Lib

RECEIVED
03 SEP 29 PM 4:00
OFFICE OF THE SECRETARY
FEDERAL MARITIME COMM.

ORIGINAL TITLE PAGE

CENTRAL AMERICA DISCUSSION AGREEMENT

FMC Agreement No. 203-011075-063
(2nd Edition)

A Cooperative Working Agreement

EFFECTIVE
SEP 29 2003
UNDER THE SHIPPING ACT OF 1984
Federal Maritime Commission

Expiration Date: None

ARTICLE NO. Page

1. FULL NAME OF THE AGREEMENT.....2

2. PURPOSE OF THE AGREEMENT.....2

3. PARTIES TO THE AGREEMENT.....2

4. GEOGRAPHIC SCOPE OF THE AGREEMENT.....2

5. AGREEMENT AUTHORITY.....2

6. OFFICIALS OF THE AGREEMENT AND DELEGATION OF AUTHORITY.....4

7. MEMBERSHIP.....4

8. VOTING.....7

9. DURATION AND TERMINATION OF THE AGREEMENT.....8

10. AMENDMENTS AND EXECUTION.....8

ARTICLE 1: FULL NAME OF THE AGREEMENT

The full name of the Agreement is the Central America Discussion Agreement (the "Agreement").

ARTICLE 2: PURPOSE OF THE AGREEMENT

The purpose of the Agreement is through authorization of discussion, consultation and development of consensus to foster commerce, service and stability in the trade while maintaining the parties' freedom of competitive action.

ARTICLE 3: PARTIES TO THE AGREEMENT

The parties to the Agreement (hereinafter referred to individually as a "Member" and jointly as the "Members") are listed in Appendix A hereto.

ARTICLE 4: GEOGRAPHICAL SCOPE OF THE AGREEMENT

The geographic scope of this Agreement shall extend, via direct service or transshipment, to the trade between Atlantic, Gulf and West Coast ports of the United States and inland or coastal points in the United States served via such ports, on the one hand and ports in Costa Rica, Honduras, Guatemala, Nicaragua, Panama and El Salvador and inland or coastal points in Costa Rica, El Salvador, Guatemala, Honduras, Panama or Nicaragua served via such ports, on the other hand (the "Trade").

ARTICLE 5: AGREEMENT AUTHORITY

5.01. The Members are authorized, but not required, to meet, exchange information or otherwise discuss their separate tariffs, rates, service items, rules and service contracts, in the Trade, and to reach consensus or agreement thereon but shall, despite any agreement, have no obligation under this Agreement to adhere, other than voluntarily, thereto. The authority of the Members includes, but is not limited to, consideration of and, subject to Article 5.02 hereof, agreement on all aspects of transportation and service in the Trade, including rates, charges, classification, practices, terms, conditions and rules and regulations applicable to transportation of cargo within the Trade and to service provided in connection therewith, notice periods for changing rates, service items, port-to-port rates, overland rates, minilandbridge rates, interior point intermodal rates, proportional rates,

through rates, inland portions of through rates, joint rates, minimum rates, surcharges, arbitraries, volume rates, time/volume rates (including the aggregation of cargo under time/volume rates published in their respective tariffs), project rates, freight-all-kinds rates, volume incentive programs, loyalty arrangements or fidelity commission systems conforming to the anti-trust laws of the United States, consolidation, consolidation allowances, rates on commodities exempt from tariff filing, absorptions, equalization, substituted (alternate port) services, allowances, freight forwarder compensation, brokerage, the conditions determining such compensation or brokerage and the payment thereof, receiving, handling, storing, and delivery of cargo, designation of base ports and points, pick up and delivery charges, free time practices, detention, demurrage, container freight stations, port and inland container yards and container depots, terminals and other points of cargo receipt, vanning, devanning, furnishing equipment to or leasing equipment from shippers/consignees/ inland carriers/others, collection agents at destination, maintaining and distributing information and data and statistics and all other practices, rules, regulations, and matters ancillary to transportation of cargo moving within the scope of this Agreement, rules regarding the time and currency in handling of delinquent accounts and interest thereon. The Members will, to the extent required by law or as determined by them, publish and file their own separate tariff or tariffs.

5.02. This Agreement does not authorize any common tariffs. All Members collectively, or any two or more Members separately, may jointly enter into service contracts for cargo moving in the Trade and the Agreement may adopt voluntary, non-binding guidelines relating to the terms and procedures of a Member's or Members' service contracts which shall be submitted to the Federal Maritime Commission confidentially. The Members are not required hereunder to agree upon, or if they do agree, to adhere to any uniform rates, charges, practices, conditions of service, or other decisions. Each Member shall designate a point or points of entry for receipt of all inter-party communications in connection with the operation of this Agreement.

