Agreed Minutes of the 7th China-United States
Maritime Consultative Meeting

Delegations from the People's Republic of China Ministry of Transport, and the United States Department of Transportation and other agencies, met in Chicago, Illinois on October 28th, 2013, discussed matters of mutual interest in shipping policy. The United States delegation was led by Acting Maritime Administrator Paul N. Jaenichen and the Chinese delegation was led by Li Hongyin, Deputy Director General, Bureau of Water Transport, Ministry of Transport of China. Full delegation lists follow as Annex One. The agreed agenda for the meeting follows as Annex Two. The discussions were friendly and productive, and both sides confirmed the value of working together to promote their mutual interests in the development of international maritime transport. Both sides applauded the thorough preparation that enabled an extensive exchange of information.

Recalling its policy goal of developing and maintaining a U.S. merchant marine to move commerce and ensure availability of vessels and trained mariners for emergency and national defense, the U.S. side observed that government programs are evolving to anticipate changing requirements. The Chinese side analyzed the slow recovery from the economic crisis in 2008 and offered an overview of new policy initiatives currently under consideration, including a tonnage tax, attracting new mariners and developing the national cruise shipping industry. As the Chinese side observed, the discussions between the two countries has turned to new issues of mutual interest to both sides, in particular application of green technology.

For both sides, developing adequate infrastructure for larger ships presents a challenge. The Chinese side asked how the United States is addressing the channel and draft restrictions on the East Coast, in preparation for the enlargement of the Panama Canal. The U.S. side described projects to increase bridge clearance and deepen port channels, emphasizing that the President has shown a personal interest. With the Transportation Investment Generating Economic Recovery (TIGER) program, the U.S. Federal government is providing financial support for the first time to compliment investment from private stakeholders. The Chinese side is also developing infrastructure for larger ships and considering the safety for large vessels calling at Chinese ports, increasing use of barge services to distribute cargo in the port of Shanghai.

Both sides also share an interest in shipping on inland waterways. The U.S. side described the success of a Green Trade Corridor Project in the state of California to move cargo from the Port of Stockton to the Port of Oakland. As part of its policy of promoting investment in the Yangtze River and inland waterways, the Chinese side highlighted the Golden River Road.

The Chinese side reviewed the move from a business tax based on revenue to a value added tax (VAT) representing 6% of freight costs, it was noted by the industry that the VAT is increasing the burden for foreign carriers, who have raised concerns with the Chinese authorities. The Federal Maritime Commission reported that stakeholders are expressing concern about delays in billing and possible overpayments. The Chinese Ministry of Transport is discussing solutions with the State Administration on Taxation.

Arctic shipping is offering new opportunities and challenges for both countries. The U.S. side described the Maritime Administration's role in developing policy on arctic shipping. The Chinese side described the first voyage of a Chinese vessel through the northern route, but costs of ice breaker escorts required a full load to yield a profit. Both sides put a priority on ensuring safe navigation and emergency response for oil spills and crew safety.

In the exchange about developments in green technologies, the U.S. side reported that it is establishing an Alternative Fuels and Technologies Task Force to consider liquefied natural gas (LNG) conversion projects along with other alternative fuels. In addition to its initiatives to promote alternative fuels, the Chinese side described green projects on vessel energy efficiency, use of on-shore power, fuel vapor capture, and LNG application as a marine fuel.

In response to concerns from the Chinese side about the lack of low sulfur fuel for the North American Emissions Control Area and the practicality of the Tier III standards in Annex VI of the International Convention for the Prevention of Pollution from Ships (MARPOL), the U.S. side explained the procedures for exemptions and the approach of promoting technological development with robust standards.

The Chinese side described the new policies for the maritime industry within the China (Shanghai) Pilot Free Trade Zone program.

The U.S. side reiterated its continued support for the Rotterdam Rules. The Department of State is consulting with other agencies as it prepares a recommendation for the President to submit the agreement for ratification this year.

