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**TITLE PAGE**

**AGREEMENT NAME:** East Coast North America to West Coast of South America and Caribbean Cooperative Working Agreement

**FMC NUMBER:** \_\_\_\_\_

**CLASSIFICATION** The generic classifications of this Agreement in conformity with 46 U.S.C. §572.104 are Cooperative Working Agreement, Space Charter and Sailing Agreement.

**CURRENT EXPIRATION DATE:** None

**REPUBLISHED:** Not Applicable



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**ARTICLE 1. NAME**

This Agreement shall be known as the "East Coast North America to West Coast South America and Caribbean Cooperative Working Agreement" (the "Agreement").

**ARTICLE 2. PURPOSE**

The purpose of this Agreement is to enable the Parties to provide efficient competitive ocean common carrier services with greater cost effectiveness and operational efficiency in the trade covered herein.

**ARTICLE 3. PARTIES**

The Parties hereto are:

COMPAÑIA CHILENA DE NAVEGACION  
INTEROCEANICA S.A. ("CCNI")  
Alameda B. O'Higgins 949  
Floor 22nd  
Santiago, Chile

COMPAÑIA SUD AMERICANA  
DE VAPORES S.A. ("CSAV")  
P.O. Box 49-V  
Valparaíso, Chile

LYKES BROS. STEAMSHIP CO., INC. ("LYKES")  
Lykes Center  
300 Poydras Street  
New Orleans, LA 70130  
United States of America

**ARTICLE 4. GEOGRAPHIC SCOPE**

This Agreement shall cover the carriage of cargoes in direct service between ports in the United States East Coast and inland and coastal points in the United States and Puerto Rico served via those ports, on the one hand, and ports in the Caribbean, Colombia, Panama,

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Ecuador, Peru and Chile and inland and coastal points served via those ports (including points in Bolivia and Argentina) on the other hand (hereinafter the "Trade").

**ARTICLE 5. AGREEMENT AUTHORITY**

5.1 The parties may consult and agree upon the deployment and utilization of vessels operated in this Agreement in the Trade including, without limitation, sailing schedules, service frequency, ports to be served, port rotation, type and size of vessels to be utilized, the addition or withdrawal of capacity or vessels from the Trade and the terms and conditions of any such addition or withdrawal. The parties may consult and agree upon the number, type and capacity only of those vessels to be operated for the purpose of this Agreement by each of them. Each party will bear all costs for the vessel(s) it provides, including but not limited to daily running costs, time charter hire, bunkers, port charges, canal dues, dry docking and insurance. This agreement is non-exclusive, and each party may operate or charter space on other vessels in the Trade outside of this Agreement and the maximum number of line-hull vessels to be operated hereunder is 12, each vessel having a maximum capacity of 2500 TEU.

5.2 The Parties may charter vessels to and from each other or from other persons, for use in the Trade on such terms and conditions as they may independently from time to time agree.

5.3 The Parties may charter, exchange or otherwise make space available to each other upon such terms and/or in such amount and for such slot charter hire as they may from time to time agree. Except as the Parties may otherwise agree, no Party shall subcharter or assign space obtained from another Party hereunder without the prior written consent of such other Parties.

5.4 In connection with their service in the Trade, the Parties may consult and agree among or between themselves and with third parties for the use of terminal facilities, may jointly negotiate and enter into leases, subleases or assignments of such facilities and may contract for stevedoring services, terminal and other related ocean and shoreside services and supplies with each other or jointly with third parties in the United States or elsewhere. Nothing contained herein shall authorize the Parties jointly to operate a marine terminal in the United States unless expressly agreed.

5.5 The parties may discuss and agree upon the terms and conditions, directly or indirectly, to interchange, lease, sublease or return, and may otherwise cooperate among or

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between themselves in connection with containers, chassis and other equipment, including, but not limited to, operating joint maintenance and repair facilities or establishing joint equipment pools.

5.6 The Parties may also discuss and agree upon administrative matters and related issues, including, but not limited to, performance procedures and penalties, procedures for allocating space, forecasting, terminal operations, stowage planning, schedule adjustments, record keeping, responsibility for loss or damage, the establishment and operation of individual or joint tonnage centers, the interchange of information and data, including EDP communications, regarding all matter within the scope of the Agreement, terms and conditions for force majeure relief, insurance, indemnification, consequences for delays, and treatment of hazardous and dangerous cargoes.

5.7 Each Party shall retain its separate identity, shall have separate sales, pricing and marketing functions, and will issue its own bills of lading, handle its own claims, and shall be fully responsible for the expenses and operation of its owned or chartered vessels and for terminal costs attributable to cargo moved on its own bill of lading. No Party shall be deemed to be the agent for any other Party for any purpose under this Agreement.

5.8 Each Party may maintain its own separate feeder services, but the Parties may discuss and agree on mutual feeder arrangements.

5.9.a The Parties agree that they shall have a common position concerning membership in any conference or rate agreement in the Trade. The Parties may discuss and agree on whether to become or remain a member of or withdraw from any conferences or other agreements covering the Trade or any part of it.