5.03. The Members may meet in person, by telephone or conduct business by written, e-mail, Internet, telex or telefax exchanges or polls. At any meeting and in order to foster a consensus, all Members may communicate directly with one another and express their views with respect to any matter authorized by Article 5 hereof.

5.04. To further assist in reaching a consensus, all Members may communicate directly with some or all of the other Members and exchange information with them, with respect to any matter authorized by Article 5 herein, prior to meetings of the Agreement.

5.05. Any two or more Members may agree among themselves upon the terms and conditions pursuant to which any of them may charter space on the vessel(s) of another Member on an ad hoc, emergency or interim (i.e., not to exceed 90 days) basis, for the transportation of cargo in the Trade. 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 Agreement 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 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 OF THE AGREEMENT AND DELEGATION OF AUTHORITY

(a) The Chairman of the Agreement shall serve as the Secretary and shall be responsible for taking minutes of meetings and filing any reports with the Federal Maritime Commission as may be required. The Members may appoint a Secretariat to provide administrative and housekeeping functions in connection with the operation of this Agreement, delegate such authority to persons performing those services as may be necessary for that purpose and apportion any expenses in connection with administration of the Agreement between or among them.

(b) The persons authorized to file the Agreement or any subsequent modifications thereto with and submit associated supporting materials to the Federal Maritime Commission are Sher & Blackwell, Attorneys-At-Law, or such other persons as the Members may hereafter designate in writing.

ARTICLE 7: MEMBERSHIP

(a) Any ocean common carrier or conference of such carriers (as defined in the Shipping Act of 1984) which is regularly engaged as an ocean common carrier in the Trade, directly or by transshipment, or which furnishes evidence of ability and an intention in good faith to institute and maintain a regular service in the Trade, may hereafter become a party to this Agreement by signing the Agreement or a counterpart copy thereof and furnishing the same to the Executive Director and paying an admission fee of $2,000.00 (U.S.). Prompt notice of admission to membership shall be furnished to the Federal Maritime Commission and no admission shall be effective prior to the date a Member's admission is effective in accordance with the regulations of the Federal Maritime Commission.

(b) No ocean common carrier which has complied with the conditions set forth in this Article shall be denied admission or readmission to membership. Advice of any denial of admission to membership, together with a statement of the reasons therefore, shall be furnished promptly to the Federal Maritime Commission.

(c) Each applicant for admission shall sign a copy of this Agreement. Upon dissolution of the Agreement, all sums of money remaining in the Agreement treasury, after payment of all expenses, shall be divided among the Members at the time of dissolution pro rata.

(d) A Member which is a joint venture or consortium of two or more ocean common carriers but operated as a single entity shall be treated as a single Member for all purposes under this Agreement.

(e) Any Member may resign without penalty from the Agreement effective not less than thirty (30) days after filing a written notice with the Agreement office, which shall promptly serve the notice on the other Members. Provided, however, that the retention of security for the payment of outstanding obligations hereunder shall not be considered as a penalty. Notice of the resignation of any Member shall be furnished promptly to the Federal Maritime Commission by amendment to this Agreement.

(f) The filing of a notice of resignation shall not, until the resignation becomes effective, relieve a Member of its obligations under this Agreement, but a Member shall not, after filing of a notice of resignation, be entitled to privileges on any Agreement rate, charge, rule or service contract which is to become effective after the date of its resignation, or on any amendment of this Agreement.

(g) Computation of outstanding obligations of any resigning Member, unless otherwise agreed to by the remaining Members, shall include all financial obligations entered into by the Agreement at the time the Member became a party to the Agreement and subsequent thereto up to the effective date of the Member's resignation. The resigning Member shall also be responsible for its share of the current year's administration fee, plus the next three (3) months fee towards any financial obligations that the Agreement undertook while it was a Member or to which the Agreement became a party to while it was a Member.

(h) No Member may be expelled against its will from the Agreement except for failure to maintain an ocean common carrier service within the scope of this Agreement (said failure to be determined according to the minimum sailing requirements set forth in paragraph (j) below) or for failure to abide by the terms and conditions of this Agreement including the maintenance of the financial guarantees set forth in paragraph (k) below. Expulsion must be authorized by unanimous vote of all Members entitled to vote, excluding the Member whose expulsion is at issue.

(i) No expulsion shall become effective until a detailed statement setting forth the reasons therefore has been furnished to the expelled Member and a copy thereof has been submitted to the Federal Maritime Commission.

(j) In the event that a Member shall fail to have a sailing within the scope of this Agreement during any period of ninety (90) consecutive days, strikes and force majeure excepted, such Member shall thereupon not be entitled to privileges on any and all Agreement matters, and the right to vote shall be restored only after such Member has loaded cargo and sailed vessel in the Trade. Failure to have a sailing within the scope of the Trade during any period of one hundred twenty (120) consecutive days, strikes a force majeure excepted, shall constitute cause for expulsion.

