

北美事務協調委員會駐美國辦事處

*Coordination Council for North American Affairs*  
Office in U.S.A.

4201 Wisconsin Avenue, Washington, D.C. 20016

EC-78-055

October 25, 1989

Mr. David Laux  
Chairman of the Board  
and Managing Director  
American Institute in Taiwan  
1700 N. Moore Street, #1750  
Arlington, VA 22209

Dear Mr. Laux:

At the consultations of September 13 and 14, 1989 between the Coordination Council for North American Affairs (CCNAA) and the American Institute in Taiwan (AIT), a full and productive discussion of bilateral shipping issues and related matters was conducted. In accordance with the understandings reached during the consultations, CCNAA and AIT wish to describe the latest measures that they have taken and will take to improve the operating environment for ocean carriers:

- With respect to the establishment of off-dock (inland) container terminals by United States (U.S.) carriers, it is not the intention of the authorities represented by CCNAA to impose prohibitive conditions on such establishment. In particular we would like to emphasize that the restrictions on foreign ownership of shares and the membership of the board of directors of companies operating off-dock terminals do not apply to branch offices of U.S. carriers, which are wholly owned by U.S. carriers by definition. These branch offices are permitted to operate off-dock container terminals, in accordance with Article 6 of the Shipping Enterprises Act and Articles 3 and 6 of the Regulations Governing Operations of Container Terminals. AIT has raised the question of the land-ownership requirement associated with operation of an off-dock container terminal. An alternative available to U.S. carriers is the leasing of an equivalent amount of land; thus, they are freely permitted to lease, rather than own, land for their off-dock terminals.

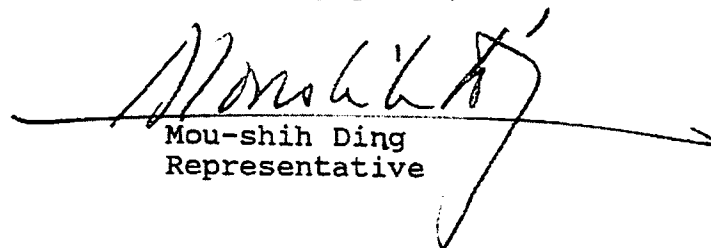
Additionally, AIT has raised concern over the minimum size of land required. While this requirement was not intended to impede terminal use by U.S. carriers, the authorities represented by CCNAA understand that U.S. carriers have different needs since they only operate the terminals for their own containers. The authorities represented by CCNAA have agreed to amend the minimum space requirements if U.S. carriers can present feasible operating plans, taking into consideration public safety and zoning needs.

- As is stated in the "Detailed Action Plan for Strengthening Economic and Trade Ties with the United States," the authorities represented by CCNAA will propose, at the earliest possible time, amendments to the Highway Law that will enable U.S. carriers to own and operate trucking for land transportation of containers as part of the intermodal movement of cargo.
- The prohibition of "double semi-trailers" is based on highway safety concerns and is applicable to Chinese nationals and foreigners alike. A report on the reasons for the prohibition will be forwarded to AIT. The authorities represented by CCNAA agree that U.S. carriers will be accorded national treatment if and when the operation of "doubles" is permitted.
- The authorities represented by CCNAA have revised the regulations, through considerable efforts, to permit U.S. carriers to apply for chassis registration. If U.S. carriers wish to change trucking companies, they may do so through an application for a change of operators. Such applications will receive as prompt and favorable consideration as that given to applicants of the territory represented by CCNAA. Any issues under the existing contracts between the U.S. carriers and the local trucking companies shall be settled by themselves in accordance with the terms of the contract.
- If U.S. carriers wish to lease empty containers to others, they may do so by applying for leasing licenses, through their branch offices, in accordance with the Shipping Enterprises Act and the Regulations Governing Container Leasing Enterprises. Such applications will receive as prompt and favorable consideration as that given to applicants of the territory represented by CCNAA. U.S. carriers wishing to lend empty containers to local trucking companies free of charge may do so under the existing regulations.

- Information requirements associated with issuance of a shipping agency license are no different from those that are requested of local applicants. Applications by U.S. carriers will receive as prompt and favorable consideration as that given to applicants of the territory represented by CCNAA. The intent of the requirements is neither to force U.S. carriers to furnish confidential business information nor to impose prohibitive conditions on U.S. carriers seeking to obtain shipping agency licenses.
- With respect to crane issues between Sea-Land and the Kaohsiung Harbor Bureau, CCNAA indicated that Kaohsiung Harbor Bureau and Sea-Land were engaged in negotiations to settle this matter. CCNAA firmly believes that this is a commercial matter unrelated to government policies, laws, or regulations and that the matter should be decided by the Kaohsiung District Court, which is the court of jurisdiction designated by the parties.
- CCNAA requested that carriers of the territory represented by CCNAA be given special permission on the basis of reciprocity to transship foreign originated or destined cargoes between U.S. ports by another vessel flying the same flag, in case of cargo required to be discharged by a vessel because of storms, strikes, and other necessary circumstances.
- The authorities represented by CCNAA requested AIT to consider amending Public Resolution 17 to permit carriers of the territory represented by CCNAA to ship U.S. EXIM Bank financed merchandise in the same manner as CCNAA permits U.S. carriers access to all merchandise financed by EXIM Bank of the territory represented by CCNAA.

I wish to request that you confirm your understanding and receipt of the contents of this letter. I propose that this letter and your letter of confirmation constitute an agreement between the Coordination Council for North American Affairs and the American Institute in Taiwan.

