

- (5) the United States Government; or
- (6) the government of a State.

Under regulations issued by the U.S. Coast Guard and Department of Transportation, the only vessels that are exempt from documentation requirements are: vessels of less than five tons; vessels that do not operate on the navigable waters of the United States; and non-self-propelled vessels that are otherwise qualified to engage in the coastwise trade. (46 C.F.R. 67.01-7). Except for Great Lakes licenses and registry, where specific provision is made for trade with Canada, only a vessel eligible for documentation is eligible for registry and appropriate endorsements authorizing the vessel to be employed in the coasting trade. Accordingly, with certain exceptions, the effect of these documentation eligibility requirements is to close the U.S. coastal and intercoastal trade to foreign participants.

2.2.2 Citizenship Requirements:

Section 27 of the Merchant Marine Act requires that vessels engaged in the coasting trade be owned by U.S. citizens. Under the applicable regulations, an individual is a "citizen" if he is a native-born, naturalized, or derivative citizen of the United States, or otherwise qualifies as a U.S. citizen. Section 2 of the Shipping Act of 1916 provides that a business is a U.S. citizen for the purposes of vessel documentation when:

- U.S. citizens hold at least a 75 percent ownership interest in the firm; and
- in the case of a corporation, it is organized under the laws of the United States, and the chief executive officer and the chairman of the board are United States citizens and alien membership on the board is no greater than a minority of the number of directors required to constitute a quorum of the board.