OECD WORKSHOP ON MARITIME TRANSPORT

EU VIEWS ON INTERNATIONAL MARITIME RELATIONS

Paper submitted by the European Commission - DG TREN

Paris, 8-9 January 2003

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JT00137041

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EU VIEWS ON INTERNATIONAL MARITIME RELATIONS

Objective and Outline of the paper

1. The main objective of the paper is to present how the EU has responded up to now to the need to provide a coherent concept for the external action of the Community in the field of shipping as well as a comprehensive framework within which such action can be undertaken. The central aim of Community action in the field of external maritime relations is to facilitate trade, support effectively the EC shipping industry and secure free access and fair competitive conditions in the world market on the basis of reciprocity. This general policy approach could be contemplated by other major partners and regional economic bodies.

   – Section 1 provides facts and data about the importance of the EC maritime industry and the need for defining a maritime external relations strategy;

   – Section 2 underlines the EC strategic objectives and means of action within the field of external maritime relations;

   – Section 3 provides a structured approach as regards EC concrete action within the field of external maritime relations;

   – Section 4 analyses the structure and main shipping policy objectives in respect to the recently signed EU-China maritime agreement;

   – Section 5 highlights EC priorities for maritime transport services within the framework of the GATS 2000 round;

   – And finally, Section 6 touches upon the significance of maritime security measures for external maritime relations.
The importance of the EU maritime industry and the need for defining a maritime external relations strategy.

1.1 The importance of the EU maritime industry.

2. As a major trading region of the world, the EU wants to underline that around 90% of its external trade in volume and over 42% of the trade between Member States is carried by sea. Hence the strategic importance of shipping to the EU economy and well-being. In addition, European shipping plays a key role in cross trades and contributes also thereby to the globalisation process of the world economy. The EU-controlled fleet represents 34% of the world fleet in gt. terms with some of the world’s largest shipping companies based in the EU.

3. The European controlled fleet is well represented in the full range of different vessel types, notably in container vessels representing 47% (23% EU flag) of the world fleet, in bulk carriers approx. 32% (8%), in general cargo vessels 28% (11%) and in ro-ro passenger and ro-ro cargo vessels respectively 56% and 41%. Moreover, the ongoing renewal of the European fleet is reflected in the average age of the total fleet, which in mid-2002 stood at 11.9 years as compared with 13.5 for the world average.

4. More than 190,000 seafarers are currently employed on E.E.A. (EU, plus Norway) flagged vessels, some 70% of EU nationality. Employment in the wider maritime sector, including shipping company offices, agencies, shipyards, equipment manufacturers, ports and terminals is estimated to be substantially more than 2 million people. In addition, the logistic services provided by maritime operators significantly contribute to the overall European transport sector which employs more than 10 million people.

1.2 The need for a maritime external relations strategy

5. Shipping being a de facto global business serving all continents underlines the necessity of an active external relations policy. The wide spectrum of shipping services connects the EU with virtually all foreign ports. At the same time, a large part of the fleet is engaged in serving the trades between the other continents – the so-called cross trades. It will be evident, therefore, that economic developments, national policies, as well as bilateral, regional and multilateral agreements account for the continued considerable interest and attention devoted by EU Member States governments to the maritime industry.

6. A liberalised trading environment is essential for EU shipping, as well as for the national economies relying on imports and exports by sea. Nevertheless, the EU shipping industry continues to face barriers and varying degrees of operational and procedural difficulties in third countries with a direct negative impact on efficiency, costs and the trade. Without being exhaustive, these obstacles include: different forms of protectionism in favor of national shipping interests and shore-based ancillary services – licensing requirements – inadequate infrastructures and equipment – organisational shortcomings – inefficient clearing and delivery of cargoes – arbitrary implemented charges, without any services provided in return – unsubstantiated, unjustifiable and/or disproportionate penalties by customs or other local authorities.

1 Source: ISL Shipping Statistics and Market Review, 2002
2 Source ECSA annual report 2001/2002
7. It is in response to these facts and circumstances that the EC has defined its external shipping policy. For the benefit both of its foreign trading to and from all continents and the deployment of its fleet on all seas, the Community strives to achieve the application of market economy commercial principles on an open world shipping market, free from distortions of competition.

