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## **U.S. Inland Waterway Transportation Subsidies**

Major inland waterways in the United States (e.g. the Mississippi-Missouri and the Tennessee-Tombigbee river systems) have been developed by and are maintained at the expense of the federal government, with services provided by the United States Army Corps of Engineers. There are no lockage fees or other user tolls. However, barge operators pay fuel taxes which are targeted for new construction only. This system of waterways, canals, and locks, and its maintenance, constitutes a subsidy to inland transportation. By reducing the cost of bulk transportation for products, significant benefits accrue to users of the inland waterways.

## **Shipbuilding Subsidies and the OECD Shipbuilding Agreement**

The "Title XI" program administered by the Maritime Administration (MARAD) provides loan guarantees of up to 87% for a period of up to 25 years to U.S. shipbuilders. Eligible projects include construction, reconstruction and reconditioning of commercial vessels in U.S. shipyards, as well as shipyard improvements. Both United States and foreign shipowners and U.S. shipyards are eligible. The program was expanded in 1993 to cover ships built for the export market.

The U.S., along with EU, Norway, Sweden, Finland, Japan and Korea, signed the OECD Shipbuilding Agreement concluded in December 1994. The Agreement is intended to limit shipbuilding subsidies and to address injurious pricing practices. It requires a standstill on existing subsidy levels and on new measures of support, and allows the continuation of previously committed aid subject to certain conditions, until the Agreement enters into force. Under the Agreement the United States will be required to reduce the Title XI program to a maximum loan guarantee of 80% over 12 years, and modify certain other programs supporting the maritime industry (see IX. Services/Maritime Transportation). Entry into effect of the Agreement has been postponed from January to June, 1996, as a result of delays in ratification by the United States and several other countries. In early 1996 Congress was considering legislation to implement the Agreement, which is considered an important trade priority by the United States.

In 1993 the United States also introduced the Maritime Technologies (MARITECH) program. This is a jointly-funded government/industry program to develop and apply advanced technology to improve the international commercial competitiveness of the U.S. shipbuilding industry. Through the five year term of the program up to US\$220 million in federal funding could be provided to shipbuilding and related production technology. Foreign companies are involved in some MARITECH projects. Given the restrictions to the Title XI program resulting from the OECD Shipbuilding Agreement, the United States is placing greater attention on the MARITECH program as a means to improve domestic shipbuilding technology.

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