

HANJIN/UNITED ARAB VESSEL SHARING AND SLOT ALLOCATION AGREEMENT  
FMC No. 011305-012  
Substitute Title Page  
Fourth Edition

**Hanjin/United Arab**  
**Vessel Sharing and Slot Allocation**  
**Agreement (FMC No. 011305)**

has been concluded between ;

Hanjin Shipping Co., Ltd. (HJS)  
25-11, Yoido-dong, Youngdeungpo-ku  
Seoul, Korea

and

United Arab Shipping Co, s.a.g. (UASC)  
P.O. Box 3636 Safat, 13037 Kuwait  
Kuwait



a cooperative working agreement, 4<sup>th</sup> Edition

- INDEX -

1. NAME OF AGREEMENT .....	3
2. DEFINITIONS .....	3
3. PURPOSE OF THE AGREEMENT .....	3
4. DURATION .....	3
5. GEOGRAPHIC SCOPE OF THE AGREEMENT .....	4
6. ADMINISTRATION OF THE AGREEMENT .....	4
7. VESSEL OPERATION .....	5
8. SLOT ALLOCATION .....	5
9. FINANCIAL REMUNERATION .....	6
10. LOADING IN EXCESS OF ALLOCATION .....	7
11. CONTAINER EQUIPMENT, LOGISTICS .....	7
12. RIGHTS AND OBLIGATIONS .....	7
13. INDEMNITY AND AGENCY .....	8
14. OWNERS' RESPONSIBILITY AND LIABILITIES .....	9
15. CHARTERERS' RESPONSIBILITIES AND LIABILITIES .....	10
16. TERMINALS/CONTAINER YARDS .....	11
17. ACCOUNTING PROCEDURE .....	11
18. DAMAGES OR COMPENSATION .....	11

**19. PARTNERSHIP .....12**

**20. HARDSHIP .....12**

**21. DOCUMENTATION .....12**

**22. ARBITRATION AND GOVERNING LAW.....13**

**23. US CUSTOMS 24 HOURS ADVANCE CARGO MANIFEST  
REGULATION .....14**

## **1. NAME OF AGREEMENT**

The name of this agreement is the HANJIN/UNITED ARAB VESSEL SHARING AND SLOT ALLOCATION AGREEMENT (hereafter, the "Agreement")

## **2. DEFINITIONS**

Owners : The Operating Line which provides and maintains vessels within the terms of this Agreement, regardless of whether owned or chartered.

Charterers : The Line which purchases and utilizes the agreed number of slots as specified in this Agreement.

## **3. PURPOSE OF THE AGREEMENT**

3.1. The purpose of the Agreement is to permit the Parties to achieve efficiencies and economics in their respective services offered in the Trade covered by the Agreement

3.2. The parties may share vessels on terms and conditions as they may agree. A party may provide to the other party slots on its owned or operated vessels (and slots controlled by such party on a vessel operated by a third party) on such terms and conditions as the parties may agree. The parties may discuss and agree on the type, size and number of vessels operated under this Agreement, their deployment, port calls and rotation, and sailing schedule and coordination, including feeder vessels and the addition and withdrawal of capacity to and from the Trade.

## **4. DURATION**

4.1. Commencement : This Agreement becomes effective from 1st of Jan 2004 or as soon thereafter as it is effective under the Shipping Act of 1984, as amended.

4.2. Period : This Agreement shall remain valid from the effective date until the

end of 2004 and renewed automatically for succeeding periods of one year unless it is terminated or varied otherwise. Unless otherwise provided in this Agreement, no party may terminate this Agreement unless it has given a minimum of six (6) months' written notice to the other party.

4.3. Termination: The Agreement shall be deemed terminated, if any of the parties enters into liquidation, whether compulsory or voluntary, or compounds with Creditors or has a Receiver appointed for all or any part of its assets and in case a party is disqualified by Government or Institutes concerned including but not limited to MOC or FMC. If a party is subject to one of the events in this Section 4.3, it shall immediately notify the other party in writing. If the second party learns of such event (from the first party or another source), the second party has the right to terminate this agreement immediately upon written notice to the first party.

## **5. GEOGRAPHIC SCOPE OF THE AGREEMENT**

This Agreement covers worldwide inbound/outbound services over all ocean and through transportation routes between ports or points in the United States and ports or points in any other countries including those performed directly by water or by transshipment, feeder/relay, alternate port, minibridge, microbridge service or other direct, connecting or through service, whether intermodal or otherwise (hereafter, "Worldwide Trade Areas").

