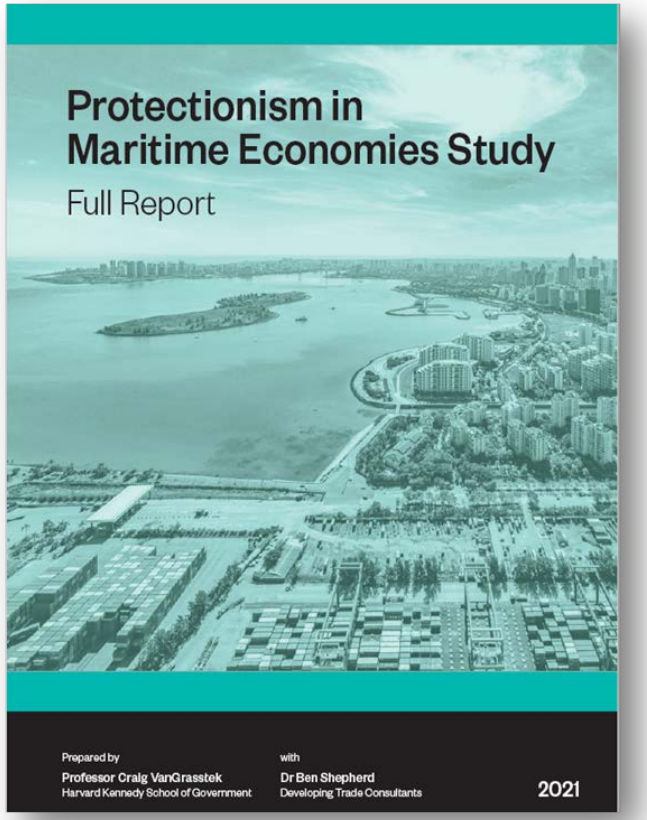
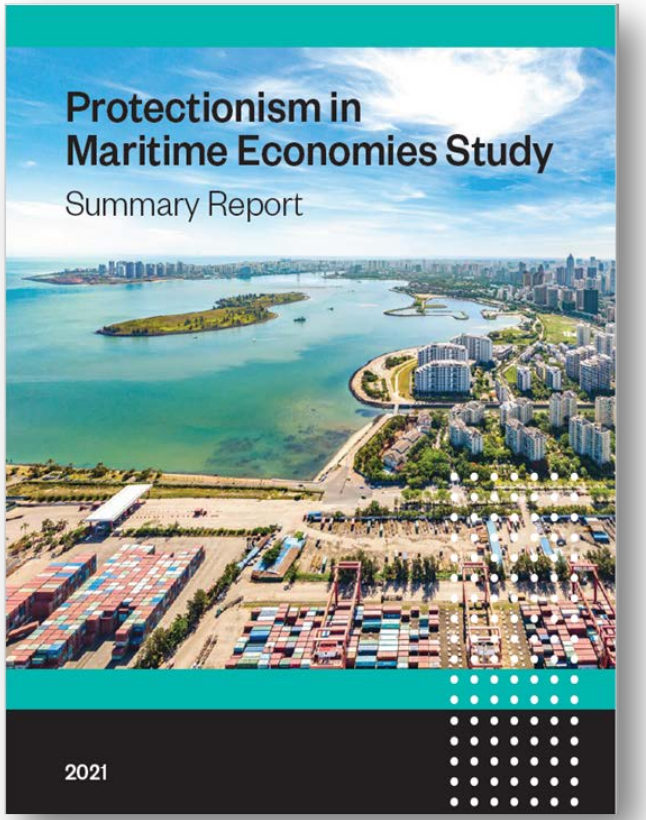
ICS Study on Protectionism in Maritime Economies





