CMA CGM – HL – APL INDAMEX 3 CROSS SPACE CHARTER, SAILING AND COOPERATIVE WORKING AGREEMENT

A Cooperative Working Agreement

FMC Agreement No. 011830-006
(4th Edition)

Expiration Date: None

Original Effective Date: December 1, 2002
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Article 1: NAME.

The full name of this Agreement is the CMA CGM -- HL -- APL INDAMEX 3 CROSS SPACE CHARTER SAILING AND COOPERATIVE AGREEMENT, or the "Agreement" or the “FMC Agreement.”

Article 2: PURPOSE.

The purpose of this Agreement is to provide authority for the Parties to discuss and formulate cooperative service arrangements in the Trade, and to offer quality direct liner services, in terms of frequency and rotation.

Article 3: PARTIES.

The names and addresses of the principal offices of the parties to the Agreement are the following:

1  Hapag-Lloyd AG
    Ballindamm 25,
    20095 Hamburg
    Germany
    Hereinafter referred to as “HL”
CMA CGM – HL – APL INDIAMEX 3 CROSS 
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2 CMA CGM S.A. ("CMA CGM")
4, Quai D'Arenc
13235 Marseille Cedex 02
France

and

3 APL Co. Pte Ltd/American President Lines, Ltd.(collectively "APL")
456, Alexandra Road
#0600
NOL Building
Singapore 119962

hereinafter be referred to individually as "Party" and collectively as "Parties."

Article 4: GEOGRAPHIC SCOPE.

This Agreement shall cover transportation between ports on the East Coast of the United States (Eastport, Maine to Key West, Florida) and U.S. inland and coastal points served via such ports, on the one hand, and (i) ports and points in India, Pakistan, Sri Lanka, and the Bangladesh to Philippines range (South East Asia); (ii) ports and points in countries bordering the Mediterranean Sea and in Portugal; and (iii) ports and points in countries bordering the Red Sea and in the United Arab Emirates, on the other hand. All of the foregoing is referred to herein as the "Trade". It is understood that each of the Parties may utilize space available to it under this Agreement for the carriage of cargo originating in and/or destined to countries outside the Trade.
Article 5: OVERVIEW OF AGREEMENT AUTHORITY.

5.1 Vessel Schedule/Port Rotation. The parties are authorized to discuss and agree on ports to be called and port rotation and to change any port rotation so agreed upon by unanimous consent of the parties. The port rotation may be changed by unanimous consent of the parties without a further amendment to this agreement. The parties are authorized to discuss and agree on the phasing-in/phasing-out of vessels for maintenance, whether programmed or unprogrammed. The parties also are authorized to discuss and agree on criteria to measure adherence to any agreed-upon schedule and remedial actions/consequences in the event of non-adherence.

5.2 Space and Vessels.

(a) The Parties shall employ seven (7) vessels of approximately 3500/4200 TEU capacity Eastbound and Westbound (average 10.5 gwt per TEU). The vessels shall be compatible in terms of actual TEU intake and speed capability, able to complete the intended port rotation within 49 days, thus providing a service frequency of approximately 7 days. The Parties are authorized, by unanimous agreement, to revise the average gwt per TEU used for purposes of this Agreement without making any further amendments hereto.

(b) The seven vessels will be provided as follows:

- APL 2 vessels

-CMA CGM 2 vessels (of which 1 vessel may be provided by CMA CGM’s wholly owned subsidiary, MacAndrews & Company Limited pursuant to agreement between CMA CGM and MacAndrews. In the event that MacAndrews becomes a party to another agreement covering the same trade as this Agreement and such service becomes operationally effective, then any vessel provided by MacAndrews on behalf of CMA CGM as a vessel provider in this Agreement will be replaced by a CMA CGM vessel. The provision of such vessel by MacAndrews on behalf of CMA CGM is totally without prejudice to CMA CGM’s obligations under this Agreement as a vessel provider and CMA CGM assumes all responsibility as vessel provider hereunder for any such vessel provided by MacAndrews.)

-HL 2 vessels

The seventh vessel shall be provided jointly by CMA CGM and HL who are authorized to discuss and agree from time to time on the terms and conditions upon which such vessel shall be provided. Each Party shall be responsible for all costs associated with operation of its vessels including, but not restricted to, charter hire, bunker, port and Suez Canal costs, dry docking and repair costs, and insurance costs.

(c) The Parties will operate a slot exchange agreement in which each of them is entitled to space in proportion to its contribution of slots ("basic slot allocation"). It will be monitored over a cycle in each direction. The Parties are authorized to agree to adjust structurally their basic slot allocations up or down by up to 25% without further amendment to this Agreement.