8. EC external action in the field of shipping needs to take into account conflicting economic, competitive and political forces influencing the international shipping environment, as well as EC policy priorities in respect to quality shipping, safety and security measures considerations. The political and economic events of the late 80’s and 90’s resulting notably from the creation of new trading patterns in Eastern Europe and in Asia have left their mark on shipping policy developments world-wide. Rapidly changing world events including new political and economic realities in both developing and developed countries, increased awareness of social, environmental and economic disparities have significantly affected the approach of numerous countries to international shipping. As a consequence, significant shipping policy developments have taken place in numerous developing countries, resulting in fragmentation of previous common shipping policy approaches. Liberalisation in the field of shipping has in general terms gained ground in Latin America and certain parts of Asia, although not yet in Africa.

2. EC strategic objectives and means of action within the field of external maritime relations.

2.1 EC strategic objectives in the field of external maritime relations

9. The basic policy orientation in favor of free and fair competition in world shipping has been the traditional one generally followed by the member States, which have formulated common shipping policy principles. An active policy to combat the problems arising from the protectionist policies of third countries was difficult to conduct individually or even as a group outside the Community framework.

10. The set of basic principles to guide Community action in shipping\(^3\) can be summarised as follows:

- The Community shall seek, where regulatory action is necessary and in particular where the competitive position of community shipping is affected, wide international agreement rather than take unilateral Community action.
- The Community shall ensure equality of treatment for Community shipowners.
- The Community shall pursue a non-protectionist shipping policy, based on the principle of free and fair competition in world shipping, taking into account the interests of the Communities trading partners, including the developing economies.
- The Community shall seek to improve the commercial competitiveness of Community shipping.
- The Community shall support international efforts to maintain and improve the standards of maritime safety & security.

11. The central aim of EU external action in the field of shipping is to serve effectively the shipping industry and trade interests of the EU by securing free access and fair competitive conditions in the world market, where shipowners compete and offer their services. The guiding principles set out already in 1985

\(^3\) Commission Communication in the field of maritime transport, 6869/97 MAR 16, [COM (96) 707 final]
retain generally their validity under current conditions of the international shipping market and the present context in which the Community’s external shipping relations develop. Taking into account its policy interests, the existing conditions of the international shipping market and the present political and commercial international context, the EU therefore pursues the following shipping policy objectives:

**Market Access and commercial presence**

- Consolidation of developments towards liberalisation that have taken place in recent years in respect of shipping policy internationally.
- Increased opportunities for European shipowners to provide services in the trades with and between third countries, including the provision of multimodal transport services involving a sea leg.
- Removing other unilateral measures adversely affecting shipping activity (e.g. discriminatory taxation or treatment of ships in ports).
- Ensuring equal treatment, on the part of third countries, of vessels flying the flag of EU member states or operated by EU nationals/companies.

**Operating Conditions**

- Promote the adoption, observance and enforcement of appropriate international standards relating to the safety of ships and crew and the protection of the marine environment.
- Achieve fair competitive conditions in the world shipping market, through the adoption and enforcement of internationally applicable standards in the fields of maritime safety, protection of the marine environment and maritime security.

**Co-operative action**

- Promote co-operation with third countries and in particular with countries having developing economies, where European shipowners are operating and trading.
- Provision of technical assistance that can serve mutual interests by resolving problems and promoting convergent policy approaches.

### 2.2 Means of Community Action in the field of Maritime External relations

12. In pursuance of its objectives in external relations in shipping, the EU may have recourse to a range of measures.

13. The **various means of Community action** may be classified in the following types:

<table>
<thead>
<tr>
<th>Pre-emptive action:</th>
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<tbody>
<tr>
<td><strong>Seeking agreement on policy principles and a common approach to specific issues arising.</strong></td>
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<tr>
<td>Agreements with third countries, including agreements on principles of shipping policy, negotiated by the</td>
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</tbody>
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4 Commission Communication in the field of maritime transport, 6869/97 MAR 16, [COM (96) 707 final]
5 Commission Communication in the field of maritime transport, 6869/97 MAR 16, [COM (96) 707 final]
Commission on the basis of a Council authorisation and concluded by the Council. The need for such agreements arises in the absence of a multilateral agreement that would meet the Community objectives. Such agreements may be sectional or part of a general economic and trade agreement.

