

Maersk Line/Hapag-Lloyd Mediterranean U.S. Slot Charter Agreement
FMC Agreement No. 011834-003
(2d Edition)
Original Title Page

00 DEC 12 PM 4:41

FEDERAL MARITIME COMMISSION

TITLE PAGE

AGREEMENT NAME: MAERSK LINE/HAPAG-LLOYD
MEDITERRANEAN U.S. SLOT CHARTER
AGREEMENT

FMC NUMBER: 011834-003 (2d Edition)

CLASSIFICATION: The generic classification of this Agreement in
conformity with 46 C.F.R § 535.104 is a Space
Charter Agreement.

DATE LAST REPUBLISHED: Not applicable.

CURRENT EXPIRATION DATE: See Article 8

TABLE OF CONTENTS

ARTICLE 1:	FULL NAME OF THE AGREEMENT	1
ARTICLE 2:	PURPOSE OF THE AGREEMENT	1
ARTICLE 3:	PARTIES TO THE AGREEMENT	1
ARTICLE 4:	GEOGRAPHIC SCOPE OF THE AGREEMENT	2
ARTICLE 5:	AGREEMENT AUTHORITY	
	5.1 Slot Sale	2
	5.2 Efficient Use of Equipment, Terminals, Stevedores, Port And Suppliers	3
	5.3 Transshipment	3
	5.4 Miscellaneous	3
	5.5 Further Agreements	3
	5.6 Implementation	4
	5.7 U.S. Flag Cargo	4
ARTICLE 6:	AGREEMENT OFFICIALS AND DELEGATIONS OF AUTHORITY	4
ARTICLE 7:	VOTING	4
ARTICLE 8:	DURATION AND TERMINATION OF AGREEMENT	5
ARTICLE 9:	NON-ASSIGNMENT	5
ARTICLE 10:	FORCE MAJEURE	5
ARTICLE 11:	INSURANCE	6
ARTICLE 12:	APPLICABLE LAW AND ARBITRATION	6
ARTICLE 13:	COUNTERPARTS	7
ARTICLE 14:	SEPARATE IDENTITY/NO AGENCY OR PARTNERSHIP	8
ARTICLE 15:	NOTICES	8
ARTICLE 16:	LANGUAGE	8
ARTICLE 17:	SEVERABILITY	8
ARTICLE 18:	WAIVER	9
ARTICLE 19:	AMENDMENT	9
	SIGNATURE PAGE	

ARTICLE 1: FULL NAME OF THE AGREEMENT

The full name of this Agreement is the Maersk Line Sealand / Hapag-Lloyd Mediterranean U.S. ~~East Coast~~ Slot Charter Agreement (“Agreement”).

ARTICLE 2: PURPOSE OF THE AGREEMENT

The purpose of this Agreement is to permit the parties, through space chartering, to achieve efficiencies and economies in their respective services offered in the Trade (as hereinafter defined) covered by the Agreement, all to the benefit of the parties and the shipping public.

ARTICLE 3: PARTIES TO THE AGREEMENT

The parties to the Agreement (hereinafter “party” or “parties”) are:

1. A.P. Moller-Maersk A/S trading under the name of Maersk Sealand (“Maersk Line”) (NOTE: Effective February 12, 2006, A.P. Moller-Maersk A/S will trade under the name of Maersk Line)
50, Esplanaden
DK-1098, Copenhagen K.
Denmark
2. Hapag-Lloyd Container Linie GmbH (“Hapag-Lloyd”)
Ballindamm 25
20095 Hamburg
Germany
Attn: Anthony J. Firmin ~~Ulrich Kranich~~
Managing Director

ARTICLE 4: GEOGRAPHIC SCOPE OF THE AGREEMENT

The geographic scope of the Agreement shall extend to the trade between the ports on the U.S. Atlantic and Gulf Coasts of Newark, NJ, Charleston, SC, Norfolk, VA and other U.S. East Coast ports which may be served by Maersk Line Sealand from time to time on the one hand, and those Mediterranean ports in Spain, France, ~~and~~ Italy and those ports in Egypt, Israel and Turkey which may be served by Maersk Line Sealand from time to time, on the other hand. All of the foregoing is hereinafter referred to as the "Trade."

ARTICLE 5: AGREEMENT AUTHORITY

1. Slot Sale

a. On Maersk Line's Sealand's services in the Trade, Hapag-Lloyd initially shall charter between 20 and 150 550 TEUs per week on a used/unused basis, which allocation may be revised upward or downward by up to 25% without further amendment to this Agreement. Within this range, the number of slots chartered shall be adjusted from time to time as the parties shall agree. The parties may consult and agree on the terms and conditions relating to such sale, including the division of the slot allocation as between Maersk Line's West Med and East Med services, the number of reefer plugs to be provided, the maximum weight restrictions (if any) applicable to the slot allocation, the permitted ratio (if any) of particular equipment sizes, the handling of breakbulk and/or out-of-gauge cargo, the use of space for wayport cargo, the carriage of empty containers, and the terms and conditions relating to the compensation to be paid for such slots. Maersk Line may sell Hapag-Lloyd slots in excess of the foregoing allocation on an ad hoc basis on terms to be agreed by the parties.

b. Hapag-Lloyd may not slot charter or sub-charter to any third party any slots the use of which has been granted to Hapag-Lloyd under this Agreement without Maersk Line's

~~Sealand's~~ prior consent.

