

Agreed Minutes
of the
7th Republic of Korea-United States
Maritime Bilateral Meeting
August 17, 2023
Busan, Republic of Korea

Delegations from the Republic of Korea and the United States of America held a Bilateral Maritime Meeting in Busan, Republic of Korea on August 17, 2023.

The Korean delegation was led by Vice Minister Park, Sung-hoon of the Ministry of Oceans and Fisheries. The U.S. delegation was led by Maritime Administrator Ann C. Phillips, Rear Admiral, USN (Ret.) of the Maritime Administration.

The Korean delegation included officials from the Ministry of Oceans and Fisheries (MOF), the Korean Embassy to the United States, the Korea Institute of Maritime and Fisheries Technology (KIMFT), the Busan Port Authority (BPA), the Korea Shipowners' Association (KSA), and industry officials. The U.S. delegation included officials from the Maritime Administration (MARAD), the Federal Maritime Commission (FMC), and the U.S. Department of State (DOS).

The two sides held discussions on various topics of mutual interest and potential cooperation, including bilateral shipping and ports policy, decarbonization and climate change, and strengthening mariners' welfare and safety. In particular, the two sides shared information regarding the status of both country's preparations for the proposed ROK-U.S. green shipping corridor declared at COP27 and noted their intention to announce the results of a pre-feasibility study at COP28.

The first agenda item was a discussion of the role and authority of the Federal Maritime Commission, led by Commissioner Rebecca Dye.

Commissioner Dye attended virtually to briefly introduce the FMC, the Ocean Shipping Reform Act of 2022 (OSRA), and FMC's Fact Finding 29. The FMC is responsible for competition-related issues in the maritime trade and shipping sectors. Fact Finding 29 determined that the increased ocean shipping rates during the COVID-19 pandemic were caused by an unforeseeable increase in consumer demand for goods that overwhelmed available shipping capacity. Fact Finding 29 did indicate that it was necessary to reform some practices. Commissioner Dye stressed that improving commercial practices was preferred to government regulation. The U.S. explained that one goal of OSRA is to help U.S. exporters in securing access

to ocean transportation for their cargo.

The ROK noted that the MOF has similar authority to the FMC to monitor and enforce competition in maritime commerce in Korea. The ROK also strongly agreed with the purpose of the OSRA and the Fact Finding 29 report and hoped for OSRA and Fact Finding 29 to be promoted in a way that allows shipping companies and shippers to harmoniously coexist.

The second agenda item was the National Maritime Strategy of the two countries, led by the ROK.

The ROK first explained Korea's policy on strengthening the competitiveness of the shipping industry. The ROK has created funds that can be invested in high-risk and low-return projects such as restructuring shipping companies; quickly providing funds to small and medium-sized shipping companies in an urgent situation; and supporting the construction of new eco-friendly ships.

The ROK introduced its plan to make 867 Korean-flagged ocean-going ships of more than 5,000 tons displacement into zero carbon emissions vessels by 2050.

Finally, the ROK explained its port infrastructure expansion policies, including a plan to create a test bed for automation technology demonstration at Gwangyang Port. A fully automated facility, the Busan New Port West Container Terminal Phase 2-5 pier, is scheduled to open in 2024.

The U.S. highlighted that it puts safety first in its maritime policy, and that economy and national security should go hand in hand. MARAD is developing a new maritime strategy, with four main topics:

- Expanding and promoting the maritime sector of the economy;
- Supporting and expanding the maritime workforce;
- Building resiliency into ports and waterways; and
- Expanding Research & Development.

The U.S. also discussed the Bipartisan Infrastructure Law in relation to the infrastructure policies of the U.S. Finally, it was noted that American ports are owned and operated by individual states, not the federal government.

The third agenda item was Decarbonization and Climate Change, led by the U.S.

The U.S. underlined the need to reduce greenhouse gas emissions in the maritime sector as part of the effort to prevent temperature rise triggered by increased global carbon emissions. The U.S. expressed gratitude for the

ROK's cooperation at the IMO and looks forward to cooperation with the ROK in the development of mid-term measures in that context. The U.S. asked for ROK's opinion on zero-carbon, low-carbon fuels, and green shipping corridor.

ROK replied that decarbonization of international shipping is a must to cope with the global climate crisis, and the IMO's mid-term measure is expected to accelerate the transition to low-carbon and zero-carbon fuels. Both countries must recognize such importance and hope for close cooperation.

The U.S. then explained the ongoing pre-feasibility study on the Green Shipping Corridor between ROK and the U.S. on behalf of the U.S. Department of Energy (DOE). DOE is working on a final internal report and is planning to complete it by September before COP28.

The ROK replied that it is considering improving the green fuel supply chain based at Ulsan Port and utilizing it for the ROK-U.S. green shipping corridor. The ROK explained that it succeeded in the world's first green methanol bunkering at Ulsan Port and that it is planning to make Ulsan Port into a global eco-friendly port. Also, the ROK mentioned that it is planning to announce the results of the pre-feasibility study in November at COP28 and hopes for the two countries to continue working-level meetings for the successful announcement of the study.

The fourth agenda item was Mariners' Welfare and Safety, led by the ROK.

The ROK explained its "Seafarers Job Innovation Plan." The plan will work to improve seafarer's pay and benefits and diversify the training routes for seafarers. Also, ROK will continue to make efforts to ensure human rights by strengthening joint inspections on working conditions aboard ships.

ROK then introduced the overview of APEC-SEN and its activities and asked for support and interest from the U.S.

The U.S. acknowledged the expertise of APEC-SEN and said that it hopes to develop a concept note on mariners' safety and welfare as an APEC project by 2024. In addition, regarding the shortage of mariners, the U.S. stressed that mariners are very important as they are directly related to national security. The shortage of mariners has been aggravated by the COVID-19 pandemic, and the U.S. is considering various solutions. In addition, the U.S. is focusing on the sexual harassment problem on the ships and trying to solve such problems.

The fifth agenda item was the Strategic Ports Initiative, led by the U.S.

The U.S. asked for ROK's cooperation to protect sovereignty and to respond

to unfair practices by other countries in the port sector. The U.S. has held several smart port workshops to increase countries' commercial expertise. The U.S. is interested in supporting the Cai Mep port in southern Vietnam and sought the ROK's feedback on jointly conducting a feasibility study on the expansion project and asked for ROK's cooperation.

The ROK illustrated its International Port Development Cooperation Program and said that a total of 49 projects have been completed in 37 countries in ASEAN, Latin America, and Africa. Four projects (East Timor, Georgia, Indonesia, and Cambodia) are currently underway. Regarding the request for cooperation related to Vietnam's Cai Mep Port, ROK replied that it would deliver such a request to the relevant division.

The final agenda item was issues related to Port Calls, led by the ROK.

The ROK pointed out that the U.S. is the most important market for Korean economy, with about \$190 billion in annual trade. The ROK delivered the suggestions of Korean shipping companies calling in the U.S. The proposals recommend allowing nearby alternative ports in the event of a delay in entry to a U.S. port, a resolution of labor-management issues in the western U.S. ports, and a request for balanced regulation of OSRA to promote co-prosperity between shipowners and shippers.

The U.S. noted that all labor issues on the west coast were resolved to the mutual benefit of both sides.

The U.S. explained that a process does exist to allow a vessel to unload cargo in a port other than the original port of destination. It is vital that a vessel requesting permission to divert cargo communicate with the port director at the alternate port. This process is handled by the port directors locally, to allow for a flexible response.

Lastly, both sides agreed to hold the next meeting in the U.S. in 2024, with specific timing and location to be decided among working-level officials.



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