

this section, but the ownership thereof is not required by the United States” to eliminate unnecessary words.

**CHAPTER 565—ESSENTIAL VESSELS
AFFECTED BY NEUTRALITY ACT**

- Sec.
56501. Definition.
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§ 56501. Definition

In this chapter, the term “essential vessel” means a vessel that is—

- (1)(A) security for a mortgage indebtedness to the United States Government; or
- (B) constructed under this subtitle or required by a contract under this subtitle to be operated on a certain essential foreign trade route; and
- (2) necessary in the interests of commerce and national defense to be maintained in condition for prompt use.

(Pub. L. 109-304, §8(c), Oct. 6, 2006, 120 Stat. 1656.)

HISTORICAL AND REVISION NOTES

<i>Revised Section</i>	<i>Source (U.S. Code)</i>	<i>Source (Statutes at Large)</i>
56501	46 App.:1242a(a).	June 29, 1940, ch. 442, subdiv. (a), 54 Stat. 684.

§ 56502. Adjusting obligations and arranging maintenance

(a) GENERAL AUTHORITY.—On written application, the Secretary of Transportation may adjust obligations and arrange for maintenance of an essential vessel as provided in this chapter if the Secretary determines, after any investigation or proceeding the Secretary considers desirable, that—

- (1) the operation of the vessel in the service, route, or line to which it is assigned under this subtitle, or in which it otherwise would be operated, is not—
 - (A) lawful under the Neutrality Act of 1939 (22 U.S.C. 441 et seq.) or a proclamation issued under that Act; or
 - (B) compatible with maintaining the availability of the vessel for national defense and commerce;
- (2) it is not feasible under existing law to employ the vessel in any other service or operation in foreign or domestic trade (except temporary or emergency operation under section 56503(b)(5) of this title); and
- (3) the applicant, because of the restrictions of the Neutrality Act of 1939 (22 U.S.C. 441 et seq.) or the withdrawal of vessels for national defense under paragraph (1), is not earning or will not earn a reasonable return on the capital necessarily employed in its business.

(b) EFFECTIVE PERIOD.—Adjustments and arrangements under subsection (a) shall continue in effect only as long as the circumstances described in subsection (a) continue to exist.

(Pub. L. 109-304, §8(c), Oct. 6, 2006, 120 Stat. 1657.)

HISTORICAL AND REVISION NOTES

<i>Revised Section</i>	<i>Source (U.S. Code)</i>	<i>Source (Statutes at Large)</i>
56502	46 App.:1242a(b), (e).	June 29, 1940, ch. 442, subdvs. (b), (e), 54 Stat. 684, 686; Pub. L. 97-31, §12(132), Aug. 6, 1981, 95 Stat. 165.

The text of 46 App. U.S.C. 1242a(b) (1st sentence) is omitted as surplus. The text of 46 App. U.S.C. 1242a(e) is omitted as obsolete.

REFERENCES IN TEXT

The Neutrality Act of 1939, referred to in subsec. (a)(1)(A), (3), is act Nov. 4, 1939, ch. 2, 54 Stat. 4, which is classified generally to subchapter II (§441 et seq.) of chapter 9 of Title 22, Foreign Relations and Intercourse. For complete classification of this Act to the Code, see Short Title note set out under section 441 of Title 22 and Tables.

§ 56503. Types of adjustments and arrangements

(a) SUSPENSION REQUIREMENTS.—An adjustment or arrangement under this chapter shall include suspension of—

- (1) the requirement to operate the vessel in foreign trade under the applicable operating-differential or construction-differential subsidy contract or mortgage or other agreement; and
- (2) the right to operating-differential subsidy for the vessel.

(b) DISCRETIONARY ADJUSTMENTS AND ARRANGEMENTS.—To the extent the Secretary of Transportation considers appropriate to carry out the purposes of this subtitle, an adjustment or arrangement under this chapter may include any of the following:

- (1) Lay-up of the vessel by the owner or in the custody of the Secretary, with payment or reimbursement by the Secretary of necessary and proper expenses (including reasonable overhead and insurance) or a fixed periodic allowance instead of payment or reimbursement.
- (2) Postponement, for not more than the total period of the lay-up, of the maturity date of each installment of the principal of obligations to the United States Government for the vessel (regardless of whether the maturity date is during a lay-up period), or rearrangement of those maturities.
- (3) Postponement or cancellation of interest accruing on the obligations during a lay-up period.
- (4) Extension, for not more than the total period of the lay-up, of the 20-year life limitation for the vessel and other limitations and provisions of this subtitle based on a 20-year life.
- (5) Provision for temporary or emergency employment of the vessel (instead of lay-up) as may be practicable, with such arrangements for management of the vessel, payment of expenses, and application of the proceeds of the employment, as the Secretary may approve, with any period of operation being included as part of the lay-up period.
- (6) Payment to the Secretary, on termination of the arrangements with the applicant, of the applicant’s net profits (earned

while the arrangements were in effect) in excess of 10 percent a year on the capital necessarily employed in the applicant's business, as reimbursement for obligations postponed or canceled and expenses incurred or paid by the Secretary under this section.

(c) LAID-UP VESSELS.—Under subsection (b)(6), capital of the applicant represented by a vessel of the applicant laid-up or operated under this section shall be included in capital necessarily employed in the applicant's business. The Secretary may require a vessel laid-up or operated under this section to be security for reimbursement.

