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FEDERAL MARITIME COMM

ZIM/CSCL SLOT CHARTER AGREEMENT

A SPACE CHARTER AGREEMENT

**FMC Agreement No. 217-01 1689-009
(3rd Edition)**

EXPIRATION DATE: MARCH 19, 2007-16, 2005

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WHEREAS: **Zim** operates general container services as more fully described in Article 8(a) hereof ~~Appendix 1 hereto~~; and

WHEREAS: CSCL operates general container services as more fully described in Article 8(b) hereof ~~Appendix 1 hereto~~; 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 INTEGRATED SHIPPING SERVICE, LTD. ("ZIM")
9 Andrei Sakharov Street
"Matam" - Scientific Industries Center
P.O.B. 1723
Haifa, 31016 Israel

CHINA SHIPPING CONTAINER LINES CO. LTD. and CHINA SHIPPING CONTAINER LINES (HONG KONG) CO., LTD. (both such companies shall be treated as a single party hereunder and shall be referred to collectively as "CSCL")
Room A, B, C, D, Floor 27
No. 450 Fu Shan Road, Pu Dong New Area
Shanghai, China

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.

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"Slot"	means the space occupied by 1 x 20" x 8" x 8'6" ISO container for the predetermined maximum average gross weight.
"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 CSCL and Zim strings described in Appendix 1 hereto.

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 defined.

Each Party undertakes to meet 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 Atlantic and Pacific Coasts of the United States and Canada, on the one hand, and the Chinese Mainland, Hongkong, Taiwan, South Korea, Japan, India, Sri Lanka, Malaysia, Singapore, Thailand, Jamaica, Slovenia, Italy, Greece, Egypt, Israel, Spain, and France, on the other hand, as well as transshipment cargo moving via ports in the aforementioned countries from other origins and/or to other destinations. This Agreement also covers the trade between ports in the Far East and ports in Europe, the Eastern Mediterranean, the Adriatic and Israel; provided, however, that the inclusion of non-U.S. trades in this Agreement shall not bring such **non-U.S.** trades under the jurisdiction of the U.S. Federal Maritime Commission or entitle the Parties hereto to immunity from the U.S. antitrust laws **with** respect to such non-U.S. trades.

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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.

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 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 March 19, 2002, subject to FMC approval and shall remain in force for a period of 3 years from March 19, 2002 [the "Initial Term"]. Upon expiration of the Initial Term, this Agreement shall remain in effect for an additional two (2) years, the effective date of Amendment No. 3. Either Party may terminate the Agreement by giving 6 months prior written notice to this effect, provided that no such termination notice shall come into effect prior to March 19, 2007 unless otherwise mutually agreed by the Parties. If upon expiration of the term of this Agreement accordance with this Article 7, the Parties have not performed an equal number of voyages hereunder then, unless the Parties mutually agree otherwise, the term of this Agreement shall be automatically extended for the period [to] necessary to enable the Party that [] performed a greater number of voyages to perform additional voyages so as to equalize the number of voyages performed by both Parties hereunder, be given before the elapse of 12 months from March 19, 2005 the effective date of Amendment No. 3 to this Agreement, unless otherwise mutually agreed by the Parties

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8. Slot Commitment

(a) The round voyage allocation for CSCL on **ZIM** vessels will be:

<u>String</u>	<u>Trade</u>	<u>Allocation</u>
AMP	Far East/Med	240 TEUs*
<u>AMP</u>	<u>Singapore & Far East</u> <u>/Vancouver-Seattle</u>	<u>300 TEUs**</u>
ZCS	Far East/ Los Angeles-Kingston- Savannah-New York-Halifax	100 TEUs
ZCS	Med/Halifax-New York- Savannah	300 TEUs

*Out of this 240 TEUs, 40 TEUs free space shall be provided by **Zim** from **Haifa** to Turkey and Black Sea.

**Parties agree that this space is swapped against 300 TEU on ANW service of CSCL as mentioned in paragraph (b) of this Article.

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(b) The round voyage allocation for **ZIM** on CSCL vessels will be:

<u>String</u>	<u>Trade</u>	<u>Allocation</u>
AAS ₁	Far East/Los Angeles Vancouver-Seattle	300 TEUs
AEX ₁	Far East/ Med -N. Europe	300 TEUs
ANW	Far East/Seattle-Vancouver	300 TEUs

(c) Upon mutual agreement of the Parties, any or all of the allocations and maxima set forth in Clauses **8(a)** and **8(b)** above may be adjusted on an on-going basis by up to 75 TEUs or **30%**, whichever is greater.

(d) 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.

(e) The maximum average GWT per TEU slot shall not exceed 12 tons in each direction.

(f) 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 and including 40% of its allocation on each String with~~ High Cube Containers ~~with no additional charge per slot. For all Strings except the ZCS Pacific String, each~~ **Each** 40' High Cube ~~within said 40% allocation shall be counted as two (2) TEUs and each 40' High Cube beyond said 40% allocation shall be counted as 2.25 TEUs. For the ZCS Pacific String each 40' High Cube shall be counted as 2.10 TEUs.~~

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- (g) Each Party shall have the right to load up to and including 10% of its allocation on each string with Reefer Containers. The Parties may agree on the amount of any additional charge to be applied to the carriage of Reefer Containers.
- (h) 45' containers will be accepted only with prior approval of the Party operating the vessel. ~~Each Party shall have the right to load up to and including 10% of its allocation in the Pacific trade with 45' containers. For the AAS, AAT and AMP Pacific Strings, each 45' container shall be counted as 2.53 TEUs. For the AAE and ZCS Pacific Strings, each 45' container shall be counted as 2.60 TEUs.~~
- (i) The above commitments by both Parties are subject only to force majeure situations mentioned in Clause 14 hereunder.
- ~~(j) 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 does 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.

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.

18. Further Agreements

The Parties are authorized to enter into further agreements with respect to technical and routine operational and administrative matters as described in 46 C.F.R. §535.408(b) 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 technical and 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.~~

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~~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~~

~~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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APPENDIX 1 – VESSEL STRINGS

A. CSCL Strings

~~AAS1 String: Shanghai-Yantian-Hong Kong-Keelung-Pusuan-Los Angeles-Shanghai~~

~~AEX String: Shanghai-Ningbo-Xiamen-Chiwan-Hong Kong-Port Kelang-Felixstowe-Hamburg-Rotterdam-Antwerp-Port Kelang-Hong Kong-Shanghai~~

B. Zim Strings

~~AMP String: Koper-Venice-Trieste-Piraeus-Haifa-Colombo-Singapore-Shekou-Hong Kong-Shanghai-Pusan-Vancouver-Seattle-Pusan-Shanghai-Shekou-Hong Kong-Singapore-Colombo-Haifa-Koper~~

~~ZCS String: Haifa-Piraeus-Livorno-Barcelona-Halifax-New York-Savannah-Kingston-Los Angeles-Shekou-Hong Kong-Keelung-Pusan-Osaka-Yokohama-Los Angeles-Kingston-Savannah-New York-Halifax-Barcelona-Haifa~~