

**AGREED MINUTES OF THE  
REPUBLIC OF KOREA – UNITED STATES  
MARITIME BILATERAL DISCUSSIONS**

**June 16, 2016  
Sejong, Korea**

Delegations from the Republic of Korea (ROK) Ministry of Oceans and Fisheries (MOF) and the United States Maritime Administration (MARAD) held bilateral maritime consultations at Sejong Convention Center in Sejong City, Korea, on June 16, 2016. The Korean delegation was led by Vice Minister Yoon Hag-bae and the U.S. delegation was led by Maritime Administrator Paul N. Jaenichen. Delegations shared perspectives and information on a range of topics, including national maritime strategies, U.S. shipping policy direction regarding sanctions on Iran and Cuba, shipping market orders, car carrier operations, U.S. training ship visits to Korea, mutual cooperation on Port State Control (PSC) and Zika control and prevention measures. Korean attendees included representatives from the MOF, the Ministry of Foreign Affairs (MOFA), the Korea Centers for Disease Control & Prevention (KCDC), the Korea Shipowners' Association (KSA), and Hyundai Glovis Limited. U.S. attendees included representatives from the Maritime Administration (MARAD), the U.S. Coast Guard (USCG), the Federal Maritime Commission (FMC), and the U.S. Department of State (DOS).

The meeting began with an introduction of national maritime strategies of both countries. Korea introduced its shipping and port policies by mainly focusing on MOF's 2016 major goals and policy agendas. As for major shipping policies, Korea mentioned: (1) strengthening competitiveness of the shipping industry; (2) providing a safe and convenient coastal maritime transport network; (3) bringing up a competent mariner workforce; and (4) facilitating the Northern Sea Route (NSR). Regarding its port policies, Korea introduced: (1) building high value-added ports; (2) developing ports' hinterlands; (3) renewing the existing ports; and (4) enhancing the efficiency of port operations.

The U.S. presented MARAD's proposed national maritime transportation strategy, which will soon be released, and strategic goals, which included: (1) expand the capacity of U.S. international gateway ports to accommodate larger vessels; (2) improve waterborne transport to reduce congestion and increase mobility throughout the domestic transportation system; (3) strengthen maritime capabilities essential to economic and national security; (4) modernize the maritime workforce and inspire and educate the next generation of mariners; and (5) drive maritime innovation in the shipping sector. As for the NSR, the U.S. emphasized the importance of striking a balance between conservation and development and expressed concerns about the consistency of Russia's NSR operation scheme with international law as reflected in the United Nations Convention on the Law of the Sea (UNCLOS). The U.S. provided the Korean delegation with a copy of the points submitted to Russia.

Next, the U.S. led a discussion on its shipping policy direction regarding the sanctions on Iran and Cuba. The U.S. explained its policies toward Cuba, which aims at a "peaceful, prosperous, and democratic Cuba," mentioned by President Barack Obama during his speech in December 2014. The U.S. added that authorized cargo and passengers can be transported between the U.S. and Cuba. As for the sanctions on Iran, the U.S. explained that business with Iran is not subject to the current U.S. sanctions if it is carried out by non-American enterprises. Non-nuclear-related U.S. sanctions will remain in place, including those targeting Iran's support for terrorism, its human rights abuses, and its destabilizing activities in the region. In addition, sanctions that generally target weapons of mass destruction and ballistic missiles remain in place and will be vigorously enforced. Korea asked whether vessels calling at Iranian ports would be allowed to register for the U.S. reinsurance plan and

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to make payments in dollars. The U.S. side answered that the sanctions are still in place regarding such vessels registering for the U.S. reinsurance plan.

The market order in shipping was then discussed. Korea presented its perspective on the current shipping market conditions, including: oversupply of vessels and low freight rates caused by vessel size-up trends; increasing mergers and acquisitions; and the reshaping of shipping alliances. Korea asked Federal Maritime Commissioner Michael A. Khouri about the FMC's position on the recent changes in shipping alliances. Commissioner Khouri responded by elaborating on the functions the FMC has in order to protect shippers and consumers from unfair trade. Korea asked about the approval process for Ocean Alliance and THE Alliance and the time required for review. Commissioner Khouri answered that official applications of both alliances have yet to be filed. He added that considering the days needed for the question and answer period in addition to 45 days of review after an official filing, reviews require about 120 to 180 days in general, depending on the responsiveness of the applying companies.