International Chamber of Shipping
Shaping the Future of Shipping

INTERNATIONAL CHAMBER OF SHIPPING

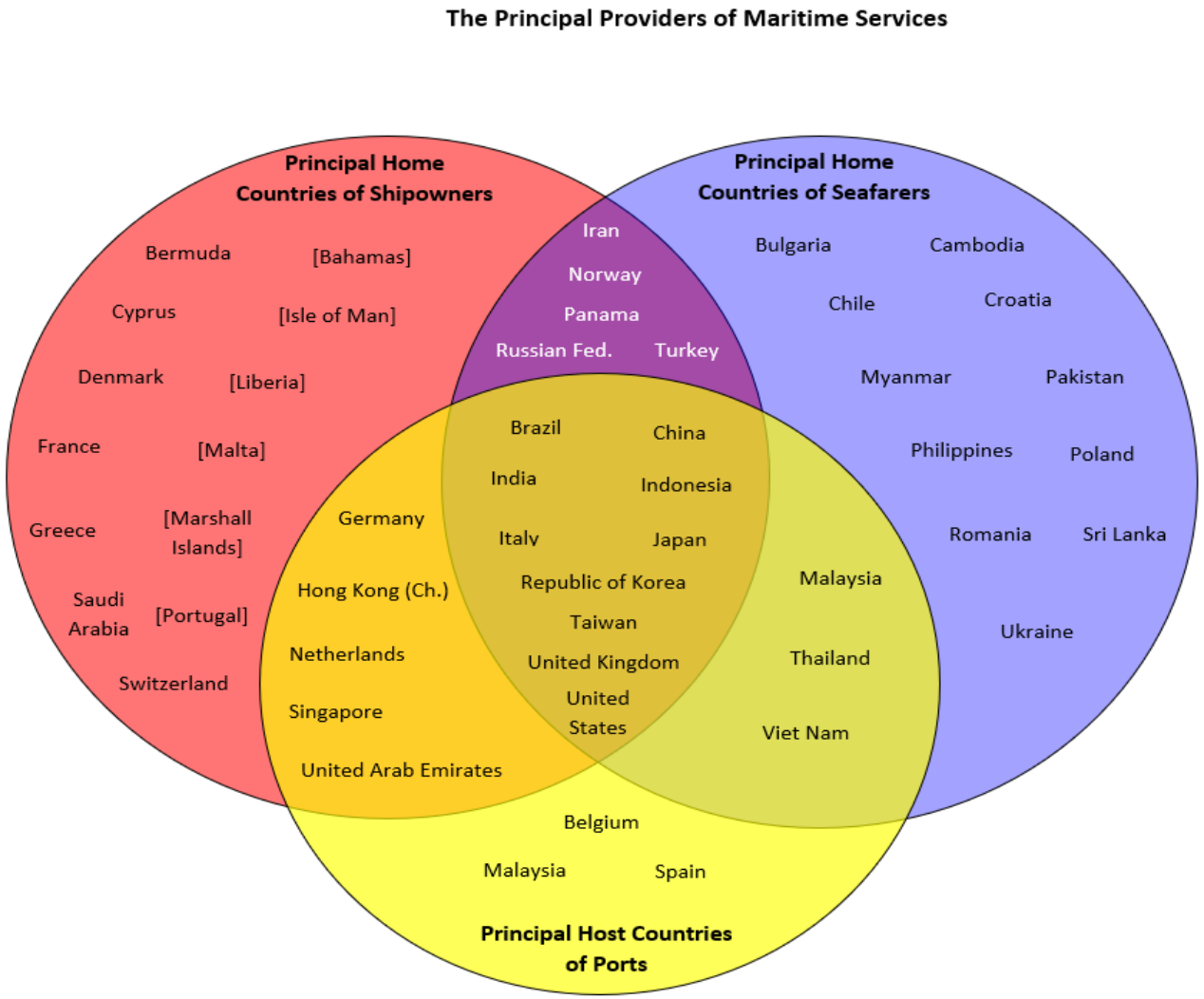
WTO Simply Services Webinar

WTO OMC

Overview

- Background and Narrative
- Key Messages
  - Universal GDP and Goods Export Gain
  - Tariff Barriers and Non-Tariff Barriers
  - Domestic and Multilateral Reform
- Four Scenarios for Reform
- Global Ranking: The PRIME Index
- Study Country Profiles

Background and Narrative



Note

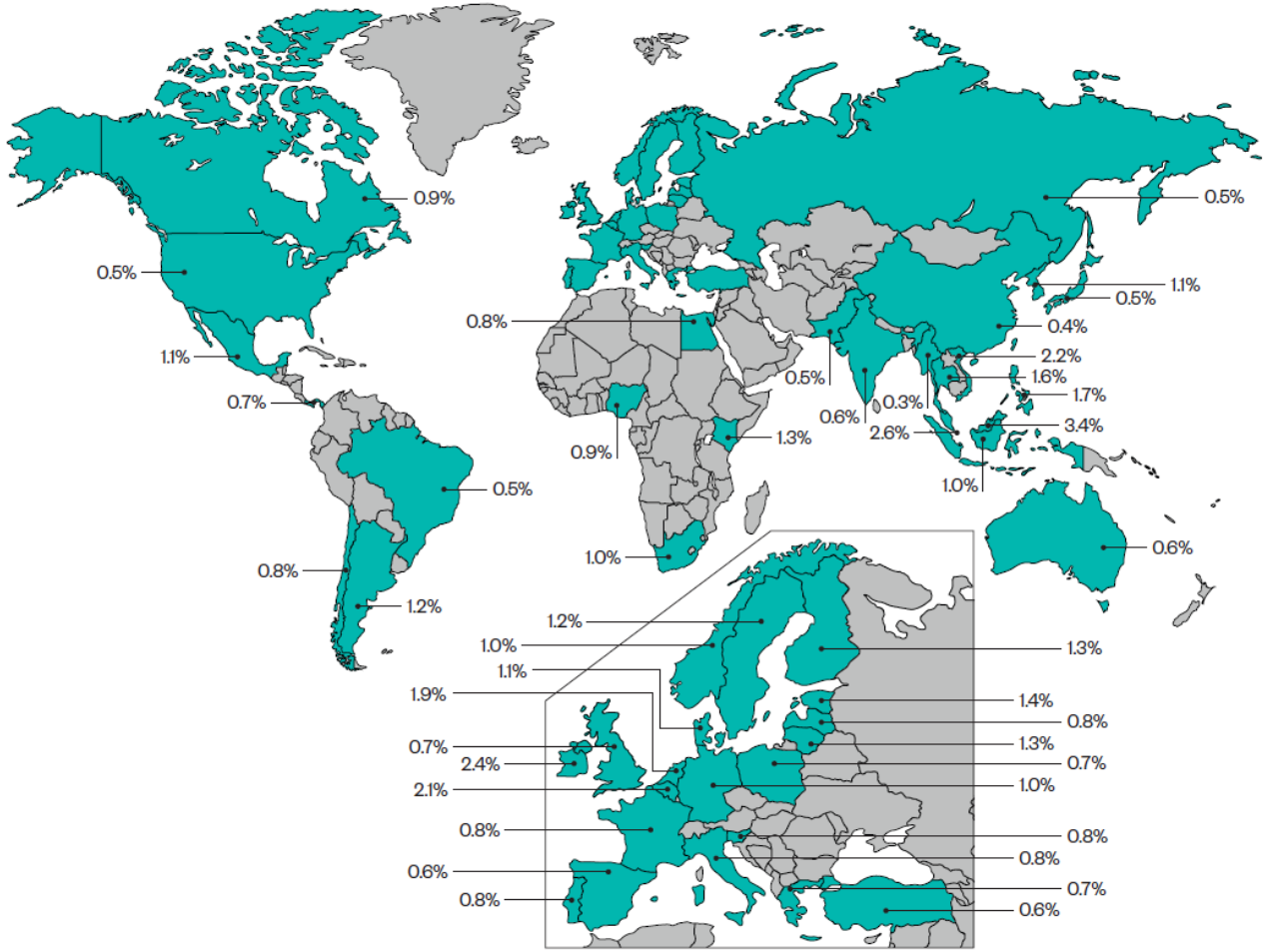
Shipowners = Countries or territories home to the ultimate beneficial owners of at least 10 million dead weight tons. Countries or territories in which at least this same volume is flagged but not owned are shown in [square brackets].

