

Summary of Specific Country Bilateral Negotiations

BRAZIL

The present maritime arrangement between the United States and Brazil can be traced to a 1970 Memorandum of Consultation, which has been extended with modification several times, most recently through December 31, 1985. The Administration is preparing to begin negotiations with Brazil later this year in which it intends to seek liberalization of the current arrangement, including greater access for independents, more pronounced competition by price and service, and greater incentives for adopting modern containerization techniques in the trade.

In a motion to the Federal Maritime Commission (FMC) filed April 15, 1985, the Administration asked that the FMC investigation of the U. S.-Argentine and U.S.-Brazilian trades (Docket #84-33) be suspended pending further consultations with the concerned governments. The FMC discontinued its investigation of the U.S.-Argentine trades (Docket #84-34) when Ivaran Lines (a Norwegian-flag operator) withdrew its petition, saying that it had received the assurances that it sought from the Government of Argentina that it would continue to operate in the trade.

CHINA

The U.S.-China maritime agreement expired in December 1983, and no successor agreement has yet been concluded. Four rounds of negotiations have been held, most recently in April 1984, but no solution has been found to the outstanding issues, notably the vexing problem of defining a cargo-sharing provision. The United States is pre-

pared to resume negotiations on a new agreement whenever it appears that there is a reasonable prospect of concluding a mutually satisfactory arrangement. Some U.S. carriers consider Chinese ports marginal; others perceive undue protectionist behavior on the part of Chinese trade agencies.

MALAYSIA

At the request of Malaysia, the United States agreed to hold bilateral discussions with the view to negotiating a maritime agreement if possible. Malaysian and U.S. representatives met in Washington on April 24-26, 1984, with inconclusive results. The major sticking point was that Malaysia wanted a very general agreement, calling for

fair and equitable access to cargo, while the United States insisted on a "procompetitive" agreement, which would have provided for third-flag access to bilateral liner cargo and competitive access to one another's trades with third countries. Neither side has requested a second round of talks.

PHILIPPINES

In a reaction to Philippine attempts to impose cargo sharing on bilateral liner trade, the United States agreed to hold bilateral discussions with the view to negotiating a maritime agreement if pos-

sible. During discussions held in Washington in February 1983, U.S. negotiators offered a "procompetitive" draft agreement, providing for competitive access to all commercial bilateral liner

cargo for the vessels of all flags, equal sharing of a limited amount of government-impelled bilateral cargo, and competitive access to one another's trade with third countries. No agreement was reached during the February 1983 meeting or in subsequent discussions.

In October 1983, FMC instituted a proceeding under section 19 of the Merchant Marine Act of 1920 to determine if "conditions unfavorable to shipping in the foreign trade" existed in the U. S.-Philippine trade. In May 1984, the Philippine

Government rescinded the implementing order with which it had attempted to impose cargo sharing on our bilateral liner trade, and in August 1984 FMC discontinued its proceeding. However, the notice of discontinuance stated that the FMC would continue to monitor the situation closely. Philippine laws apparently still remain in effect which would, if enforced, reserve for Philippine-flag vessels all of the Philippine Government-impelled cargo and 40 percent of the commercial cargo in each of the country's liner trades.