U.S. PACIFIC COAST-OCEANIA AGREEMENT

FMC AGREEMENT NO. 011741-019022
(5th Edition)

A Space Charter and Sailing Agreement

Original Effective Date: January 29, 2001
Expiration Date: None
U.S. Pacific Coast-Oceania Agreement  
FMC Agreement No. 011741-020022  
(5th Edition)  
First-Revised Original Page No. 1

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LEGAL:37966028\1
ARTICLE 1: Full Name of the Agreement.

The full name of this Agreement is the U.S. Pacific Coast-Oceania Agreement (the “Agreement”).

ARTICLE 2: Purpose of the Agreement.

The purpose of this Agreement is to promote efficient utilization of vessels and equipment and provide efficient, reliable and stable liner shipping services in the Trade (as defined in Article 4) through the activities authorized hereunder.

ARTICLE 3: Parties to the Agreement.

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

   (a) Hamburg-Sudamerikanische-Dampfschiffahrts-Gesellschaft KG,
       Maersk Line A/S, whose address is Willy-Brandt-Str-59, 20457 Hamburg, Germany (“Hamburg-Süd, Esplanaden 50, 1098 Copenhagen K, Denmark [“Maersk”]);

   (b) Hapag-Lloyd AG, whose address in Ballindamm 25, 20095 Hamburg, Germany (“HLAG”); and
The foregoing are hereinafter referred to collectively as the "Parties" and singly as a "Party."
ARTICLE 4: Geographic Scope of the Agreement.

The geographic scope of this Agreement is the trade between:

(a) (i) ports on the Pacific Coasts of the United States (including Hawaii) and Canada and inland points served via these ports and (ii) ports and points in Australia, New Zealand and the Pacific Islands; and

(b) (i) ports on the Pacific Coast of the United States and inland points served via such ports and (ii) ports on the Pacific Coasts of Canada and inland points in Canada served via such ports.

The entirety of this Article is hereinafter referred to as the "Trade." ¹

¹The trade between Canada, on the one hand, and Australia, New Zealand and the Pacific Islands, on the other hand, is not within the scope of the U.S. Shipping Act or the jurisdiction of the FMC and it is understood the Parties receive no immunity from U.S. antitrust laws with respect to the aforementioned trade. It is identified in this Agreement solely for purposes of disclosing the full scope of the cooperation of the Parties.
ARTICLE 5: Agreement Authority.

5.1 Vessels and Strings.

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

(i) Pacific-South-West (PSW) string, a weekly service calling weekly at ports in California, Washington, Canada, New Zealand and Australia, as well as in Tahiti-French Polynesia. Initially, the calls at certain Australian ports and ports in Washington and French Polynesia shall be bi-weekly. The PSW-string service initially shall utilize seven (7) vessels of approximately 2,100,000 to 2,760,000 TEU nominal capacity (based on 1413 tonnes per TEU homogeneous southbound); three, and a declared operational capacity of approximately 3,100 TEUs, four of which will be provided by CMA-CGM, three Maersk, two of which will be provided by Hamburg Süd, ANL and one two of which will be provided by HLAG. The vessels shall have a minimum of 350 usable reefer plugs. Without further amendment hereto, the Parties are authorized to operate between six (6) and nine (9) vessels in the PSW-string, such vessels to have a capacity of not less than 2,600 TEUs nominal and a maximum capacity of not more than approximately 3,890 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-North-West (PNW) string, calling fortnightly at ports in California, the Pacific-North-West, Canada, New Zealand, Australia, and Fiji
(and once every six weeks in Hawaii)—The PNW string initially shall utilize four (4) vessels of approximately 1,800 to 2,100 TEU capacity (based on 14 tonnes per-ESU-homogeneous southbound), two of which will be provided by Hamburg Süd, and two of which will be provided by HLSAG. 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 2,700 TEUs nominal and not more than approximately 3,200 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.

(b) The vessels to be contributed under Article 5.1(a) shall have suitable characteristics with regard to size, speed, configuration and power points for temperature-controlled units, and shall only be introduced after agreement with the other Parties, such agreement not to be unreasonably withheld. A Party may substitute a similar vessel meeting the agreed operational criteria for one operated in the service by notifying the other Parties 45 days in advance (or as soon as practicable). The Parties are authorized to agree on further reasonable notice and operational requirements to ensure that substitution of a vessel does not disrupt the service.

