



**20<sup>th</sup> APEC TRANSPORTATION WORKING GROUP  
MEETING**

**Westin Philippine Plaza Hotel, Manila Philippines  
March 04 – 08, 2002**

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**TPTWG20/SCCT/4.2**

**STEERING COMMITTEE ON MORE COMPETITIVE  
TRANSPORTATION INDUSTRY**

**REPORT OF THE MARITIME INITIATIVE**



## APEC TRANSPORTATION WORKING GROUP 20<sup>TH</sup> MEETING

### Report of the Maritime Initiative

4–5 March 2002,  
Manila, Philippine

#### I. Background Information

##### Participating Economies

1. The Maritime Initiative held its tenth meeting on Monday 4<sup>th</sup> and Tuesday 5<sup>th</sup> March, during TPT-WG 20. The meeting was attended by 14 economies including Australia; Canada; China; Hong Kong, China; Indonesia; Japan; Korea; Malaysia; New Zealand; Peru; Philippines; Chinese Taipei; Thailand; the United States of America. Mr. Toshihiko Sonoda of Japan, as a tentative chair, who is a successor of the former chair Mr. Tsuyuki, opened the meeting and welcomed all present and thanked them for their attendance.

##### Election of chair

2. Election of a new chair was conducted at the beginning of the meeting. Mr. Sonoda was nominated and unanimously approved to be the new chair.

#### II. TILF Special Account Project “Facilitation of International Shipping Project”

3. Among three volumes of report of “Facilitation of International Shipping Project”, Volume1 “Impact of Maritime Policy Reform” and Volume2 “Case studies” were finalized intersessionally and volume3 “Policy Alternatives towards International Shipping Liberalisation” was identified as a separate working paper for discussion. Members agreed on a process for discussion proposed intersessionally by Japan, that further discussion on the content of Volume1 and 2 should be conducted at this and next meeting, and then policy alternatives in Volume3 should be discussed at TPT-WG22. At this meeting, members discussed five issues among 10 issues in the report, “Government ownership of national shipping lines”, “Regulation of liner shipping conference operations”, “Subsidies and concessions”, “Management of the national register” and “Specific restrictions applying to particular trade”. Members agreed remaining five issues would be discussed at the next meeting.

4. Australia, as the project overseer, made brief introduction on an outline of each issue, and case studies economies explained their related parts of the studies, and then comments and questions were exchanged as follows.

##### Item 1 Government ownership of national shipping lines

Explanation on case studies: “New Zealand Line” by New Zealand

Summary of discussion:

The MI expressed its view that privatization increases productive efficiency, especially under the current circumstance where several kinds of partnership among

private shipping companies are popular. Japan raised a question whether the efficiency of privatization depends on the scale established under Government ownership. Australia noted that the project report identified some inefficiencies relating to government ownership that were not scale related.

Item2 Regulation of liner shipping conference operations

Explanation on case studies: "Liner Shipping Conference" by Japan

Summary of discussion:

Canada pointed out that the Maritime Transport Committee of the OECD held two workshops on liner shipping, and that Canada is of the view that relaxation of shipping conference exemption laws would be beneficial with a long term goal of eventually eliminating the exemptions. New Zealand echoed the views.

Japan pointed out that even in the OECD this issue was so controversial among shipping companies, shipper companies, shipping policy makers and competition policy makers and that it would be difficult to reach easily a simple conclusion.

New Zealand questioned how many economies there are who don't have anti-trust law. Japan raised the question whether the lack of general anti-trust law covering maritime auxiliary services causes any problem in such economies. Malaysia explained its current situation that a general anti-trust law is discussed to be introduced, however there is not a serious problem in its maritime auxiliary services sector at this stage.

Item3 Subsidies and Concessions

Explanation on case studies: "Support for National Flag Shipping" by United States, "Crewing Initiatives" by Japan

Summary of discussion:

Japan explained that the "Crewing Initiatives" system doesn't have distortive effect on trade in services.

As for operational subsidies by the US, Japan suggested that discussion on operational matters and on ownership matters be distinguished. The US insisted on the difficulty and the misleading results to do so, because both may have same effect.

New Zealand and Canada expressed their concerns that there is a need to be cautious that national security does not become the rationale to introduce market distorting support measures or restrictions.

The US requested background data on descriptions in the case study report on USA, "Support for national flag shipping", and it was to be sought by Australia, the project overseer.

Item 4 Management of the national register

Explanation on case studies: "National Flag Shipping" by New Zealand

Summary of discussion:

Japan commented that the second register scheme has less distortive effects on trade in services by enabling any flag vessels to be chartered for any international services on a non-discriminatory basis.

