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FLORIDA-BAHAMAS SHIPOWNERS AND OPERATORS ASSOCIATION AGREEMENT

FMC Agreement No. 010982-034
2nd Edition

Cooperative Working Agreement

EFFECTIVE
JUN 15 2003
UNDER THE SHIPPING ACT OF 1984
Federal Maritime Commission

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ARTICLE 1: NAME OF AGREEMENT

This agreement shall be known as the Florida – Bahamas Shipowners and Operators Association, hereinafter called the "Association."

ARTICLE 2: PURPOSE

This Association is to provide a forum among ocean common carriers serving the geographic scope as hereinafter defined to discuss and agree, on a voluntary basis, on rates, charges, rules, classifications, and practices governing the transportation of cargo, whether moving in all-water or through transportation service under a through bill of lading or otherwise, in the Trade. The objectives of the Association are to maintain competitive, nondestructive ocean common carrier services in the Trade.

ARTICLE 3: MEMBERS

The members of the Association (individually a "Member" and jointly "Members") are:

Tropical Shipping and Construction Co., Ltd.
821 Avenue E
Rivera Beach, Florida 33404

Pioneer Shipping Ltd.
3250 N.W. North River Drive
Miami, Florida 33142

Crowley Liner Services, Inc.
P.O. Box 2116
Jacksonville, Florida 32203-2116

Seaboard Marine, Ltd.
8050 79th Avenue
Miami, Florida 33166

G & G Marine, Inc.
760 NE 7th Avenue
Dania, Florida 33004

Caicos Cargo Ltd.
dba
Turks Island Shipping Line
1580 S.E. 26th Street
Ft. Lauderdale, FL 33316

Atlantic Caribbean Line, Inc.
18 Fisherman's Wharf
Fort Pierce, FL 34950

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ARTICLE 4: GEOGRAPHIC SCOPE

The geographic scope of the Association is between ports of the United States located between Jacksonville, Florida, and Key West, Florida, on the one hand, and ports located in the Bahamas, Turks, Caicos and Providenciales Islands and the Cayman Islands, British West Indies, on the other hand, including points located within the Continental United States (excluding Hawaii and Alaska) and points in the nations of The Bahamas, Turks, Caicos and Providenciales Islands, and the Cayman Islands, British West Indies via the aforementioned ports, hereinafter referred to as the "Trade."

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ARTICLE 5: AUTHORITY

In all or any portion of the Trade, by Trade or by Trade sections, any two or more Members are authorized to:

1. Discuss, agree upon, establish, maintain, cancel and revise rates (including but not limited to commodity, volume, time volume, time-revenue, service contract and project rates, and consistent with the Shipping Act of 1984, as amended, loyalty contract rates) in connection with the transportation of cargo moving within the all-water and intermodal Association authority (whether on a single-factor, multi-factor, minibridge, microbridge, joint, proportional or other basis), it being understood that the discussion of rates includes discussion of and voluntary agreement upon specific rates, differentials among Members' rate levels, negotiations, bids and proposals applicable to cargo or pursuant to or in relation to particular service contracts, existing or proposed.

2. Discuss, agree upon, establish, maintain, cancel and revise rules, classifications, charges, surcharges, practices, privileges, and terms and conditions of service relating to base ports and points; per diem, free time and detention on carrier-provided containers, chassis and related equipment; furnishing or leasing equipment to or from shippers, consignees, inland carriers and others; collection agents at

destination; interchange and transshipment with connecting carriers (including but not limited to transshipments of cargoes moving in foreign-to-foreign commerce in which the Trade hereunder is a portion, port and terminal charges and terminal shoreside loading operations, including wharfage, free time and demurrage; receipt, handling, storage, pickup and delivery of cargo; consolidation and consolidation allowances; absorptions, equalizations, substituted or alternate port service; other allowances; container yards, and container freight stations; broker and/or freight forwarder compensation; payment for services rendered or received including credit rules and privileges (including suspension and restoration of credit privileges thereof among the Members); and any other ancillary service in connection with the ocean transportation of cargo. The Members are not authorized by this Article to publish a common tariff or tariffs, and have no obligation to adhere, other than voluntarily, to any agreement reached pursuant to the authority in this Article.

