

Coast Guard Affirms Jones Act Rebuilt Test



MAY 17, 2011

On May 10, 2011, the Coast Guard issued a ruling affirming that it will be guided by litigation brought by the Shipbuilders Council of America and others in how it determines whether foreign shipyard work disqualifies a U.S.-flag vessel from the U.S. coastwise or Jones Act trade. Specifically, the Coast Guard will continue to apply a two-part test looking at whether a “major component” was added abroad and whether work done to the “hull and superstructure” exceeds 7.5 percent of the discounted steelweight of the vessel. In the recent ruling, the Coast Guard noted that a “major component” is a “new, separate and completely-constructed unit, built separate and added to the vessel that weighs more than 1.5% of the steelweight . . . of the vessel.” The Coast Guard also noted that it considered deckhouses and pilothouses to be part of the vessel’s superstructure and that doors or hatch covers that are essential to the vessel’s floatation envelope are structural changes that must be counted towards the 7.5 percent threshold.

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