The Chinese side raised points about business operations in the United States, which the U.S. side will discuss with appropriate authorities. The Chinese side asked about relief for subsidiaries of Chinese companies operating port terminals in the United States, that must pay a combination of federal and state taxes and a tax on profits repatriated to China, and asked for additional subsidies for exceeding environmental standards in the implementation of green technology. The Chinese side also asked for an agreement to exempt Chinese personnel working in the United States from paying double social security taxes in both countries. In response to concerns from the Chinese side that increasing railroad tariffs were putting pressure on ocean carrier finances, the U.S. offered to arrange a meeting with the U.S. Federal Railroad Administration. Chinese side is seeking reciprocal treatment of financial guarantees required for non-vessel-operating common carriers (NVOCC) and mutual enforcement of violations. Both sides agreed to discuss the suggestion at future rounds of consultations. Both sides are also following the negotiations for a collective bargaining agreement at the U.S. West Coast ports with great interest.

Both sides have agreed intersessionally to exchange information on each country's shipping developments and policies. China has agreed to host the 8^{th} annual bilateral maritime consultative meeting in 2014. Prior to that meeting, both sides will consult about the possibility of a visit to the MARAD-funded Ballast Water Treatment System Testing Facility in Baltimore.

Done on October 30, 2013 in Chicago, Illinois

Paul N. Jaenichen

Paul N. Jaenichen

For the Department of Transportation

United States of America

高宏峰

GAO Hongfeng

For the Ministry of Transport

People 's Republic of China

Annex I

U.S. participants:

Mr. Paul N. Jaenichen
Acting Administrator
Maritime Administration (MARAD)

Mr. William P. Doyle
Commissioner
Federal Maritime Commission

Capt. David Murk, USCG
Senior Maritime Safety and Security Advisor
Office of the Secretary of Transportation

Capt. Kyle McAvoy
Chief of the Office of Vessel Compliance
U.S. Coast Guard

Mr. Lonnie Kishiyama
Director, Office of International Activities
MARAD

Mr. Stephen M. Miller
Team Leader, Maritime and Land Transport
U.S. Department of State

Mr. Tony Padilla
Senior Advisor for International Affairs
MARAD

Mr. Tom Thompson
International Trade Specialist
MARAD

Mr. David Tubman
Counsel to Commissioner Doyle
Federal Maritime Commission

Thomas Kirk
Director of Environmental Programs
American Bureau of Shipping

Chinese participants:

Mr. LI Hongyin
Deputy Director-General
Bureau of Water Transport, MOT

Ms. GAO Haiyun
Deputy Director
Division of International Shipping
Bureau of Water Transport, MOT

Mr. SUN Feng
Deputy President
China Classification Society

Mr. ZHANG Bing
President
China Shipping (North America) Holding Co. Ltd.

Ms. LU Nancy
Deputy General Manager
COSCO Americas Inc.

Mr. LV Xin
Manager
COSCO Group Company

Ms. WU Shu
Researcher
Waterborne Transport Research Institute

7th U.S.-China Bilateral Maritime Consultative Meeting
October 28, 2013, Chicago

1) Exchange of Information on Shipping Developments and Policies

2) Possible Financial Rewards for Terminal Companies that Implement Higher Environmental Standards in the United States

3) Rotterdam Rules – Ratification Status

4) To Improve Terminal Conditions at U.S. East Coast Ports

5) U.S. Rules on Arctic Shipping

6) To Establish Mutual NVOCC Legal Assistance and Mutual Bond Rider Recognized Mechanism.

7) Heavy Taxes Imposed upon Foreign Invested Terminals in the United States

8) China's New VAT Tax

9) Rules and Progress of the North American Emissions Control Area

10) Union Problems at U.S. Ports

11) U.S. Future Actions for EU Mutual Recognition of Classification Certificates for Marine Products in Accordance with Article 10 of Regulation (EC) No 391/2009

12) High Freight Tariffs in the U.S. Railway System

13) Paying Dual Social Security Taxes in United States

14) Latest Status of China's NVOCC System

15) Green Technology in both of Our Maritime Sectors

16) New Administrative Regulations Involving foreign Participation in China's Maritime Sector

17) LNG as a Fuel