

**MULTILATERAL TRADE  
NEGOTIATIONS  
THE URUGUAY ROUND**

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COMMUNICATION FROM THE NORDIC COUNTRIES

Possible Sector Annotations

The attached communication is circulated at the request of the Permanent Delegation of Sweden on behalf of the Nordic countries, with the request that it be circulated to the members of the Working Group on Maritime Transport Services.

SHIPPING - POSSIBLE SECTOR ANNOTATIONS

COMMUNICATION FROM THE NORDIC COUNTRIES

1. General comments

Shipping can not be assessed without a distinction between cabotage shipping and international shipping. For international trade in cabotage shipping one country is an exporter and another country an importer of a shipping service, whereas international shipping may involve three countries. Sector annotations will have to differ between these two segments of the shipping industry.

It is anticipated that the framework agreement will allow for different modes of delivery. From a technical point of view shipping services may be provided through cross-border delivery, and shipping companies will generally prefer this rather than depend upon a commercial presence in the country where a service is sold.

The present international trade in shipping services is based on cross-border delivery and recognized rights to sell shipping services. Such rights are granted on the basis of a vessel's nationality. The crew may have such nationality as the flag state allows, and no local labour permits are required in the country where a shipping service is sold.

A restriction on cross-border delivery, to the effect that commercial presence is required, implies that liberalization is restricted to a right of establishment. It may then be required through national regulations that the vessels are under the local flag and that those employed have domestic labour permits.

It is anticipated that parties will only present restrictions that were in force when the Uruguay Round negotiations started. Such restrictions may be presented in national schedules. The long-term perspective is that national restrictions are eventually to be withdrawn.

## 2. Cabotage shipping

No sector annotations are seen as required for sector-specific reasons. In a long-term perspective this sector should be liberalized on the basis of cross-border delivery. At present such liberalization has generally not been accepted, and most countries may be expected to include restrictions on cross-border delivery for cabotage shipping in national schedules. Many countries may, however, accept an access to cabotage shipping through local establishment and commercial presence.

## 3. International shipping

International shipping is almost fully liberalized and without restrictions on mode of delivery. With few exceptions international trade move under the principle of access for vessels of all flags, not requiring that services are to be provided either by local companies or by national flag vessels.

The basic complication for the agreement is that each and every transaction may involve three countries, the shipping country as an exporter of a transport service and two countries each at its end of a trade route and constituting a joint market. Neither of the two latter countries has an exclusive jurisdiction over transport between them. They may have different interpretations as to existing restrictions and different views on prospective liberalization.

The overall provisions of the agreements will be designed for markets within individual countries and can not be directly applied to markets which are jointly constituted by two countries. If international shipping is to be included in the negotiating process, sector annotations appear to be necessary, both for this reason and in order to prevent that the present liberalization is reversed. Annotations to be considered for these purposes would be:

i) Nothing in this agreement shall be construed to imply that countries are in a position unilaterally to regulate the access to their international shipping trades.

ii) Parties may not enter general restrictions to international shipping, including restrictions as to mode of delivery, in their national schedules.

Restrictions of any country will not be identical in relation to all its trading partners, as other countries will have different shipping policies.

iii) Parties may only enter restrictions to specific international shipping trades in their national schedules if that is done jointly by the two countries at each end of the trade.

Existing bilateral agreements will presumably be listed, and multilateral arrangements may be listed as agreed between countries at the ends of each shipping trade route.