

**AGREED MINUTES OF THE
UNITED STATES – REPUBLIC OF KOREA
MARITIME BILATERAL DISCUSSIONS
December 15, 2015
Washington, DC**

Delegations from the United States Maritime Administration and the Republic of Korea (ROK) Ministry of Oceans and Fisheries (MOF) held bilateral maritime consultations at the Department of Transportation in Washington D.C., on December 15, 2015. The U.S. delegation was led by Maritime Administrator Paul N. Jaenichen and the Korean delegation was led by Assistant Minister Gyeong-cheol Park. Delegations shared perspectives and information on a range of topics, including national maritime strategies, the Panama Canal expansion, U.S. port state control requirements, car carrier operations, U.S. training ship visits to Korea, U.S. port operations and future collaboration. U.S. attendees included representatives from the Maritime Administration (MARAD), the U.S. Coast Guard (USCG), the Federal Maritime Commission (FMC), and the U.S. Department of State (DOS). Korean attendees included representatives from the MOF, the Korea Shipowners' Association (KSA) and Hyundai Glovis Limited.

The meeting began with a discussion of national maritime strategies. The U.S. discussed MARAD's National Maritime Strategy, which will soon be released for public comment. Korea explained MOF's five maritime strategic goals, which included: (1) establishing a strong foundation for the Korean maritime sector; (2) increasing the number of ocean-going, Korean-flag vessels; (3) strengthening the mariner workforce; (4) increasing the effectiveness of ports; and (5) enhancing safety, security and the environment.

The U.S. then spoke about the potential impacts of the Panama Canal expansion project, indicating that MARAD's Phase 1 Study released in November 2013 makes several key observations and projections. The U.S. shared this report with Korea and reported that a subsequent Phase II-IV study will be released by spring 2016. A discussion of port congestion at U.S. West Coast ports followed. Representatives from Korea's Hyundai Glovis and the KSA stated that Korean flag vessels are experiencing congestion-associated delays at a port in California for U.S. vehicle imports. The KSA presented the difficulties the Korean shipping companies operating through the U.S. ports are facing, and noted that the KSA would deliver the details of the difficulties in documents. FMC responded to the KSA by explaining that, since 2014, the Commission has engaged stakeholders on the U.S. West Coast and U.S. East Coast, and from this engagement, the FMC released a congestion study which explores what impediments exist in the free flow of cargo to and from the U.S. FMC's congestion study issued in July 2015 indicates that larger container volumes may have a detrimental impact on the first-mile/last-mile problem. The FMC explained that its primary interest is in the agreements of the liner industry, and that in 2016, the Commission will continue to look at the role of alliances and marine terminal operator agreements to determine if there are impediments to the free flow of cargo. The U.S. added that the recently passed Fixing America's Surface Transportation (FAST) Act includes multimodal financing to help mitigate port congestion including a requirement to establish port performance metrics.

U.S. Port State Control and the USCG's Qualship 21 program were then discussed. The USCG's Foreign and Offshore Vessel Division provided a presentation on the topic of Port State Control. The presentation included some background on the Qualship 21 program, which rewards the highest performing vessels by an eligible flag administration. Korea responded by indicating

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that continuous efforts are being made by the MOF and the relevant industries in order to maintain its USCG Qualship 21 qualification.

At the request of Korea, the U.S. side spoke about Iran and Cuba in the context of U.S. Port State Control measures. The USCG gave a presentation on Conditions of Entry (COE) requirements to ensure ships have adequate anti-terrorism measures in place. DOS officials added that, although the Obama Administration is striving for rapprochement with Cuba, no significant changes have been made. DOS indicated that they are available to facilitate exchanges through the Korean Embassy in Washington and the U.S. Embassy in Seoul on questions about commerce between the U.S., Cuba and Iran, but recommended that shipping companies should seek legal advice about the applicable U.S. rules.

The next topic centered on U.S. training ship visits to Korea. The U.S. provided background on the value of mariner training in the U.S. and asked whether the MOF would facilitate discussions with the Ministry of Foreign Affairs (MFA), or other necessary entities to consider a legislative change, or waiver to existing laws, thereby granting sovereign immunity to U.S. training vessels. Korean officials indicated that they will look into the matter further through the necessary consultation with the relevant organizations including the MFA and Ministry of Justice. The U.S. side stated that the U.S. would send the information on the scope of sovereign immunity and the list of states subject to sovereign immunity which was requested by Korea.

Following on U.S. maritime dialogues in Korea in 2012 and 2014, discussions about possible U.S.-ROK collaboration on car carrier operations resumed. The U.S. side explained its Maritime Security Program (MSP), including how U.S.-flag vessels operating in the MSP are vital to both national security and international trade interests. The U.S. side welcomed voluntary commercial opportunities for U.S.-flag ships to participate in the U.S.-Korea trade, or in other international trades requiring Pure Car Truck Carriers (PCTCs). Glovis indicated that operating in the U.S. trades imposes high shipping management costs, which makes it difficult because the U.S. government does not guarantee cargo volumes. Despite this, Glovis might consider an arrangement to employ U.S. crews, or parts of voyages undertaken by its ships, in the transport of U.S. military cargo, possibly under the existing Memorandum of Understanding between the Korean Ministry of Defense and the United States Forces Korea.

In closing these discussions, both sides considered ways to strengthen their collaborative efforts into the future. In response to MARAD's reference to the U.S.-ROK Memorandum of Cooperation (MOC) on Infrastructure Development signed November 2, 2015, Korea indicated its preference for an agreement uniquely applicable to MARAD and MOF. Both parties agreed that it would be best to have the next bilateral in Korea in 2016. Both sides agreed that the discussions were very fruitful, and that continued dialogue, including with other stakeholders from industry and academia, is necessary to advance their shared objectives.

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