

COMMUNICATION FROM AUSTRALIA

Negotiating Proposal for Maritime Transport Services

The following communication has been received from the delegation of Australia with the request that it be circulated to the Members of the Council for Trade in Services.

I. IMPORTANCE OF TRADE LIBERALISATION IN THIS SECTOR

1. Maritime transport plays a vital role in the world economy: an estimated 80 percent of world trade goes by sea. Australia believes that a safe, efficient and competitive maritime transport sector will benefit all WTO Members. As an important facilitator of world trade, the Maritime Transport Services (MTS) subsector must be a priority in this round of services negotiations.
2. Access to a sufficient volume, quality and competitively-priced range of international shipping services is vital for Australia, which is remote from most of its major trading partners and is reliant upon foreign shipping for the vast majority of its trade (99 percent by weight). Australia's policy objective is an internationally competitive maritime industry which observes international standards of safety and environmental protection.
3. In this round of services negotiations, the MTS subsector has some start-up advantages in comparison to other sectors. Following the Uruguay Round, maritime services were the subject of extensive negotiations within the Negotiating Group on Maritime Transport Services (NGMTS) under the Council for Trade in Services. Although the negotiations were not completed, they laid a solid foundation for future work. The achievements and experiences of the NGMTS should not be lost.

II. SCOPE AND MODALITIES OF THE NEGOTIATIONS

4. Australia supports the resumption of negotiations on Maritime Transport Services within the current round of mandated services negotiations. The negotiations should start with the re-opening of the previous offers as provided in the Council for Trade in Services decision of 28 June 1996. New participants can enter the negotiations by submitting their offers either at the opening of the negotiations or at a later stage.

5. The negotiations should be resumed on the basis of the three-pillar model developed by the NGMTS which included maritime transport services, maritime auxiliary services and port services. Multimodal transport related to the maritime sector should be added to the negotiations as the fourth pillar. Multimodal transport in this context may be defined as:

“The carriage of goods by at least two different modes of transport, by the multimodal transport operator on the basis of a single 'through' multimodal transport contract, from a point of loading in one country to a point of delivery in another country”.

6. Further examination of the scope of this pillar will be required in the course of the negotiations.

7. Bearing in mind the difficulties encountered in the past with the three-pillar model, the model could be supplemented by other appropriate negotiating methodologies. Options available could include a cluster approach to the MTS subsector which would involve a group of the most economically important services related to maritime transport.

III. ISSUES TO BE ADDRESSED DURING THE NEGOTIATIONS

8. Significant barriers to trade and investment in MTS still exist in many member economies. Negotiations should, therefore, aim to achieve progressively higher levels of liberalisation in the MTS subsector by eliminating market access barriers.

9. In the course of the negotiations, Australia would like to focus on the following major areas of market access restrictions:

A. RESTRICTIONS ON COMMERCIAL PRESENCE

- Restrictions on entry of foreign capital
- Requirements for domestic equity participation
- Requirements for joint venture arrangements
- Other legislative and regulatory restrictions on foreign presence in the maritime transport industry.

B. RESTRICTIONS ON ACCESS TO INTERNATIONAL MARITIME SERVICES

- Restrictions on allocation of cargo on particular routes to bilateral, plurilateral and multilateral agreements (cargo sharing)
- Preferential treatment of shipping service providers from specific economies on the basis of international agreements or for other reasons
- Restrictions on carrying government cargo to national flag vessels. (This does not include defence and other national security-related cargoes.)
- Discriminatory taxation regimes and port dues for foreign companies and foreign flag vessels.

IV. NON-TARIFF BARRIERS IN THE MARITIME TRANSPORT SECTOR

10. Burdensome non-tariff measures and anti-competitive business practices often serve as barriers to free and efficient trade. Such measures and practices can include, for example, unreasonable environmental and safety standards, burdensome vessel and cargo examination procedures, and lengthy and cumbersome port access and clearance procedures.

11. Removing trade-inhibiting effects of non-tariff measures and anti-competitive business practices in MTS should be achieved without endangering legitimate safety, national security and environmental requirements pertaining to the industry.

V. COMPETITION POLICY IN THE MARITIME TRANSPORT SECTOR

12. Lack of appropriate competition legislation or its enforcement by governments prevents growth of efficiency and reduction of costs in the MTS subsector. It is proposed that competition policy issues be discussed during the next round of MTS negotiations. Understandings reached during such discussions can be incorporated into a special annex to the agreement.
