



# MARAD FACT SHEET

## Cargo Preference Program



### America's Advocate for the Maritime Industry



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**Strategic Objective:** Assure that sufficient capability and Intermodal transportation infrastructure exists to support vital homeland and national security interests.

**Mission:** Strengthen US marine industries to support the economic and security needs of the Nation.

#### **Cargo Preference—What is it?**

Cargo preference is the reservation, by law, for transportation on US-flag vessels, of all or a portion of all oceanborne cargo which moves in international trade either as a direct result of the Federal Government's involvement or indirectly because of the financial sponsorship of a Federal program or guarantee provided by the Federal Government. Effectively, it is a "quid pro quo" designed by the Congress which states that if the Federal Government supports your international cargo movements then you must support that movement on US-flag vessels.

#### **Why Do We Have Cargo Preference?**

The cargo preference laws are part of the overall statutory program to support the privately owned and operated US-flag merchant marine. Our merchant marine is vital to the economic and defense security of our nation. It provides essential sealift capability in wartime. It maintains open market access for our farmers, manufacturers, and consumers. It also assists our balance of payments position.

Preference cargoes provide the economic justification for vessels to remain under the US flag and employ US citizen crews.

**What Are the U.S. Cargo Preference Laws?**

- The Cargo Preference Act of 1904 requires that 100 percent of Department of Defense cargoes be shipped on US-flag vessels, if available at reasonable rates.
- The Cargo Preference Act of 1954 requires that at least 50 percent of non-military government-impelled cargoes (75 percent for donated agricultural cargoes) must be shipped on US-flag vessels, if available at fair and reasonable rates.
- Public Resolution 17 requires that 100 percent of cargoes moving as a result of Government loans or credit guarantees must be shipped on US-flag vessels.

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