

WORLD TRADE ORGANIZATION

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Negotiating Group on Maritime Transport Services

NOTE ON THE MEETING OF 24 MAY 1996

1. The twelfth meeting of the Negotiating Group on Maritime Transport Services took place on 24 May 1996. The agenda of the meeting was contained in Airgram WTO/AIR/342 of 14 May 1996.
2. Under item A of the agenda, submission of offers, and item B, developments in bilateral negotiations, the Chairman informed participants that since the last meeting, Slovenia and Indonesia had submitted conditional offers, and Norway a revision of its earlier offer. The Dominican Republic, Iceland, Mexico, Nigeria and Poland declared their intention to submit conditional offers in the near future. Each of the new offers is expected to cover all the three pillars.
3. The United States said that it had reviewed the state of play in the current negotiations and determined that the results achieved so far fell woefully short of the objectives of the negotiations. The objectives were to create assurances of open markets and non-discriminatory treatment for shipping companies and related commercial operations. Of the offers submitted since the negotiating group began its work, the only participants with acceptable offers, in the view of the United States, were OECD countries with no shipping industries to defend, with perhaps a single exception. Only one offer contained rollback, while others enshrined preferences in the United Nations Liner Code, and contained MFN exemptions. Only one country, in the perception of the United States, provided adequate commitments for multimodal transport services. The United States could, therefore, not see how offers of key countries would meet its expectations by the deadline. It had every intention of keeping its market as open in the future as it was now, but could see no purpose to a multilateral agreement that simply bound current closed regimes.
4. Australia, Brazil, Canada, Chile, Colombia, the European Union, Hong Kong, Japan, New Zealand, Norway, Singapore, and Switzerland expressed deep disappointment at the United States statement. Many of these delegations found the United States position unacceptable and noted that it was unprecedented to withdraw from negotiations when more than a month remained before the deadline. The European Union and Norway said that the United States may have timed its announcement to preempt efforts to create a package that it would have found difficult to reject. There was a general belief that significant progress had already been made in the negotiations, and there was every prospect of further progress before the end of June. All the delegations mentioned above reiterated their resolve to put together a substantial package of conditional offers in order to persuade the United States to participate, and strongly urged the United States to reconsider its position.

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5. Singapore, on behalf of the ASEAN countries, and Brazil argued that the principle of progressive liberalization, especially by developing countries, was central to the GATS, and this had been explicitly recognized in Article XIX of the Agreement. In their perception, the United States was demanding a higher degree of liberalization in maritime transport services than had been achieved in any other service sector. They felt that it was ironical that the US, who had insisted on negotiating services in the Uruguay Round, had now prevented the achievement of a fully multilateral outcome in three successive sectoral negotiations. Chile said that the position the United States had taken compromised the ability of the WTO to deal with an ambitious trade agenda.

6. Under item C of the agenda, matters relating to paragraph 7 of the Decision on Negotiations on Maritime Transport Services, Japan, the European Union and Norway again expressed their concern over the recent enactment of the United States legislation which permits the export of North Alaskan oil but reserves its transportation to United States-flag ships. Japan said that this legislation was in conflict with paragraph 7 of the Ministerial Decision on Negotiations on Maritime Transport Services and with the bilateral treaty on commerce and navigation between Japan and the United States, and requested details on the status of its implementation. The European Union said that it was notable that the only issue ever raised under this item of the agenda concerned a Member who had stated that its policies were among the most liberal. Referring to the United States statement in the previous meeting that the comments received by its Commerce Department prior to the enactment of the legislation had not included any from foreign governments, it said that it had expressed its concerns through normal diplomatic channels. In response, the United States said that it had already expressed its views on the subject in previous meetings. The relevant law did not improve its bargaining position. The United States Commerce Department had held hearings and no government had been prevented from presenting its arguments at those hearings. As a result of the hearings and an issuance on 28 April by the President, a notice had been placed in the United States Federal Register setting out the conditions of carriage, primarily concerning environmental and anti-pollution matters and the routing of vessels away from sensitive areas. Regarding the status of implementation of the law, no oil had yet been exported and no contract signed to sell oil overseas.

7. The Chairman confirmed that the NGMTS will meet at a high level on 4 June 1996 to give the negotiations the political impetus necessary for a successful conclusion.