## **6. ADMINISTRATION OF THE AGREEMENT**

6.1. Mutual consent shall be required unless otherwise clearly stated in the Agreement.

6.2. Both parties may appoint their staffs to consist a working committee in implementing and governing the Agreement.

6.3. Any officer of a party or legal counsel is authorized to file this Agreement, any modification, and related materials.

## **7. VESSEL OPERATION**

7.1. Owners shall be entrusted with the operation of their respective vessels.

7.2. In each port, the vessels shall be handled by the Owners' agents.

7.3. The OWNERS, as providers of the vessels to be employed in the service, will be responsible for all operational aspects of managing the service and will try, in principle but without prejudice, to maintain a fixed day, weekly service and maintain the regularity of vessel service schedule. The OWNERS have the option of making permanent variation, adjustment or cancellation in the vessel service schedule with 3 (three) months prior written notice to the CHARTERERS, unless otherwise mutually agreed after due consultation between the Parties.

## **8. SLOT ALLOCATION**

8.1. A slot is the space covered by 1 x 20' by 8' x 8'6" ISO dry van container or a gross weight as agreed between CARRIERS and CHARTERERS. Slots may be used for both full/empty containers. Subject to stowage, 40' high cube containers may incur additional space utilization and in such case shall be included in the CHARTERERS usage/allocation.

Acceptance of hazardous / out of gauge cargo / containers and / or special equipment shall be approved in advance by Owners and as agreed by the parties.

8.2. The overall slots and cargo weights available on each vessel shall be as agreed by the parties. Each party shall be responsible for utilization of its allocation and for the payment of the expenses related to such allocation as agreed by the parties.

8.3. Each party shall not assign/re-allot any slots to the third party without prior approval of the other party.

8.4. In case that a vessel cannot accommodate all of the cargoes of both

parties, unless otherwise mutually agreed, owners shall first provide/guarantee the space allotted to the other party. Owners have the right to use any Charterers' unused spaces at free of charge.

8.5. The reefer / dangerous cargo space allotment shall not affect the basic slot allocation but any reefer / dangerous cargo space unutilized by one party is to be used by the other party free of charge within its basic slot allocation whereas the extra expenses caused by loading, discharging or carrying those cargoes shall be under the user's account.

Any unusable broken space caused by one party's oversized container or awkward cargo shall be deemed to have been used by that party and will be counted towards its space allotment.

8.6. Allocation for refrigerated container of each party shall be as agreed by the parties. Maintenance fee of refrigerated containers will be as agreed by the parties. Owners shall have its crew to check the proper plugging and unplugging and the provision of electrical power to the integral refrigerated unit containers(container cargo) shipped on the vessel, and monitor and record the performance of all such units whilst on board.

In the event of the malfunction of the refrigerated containers on board, the master shall take any available temporary measures, but Owners shall not be responsible for any consequences of the temporary measures, if performed by the master with due diligence, not be responsible for any consequences of any deficiency of the refrigerated container.

It shall be the responsibility of Charterers to supply spare parts and instruction manuals for the refrigerated containers on the vessels.

8.7. The total number of slots chartered annually shall not exceed (a) in the transatlantic sector (1) 103,700 TEU from UASC to HJS and (2) 26,500 TEU from HJS to UASC and (b) in the transpacific sector 18,700 TEU from HJS to UASC. For each voyage, the parties may agree to charter any number of TEU within the following ranges. In the transatlantic sector, on vessels operated by UASC, HJS may receive 900/1100 eastbound and 900/1100 westbound, and on vessels operated by HJS, UASC may receive 1050/1300 eastbound and 1050/1300 westbound. In the transpacific sector, UASC may receive from HJS 100/200.

## **9. FINANCIAL REMUNERATION**

### **9.1 Slottage**

The Slot Charterers shall pay a lump-sum FIO rate leg/TEU as agreed by the parties. The Slottage shall include vessel slot hire, bunker costs, management fee, vessel port expense, canal dues where applicable, and other related costs.

### **9.2. Payment of Slottage**

Owners will debit Charterers for slots hired as agreed by the parties. Invoices will be issued by the Owner for sector voyage. Accounting, administration and associated procedures will be as agreed by the parties.

