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FEDERAL MARITIME COMMISSION

ZIM/CSCL SLOT CHARTER AGREEMENT

A SPACE CHARTER AGREEMENT

EXPIRATION DATE: THREE (3) YEARS FROM EFFECTIVE DATE

This Agreement has not been published previously.



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WHEREAS: Zim operates a general container service between the Far East and the West Coast of the USA and Canada.

WHEREAS: CSCL operates a general container service between the Far East and West Coast of the USA; and

WHEREAS: Both Parties wish to utilize part of the other Party's carrying capacity in order to carry their cargoes in containers;

NOW THEREFORE THE PARTIES HERETO HAVE HEREUNTO AGREED as follows:

1. Parties

The parties to this Agreement are

ZIM ISRAEL NAVIGATION COMPANY LTD. ("Zim")  
7-9 Palyam Avenue  
Haifa, Israel

CHINA SHIPPING CONTAINER LINES CO. LTD. ("CSCL")  
No. 700 Dong Daming Road  
Shanghai, Peoples' Republic of China 200080

2. Definitions:

"Agreement" means this ZIM/CSCL SLOT CHARTER AGREEMENT.

"Party" means either ZIM or CSCL.

"Container(s)" means any ISO standard container(s) with a maximum height of 8'6" including any reefer and/or other special containers, provided they meet ISO standards. For the purpose of this Agreement, one FEU shall be equal to 2 TEUs.

"Vessel(s)" means a purpose built containership maintained in service by Zim or by CSCL.

"Slot" means the space occupied by 1 x 20" x 8" x 8'6" ISO container for the predetermined maximum average gross weight.

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- "The Loading Party" means the Party on whose vessels (owned and/or operated) the containers are loaded.
- "The Shipping Party" means the Party who is shipping containers on the other Party's vessels.
- "String" or "Strings" means the the CSCL AAS string serving Japan-the PRC-Hong Kong-Korea-U.S. West Coast; the CSCL AAC string serving the PRC-Japan-Korea-U.S. West Coast; the Zim ZPS string serving the PRC, Hong Kong, Korea, Canada and the U.S. West Coast; and the Zim ZCS string serving Hong Kong, Japan and the U.S. West Coast.

3. Undertaking and Purpose

Subject to the terms and conditions hereinafter set forth, Zim and CSCL undertake to allow each other to charter Slots on their Vessels for the carriage of Containers of the volume and on the terms hereinafter further denied.

Each Party undertakes to meets its commitment and pay any excess slot capacity to be chartered by it as hereunder described.

4. Scope of the Agreement

This Agreement covers the trade between the Pacific Coast of the United States and the Peoples' Republic of China (including Hong Kong), South Korea and Japan, as well as transshipment cargo moving via ports in the aforementioned countries from other origins and/or to other destinations.

5. Containers and Cargo

The Shipping Party will be allowed to ship only dry-cargo Containers, reefers and empty Containers meeting the definition mentioned in Clause 2 hereof. Loaded Containers shall be in a seaworthy condition, containing lawful merchandise of any kind; including IMO cargo, properly packed and secured. Containers not meeting the above criteria may be refused for carriage. Notwithstanding the above, explosives and radioactive material shall not be accepted by the Loading Party.

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6. Schedules

Each Party shall be allowed to utilize Slots available on each other's service and Vessels according to their respective schedules and schedule arrangements.

Either Party may permanently change its schedule, ports of call, rotation and Vessels at any time, at its sole discretion, (provided this change does not materially change its service, in which case Clause 13

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shall apply) by giving the other Party sixty (60) days' written notice of such change. The other Party has in such case the right to revise the Slot commitment in accordance with allocation/performance within the affected ports.

7. Terms of the Agreement

This Agreement shall commence not later than April 5, 2000, subject to FMC approval and shall remain in force for a period of 3 years. Each Party may terminate the Agreement by giving 6 months prior written notice to this effect, provided that no such notice shall be given before the elapse of 18 months from the effective date of this Agreement, unless otherwise mutually agreed by the Parties.