Seafarers = Countries that certify at least 10,000 seafarers (based on STCW certification, rather than based on their national status as seafarers).

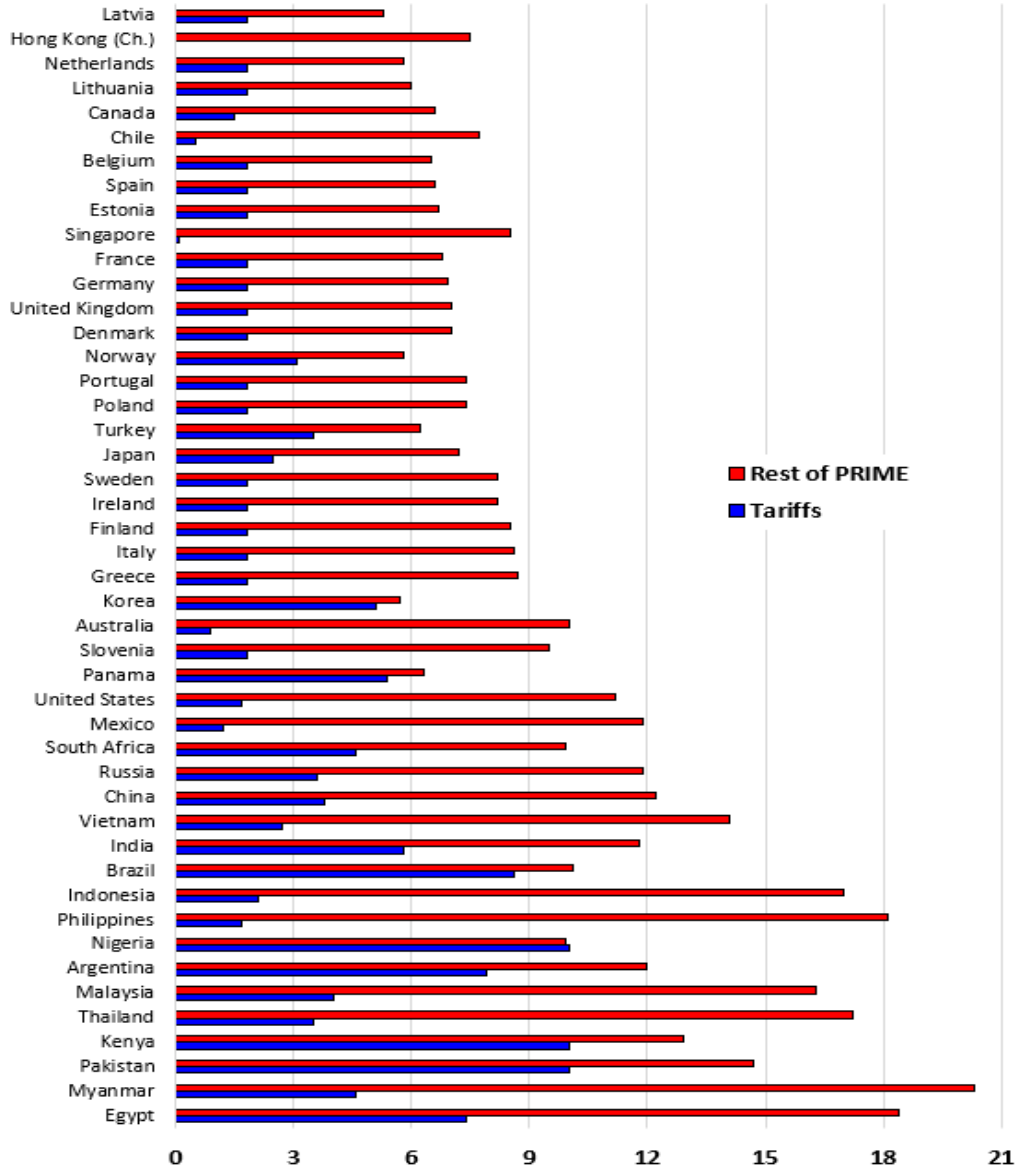
Ports = Countries where the ports handle at least 10 million twenty-foot equivalent units