Multilateral consultations and agreements on maritime transport issues (e.g. WTO framework);

Consultation with third countries, whether or not within the framework of an existing agreement, to evaluate policy options better, influence policies of third countries and reach understanding on a basic policy approach.

**Addressing problems arising from restrictive measures of third countries.**

Demarches to third countries, which may need to be followed by consultations;

Consultations with third countries, whether or not within the framework of an existing agreement, to address restrictive measures taken or other specific problems that have been already identified with those countries;

Measures to counter restrictions by third countries on market access, if consultations do not succeed.

**Seeking to secure fair competitive conditions**

Action to counter advantages obtained by foreign shipowners from third government measures or support (elimination of cargo preferences measures, unfair pricing practices in international liner shipping, subsidies and fiscal advantages, adoption and enforcement of appropriate international standards relating to the safety of ships and crew and the protection of the marine environment);

Action to ensure compliance with internationally applicable rules and standards (vigorous enforcement of PSC in the EU and in the area covered by the Paris MOU, promotion of PSC in other regions by cooperating with interested third countries as well as within the IMO framework, promotion of the adoption and enforcement of appropriate international standards through consultation and assistance to third countries (e.g. in respect to maritime safety and security considerations).

**Co-operative activities**

Provide assistance to third parties, to assist their shipping sector and enable their shipping companies to provide competitive services in a free shipping market environment, to promote institutional reform and enhance training procedures for application of International Conventions (e.g. International Convention on Standards of Training, Certification and Watchkeeping ’95, as amended and the recent International Ship and Port Facility Security Code, in respect to security considerations).

3. EC concrete action within the field of external aspects of maritime transport.

3.1 *Existing EC legislation and its application in the field of external maritime relations*

14. The main legal instruments on shipping adopted by the EU to date in the field of external maritime relations are as follows:

- The Council Decision 77/587 which sets up a consultation procedure on relations between member States and third countries in shipping matters and on action relating to such matters in international organisations;

- The four Regulations adopted by the Council in December 1986, namely:
• Council Regulation 4055/86: concerning the application of the principle of freedom to provide services to maritime transport between member States and between member States and third countries;

• Council Regulation 4056/86: concerning the application of concrete articles of the European Union Treaty to maritime transport, in order to ensure effective competition in the liner shipping trades.

• Council Regulation 4057/86: concerning unfair practices in maritime transport and Council Regulation 4058/86: concerning co-ordinated action to safeguard free access to cargoes in ocean trades;

The above regulations constitute a coherent package of E.U. instruments in pursuance of a non-protectionist policy, while applying the basic provisions of the E.U. Treaty.

3.2 EC maritime relations with third countries today.

15. EC relations with third countries have developed to-date by means of agreements, consultations, as well as various forms of co-operation including technical assistance.

Agreements with third countries

16. The Community has so far concluded one maritime agreement with China – while negotiations for a maritime Agreement with India are hopefully about to start – as well as a number of general agreements with third countries or group of countries, containing substantive provisions related to maritime transport services. In this category belong notably the African, Caribbean and Pacific (ACP) Agreement, the Partnerships and Co-operation Agreements, the Europe Agreements and the European Economic Area Agreement.

17. Over the years the Community has in addition concluded also trade and economic co-operation agreements with numerous third countries. In several such agreements, maritime transport has been the subject of an exchange of letters annexed to the agreement, whereby the parties undertake to address any issue relating to the operation of shipping with a view to finding solutions to problems that may potentially arise.

Consultation with third countries.

18. The Commission has for some time engaged in discussions and consultations with important partners in maritime transport, which have been intensified with the development of EU shipping policy and activity relating to international shipping, as well as on issues focusing on maritime safety and maritime security.

Co-operation and Technical Assistance.

19. In the past, several seminars and workshops have been organised by the Commission with third countries or groups of countries on shipping issues. These have provided the possibility to discuss constructively, with high-level officials as well as with commercial interests, existing problems and to consider needs for technical assistance in an effort to liberalise the sector. Additionally technical assistance provides an important means to improve the functioning of trade and help liberalisation of such trades by offering better conditions of operation, especially for liner shipping. In this respect action has been
undertaken in for example, India, Maghreb countries, West and Central Africa as well as for the ASEAN countries.

