

## Trade Between Market and Non-Market Economies: East-West Trade - U.S.-U.S.S.R. Maritime Accord

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## **B. Trade Between Market and Non-Market Economies: East-West Trade**

### **U.S.-U.S.S.R. MARITIME ACCORD<sup>1</sup>**

This is an extension of the Agreement of October 14, 1972. It is to run from January 1, 1976 through December 31, 1981, without automatic renewal. The salient provision in the Agree-

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1. Agreement between the United States of America and the Union of the Soviet Socialist Republics; Maritime Matters Jan. 1, 1970, T.I.A.S. No. 8195.

ment is the opening of forty ports in each contracting country to the ships of the other with the one requirement of four days' prior notice. In addition to permitting the loading and unloading of cargo, entry and service facilities will be accorded to commercial maritime shipping, Merchant Marine training vessels and ships engaged in civilian research. These vessels will be allowed to replenish stores and fresh water and to rotate personnel. The Maritime Agreement does not cover warships, fishing vessels or fishery research and support ships. Each Party had designated a representative to oversee and implement the Agreement: the United States has appointed the Maritime Administration and the Soviet Union had designated the Ministry of Merchant Marine.

Another major provision of the Agreement is the requirement that a substantial share<sup>2</sup> of the freight moving between the United States and the Soviet Union be offered to the flag vessels of each country.

Negotiations for a new freight rate agreement were to have begun last summer. Robert J. Blackwell, Assistant Secretary of Commerce for Maritime Affairs, visited the Soviet Union in June, 1976 to discuss this and other matters concerning the Maritime Agreement.<sup>3</sup>

A difficulty affecting the Agreement has been considerable United States resentment over Soviet rate dumping.<sup>4</sup> At one point, domestic legislation was introduced to deal with the situation.<sup>5</sup> However, in July 1976, Karl E. Bakke, Chairman, Federal Maritime Commission, announced that an agreement covering the dumping problem had been reached with the Soviets. This agreement calls for "prompt" adjustment by the Soviets of their rates.<sup>6</sup> Negotiations over the precise terms of the rate agreement have recently bogged down. It is uncertain, however, whether these developments are within the actual scope of coverage of the Maritime Agreement. Therefore, the effect of the rate agreement upon the Maritime Agreement is yet unclear.

*Gary Klopf*

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2. A "substantial share" is defined as at least one-third of the total tonnage.

3. *Journal of Commerce*, June 18, 1976, at 30, col. 3.

4. *See*, "Maritime Union Protest that United States Not Getting Full Third Share of Cargoes," *The Wall Street Journal*, August 18, 1976, at 4, col. 2.

5. *Journal of Commerce*, June 28, 1976, at 1, col. 3.

6. *Journal of Commerce*, July 26, 1976, at 1, col. 3.