



Agreed Minutes of the First Japan - China Shipping Policy Forum Meeting

1. Delegations from Japan, led by the Ministry of Land, Infrastructure, Transport and Tourism (MLIT), and the People's Republic of China, led by the Ministry of Transport, held the First Japan-China Shipping Policy Forum Meeting in Tokyo, Japan on June 10th and 11th, 2008. The Japanese delegation was led by Director-General for Maritime Bureau, Makoto Harunari, and the Chinese delegation was led by Deputy Director-General for Department of Water Transportation, Zhang Shou Guo. Both sides were accompanied by the maritime industry and the related organizations. A full delegation list is attached. The main purpose of the meeting was to exchange views on maritime policies of both sides and to make both sides share the common understanding on the global maritime issues.

2. Director General Harunari expressed his condolences to the victims and their relatives who suffered from the massive earthquakes in China's Sichuan province, and his sincere hope for reconstruction of the affected areas. Deputy Director-General Zhang Shouguo expressed his thanks to the sympathies and aids given by Japan.

3. Both sides reaffirmed that they are not only trading partners but also major shipping countries. They agreed to make best efforts for the stable development of international shipping for the future. They also confirmed that they would hold the forum annually to further promote their maritime relationships.

4. Both sides introduced current development in their shipping policies aiming to strengthen their competitiveness on international shipping market. The Chinese side introduced its Ad hoc Tax-free registration policy, launched in July, 2007 for a two-year period, for the Chinese-owned foreign-flagged vessels engaged in international voyage, which encourages certain qualified vessels to register back in China by exempting these vessels from customs duty and import VAT. The Chinese side also addressed some other measures to enhance the competitiveness of Chinese maritime industry, including training of senior seafarers, eliminating the sub-standard ships, improving the standards of domestic shipping industry and encouraging the development of private shipping companies. The Japanese side explained the establishment of the tonnage tax system aimed to increase the number of Japanese flagged vessels and seafarers, and to place the Japanese international shipping companies on an equal footing with other major foreign

shipping companies. Both sides recognized that it is crucial to ensure fair competition in the international shipping for the sustainable development of global economy. Both sides confirmed that they would continue to exchange their information on this matter.

5. Both sides exchanged their views on the anti-trust immunity for liner conference. The Chinese side illustrated certain principles established by the regulations of the People's Republic of China on International Maritime Transportation, which has taken effect since January, 2002, regulating the relevant activities of liner conference and other forms of consortia, and explained that these regulations remains enacted when Chinese Antitrust Law takes effect on Aug. 1st, 2008, while the supervision on the activities of the liner conference and consortia will be strengthened. The Japanese side expressed its view that the anti-trust immunity for liner conference has contributed to stable seaborne trade. The Japanese side also expressed its concern over the negative impact on international shipping market caused by abolishment of the anti-trust immunity for liner conferences, such as violent fluctuation of freight charge and degradation of transport service. The Japanese side informed that it intends to make further studies in order to assess the impact on the seaborne trade by abolishing the anti-trust immunity for liner conference. Both sides recognized the importance of the anti-trust immunity for liner conference and confirmed that they would carefully observe the impact on the shipping market caused by abolishment of the anti-trust immunity for liner conferences in EU. Both sides also confirmed that they would exchange their information on this matter.

6. Both sides exchanged their views on the maritime transport services negotiations in WTO. The Japanese side pointed out that application of the MFN treatment with sufficient commitments of liberalization on maritime transport services sector as a result of the Doha Round is essential for stable worldwide seaborne trade. The Japanese side reaffirmed that it would make its best effort to achieve the fruitful results as a chair country of the plurilateral negotiation group of maritime services sector in WTO. The Japanese side also expressed its concern that the U.S.'s position that it had not offered any commitments on this sector would have a negative impact on the future negotiation of the whole service sectors. The Chinese side informed that Chinese government fully implements its commitments on maritime transport services sector in WTO to move towards opening and fair competition in the international shipping market. The Chinese side also expressed its willingness to facilitate the liberalization on maritime transport sector on the relevant negotiations in WTO. Both sides agreed to closely cooperate to seek the concrete measures for successful results of the WTO negotiation on maritime

transport services sector.

7. Both sides including private sectors frankly exchanged their views on the perspective of the international shipping market. The Japanese side explained that delivery of a large number of new building ships especially around the year of 2010 might cause imbalance of supply and demand for the near future, although seaborne trade has been rapidly increased due to economic growth of Asian countries. The Chinese side expressed its view that the current trend of international shipping market might continue at least until 2009. The Chinese side also expressed its view to address properly the issues on overcapacity, shortage of seafarers and increasing of bunker price. The private sides of both countries informed of the result of the 17th Asian Shipowners' Forum (ASF), and introduced the highlighted point in the Joint Statement of the Forum, "the delegates of the ASF were urged to carefully monitor the world economy while avoiding reactions not based on a realistic view of the markets". Both sides confirmed that they would closely monitor the international shipping market and exchange their information on this matter.