(k) Unless the Members otherwise agree by a vote of unanimous less one, simultaneous with admission to Agreement membership, a Member shall furnish to the Chairman a financial guarantee of its compliance with all of the terms and provisions of this Agreement and rules and regulations thereunder. Unless waived as hereinabove provided, no Member shall be entitled to membership privileges until it has furnished the financial guarantee. Said guarantee shall consist of:

(1) A sum equal to one-half of the total estimated operating expenses of the Agreement for the year immediately preceding the calendar year in which the Member joints the Agreement or Five Thousand ($5,000.00) Dollars United States Currency, whichever is greater. Such sum shall be deposited by the Agreement in an interest bearing account or invested in United States Government Securities in the name of the Agreement either of which may be drawn upon by the Chairman or in his absence any other officer duly authorized.

(2) A surety bond or confirmed irrevocable letter of credit, in such form as shall be acceptable to the Chairman, in a sum equal to one-half of the total estimated operating expenses of the Agreement for the year immediately preceding the calendar year in which the Member joins the Agreement or Five Thousand ($5,000.00) Dollars United States Currency, whichever is greater, established by a bank which is a Member of the New York Clearing House. Such surety bond or letter of credit shall provide that it may be drawn upon in full or in part by draft payable to the order of the Agreement, signed in the name of the Agreement by the Chairman or, in his absence, any other officer duly authorized to so act to which there shall be

attached a certificate signed by the Chairman or in his absence any other officer duly authorized to so act, to the effect that (1) there has been assessed or adjudged against the Member who shall have deposited said surety bond or letter of credit the amount of said draft or (2) that there are expenses or liabilities, actual or contingent, of the Agreement incurred or accrued during said Member's membership in the Agreement the party's share of which is unpaid and equal to or exceeded by the amount of said draft.

(l) In the event that a Member has failed to pay an expense invoice issued by the Agreement within sixty (60) days from the date it is issued, it shall lose all privileges under this Agreement. If said invoice remains unpaid after ninety (90) days then the Chairman shall immediately drawdown the Member's security deposit. The Member shall not have its privileges reinstated until its security deposit has been fully restored.

(m) Such security deposit shall be retained by the Agreement until the Member is released from all liabilities by the Agreement or ninety (90) days from the effective date of the Member's withdrawal from the Agreement, whichever shall first occur. Provided however, that if on such date the Chairman certifies that there is any undischaraged financial liability of the Agreement, contingent or payable, accruing during the period of the Member's membership, such security deposit shall be retained during the pendency of any investigation, arbitration or litigation which might result in a liability to such Member, or until the violations or claim has been settled in accordance with the provisions of this Agreement.

(n) All interest accruing on funds or securities so deposited shall be for the account of the depositing Member and shall be remitted promptly to it.

(o) In the event a Member that was required to provide a security deposit has failed to maintain or replenish its security deposit as required by this Article, the Chairman shall upon the expiration of 30 calendar days after its security deposit has been drawn upon or after 90 calendar days from the date of admission then the Member shall automatically be expelled from Membership and the Chairman shall immediately notify in writing the Member and the Federal Maritime Commission accordingly.

ARTICLE 8: VOTING

Except as otherwise provided in Articles 7 and 10 hereof, there is no voting under this Agreement. Any consensus or agreement reached by some or all Members hereunder shall be a matter of voluntary adherence by those Members choosing to so agree. Provided, however, that any matter submitted to Agreement shall be acted upon within two business days following the day of its receipt by the Members.

ARTICLE 9: DURATION AND TERMINATION OF THE AGREEMENT

This Agreement shall enter into force, and may be implemented, as of the first day it becomes effective pursuant to the Shipping Act of 1984. This Agreement shall continue in effect indefinitely until cancelled by the Members. Any Member may terminate its membership in the Agreement by giving thirty (30) days written notice to the other Members. Notice of withdrawal of a Member shall be promptly furnished to the Federal Maritime Commission.

ARTICLE 10: AMENDMENTS AND EXECUTION

This Agreement may be modified by unanimous agreement of the Members and any modification hereto shall be executed in writing. If it is executed by separate counterparts, each such counterpart shall be deemed an original, and all of which together shall constitute a single instrument.

Members of the Agreement

KING OCEAN SERVICES LIMITED
7570 N.W. 14th Street
Miami, FL 33126

CROWLEY LINER SERVICES, INC.
P.O. Box 2110
Jacksonville, FL 32203-2110

SEABOARD MARINE, LTD.
3401-A N.W. 72nd Ave.
Miami, FL 33122

A.P. MOLLER-MAERSK A/S trading under the name of Maersk Sealand
Esplanaden 50
DK-1098 Copenhagen
Denmark

APL CO. PTE. LTD.
1111 Broadway, 6th Floor
Oakland, California 94607

DOLE OCEAN CARGO EXPRESS
9485 Regency Square Blvd., Suite 425
Jacksonville, FL 32225-8156