20. The Commission intends to further pursue such activity as an integral part of its external relations in the field of maritime transport, in particular within the context of maritime safety, the implementation of requirements of the International Convention for Standards of Training, Certification and Watchkeeping for Seafarers and finally as regards the implementation of legislation pertaining to maritime security.

Action in international organisations and multilateral agreements.

21. The Commission is actively contributing to the work of international organisations dealing with maritime transport and in the negotiations of international conventions concerning international shipping and in particular:

- The former and current round of GATS negotiations for maritime transport services within the WTO framework, where, according to the Treaty, the representation and negotiation role is assigned to the European Commission on behalf of the European Community and its Member States;

- Within the International Maritime Organisation, where a Community position is devised and co-ordinated by the Commission and the EU Member States in the Council [the recent submission of a series of working papers within the preparation phase for the IMO Diplomatic Conference on Maritime Security Issues is considered to be a typical example for the Commission’s co-ordination role in this respect].

22. Action is also undertaken in a more informal way in other organisations such as:

- The Maritime Transport Committee of OECD;

- The Consultative Shipping Group (CSG); and

- The ILO framework.

<table>
<thead>
<tr>
<th>TYPE OF ACTION</th>
<th>SCOPE OF ACTION</th>
<th>SPECIFIC ACTIONS &amp; OBJECTIVES</th>
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<tbody>
<tr>
<td>1. General Agreements</td>
<td>Association or Partnership Agreements : Negotiation of Provisions concerning in</td>
<td>Associations / Partnerships / Co-operation Agreements concluded with i.a. Ukraine, Armenia,</td>
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<td></td>
<td>particular the cross-border provisions of shipping services and establishment</td>
<td>Moldova, Russian Federation, S. Africa, Chile, Korea, Slovenia, Armenia.</td>
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<td></td>
<td>Trade and Co-operation Agreements: Negotiation of provisions concerning shipping,</td>
<td>Europe Agreements concluded i.a. with Slovakia, Hungary, Bulgaria, Romania, Estonia, Lithuania,</td>
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<td></td>
<td>as appropriate in each case.</td>
<td>and Poland.</td>
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<td></td>
<td></td>
<td>Euro-Mediterranean Agreements concluded i.a. with Algeria, Morocco, Jordan, Tunisia, Lebanon, Egypt.</td>
</tr>
<tr>
<td>2. Sectional Agreements and</td>
<td>Seek bilateral maritime agreements with countries characterised as significant</td>
<td>Council mandate to the Commission to open negotiations for a Maritime Transport Agreement</td>
</tr>
<tr>
<td>Understandings on Maritime Transport</td>
<td>players in the maritime transport sector.</td>
<td>with China and India.</td>
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<td></td>
<td></td>
<td>The Maritime Transport Agreement with China was</td>
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<tr>
<td>3. Implementation of maritime agreements</td>
<td>Implementations of the clauses of concluded agreements with substantive maritime provisions or foreseeing co-operative programs in maritime transport</td>
<td>Regular activity</td>
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<td>------------------------------------------</td>
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<tr>
<td>4. Consultations with third countries</td>
<td>Regular consultations with countries with which EU has significant maritime trade relations</td>
<td>Regular consultations with countries like i.a. the USA, Japan, Norway, &amp; Russia</td>
</tr>
<tr>
<td>5. Policy Workshops</td>
<td>To be organised in cases of considerable mutual interest where they can provide added value.</td>
<td>Follow up of action launched at the Workshops relating to:</td>
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<tr>
<td></td>
<td></td>
<td>• The Black Sea, the Baltic Sea and the Mediterranean</td>
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<td></td>
<td></td>
<td>• The ASEAN countries</td>
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<tr>
<td>6. Address problems arising from existing or new measures of third countries</td>
<td>Démarches, (often associated to the CSG) followed as appropriate by consultations.</td>
<td>• Cases that have already been identified and have to be further pursued</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Other cases raised by Member States, Community Shipowners or Shippers.</td>
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<tr>
<td>7. Action to secure fair competition on a commercial basis</td>
<td>• Application of procedures to be followed in order to respond to unfair pricing practices by certain third countries shipowners engaged in international cargo liner shipping</td>
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<tr>
<td></td>
<td>• Application of procedures to be followed in order to respond to unfair pricing practices by certain third countries shipowners engaged in international cargo liner shipping</td>
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<tr>
<td></td>
<td>• Adoption, compliance and enforcement of international rules and standards</td>
<td>• Response to unfair pricing in accordance with legal provisions</td>
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<td></td>
<td>• Stricter Port State Control action vis à vis Flag States not adequately enforcing internationally applicable rules and standards</td>
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<td></td>
<td></td>
<td>• Promote the adoption of appropriate international standards through consultation and assistance to third countries</td>
</tr>
<tr>
<td>8. Co-operative actions and technical assistance to third countries</td>
<td>Technical assistance, training of officials concerned with shipping policy issues, expert or financial support of activities promoting efficient commercial operations, including the use of new technologies</td>
<td>Pursue these activities within the framework of existing programs, within the provisions of agreements with third countries, as well as within the possibilities of available resources.</td>
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4. The EU China maritime agreement.

