

SUBCHAPTER II—CHARTERS

§ 57511. Demise charters

A charter by the Secretary of Transportation under this chapter shall demise the vessel to the charterer subject to all usual conditions contained in a bareboat charter. The charter shall be for a term the Secretary considers to be in the best interest of the United States Government and the merchant marine.

(Pub. L. 109-304, §8(c), Oct. 6, 2006, 120 Stat. 1666.)

HISTORICAL AND REVISION NOTES

Revised Section	Source (U.S. Code)	Source (Statutes at Large)
57511	46 App.:1201.	June 29, 1936, ch. 858, title VII, §711, 49 Stat. 2010; Pub. L. 97-31, §12(113), Aug. 6, 1981, 95 Stat. 163.

The words “for a term the Secretary considers to be” are substituted for “until January 1, 1940, shall be for terms of three years or less as the Secretary of Transportation may decide: *Provided*, That after January 1, 1940, charters may be executed by the Secretary of Transportation for such terms as the experience gained by the Secretary of Transportation shall indicate are” to eliminate unnecessary and obsolete words.

§ 57512. Competitive bidding

(a) IN GENERAL.—The Secretary of Transportation may charter a vessel of the Department of Transportation to a private operator only on the basis of competitive sealed bidding. The bids must be submitted in strict compliance with the terms and conditions of a public advertisement soliciting the bids.

(b) ADVERTISEMENT FOR BIDS.—An advertisement for bids shall state—

- (1) the number, type, and tonnage of the vessels being offered for bareboat charter for operation as a steamship line on a designated trade route;
- (2) the minimum number of sailings required;
- (3) the length of time of the charter;
- (4) the right of the Secretary to reject all bids; and
- (5) other information the Secretary considers necessary for the information of prospective bidders.

(c) OPENING OF BIDS.—Bids required under this section shall be opened at the time and place stated in the advertisement for bids. All interested persons, including representatives of the press, shall be permitted to attend. The results of the bidding shall be publicly announced.

(Pub. L. 109-304, §8(c), Oct. 6, 2006, 120 Stat. 1666.)

HISTORICAL AND REVISION NOTES

Revised Section	Source (U.S. Code)	Source (Statutes at Large)
57512(a)	46 App.:1196(a) (1st sentence).	June 29, 1936, ch. 858, title VII, §706(a), (b) (1st sentence related to announcement), 49 Stat. 2009; Pub. L. 97-31, §12(108), Aug. 6, 1981, 95 Stat. 163.
57512(b)	46 App.:1196(a) (last sentence), (b) (1st sentence related to announcement).	

HISTORICAL AND REVISION NOTES—CONTINUED

Revised Section	Source (U.S. Code)	Source (Statutes at Large)
57512(c)	46 App.:1193(c) (related to chartering).	June 29, 1936, ch. 858, title VII, §703(c) (related to chartering), 49 Stat. 2008; Pub. L. 97-31, §12(105), Aug. 6, 1981, 95 Stat. 163.

Subsection (b)(4) is substituted for “announce in his advertisements for bids that the Secretary of Transportation reserves the right to, reject any and all bids submitted” in 46 App. U.S.C. 1196(b) to improve the organization.

In subsection (c), the words “Bids required under this section” are substituted for “All bids required by the Secretary of Transportation . . . and for the chartering of the Secretary’s vessels hereinafter provided for” to eliminate unnecessary words. The word “hour” is omitted as covered by “time”.

§ 57513. Minimum bid

The Secretary of Transportation shall reject any bid for the charter under this subchapter of a vessel constructed under this subtitle or the Merchant Marine Act, 1936, if the charter hire offered is lower than the minimum charter hire would be if the vessel were chartered under section 57531 of this title.

(Pub. L. 109-304, §8(c), Oct. 6, 2006, 120 Stat. 1666.)

HISTORICAL AND REVISION NOTES

Revised Section	Source (U.S. Code)	Source (Statutes at Large)
57513	46 App.:1196(b) (last sentence).	June 29, 1936, ch. 858, title VII, §706(b) (last sentence), as added Aug. 4, 1939, ch. 417, §11(b), 53 Stat. 1186; Pub. L. 97-31, §12(108), Aug. 6, 1981, 95 Stat. 163.

REFERENCES IN TEXT

The Merchant Marine Act, 1936, referred to in text, is act June 29, 1936, ch. 858, 49 Stat. 1985, which was classified principally to chapter 27 (§1101 et seq.) of the former Appendix to this title. The Act, with the exception of title V, most of title VI, and sections 301, 801, 802, 809(a), and 909 thereof, was repealed and restated, mainly in this subtitle, by Pub. L. 109-304, §§8, 19, Oct. 6, 2006, 120 Stat. 1555, 1710. Title V and sections 301 and 909 of the Act are set out as notes under section 53101 of this title. Those portions of title VI not repealed by Pub. L. 109-304 and sections 802 and 809(a) of the Act were repealed by Pub. L. 114-120, title III, §313(a), Feb. 8, 2016, 130 Stat. 58. Section 801 of the Act was transferred to section 57522 of this title by Pub. L. 114-120, title III, §313(c)(1)(A), Feb. 8, 2016, 130 Stat. 58. For complete classification of the Act to the Code, see Tables. For disposition of sections of the former Appendix to Title 46, see Disposition Table preceding section 101 of this title.

§ 57514. Qualifications of bidders

(a) CONSIDERATIONS.—In deciding whether to award a charter to a bidder, the Secretary of Transportation shall consider—

- (1) the bidder’s financial resources, credit standing, and practical experience in operating vessels; and
- (2) other factors a prudent business person would consider in entering into a transaction involving a large capital investment.

(b) DISQUALIFICATIONS.—The Secretary may not charter a vessel to a person appearing to