(d) Any over/under provision of capacity or further sale or purchase of slots between the Parties from within their respective basic slot allocations will be paid for
at slot rates to be agreed. In the event that the vessels’ capacity is restricted due to known port draft or other mutually agreed operational restrictions, then the restricted capacity will be allocated in proportion to each Party's allocated share of space on each vessel of each Party.

(c) The Parties may agree on the number of sailings, schedules, ports called and frequency of port calls for their vessels in the Trade. Initially, the port rotation is intended to be as follows: Colombo – Nhava Sheva – Mundra* - (Suez Canal Transit) – New York – Norfolk – Charleston — Port Said - (Suez Canal Transit) – Colombo

* The Mundra call will be performed upon an ad hoc basis (to be agreed) during the first cycle of this Agreement, but will become a structural Base Port of call with effect from the commencement of the second cycle.

(f) CMA CGM, HL and APL shall be entitled to release slots to their 100% wholly owned VOCC subsidiaries and/or affiliated group companies sharing common ownership as from the start of this Agreement. The selling Party is to advise the other two Parties in writing at least 2 weeks prior the first loadings so as to avoid and operational / booking distortions.

(g) None of HL, CMA CGM, APL nor any Party’s wholly owned subsidiary, affiliate company or other member of a group of shipping companies (either acting as VOCC or NVOCC in the United States) receiving slots from any Party’s entitlement under the present Agreement, may provide space made available to it hereunder to a
non-Party ocean common carrier without the prior consent of the other two Parties. Parties shall not require the consent of the other Parties to allocate space to affiliated and wholly owned subsidiary companies.

5.3 **Facilities, Services and Supplies.**

The Parties are authorized to discuss and agree on the joint and/or individual negotiation of appropriate contracts with terminal operators and stevedores, and to reach agreement on other issues relating to the loading and/or discharge of cargo, such as but not restricted to common costs including but not limited to overtime, stand-by-time, and idle time. Nothing herein, however, shall authorize the Parties jointly to operate a marine terminal in the United States.

5.4 **Operational Considerations.**

HL, APL and CMA CGM shall book cargoes subject to this Agreement for their separate accounts and shall issue their own separate bills of lading.

5.5 Parties shall use their best endeavours to reach satisfactory level of on-time service performance at all ports of call by jointly design, review and optimize service rotations and all related operation arrangement.
5.6 Administration and Implementation.

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

(b) The Parties, in implementing this Agreement, may agree on their respective rights, liabilities, and indemnities arising under this Agreement including, but not limited to, matters such as failure to perform, force majeure, and insurances. The phase-in of tonnage will be conducted in a smooth and economic manner and be completed as soon as possible. The Party phasing-in the tonnage will bear the phase-in costs.

5.7 Further Agreements.

Pursuant to 46 C.F.R. §535.408(b), any further agreement reached pursuant to authority contained in this Agreement will not be implemented until it has been filed with the Federal Maritime Commission and become effective under the Shipping Act of 1984, as amended (if such filing is legally required).
Article 6: MEMBERSHIP, WITHDRAWAL AND READMISSION.

6.1 Any Party may withdraw from this Agreement by providing not less than six (6) months prior written notice to the other Parties; provided, however, that no such notice may be given prior to eighteen (18) months after April 27, 2006.

6.2 If at any time during the term of this Agreement any Party (the “affected” Party) is either (i) dissolved or becomes insolvent or (ii) has a winding up order made against it or enters into liquidation either voluntarily or compulsorily or (iii) seeks or becomes subject to the appointment of an administrator, receiver, trustee, custodian or other similar official for the whole or a substantial part of its assets or business, or (iv) is affected by any similar event or act under the applicable laws either of the jurisdiction in which it carries on business or (v) any such event or act has an analogous effect in any other jurisdiction or (vi) if such Party takes any action in furtherance of any of the foregoing acts or events (other than for the purposes of a consolidation, reconstruction or amalgamation) and the other Parties are of reasonable opinion that such event or occurrence is or may be materially detrimental to this Agreement, or that sums owing under this Agreement (other than those disputed in good faith) may not be paid in full or that their payment may be significantly delayed, then the other Parties may give written notice to the affected Party terminating this Agreement with immediate effect or to suspend this Agreement or any part thereof for such period as such the other Parties in their reasonable discretion deem appropriate, but without
prejudice to any accrued rights and obligations hereunder.

6.3 If at any time during the term of this Agreement there shall be a change in the ownership or ultimate control of a Party or an agreement has been entered into for such a change of ownership or ultimate control ("Affected Party"), then the other Parties may, within six months of becoming aware of the change in ownership or control or the existence of the agreement to effect such change, terminate the Agreement by giving not less than three months' notice in writing.

