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## Issues paper

# Negotiations on Maritime Transport in the WTO General Agreement on Trade in Services (GATS)

Commission on Maritime Transport, 6 June 2001

The great majority of the world's trade in goods moves by sea. A truly competitive maritime transport sector is therefore crucial to global economic wellbeing. In many respects international shipping markets are significantly unfettered by government regulations. Nevertheless, there are remaining practices and market barriers in the trade of maritime services that need to be addressed.

The ICC policy statement on "world business priorities for the new round of multilateral trade negotiations," issued in June 1999, contained the following statement in relation to maritime transport:

*ICC supports efforts to further liberalize maritime transport services provided liberalization is substantial and there is no acceptance of 'grandfathering' restrictive practices. Meaningful and comprehensive market access commitments, including the free establishment of maritime and related services, by a defined critical mass of countries are essential to any new GATS agreement on maritime transport services.*

At a Special Session of the WTO Council for Trade in Services in October 2000, a number of countries issued a joint statement on maritime transport services. These countries considered that it was time for the issue of maritime services to be addressed in the framework of the current services negotiations.

The purpose of this paper is to help ICC prepare its own position. The paper describes the background to the maritime negotiations; the likely policy objectives of shippers and other users such as intermediaries and the shipping industry, the key issues, and makes recommendations. The paper does not deal in substance with issues of maritime safety and the environment; it is clear however that further liberalization must have due regard for those considerations.

## Background

The GATS Uruguay Round and subsequent WTO Negotiating Group on Maritime Transport Services (NGMTS) failed to reach a comprehensive agreement on maritime transport. There would be little purpose in conducting a post-mortem on those earlier negotiations; there would inevitably be different views as to why the negotiations failed. There are also uncertainties as to how any new negotiations will be structured and the likely timetable that will be adopted. Nevertheless, there does now seem to be a broadly held desire to address the issue of maritime transport in a constructive fashion in the next round of services negotiations.

## Policy objectives

Transport users naturally want to have a wide choice of competitive shipping services. The quality and cost of shipping are of critical importance to shippers whether they are trading in high cost goods where just-in-time, door to door deliveries may be a crucial factor, or in relatively low value goods where freight rates can be a very significant element in the final selling price.

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The importance of shipper choice has long been recognized by the member governments of the OECD, which have agreed Common Principles of Shipping Policy that set a standard for maintaining open trades and free competitive access to international shipping. These principles have formed part of a constructive dialogue on shipping policy issues with an ever-widening group of countries.

A key question in the forthcoming negotiations will be to what extent there will be a readiness to abandon remaining measures that are restrictive of trade, to ensure that the interests of shippers are protected.

### Key issues

The key issues to be addressed in the maritime services negotiations will involve the depths of commitments that are made, the scope of activities that are included, and the number of countries that participate.

### Scope and commitments

The ICC policy statement of June 1999 called for "meaningful and comprehensive market access commitments". For international shipping, this would mean free and unrestricted market access on national treatment terms to international cargoes, and the removal of any remaining discriminatory and protectionist measures.

The position of cabotage trades is different. This sector is particularly sensitive for a number of countries and it would seem appropriate to exclude purely domestic shipping services from the maritime negotiations.

To meet their customers' needs, shipping lines and other entities of the maritime sector wish to be free to establish their own branch offices and to be able to conduct marketing and sales activities, shipping agency services, custom clearance services, and the full range of intermodal services, including cargo handling, storage and consolidation. They also wish to be free from foreign equity ceilings, and should have access on a non-discriminatory basis to all port and ancillary services.

While WTO negotiations should extend effective market access on a mutually beneficial basis, it must be recognized that some developing countries may require limited transition periods and technical assistance to enable them to fulfil their commitments.

There is wide recognition that transport users require door-to-door services. In order for these services to be provided, it is important that a meaningful agreement cover the whole logistic chain, including related land transport services. It is recognized that land transport services may raise particularly sensitive issues. Nevertheless, given the growing significance of door-to-door services, inland transport (where it forms part of international maritime services) should be liberalized.

### Participant countries

ICC would wish to see all countries included in a maritime agreement so as to maximize the opportunities within the international shipping markets and to ensure that the sector is not restricted in serving the needs of world trade.



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## Recommendation

ICC considers that the interests of users and all those engaged in providing transport services point in the same direction - the need for open and competitive global shipping markets. That strong common interest has resulted in a relatively liberal sector. But there are continuing measures of discrimination and protectionism that must be addressed and removed.

ICC therefore supports further substantial liberalization within the context of the GATS, based on the removal of remaining restrictive measures, unfettered market access on a non-discriminatory basis for all international maritime-related activity, and the participation of a significant number of countries.

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