5.9.b The Parties may, on a voluntary basis and subject to the terms and conditions of any conference, rate, discussion or other agreement to which they all are members, discuss and agree upon any rates or rate policy or service items and exceptions therefrom, and the terms and conditions of service contracts or tariffs maintained by any such conference, rate, discussion or other agreement.

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TRADE AND SHIPPING

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5.9.b The Parties may, on a voluntary basis and subject to the terms and conditions of any conference, rate, discussion or other agreement to which they all are members, discuss and agree upon any rates or rate policy or service items and exceptions therefrom, and the terms and conditions of service contracts or tariffs maintained by any such conference, rate, discussion or other agreement.

5.9.c If the Parties are not in a conference or rate agreement covering all or a portion of the Trade, or if a conference or rate agreement has rates that are open, the Parties may discuss and, on a voluntary and non-bonding basis, agree upon rates, rate policy, rules and conditions of service in connection therewith.



**ARTICLE 6. ADMINISTRATION AND DELEGATION OF AUTHORITY**

6.1 This Agreement shall be administered and implemented by meetings, decisions, memoranda, and communications between the Parties to enable them to effectuate the purposes of this Agreement.

6.2 The following individuals shall have the authority to file this Agreement and any modifications thereto with the Federal Maritime Commission, as well as the authority to delegate same:

- (a) Any authorized officer or representative of a Party; and
- (b) Legal counsel for each of the Parties.

**ARTICLE 7. MEMBERSHIP**

7.1 New Parties to this Agreement may be added only upon unanimous consent. The addition of any new Party to this Agreement shall become effective after an amendment noticing its admission has been filed with the Federal Maritime Commission and become effective under the Shipping Act of 1984.

7.2 Notwithstanding any other provision of this Agreement, any party may withdraw from this Agreement at any time with ninety (90) days written notice to the other Parties, subject to the following terms and conditions:

(a) Any withdrawal shall be without prejudice to the Parties' respective accrued obligations to one another as of the date of withdrawal. In no event shall any party be liable to another for consequential damages arising from withdrawal from this Agreement.

(b) The withdrawing party will promptly notify the Federal Maritime Commission of its withdrawal pursuant to this Article.

(c) No notice of withdrawal may be given prior to September 30, 1995, (i) except that if at any time there shall be a change in the ownership of any Party and if any other Party is of the opinion, arrived at in good faith, that such change in ownership is likely materially

to prejudice the cohesion or viability of this Agreement, then such other Party may, within one (1) year of becoming aware of such change, give not less than ninety (90) days written notice of its withdrawal from this Agreement; and (ii) except that if at any time any Party is dissolved or becomes insolvent, or fails to pay its debts as they may become due or makes a general assignment, arrangement or composition with or for the benefit of its creditors or has a winding-up order made against it or enters into liquidation, whether voluntarily or compulsorily, or seeks or becomes subject to the appointment of an administrator, receiver, trustee, custodian or other similar official for it or for all or substantially all of its assets, or is affected by any event or similar act or which under the applicable law of the jurisdiction where it is constituted has an analogous effect or takes any action in furtherance of any of the foregoing acts (other than for the purpose of a consolidation, reconstruction or amalgamation previously approved in writing by the other Parties), and another Party is of the opinion that such event or occurrence is or may be materially detrimental to this Agreement, or sums that may be owed other than those that would be disputed in good faith may not be paid in full or that their payment may be delayed, then such other Party may give notice in writing of its immediate withdrawal from this Agreement.

**ARTICLE 8. VOTING**

Actions taken pursuant to, or any amendment of, this Agreement shall be by unanimous consent of the Parties.

**ARTICLE 9. DURATION AND TERMINATION OF AGREEMENT**

9.1 This Agreement shall be effective as of the date it becomes valid under the Shipping Act of 1984, or such later date as the parties may agree.

9.2 This Agreement shall remain in effect through December 31, 1995 (the "Initial Period"). After expiration of the Initial Period, this Agreement shall continue in effect unless the Agreement is terminated pursuant to Article 9.3.

9.3 This Agreement may be terminated or suspended in accordance with the following provisions:

- (a) Upon the mutual agreement of the Parties.



(b) Any Party may suspend its participation in this Agreement with immediate effect if war, whether declared or not, or hostilities or the imminence thereof, renders the performance of this Agreement wholly or substantially impractical for the foreseeable future or if any Party is by Government action precluded from operating in the Trade or a substantial or material part thereof, for such period that such condition exists.

9.4 In the event of a termination pursuant to Article 9.3, the Parties shall give prompt written notice to the Federal Maritime Commission.

9.5 The termination of this Agreement pursuant to Article 9.3 shall not terminate or otherwise affect any accrued obligations of each Party to the other Parties under this Agreement which have arisen prior to such termination.

**ARTICLE 10. 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 the maritime law of the United States and to the extent not inconsistent therewith, the law of the State of New York, provided, however, that nothing herein shall relieve the Parties of obligations to comply with the Shipping Act of 1984.