All countries stand to gain from a reduction of maritime protectionism regardless of economic development

Guidepost: World Map of real GDP increase under Study's reform 'Scenario 1', i.e. All countries reduce their levels of trade restrictions by 50%



Combined Tariff Equivalents vs Traditional Tariffs in context of PRIME Scores (i.e., levels of restrictiveness)



Equal focus must be given to Tariff and Non-tariff Barriers

Combination of Domestic and Multilateral reform needed to tackle restrictions

The Most Common Restrictions on Maritime Trade

Operation and Competition	***No. of nations***
Limits on scope of service (numerical and non-numerical) via mode 1	39
Foreign suppliers treated differently regarding taxes and/or eligibility for subsidies	26
Obligation to use local maritime and port services	21
Port services serving own-ships not allowed	21
Restrictions on pilotage and towing services	21
Entry and Licensing	
Conditions imposed under mode 1 (cross-border trade) but not mode 3	31
Minimum capital requirement (in some cases not applicable to national flags)	25
Management and Employment	
Economic needs tests/labour market tests - Contractual service supplier	29
Economic needs tests/labour market tests - Independent professionals	28
Economic needs tests/labour market tests - Intra-corporate transferees	27

Note: 'Modes' refers to the means by which services are provided and regulated (defined in WTO GATS).

Mode 1 = **cross-border supply of services**, e.g. A foreign-owned shipping firm may seek to supply its services in another market.

Mode 3 = **Commercial presence (i.e. foreign direct investment)**, e.g. An investor may seek to establish a permanent office for a shipping company in a foreign market.