8. Slot Commitment

- (a) The round voyage allocation for CSCL on ZIM vessels will be 500 TEUs per week, with 450 TEUs of said 500 TEUs to be provided on Zim's ZPS string and 50 TEUs to be provided on Zim's ZCS string, **provided that:**

From Shanghai: a maximum of 200 TEUs may be loaded.

From Pusan: a maximum of 250 TEUs may be loaded.

It is understood by the Parties that of the 450 TEUs allocated to CSCL on Zim's ZPS string, approximately 100 TEUs will be used for cargo moving to/from Seattle and the remainder for cargo moving to/from Canada.

- (b) The round voyage allocation for ZIM on CSCL vessels will be 500 TEUs per week, with 350 TEUs of said 500 TEUs to be provided on CSCL's AAS string and 150 TEUs to be provided on CSCL's AAC string, **provided that:**

From Xiamen: a maximum of 150 TEUs may be loaded.

From Yantian: a maximum of 300 TEUs may be loaded.

From Ningbo: a maximum of 10 TEUs may be loaded.

- (c) Either Party may seek to purchase slots in addition to those set forth above from time to time, subject to space availability, market conditions, etc.

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- (d) The maximum average GWT per TEU slot shall not exceed 12 tons in each direction.
- (e) Acceptance of IMO and out of gauge cargo and/or special equipment can only be given by each Party separately and prior to booking. Each Party shall have the right to load up to 100 High Cube Containers on round voyage with no additional charge per slot.
- (f) Reefer Containers shall be carried up to 30 reefer units per leg. The Parties may agree on the amount of any additional charge to be applied to the carriage of reefer Containers.

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- (g) Both Parties agree to reconsider the possibility to increase the number of Slots exchanged to 800 TEUs per week after the elapse of six months from the commencement of this Agreement. In the event the number of Slots exchanged is so increased, the FMC shall be notified accordingly.
- (h) The above commitments by both Parties are subject only to force majeure situations mentioned in Clause 14 hereunder.
- (i) If, for any reason, either of the Parties is unable to provide the space specified above for Containers actually booked by the other Party, then such defaulting Party will provide required space on the subsequent sailing and reimburse to the other Party any storage incurred. On the other hand, if either Party do not utilize all the Slots in accordance with its commitment, it shall nevertheless pay for such unused Slots. The payment for such unused Slots shall be the full amount of slot hire.

9. Booking Procedure

The Parties will book their requirements with each other's booking centers as may be designated from time to time. In all instances delivery closing dates, booking and documentation procedures of either Party shall be adhered to.

10. Delivery of Containers and Terminal Operations

The shipments of Containers under this Agreement shall be done under FIO terms. Delivery of the Containers and acceptance thereof shall be when the Containers are loaded on board and redelivery shall be effected and accepted once discharge operation of each Container commences. The Shipping Party shall be directly responsible for all payments relating to its Containers to the stevedores, terminals and the port, if any, including royalties and assessments in USA ports, and they shall be independently debited for all such operations, and shall settle all payments independently and separately from the Loading Party.

Therefore, the Parties must, prior to commencement of this Agreement, reach separate agreements independent of each other with all of the other Party's stevedores and terminals within the scope of the Agreement. However, in ports where, because of local regulations and/or customs of the port direct settlements as described above are not

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possible, the Loading Party shall debit the Shipping Party for all such payments and the Shipping Party shall settle such payments either through its local agent or if such payments are not immediately settled, then these payments shall be made together with the payments mentioned in Clause 11 hereunder.

11. Slot Costs

The Parties shall agree on the amounts they shall charge one another for the carriage of loaded and empty Containers hereunder, and may adjust said amounts as they may agree from time to time. The Parties shall also agree on the terms on which such amounts shall be paid to one another.