23. The EU – China Maritime Agreement signed on 6 December 2002 constitutes the first Agreement in the field of maritime transport services at EU level.
4.1 External maritime policy objectives related to the conclusion of the maritime Agreement

24. China and the EU, two of the biggest markets in the world, have everything to gain by further enhancing their commercial ties. Since the early 1980s, EU-China trade has increased more than 30-fold and reached 103.4 billion Euro in 2001. China is now the third most important non-European trading partner for the EU (after the US and Japan). Excluding trade with Hong-Kong (China), the EU is the third largest export market for China and the second source of imports. Moreover it is important to underline that both parties to the Agreement control together almost 40 per cent of the world tonnage.

25. The Chinese market is of key interest to European shipping companies and over the past years EU-China maritime transport relations have improved significantly. In view of the above and considering also the existence of bilateral agreements between the majority of Member States and China (11 MS have such bilateral maritime agreements), the conclusion of a bilateral maritime agreement between the European Community and its Member States on the one hand and China on the other was seen from both contracting parties as an opportunity to consolidate existing business improvements and to further promote maritime relations between the two regions and their economic operators on the basis of equality and mutual benefit.

26. Negotiations with China were held in 2001 and were concluded in Beijing on 12 December with the initialling of the agreement by both parties. The agreement which was signed at ministerial level on 6 December 2002 is concluded for a period of five years and will be tacitly renewed on a yearly basis. It is based on the principles of freedom to provide maritime transport services, free access to cargoes and cross trades, unrestricted access to and non-discriminatory treatment in the use of ports and auxiliary services as well as on the principle of commercial presence. It covers all aspects of door to door services.

27. As regards the existing bilateral maritime Agreements between 11 EU Member States and China, only the “trade” provisions of those agreements will be “substituted” by the provisions of the Agreement while the remaining ones regarding notably the status of the crew or taxation matters will continue to apply.

4.2 The structure of the Agreement

28. Being the first maritime agreement concluded at European level, it is expected to consolidate and further promote in a legally binding framework, the participation of EU and China operators in international trade between the two contracting parties in a way which would allow for free access to cargoes and the development of free and fair competition.

29. The Agreement deals mainly with the following aspects of maritime transport:

• **Free and non-discriminatory access to**: the maritime transport services market, to cargoes and cross trades, to ports and to auxiliary services; (art. 4 “Supply of Services”);

• **Commercial maritime questions**: establishment of shipping companies, logistic services, employment of key personnel, payment and capital movement as well as aspects of door to door services; (art. 5 “Commercial Presence”);

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6 See European Commission’s DG Trade / Bilateral Trade relations webside
• **Maritime Training, Safety and Security**: continuous co-operation in maritime training, safety, prevention of maritime pollution and means to combat piracy and terrorism; (art. 10 “Maritime Co-operation”).

30. **Particular emphasis should be placed on article 10 “Maritime Co-operation”** of the Agreement, which foresees among others co-operation between the competent authorities in the fields of combating terrorism. The maritime security measures under discussion in various fora (IMO, ILO, OECD), are also expected to influence also shipping policy considerations and a close co-operation with China on this issue is considered to be of significant importance.