The next topic centered on the participation of U.S. car carriers in delivering vehicle exports from Korea to the U.S. The U.S. said that although shipping plays an important role in the transport of the U.S. military cargo and troops, it is worrisome that the U.S. shipping fleet has been in decline. The U.S. provided background on its suggestion by adding that in order to be utilized in urgent materiel transport, the 60 vessels secured through the Maritime Security Program (MSP) and, among those, 16 are car carriers and four are vessels cooperating with Korea, are now searching for opportunities to participate in Korea-U.S. trade. At the request of the U.S., both delegations agreed on the idea that the two nations will proceed if it is a commercially win-win strategy.

Both delegations moved on to the next topic, U.S. training ship visits to Korea. The U.S. asked whether Korea would grant sovereign immunity to the U.S. training ships under international law, as the training ships are non-commercial vessels owned by MARAD and used for mariner training and humanitarian purposes. The Korean side answered that in Korea there is no clear rule or regulation governing foreign training ships visiting Korea. The Korean side added that these vessels may be immune from arrest, search, seizure, compulsory execution or other necessary orders taken by the relevant authorities since they are considered non-commercial vessels under international law. However, Korea stated that regarding port dues and tax exemption, Korea has the principle of reciprocity. Therefore, Korea needs to review the relevant rules and regulations in the U.S. before having further consultations. Also, Korea asked the U.S. for cooperation by mentioning that Korea's training ships have not called at ports in the U.S. due to visa issuance issues after calling in 1994 and 2003. Both agreed on the importance of seafarers exchange and marine training and highly acknowledged efforts the both sides had made. Additionally, they decided to further discuss through diplomatic channels how to enable training ships to call at ports in both countries.

Next, the two delegations moved on to cooperation on PSC. As the founding member of the Tokyo Memorandum of Understanding (MOU), Korea explained that Korea has spared no efforts in managing safety for Korean-flag vessels and implementing PSC for foreign vessels entering into Korea. The Korean side added that thanks to strong safety management efforts, including pre-inspection and accompanied inspection measures, Korean flagged vessels calling at U.S. ports have been maintaining the Qualship 21 status in the U.S.

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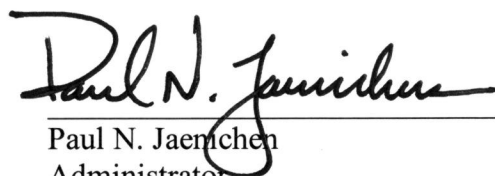
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Also, Korea suggested cooperative projects, such as a Port State Control Officer (PSCO) exchange, as well as sharing information through inter-governmental cooperative channels in case Korean flagged vessels are detained at U.S. ports in the future. Regarding this, the U.S. responded that currently the U.S. operates a database in order to provide PSC information and that its inspection process is transparently operated in accordance with the USCG guidelines. Regarding a potential PSCO exchange, the U.S. answered that although there is no official program in the U.S., this issue can be further discussed with the USCG liaison officer at the U.S. Embassy in Seoul.

Then, the U.S. spoke about Zika virus control and prevention. The U.S. stressed that measures to control the Zika virus should not restrict vessels' navigation, and the health of passengers and seafarers must be considered. To that end, the U.S. said that it is necessary for countries to coordinate with one another within the IMO. The U.S. is also concerned that if insecticides are used, they can affect vessels and their equipment, in addition to the health of passengers and seafarers. In response, a representative from the KCDC said that the centers currently requested mosquito control without affecting public health. The KCDC representative added that currently individual vessels have carried out mosquito control independently and submitted supporting documents to demonstrate such control.

Lastly, both delegations discussed the signing of the MOU on ROK-US Maritime and Logistics Cooperation and measures to strengthen bilateral cooperation. Korea suggested that both sides finish revising the MOU draft via working-level discussions, go through necessary procedures, and proceed to sign the MOU in a timely manner once the MOU is finalized. Also, Korea expressed interest in reviewing mutual recognition of seafarers' certification needed for seafarer exchanges and conducting exchange programs for public officials between the MOF and MARAD. In addition, Korean officials proposed that they lead a pilot program exchanging public officials.

In closing, both agreed to hold the next meeting in the U.S. with a date to be determined in the near future.



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Administrator  
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U.S. Department of Transportation  
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Date



Yoon Hag-bae  
Vice Minister  
Ministry of Oceans and Fisheries  
Republic of Korea

Date