(c) It is understood that vessels presently operated by the Parties in the Trade covered by this Agreement or substitute vessels will be contributed to provide an adequate, economic and efficient shipping service in the Trade to maintain the Minimum Capacity and Service Levels negotiated as required with
designated shipper bodies in Australia. When agreed, Minimum Capacity and Service Levels shall be set forth in Appendix A to this Agreement.
Service Levels shall be set forth in Appendix A to this Agreement. It is also understood that in order to provide such an adequate, economic and efficient shipping service in the Trade to maintain the Minimum Capacity and Service Levels, it is necessary for the Parties' vessel utilizations to be maximized.

Accordingly, except as provided in Appendix B or with the unanimous consent of the other Parties, no Party or any parent, subsidiary or affiliate of a Party may operate any direct, relay or transshipment service between the United States-Pacific Coast and Australia and/or New Zealand that competes with a service operated hereunder.

(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, canal tolls and insurance. 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 45 days in advance (or as soon as practicable). The Parties are authorized to discuss and coordinate their dry docking/maintenance schedules in order to avoid disruptions to the service.

at-least-three-(3)-months-in-advance[4] The Parties are authorized to discuss and agree upon rules for remedial actions and/or financial consequences in cases of non-performance, port omission, and failure to load cargo.

[5] Additional port call(s) may be implemented on an ad hoc basis at the discretion of the Party operating the vessel, if such call(s) does not affect the schedule integrity, the frequency, and the standard transit time as set out in the proforma schedule applicable at that time. The Party operating the vessel shall endeavor to provide 7 days' notice to the other Parties. The Party operating the vessel will be responsible for the additional costs and will have exclusive rights of discharge/load at the additional port(s) of call. The other Parties may be invited to load/discharge at the additional port(s) of call after having accepted to share the additional costs of the agreed ad hoc port call(s) including, but not limited to, port costs, fuel and deviation costs in proportion
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 to their share of the containers loaded/discharged and restowed (for their own account) in that port.

5.2 Slot Allocations and Use of Slots.

(a) The average weekly (or fortnightly, in the case of the PNW string) space allocations on the vessels operated hereunder shall be as follows, with the precise amount varying by vessel type:

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<tr>
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<th>Southbound</th>
<th>Northbound</th>
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<tr>
<td></td>
<td>PNW</td>
<td>PSW</td>
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<tr>
<td>Hamburg-Sud</td>
<td>763</td>
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<td>HLAG</td>
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<tr>
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For purposes of calculating the foregoing allocations, slots on both strings were counted on a 4-for-1 basis.

The standard basic slot capacity of the vessels operated hereunder shall be determined based on an average deadweight of 14 tonnes per TEU homogeneous southbound, 11 tonnes per day TEU northbound allocation (BSA) and 18 tonnes per allocation of reefer plug northbound - plug proportionate to its capacity contribution.
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 utilize 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 Party'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.

---(d) Any unused slots within a Party's entitlement may be sold or put-chartered ad-hoc to any vessel operating common carrier (VOCC) meeting regulatory requirements, always provided that there is prior consultation with the other Parties, and that the other Parties will have first refusal of such unused slots. The Party with unused slots may sell space-to-VOCCs only on an ad-hoc basis if the other Parties have failed to exercise their first refusal option within one business day. Notification by e-mail or fax. An ad-hoc sale shall be deemed to be a sale of slots on a single voyage occurring within a
(d) No Party may sub-charter slots or vessel-sharing arrangements of reefer plugs to a more-permanent nature with non-third party VOGGs that utilize without the vessels operated under this Agreement are not prior written consent of the other Parties, and any permitted sub-charter must be to a vessel operating common carrier. Notwithstanding the immediately preceding sentence, any Party that has a pre-existing space-charter or vessel sharing agreement with one or more non-party sub-charter slots/reefer plugs to its vessel operating affiliates. When slots/reefer plugs are chartered to an affiliate, it is agreed that the Party shall not permit the relevant affiliate to sub-charter slots/reefer plugs to a third-party VOGGs or an individual service operating within the scope of this Agreement that is outside the portion of the Trade between the United States-Pacific Coast and Australia and/or New Zealand, and which is identified in Appendix G hereto, shall be permitted to continue to make space available to such non-party VOGGs on vessels operated under this Agreement or to operate such individual service as prior written consent of all Parties and that the case may be in the event a Party proposes an addition to Appendix G covering a new space charter or vessel sharing agreement in any portion of the Trade outside that between the United States-Pacific Coast and Australia and/or New Zealand which would utilize vessels operating under this Agreement such additions sub-chartering.
arrangement shall be permitted only upon the unanimous consent of the Parties, which consent shall not be unreasonably withheld, sub-charter or ceasing to be an affiliate.