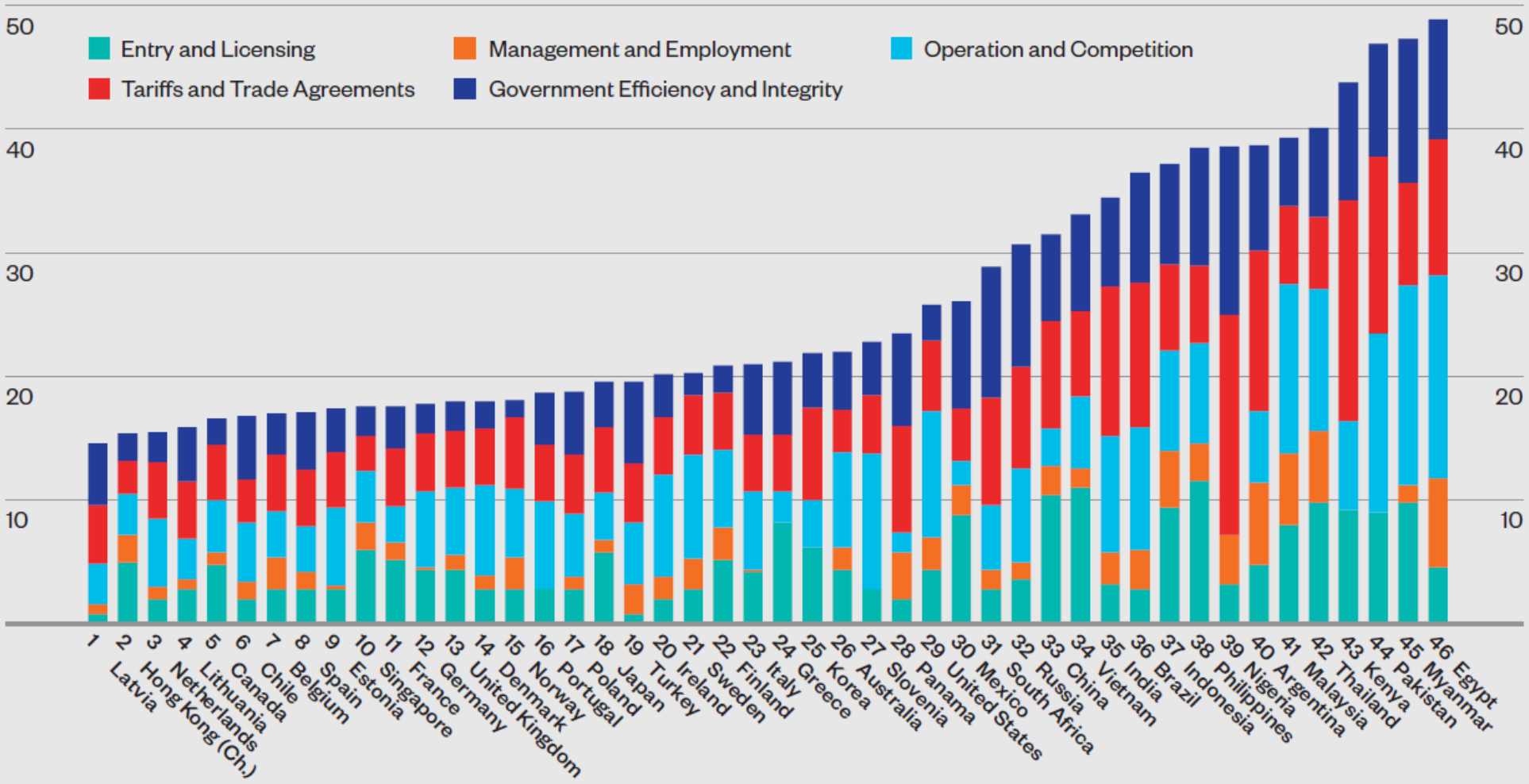
Four Scenarios for Potential Reform

Scenario 1 Highly Ambitious	All countries reduce or remove their tariff and non-tariff restrictions by 50% through across-the-board reform.
Scenario 2 Modest and Equal Ambition	All countries reduce or remove their tariff and non-tariff restrictions by 10% through both multilateral and domestic reforms, irrespective of income level.
Scenario 3 Modest and Unequal Ambition	High-income countries reduce or remove their tariff and non-tariff restrictions by 10%, and all other countries by 5%.
Scenario 4 Tariffs and Trade Agreements Only	All countries reduce or remove only their traditional tariff restrictions by 10%, through improvements based on changes made to countries' commitments in trade agreements only.

Average GDP gains for national economies:

- **Scenario 1: Ranging from 0.3% to 3.4%**
- **Scenario 2: Ranging from 0.1% to 0.3% for most nations, and 0.4% to 0.6% for a few others**
- **Scenario 3: Gains would be smaller, especially for low- and middle-income economies.**
- **Scenario 4: For the average national economy, gains are only about 25% of what they would achieve under the more ambitious Scenario 2**

Global Ranking: The 'PRIME Index' and 'PRIME Scores'



Source: ICS/Craig Van Grasstek, Protectionism in Maritime Economies Study (ICS, 2021)

The 'PRIME Index' Criteria

A. Entry and Licensing

1. Conditions on Market Entry in the Maritime Freight Transportation Sector
2. Conditions to Own and Register Vessels under the National Flag
3. Conditions on Licensing, Investment Screening, and Qualifications Relating to Market Entry

B. Management and Employment

4. Conditions on Management and Employment in the Maritime Freight Transportation Industry
5. Quantitative Measures Affecting the Movement of Persons in the Maritime Freight Transportation Industry

C. Operation and Competition

6. Conditions on Supply of Services in the Maritime Freight Transportation Industry
7. Government Procurement Measures in the Maritime Freight Transportation Industry
8. Regulations, Taxes and Fees in the Maritime Freight Transportation Industry
9. Government Involvement in the Maritime Freight Transportation Industry

D. Tariffs and Trade Agreements

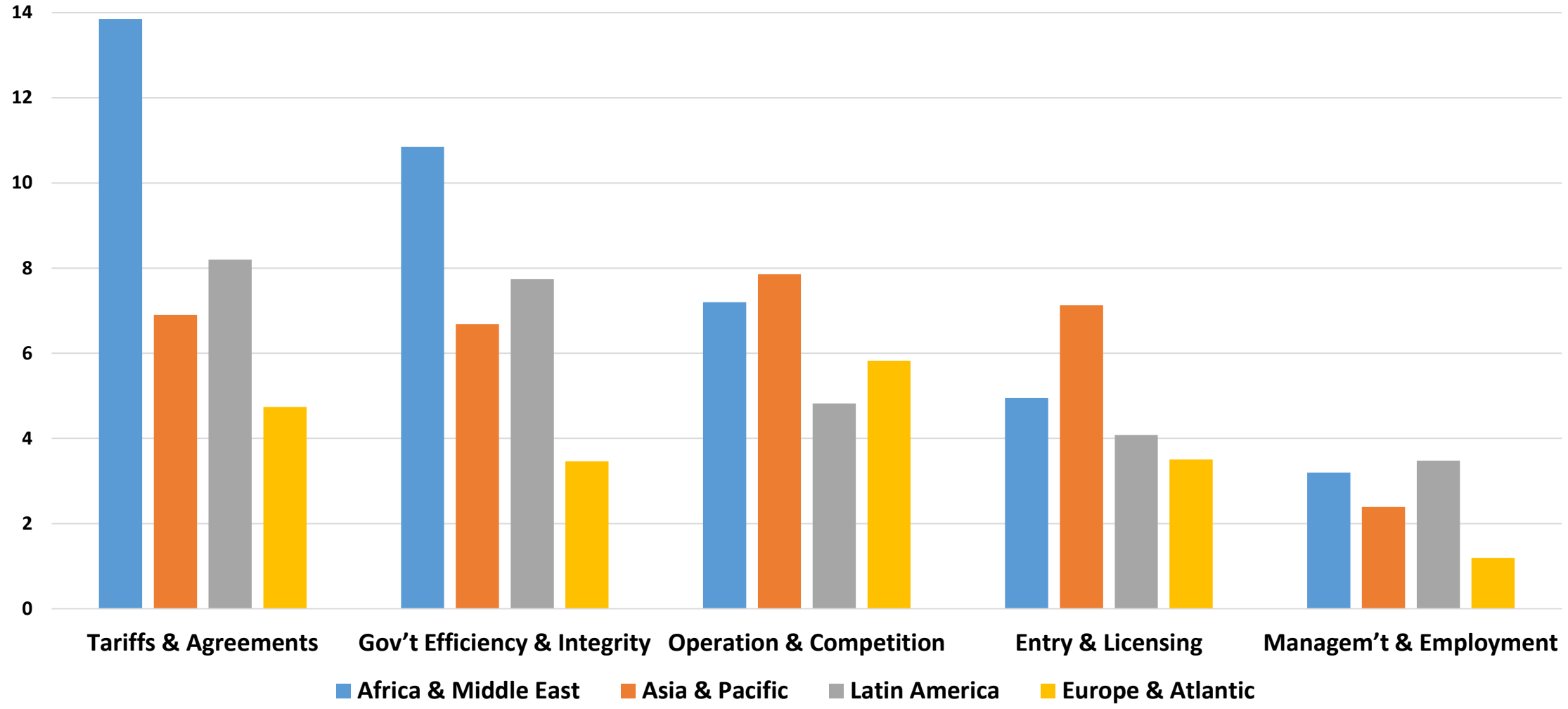
10. Tariffs and Trade Agreements
11. Commitments in World Trade Organization Agreements