31. Finally, it was made clear during the negotiations that the EU/China bilateral agreement as well as the full WTO multilateral approach was compatible and indeed complementary. Both sides have confirmed their support to the multilateral negotiations on maritime services in the World Trade Organisation.

32. Concrete maritime related fields included in specific articles of the Agreement on maritime co-operation are not covered as GATS disciplines and present therefore a significant added value to any potential GATS deal.

5. **EC maritime policy priorities within the framework of the new WTO/GATS 2000 framework.**

33. Safe, reliable and competitive maritime transport services benefit the economy as a whole, and are key factors of efficiency for the production of both goods and services. It is estimated that vessels carry close to 90% of world trade in volume terms. Maritime transport is thus an important facilitator of world trade, and this role becomes even more apparent and crucial in an expanded and diversified world trade system. A proper treatment of the Maritime Transport Sector (MTS) in the world trade system through the GATS Agreement is thus essential. Meaningful liberalisation commitments by a largest possible number of members (critical mass) are critical in order to establish a multilateral scheme on Maritime Transport Services.

34. Regarding multilateral trade liberalisation negotiations on maritime in the WTO, competence is shared between the Community and its Member States. The negotiation and representation role is ensured by the European Commission on behalf of the European Community and its Member States.

5.1 **Background on the NGMTS round**

35. At the end of the Uruguay Round it became clear that the key players could find no satisfactory way of effectively incorporating market access commitments in maritime transport into the GATS. Although a multilateral negotiating process was set up with a deadline of the 30 June 1996, negotiations on maritime transport services were finally suspended at the time, until comprehensive negotiations for the liberalisation of services resumed within the new GATS 2000 round.

36. The Council of Trade in Services agreed on a standstill clause, under which they undertook not to apply “… any measures affecting maritime transport services except in the response to measures applied by other countries and with the view to maintaining or improving the freedom of provision of maritime transport services…”

37. The EU offered extensively in the Negotiation Group for Maritime Transport Services (NGMTS) on the basis of the Maritime Model Schedule (MMS). The reasons for this were the size and competitive
strength of the EU maritime industry as well as an understanding of the central role of the maritime industry as a facilitator for international trade. The EU offer was withdrawn when the negotiations ended.

5.2 EU priorities within the GATS 2000 Doha Development Agenda for maritime transport

38. International maritime services are considered to be already quite liberal, and distinctively more so than land and air transport. The most important limitations in international maritime transport include, but are not limited to: foreign equity ceilings, requirement to appoint a local agent (restrictions on establishment of owned branch offices), limitations on government owned cargoes (preferential cargo allocation, discriminatory measures favouring the use of national carriers), discriminatory taxation and port charges, restricted / regulated access to port and port services, cumbersome procedures during port calls & unjustifiable claims by customs.

39. The European Commission strongly welcomes the fact that the request/offer negotiations on the Trade in Services, including the MTS, has commenced in accordance with the Ministerial Declaration adopted in Doha in November 2001. If the liberalisation of the MTS becomes a reality, especially in developing countries, foreign investments would be promoted and trade volumes and employment occasions would increase.

40. To overcome the above mentioned limitations to seaborne trade the EU requests submitted to third party members of WTO are based on the widely accepted MMS developed during the last round, with the objective to bind existing liberalisation and obtain extended commitments as set out in the MMS. The following priority issues are included in the EU requests submitted to WTO Member States:

- International Transport (freight and passengers, less cabotage transport);
- Auxiliary Services (Maritime Cargo Handling Services, Storage and Warehousing Services, Customs Clearance Services, Container Stations and Depot Services, Maritime Agency Services, Freight Forwarding Services);
- Freedom to use and access on a non-discriminatory basis to port services (pilotage, towing and tug assistance, provisioning, fuelling and watering, garbage collecting and ballast water disposal, port captain’s services, navigation aids; shore-based operational services essential to ship operations, emergency repair facilities, anchorage, berth and berthing services);
- Ability to carry out multimodal operations, using land transport services where an international sea leg is involved;
- To take the negotiations further and better reflect the realities in the sector, the EU has also requested additional maritime commitments on two issues: repositioning of equipment (mainly empty containers) and opening of "feeder" services for international cargo (i.e. operation of smaller ships between hubs and local ports within a country).