~~c. Maersk Sealand may provide to Hapag-Lloyd slots under this Agreement on any of Maersk Sealand's existing or future Mediterranean services in the Trade. Any decision as to which service within the Trade on which to provide Hapag-Lloyd slots shall be entirely at the discretion of Maersk Sealand. Initially, Hapag-Lloyd shall charter 50 TEU per week on a used/unused basis, to be carried on Maersk Sealand's Mediterranean-Gulf service. Maersk Line will inform Hapag-Lloyd of any permanent/long-term changes to the schedules or rotations once they are known.~~

2. **Efficient Use of Equipment, Terminals, Stevedores, Ports and Suppliers**

The parties may interchange containers, chassis and/or equipment to provide for the efficient use of such equipment on such terms as they may agree. The parties may cooperate or coordinate in contracting with stevedores, terminals, ports, and suppliers of equipment, land or services or may designate a party to provide such services on the designating party's behalf. This Agreement does not authorize joint operation of a marine terminal by the parties in the United States.

3. **Feeder Services**

The parties may discuss and agree between themselves and with carriers operating feeder vessels which do not call U.S. ports on all matters relating to the transshipment and carriage on such feeder vessels of cargo moving in slots chartered by Hapag-Lloyd under this agreement which has a prior or subsequent movement between a port in the Trade and a foreign port wherever located.

4. **Miscellaneous**

The parties may discuss and agree upon such general administrative matters and other terms and conditions concerning the implementation of this Agreement as may be necessary or convenient from time to time, including, but not limited to, their

respective rights, change in ownership, insolvency, performance procedures and penalties, procedures for allocating space, forecasting, terminal operations, stowage planning, schedule adjustments, record-keeping, responsibility for loss or damage, the terms and conditions for force majeure relief, insurance; liabilities, claims, indemnification, consequences for delays, port omissions, documentation, joint negotiations, and treatment of hazardous and dangerous cargoes.

5. Further Agreements

Pursuant to 46 C.F.R. § 535.408(b) 407, any further agreement contemplated herein cannot go into effect unless filed and effective under the Shipping Act of 1984, as amended, except to the extent that such agreement concerns routine operational or administrative matters.

6. Implementation

The parties shall collectively implement this Agreement by meetings, writings, or other communications between them and make such other arrangements as may be necessary or appropriate to effectuate the purposes and provisions of this Agreement.

7. U.S. Flag Cargo

~~Hapag-Lloyd shall not use space chartered pursuant to this agreement for the carriage of cargo reserved to U.S. flag vessels pursuant to the cargo preference laws of the United States (including, but not limited to, Public Resolution No. 17, sections 901(b) and 901b of the Merchant Marine Act, 1936, as amended, and the Military Cargo Preference Act of 1904).~~

a. HLCL shall have the right to use any or all of the chartered space to carry U.S. flag preference cargo. For the purposes of this Agreement, U.S. flag preference cargo is defined to mean all cargo that is subject to the cargo preference laws of the United States

Government (e.g. statutes, regulations, government-mandated contract provisions, directives, policies). Such laws include, but are not limited to, the Cargo Preference Act of 1904 (10 U.S.C. § 2631), the Cargo Preference Act of 1954 (46 App. U.S.C. § 1241), 10 U.S.C. § 2463, 46 App. U.S.C. § 1241-1, and their associated implementing regulations.

b. If Hapag-Lloyd exercises its rights under Article 5.7(a) above during a particular quarter by using any or all of the chartered space to carry more than: (i) Twenty five (25) TEUs of U.S. flag preference cargo on any single eastbound or westbound voyage in that quarter; or (ii) seventy five (75) TEUs of U.S. flag preference cargo in total for all voyages during that quarter, then the price(s) per slot applicable to all chartered space on all voyages during that entire quarter shall be adjusted, as agreed by the parties, from the otherwise applicable slot hire rate. For the purpose of this Article, the volume of U.S. flag preference cargo carried by Hapag-Lloyd during a particular quarter will be the total of either the eastbound or westbound volume (whichever is higher) carried on each weekly voyage during that quarter. For purposes of this Agreement, the quarters of any given year shall be: (1) January 1st through March 31st; (2) April 1st through June 30th; (3) July 1st through September 30th; and (4) October 1st through December 31st. The day of departure from the last U.S. port on the eastbound leg of a vessel's voyage shall be used to determine the quarter within which a particular voyage shall fall.

c. In the event that Maersk Line enters into future agreement(s) to charter space on Hapag-Lloyd vessels, Maersk Line will agree to similar arrangements regarding Maersk

Line rights to use such chartered space to transport U.S. flag preference cargo, provided that the specific arrangements are reasonable under the surrounding circumstances.

