

U. S. DEPARTMENT OF COMMERCE
MARITIME ADMINISTRATION
WASHINGTON, D. C.
20235

July 24, 1959

Statement of Policy on Public Resolution 17 - 73rd Congress

The Maritime Administrator has authorized the following statement describing the policies and procedures in administration of Public Resolution 17, 73rd Congress, 48 Stat. 500, 15 USC 616 (a) as applied to credits of the Export-Import Bank of Washington. A statement of policies and procedures with respect to other agencies of the government will be issued as required.

1. SCOPE OF APPLICABILITY

Public Resolution No. 17 provides that where loans are made by an instrumentality of the government to foster the exporting of agricultural or other products, provision shall be made that such products be carried exclusively in vessels of the United States unless the Maritime Administration shall certify to the lending agency that such vessels are not available as to numbers, tonnage capacity, sailing schedule or at reasonable rates. The Resolution is considered generally applicable to credits of the Export-Import Bank for the purpose of financing the acquisition and shipment of United States products. The Bank includes in any such credit agreement a requirement that shipments be made in United States flag vessels, except to the extent a waiver of that requirement may be granted by the Maritime Administration, as outlined hereinafter. The Bank refers to the Maritime Administration any requests for waivers received by it and follows the decisions of the Maritime Administration with respect thereto.

2. TYPES OF WAIVERS

(a) WAIVERS OF U. S. FLAG REQUIREMENT ACCOUNT NON-AVAILABILITY

When it appears that U. S. vessels will not be available from the port or area of shipment to the foreign destination within a reasonable time or at reasonable rates, foreign borrowers, official or private, or their representatives in the United States may apply directly to the Maritime Administration, Office of Market Development, for waiver of the U. S. flag requirement with copy to Export-Import Bank. Oral requests for waiver shall be confirmed in writing. Applications shall include the number of the Export-Import Bank credit, the value of the goods to be shipped, place and date of shipment and appropriate explanation of the facts related to the necessity for waiver. The Maritime Administration will make such investigation as appears warranted to determine whether U. S. flag vessels are available and will reply in writing with approval or denial of the waiver or may request additional information. Copies will be sent to the Export-Import Bank.

Such waivers shall apply to the specific movements occurring during the period of U. S. flag non-availability as approved and the name of the ship, date of sailing, ocean freight and weight of cargo shall be reported to the Maritime Administration.

(b) GENERAL WAIVERS

In certain circumstances recipient nation vessels may be authorized to share in the ocean carriage of Export-Import Bank financed movements, notwithstanding the availability of U. S. flag vessels, under so-called General Waivers. Such participation, representing a reduction of the U. S. flag share, may be granted when the Maritime Administration is satisfied that parity of treatment is extended to U. S. vessels in the trade of the foreign nation. When foreign borrowers, official or private, desire such general waivers in order to make partial use of their own national flag vessels, application may be made to the Maritime Administration, Office of Market Development, directly or through the Export-Import Bank, for a general waiver applicable to the particular credit. When application is made by private interests, sponsorship by an official of the foreign government may be requested in order to obtain satisfactory understanding that the recipient nation undertakes to maintain conditions of fair and equitable treatment for U. S. flag shipping.

3. CONSIDERATIONS INFLUENCING APPROVAL OF APPLICATIONS FOR GENERAL WAIVERS

In the disposition of applications for general waivers under Paragraph 2(b) the Maritime Administration will take into consideration:

- (a) the treatment accorded U.S. flag vessels in the trade with the recipient nation, particularly whether U.S. flag vessels have parity of opportunity vis-a-vis national flag or other foreign flag vessels to solicit and participate in movements controlled in the foreign nation; parity in the application of consular invoice fees, port charges and facilities; also parity of exchange treatment including the privilege of converting freight collections to dollars as needed. Information will be sought from U.S. ship owners and other sources as to their experiences in the particular trade.
- (b) the national policy of the United States as well as the purpose of the Export-Import Bank in authorizing the credit.

4. CONDITIONS OF GENERAL WAIVERS WHEN APPROVED

- (a) Such waivers, if granted shall apply only to vessels of recipient nation registry to the extent of their capacity

to carry the cargo, based on normal flow of the traffic from interior through ports of shipment and not in excess of fifty percent of the total movement under the credit.

- (b) General waivers will normally apply throughout the life of the credit, but may be reconsidered at any time by the Maritime Administration or the Export-Import Bank in the light of altered circumstances.
- (c) The record of flag distribution between U.S. and foreign vessels shall be based on (1) manifest weight in the case of bulk cargoes such as coal and grain (2) ocean freight revenue in the case of machinery, equipment and miscellaneous general cargo on liner vessels (3) such other unit as may be found suitable in exceptional circumstances.
- (d) Applicants or their representatives in the United States shall provide reports of movements to the Maritime Administration, Office of Market Development, at monthly or other intervals as arranged, in the general form of enclosure hereto. The data to be included on these reports may be varied by the Maritime Administration to meet specific circumstances of the movements from time to time.

5. EXPORTER CREDITS

- (a) U.S. exporters who obtain so-called exporter credits or lines of credit from the Export-Import Bank may apply directly to the Maritime Administration, Office of Market Development, as provided in paragraph 2(a) above when it appears that U.S. flag vessels will not be available.
- (b) Exporters may also apply for a general waiver for participation of recipient nation vessels as provided for foreign borrowers in paragraph 2(b) hereof and consideration will be given to such application along the lines set forth in the several paragraphs hereof to the extent they are applicable.

Enclosure