- (e) A Party requiring additional slots shall first approach the other Parties to ascertain whether they have unused slots to sell. If, however, the other Parties are unable to fulfill such requirements and sufficient excess space is not available pursuant to Article 5-2(g) below, then slots may be acquired from third parties with direct voyages/schedules on an ad-hoc basis occurring within a one-week period——

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- (g) The Parties shall be free, subject to regulatory requirements, to make space available from within their own allocations to their own subsidiary or affiliated vessel operating common carrier companies.

- (g)(g) Excess capacity is that usable capacity remaining on a vessel after the full declared capacity of the vessel has been utilized. Subject to Article 5-2(h) Such excess capacity shall be made available to each Party in proportion to its basic allocation. If, after purchasing space from other Parties and utilizing its share of excess capacity a Party still requires additional space, it may utilize any excess capacity that has not been utilized by the other Parties. Any Party which utilizes excess capacity shall pay the vessel operator for such excess capacity at the established slot hire rates. Empty containers may be carried in excess capacity free of any slot payment, subject to...
operational approval from the vessel operator. The vessel operator will manage the use of excess capacity on any sailing.

(a) If a Party has vacant slots within its allocation of slots, then any slots required by another Party must be purchased from the Party having such vacant slots at the established slot hire rates before using slots in excess of allocation. The established slot hire rate paid for slots pursuant to this Article 5.2(h) shall be for the benefit of the Party selling the slots.
A Party utilizing slots in excess of its allocation on a coastal passage shall be entitled to use such slots at no additional cost but must immediately return the slots to the other Party on demand at any subsequent port. This right shall not be abused and operational restrictions may be introduced to ensure that the vessels meet their pro-forma voyage schedules.

The Parties are authorized to discuss and agree on the amount of slot charter hire to be paid hereunder and the terms and conditions under which such slot charter hire shall be paid. Slot charter hire shall be calculated based upon the following components: vessel charter prices and other vessel operating costs, fuel prices and consumption, and port costs. In addition, the Parties shall review the components of the slot charter hire at such intervals as they may agree from time to time.

Except as otherwise provided herein, each Party shall be responsible for the non-fixed component costs of handling cargo moving under its bill of lading (e.g., stevedoring and other cargo handling costs).

5.3 Review and Revision of Vessels and Slot Allocations

It is understood that the provision of vessels set forth in Article 5.1 above and the allocation of space set forth in Article 5.2 are those that will initially apply under this Agreement. After this Agreement has become operational, it is understood that the Parties may review and revise the foregoing provisions as they may agree from time to time. Should any such revisions to the vessels and/or slot allocations require any amendments to this
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Agreement, such amendments will be filed with the Federal Maritime Commission and otherwise as required by applicable law.

(b) In the event that at any time during the period of the Agreement there is a change in the standard slot capacity of vessel(s) operating in a string as a result of upgrading or downgrading the size of the fleet, the slot allocations will be adjusted as follows: (i) demand for slots will be reassessed in light of the changes in the capacity available; and (ii) new string slot allocations will be determined in accordance with the principles set out in Article 5.3(c) hereof.

For the avoidance of doubt, a substitution of one or more individual vessels, albeit of different capacity, will not trigger this Article 5.3(b) unless the Parties agree that such substitution is indeed part of an upgrade/downgrade in the size of the vessels in the string(s).

(c) In reviewing and revising slot allocations under this Agreement, the following principles shall apply:

(i) If demand increases in such a way that the standard slot capacity of the string is insufficient to cover a Party’s demand then each Party shall be entitled to require that its current string slot allocation shall be protected and not artificially reduced as a result of any other Party increasing their demand beyond the ability of the string to accommodate the requirement.