8. Both sides exchanged their views on contribution to the Co-operative Mechanism for safety of navigation and environmental protection in the Straits of Malacca and Singapore. The Japanese side appreciated supports from the business communities such as the Japanese Shipowners' Association, the Petroleum Association of Japan and the Federation of Electric Power Companies of Japan and the Japan Gas Association. Japan also expressed its willingness to make continuous contribution to the Mechanism. Chinese side positively appropates the Singapore Statement concluded in Sep., 2007. Chinese side also introduced the implementation of the three projects supported by the Chinese government, including the Project on replacement of aids to navigation damaged by the tsunami. Both sides confirmed that they would keep their contribution to the Co-operative mechanism and expected that the mechanism would be promoted through more supports from the business communities and many related countries.

9. Both sides exchanged their views on the safety measures for crude oil transport. The Chinese side introduced its approaches in terms of regulation and practice to strengthen the administration on crude oil transport, including the implementation of MARPOL 73/78 and ISM code, the establishment of National Safety Management (NSM) Code, the mechanism to compulsively abolish over-aged tankers, the requirement of emergency response mechanism at various levels, and the work on establishing national

compensation fund for oil pollution at sea. The Japanese side explained navigation safety measures in congested ports and coastal areas, such as the establishment of the vessel traffic advisory service center which has been providing information necessary for safe navigation and also conducting traffic control. The Japanese side also introduced some measures for improvement of seafarers' skills such as training courses in I.A.I Marine Technical Education Agency (Marine Technical College). Both sides confirmed that safety measures for oil spill not only from tankers but also from bunkers are important and that they would continue to exchange their information with each other on this matter.

10. The Japanese side pointed out that it is essential to address the reduction of greenhouse gases (GHGs) emissions from international shipping and that the International Maritime Organization (IMO) should take the lead of discussion for reducing GHG emissions from international shipping, taking into account energy efficient feature of international shipping. The Japanese side explained the CO2 design index for new ships to evaluate the CO2 emission performance of the ship at its design stage, taking into account the anticipated performance in actual sea conditions and the use of energy conservation technology, which was proposed by Japan to MEPC 57 of the IMO. The Chinese side introduced the domestic measures taken by Chinese government to reduce GHG emissions, and addressed its concerns about the reduction of GHG emissions from international maritime transport. The Chinese side reaffirmed that under UNFCCC and Kyoto Protocol framework and the "Common but Differentiated Responsibilities" principle, cooperation to the reduction of GHG emissions from international shipping should be strengthened. The Chinese side expressed its view that financial and technical assistance should be provided by the developed countries to the developing countries.

11. Both sides exchanged their views on the seaborne trade facilitation. The Japanese side introduced the seaborne trade database project being carried out by the National Maritime Research Institute (NMRI) of Japan, which was proposed in APEC transportation working group and is included in the Action Plans of the China-Japan-Korea Ministerial Conference on Transport and Logistics. The Chinese side understands the importance of sharing information and statistics in facilitating the logistics and seaborne trade, and expressed its willingness to strengthen the cooperation in the establishment of the database through bilateral and multilateral mechanism. Both sides confirmed that they need to share the related information between two countries for the efficient seaborne trade in the world, and reaffirmed that they would co-operate with

each other on the establishment of the logistics information network system which was agreed in the second China- Japan – Korea Ministerial Conference on Maritime Transport and Logistics.

12. Both sides exchanged their views on the current activities of coastal cargo shipping. The Japanese side explained that coastal cargo shipping is energy-efficient and also friendly to environment. The Japanese side introduced the social experiment of feeder coastal routes which was carried out at Port of Kobe and Yokohama in 2006. The Chinese side emphasized that Chinese government has decided to boost its coastal and inland cargo shipping as a relative resources-saving and environment-friendly transportation mode. The Chinese side also introduced current approaches, such as standardization on ships along the Yangzi River and the Great Canal, and enhancement of the organization of small coastal and inland shipping companies. Both sides confirmed that coastal shipping is efficient transportation mode and further development of coastal shipping is expected, and that they would continue to exchange their information on this matter.

13. Both sides exchanged their views on cruise promotion measures. The Chinese side recognized the development and its potential in the cruise industry in China. The Chinese side recognized the development and its potential in the cruise industry in China. The Chinese side informed that Chinese government has launched its national coastal ports layout plan, which includes the arrangement of coastal cruise facilities and ports, and works on the measures to promote cruise industry. The Chinese side also expressed its calling to strengthen the dialogue and cooperation in this industry among related countries and regions. The Japanese side explained the situation of cruise industry in the Far East that the region used not to be deemed as a major cruise destination for the American and European cruise lines. The Japanese side pointed out that the world cruise industry, however, is now paying attention to the Far East region as a new cruise destination, taking into account of the recent economic development and improvement of living standard in the region. The Japanese side also pointed out that the Far East region has potentiality of development, and that bilateral and multilateral corporation among related countries is an essential factor for further development of cruise tourism in the region. Both side confirmed that they seek the way to improve cruise market in Asian area.

DONE on June 11th, 2008 in Tokyo, in English language.

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