Item5 Specific restrictions applying to particular trade

Explanation on case studies: "Trans- Tasman Trade" by New Zealand

Summary of discussion:

Philippines inquired whether Trans-Tasman shipping covered both passenger transport and freight transport. New Zealand advised that the trans Tasman route is almost entirely freight.

5. Members took note the discussion this time. Australia suggested explanation on case studies by economies who could not make it at this meeting, be postponed to the next meeting,

and members so agreed. Singapore, who could not attend this meeting, provided with its comment paper for next discussion.

6. According to the agreed process, the chair confirmed that the remaining five issues, "Coastal Shipping", "Preferential Access to Cargo", "Access to Port Facilities", "Land-based Ancillary Services" and "Port Management" would be discussed at the next meeting in the same way as this time. And it was agreed that the chair would duly consult with the chair of the Port Expert Group and the Intermodal Task Force on the issues related to activities of those groups.

### **III. WTO negotiations on Maritime Transport**

7. Japan explained current situations of negotiations on Maritime Transport Services in the WTO, in which as outcome of the 4<sup>th</sup> WTO Ministerial Conference, the new round of negotiations, so called "the Doha Development Agenda", has been launched and negotiations on service including Maritime Transport Services have been a part of this new round. Japan also pointed out that some bench marks for services negotiations have been agreed by the Ministerial Declaration, that participants shall submit initial requests for specific commitments by 30 June 2002 and initial offers by 31 March 2003.

8. Japan also explained that some issues have been revealed during the course of discussions on Maritime Transport Services at the Council for Trade in Services in Geneva so far such as multimodal transport, and called on the members to tackle these issues at an earlier stage as possible.

9. Members expressed their views on the current negotiations on MTS, including the issues of cabotage, multimodal transport, MFN and so on. Some economies expressed their concerns about cabotage, since the issue is sensitive to be within scope of negotiations for many economies. Several economies supported the importance of multimodal transport, to which some approaches have been proposed and members recognized that deepen discussion on these issues should be conducted at an earlier stage.

10. Japan introduced its draft proposal on how to incorporate multimodal elements into the model schedule, which would be submitted to the WTO in due course after examining comments to be provided by as many members as possible. Japan explained that the draft would be aimed at providing a model including multimodal for the purpose of facilitating the discussion. Japan invited economies to send their comments and questions, if any, and to offer to be co-sponsors of its submission.

11. Philippines manifested its reservation on the inclusion of ship's crew among the commitments for mode 4 in as much as overseas workers and ship's crew were not part of the Doha Agenda. Japan provided information that the mode 4 issue, movement of natural persons, is being discussed as a horizontal issue covering all service sectors in the WTO.

12. Thailand provided with a paper on its status and position on negotiations of MTS in the WTO, for future MI's discussion.

### **IV. Cooperation on Technical Issues**

13. At the last meeting, members agreed to address technical cooperation issues in next meeting. Members discussed what concrete issues could be addressed as technical cooperation, taking feasibility into account.

14. Japan pointed out technical capacity building for WTO/GATS negotiations on

maritime transport services and policy alternatives towards International Shipping Liberalisation lead by Facilitation of International Shipping Project could be addressed as examples. For further example, Japan also informed that ESCAP successfully held the regional seminar on liberalisation on maritime transport services under WTO/GATS last month.

15. Members agreed to continue discussion on the issue at next meeting, and any economies which have ideas are requested to submit to the chair intersessionally.

**V. Joint Session with ITF**

16. Both chairs of the MI and the Intermodal Task Force exchanged information on discussion held in the both groups this time. The MI members were encouraged to participate in the Intermodal Skills Workshop held during 20<sup>th</sup> TPT-WG in order to learn the expertise of intermodalism.

**VI. Draft of "REPORT TO APEC TRANSPORTATION MINISTERS ON THE ACTIVITIES OF THE TRANSPORTATION WORKING GROUP SINCE THE 2ND MINISTERIAL MEETING, 1997" AND "JOINT STATEMENTS"**

17. Members took note of offer from Peru that the 3rd Ministerial Meeting that has been postponed would be held on 7-9 May of this year. Today's discussion was still within the scope of the draft report to the Ministers and the draft Joint Ministerial Statement developed at preparatory meeting in Hawaii in last August and intersessional consultation, members affirmed that no change to the draft report and draft JMS would be needed.

**VII. RECOMMENDATIONS**

18. The MI recommends the Steering Committee note progress of the group.