

U.S. DEPARTMENT OF COMMERCE  
MARITIME ADMINISTRATION

**MARITIME ADMINISTRATIVE ORDER**

REVOKES

NO.

**MANUAL OF ORDERS**

MAO 560-8  
dated 8/16/74

560-8

EFFECTIVE DATE

August 3, 1978

SUBJECT

PAYMENT FOR OPERATION OF SHIPS OTHER THAN EXCLUSIVELY IN FOREIGN TRADE

Section 1. Purpose:

This order establishes the policy, procedure, and responsibilities for repayment of construction-differential subsidy under Section 506 of the Merchant Marine Act, 1936, as amended, (the Act), and of the allowance for construction-differential subsidy which is made in calculating the basic charter hire under Section 714 of the Act; and for collection of payments for the domestic operation of ships sold under contracts which require such payments when they are operated other than exclusively in the foreign trade. This order implements the provisions of 46 CFR 276.

Section 2. Policy:

2.01 It shall be the policy of the Maritime Subsidy Board/Maritime Administration:

- 1 To require the owner or charterer of a vessel which comes within the purview of Section 506 or 714 of the Act or subject to contract provisions as set forth above, to pay to the Maritime Administration the amount due the Government on account of the operation of the vessel other than exclusively in the foreign trade, not later than March 31 of the calendar year succeeding such operation, in accordance with the provisions of 46 CFR 276; and
- 2 In order to protect the Government's interest, to maintain a check on compliance with Sections 506 and 714 of the Act or such contract provisions, and to verify the accuracy of payments, when due, utilizing available data, as appropriate.

Section 3. Procedure and Responsibilities:

3.01 The Office of Subsidy Contracts, shall:

- 1 Furnish annually to the Office of Trade Studies and Statistics a listing, by operator, of ships which are subject to the provisions of Section 506 or 714 of the Act, and also ships sold under contracts requiring payments for domestic trade operations; and report promptly to that Office any additions to and deletions from such listing, in writing.
- 2 In consultation with other offices concerned, prepare a memorandum to the Assistant Secretary for Maritime Affairs concerning any questions involving a deviation from the established policy or contractual requirements.

3.02 The Office of Trade Studies and Statistics shall:

- 1 On the basis of sailing schedules and other available data, prepare a report annually showing for each ship identified pursuant to Section 3.01 of this order, whether it called at domestic ports under circumstances which may require the repayment of construction-differential subsidy under Section 506 or 714 of the Act or payments as specified in ship sales contracts.
- 2 Transmit the report to the appropriate Region Director, with copies to the Office of Subsidy Contracts and to the Office of Financial Management.

3.03 The Office of Financial Management shall:

- 1 Issue accounting instructions to the operators and field staff for the computation, verification, and collection of amounts due under Sections 506 and 714 of the Act, and under ships sales contracts, for the domestic operation of ships.
- 2 Review and approve reports submitted by the Region Directors on amounts collected, and maintain a file of such reports.
- 3 Advise the Office of Subsidy Contracts when a Region Director submits a report that indicates a deviation from established policy or contractual requirements.

3.04 The Region Directors shall:

- 1 Verify that the reports and refunds made by the ships' owners and charterers in accordance with Accounting Instruction 25, are consistent with the determinations made by the Office of Trade Studies and Statistics; verify the amounts due under Sections 506 and 714 of the Act, and under ships sales contracts, for domestic operation of ships; and deposit amounts received.
- 2 Report the results of the verification and the amounts collected to the Office of Financial Management.

3.05 The Office of Domestic Shipping shall provide advice and assistance, as required, with respect to any questions relating to the administration or interpretation of charters under Section 714 of the Act.

3.06 The Office of the General Counsel shall provide legal advice and assistance with respect to the interpretation and applicability of the provisions of pertinent contracts, regulations, and laws.

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for Maritime Affairs