## **10. LOADING IN EXCESS OF ALLOCATION**

10.1. Each party may not exceed its given allocation on any vessel without the prior approval of the other party, which approval shall not be unreasonably withheld. Slots used in ocean leg in addition to its given allocation are subject to an additional slot hire fee in accordance with clause 9 of this Agreement.

## **11. CONTAINER EQUIPMENT, LOGISTICS**

11.1. In principle, each party shall provide its own equipment. Purchase/hire/type of container shall be at discretion and under responsibility of that party but equipment shall be technically compatible with vessel's characteristics.

11.2. Equipment control shall be kept separately by each party.

11.3. Movements of empty and full containers shall be under individual party's responsibility unless otherwise mutually agreed.

## **12. RIGHTS AND OBLIGATIONS**

a) Nothing herein shall be constructed as a demise or partial demise of any vessel operated by the Owners. At all times during any voyage on which cargo, containers or other equipment, the master, his delegates, the officers and crew shall be and remain the employees and agent of the Owners only shall not be deemed to be the employees or agents of the Charterers.

b) The Charterers and the Owners shall make such ancillary terminal, operating, administrative and other arrangements as may be needed to conduct and perform the slot chartering pursuant hereto, and shall exchange such booking data, shipping documents, tariff information and other materials as they may require for that purpose.

### **13. INDEMNITY AND AGENCY**

(a) The Charterers undertake that no claim or allegation shall be made against the Owners or any servant, agent or sub-contractor of the Owners by any person whomsoever, other than the Charterers, which impose or attempt to impose the Owners or any such servant, agent or sub-contractor or any vessel owned by any of them, any liability whatsoever in connection with goods and containers, or their carriage (even if such liability arises wholly or in part by reason of the act, neglect or default of the Owners or of such servant, agent or sub-contractor), and in the event of any such claim or allegation nevertheless being made, the Charterers shall defend, hold harmless and indemnify the Owners and such servant, agent or subcontractor against all consequences whatsoever thereof.

The Charterers further undertakes that Bills of Lading issued for the Charterers' goods and containers carried under this agreement shall contain:

- (i) No Identity of Carrier clause which purports to establish a contractual relationship between the Owners and cargo interests of the Charterers.
- (ii) A Clause Paramount applying Hague or Hague-Visby rules as enacted in the country of shipment or, if no such enactment is compulsory applicable, incorporating the terms of the Hague[Visby] rules.
- (iii) A Himalaya clause or circular indemnity clause giving the Owners the benefit of the Bills of Lading terms and conditioned and/or protection from tortious claims by third parties.
- (iv) A clause giving the Owners a liberty to sub-contract on any terms the whole or any part of the carriage.

If, despite the foregoing provisions, a claim is brought against the Owners by the Charterers' cargo interests, Charterers shall defend, hold harmless and indemnify the Owners in respect of any cost, liability or expense borne by the Owners in excess of that to which he would have been liable if the claim had been brought against the Charterers in the first instance and the Charterers had sought an indemnity or contribution under the master Bills of Lading.

(b) Without prejudice to (a) above, the Owners, on their own behalf and on behalf of any of their servants, agents or sub-contractors, authorize and empower the Charterers to act as agents and/or trustees on behalf of the Owners and any such persons to stipulate on their behalf as against other persons the benefit of any immunities, exemptions or liberties regarding the goods and containers, or their carriage, but the Charterers shall have no authority to make any contract imposing any obligations upon the Owners in connection with the goods and containers or their carriage.

(c) If the Owners are not the actual owners of the vessel, the provisions of (a) and (b) shall also apply to the actual owners of the vessel, their servants, agents and sub-contractors in the same manner as they apply to the Owners, their servants, agents and sub-contractors.

#### **14. OWNERS' RESPONSIBILITY AND LIABILITIES**

Except as otherwise provided elsewhere in this agreement, the responsibilities and liabilities of the Owners shall be as follows:

(a) The Owners shall be responsible for the seaworthiness of the vessel in accordance with the Hague rules as adopted by the international convention of Brussels of August 25<sup>th</sup> 1924 as amended by the Brussels protocol of 1968(Visby rules) and for all purposes shall be entitled to the rights and immunities as set out in the said rules.

(b) The Owners shall indemnify and hold harmless the Charterers from all expenses and liabilities the Charterers may incur which are caused by the willful misconduct or gross negligence of the Owners or its crews; provided, however, that the Charterers' claim against the Owners for the Charterers' cargo loss or damage liability to its cargo interests shall be decided as per the NYPE Inter-

club Agreement.