ARTICLE 6: AGREEMENT OFFICIALS AND DELEGATIONS OF AUTHORITY

The following are authorized to subscribe to and file this Agreement and any accompanying materials and any subsequent modifications to this Agreement with the Federal Maritime Commission:

- (i) Any authorized officer of either party; and
- (ii) Legal counsel for either party.

ARTICLE 7: VOTING

All actions taken pursuant to this Agreement shall require unanimous agreement of the parties.

ARTICLE 8: DURATION AND TERMINATION OF AGREEMENT

(a) This Agreement shall take effect the date it becomes effective under the Shipping Act of 1984, as amended. The parties may establish a reasonable period for implementation prior to beginning service under the agreement. This Agreement shall remain in effect for a minimum duration of 12 months from the effective date of Amendment No. 3 hereto ~~6 months~~. This Agreement may be terminated by either party, provided that any notice of termination must be tendered no less than six ~~three~~ months prior to the date of such termination. No notice of termination of this Agreement may be tendered earlier than six ~~three~~ months after the ~~agreement's~~ effective date of Amendment No. 3 hereto. The Federal Maritime Commission shall be promptly notified in writing if this Agreement is terminated under this section.

(b) Notwithstanding anything to the contrary in Article 8(a), this Agreement may be terminated pursuant to the following provisions:

(i) If, at any time during the term of this Agreement there shall be a change in ownership of a Party, and the other Party is of the opinion, arrived at in good faith, that such change in control is likely to materially prejudice the cohesion or viability of the Agreement, then the other Party may, within 6 months of becoming aware of such change, give not less than three months notice in writing terminating this Agreement.

(ii) If, at any time during the term of this Agreement either Party ("The Affected Party"):

(A) is dissolved;

(B) becomes insolvent or fails to pay its debts as they become due;

(C) makes a general assignment, arrangement or composition with, or for the benefit of its creditors;

(D) has a winding-up order made against it or enters into liquidation whether voluntarily or compulsorily;

(E) seeks or becomes the subject of the appointment of an administrator, receiver, trustee, custodian or other similar official for it or for all or substantially all of its assets;

and

the other Party is of the opinion that:

(A) such event or occurrence is or may be materially detrimental to the service operated hereunder; or

(B) sums that may be owed (other than those that would be considered disputed in good faith) may not be paid or have not been paid in full or that their payment may be delayed

then the other Party may give notice to the Affected Party terminating with immediate effect or suspending for such period as the other Party in its sole discretion deems appropriate, this Agreement or any part thereof.

Notwithstanding any termination in accordance with this Article 8(b), the non-defaulting Party retains its right to claim against the defaulting Party for any loss and/or damage caused by or arising out of such termination.

ARTICLE 9: NON-ASSIGNMENT

Neither party shall assign all or any part of its rights or delegate all or any part of its obligations under this Agreement to any other person or entity without the prior written consent of the other party.

ARTICLE 10: FORCE MAJEURE

a1. Neither Maersk Line ~~MSL~~ nor Hapag-Lloyd shall be deemed responsible with respect to its failure to perform any term or condition of the Agreement if such failure, wholly or partly, is due to an event of Force Majeure, such as, but not limited to: war (declared or undeclared); terrorism; hostilities; warlike or belligerent acts or operations; piracy; riots; civil commotion or other disturbances; participation in the U.S. Department of Defense Emergency Preparedness Program or other U.S. military national security agreements; acts of God; blockade of port or place or interdiction or prohibition of or restriction on commerce or trading; governmental action including but not limited to quarantine sanitary or other similar regulations or restrictions; strikes, lockouts or other labor troubles whether partial or general and whether or not involving employees of any Party; shortage, absence or obstacles of labor or facilities for loading, discharge, delivery or other handling of the goods; epidemics of disease; unforeseeable breakdown or latent defect in the vessel's hull, equipment or machinery; shallow water, ice, landslide or other obstacles in navigation or haulage; any act of barratry and unusual severe weather which can cause operational hindrance.

b2. Any Party claiming an event of Force Majeure shall exercise reasonable endeavors to remedy the consequences of such event. Upon the termination of such Force Majeure event causing a Party's failure to perform its obligations under this Agreement, such Party shall as soon as possible resume its performance of its obligations according to the terms and conditions of this Agreement.

