



COMPTROLLER GENERAL OF THE UNITED STATES
WASHINGTON, D.C. 20548

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GAO 41

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The Honorable John H. Murphy
Chairman, Committee on Merchant
Marine and Fisheries
House of Representatives

HSE 2700
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Dear Mr. Chairman:

In response to your September 20, 1978, request, General Accounting Office staff met with Mr. Ernest Corrado, General Counsel of your Committee, and Mr. Ralph Casey to discuss possible amendments to section 901 of the Merchant Marine Act of 1936, as amended, 46 U.S.C. 1241. At the meeting's end, Mr. Corrado requested that GAO, as an aid to the Committee, draft an amendment providing the Maritime Administration with complete authority to determine which Government programs are subject to the cargo preference provision found at 46 U.S.C. 1241(b)(1).

Our report, "Cargo Preference Programs For Government-Financed Ocean Shipments Could Be Improved," CED-78-116, June 8, 1978, recommended clarification of section 901 as to the types of programs to be covered and the extent of the Maritime Administration's authority to determine section 901's applicability to specified programs. The exact nature of the clarifications were considered matters within the province of congressional decision making. Consequently, GAO's report pointed out the need for clarification and offered assistance in drafting any desired legislation.

To accomplish Mr. Corrado's purpose, section 901 of the Merchant Marine Act of 1936, as amended, should be further amended by striking all after the first sentence in subsection (b)(2) and inserting in lieu thereof the following.

The Secretary shall by regulation determine which department and agency programs are to be administered with respect to this subsection, and the Secretary shall review such administration and shall annually report to the Congress with respect thereto.

We believe that except for programs which the Congress specifically excludes from cargo preference applicability,

[Amendments to the Merchant Marine Act
and CARGO PREFERENCE APPLICABILITY]

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enactment of the amendment would provide the Maritime Administration with general authority to determine which Government programs are subject to the section 901 cargo preference provision.

Sincerely yours,

R.F.KELLER

Acting
Comptroller General
of the United States