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9/18 6:00 PM

PRESS GUIDANCE
JAPAN PORT DISPUTE

Q: What kind of agreement was reached in the Japan port dispute?

A: A tentative agreement was reached that will provide effective market access to Japanese ports for American carriers. It is a big win for American carriers and American exporters.

Some final consultations are required. We plan to sign the agreement as soon as possible.

(Additional Backgound if needed)

Under this agreement, U.S. carriers, for the first time, will obtain licenses to run their own terminal operations in Japan and will be allowed to carry out operational changes without having to go through a costly and collusive port transportation association.

These reforms will promote competition, lower costs and increase efficiency for American and Japanese carriers alike.

(IF ASKED)

Q: Is it true that this obscure independent agency, the Federal Maritime Commission, acted without the Administration's knowledge?

A: The Administration has strongly supported the Federal Maritime Commission's investigation and efforts to liberalize Japan's ineffiecient port system, which imposes the highest fees in the world for loading and unloading ships. Both the President and Vice President raised this issue with Prime Minister Hashimoto last spring.

The Departments of State and Transportation conduct these negotiations. They had asked the FMC to suspend impostion of fines in April. The Administration supported the FMC's imposition of fines on Japanese carriers in early September when Japan failed to meet its April commitment to reform its ports.

Neither we nor the independent FMC, however, expected the Japanese carriers not to pay their fines on October 15.

Q: Was the Administration consulted before the FMC voted on Thursday?

A: They are an independent agency, with whom our negotiators consult on the status of negotiations, but we do not advise the Commission how to vote.

Q: Would the President have overruled an FMC order to seize Japanese vessels in U.S. ports and deny entry to those seeking to enter?

A: I will not speculate on how the President would or would not respond to an FMC request that was not delivered. This Administration does believe, however that it is important that Japan live up to its agreements, including its commitment to reform its ports, and the carriers should pay the fines.

Q: Would the Secretary of Transportation really have ordered the Coast Guard to seize Japanese ships on the high seas?

A: There was never any prospect of the Secretary ordering the Coast Guard to seize Japanese container ships on the high seas. The Secretary of Transportation never received a request from the Federal Maritime Commission. But even if he had received a broad request, the Coast Guard has discretion on whether to use rules of engagement. **There are less dramatic means to achieve the desired ends and comply with the law, such as detaining vessels once they reach port.** (Also cleared by N.McFadden DOT)

Q: What will the Administration do if the fines are not paid?

A: I will not speculate on that. We believe they should be paid. We are focused on the important objective of completing the underlying agreement to provide effective market access to Japan's ports for American carriers.

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