

**AGREED MINUTES OF THE
UNITED STATES-JAPAN MARITIME
BILATERAL DISCUSSIONS**

**August 15, 2014
Washington, DC**

Delegations from the Japan Ministry of Land, Infrastructure, Transport and Tourism (MLIT), Maritime Bureau, and the United States Department of Transportation, Maritime Administration met in Washington, DC, on 15 August 2014, to discuss matters of mutual interest in the maritime transportation sector. The United States delegation was led by Maritime Administrator Paul N. Jaenichen and the Japanese delegation was led by Director-General MORISHIGE, Toshiya. 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 transport. Both sides applauded the detailed and thorough preparation that enabled an extensive exchange of information.

Afterward, the U.S. and Japan delegations both agreed on the importance of regular communication and coordination on maritime issues. During the opening statements, both sides mentioned shared maritime topics of concern, which included the transportation of energy, environmental issues and cooperation at multilateral fora as important aspects of the relationship.

There was mutual interest in the Panama Canal Expansion and the impact it would have on international trade. Japan stressed the importance of maritime transportation due to its island geography and that the Panama Canal expansion will diversify supply routes for Japan, in particular for energy. The United States discussed the Maritime Administration's Panama Canal Expansion Study – Phase I Report that it had released on the impact of the Canal expansion. The United States shared this report with Japan.

Environmental standards for maritime transportation was the next topic discussed. Japan posited that greenhouse gas reduction, ballast water management and other environmental issues are most appropriately addressed at the International Maritime Organization (IMO), rather than at the regional level. The United States and Japan reaffirmed their intention to cooperate with one another at the IMO, specifically at the Marine Environmental Protection Committee (MEPC). Each side further acknowledged appreciation for the other's support on certain IMO environmental issues, particularly on Tier III standards and ship efficiency standards.

The Recognized Organizations (RO) code was discussed among the delegations. Both Japan and the United States support language for the RO Code limiting a country's regulation of its recognized organizations only to ships flying the country's flag.

On the topic of liquefied natural gas (LNG) fueled vessels, the United States noted that LNG will be a more common propulsion source as the ultra-low sulfur diesel requirements come into force in 2015. In addition to its utility as a propulsion fuel, each acknowledged that LNG will also play a key role in each country's energy needs. The United States further expressed that LNG exports to Japan could be a way to strengthen their alliance and that the United States would like LNG exports to Japan to be on US-flag vessels with US-citizen seafarers. Japan also expressed its hope that LNG imports to Japan will be transported by Japanese merchant fleet vessels under the market mechanism. In this regard, Japan referred to bills recently submitted to Congress that aim to give priority to the issuance of licenses for LNG export facilities using US-flag vessels, and expressed its concern about the bills from the perspective of free international trade. Both countries agreed that there is room for further dialogue about this issue.

Ocean carrier agreements were also discussed. The United States provided a brief summary of its Shipping Act of 1984. While explaining that it cannot go into detail on pending matters, the United States wants to ensure a level playing field and compliance with the rules. The Federal Maritime Commission is interested in hosting a second global summit on alliance-related issues, similar to one it held with the European Union (EU) and China in December 2013. Japan stated that the Maritime Bureau of MLIT, the authority of maritime transportation laws in Japan, would welcome an opportunity to hold a forum/summit to discuss these issues.

The United States and Japan agreed that their positions are similar on cabotage, feeder and offshore services as discussed at the World Trade Organization (WTO) and related maritime negotiations, in particular the Trade in

Services Agreement (TISA). The parties agreed to provide support to one another where their interests aligned.

In the area of Port Development, the United States presented information on its Strong Ports program. Japan presented information on Colins, a member-based information service to track cargo moving in and out of Japanese ports, and NEAL-NET, a supply chain information program among Japan, Korea and China. With regard to Colins, the United States commented that the Department of Commerce, which was not present at the meeting, would be best placed to provide additional information. Each country agreed to provide additional information the other about its respective supply chain data programs.

Regarding Cruise Line promotion, Japan described its efforts to promote passenger-ship tourism, in particular in the cruise market. The United States Coast Guard described its safety and security of cruise vessels and cruise passengers.

The United States and Japan each presented a profile of its merchant shipping fleet. Each also discussed the decline in the number of ships operating under national flag in long term and expressed concern with the effect of the decline on the availability of trained seafarers. Japan provided information on the trend of Japanese flag ships, whose numbers have been recovering in recent years. The United States requested Japanese support for use of the United States' Maritime Security Program (MSP) fleet to transport Japanese cargoes, particularly automobiles. While Japan understood the importance to promote national flag ships and seafarers, Japan also expressed that the flag of the vessel, especially for LNG export from the United States, should be determined through the market mechanism.

Seafarer training was also discussed with both countries expressing a desire to improve seafarer education and training. In this vein, there was agreement to exploring opportunities to work together to learn from each other's policies.

Visibility of maritime industry was a mutual topic of concern. Both countries agreed that they would continue efforts to educate the general public on the importance of the maritime industry. There was agreement on the need for creativity and collaboration to develop ways of maximizing promotion of the industry at the lowest cost possible. Japan also introduced that World Maritime Day Parallel Event will be hosted by Japan next July, and asked the United States to participate in the event.

Anti-piracy operations are important to both countries. Japan informed that last year it decided to authorize armed guards on its merchant vessels. The United States discussed its interagency efforts to develop best management practices for anti-piracy and risk mitigation measures tailored to the specifics of each geographic area of concern. Japan and the United States both expressed concern with piracy off the coast of Somalia, the Gulf of Guinea, the Strait of Malacca and Singapore.

Both countries thanked each other for the productive discussion and agreed that there are no quick and easy solutions to the agenda issues. Both countries agreed that continued dialogue is critical and will continue to work together intersessionally to exchange information on each country's shipping developments and policies. Japan proposed to host the next U.S.-Japan Bilateral maritime discussions in Tokyo in 2015.

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