

Transpacific Stabilization Agreement
FMC Agreement No. 011223-045
(2nd Edition)
Third Revised Page No. 3

Japan, Siberia Russia, Korea, People's Republic of China, Taiwan, Hong Kong, Macao, Thailand, Democratic Kampuchea (Cambodia), Vietnam, Singapore, Malaysia, Laos, Myanmar, Brunei, Philippines, Indonesia, India, Pakistan, Bangladesh and Sri Lanka. "United States" means the continental United States, Alaska, Hawaii, Puerto Rico and the U.S. Virgin Islands. Provided, that the geographic scope of the Agreement shall also include the round trip Transpacific trades (i.e., the trades from ports and points in the Far East to ports and points in the United States and from ports and points in the United States to ports and points in the Far East) but only to the extent specifically provided in Articles 5.1(b) and 5.1(d) hereof.

ARTICLE 5 - AUTHORITY

5.1 The Parties (or any two or more of them, subject to the provisions of Articles 5.2 and 5.7) are authorized to:

(a) Exchange information and points of view, discuss, evaluate, and reach voluntary, non-binding agreement on any and all aspects of: tariffs, service contracts, general rate and revenue levels, specific rates and charges, maintaining, increasing and decreasing rates and charges, service items, classifications, practices, terms, conditions, rules and regulations applicable to transportation of cargo in the Trade and to services provided in connection therewith, notice periods for changing rates and service items, port-to-port

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rates, overland rates, minilandbridge rates, intermodal rates, proportional rates, through rates, inland rates, inland portions of through rates, joint rates, minimum rates, class rates, surcharges, arbitraries, volume rates, time/volume rates, project rates, unit rates, commodity rates, freight-all-kinds rates, volume

Secretariat or directly, of planned or proposed rates, charges, rules, terms, conditions, proposals and other actions, including any pertinent basis or circumstance, in order to permit research, discussion and/or evaluation of such actions in light of the Agreement's guidelines and objectives and to provide relevant feedback and comments from other Parties.

(d) Exchange views, information, data, and reports, and discuss and agree upon practices, terms and conditions relating to:

1. The establishment, implementation and/or administration of measures, practices, or programs designed to reduce air pollution, water pollution, or otherwise minimize the environmental impact of vessel operations and related activities, such related activities to include those of marine terminals and inland carriers. Such measures, practices, or programs may include slow steaming of vessels in order to reduce fuel consumption and air pollution, including any matters related to slow steaming such as expected fuel and other cost savings, various operational slow steaming methods, and adjustment of vessel operations, schedules, or deployments to address service levels in connection with slow steaming practices; cold ironing; use of alternative fuel types to reduce emission levels; vessel or engine design and propulsion issues; route planning practices including weather-related routing; practices with respect to treatment of ballast water and other vessel discharges; navigational practices; noise reduction measures; and technological developments with respect to any of the above.

2. The establishment, implementation and/or administration of measures with respect to the operation of vessels or related activities, whether mandatory or voluntary, established or adopted by one or more ports, federal, state or local governments, other governmental authorities or agencies, international organizations including but not limited to the International Maritime Organization, in connection with programs for the reduction of air pollution, water pollution, or other environmental impacts attributable to vessel operations or related activities, including any clean air action plan promulgated by any port(s) or any other federal, state, local and port standards for air quality, water quality, emissions levels, and measures designed to achieve such standards.

The authority in this section may relate to the parties' operations and voyages in all or any part of the round trip Transpacific trades (eastbound and westbound). In furtherance of the above authority, and without limiting their authority with respect to same, the parties are authorized to meet, discuss, and exchange information among themselves and/or with federal, state and local governments, international organizations, port authorities, ports, marine terminal operators, shippers, rail and truck carriers, equipment manufacturers and providers and others regarding any of the matters set forth in paragraphs 1 or 2 above.

(e) One or more Parties to the Agreement, directly or through the Agreement Secretariat, may, through any means of communication including meetings (including meetings of TSA or its committees), correspondence, telephone, or other electronic means, meet, discuss, exchange views, evaluate, and collect, present, and exchange

information, data, reports, statistics, and other information with research organizations, economic consultants, and industry analysts, governmental agencies in the United States and other countries, and other similar third parties, relating to issues affecting international trade and transportation, including any matter set forth in this Article 5.1, and including any Agreement voluntary service contract guidelines or other policies, practices, or agreements reached or proposed with respect to any such matter. The Parties may also perform their own research individually, through one or more committees, or through the Secretariat or third parties they may retain for that purpose, with respect to the matters set forth in this Article 5.1, and may publish and exchange such research, data and statistics with third parties, the media, or in other public forums.

One or more Parties to the Agreement, directly or through the Agreement Secretariat, may (but are not required), through any means of communication including meetings (including meetings of TSA or its committees), correspondence, telephone, or other electronic means, meet, discuss, exchange views, evaluate, and collect, present, and exchange information, data, reports, statistics, and other information with shippers in the Trade relating to issues affecting international trade and transportation, including any matter set forth in this Article 5.1, and including any Agreement voluntary service contract guidelines or other policies, practices, or agreements reached or proposed with respect to any such matter. Provided, however, that no agreements shall be reached with shippers pursuant to this paragraph.

5.2 Nothing in this Agreement may be construed as obligating any Party to adhere, other than voluntarily, to any uniform or differential rates, charges, service items, rules, practices, guidelines, policies or other actions taken hereunder (except to the extent that the Parties may agree from time to time to incur a common expense or contractual obligation to third parties or vendors, the costs of which shall be shared among the Parties as provided herein), or as limiting a Party's right independently to continue to make changes in its tariffs, service contracts, rules and practices. This Agreement does not authorize any common tariffs. The Parties will, to the extent required by law or as determined by each of them, publish and file their own separate tariffs and service contracts, and/or will participate in the separate tariffs and service contracts of conferences and other authorities effective in the Trade, provided that the Parties, or some of them, may establish coordinated or common processes for monitoring under Agreement guidelines and effecting