(ii) If demand declines in such a way that there is a surplus or an increase in the surplus standard slot capacity available on the string then each
Party shall be entitled to require that their current string slot allocation shall be protected and shall not be artificially increased as a result of any other Party reducing their demand.

5.4 Terminals.

The Parties are authorized to jointly negotiate ocean terminal and stevedoring agreements. Subject to such criteria as the Parties may from time to time agree, the Parties shall work towards the establishment of the most efficient ocean terminal arrangement, which may include using one ocean terminal at each port of call. In selecting an ocean terminal, preference will be given to ocean terminals owned/leased/operated by Parties or their subsidiary or associated companies and consideration shall be given to the fulfillment of Parties' existing ocean terminal contracts. It is understood, however, that the selection of an ocean terminal shall be based on all input, including cost, comparative service and all other relevant factors (such as other services calling at the terminal).

Each Party shall contract individually with the relevant terminal operators, and shall ensure that such arrangements may be terminated in case performance standards material for the service operated hereunder calling the port are persistently not kept. To the extent this Article 5.4 relates to outwards or inward liner cargo shipping services in Australia, it is limited to the extent permitted under Part X of the Competition and Consumer Act, 2010.

5.5 Membership-in-Other-Agreements
The Parties may discuss and agree upon their respective memberships in any conference, rate agreement, discussion agreement, stabilization agreement.

or other type of agreement in the Trade, provided that each Party shall retain the unilateral right to join or withdraw from any such agreement in accordance with the terms of such agreement.

5.6 Feeder and Transshipment Vessels

The Parties are authorized to discuss and agree upon the chartering, hiring, establishment, use, scheduling, and coordination of feeder and transshipment services in conjunction with the strings operated under this Agreement.

5.7 Equipment

The Parties are authorized to discuss and agree upon standards for, and may interchange, purchase, pool, lease, sublease, maintain and repair, or otherwise co-operate in connection with containers, chassis and other equipment utilized in the Trade as among themselves as they may from time to time agree, including the establishment of joint container and chassis pools, depots, container yards and container freight stations.
5.8—Inland Transportation:

To the extent permitted by the Shipping Act of 1984, as amended, Part X of the Australian Competition and Consumer Act, 2010, or the applicable law of any other relevant jurisdiction, the Parties are authorized to jointly negotiate and agree with one or more motor carriers and/or railroads with respect to rates.

5.9

Liabilities.

The Parties are authorized to discuss and agree upon their respective liabilities hereunder, including the terms and conditions of the Parties respective bills of lading issued to cargo interests or of memorandum bills of lading that they may issue to one another or to any sub-charterer.

5.106 Separate Commercial Identities.

Each Party shall retain its separate identity and shall have separate sales, pricing and marketing functions. 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 among the Parties, or any joint liability under the law of any jurisdiction.

5.147 Working Procedures.

The Parties are authorized to enter into written agreements or otherwise agree on working and administrative procedures that implement the authority contained herein, including procedures for the booking of cargo in slots allocated hereunder; the acceptance and accommodation of dangerous cargoes, out-of-gauge cargoes and reefer cargoes; terminal operations; usage of containers, chassis and other equipment; indemnities; salvage; stowaways; contraband; general average; force majeure; and all other routine, operational and administrative matters.

5.148 Further Agreements.

Any further agreement contemplated by this Agreement, except to the extent such further agreement relates to matters exempt from filing under 46 C.F.R. § 535.408, shall be filed with the FMC and become effective under the Shipping Act of 1984, as amended, prior to being implemented. To the extent this Article 5.12 relates to outwards or inwards liner cargo shipping services in
Australia, it shall be subject to Part X of the Competition and Consumer Act, 2010.

ARTICLE 6: Officials of the Agreement and Delegations of Authority.

(a) This Agreement shall be administered and implemented by decisions, memoranda and communications between the Parties to enable them to effectuate the purpose of this Agreement. The Parties are authorized to establish such standing or temporary committees and sub-committees as they may deem appropriate from time to time.