(Pub. L. 109–304, §8(c), Oct. 6, 2006, 120 Stat. 1657.)

HISTORICAL AND REVISION NOTES

Revised Section	Source (U.S. Code)	Source (Statutes at Large)
56503	46 App.:1242a(c).	June 29, 1940, ch. 442, subdv. (c), 54 Stat. 685; Pub. L. 97–31, §12(132), Aug. 6, 1981, 95 Stat. 165.

§ 56504. Changes in adjustments and arrangements

The Secretary of Transportation may change an adjustment or arrangement made under this chapter as the Secretary considers necessary to carry out this chapter.

(Pub. L. 109–304, §8(c), Oct. 6, 2006, 120 Stat. 1658.)

HISTORICAL AND REVISION NOTES

Revised Section	Source (U.S. Code)	Source (Statutes at Large)
56504	46 App.:1242a(d).	June 29, 1940, ch. 442, subdv. (d), 54 Stat. 686; Pub. L. 97–31, §12(132), Aug. 6, 1981, 95 Stat. 165.

PART F—GOVERNMENT-OWNED MERCHANT VESSELS

CHAPTER 571—GENERAL AUTHORITY

Sec.	
57101.	Placement of vessels in National Defense Reserve Fleet.
57102.	Disposition of vessels not worth preserving.
57103.	Donation of nonretention vessels in the National Defense Reserve Fleet.
57104.	Acquisition of vessels from sale of obsolete vessels.
57105.	Acquisition of vessels for essential services, routes, or lines.
57106.	Maintenance, improvement, and operation of vessels.
57107.	Vessels for other agencies.
57108.	Consideration of ballast and equipment in determining selling price.
57109.	Operation of vessels purchased, chartered, or leased from Secretary of Transportation.

AMENDMENTS

2012—Pub. L. 112–213, title IV, §408(b), Dec. 20, 2012, 126 Stat. 1571, substituted “Donation of nonretention vessels in the National Defense Reserve Fleet” for “Sale of obsolete vessels in National Defense Reserve Fleet” in item 57103.

§ 57101. Placement of vessels in National Defense Reserve Fleet

(a) IN GENERAL.—Any vessel acquired by the Maritime Administration of 1,500 gross tons or

more or such other vessels as the Secretary of Transportation determines are appropriate shall be placed in the National Defense Reserve Fleet maintained under section 11 of the Merchant Ship Sales Act of 1946 (50 App. U.S.C. 1744).¹

(b) REMOVAL FROM FLEET.—A vessel placed in the Fleet under subsection (a) may not be traded out or sold from the Fleet, except as provided in section 57102, 57103, or 57104 or chapter 533, 537, 573, or 575 of this title.

(c) AUTHORITY OF FEDERAL ENTITIES TO TRANSFER VESSELS.—All Federal entities are authorized to transfer vessels to the National Defense Reserve Fleet without reimbursement subject to the approval of the Secretary of Transportation and the Secretary of the Navy with respect to Ready Reserve Force vessels and the Secretary of Transportation with respect to all other vessels.

(Pub. L. 109–304, §8(c), Oct. 6, 2006, 120 Stat. 1658; Pub. L. 112–213, title IV, §§406, 407, Dec. 20, 2012, 126 Stat. 1571.)

HISTORICAL AND REVISION NOTES

Revised Section	Source (U.S. Code)	Source (Statutes at Large)
57101	46 App.:1160(j).	June 29, 1936, ch. 858, title V, §510(j), as added Pub. L. 89–254, §2, Oct. 10, 1965, 79 Stat. 980; Pub. L. 97–31, §12(91), Aug. 6, 1981, 95 Stat. 161.

In subsection (a), the words “vessel acquired by the Maritime Administration” are substituted for “vessel heretofore or hereafter acquired under this section, or otherwise acquired by the Maritime Administration of the Department of Transportation under any other authority” to eliminate unnecessary words.

In subsection (b), the words “except as provided in section 57102, 57103, or 57104 or chapter 533, 537, 573, or 575 of this title” are substituted for “except as provided for in subsections (g) and (i) of this section. This limitation shall not affect the rights of the Secretary of Transportation to dispose of a vessel as provided in other sections of this subchapter or in subchapters VII or XI of this chapter” because of the restatement.

REFERENCES IN TEXT

Section 11 of the Merchant Ship Sales Act of 1946 (50 App. U.S.C. 1744), referred to in subsec. (a), is section 11 of act Mar. 8, 1946, ch. 82, 60 Stat. 49, which was classified to section 1744 of the former Appendix to Title 50, War and National Defense, prior to editorial reclassification as section 4405 of Title 50.

AMENDMENTS

2012—Subsec. (a). Pub. L. 112–213, §406, inserted “of 1,500 gross tons or more or such other vessels as the Secretary of Transportation determines are appropriate” after “Administration”.

Subsec. (c). Pub. L. 112–213, §407, added subsec. (c).

§ 57102. Disposition of vessels not worth preserving

(a) IN GENERAL.—If the Secretary of Transportation determines that a vessel owned by the Maritime Administration is of insufficient value for commercial or military operation to warrant its further preservation, the Secretary may scrap the vessel or sell the vessel for cash.

(b) SELLING PROCEDURE.—The sale of a vessel under subsection (a) shall be made on the basis

¹ See References in Text note below.