

MINUTES OF THE
JAPAN – UNITED STATES MARITIME
BILATERAL MEETING (4th)

March 19, 2018

Tokyo

Delegations from the Japan's Ministry of Land, Infrastructure, Transport and Tourism (MLIT), Maritime Bureau and the U.S. Department of Transportation, Maritime Administration (MARAD) met in Tokyo, Japan, on 19 March 2018, to discuss matters of mutual interest in the maritime transportation sector. The Japanese delegation was led by Director-General Atsumi Gamo and the U.S. delegation was led by Maritime Administrator Rear Adm. Mark H. Buzby. Full delegation lists follow as Annex One. The agreed agenda for the meeting follows as Annex Two. The discussions were friendly and productive with each side confirming the value of working together to promote their mutual interests in the development of international maritime transportation.

Japan expressed high hopes for the expanded Panama Canal in terms of efficient energy transportation, as well as their concern that the current booking slot restriction. The U.S. indicated that additional LNG vessel's booking slots would be secured according to Panama Canal Authority.

Japan emphasized the importance of developing multilateral frameworks for trade liberalization such as TiSA from a viewpoint of realizing a fair and free shipping market. The US took note of Japan's comment.

The U.S. discussed technology related to Maritime Autonomous Surface Ships (MASS) developing quickly in Europe (especially the Scandinavian countries) and China. The parties expressed concerns with GPS spoofing and other threats to MASS and discussed how MASS would fit within existing regulatory framework and technology developments of ports and infrastructure. Japan explained their view that a regulatory scoping exercise should cover various levels of automation ranging from partially automated systems that assisted a human crew to fully autonomous systems that require no human intervention. Japan also expressed their view on the necessity of consideration for securing the entire maritime traffic safety including conventional ships.

Japan highlighted the importance of the inspection and maintenance of mooring equipment including lines for both new and existing ships. Japan and the U.S. agreed to cooperate in the discussion on safety measures of mooring operations and to continue to cooperate on the draft amendments to the 1974 SOLAS Convention and associated instruments. Japan and the U.S. shared their view that multiple routes would be available by the navigation in polar waters, which would be beneficial for shipping companies and that compliance approaches to the Polar Code should be shared among countries.

The U.S. expressed gratitude to Japan for their cooperation in enforcing sanctions against the

Democratic People's Republic of Korea and stated that the U.S. was seeking cooperation from other states to improve the vetting of customers by businesses. The U.S. stressed that cybersecurity was an operational issue that should be addressed at the highest levels. The U.S. showed their work to develop the holistic risk management approach to manage cyber risks with stakeholders. Japan agreed with the importance of cybersecurity, and thanked the U.S. for taking the initiative of the discussion on cybersecurity at the International Maritime Organization (IMO).

Japan stated that the shipbuilding industry in Japan was in a slump due to suppressed vessel prices and an oversupply and expressed their concern that China and Korea were providing financial support to their shipbuilding industry. Japan also stressed that shipbuilders that should have exited the market due to poor performance were still building ships. The U.S. agreed that an oversupply of shipping capacity was a global challenge, that poorly performing companies should exit the market, and would like to work with Japan on this issue.

The U.S. explained that, at the time of the carrier alliance reshuffling in 2016, shippers expressed their concern that large carrier alliances might reduce choice and competition, and terminal congestion resulted from new vessel rotations and increased container volume. The U.S. also explained that the alliance realignment required some adjustment by terminal operators and port managers. Japan stated that terminal consolidation had yet to begin in Japan and whether the formation of Ocean Network Express (ONE) would impact the container shipping business had not been identified. Regarding the fear of competitive harm through mergers and alliance formation, Japan and the U.S. concluded that the commoditization of shipping services and intense competition would prevent large companies from exercising monopoly power.

Japan mentioned their concern that shipping industries and manufacturers of Ballast Water Management (BWM) systems may have excessive burdens. In this context, Japan urged the U.S. to align the U.S. regulations with the Convention. The U.S. provided information on a new extension program that the BWM systems under the application for type-approval at the United States Coast Guard (USCG) may be granted extension up to 12 months. Japan also stated that a vessel which had already installed BWM systems approved under the Convention, at least, should be exempted from the U.S. regulations. Japan expressed their hope that as many countries as possible join the Hong Kong International Convention for the Safe and Environmentally Sound Recycling of Ships, 2009. The U.S. explained that they would need to perform inter-agency review before becoming a party to the Hong Kong International Convention. Japan and the U.S. mentioned that they found many points of agreement and would continue to work together.

The U.S. discussed the need to expand the U.S. flag fleet to fulfill the demand for the merchant marine to transport military assets in case of emergency, and would like to engage with Japanese businesses to increase the number of U.S.-flagged roll-on/roll-off (RORO) vessels. The U.S. also explained that encouraging U.S.-flagged vessels was a matter of national security for both Japan and the U.S. considering

the threat in the Asia Pacific region. Noting the importance of national security, Japan mentioned that it was also important to encourage industry to use U.S.-flagged vessels without distorting level playing field in shipping market.

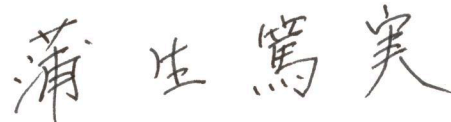
Japan stressed that the exchange of personnel between agencies was effective in deepening relationships, and appreciated the U.S. acceptance of Mr. Sago to MARAD, while indicating their willingness to accept the U.S. personnel to the Japan Maritime Bureau. The U.S. expressed their excitement at Mr. Sago coming to MARAD.