(c) In the event that any of the Owners' vessels are arrested and/or detained in respect of cargo claims arising under Charterers' Bills of Lading, the Owners will provide such bail or security as may be required to prevent such an arrest or detention or secure the release of the vessel after receiving Charterers bail or security of being responsible for all time and cost.

(d) The liability of the Owners for any loss of or damage to container or equipment owned or hired by the Charterers or for any consequential loss or damage arising thereof, shall not in any event exceed the proven cost for the repair or the depreciated replacement value of the container at the time of such loss or damage whichever is the lesser.

## **15. CHARTERERS' RESPONSIBILITIES AND LIABILITIES**

The Charterers shall be responsible for the proper and careful loading, stowage, lashing and securing of the goods in the containers offered by them for shipment and shall be liable for all loss or damage (including loss of or damage to the vessel) caused to the Owners as a result of improper or careless performance of such operations.

The Charterers shall deal with all claims received by them from or brought against them by the merchant until their ultimate conclusion whether paid or otherwise disposed of, in the same manner as if the cargo had been transported on board the Charterers own vessel.

In the event of the Owners providing bail or security in accordance with article 14 (c), the Charterers will provide counter security if there is prima facie evidence breach of their obligations under the first paragraph of this article.

The Charterers shall indemnify and hold harmless the Owners for damage to property, death, injury or illness resulting from misdescription of goods, improper stowage of goods within containers, or defect in the construction of the containers tendered by the Charterers to the Owners. The Charterers shall also indemnify the Owners for any fines, penalties, duties or other expenses imposed on the latter due to error in cargo manifests or any other document

whether furnished by Charterers or the merchant.

## **16. TERMINALS/CONTAINER YARDS**

16.1. Use of common or separate container freight stations and off-dock container yards shall be decided case by case according to local circumstances.

16.2. Preference should be given, whenever commercially practical and provided competitive terms (service and cost-wise) are obtained, to the party's owned or affiliated contractors. Meanwhile a party maintains the right to choose a more suitable and efficient terminal on the condition that the services of the current container terminals are not qualified for the liner service efficiency and vessel schedule punctuality. Both parties cooperate to share the common terminal agreement rate.

16.3. The terminal service charges shall be invoiced to and settled directly by each party for its own portion to the possible extent. If the terminal charge can not be settled by each party, Charterers shall pay the terminal charge to the Owners before the due date.

## **17. ACCOUNTING PROCEDURE**

All payments due between Parties to this Agreement shall be as agreed by the parties and in respect of other regular payments including but not limited to slot charter hire must be made by the due dates as specified.

## **18. DAMAGES OR COMPENSATION**

18.1. Any party who breaches this Agreement shall indemnify and hold harmless the other party including reasonable legal costs.

18.2. In case that this Agreement will be ceased or frustrated without the responsibilities of both Parties, each party shall be released without any compensation or damages to the other party.

## **19. PARTNERSHIP**

Notwithstanding any provision in this Agreement to the contrary the relationship between Owners/Charterers as evidenced by this Agreement or the conduct of the Owners/Charterers in pursuance thereof shall neither constitute nor be deemed a partnership within the meaning of the English Partnership Act of 1890 or otherwise at law. For the same reason as evidenced directly above, this Agreement is purely a technical Agreement within the meaning of European shipping regulations.

## **20. HARDSHIP**

If, during the valid period of this Agreement, circumstances arise, including but not limited to force majeure or boycott against the flag of vessel employed or a political ban against a party to this Agreement, the consequences of which have not been considered at the time of the execution of this Agreement and which are of a nature considerably influencing the terms of this Agreement, then the parties are bound to adapt the terms of this Agreement to these changed circumstances.

## **21. DOCUMENTATION**

21.1. Operational documentation such as documents related to port operations, terminals, communications, etc will have to be common for both parties as far as practicable.

21.2. Commercial documentation such as Bills of Lading, Delivery Orders, Manifests, Freight lists, etc : each party shall use its own forms. However, some uniformity will be necessary particularly in respect of the main Bill(s) of Lading clauses.

21.3. Charterers hereby undertakes to hold harmless and indemnify Owners against any and all consequences of liabilities of such Charterers or their duly authorized agent in issuing and signing their own Bill(s) of Lading.

