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OFFICE OF THE SECRETARY  
FEDERAL MARITIME COMMISSION

U.S. Pacific Coast-Oceania Agreement  
FMC Agreement No. 011741-013  
(4<sup>th</sup> Edition)  
First Revised Page No. 3

ARTICLE 5: Agreement Authority.

5.1 Vessels and Strings.

(a) Initially, the Parties shall operate ~~three~~ two strings under this Agreement, as follows:

(i) Pacific South West-~~1~~ ("PSW-~~1~~") string, calling weekly at ports in California, New Zealand and Australia, as well as in Hawaii and Fiji.<sup>2</sup> The PSW-~~1~~ string initially shall utilize six (6) vessels of approximately 1,850 TEU capacity (based on 14 tonnes per TEU homogeneous southbound), one of which will be provided by Maersk Line, ~~one~~ two of which will be provided by CMA CGM, two of which will be provided by Hamburg Süd, and ~~two~~ one of which will be provided by HLAG. Without further amendment hereto, the Parties are authorized to operate between six (6) and nine (9) vessels in the PSW-~~1~~ string, such vessels to have a minimum capacity of not less than 1,500 TEUs nominal and a maximum capacity of not more than approximately 2,500 TEUs nominal. In order to implement such adjustments, the Parties are also authorized to make corresponding revisions in port calls and the numbers of vessels provided by the respective Parties.

(ii) ~~Pacific South West-2 ("PSW-2") string, calling fortnightly at ports in California, New Zealand and Australia. The PSW-2 string initially shall utilize three (3) vessels of approximately 900 TEU capacity (based on 14 tonnes per~~

<sup>2</sup> Initially, the PSW-~~1~~ service will call Fiji 3 out of 4 weeks, and will call Hawaii instead of Fiji during the fourth week.

~~TEU homogeneous southbound), all of which will be provided by CMA CGM.  
Without further amendment hereto, the Parties are authorized to operate  
between two (2) and five (5) vessels in the PSW-2 string, such vessels to have a  
minimum capacity of not less than 750 TEUs nominal and a maximum capacity  
of not more than approximately 1,300 TEUs nominal. In order to implement  
such adjustments, the Parties are also authorized to make corresponding  
revisions in port calls and the numbers of vessels provided by the respective  
Parties.~~

(iii) Pacific North West ("PNW") string, calling fortnightly at ports in California, the Pacific North West, Canada, New Zealand, Australia, Tahiti and Mexico.<sup>3</sup> The PNW string initially shall utilize four (4) vessels of approximately 1,300 TEU capacity (based on 14 tonnes per TEU homogeneous southbound), two of which will be provided by Hamburg Süd, and two of which will be provided by HLAG. Without further amendment hereto, the Parties are authorized to operate between four (4) and seven (7) vessels in the PNW string, such vessels to have a minimum capacity of not less than 1,000 TEUs nominal and a maximum capacity of not more than approximately 2,000 TEUs nominal. In order to implement such adjustments, the Parties are also authorized to make corresponding revisions in port calls and the numbers of vessels provided by the respective Parties.

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<sup>3</sup> Mexico call for HLAG only.

proportion to their respective northbound or southbound allocations, as appropriate.

(d) Each Party will be responsible for the costs of its vessel(s), including, but not limited to, vessel charter hire, fuel, port charges and port agency vessel husbanding expenses. Unless otherwise agreed, the Parties shall be

responsible for their own phase in and phase out costs. Each Party also will be responsible for any fees, taxes, penalties, charges, or liabilities, assessed against the vessel, by virtue of its flag or otherwise, by any governmental authority.

(e) The Parties shall agree on a long-term pro-forma schedule for the service. Such schedule may be changed from time to time as the Parties mutually agree and shall incorporate periods required for programmed maintenance and repair including periodic dry docking which shall be advised at least three (3) months in advance. The Parties are authorized to discuss and agree upon rules for remedial actions and financial consequences in cases of non-performance.

(f) The Parties are authorized to charter vessels to/from one another or jointly from third parties.

5.2 Slot Allocations and Use of Slots.

(a) The Parties shall receive a standard slot allocation on each string, as follows:

	Southbound			Northbound		
	PNW	PSW-1	PSW-2	PNW	PSW-1	PSW-2
Hamburg Sud	<del>510</del> <u>540</u>	<del>740</del> <u>671</u>	<del>270</del>	<del>593</del> <u>566</u>	<del>589</del> <u>573</u>	<del>253</del>
HLAG	<del>340</del> <u>360</u>	<del>494</del> <u>453</u>	<del>180</del>	<del>396</del> <u>378</u>	<del>392</del> <u>381</u>	<del>169</del>
Maersk Line	0	<del>308</del> <u>284</u>	0	<del>105</del> <u>100</u>	<del>291</del> <u>269</u>	0
CMA CGM	450 <u>400</u> <sup>4</sup>	<del>308</del> <u>442</u>	450	50 <u>100</u>	478 <u>527</u>	422

<sup>4</sup> CMA CGM may load a maximum of ~~400~~ 150 TEUs in Vancouver/Seattle on southbound sailings of the PNW string.

For purposes of calculating the foregoing allocations, slots on ~~the PSW2 string~~ and ~~the other~~ both strings were counted on a 1 for 1 basis.

The standard slot capacity of the vessels operated hereunder shall be determined based on an average deadweight of 14 tonnes per TEU homogeneous southbound, 14 tonnes per dry TEU northbound, and 18 tonnes per reefer plug northbound. Subject to any restrictions imposed on the slot allocations set forth above, each Party shall be entitled to use its slot allocation without any geographical restrictions regarding the origin or destination of the cargo and, except as otherwise provided herein, there shall be no priorities for either full, empty, wayport/interport or breakbulk cargo.

(b) If on any sailing a Party is unable to utilise its allocation of slots, such allocation may be made available to the other Parties. Agreement to release slots should not be unreasonably withheld. The Party(ies) to whom the allocation has been transferred shall commit to the payment for the slots at the prevailing slot rates on a used/not used basis one way.

(c) In the event more than one Party requests additional unused slots, the unused slots will be apportioned in line with that string's allocation. Should unused allocation exist during a voyage, the Party operating the vessel will load the maximum amount of cargo that is released to a vessel at last port southbound and northbound. The Parties commit to the payment for the slots at the prevailing slot rates on a used/unused basis one way.