AGREED MINUTES

CONSULTATION ON THE BILATERAL MARITIME AGREEMENT BETWEEN
THE UNITED STATES OF AMERICA AND THE PEOPLE'S REPUBLIC OF CHINA
MARCH 23, 2006
WASHINGTON, D.C.

1. Delegations from the United States Department of Transportation, Maritime Administration, and the People's Republic of China Ministry of Communications, met in Washington, D.C. on March 23, 2006, to review their Bilateral Maritime Agreement and other matters in the maritime services sector. The Chinese delegation was led by Vice Minister Xu Zuyuan, and the United States’ delegation was led by Acting Maritime Administrator John Jamian. Vice Minister Xu and Mr. Jamian met with the Deputy Secretary of Transportation, Maria Cino and discussed matters of mutual interest. Full delegation lists are attached as Attachment One. The agreed agenda for the meeting is attached as Attachment Two. The discussions were both candid and friendly.

2. Prior to the discussion of agenda items, Vice Minister Xu and Acting Maritime Administrator Jamian exchanged observations on how important the Bilateral Maritime Agreement is to carriers and shippers in both countries, and on the excellent manner in which the Agreement has been implemented. Both delegation leaders noted that there are no significant problems in the administration of the Agreement and that there are no substantive issues related to the Agreement which must be resolved.

3. The discussion of agenda items was chaired on the Chinese side by Mr. Song Dexing, Director General, Department of Water Transport, Ministry of Communications; the United States’ side was chaired by Bruce Carlton, Associate Administrator for Policy and International Trade, Maritime Administration. The discussion of agenda item one began with the Chinese side presenting details about implementation of the Bilateral Agreement, noting in particular the experience of U.S. NVOCC’s entering the Chinese market, and the implementation of China’s Regulations on International Maritime Transportation (RIMT). The U.S. side briefed the Chinese delegation on major maritime policy developments, beginning with the reauthorization of the Maritime Security Program (MSP). A further presentation was made on the adoption of a Tonnage Tax alternative for U.S. shipowners engaged in international trade, and an explanation of the Administration’s Cabinet-level Committee on the Marine Transportation System.

4. The Chinese delegation raised the matter of current rules and policies governing the treatment of Chinese seafarers. Noting China’s support for enhanced maritime security, the Chinese side emphasized the importance of shore leave for seafarers who are separated from families for long periods. The Chinese side reported on
the difficulties of obtaining a visa and getting shore leave without a visa and commented that guards were required by authorities to be posted shipside at the shipowners expense while in U.S. ports. The Chinese side expressed that such expenses should be borne by the U.S. government rather than shipowners.

Expressing appreciation for China’s cooperation in maritime security initiatives, the U.S. side explained that the elimination of the crew list visa and the changes to visa application procedures were intended to increase security and to treat seafarers the same as other applicants for U.S. visas. The U.S. side suggested that extending visa validity on a reciprocal basis would ease the burden on seafarers coming to U.S. ports.

5. In response to observations from the Chinese side about congestion in U.S. ports and other freight facilities, the U.S. side presented a brief overview of the status of U.S. ports and efforts being made to expand capacity, throughput and freight velocity. Special attention was given to the PIERPASS development in Long Beach, and the Department of Transportation freight policy announcement and focus on passenger and freight congestion relief. The U.S. carrier representatives noted that there had been improvements in the short run such as an expanded longshore labor force and automated terminals that improved efficiencies. They observed that the major disruptions of 2004 are likely to re-appear as soon as five years from now. To combat port congestion and improve port efficiency both delegations agreed to seek opportunities for exchange activities and cooperation in relevant areas in the future.

