

47.504 Exceptions.

The policy and procedures in this subpart do not apply to the following:

- (a) *Shipments* aboard vessels as required or authorized by law or treaty.
- (b) Ocean transportation between foreign countries of *supplies* purchased with foreign currencies made available, or derived from funds that are made available, under the Foreign Assistance Act of 1961 ([22 U.S.C. 2353](#)).
- (c) *Shipments* of classified *supplies* when the classification prohibits the use of non-Government vessels.
- (d) Subcontracts for the *acquisition of commercial products*, including *commercial components*, or *commercial services* (see [12.504](#)(a)(1) and (a)(11)). This exception does not apply to-
 - (1) Grants-in-aid *shipments*, such as agricultural and food-aid *shipments*;
 - (2) *Shipments* covered under 46 U.S.C. App.1241-1, such as those generated by Export-Import Bank loans or guarantees;
 - (3) Subcontracts under-
 - (i) Government contracts or agreements for ocean transportation services; or
 - (ii) *Construction* contracts; or
 - (4) *Shipments of commercial products* that are-
 - (i) Items the contractor is reselling or distributing to the Government without adding value (see FAR [12.501](#)(b)). Generally, the contractor does not add value to the items when it subcontracts items for *f.o.b. destination shipment*; or
 - (ii) Shipped in direct support of U.S. military-
 - (A) *Contingency operations*;
 - (B) Exercises; or
 - (C) Forces deployed in connection with United Nations or North Atlantic Treaty Organization humanitarian or peacekeeping operations.

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