

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](#)