6. The Chinese delegation raised the question of opportunities for the removal of Chinese carriers from the list of “Controlled Carriers” maintained by the United States. Acknowledging the partial waiver the Federal Maritime Commission (FMC) granted to Chinese shipping companies to adjust their tariffs, the Chinese delegation noted that 4 of the 8 controlled carriers are Chinese. The Chinese side emphasized that its carriers operate under market principles and that most are publicly listed companies. The U.S. side explained that the regulation of pricing practices of vessel operating common carriers in the U.S. foreign trade that are owned or controlled by foreign governments was a matter of U.S. law. The U.S. side further explained that in order to remove the Chinese carriers from this list, either the U.S. law would have to be changed in such a way that Chinese carriers would no longer be considered as government owned or controlled; or, the Chinese government would have to relinquish ownership and control of the carriers in a manner that is consistent with existing U.S. law. The U.S. side noted that any carrier deemed “owned or controlled” by a foreign government is listed as a “Controlled Carrier”, and that there are also some other non-Chinese carriers so listed.
7. The U.S. side asked the Chinese delegation to explain current developments in law and regulations governing competition in international liner trades. The Chinese side explained that their policies on antimonopoly regulations are still at the stage of academic discussions. The U.S. side presented information on recent decisions by the Federal Maritime Commission which extended the privilege of entering into confidential service contracts to NVOCCs with their shipper customers.

8. Both delegations discussed views on the on-going negotiations of a new international regime to govern cargo liability in oceanborne commerce. The U.S side expressed its appreciation of China’s active engagement in this work and the highly cooperative spirit of China’s experts. Both delegations indicated a willingness to continue working toward an eventual resolution of the issues.

John Finnian  
For the Department of Transportation  
United States of America

Xu Zuyuan  
For the Ministry of Communications  
People’s Republic of China
Attachment I

U.S. Delegation
Bilateral Maritime Consultations, March 23, 2006

John E. Jamian, Head of Delegation
Acting Maritime Administrator
Maritime Administration
Department of Transportation

Bruce J. Carlton
Associate Administrator for Policy and International Affairs
Maritime Administration
Department of Transportation

Janice Weaver
Director, Office of Policy and Plans
Maritime Administration
Department of Transportation

Richard Lorr
Attorney Advisor
Maritime Administration
Department of Transportation

Brian T. Varney
International Economist
Office of International Activities
Maritime Administration
Department of Transportation

Stephen Miller
Team Leader
Office of Transportation Policy
Bureau of Economic and Business Affairs
Department of State

Landon Van Dyke
Economic Officer
Office of Chinese and Mongolian Affairs
Bureau of East Asian and Pacific Affairs
Department of State

Matt Cox
Executive Vice President and Chief Operating Officer
Matson Navigation Company
Kevin O’Rourke
Senior Vice President and General Counsel
Matson Navigation Company

David L. Hoppes
Senior Vice President – Ocean Services
Matson Navigation Company

Philip Grill
Vice President Government Affairs
Matson Navigation Company

John DeCrosta
Director, Legislative Affairs
APL Ltd.
Attachment I

Chinese Delegation

Bilateral Maritime Consultations March 23, 2006

Mr. Xu Zuyuan  Vice Minister of Communications
                Head of Delegation

Mr. Ju Chengzhi  Director-General
                Department of International Cooperation,
                Ministry of Communications (MOC)

Mr. Song Dexing  Director General,
                Department of Water Transport, MOC

Mr. Liang Xiaoan  Deputy Director-General
                China Maritime Safety Administration

Mr. Wang Yongming  Deputy Director-General,
                China Rescue and Salvage Bureau

Mr. Li Yingping  Personal secretary to Vice Minister Xu Zuyuan

Mr. Xu Guibin  Deputy Director, Division of International Shipping,
                Department of Water Transport, MOC

Ms. Lu Juan  Deputy Director
                Department of International Cooperation, MOC

Mr. Zhang Jinti  Assistant Consultant, Division of International Shipping,
                Department of Water Transport, MOC

Mr. Chen Xiaomin  President, COSCO American Co., Ltd

Mr. Zhao Hongzhou  Deputy President, China Shipping Container Line Co., Ltd

Mr. Li Zhen  Assistant President, China National Foreign Trade
                Transport (Group) Corp. (Sinotrans Group)
Attachment II

Agenda: U.S./China Maritime Consultations
March 23, 2006

1. Discussion of Major Maritime Policy Developments in the United States and China.


3. Exchange of Views on Port Congestion in U.S. Ports and Developments in Improving Port Efficiency.

4. Discussion on the Removal Chinese Shipping Lines from the Controlled Carrier List.

5. Developments in Competition Policy in International Liner Trades


7. Other