall conform with existing regulations for the safe transportation of hazardous materials and or cargoes, subject to Department of Transportation exemptions.

(f) The Secretary shall notify FEMA of the intention to issue any directive granting priority for use or allocation of vessels, containers, chassis, or port facilities and services, and shall provide information copies of NSPOs and NAOs as required to the defense agency concerned, FEMA, the Interstate Commerce Commission and the Coast Guard.

(g) Defense agencies which foresee difficulty in meeting their needs for vessels employed in commercial shipping services, containers, chassis, or port facilities and services shall coordinate with MARAD, the Coast Guard, vessel operators, container suppliers,

chassis suppliers, and port authorities concerned before the need arises. The Administrator, after Secretarial review, may issue planning orders for information and guidance of affected agencies confirming tentative arrangements to meet the defense agencies' needs. No action will be taken to give effect to those arrangements until NSPOs and NAOs are issued at the time the services, equipment, or facilities are required.

(h) Defense agencies shall pay for services covered by NSPOs and NAOs on the basis of commercial tariffs, or on the basis of contracts concluded between the operator interests and the defense agencies concerned, or on the basis of existing contracts where both parties so agree.

(i) Defense agencies shall be responsible for payment of costs arising from:

(1) Shifting ships to unoccupied berths for defense use;

(2) Discharging commercial cargo to free ships for defense use; and

(3) Such other costs as may be agreed between the defense agency and the provider of service.

(j) The provisions of this regulation shall apply to foreign vessels, containers, and chassis only when and to the extent that such vessels, containers, and chassis are available to the United States because of control by U.S. citizens (46 App. U.S.C. 802) or by provision of international agreements for use of shipping services and related resources for the common defense.

(k) Recipients of NSPOs and NAOs shall notify the Administrator, without undue delay, when they cannot comply or are experiencing difficulty in complying with the provisions of the Orders.

§ 340.4 Shipping services.

(a) When a defense agency requires shipping services not obtainable through established transportation procurement practices, the following procedures shall apply:

(1) Except during periods of Presidentially-declared national defense emergencies, when requests shall be transmitted to the Administrator, the agency shall transmit a request to the Secretary specifying:

(i) The type of service required;

(ii) The route over which priority of service is required;

(iii) The period during which priority of service is required; and

(iv) Justification for priority use of the requested service.

(2) The Administrator, pursuant to the circumstances specified in § 340.4(a)(1), shall identify vessel operators that can provide the necessary service and issue NSPOs in coordination with the Secretary to those operators directing that priority be given to the movement and delivery of the defense agency's cargo and/or passengers by the type of service specified in the NSPO during the specified period.

(3) Each vessel operator in receipt of an NSPO shall:

(i) Give precedence to the cargoes of the defense agency in provision of equipment, loading, ocean transport and delivery; and

(ii) Coordinate with other operators in receipt of NSPOs applicable to the same priority movement program to ensure movement of the defense agency's cargoes on first available sailings.

(b) When a defense agency has need for vessels employed in commercial service on a continuing basis for national defense operations for a specified period or for the duration of a defense emergency which they cannot obtain through established transportation procurement practices, the following procedures shall apply:

(1) The agency shall transmit to the Secretary, with a copy to the Administrator, a request specifying the kinds of services required, the arrangements under which the agency proposes that the services be acquired, managed and compensated, and justification for allocation of the required vessels.

(2) The Administrator, upon receiving guidance from the Secretary, shall identify vessel operators that can supply the requested services and issue NAOs to operators directing that specified vessels be made available for use of the defense agency for specified periods. As far as practicable, the economic impact will be balanced among operators.

(3) Each vessel operator in receipt of an NAO shall provide vessels in coordination with the defense agency as specified in the NAO.

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§ 340.5 Containers and chassis.

(a) When a defense agency requires priority use of containers and/or chassis not obtainable through established transportation procurement practices, the following procedures shall apply:

(1) Except during periods of Presidentially-declared national defense emergencies, when requests shall be transmitted to the Administrator, the agency shall transmit a request to the Secretary specifying:

(i) The route over which or the area in which priority use of containers and/or chassis is required;

(ii) The period during which priority use is required;

(iii) the approximate time-phased movement requirement in containers and/or chassis of specified sizes and types or in 20-foot equivalent units (TEU); and

(iv) Justification for priority use of containers and/or chassis.

(2) The Administrator pursuant to the circumstances in § 340.5(a)(1) shall:

(i) Identify container service operators capable of meeting the requirement; and

(ii) Issue NSPOs or NAOs in coordination with the Secretary to those container service operators, directing that priority be given to supply of containers and/or chassis against the defense requirement.

(3) Each container service operator in receipt of an NSPO shall:

(i) Coordinate with the defense agency on schedules for spotting empty containers and/or chassis and for movement of containerized cargoes; and

(ii) Supply containers and/or chassis to the defense agency in accordance with the defense agency's scheduling needs or supply the first available containers and/or chassis if those needs cannot be met.