Sincerely yours,

  
Mou-shih Ding  
Representative



AMERICAN INSTITUTE IN TAIWAN

1700 N. Moore Street  
Suite 1705  
Arlington, Virginia 22209  
Tel: (703) 525-8474  
Fax: (703) 841-1385

October 27, 1989

Mr. Ding Mou-shih  
Representative  
Coordination Council for  
North American Affairs  
4201 Wisconsin Avenue, N.W.  
Washington, DC 20016-2137

Dear Mr. Ding:

I have the honor to acknowledge receipt of your letter of October 25, 1989, concerning the understanding reached between our representatives to improve the operating environment for ocean carriers. Your letter reads as follows:

"Dear Mr. Laux:

At the consultations of September 13 and 14, 1989 between the Coordination Council for North American Affairs (CCNAA) and the American Institute in Taiwan (AIT), a full and productive discussion of bilateral shipping issues and related matters was conducted. In accordance with the understandings reached during the consultations, CCNAA and AIT wish to describe the latest measures that they have taken and will take to improve the operating environment for ocean carriers:

- With respect to the establishment of off-dock (inland) container terminals by United States (U.S.) carriers, it is not the intention of the authorities represented by CCNAA to impose prohibitive conditions on such establishment. In particular we would like to emphasize that the restrictions on foreign ownership of shares and the membership of the board of directors of companies operating off-dock terminals do not apply to branch offices of U.S. carriers, which are wholly owned by U.S. carriers by definition. These branch offices are permitted to operate off-dock container terminals, in accordance with Article 6 of the Shipping Enterprises Act and Articles 3 and 6 of the Regulations Governing Operations of Container Terminals. AIT has raised the question of the land-ownership requirement associated with operation of an off-dock container terminal. An alternative available to U.S. carriers is the leasing of an equivalent amount of land; thus, they are freely permitted to lease, rather than own, land for their off-dock terminals.

Additionally, AIT has raised concern over the minimum size of land required. While this requirement was not intended to impede terminal use by U.S. carriers, the authorities represented by CCNAA understand that U.S. carriers have different needs since they only operate the terminals for their own containers. The authorities represented by CCNAA have agreed to amend the minimum space requirements if U.S. carriers can present feasible operating plans, taking into consideration public safety and zoning needs.

- As is stated in the "Detailed Action Plan for Strengthening Economic and Trade Ties with the United States," the authorities represented by CCNAA will propose, at the earliest possible time, amendments to the Highway Law that will enable U.S. carriers to own and operate trucking for land transportation of containers as part of the intermodal movement of cargo.
- The prohibition of "double semi-trailers" is based on highway safety concerns and is applicable to Chinese nationals and foreigners alike. A report on the reasons for the prohibition will be forwarded to AIT. The authorities represented by CCNAA agree that U.S. carriers will be accorded national treatment if and when the operation of "doubles" is permitted.
- The authorities represented by CCNAA have revised the regulations, through considerable efforts, to permit U.S. carriers to apply for chassis registration. If U.S. carriers wish to change trucking companies, they may do so through an application for a change of operators. Such applications will receive as prompt and favorable consideration as that given to applicants of the territory represented by CCNAA. Any issues under the existing contracts between the U.S. carriers and the local trucking companies shall be settled by themselves in accordance with the terms of the contract.
- If U.S. carriers wish to lease empty containers to others, they may do so by applying for leasing licenses, through their branch offices, in accordance with the Shipping Enterprises Act and the Regulations Governing Container Leasing Enterprises. Such applications will receive as prompt and favorable consideration as that given to applicants of the territory represented by CCNAA. U.S. carriers wishing to lend empty containers to local trucking companies free of charge may do so under the existing regulations.

- Information requirements associated with issuance of a shipping agency license are no different from those that are requested of local applicants. Applications by U.S. carriers will receive as prompt and favorable consideration as that given to applicants of the territory represented by CCNAA. The intent of the requirements is neither to force U.S. carriers to furnish confidential business information nor to impose prohibitive conditions on U.S. carriers seeking to obtain shipping agency licenses.
- With respect to crane issues between Sea-Land and the Kaohsiung Harbor Bureau, CCNAA indicated that Kaohsiung Harbor Bureau and Sea-Land were engaged in negotiations to settle this matter. CCNAA firmly believes that this is a commercial matter unrelated to government policies, laws, or regulations and that the matter should be decided by the Kaohsiung District Court, which is the court of jurisdiction designated by the parties.
- CCNAA requested that carriers of the territory represented by CCNAA be given special permission on the basis of reciprocity to transship foreign originated or destined cargoes between U.S. ports by another vessel flying the same flag, in case of cargo required to be discharged by a vessel because of storms, strikes, and other necessary circumstances.
- The authorities represented by CCNAA requested AIT to consider amending Public Resolution 17 to permit carriers of the territory represented by CCNAA to ship U.S. EXIM Bank financed merchandise in the same manner as CCNAA permits U.S. carriers access to all merchandise financed by EXIM Bank of the territory represented by CCNAA.

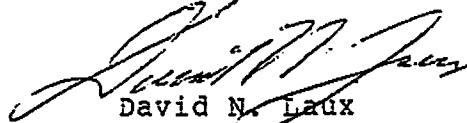
I wish to request that you confirm your understanding and receipt of the contents of this letter. I propose that this letter and your letter of confirmation constitute an agreement between the Coordination Council for North American Affairs and the American Institute in Taiwan.

Sincerely yours,

Mou-shih Ding  
Representative"

I am pleased to confirm that this exchange of letters constitute an agreement between the Coordination Council for North American Affairs and American Institute in Taiwan.

Sincerely,

A handwritten signature in cursive script, appearing to read "David N. Laux".

David N. Laux  
Chairman of the Board  
and Managing Director

0125R