3. Discuss and enter into agreements with other carriers serving the Trade not members of this Association or other conferences serving the Trade or the foreign destinations of the Trade; provided, however, such agreements shall not be implemented until filed and effective pursuant to the terms of the Shipping Act, 1984, as amended.

4. Discuss and exchange information, including statistics or compilations or analyses thereof, relating to transportation conditions in the Trade, including the expected supply of and/or demand for liner transportation services in the Trade.

5. Negotiate with any shipper's association as defined in Section 3(22) of the Shipping Act of 1984, as amended.

6. Discuss and agree upon sailing and tonnage rationalization; provided however, any such agreement shall not be implemented until filed and pursuant of the terms of the Shipping Act, 1984, as amended.

7. Charter space to and/or from each other on an ad hoc, sporadic, emergency or interim basis, i.e., not to exceed 90 days, for the transportation of cargo in the Trade pursuant to the rules and procedures set forth in Annex A of this agreement which is incorporated herein by reference. Any on-going space charter arrangement involving two or more of the Members shall be authorized by a separate agreement filed with the FMC. The Association shall submit reports to the FMC on a quarterly calendar year basis reflecting all chartering arrangements effected between or among the Members pursuant hereto and specifying, for each such arrangement, (i) the names of the chartering and underlying carrier Members, (ii) the amount of space chartered expressed in twenty-foot equivalent units (TEUs); (iii) the commencement and termination dates; and (iv) ports of loading and discharge.

ARTICLE 6: OFFICIALS AND DELEGATIONS OF AUTHORITY

1. The Members of the Association, in authorized meetings, shall constitute the plenary authority. An authorized meeting shall include, in addition to meetings of the Members, discussion and agreement between or among any two or more Members. The Association may appoint an Executive Director to serve at the pleasure of the Association. The Executive Director shall carry out all decisions of the Association including, but not limited to, obtaining and maintaining office facilities; maintaining records as required by law or the Association; filing reports as required by law or the Association; and such other duties as the Association may deem necessary or desirable for its efficient and lawful operation.

2. The Association may, from time to time, establish standing, ad hoc, and any other committees and sub-committees ("committees") as they consider necessary to conduct the business of the Association and the decision of the committees shall be deemed the decision of the Association, unless specifically limited by the Association. Unless otherwise unanimously agreed, each Member shall be entitled to full and equal membership on any committee established by the Association and may designate the person or persons selected to represent it for said purposes. The Association may also conduct its business through oral, written, telephone, telegraphic and telex polls upon which Association action is taken.

3. The Executive Director, or a member of the Association designated by him, shall chair meetings of the Association and its committees.

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ARTICLE 7: MEMBERSHIP, WITHDRAWAL, READMISSION AND EXPULSION

1. Any ocean common carrier (as defined in the Shipping Act of 1984, as amended) which is regularly engaged as an ocean common carrier in the ~~t~~Trade or which furnishes evidence of ability and intention in good faith to institute and maintain a regular service in the Trade, may hereafter become a Member of this Association by signing this agreement or a counterpart copy and furnishing the same to the Executive Director. Every application for participation shall be acted upon promptly, and prompt notice of admission to membership shall be furnished to the Federal Maritime Commission in the form of an amendment to this agreement, and no such admission shall be effective prior to the receipt by the Commission of such amendment.

2. Any Member may withdraw its membership in this Association by giving sixty (60) days' written notice to the Executive Director. Notice of withdrawal shall be promptly furnished to such Commission in the form of an amendment to this Agreement and shall be effective upon receipt by the Commission.

3. No Member may be expelled against its will or otherwise terminated as a Member except for abandonment of service in the Trade or failure to abide by all the

terms and conditions of this agreement, including payment of obligations hereunder. No expulsion shall become effective until a detailed statement setting forth the reasons therefore has been furnished the expelled Member and a copy thereof submitted to the Commission. Said expulsion shall become effective only upon receipt by the Commission of an appropriate amendment to this Agreement. A carrier which has been expelled may, during the first year alter expulsion, be readmitted only by vote of the other Members based on their determination that the expelled Member will abide by the agreement in the future and otherwise qualifies for membership under this agreement.

