



Federal Maritime Commission
Washington, D.C. 20573

Office of the Chairman

December 3, 2010

VIA EMAIL AND FIRST-CLASS MAIL

Mr. Peter Gatti
Executive Vice President
National Industrial Transportation League
1700 North Moore Street
Suite 1900
Arlington, VA 22209-1904

Re: Shanghai Shipping Exchange

Dear Mr. Gatti:

This is an update on our efforts in response to your letter of February 17, 2010, in which you requested assistance in obtaining information and clarification of the People's Republic of China's (PRC's) rate filing requirements for ocean carriers. The Federal Maritime Commission (FMC) has undertaken efforts to address your concerns with Chinese authorities. In this respect, we have engaged in a series of discussions with Chinese officials that included the matters you raised.

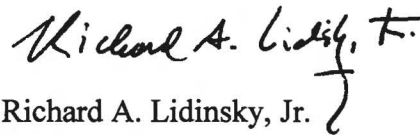
On September 10, 2010, together with representatives from the U.S. Consulate General Shanghai, I visited the Shanghai Shipping Exchange (SSE), and met with its President and other senior officers. I raised the issue of rate filing and confidentiality protections. In response, the SSE President stated that the SSE maintains strict confidentiality for the filed information. The SSE President and I then agreed that we would designate a representative as a contact and exchange regular updates on such issues in our respective countries.

On October 18, 2010, the FMC's General Counsel and representatives from the State Department and U.S. Consulate General Shanghai also visited the SSE, and again raised the issues of rate filing requirements and confidentiality protections. The SSE officials again made assurances of confidentiality and of the uses of the information obtained in the filings required by the Chinese government, and provided further details about the construction and use of the Shanghai Containerized Freight Index.

Following these discussions, the Maritime Administrator led bilateral consultations with Chinese authorities, held October 20-21, 2010, in Dalian, as provided in the U.S./China Maritime Agreement. The FMC's General Counsel was included in the U.S. delegation, and led the discussion on the topics of most concern to NITL. Specifically, the FMC's General Counsel described our concerns with the Chinese rate filing requirements. As the attached Agreed Minutes reflect, the Chinese Ministry of Transport provided assurances on confidentiality, as well as clarifications on the rate filing issue and the functions and role of the SSE.

We intend to continue to follow these and developments in China closely to ensure that no unreasonable conditions exist that would impair U.S. oceanborne commerce. In the meantime, we would be very grateful for NITL's continuing involvement.

Sincerely,

A handwritten signature in black ink that reads "Richard A. Lidinsky, Jr." with a stylized flourish at the end.

Richard A. Lidinsky, Jr.
Chairman

Attachment

cc: Commissioner Joseph E. Brennan
Commissioner Rebecca F. Dye
Commissioner Michael A. Khouri
Hon. David T. Matsuda, Administrator, Maritime Administration, U.S. DOT
Office of Maritime and Land Transport, Bureau of Economic, Energy and Business
Affairs, U.S. Department of State
U.S. Consulate General Shanghai

**AGREED MINUTES OF THE 4th UNITED STATES – CHINA MARITIME
CONSULTATIVE MEETING**

1. Delegations from the United States Department of Transportation, Maritime Administration, and the People's Republic of China Ministry of Transport, met in Dalian, China on October 20, 2010, 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 Maritime Administrator David Matsuda. Full delegation lists follow as Attachment One. The agreed agenda for the meeting follows as Attachment two. The discussions were both friendly and productive.
2. The meeting began with a continuation of the discussion concerning visa issues for seafarers and shore leave for ships' crews. The two sides reviewed progress accomplished and remaining concerns. The United States side confirmed that an interview is required when seafarers apply for a visa for the first time, and that many who already hold a U.S. visa may renew it without appearing at the Embassy or a Consulate in China for an interview.
3. The Chinese delegation noted the amount for the NVOCC bond rider established in the 2003 Memorandum of Consultation had not been increased in U.S. dollars to the equivalent amount in RMB. The Chinese side agreed to provide a specific proposal, which the United States agreed to present to the Federal Maritime Commission for its consideration.
4. The United States side noted that its shippers had concern with the confidentiality of the rate filing process of the Shanghai Shipping Exchange and with the "normal and reasonable" rate determination. The Chinese side explained that it had taken concrete measures to ensure that information is secure and is not divulged outside of relevant competent authorities. Also, China explained that unlike the U.S. system, filings are related to trade lanes and the filed rates cover only certain ranges from the minimum to the maximum rather than exact rates. The Chinese side discussed their standards for determining "normal and reasonable" rates, assuring that the government does not interfere with market rate setting. The United States side thanked China for the explanation and expressed the usefulness of obtaining official English translations of all regulations, rules and guidelines as soon as possible to avoid misunderstanding among stakeholders.
5. In a related matter, the Chinese side clarified that the goal of the Shanghai Containerized Freight Index was to provide information to the market and also a useful tool needed by the market.



6. The Chinese delegation raised concern that the cargo manifest requirements of the United States creates difficulties for Chinese tramp services, and expressed the hope that the United States side could adopt practical approaches avoiding those difficulties. The United States side noted that these requirements were put into place after September 11, 2001.
7. To support the U.S. President's National Export Initiative, the U.S. delegation highlighted the important contribution of multimodal transportation and logistics both as services to exporters and as exports themselves. The two sides exchanged views on investments in transportation infrastructure in China and procedures for establishing commercial presence.
8. In response to Chinese concern about the level of certain port fees the U.S. delegation explained that these fees are the result of contracts between private parties and collective bargaining agreements in which the U.S. government has no involvement. The U.S. side agreed to investigate concerns about any instances of unreasonable imposition of charges, and seek to identify potential solutions.
9. While expressing support for measures to reduce shipping emissions, China expressed the opinion that the California regulation requiring low-sulfur fuel was inconsistent with international conventions. The U.S. side clarified the limited scope of the regulation and observed that the North American Emissions Control Area (ECA), approved by the International Maritime Organization, will supersede the California regulations in 2015.
10. Both the United States and China shared their mutual concerns regarding the European Union's Directive 391/2009 regarding recognized organizations (ship classification societies). The two sides agreed to consult at the upcoming meeting of the IMO Maritime Safety Committee in November.
11. The U.S. delegation noted that it had no current position on changes to competition policy for shipping. It also noted that the Federal Maritime Commission was currently studying the effects of the change in European competition policy.
12. The United States side noted with interest China's ongoing re-flagging initiative.
13. The two sides discussed areas for future cooperation. The United States proposed a Memorandum of Cooperation regarding anti-piracy efforts; specifically concerning training and education. In addition, both sides reaffirmed their commitment to encourage safe and environmentally sound recycling of ships. The United States side commended China's initiative in

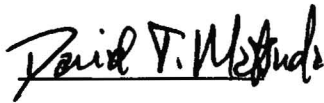
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establishing the APEC Port Services Network and recalled the history of cooperation between the two countries in the APEC Transportation Working Group.

14. Lastly, the Chinese delegation expressed interest in entering into exchanges with the United States Coast Guard. These exchanges would focus on port state control, seafarer management and environmental protection. The U.S. side agreed to inform the Coast Guard of the Chinese delegation's interest, and also consider exchanges with the United States Merchant Marine Academy.
15. Both sides agreed to hold the 5th maritime consultative meeting in the United States in 2011.

DONE on October 20th, 2010, in Dalian, China, in the Chinese and English languages.



David T. Matsuda
For the Department of Transportation
United States of America



Xu Zuyuan
For the Ministry of Transport
People's Republic of China