

## AGREED MINUTES

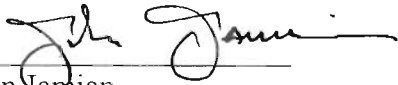
### CONSULTATION ON THE BILATERAL MARITIME AGREEMENT BETWEEN THE UNITED STATES OF AMERICA AND THE PEOPLE'S REPUBLIC OF CHINA MARCH 23, 2006 WASHINGTON, D.C.

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.



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John Jamian  
For the Department of Transportation  
United States of America



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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.
2. Review of U.S. Policies Affecting the Treatment of Chinese Seafarers in U.S. Ports.
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
6. Status of the Carriage of Goods by Sea Convention (UNCITRAL).
7. Other