21.4. Documentation routines including preparation and distribution of

manifests covering general, hazardous and special cargo in compliance with each individual party's requirements shall be arranged by the parties responsible for booking the cargo.

21.5. Owners shall keep full and correct logs and records relevant to the voyage, including but not limited to the condition of cargo and/or containers, and such logs and records shall be accessible to the Charterers or their agents upon responsible notice during business hours. Any copying or other costs incurred in connection with such inspection shall be for the account of Charterers.

## **22. ARBITRATION AND GOVERNING LAW**

The interpretation of the Agreement and all rights and obligations shall be governed by the Laws of England and, to the extent applicable, the Shipping Act of 1984, as amended.

Any dispute or claim arising under this Agreement which cannot be amicably resolved by the Parties shall be referred to arbitration, in London. Unless the Parties agree upon a sole arbitrator, one arbitrator shall be appointed by each Party. In case of an arbitration on documents, if the two arbitrators so appointed are in agreement their decision shall be final. In all other cases the arbitrator so appointed shall appoint a third arbitrator and the references shall be to the three-man tribunal thus constituted.

If either of the appointed arbitrators refuses to act or is incapable of acting, the Party who appointed him shall appoint a new arbitrator in his place.

If one Party fails to appoint an arbitrator, whether originally or by way of substitution for two weeks after the other Party, having appointed his arbitrator, has (by telex, fax or letter) called upon the defaulting Party to make the appointment, the President for the time being of the London Maritime Arbitrators Association shall, upon application of the other Party, appoint an arbitrator on behalf of the defaulting Party and that arbitrator shall have the like power to act in the reference and make an award (and if the case so requires, the like duty in relation to the appointment of the third arbitrator) as if he had

been appointed in accordance with the terms of the Agreement

This Agreement is governed by English Law and there shall apply to all proceedings under this Clause the terms of the London Maritime Arbitrators Association current at the time when arbitration proceedings were commenced. All appointees shall be members of the Association.

Provided that where the amount in dispute does not exceed the sum of US \$50,000(or such sum as the Parties may agree) any dispute shall be resolved in accordance with the Small Claims Procedure of the London Maritime Arbitrators Association.

### **23. US CUSTOMS 24 HOURS ADVANCE CARGO MANIFEST REGULATION**

23.1. Each Party warrants that they are certified US Customs Service Automated Manifest System Filer and will maintain such capability during the entire period of this Agreement.

23.2. Each Party shall be responsible for transmitting the cargo declaration data required under the US Customs 24 hours Advance Cargo Manifest Regulation (hereunder referred as 'Regulation') to US Customs Service for their Cargo in a timely and accurate manner satisfying the requirements under the Regulation in all aspects and shall be liable for and indemnify the other Parties against all and any consequences including but not limited to shut-out, attorney's fees, civil penalties, costs, losses, delay and damages arising from the non-compliance with the Regulation.

For the avoidance of any doubt, where the vessel is assessed a civil penalty, or denied permission to unload the cargo for which the required cargo declaration data was not timely provided (Non-compliance Cargo), or denied permission to unload any cargo from the vessel due to such Non-compliance Cargo, the Charter who tendered such Non-compliance Cargo to the vessel shall be liable for and indemnify the other Parties against any and all civil penalty, costs, attorney's fee, delay, losses and damages incurred as a result of such penalty

or denial of permission.

23.3. The Owner is entitled not to load and/or discharge any Non-compliance Cargo or Hold Cargo and any costs for discharging the 'Hold Cargo' that has been already loaded on the vessel will be for the accounts of the Purchaser who tendered such cargo to the vessel. For the avoidance of any doubt, where the vessel is assessed a civil penalty, denied permission to unload the cargo that was identified by US Customs Service as 'Hold Cargo', or denied permission to unload any cargo from the vessel due to such Hold Cargo, the Purchaser who tendered such Hold Cargo to the vessel shall be liable for all civil penalty, costs, attorney's fee, delay, losses and damages incurred as a result of such penalty or denial of permission.

23.4. The implementation of the above Clauses in Section 23 to be as agreed by the parties.

for and on behalf of;

**Hanjin Shipping Co., Ltd.**

**United Arab Shipping Co., S.A.G.**

By *Robert B. Yoshitomi*

By *Robert B. Yoshitomi*

**Name: Robert B. Yoshitomi**

**Name: Robert B. Yoshitomi**

**Date : December 16, 2003**

**Date : December 16, 2003**