

Redesignated paragraph (cc), "Vessel" remains unchanged. Although the definition of Vessel has not been modified, one continued area of interest has been the expansion of Title XI financing to promote a U.S.-flag cruise industry and to expand opportunities for U.S. shipyards in the passenger vessel market, including ferries, "cruises to nowhere" and gaming vessels. Some organizations have requested that passenger vessels engaged in commercial common carriage on a scheduled service be determined to be eligible for Title XI even if they do not have overnight accommodations or specific point-to-point service. In the past, MARAD policy has excluded such vessels from Title XI coverage. Although no regulatory change is necessary, MARAD is taking the opportunity at this time to announce a change in policy expressly to include passenger vessels engaged in commercial common carriage as eligible for the Title XI program. Commercial common carriage vessels must operate on a scheduled service and offer passage to the public at large.

Section 298.3 Applications

Section 298.3 is self-explanatory. Paragraphs (a), (c), and (d) remain unchanged. Paragraph (b)(1) is amended to shorten the period between the filing of the application and the anticipated date by which a Letter Commitment is required from six months to four months. In addition, it shortens the period of time for the Secretary to perform a preliminary review of the application for adequacy of completeness from 30 days to 15 days and reduces the amount of time the applicant has to correct deficiencies from nine months to 15 days for each request for additional information. If the requested information is not received within this 15 day period, then the Secretary may terminate the processing of the application without prejudice. Once the Title XI application is considered complete by the Secretary, the Secretary will act on the application within a period of 60 calendar days. Finally, the revised paragraph states that, unless otherwise extended by the Secretary, if an application is not completed by the applicant and acted upon by the Secretary within four months from the submission date, the processing of the application is terminated without prejudice and the applicant may reapply. This shortened period of time is much less than the one year period currently provided for in the existing Title XI regulations.

In order to insure that a Title XI applicant is serious in applying for

federal assistance and in view of the increasing complexity of export and shipyard modernization projects and the increased interest in the Title XI program, the filing fee referenced in paragraph (c) and submitted with a formal Title XI application shall be adjusted from a fixed fee of \$1,000 to a fee based on the requested amount of the Title XI financing. Each Title XI application must be accompanied by a filing fee in the amount of one quarter of the investigation fee amount calculated pursuant to the investigation fee formula outlined in § 298.15. Although the total investigation fee formula for each project shall not change, requiring that one quarter of the investigation fee be submitted with the receipt of a formal Title XI application will result in the Government recovering the administrative cost of processing the application in a more expeditious manner. Notwithstanding the above, in no event will the filing fee be less than \$1,000. The filing fee will continue to be non-refundable and will be used as a credit against the investigation fee.

Finally, a new paragraph (f) is added in order to expedite the review of Title XI proposals and lessen the burden on the applicant, which provides for the preliminary review of a request by an applicant, rather than a complete application, and the issuance by the Secretary within ten days of a Letter of Interest. There shall be no filing fee payable in respect of a request for the issuance of such a letter. Letters of interest address the general eligibility of a project and are not binding commitments of the Government.

Section 298.10 Citizenship

In section 298.10, paragraphs (b) through (e) remain unchanged. Paragraph (a) of this section is deleted in its entirety and replaced with a new paragraph which incorporates changes conforming it to the citizenship standards in Part 221.

Section 298.11 Vessel Requirements

In § 298.11, paragraphs (b) and (d) remain unchanged. Paragraph (a) of this section is revised to be divided into three categories. This change will provide greater flexibility to ship owners and shipyards and will be squarely in line with the standards enunciated by the U.S. Coast Guard.

The first category defines a vessel financed by Obligation Guarantees to be considered to be of U.S. construction and qualified for coastwise trade provided that all components of the hull and superstructure are fabricated in the United States, and that the Vessel is

assembled entirely in the United States; however, the Vessel may have foreign source machinery, equipment, or hull and superstructure material which has been manufactured in a foreign facility to the extent allowed by the U.S. Coast Guard. The second category defines a Vessel financed by Obligation Guarantees to be considered to be of U.S. construction if the Vessel is assembled entirely in the United States, but not qualified for the coastwise trade because it has material which has been manufactured in a foreign facility. The third category states that with respect to Eligible Export Vessels financed by Obligation Guarantees, the Vessel must be assembled in a U.S. shipyard.

Paragraph (c) is amended to permit Quality Systems Certificate Scheme issued by qualified International Association of Classification Societies (IACS) members who have been recognized by the Secretary as meeting acceptable standards for such a society to participate in the Eligible Export Vessel program. That recognition shall include, at a minimum, recognition that the society meets the requirements of IMO Resolution A.139(18) and delegation by the United States Coast Guard of inspection/certification authority.

Finally, paragraph (e) would be added to this section to indicate that the preferred system of measurement and weights for Vessels and advanced and modern shipbuilding technology is the metric system.

Section 298.12 Applicant and Operator's Qualifications

Section 298.12 is modified to eliminate the submission of certain information in paragraph (b) about the identity and ownership of the applicant which is not required. In addition, the paragraph is modified by requesting that the applicant furnish its international identification number, if any. Paragraph (c)(3) of this section is modified to cover insolvency or reorganization proceedings of the applicant under either domestic or foreign statutes in the case of Eligible Export Vessels. Finally, paragraph (f) of this section is modified to limit the information required to be submitted regarding the management and shore management personnel concerned with the physical operation of the vessel(s) owned by the applicant or proposed for construction or individuals concerned with the physical operation of the shipyard.

Section 298.13 Financial Requirements

Paragraph (a)(2) is revised to clarify that foreign components of the hull and