E. Government Efficiency and Integrity

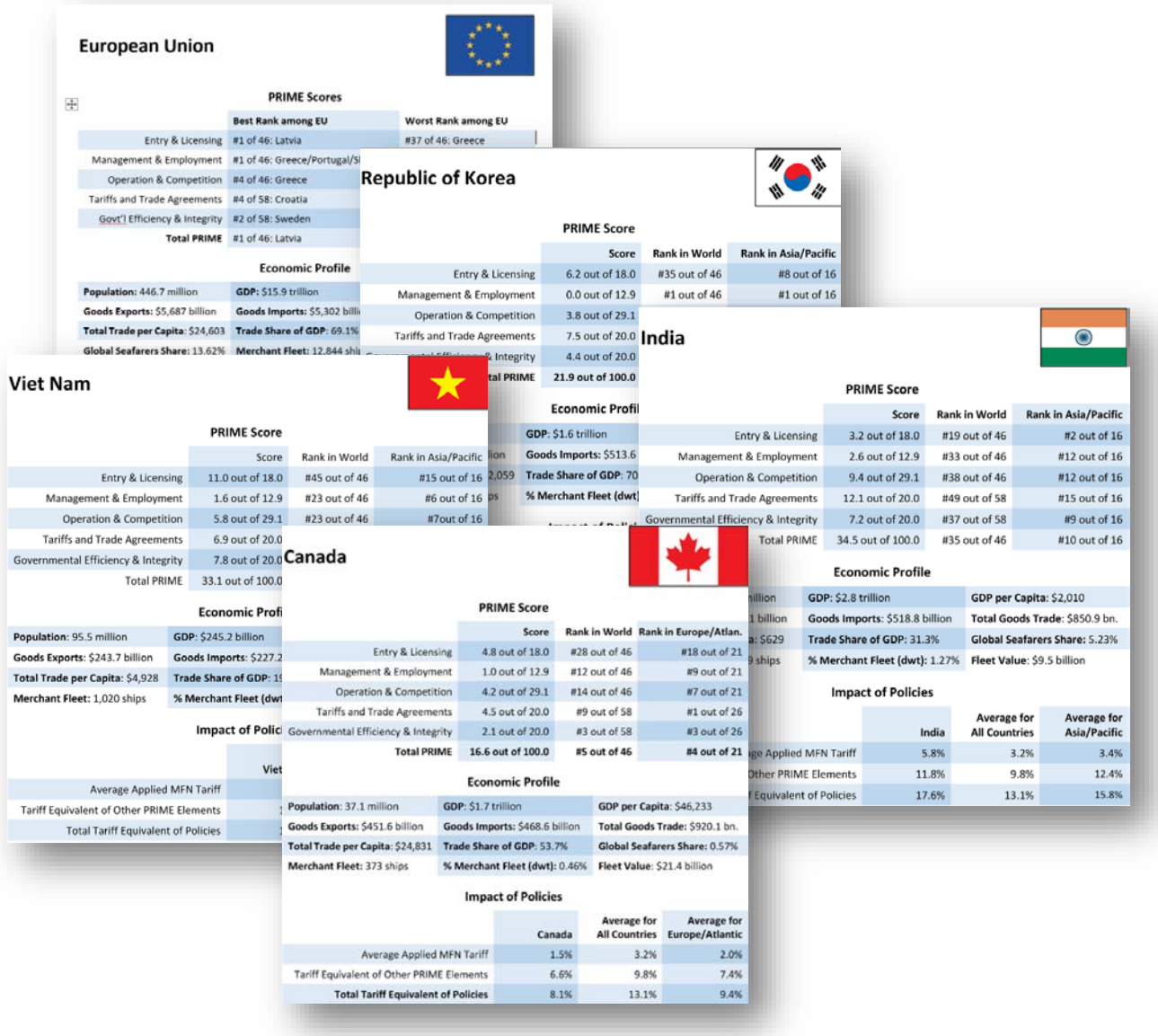
12. Efficiency of Countries' Processing of Exports and Imports (Raw Values)
13. Efficiency of Countries' Processing of Exports and Imports (Index Values)
14. Measures of Governance

Appendix 1 of the Study contains a more in-depth analysis of these categories and subcategories, as well as their corresponding elements, all of which also serve as a basis for the global country ranking.

