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CSAV/NYK SPACE CHARTER AGREEMENT

FMC AGREEMENT NO. 252-011646

AGREEMENT TYPE:	SPACE CHARTER AGREEMENT
LAST REPUBLISHED:	NOT APPLICABLE
CURRENT EXPIRATION DATE:	NOT APPLICABLE



H:\USERS\WHLJEG\4971\00NYK06.FM\December 22, 1998

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**ARTICLE 1 - Name of the Agreement** - This Agreement shall be known as the CSAV/NYK Space Charter Agreement.

**ARTICLE 2 - Purpose** - The purpose of this Agreement is to permit the Parties to charter space on each other's vessels and to utilize other related equipment in connection with the carriage of cargo on terms and conditions agreed to by the Parties in the trade within the geographic scope set forth in Article 4.

**ARTICLE 3 - Parties to the Agreement** - The Agreement is made by and between the following parties:

1. Compania Sud Americana de Vapores ("CSAV"), a company organized under the laws of the Republic of Chile, with its principal office at Valparaiso, Chile; and
2. Nippon Yusen Kaisha ("NYK"), a company organized under the laws of Japan, with its principal office at Tokyo, Japan.

CSAV and NYK are jointly referred to as "the Carriers" or "the Parties."

**ARTICLE 4 - Geographic Scope of the Agreement** - The geographic scope of this Agreement extends via direct service or transshipment between ports, and inland points served via such ports, in (1) Korea, Japan, Taiwan, China and Hong Kong, the Philippines, Singapore, Malaysia, Indonesia, Thailand, the West Coast of South and Central America, and Mexico; and (2) the United States Pacific Coast (hereinafter called "the Trade").



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**ARTICLE 5 - Authority**

a. Carrier Obligations

(1) The Carriers shall from time to time transport each other's tendered cargo and/or equipment, on a capacity-available basis. Equipment includes, without limitation, containers owned or leased by the Carriers, whether full, partially loaded or empty, chassis, trailers, barges and other freight service equipment.

(2) The Carriers may agree among themselves to jointly coordinate vessel sailings, operating up to 14 vessels of up to 2,400 TEU/vessel under this Agreement.

b. Designation of Carriers as Charterers and Owners

As used herein, the Carrier hiring space shall be referred to as "Charterers".

The Carrier letting space shall be referred to as "Owners."

c. Compensation

Compensation for any transportation pursuant to this Agreement shall be as the Carriers may from time to time agree.

d. Equipment Maintenance

Where applicable, Owners will ensure that their personnel will, in accordance with instructions to be communicated from time to time by Charterers to Owners, during voyages when Owners transport Charterers' equipment pursuant to the provisions of this Agreement, maintain, repair, and inspect such equipment.



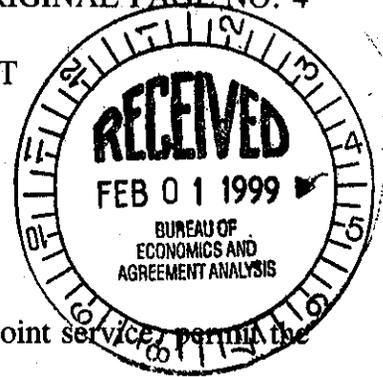


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UNDER THE  
SHIPPING ACT  
OF 1984

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e. No Joint Service, Pooling or Pricing

The chartering of space provided hereunder does not create a joint service, permit the Parties to discuss or agree on rates or terms to be offered or charged the shipping public or permit the Parties to pool cargo or revenue except as permitted under agreements relating to United States oceanborne commerce of which the Parties are or may become members, which agreements are filed with the FMC and effective pursuant to the Shipping Act of 1984. Nothing herein permits the Parties jointly to operate a marine terminal in the United States.

g. Booking, Documentation and Other Administrative Procedure

Procedures for booking vessel capacity, documentation and other administrative matters relating to chartering and transportation provided under this Agreement as well as allocation of responsibilities shall be as the Carriers may from time to time agree. The authority of the Parties under this Agreement contemplates operations, activities and agreements interstitial to or otherwise in implementation of all such expressed authority or undertaken or entered into with a reasonable basis to conclude that such collective action is covered by this Agreement, as lawfully in effect at the time the action occurred. In accordance with 46 C.F.R. § 572.407, any further agreement contemplated herein cannot go into effect unless filed and effective under the Shipping Act of 1984, except to the extent that such agreement concerns routine operational or administrative matters. Except as required by law, the terms and conditions of any interstitial agreement shall be confidential to the Parties and no details of such agreement or the contents



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such agreement or the contents thereof shall be divulged to any other party without the prior written approval of the other Party.

**ARTICLE 6 - Officials and Delegations of Authority** - Legal Counsel for the respective parties are appointed as U.S. representatives of the Agreement and are authorized to file with the Governmental Authorities the Agreement and any amendments hereto, as well as to submit associated supporting materials.

**ARTICLE 7 - Membership, Withdrawal, Readmission and Expulsion** - Membership is limited to the parties hereto, except that additional parties may be admitted or readmitted by unanimous consent of the members and by amendment of the Agreement pursuant to the Shipping Act of 1984.

**ARTICLE 8 - Voting** - All exercise of authority under the Agreement shall be by the unanimous consent of the Parties.

**ARTICLE 9 - Duration and Termination** - The effective date of the Agreement shall be the day the Agreement becomes effective pursuant to Sections 5 and 6 of the Shipping Act of 1984. Any party may terminate the Agreement by giving thirty (30) days written notice to the other Party, and by furnishing a copy of that notice to the Federal Maritime Commission or successor agency.

**ARTICLE 10 - Compliance with Chilean and United States Regulations** - The provisions and implementation of this Agreement will fully comply with the Chilean Maritime

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Regulations, the U.S. Maritime Regulations, and such other national regulation as may apply, including but not limited to the statutes administered by the Federal Maritime Commission of the United States.

**ARTICLE 11 - Arbitration and Governing Law** - In the event that any dispute between the parties should arise under the Agreement, the matter in dispute shall be resolved by arbitration conducted in accordance with the Rules of New York Society of Maritime Arbitration. Arbitration shall be held in New York, New York. The Agreement shall be governed by and construed in accordance with the laws of New York State.

**ARTICLE 12 - Notices**

All notices and other communications pertaining to the Agreement, except as the parties may otherwise provide, shall be sent by airmail, postage prepaid and addressed as follows:

COMPANIA SUD AMERICANA DE VAPORES S.A.  
Plaza Sotomayor 50  
Valparaiso, Chile  
Fax 56-32-203333

NIPPON YUSEN KAISHA  
3-2 Marunouchi 2-chome  
Chiyoda-ku, Tokyo 100, Japan  
Fax 81-332-546384



Priority notices and communications may be sent by fax and confirmed by registered airmail.

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ARTICLE 13 - Signature - The Agreement is executed by the following parties, by their authorized representatives.  
Dated: December 22, 1998

COMPANIA SUD AMERICANA DE VAPORES

By: Walter H. Lion  
Name: Walter H. Lion  
Title: Attorney-in-Fact

NIPPON YUSEN KAISHA

By: H. MIYAWA  
Name: H. MIYAWA  
Title: PRESIDENT