12. Documentation and Liability

(a) The Parties shall agree on the terms of issuance of documentation for cargo moving hereunder, the terms and conditions contained in that documentation and the procedures to be followed with respect to the issuance and processing of such documentation. The Parties are also authorized to agree on their respective liabilities with respect to damage to cargo (including general average) and/or equipment and the procedure to be followed in handling claims for such damages.

(b) Each Party shall be responsible for insurance for its Vessels.

13. Force Majeure and Termination of Agreement

(a) If circumstances arise, such as war or warlike activities, civil commotion, riots, invasion, rebellion, hostilities, governmental and/or national regulations, boycott against one flag or a political ban against any party, strikes, restraints of Princes and Rulers or any other cause of a like nature the consequences of which have not been or could not have been considered and which are of a nature considerably influencing the terms of the Agreement, the Parties will, as far as possible, advise each other within 48 hours of such new circumstances and adopt the terms of this Agreement to the changed circumstances as far as possible.

(b) Zim and/or CSCL may, at their absolute discretion, discontinue their services or materially alter their route, scheduling and ports of call. In such case, the Parties shall give a 120 days prior notice

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to this effect and this Agreement shall terminate with regard to the service effected on the date of the expiry of such notice. Neither Party shall have any claim against each other with regard or in connection with such termination.

14. Applicable Law and Arbitration

- (a) This Agreement shall be governed by and interpreted in accordance with the Laws of England for the time being in force.
- (b) Any dispute, claim or violation which may arise under this Agreement shall be settled by arbitration in London in accordance with the Laws of England and the Arbitration Act of 1979 or any statutory modification or reenactment thereof for the time being in force.

Unless the Parties in the dispute agree on the appointment of a single arbitrator, the matter in dispute shall be referred to the decision of two arbitrators, one to be appointed by the Party complaining and the other by the Party complained against, with the power to such arbitrators to choose an umpire. If the arbitrators cannot agree upon the umpire within four (4) weeks after their appointment, the umpire shall be nominated by the Chairman of the London Maritime Arbitrators Association unless otherwise agreed between the Party complaining and the Party complained against.

If either of the Parties fails to appoint an arbitrator within twenty-one (21) days after the other has given written notice of the appointment of its arbitrator, then the arbitrator appointed by such other party shall act as sole arbitrator.

The arbitrator(s) or umpire shall give his (their) decision in writing with utmost dispatch.

The award given by the arbitrator(s) or umpire shall be final and binding upon all parties concerned.

- (c) For disputes the sum of which does not exceed the amount of USD100,000, any Party shall be entitled to proceed by arbitration to be held in London according to the London Maritime Association Small Claims Procedures.

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15. Notices

- (a) All legal process, notices or other formal communications required by or in connection with this Agreement shall be in writing and sent by letter or telex as appropriate or written means as may be agreed, and addressed to the other Party at their official company address as follows:

China Shipping Container Lines Co., Ltd.  
No. 700 Dong Daming Road  
Shanghai, China  
Zip Code: 200080  
Attn: J.O. Jiang

Zim Israel Navigation Co., Ltd.  
P.O. Box 1723  
Haifa 31000  
Israel  
Attn: Mr. E. Alter

- (b) Any such notices, legal processes or other formal communications shall be deemed to have reach the person to whom it is addressed 48 hours after posting or when dispatched.

16. Non-Assignment

Neither Party shall assign its rights, including its rights to utilize the Container Slots, or delegate its duties this Agreement to any other person or entity without the prior written consent of the other Party. Notwithstanding the above, each of the Parties may on written notice to the other Party assign its rights or delegate its duties under this Agreement to a fully-owned subsidiary; provided that in the event of such an assignment the Party to this Agreement shall remain responsible for the due and punctual performance to this Agreement by such a subsidiary.

17. Amendment and Embodiment

This Agreement may not be amended, modified or rescinded except in writing and duly signed by authorized signatories of the Parties, and any amendment, addendum or appendix so signed shall constitute a part of this Agreement.