(b) When a defense agency requires the allocation of containers and/or chassis on a continuing basis for national defense operations, the following procedures shall apply:

(1) They agency shall transmit to the Secretary, with a copy to the Administrator, request specifying:

(i) The number of containers and/or chassis required by type;

(ii) The general terms and conditions under which the agency proposes to ac-

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quire the needed containers and/or chassis and compensate the owners or operators;

(iii) The expected duration of the lease, if the containers and/or chassis are to be leased;

(iv) The locations at which the agency will take possession of the containers and/or chassis and the required delivery schedule; and

(v) Justification for allocation of containers and/or chassis.

(2) The Administrator in coordination with the Secretary shall identify container and chassis suppliers that can supply the required containers and/or chassis, and shall provide, so far as practicable, for balancing the defense agency's requirement against other requirements for containers and/or chassis so as to minimize disruption of inventory distribution, and shall issue NAOs to suppliers, directing the allocation of specified numbers of containers and/or chassis by type for exclusive use of the defense agency for a specified period.

(3) Each container and chassis supplier in receipt of an NAO shall deliver the containers and/or chassis specified in the NAO to the defense agency at the places and times specified in the NAO or separately agreed upon with the defense agency, under terms and conditions agreed upon with the defense agency.

§ 340.6 Port facilities and services.

(a) When a defense agency requires priority use of port facilities and services not obtainable through established transportation procurement practices, the following procedures shall apply:

(1) Except during periods of Presidentially-declared national defense emergencies, when requests shall be transmitted to the Administrator, the agency shall transmit a request to the Secretary specifying:

(i) The ports at which priority use of port facilities and services are required and the kinds of facilities and services required at each port;

(ii) The approximate scale and duration of the operation for which priority support is required; and

(iii) Justification for priority use of port facilities and services.

(2) The Administrator in coordination with the Secretary shall issue NSPOs to the port authorities concerned, directing that priority be given to the receipt, in transit handling, and outloading of the defense agency's cargo during a specified period and specifying the facilities and services required.

(3) Each port authority in receipt of an NSPO shall:

(i) Make such dispositions of commercial cargoes and ships loading or discharging commercial cargoes as may be necessary to accommodate priority movement of the defense agency's cargoes; and

(ii) Ensure receipt, in transit handling and outloading of the defense agency's cargoes as rapidly as possible.

(b) When a defense agency requires the allocation of port facilities for exclusive use of the agency on a continuing basis, the following procedures shall apply:

(1) The agency shall transmit a request to the Secretary, with a copy to the Administrator specifying:

(i) The ports at which the allocation of facilities is required and the kinds of facilities needed at each port;

(ii) The general terms and conditions under which the agency proposes to acquire the needed facilities and compensate the owners or leaseholders;

(iii) The periods during which the facilities will be required; and

(iv) Justification for allocation of facilities.

(2) The Administrator in coordination with the Secretary shall identify facilities that meet the defense agency's needs, and shall issue to each concerned port authority and NAO directing the allocation of specified facilities for exclusive use of the defense agency during a specified period.

(3) Each port authority in receipt of an NAO shall make the specified facilities available to the defense agency for the specified period under terms and conditions agreed upon with the defense agency.

§ 340.7 Application to contractors and subcontractors.

(a) Vessel operators, port authorities and container and chassis suppliers requiring priorities for production services in order to comply with NSPOs and NAOs must submit their priority requirements for such services to the Maritime Administrator for action in accordance with Departmental policies governing supporting resource support.

(b) Vessel operators, port authorities and container and chassis suppliers requiring priorities for fuel in order to comply with NSPOs and NAOs must submit their priority requirements for fuel in accordance with Departmental policies governing supporting resources.

§ 340.8 Priorities for materials and production.

(a) Vessel operators, port authorities and container and chassis suppliers may request priority ratings to obtain production materials and services necessary to comply with orders issued under this regulation. Requests for priority rating authority must be made through and sponsored by the Maritime Administrator, in accordance with the Defense Priorities and Allocation System (15 CFR part 330 *et seq.* (49 FR 30412, July 30, 1984)) and Departmental policies governing supporting resources support.

(b) Vessel operators, port authorities and container and chassis suppliers may request priority ratings to obtain fuels necessary to comply with orders issued under this regulation. Requests for priority ratings will be made in accordance with regulations issued by the Department.

§ 340.9 Compliance.

Pursuant to section 103 of the Defense Production Act, 1950 (50 U.S.C. App. 2073), any person who willfully performs any act prohibited, or willfully fails to perform any act required, by the provisions of this regulation shall, upon conviction, be fined not more than \$10,000 or imprisoned for not more than one year, or both.