Average PRIME Components by Region



Country Profiles



European Union

PRIME Scores

	Best Rank among EU	Worst Rank among EU
Entry & Licensing	#1 of 46: Latvia	#37 of 46: Greece
Management & Employment	#1 of 46: Greece/Portugal/Sl	
Operation & Competition	#4 of 46: Greece	
Tariffs and Trade Agreements	#4 of 58: Croatia	
Govt'l Efficiency & Integrity	#2 of 58: Sweden	
Total PRIME	#1 of 46: Latvia	

Economic Profile

Population: 446.7 million	**GDP:** $15.9 trillion
Goods Exports: $5,687 billion	**Goods Imports:** $5,302 billi
Total Trade per Capita: $24,603	**Trade Share of GDP:** 69.1%
Global Seafarers Share: 13.62%	**Merchant Fleet:** 12.844 shi

Republic of Korea

PRIME Score

	Score	Rank in World	Rank in Asia/Pacific
Entry & Licensing	6.2 out of 18.0	#35 out of 46	#8 out of 16
Management & Employment	0.0 out of 12.9	#1 out of 46	#1 out of 16
Operation & Competition	3.8 out of 29.1		
Tariffs and Trade Agreements	7.5 out of 20.0		
& Integrity	4.4 out of 20.0		
tal PRIME	21.9 out of 100.0		

Economic Profil

	GDP: $1.6 trillion
lion	**Goods Imports:** $513.6
2,059	**Trade Share of GDP:** 70
ps	**% Merchant Fleet (dwt)**

India

PRIME Score

	Score	Rank in World	Rank in Asia/Pacific
Entry & Licensing	3.2 out of 18.0	#19 out of 46	#2 out of 16
Management & Employment	2.6 out of 12.9	#33 out of 46	#12 out of 16
Operation & Competition	9.4 out of 29.1	#38 out of 46	#12 out of 16
Tariffs and Trade Agreements	12.1 out of 20.0	#49 out of 58	#15 out of 16
Governmental Efficiency & Integrity	7.2 out of 20.0	#37 out of 58	#9 out of 16
Total PRIME	34.5 out of 100.0	#35 out of 46	#10 out of 16

Economic Profile

illion	**GDP:** $2.8 trillion	**GDP per Capita:** $2,010
1 billion	**Goods Imports:** $518.8 billion	**Total Goods Trade:** $850.9 bn.
a: $629	**Trade Share of GDP:** 31.3%	**Global Seafarers Share:** 5.23%
ships	**% Merchant Fleet (dwt):** 1.27%	**Fleet Value:** $9.5 billion

Impact of Policies

	India	Average for All Countries	Average for Asia/Pacific
ge Applied MFN Tariff	5.8%	3.2%	3.4%
Other PRIME Elements	11.8%	9.8%	12.4%
f Equivalent of Policies	17.6%	13.1%	15.8%

Viet Nam

PRIME Score

	Score	Rank in World	Rank in Asia/Pacific
Entry & Licensing	11.0 out of 18.0	#45 out of 46	#15 out of 16
Management & Employment	1.6 out of 12.9	#23 out of 46	#6 out of 16
Operation & Competition	5.8 out of 29.1	#23 out of 46	#7out of 16
Tariffs and Trade Agreements	6.9 out of 20.0		
Governmental Efficiency & Integrity	7.8 out of 20.0		
Total PRIME	33.1 out of 100.0		

Economic Profi

Population: 95.5 million	**GDP:** $245.2 billion
Goods Exports: $243.7 billion	**Goods Imports:** $227.2
Total Trade per Capita: $4,928	**Trade Share of GDP:** 19
Merchant Fleet: 1,020 ships	**% Merchant Fleet (dwt**

Impact of Polic

	Viet
Average Applied MFN Tariff	
Tariff Equivalent of Other PRIME Elements	
Total Tariff Equivalent of Policies	

Canada

PRIME Score

	Score	Rank in World	Rank in Europe/Atlan.
Entry & Licensing	4.8 out of 18.0	#28 out of 46	#18 out of 21
Management & Employment	1.0 out of 12.9	#12 out of 46	#9 out of 21
Operation & Competition	4.2 out of 29.1	#14 out of 46	#7 out of 21
Tariffs and Trade Agreements	4.5 out of 20.0	#9 out of 58	#1 out of 26
Governmental Efficiency & Integrity	2.1 out of 20.0	#3 out of 58	#3 out of 26
Total PRIME	**16.6 out of 100.0**	**#5 out of 46**	**#4 out of 21**