**ARTICLE 11. NOTICES**

All notices and other communications pertaining to this Agreement shall be given in writing addressed to the respective Parties, as follows:

If to CCNI  
Compañía Chilena de Navegación  
Interoceánica S.A.  
Alameda B. O'Higgins 949, Floor 22nd  
Santiago, Chile  
Telex: 240486  
Fax: 56-2-6984542  
Attention: Atlantic Div. Line Director

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If to CSAV

Compañía Sud Americana  
de Vapores S.A.  
Blanco 895, P.O. Box 49-V  
Valparaíso, Chile  
Telex: 330500  
Fax: 56-32-253267  
Attention: Senior Vice President  
North America Liner Division

If to LYKES

Lykes Bros. Steamship Co., Inc.  
Lykes Center  
300 Poydras Street  
New Orleans, LA 70130  
United States of America  
Telex: 68121271 LYKES (NLN)  
Fax: 1-504-528-1575  
Attention: Vice President - Latin  
American Services

**ARTICLE 12.**

**LANGUAGE**

This Agreement and all notices, communications or other writings made in connection herewith, shall be in the English language. No Party shall have any obligation to translate such matter into any other language and the wording and the meaning of any such matters in the English language shall govern and control.

**ARTICLE 13.**

**ARBITRATION**

(a) Any and all differences and disputes of whatsoever nature arising out of this Agreement which cannot be resolved amicably shall be put to arbitration in the City of New York pursuant to the Rules of the Society of Maritime Arbitrators, Inc., New York ("SMA") before a panel of three arbitrators, unless the parties to the arbitration otherwise agree. The decision of any two of the three arbitrators on any point or points shall be final and binding.

(b) Unless the parties to the arbitration otherwise agree, the arbitrators shall be appointed as follows:

(i) If there are but two parties to the arbitration, each party shall appoint one arbitrator and the two arbitrators so chosen shall appoint a third arbitrator. If the two arbitrators fail to agree on the appointment of a third arbitrator, either party may apply to a court of competent jurisdiction to appoint the third arbitrator.

(ii) If there are more than two parties to the arbitration, the complaining party or parties shall submit a written request, in which the party or parties complained against shall be given the opportunity to join, to the President of SMA for a list of arbitrators, the number of which shall be three times the number of parties to the arbitration plus an additional three, and all of which shall be former or current officers or directors of SMA. Upon receipt of such list, the parties to the arbitration shall confer and, acting in alphabetical order, shall seriatim strike one arbitrator from the list until there remain only three arbitrators, who shall arbitrate the dispute.

(c) Until such time as the arbitrators finally close the hearings any party shall have the right by written notice served on the arbitrators and on the other party(ies) to specify further disputes or differences under this Agreement for hearing and determination.

(d) The arbitrators may grant any relief which they, or a majority of them, deem just and equitable and within the scope of the Agreement, including but not limited to, specific performance. Awards pursuant to this Agreement may include costs, including a reasonable allowance for attorneys fees, but shall not include exemplary or punitive damages. Judgment may be entered upon any award made hereunder in any court having jurisdiction in the premises.

(e) Notwithstanding anything to the contrary in the Agreement or in law, any Party shall have the right to apply to any Court of competent jurisdiction to obtain any pre-judgment remedy to which it may be entitled against another.

#### ARTICLE 14.

#### NON-ASSIGNMENT

The Parties agree that no Party hereto shall have the right to assign any of its rights or obligations hereunder to any third-party without the written consent of the other parties hereto.

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**ARTICLE 15.**

**CABOTAGE**

Notwithstanding that this Agreement covers only international trade, the parties herein state that, during the period governed by this Agreement:

(a) the vessels with non Chilean flag shall not be employed in coastal trade (cabotage) along the Chilean coast (art. 3 of Chilean Law Decree number 3.059, 1979, as amended by Law number 18.454).

(b) no vessel other than a vessel built in, documented under the laws of and owned by citizens of the United States shall transport merchandise between points in the United States, including Districts, Territories and possessions thereof embraced within the U.S. coastwise laws (Section 27 of the Merchant Marine Act, 1920, 46 U.S.C. § 883, as amended).

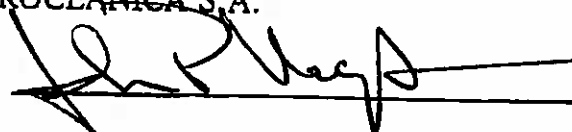
(c) the same limitations as in (a) and (b) above shall apply to cargo carried in space chartered to other carriers on vessels covered by this agreement.

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**SIGNATURE PAGE**

IN WITNESS WHEREOF, the Parties have this 19<sup>th</sup> day of July 1994 caused this Agreement to be executed by their duly authorized representatives:

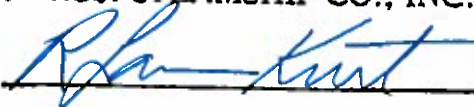
COMPAÑIA CHILENA DE NAVEGACION  
INTEROCEANICA S.A.

By:   
Name: John P. Vayda  
Title: Attorney-in-Fact

COMPAÑIA SUD AMERICANA  
DE VAPORES S.A.

By:   
Name: Walter H. Lion  
Title: Attorney-in-Fact

LYKES BROS. STEAMSHIP CO., INC.

By:   
Name: R. LAWRENCE KURT  
Title: Authorized Representative