

## Coast Guard Explores Limits of U.S. Construction Jones Act Standard



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The Coast Guard issued a ruling to the National Steel and Shipbuilding Company (NASSCO) on August 1, 2011 dealing with the extent a vessel can be constructed from foreign steel and with foreign outfitting and still be considered Jones Act eligible. Only vessels considered “United States built” are generally eligible to operate in Jones Act restricted trades. For a vessel to be considered U.S.-built, it must be assembled entirely in the United States and all major components of its hull and superstructure must be U.S. fabricated. The Coast Guard NASSCO ruling confirms the customary rule that foreign manufactured steel plate produced in standard shapes and sizes can be imported so long as the fabrication and assembly process, including all marking, cutting, drilling, beveling and bending occurs in a U.S. shipyard. The recent ruling also confirms that a component is not considered major unless it weighs at least 1.5% of the steelweight of the whole vessel and that equipment and outfitting items (including container racks and a gantry crane) as well as sub-assemblies of piping, machinery and electric outfitting can all be of foreign manufacture.

1 Min Read

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