Economic Profile

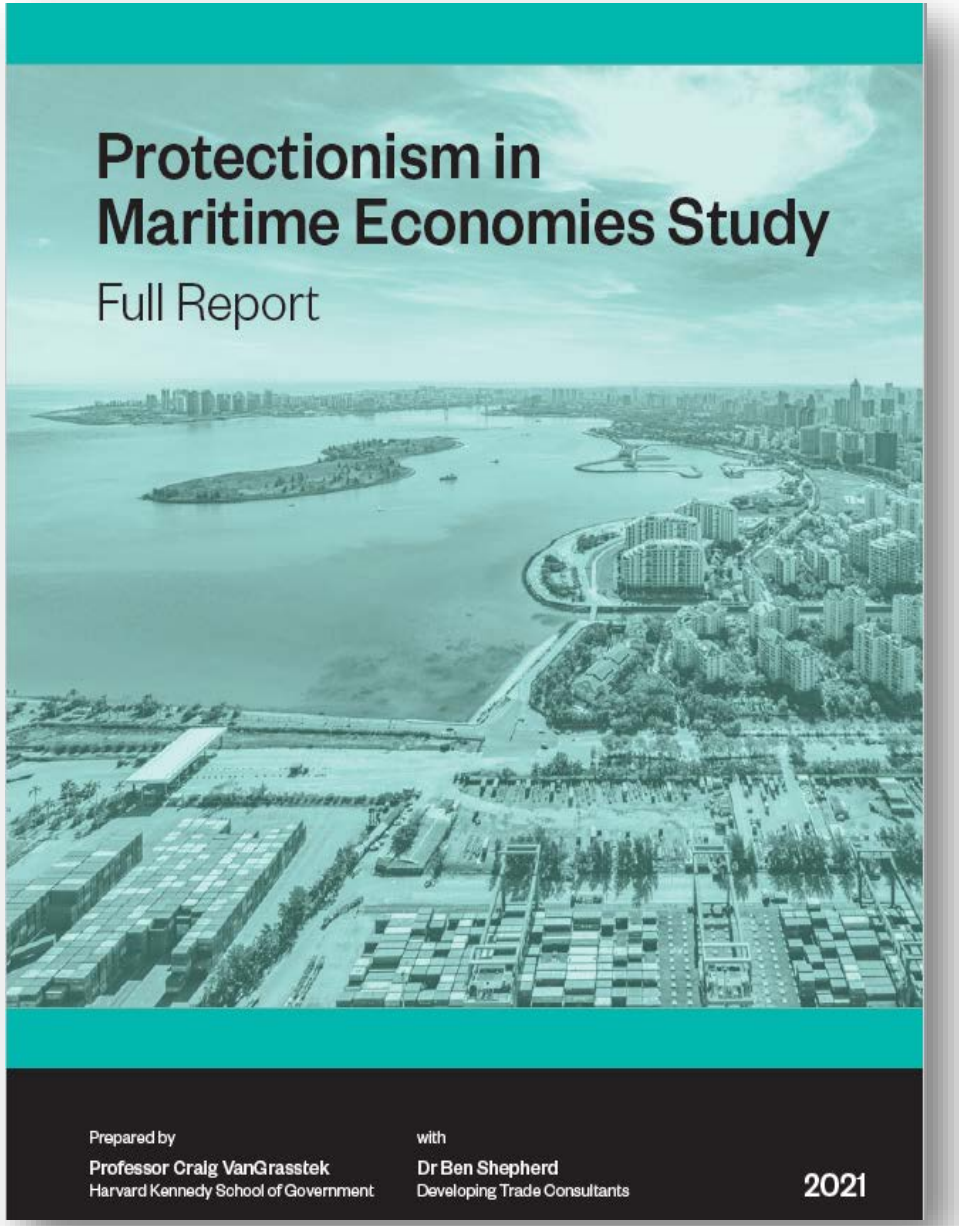
Population: 37.1 million	**GDP:** $1.7 trillion	**GDP per Capita:** $46,233
Goods Exports: $451.6 billion	**Goods Imports:** $468.6 billion	**Total Goods Trade:** $920.1 bn.
Total Trade per Capita: $24,831	**Trade Share of GDP:** 53.7%	**Global Seafarers Share:** 0.57%
Merchant Fleet: 373 ships	**% Merchant Fleet (dwt):** 0.46%	**Fleet Value:** $21.4 billion

Impact of Policies

	Canada	Average for All Countries	Average for Europe/Atlantic
Average Applied MFN Tariff	1.5%	3.2%	2.0%
Tariff Equivalent of Other PRIME Elements	6.6%	9.8%	7.4%
Total Tariff Equivalent of Policies	8.1%	13.1%	9.4%

Algeria	Angola	Argentina	Australia
Brazil	Canada	Chile	China
Egypt	European Union	Ghana	Hong Kong
India	Indonesia	Japan	Kenya
Kuwait	Liberia	Malaysia	Mexico
Myanmar	Nigeria	Norway	Pakistan
Panama	Republic of Korea	Russian Federation	Saudi Arabia
Singapore	South Africa	Tanzania	Thailand
The Philippines	Turkey	United Kingdom	United States
Viet Nam			

Video Animation on ICS Protectionism in Maritime Economies Study



Thank You

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- **For more information regarding the Study including the Summary Report, please visit the ICS website: https://www.ics-shipping.org/**

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