

# WORLD TRADE ORGANIZATION

RESTRICTED

S/NGMTS/7

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## Negotiating Group on Maritime Transport Services

### NOTE ON THE MEETING OF 30 OCTOBER-1 NOVEMBER 1995

1. The Negotiating Group on Maritime Transport Services held its seventh meeting on 30 October-1 November 1995. The agenda of the meeting was contained in Airgram WTO/AIR/189 of 16 October 1995.
2. Under item A of the agenda, requests for observer status, the Chairman welcomed Peru - an original Member of the WTO for whom acceptance by the Group was automatic upon announcement. With Peru, there were now forty-two full participants, fifteen observer governments and three observer organizations in the Group.
3. Under item B of the agenda - responses to the questionnaire on maritime transport services, the Chairman said that since the last meeting of the Group two more sets of questionnaire replies - those of the Czech Republic and India - had been received, bringing to thirty-four the number of replies received from full participants and two from observer governments. A draft addendum to the compilation of questionnaire replies had been prepared and circulated by the Secretariat, containing eight sets of replies examined at the July meeting of the Group. He stressed that while there were eight full participants and thirteen observers that had not yet submitted replies to the questionnaire, it was clear that the Group was coming to the end of the factual stage of its work, having only eight months to reach the end of its mandate in June 1996. He then opened the floor for the examination of new sets of questionnaire replies.
4. There were no questions asked with respect to the replies submitted by the Republic of Slovenia (S/NGMTS/W/2/Add.28) and the Czech Republic (S/NGMTS/W/2/Add.35). The representative of Cuba said that her delegation would provide further clarifications on points raised at the meeting in the near future. Reacting to a comment made by another delegation on the openness of his country's maritime regime as evident from the questionnaire replies given in S/NGMTS/W/2/Add.27, the representative of the Dominican Republic said that his government was currently studying the existing national regulatory framework applying to the maritime transport sector with a view to defining the Dominican Republic's policy vis-à-vis international agreements relevant to the sector.
5. There were a few questions on the set of questionnaire replies submitted by India (S/NGMTS/W/2/Add.36). On the reply to Question 8 (a), (b) and (c) of Part II, the representative of India said that the modified cargo support scheme referred to in the reply applied to both government and private cargoes, albeit fully on a voluntary basis - i.e., in the absence of any government regulation. In addition, he clarified that this scheme would now apply to companies other than the three which had benefitted from the measure in the past; the scheme essentially ensured that national shipping lines carried all cargo they could in liner routes, particularly in the India/UK/Continent route. He explained that the acquisition of ships in India was previously regulated by the so-called Tonnage Acquisition Committee which based its decisions on the overall interest of the economy. Given the recent increase in total volume of trade in India, the Committee had relaxed its regulation and permitted the free acquisition of any kind of ship, but still with a view to achieving certain share levels for national-flag vessels. Cargo support did not involve any monetary inducement or any other measures aimed to induce Indian shippers to ship their goods in Indian ships.

6. The representative of India confirmed that proposed cargo shares for national-flag vessels were expected to be achieved through current liberalization measures taken by the government. He said that India had a policy whereby the government expected selling on cif basis and buying on fob basis, thereby giving the right of nominating the shipping line to the Indian exporter or importer. In case some cif cargo was exported and it was found that adequate or suitable Indian tonnage was not available, permission could be obtained from the director-general of shipping. In terms of oil cargoes, all domestic oil shipments were co-coordinated by the so-called Oil Co-ordination Committee which gave first preference to Indian-flag vessels and only permitted transport by foreign-flag vessels whenever no adequate national crude-oil tonnage was available. On the reply to Question 9, he said that no permission was needed to use port facilities in India; access to such facilities was in fact open and non-discriminatory. On the reply to Questions 20 and 21, he referred to the information given in the reply to Question 9 of Part I as an indication of countries with which India had bilateral Shipping Agreements but would come back in the future with a written reply on that point. On the reply to Question 22, he confirmed that the allocation of cargo was all undertaken on a voluntary basis, without any formal government mandatory requirement on shippers.

7. Before concluding item B of the agenda, the Chairman reminded the Group that its mandate was to negotiate commitments in "international shipping, auxiliary services and access to and use of port facilities" and to conclude negotiations by June 1996. The factual stage of the work, through the questionnaires, had been instrumental in giving the Group a better basis for negotiating commitments. Also, a consensus seemed to exist that the draft schedule constituted a good framework for the negotiation of commitments. He said that six participants had reinstated in July the best offers they had on the table at the conclusion of the negotiations in December 1993 - namely, the EU, Japan, Norway, Canada, Australia and New Zealand. At that time, thirty-two out of forty-six countries had chosen to maintain their commitments in maritime transport services in their final schedules and twenty-eight of those had chosen to maintain their full offer instead of downgrading it as a few had. The Chairman expressed concern that not all major or significant participants had yet put offers on the table. He then opened the floor for comments on the subject of the way forward.

8. Several delegations spoke on the need for offers from a critical mass of countries and, in particular, from one major maritime nation. Some stressed that both new offers and improvements to existing offers were needed to maintain the momentum in the negotiations. One delegation said that in its bilateral contacts it did not detect any special willingness on the part of others to table offers but that it would reconsider tabling its own offer in the presence of more positive signals from a critical mass of countries. The Chairman said that if the Group was to seriously intensify the negotiation of liberalization commitments, all participants needed to contribute to ensure that there were offers of sufficient interest on the table. In that context, it was necessary not only for countries that had not yet put offers on the table to do so as soon as possible but also for those that already had offers on the table to look into ways to make further improvements. He suggested that the Group set aside the full week of the 4-8 December for a further intensified process of negotiations at all levels - i.e., multilateral, plurilateral and bilateral. He called on participants to bring forward new or improved offers by 1 December. In accordance with a suggestion made from the floor, he asked the Secretariat to prepare a note which could be made available upon request on the current situation of individual participating countries in the negotiating group (e.g., regarding submission of questionnaire replies, conditional offers, schedules, m.f.n. exemption lists, etc.).

9. The third item of the agenda was the consideration of the draft schedule on maritime transport services. The Chairman said that his consultations on the draft schedule in general and on the issue of multimodal transport in particular had been very constructive. He recognized that the coverage of multimodal transport services was ultimately a policy issue but suggested that as the Group continued to narrow differences it could find that dealing with it was not as difficult in technical terms as originally anticipated.

10. The fourth item of the agenda was matters relating to paragraph 7 of the Decision on Negotiations on Maritime Transport Services. The representative of Japan informed the Group that the Japanese government was preparing a *démarche*, in cooperation with Western European countries members of the Consultative Shipping Group (CSG), which would soon be handed to Mr. Warren Christopher, regarding a bill, passed already in both houses of the United States Congress, which would lift the ban on the export of Alaskan North Slope Oil on the basis of a unilateral cargo reservation for U.S.-flag vessels. The representative of the United States said that the legislation would not violate paragraph 7 of the *Decision* since it would not improve the U.S. negotiating position. Oil from Alaska could not currently be transported in foreign vessels as it was only shipped to U.S. ports. The bill would actually increase opportunities for foreign shippers because oil imported by the U.S. from other countries would have to substitute for the Alaskan oil that would be exported under the legislation. Foreign shippers would be free to compete to supply this new source of oil to the United States. The representatives of the EC, Norway, Malaysia and Hong Kong expressed their concern with the possible implementation of the bill and related negative effects on the NGMTS negotiations.

11. Regarding dates of future meetings, the Group agreed on having its next meeting during the first week of December. The precise date would be communicated shortly.