Japan thanked the U.S. delegation for their attendance and discussion. The U.S. thanked the Japanese delegation for the productive engagement that laid a foundation for success, as well as for their hospitality. The U.S. proposed to host the next Japan-U.S. Bilateral maritime meeting in Washington, D.C. in Spring of 2019.

Done on March 19, 2018 in Tokyo



Rear Adm. Mark H. Buzby
For the Department of Transportation
United States of America



Atsumi GAMO
For the Ministry of Land, Infrastructure,
Transport and Tourism
Japan

Japan-United States Maritime Bilateral Meeting (4th)
List of participants of Japan
19 March 2018

Ministry of Land, Infrastructure, Transport and Tourism (MLIT) delegation

Mr. Atsumi GAMO

Director-General, Maritime Bureau, MLIT (Ministry of Land Infrastructure, Transport and Tourism)

Dr. Shinichiro OTSUBO

Senior Deputy Director-General, Maritime Bureau, MLIT

Mr. Yasushi BABASAKI

Deputy Director-General, Maritime Bureau, and Ports and Harbours Bureau, MLIT

Mr. Yoshifumi MIYATAKE

Deputy Director-General for Engineering Affairs, Maritime Bureau, MLIT

Mr. Teruki YAMADA

Director, International Shipping Division, Maritime Bureau, MLIT

Mr. Noriaki USUI

Director, International Planning and Coordination Office, General Affairs Division, Maritime Bureau, MLIT

Mr. Jun KOHNO

Director, International Affairs Office, Shipbuilding and Ship Machinery Division, Maritime Bureau, MLIT

Mr. Akira ISHIHARA

Director, Ship Safety Standards Office, Safety Policy Division, Maritime Bureau, MLIT

Mr. Shin IMAI

Director of International Office, Ocean Development and Environment Policy Division, Maritime Bureau, MLIT

Mr. Akihiro TAMURA

Director of Engineering Policy Planning Office, Ocean Development and Environment Policy Division, Maritime Bureau, MLIT

Mr. Ko KOISO

Director, International Negotiations Office, International Shipping Division, Maritime Bureau, MLIT

Mr. Shuji UEHARA

Director of Port Logistics Strategy Office, Port Management and Operation Division, Ports and Harbours Bureau, MLIT

Mr. Takahiro YAMAMOTO

Director of Security and Emergency Management Office, Coastal Administration and Disaster Management Division, Ports and Harbours Bureau, MLIT

Mr. Shuji MAEDA

Principal Deputy Director, National Security Policy Division, Foreign Policy Bureau, Ministry of Foreign Affairs

(There were some observers from MLIT and Japan Coast Guard.)

Government of the United States delegation

Rear Adm. Mark H. Buzby

Administrator

United States Maritime Administration

Mr. Michael A. Khouri

Acting Chairman

United States Federal Maritime Commission

Captain Lee Boone

Commanding Officer, U.S. Coast Guard Activities Far East

U.S. Coast Guard

Mr. Paul A. Brown

Acting Deputy Assistant Secretary for Transportation Affairs

Bureau of Economic and Business Affairs

United States Department of State

Mr. Lonnie Kishiyama

Director, Office of International Activities

United States Maritime Administration

Mr. Tyler Wood

General Counsel

United States Federal Maritime Commission

Mr. Kenji Shibachi

Interpreter, U.S. Coast Guard Activities Far East

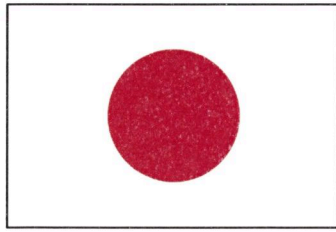
U.S. Coast Guard

Interpreter

Ms. Hiromi Adachi

Ms. Chihiro Ishigaki

Ms. Fumiko Tomita



Japan - United States Maritime Bilateral Meeting (4th)
Agenda
19 March 2018

- 10:00-10:15** Introductions, opening remarks, and group photo
- 10:15-10:30** (1) The effect of Panama Canal expansion (Lead: Japan)
- 10:30-10:45** (2) Trade in Services Agreement (TiSA) (Lead: Japan)
- 10:45-11:15** (3) Autonomous Ship (Lead: U.S.)
 - ① Autonomous vessels & ports
 - ② Regulatory scoping exercise for Maritime Automated Surface Ship (Lead: Japan)
- 11:15-12:00** (4) Safety issues (Lead: Japan)
 - ① Safety measure for mooring operation
 - ② Safety of onboard lifting appliances and winches
 - ③ Safety requirement for passenger ships in case of flooding
 - ④ Polar code (Lead: U.S.)
- 12:00-13:45** Lunch
- 14:00-14:45** (5) Security issues (Lead: U.S.)
 - ① DPRK Sanctions
 - ② Maritime cyber security (Lead: Japan)
 - ③ International Port Security
- 14:45-15:00** (6) Japanese commercial shipbuilding industry update (Lead: Japan)
- 15:00-15:30** (7) Consolidation in ocean common carrier industry (Lead: U.S.)
 - ① Alliance operations after realignment
 - ② Merger of Japanese lines into ONE
 - ③ Antitrust compliance and regulations
- 15:30-16:15** (8) Environmental issues (Lead: Japan)
 - ① Greenhouse gas emissions
 - ② Ballast water management
 - ③ Ship recycling
- 16:15-16:30** Break
- 16:30-16:45** (9) Possibilities for US-flag Car Carrier Operations (Lead: U.S.)
- 16:45-16:55** (10) Strengthening the relationship between the Japan Maritime Bureau and United States Maritime Administration through an exchange program (Lead: Japan)
- 16:55-17:05** Closing remarks / Discussion of future cooperation