ARTICLE 11: INSURANCE

For the duration of this Agreement, each party shall undertake to have valid P&I Insurance for all conventional P&I Risks with a club being a member of the International Group of P&I Clubs. In the event the terms and conditions or the cover in general are materially amended, the affected party shall notify the other party without delay.

ARTICLE 12: APPLICABLE LAW AND ARBITRATION

~~This Agreement shall be governed by and construed exclusively in accordance with the laws of the United States and by the laws of the State of New York, to the exclusion of its rules on the conflict of law, which would refer the matter to the laws of another jurisdiction. However, nothing herein shall relieve the parties of their obligation to comply with the U.S. Shipping Act of 1984, as amended. Except as otherwise agreed, all disputes in connection with this Agreement, which cannot be resolved amicably, shall be referred to arbitration in New York, and governed by the Rules of the Society of Marine Arbitrators, New York. A party must provide the other party at least sixty (60) days' notice of its intention to refer a matter to arbitration, specifying the nature of the controversy or claim. Such notice must be delivered in writing to the other party. The arbitration shall be referred to a single arbitrator to be appointed by agreement of the parties, or failing such agreement within fourteen (14) days of such reference, to three arbitrators. The party referring a matter to arbitration and the remaining party shall appoint one arbitrator each and the third arbitrator shall be appointed by the two arbitrators appointed by the parties. If the two selected arbitrators fail to appoint a third arbitrator within thirty (30) days after the request for arbitration, such third arbitrator shall be selected and appointed by the Society of Marine Arbitrators, New York. The arbitrator(s) shall not have the power to award punitive or consequential damages. Unless agreed otherwise, all discovery and evidence pursued or submitted in connection with the arbitration shall be subject to the Federal Rules of Civil Procedure and the Federal Rules of Evidence. The parties agree to exclude any right of application or appeal to any courts in connection with any question of law arising in the~~

~~course of such arbitration or with respect to any award made therein. Any arbitration award rendered will be final and binding upon the parties, shall not be subject to appeal, and may be enforced in any court of competent jurisdiction.~~

(a) This Agreement shall be governed by and construed in accordance with the laws of England.

(b) All disputes in connection with this Agreement which cannot be resolved amicably shall be resolved by arbitration in London, England, in accordance with the Arbitration Act 1996. The arbitration shall be conducted in accordance with the London Maritime Arbitrators Association (LMAA) Terms current at the time when the arbitration proceedings are commenced. The Parties shall agree to appoint a sole arbitrator, having appropriate commercial and consortia experience, within 21 calendar days of any Party seeking an appointment. If any Party should so request, a panel of three arbitrators shall be appointed. Should there be no agreement on the appointment within the 21 days specified, then the LMAA arbitration tribunal shall appoint a sole arbitrator or a panel of three arbitrators, whichever is applicable.

ARTICLE 13: COUNTERPARTS

This Agreement and any future amendment hereto may be executed in counterparts. Each such counterpart shall be deemed an original, and all together shall constitute one and the same agreement.

ARTICLE 14: SEPARATE IDENTITY/NO AGENCY OR PARTNERSHIP

Each party shall retain its separate identity and shall have separate sales, pricing and, to the extent applicable, separate marketing function. Each party shall issue its own Bills of Lading. This Agreement does not create and shall not be interpreted as creating any partnership, joint venture or agency relationship between the parties, or any joint liability under the law of any jurisdiction.

ARTICLE 15: NOTICES

All notices required to be given in writing, unless otherwise specifically agreed, shall be sent by registered mail or courier service to the addresses listed in Article 3.

ARTICLE 16: LANGUAGE

This Agreement and all notices, communications or other writings made in connection therewith shall be in the English language. Neither party shall have any obligation to translate such matters into any other language and the wording and meaning of any such matters in the English language shall govern and control.

ARTICLE 17: SEVERABILITY

If any provision of this Agreement, as presently stated or later amended is held to be invalid, illegal or unenforceable in any jurisdiction in which this Agreement is operational then this Agreement shall be invalid only to the extent of such invalidity, illegality or unenforceability and no further. All remaining provisions hereof shall remain binding and enforceable.

ARTICLE 18: WAIVER

No delay or failure on the part of any party hereto in exercising any right, power or privilege under this Agreement, or under any other documents furnished in connection with or pursuant to this Agreement shall impair any such right, power or privilege or be construed as a waiver of any default or acquiescence therein. No single or partial exercise of any such right, power or privilege shall preclude the further exercise of such right, power or privilege, or the exercise of any other right, power or privilege. No waiver shall be valid against either party hereto unless made in writing and signed by the party against whom enforcement of such waiver is sought and then only to the extent expressly specified therein.

ARTICLE 19: AMENDMENT

Any modification or amendment of this Agreement must be in writing and signed by both parties and may not be implemented until filed with the FMC and effective under the Shipping Act of 1984, as amended.