41. Finally, due to the increased importance of the current GATS negotiating round for the MTS in terms of achieving meaningful liberalisation commitments by the largest possible number of Members, we favor the intensification of the OECD/MTC work towards establishing a supplementary pragmatic shipping-oriented approach. This could be primarily achieved by establishing basic principles and clear objectives for the liberalisation of maritime transport services and by developing compatible policies and strategies to guide the negotiations towards the achievement of those objectives.
6. Security measures considerations and their significance for the external maritime relations.

6.1 The need for introducing security measures in the maritime transport sector.

42. In the wake of the tragic events of 11 September 2001 in the United States of America the international maritime community became acutely aware of the potential security risks for the maritime transport sector. Maritime security analysts have emphasised that vessels and maritime transport infrastructure are facing increased risk in terms of security considerations.

43. Experts in maritime security from around the world have successively completed a series of exhaustive meetings within the IMO framework in order to prepare the Diplomatic Conference on Maritime Security of December 2002. The aim of the Diplomatic Conference is to adopt new regulations to enhance ship and port security and avert shipping from becoming a target of international terrorism. The objective followed by the international maritime community is to establish an international framework involving co-operation between Contracting Governments, Government agencies, local administrations and the shipping and port industries to detect security threats and take preventive measures against security incidents affecting ships and port facilities used in international trade. Their overall aim is to establish concrete roles and responsibilities in order to ensure the early and efficient collection and exchange of security related information and finally implement security related requirements adopted within the framework of the responsible international fora like the IMO and ILO.

44. Through the impact of the above mentioned maritime security related actions and legislative measures and the subsequent emergence of security as a new important, and often overriding priority within the maritime industry landscape, it is obvious that also external shipping policy considerations will be affected. More over the implementation of the additional maritime security measures will require significant additional financial resources to be provided by national administrations, ports, shipowners and ship operators.

6.2 Shipping policy considerations and maritime security measures implementation

45. The following shipping policy considerations in respect to future maritime security measures implementation should be taken into account:

- Implementation of maritime security measures is expected to constitute an important element within the framework of external maritime policy considerations;

- The international maritime community should examine and agree upon maritime security measures within the framework of the responsible international organisations. Globally agreed and commonly applied maritime security measures will increase their effectiveness and avoid distortion to competition conditions within the shipping industry and between ports;

- The responsible national administrations should secure an early warning system for future legislative proposals, maintain close co-operation within international fora like IMO and ILO and avoid potential unilateral legislative actions, which could lead to negative side effects for the facilitation of the international maritime trade. On the contrary the EU maritime security policy will aim at signing co-operation agreements with all major trading partners, highlighting the mutual recognition of the maritime security enforcement systems and setting up joint monitoring committees;
The implementation of maritime security measures should not disturb the facilitation of international seaborne trade through complicated documentary procedures requirements or by imposing unilateral practices which go against the global character of the shipping industry.

Concluding Remarks

46. The above analysis focuses on the translation of general objectives of the external EU shipping policy into specific objectives in the field of maritime external relations in the light of current developments in the world shipping markets. Moreover it indicates concrete procedures for EU action and defines the basic components of external EU action. The European regional decision making process is unique and in line with the general market liberalisation principles applied in accordance with the WTO framework. The same approach could be of interest to other emerging regional trading entities in the world.

47. In this context it is particularly important for the world shipping community as a whole to improve and strengthen the current consultation system within the framework of the external maritime relations policy, in order to ensure, to the maximum extent possible, a transparent consultation regime and liberalised international seaborne environment.

48. For the EU shipping policy, maritime security and safety as well as transparency within the sector are key elements of a future responsible, efficient and successful maritime policy. We would welcome OECD Member States and third country economies to join us on this route.

49. Finally, and having in mind the liberalised trading environment in which the shipping industry is operating, it is now necessary to focus more interest towards “maritime trade facilitation”. In the sense used in the WTO, trade facilitation refers to the simplification, standardisation and automation of trade procedures, in particular the import, export and transit requirements and procedures applied by national agencies. Current experience shows that developing economies who have successfully simplified and modernised their official seaborne trade procedures have increased overall trade flows, both for exports and imports. They have also enjoyed higher revenues from port tariff collection (due to an increase in trade volume and higher detection rates of fraud) and have rapidly amortised any initial capital costs involved in modernising procedures.