For the purposes of this Article 6.3, a change in the control or material change in the ownership of a Party or of the holding company of that Party shall not include:

- Any public offering of shares in that Party or its holding company
- Any purchase or sale of shares in that Party or its holding company of less than 30% of the issued share capital of that company or its holding company.
Article 7: DURATION AND TERMINATION

7.1 This Agreement shall take effect the date it becomes effective under the Shipping Act of 1984 as amended.

7.2 This Agreement shall remain in force until at least April 27, 2008, and indefinitely thereafter unless terminated in accordance with the provisions hereof:


[2] Unless terminated by two of the Parties due to the default of the third Party as determined by the non-defaulting Parties in good faith

[3] Unless terminated at any time by the unanimous written consent of the Parties.

Notwithstanding the aforementioned, the Agreement will terminate, unless otherwise unanimously agreed, upon completion of a full roundtrip cycle (WB+EB), meaning that all vessels of the concerned cycle departing from the first port of loading in the westbound direction after the date of termination will sail under the terms of this Agreement.

Article 8: COMPLIANCE WITH US REGULATIONS

8.1 At all times, the Parties to this Agreement shall comply with the United States Shipping Act of 1984 as amended by the Ocean Shipping Reform Act of 1998 and any other United States Regulatory Law, where applicable.
8.2 Customs-Trade Partnership Against Terrorism (C-TPAT)

Each Party shall be and remain a member in good standing of the C-TPAT program during the period of this Agreement, and shall undertake all reasonable steps to qualify for "green lane" treatment by U.S. Customs and Border Protection under C-TPAT and/or similar voluntary partnership programs.

8.3 Sea Carrier Initiative Agreement

The Parties hereto warrant to each other that they are signatories to the United States Customs Sea Carrier Initiative Agreement. In the event that any Party fails to remain a signatory to said Agreement, it shall identify, defend and indemnify the other Parties against all costs, expenses, penalties and fines arising from such failure to remain a signatory to said Sea Carrier Initiative Agreement.

Article 9: SEPARATE MARKETING

Each Party shall retain its separate identity and shall have separate sales, pricing and marketing functions. Each Party shall issue its own Bill of Lading.

Article 10: NON ASSIGNMENT

No Party shall assign or transfer its rights or obligations under this Agreement either in part or in full to any third party, firm or corporation without the prior written consent of both of the other Parties.
Article 11: APPLICABLE LAW.

The interpretation, construction and enforcement of this Agreement, and all rights and obligations between the Parties under this Agreement shall be governed by English Law, but always subject to the application of the U.S. Shipping Act of 1984 as amended by the Ocean Shipping Reform Act of 1998 and any other U.S. regulatory law.

Notwithstanding anything to the contrary in this Article 11, any dispute between the Parties relating to loss or damage to cargo or containers shall be dealt as per Article 12.

Article 12: ARBITRATION.

Any dispute arising out of or in connection with this Agreement shall be referred to arbitration in London in accordance with the Arbitration Act of 1996 of the United Kingdom or any statutory modification or re-enactment thereof save to the extent necessary to give effect to the provisions of this Article.

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.
Arbitration shall be before a single arbitrator acceptable to all Parties to the dispute. In the event the Parties involved in the dispute are unable to reach an agreement on a single arbitrator, the arbitrator shall be appointed by the President of the LMAA at the time of commencement of arbitration upon application of any of the Parties.

In cases where neither the claim nor any counterclaim exceeds the sum of USD 300,000 the arbitration shall be conducted in accordance with the LMAA Small Claims Procedure current at the time when the arbitration proceedings are commenced.
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SIGNATURE PAGE

IN WITNESS WHEREOF, the Parties hereby agree this 2nd day of August, 2006, to amend and restate this Agreement as per the attached pages and to file same with the U.S. Federal Maritime Commission.

CP SHIPS (UK) LIMITED

By: [Signature]
Name: David Nicklin
Title: Director

HAPAG LLOYD AG

By: [Signature]
Name: [Name]
Title: [Title]

CMA CGM S.A.

By: [Signature]
Name: [Name]
Title: [Title]

APL Co. Pte Ltd for itself and as agent for American President Lines, Ltd.

By: [Signature]
Name: [Name]
Title: [Title]

FMC Agreement No.: 011830-006 Effective Date: Wednesday, August 2, 2006
Downloaded from WWW.FMC.GOV on Saturday, July 16, 2022
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Title: __________________________

HAPAG LLOYDAG

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