ARTICLE 8: VOTING

Any discussions and agreements between or among any two or more Members in which agreements are reached shall be by mutual agreement of those Members participating, it being fully understood that no Member is required to adhere, other than voluntarily, to any decision reached.

ARTICLE 9: DURATION AND TERMINATION

1. This agreement shall be effective upon its filing with the Federal Maritime Commission and effectiveness pursuant to the Shipping Act of 1984, as amended, and shall remain in effect until terminated.

2. This Agreement may be terminated by: (a) mutual agreement of the Members, or (b) resignation of all but one member of this Association.
Notice of termination will be promptly filed with the Federal Maritime Commission.

ARTICLE 12: SERVICE CONTRACTS

1. Association Service Contracts. The Association may negotiate and enter into service contracts as defined in Section 3(19) of the Shipping Act of 1984, as amended, including, but not limited to, service contracts covering exempt commodities. Any such service contract will be a contract of the Association on behalf of its Members. Members may elect not to participate, or to limit their participation, in any Association service contract by appropriate written notification to the Association prior to execution of any such contract specifying their election not to participate or the limitation on their participation. Any service contract shall specify those members not participating, or if participating in a limited manner, the limitation of the participation. A Member which has initially elected not to participate in an Agreement service contract or to limit its participation may, at any time, elect to participate or remove its limitation as to its participation by so notifying the Executive Director in writing, which notice shall include the effective date of its participation or the removal of the limitation. The Members are authorized to adopt guidelines with respect to some or all Association service contracts.

2. Individual Service Contracts. Any Member may, individually or jointly with other Members, separately and independently from the Association, negotiate and enter into service contracts for cargo moving within the Trade. The Members are authorized, but not required, to discuss their respective individual service contracts and to discuss, adopt, repeal or amend voluntary guidelines relating to the terms and procedures of all or a portion of their individual service contracts. Any voluntary guidelines adopted shall be confidentially submitted to the Federal Maritime Commission and shall explicitly state the right of the Members not to follow any or all of the guidelines adopted.

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ARTICLE 10: NEUTRAL BODY POLICING

Not Applicable.

ARTICLE 11: PROHIBITED ACTS

The Association shall not boycott or take any other action resulting in a refusal to deal, or engage in any predatory practice designed to eliminate the participation, or deny entry in a particular trade, of a common carrier not a member of the Association, a group of common carriers, an ocean tramp, or a bulk carrier.

ARTICLE 13: MEETINGS AND PROCEDURE

1. Regular Association meetings shall be held as agreed upon by the Members.

2. Notwithstanding subparagraph (1) hereof, any two or more Members may, without notice to any other Member , hold meetings with one another pursuant to the authority of this agreement.

3. Any agreements reached at meetings taking place pursuant to subparagraph (2) hereof shall be promptly minuted in writing, and copies of such minutes shall be promptly provided to the Executive Director, the other Members of the Association and to the Federal Maritime Commission.

ARTICLE 14: EXPENSES AND OFFICE ARRANGEMENTS

Expenses of the Association shall be apportioned among the Members as they agree from time to time.

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ARTICLE 15: DEFINITIONS

Words defined in the Shipping Act of 1984, as amended, and the Federal Maritime Commission regulations promulgated pursuant to the Act have the same definition and meaning when used in this agreement.

ARTICLE 16: FILING AGENT

The Executive Director and/or a law firm to be designated by the Members from time to time shall have authority to execute and file all amendments to this agreement on behalf of the Association. This agreement and each amendment or a republication of the agreement may be executed in one or more counterparts, and all such counterparts shall constitute one Agreement, notwithstanding that all Members are not signatory to the same counterpart.

ARTICLE 17: ADMINISTRATIVE REGULATIONS

The Members may implement the agreement through administrative regulations, resolutions and decisions, all of which shall be binding on the Members.

