

Memorandum of Consultation

Maritime delegations representing the Governments of the People's Republic of China and the United States of America met in Washington, April 7-9, 2003, to discuss their maritime transport relations and a new maritime transport agreement. Delegation lists are attached.

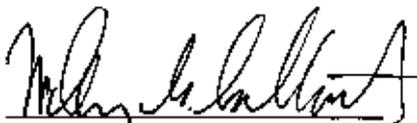
Discussions proceeded in a friendly and constructive atmosphere, and focused on fundamental issues of concern to the two governments. These included Non-Vessel Operating Common Carrier (NVOCC) bonding; filing of confidential freight rates; branch offices; logistics services; vessel agency; and controlled carriers.

With regard to the first two issues, the Chinese delegation offered constructive suggestions addressing concerns raised by the U.S. side. The U.S. side understood concerns of the Chinese side about how the shippers' interests will be protected under the mechanism of non-cash bonding of NVOCCs, and both sides will have further consultations on the matter of implementing it. The Chinese delegation also offered assurances regarding the confidentiality of freight rates. Both delegations noted the progress made on these two issues.

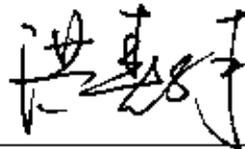
The delegations also held a useful discussion of U.S. concerns regarding the ability of its carriers to open usual service branch offices throughout China, to offer logistics services, and to engage in vessel agency activities for owned, chartered, or operated vessels, and of the Chinese concern regarding the controlled carriers' exemption. Both delegations noted their governments' readiness to resolve these concerns positively in a new agreement. The delegations noted that the resolution of all these issues in the context of a package of commitments is the foundation of concluding a new maritime agreement, and noted their intention to continue work in these areas to achieve that goal. Moreover, the delegations undertook to continue work on the bracketed text of a new maritime transport agreement.

The delegations noted their governments' expectation to continue discussions in an expeditious timeframe reflecting their mutual interest in achieving a new agreement.

Signed in Washington D.C. on April 9, 2003, in the Chinese and English languages, each text being equally authoritative.



For the maritime delegation of the
United States of America



For the maritime delegation of the
People's Republic of China