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18. Further Agreements

The Parties are authorized to enter into further agreements with respect to routine operational and administrative matters to the extent necessary or desirable to implement the general provisions contained in this Agreement (including, but not limited to, that set forth in Clauses 11 and 12 hereof) without further amendment to this Agreement. Any further agreement contemplated by this Agreement, except to the extent such further agreement relates to routine operational and administrative matters, shall be filed with the FMC and become effective under the Shipping Act of 1984 prior to being implemented.

19. Dry Dock

(a) Notice to Shipping Party

The Loading Party shall give two months' prior written notice to the Shipping Party of its intention to dry dock a vessel. Said notice shall state how the overall schedules are to be adjusted, the place where the vessel is to be dry docked, the duration of the dry dock and the earliest and latest dates between which dry dock must take place. The Loading Party shall keep the Shipping Party fully and promptly advised of any change in the foregoing information.

In any event, final confirmation of the firm date/place of dry dock shall be given to the Shipping Party no later than one month prior to the date of the vessel's arrival at the first loading port on the side of the Pacific Ocean opposite that on which the dry docking is to occur.

In case dry dock is required due to an unforeseen emergency, the Loading Party shall notify the Shipping Party immediately.

(b) Extra Costs

Any transshipment and/or transfer incurred for cargo already loaded onboard a vessel due to the dry docking of that vessel shall be arranged by the Loading Party for its own account. However, if the Loading Party fails to make appropriate arrangements, the Shipping Party can arrange transshipment and/or transfer and the Loading Party shall pay extra transshipment and/or transfer costs for laden cargo transported across the Pacific Ocean at a fixed amount to be agreed by the Parties.

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20. Omission of Port(s)
- (a) In case that omission of port(s) is necessary to maintain or recover a vessel's schedule, the Loading Party shall propose the omission of such port(s) to the Shipping Party, together with an analysis of the effects, problems and extra expenses expected to result from such omission.
- (b) In the event the omission of port(s) is due to an Act of God, Force Majeure, Act of War, Civil Commotion, Strike, Lockouts, Restraint of Princes and Rulers, Port Closure, any transshipment and/or transfer costs incurred by the Parties as a result of the omission shall be for each Party's individual account. In the event the omission of port(s) is due to a cause other than those described above, any transshipment and/or transfer incurred for cargo already loaded onboard the vessel omitting such port(s) shall be arranged by the Loading Party for its own account. However, if the Loading Party fails to make appropriate arrangement, the Shipping Party can arrange transshipment and/or transfer and the Loading Party shall pay extra transshipment/and or transfer costs for laden cargo transported across the Pacific Ocean at a fixed amount to be agreed by the Parties.

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**SIGNATURE PAGE**

IN WITNESS WHEREOF, THE PARTIES HERETO HAVE AGREED THIS  
*8th* OF SEPTEMBER, 2000, TO AMEND THE AGREEMENT AS PER THE  
ATTACHED PAGES AND TO FILE SAME WITH THE U.S. FEDERAL MARITIME  
COMMISSION.

ZIM ISRAEL NAVIGATION  
COMPANY LTD.

CHINA SHIPPING CONTAINER  
LINES CO., LTD.

By: *E. A. Alter*  
E. ALTER

By: \_\_\_\_\_

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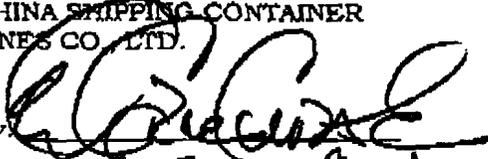
SIGNATURE PAGE

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COMMISSION.

ZIM ISRAEL NAVIGATION  
COMPANY LTD.

By: \_\_\_\_\_

CHINA SHIPPING CONTAINER  
LINES CO., LTD.

By:   
CHINA SHIPPING (HONGKONG) CO., LTD.  
AS AGENTS