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ANNEX A

RULES AND PROCEDURES FOR SPACE/SLOT CHARTERING AMONG MEMBERS

The Members of the Florida-Bahamas Shipowners and Operators Association Agreement, FMC Agreement No. 010982, hereby establish, pursuant to Article 5.7 of the Agreement, the following rules and procedures governing space/slot chartering arrangements among the Members:

SECTION 1: DEFINITION OF TERMS

As used herein, a Member who charters vessel capacity from another Member is the "charterer"; a Member whose vessel capacity is chartered by another Member is the "underlying carrier"; and the shipper who tenders the cargo to the charterer is the "underlying shipper".

SECTION 2: MEMBERS' RIGHTS AND OBLIGATIONS

(a) Any Member may advise any other Member at any time of the need for, or the availability of, vessel capacity for chartering purposes. Except as provided in Subsection 2(b) hereof, a Member may charter space or slots under such Member's operational control to another Member on any vessel used for the-transportation or cargo within the scope of the Agreement.

(b) Space/slot chartering shall be strictly voluntary. No Member shall be obligated to charter space or slots to or from any other Member except as any Members may, from time to time, mutually agree.

(c) Cargo shipments made pursuant to this Annex shall be consigned to the charterer and transported by the underlying carrier on a contract basis.

(d) Compensation for any shipments under space/slot charter arrangements between or among Members shall be as the parties to such arrangements may agree.

(e) Nothing herein shall be construed as a demise or partial demise of any vessel of any Member At all times during any voyage on which cargo, containers or other equipment are carried pursuant to the terms of a space/slot charter arrangement entered into hereunder, the Master, his delegates, the officers and crew shall be and remain the employees and agents of the underlying carrier only and shall not be or deemed to be the employees or agents of the charterer.

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(f) The charterer and underlying carrier shall such ancillary terminal, operating, administrative and other arrangements as may be needed to conduct and perform space/slot chartering pursuant hereto, and shall exchange such booking data, shipping documents, tariff information and other material as they may require for that purpose.

(g) An underlying carrier will ensure that its personnel will, in accordance with any instructions of the charterer, maintain, repair and inspect the charterer's equipment.

SECTION 3: LIABILITIES

(a) Charterer. The charterer shall, with respect to the underlying shipper, employ its regular bill of lading. The charterer shall be liable to the underlying shipper and shall receive and process claims for cargo loss and damage in the same manner and to the same extent and degree as if the cargo had been transported on the charterer's own vessel. The charterer shall indemnify and hold harmless the underlying carrier for damage to property, death, injury or illness resulting from misdescription of goods, improper stowage or goods within containers, or defect in the construction of containers tendered by the charterer to the underlying carrier. The charterer shall also indemnify the underlying carrier for any fines, penalties, duties or other expenses imposed on the latter cue to errors in cargo manifests or any other documents, whether furnished by the charterer or the underlying shipper, it the charterer is liable for such errors.

(b) Underlying Carrier. Subject to the terms and conditions of the space/slot charter arrangement, the underlying carrier shall indemnify the charterer, as provided in the Carriage of Goods by Sea Act, 146 U.S.C. §§ 1301-1315, for liability to the underlying shipper in connection with any loss or damage to property caused by the underlying carrier.

(c) Force Majeure. Except as may be otherwise specifically provided in a space/slot charter arrangement, the obligations of the parties to an arrangement shall be excused to the extent that the existence and continuance of conditions beyond the parties' control render either the underlying carrier or the charterer, or both, unable to carry out their obligations. Such conditions include but are not limited to: war, civil commotion, invasion, rebellion, hostilities, strikes, labor disputes, sabotage or other work stoppages, unusually severe weather, regulations or orders of governmental authorities, legal intervention, acts of God, inability to obtain materials or services. A party asserting the existence of such conditions as an excuse for non-performance

shall promptly give written notice of such conditions to all other parties to the charter arrangement.

(d) Perishable Cargoes. Unless otherwise specifically provided in a space/slot charter, arrangement, the underlying carrier shall not be held liable for damage to the cargo if the charterer fails to take delivery of all containers said to contain perishable cargoes moving in dry or temperature controlled equipment within twenty-four (24) hours after said containers have been made available for pick-p from the underlying carrier.

SECTION 4: AMENDMENT OF THIS ANNEX

The procedures herein may be amended only by unanimous vote of all Members entitled to vote.

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