(b) The following individuals shall have the authority to file this Agreement and any modifications thereto with the Federal Maritime Commission, as well as authority to delegate same: any authorized officer or representative of a Party; and legal counsel for each of the Parties.
The individuals identified in Article 6(b) above shall also be authorized:

1. To apply under the Competition and Consumer Act, 2010 for the provisional and final registration of this Agreement and of any amendment or associate agreement;
2. To give notice of any change in negotiable shipping arrangements or of any other affecting event, as may be required under that Act; and
3. To do any other act which may be necessary, by way of filing, registration or notification, under any applicable law.

ARTICLE 7: Membership, Withdrawal, Readmission and Expulsion.

(a) An ocean common carrier in the Trade may be admitted as a new party on unanimous consent of the existing Parties. Any Party may withdraw from the Agreement upon six (6) months written notice to the other Parties, which notice may not be given prior to eighteen (18) months from August 1, 2018.

(b) Notwithstanding Article 7(a) or any other provision of this Agreement, any Party may terminate their involvement in the Agreement immediately if another Party fails punctually, duly and fully to comply with any of its material obligations under this Agreement and does not remedy such breach of the obligations within three (3) months of notice of same.
Notwithstanding Article 7(a), if at any time during the term of this Agreement there shall be a change in the control or a material change in the ownership of a Party or any holding company of any Party (the Party so affected being referred to in this Article 7(b) only as the "Affected Party") and the other Parties are unanimously of the opinion arrived at in good faith that such change is likely materially to prejudice materially the cohesion, operation or viability of the service, then the other Parties may unanimously within six (6) months of such change have not less than six (6) months' notice in writing to the Affected Party terminating this Agreement in relation to that Party. If the other Parties do not reach a unanimous decision to terminate the Affected Party's participation in this Agreement, any individual Party may thereafter give six (6) months' notice in writing of its withdrawal from this Agreement, provided such notice is given within six (6) months of the change in the control of or material change in the ownership of the Affected Party. For the purposes of this Article 7(c), a change in the control or material change in the ownership of a Party shall mean a change in ownership of that Party or any assignee of that Party's rights under this Agreement, or their ultimate parent companies controlling fifty (50) percent or more of the voting rights, and does not include:

(i) any public offering of shares in such entities, or
(ii) any shareholder of such entities who was a shareholder of such entities on the effective date of this Agreement acquiring control of such entities.
(d) Upon the occurrence of an Insolvency Event and/or Material Adverse Change (as those terms are hereinafter defined) in relation to a Party (the Party so affected being referred to in this Article 7(d) as the "Affected Party"), and at any time thereafter, the other Parties may by unanimous agreement and with immediate effect terminate or, if such agreement is not reached, individually withdraw from this Agreement, provided that:

(i) The other Parties believe in good faith that the Insolvency Event and/or Material Adverse Change may be materially detrimental to the service, and/or that payment of amounts due at such time or in the future from the Affected Party to any other Party may be delayed or not made in full as a result of the Insolvency Event and/or Material Adverse Change;

(ii) For any goods being carried under the transport documents of any other Party on a containership provided by the Affected Party, such termination shall be delayed in respect of such goods to the extent necessary for them to be discharged at their intended port of discharge or such earlier port in the service rotation as that other Party may require;

(iii) For any goods being carried under the transport documents of the Affected Party on a containership provided by another Party, such termination shall be delayed in respect of such goods to the extent necessary for them to be discharged at their intended port of discharge.

Such termination shall be effective upon agreement by the other Parties and after such agreement, the other Parties will give written notice to the Affected Party. Any phasing-out procedures agreed by the Parties shall not apply to
Upon the occurrence of an Insolvency Event and/or Material Adverse Change, and without prejudice to their rights under Article 7(d), provided that the other Parties believe in good faith that the Insolvency Event and/or Material Adverse Change may be materially detrimental to the service, and/or that payment of amounts due at such time or in the future from the Affected Party to any other Party may be or are delayed or not made in full as a result of the Insolvency Event and/or Material Adverse Change, the other Parties may at any time thereafter by unanimous agreement require any one or more of the following by giving written notice to the Affected Party and with immediate effect upon the giving of notice:

(i) The Affected Party's voting rights under this Agreement shall be suspended, such that for all purposes (a) any majority decision of the other Parties shall be deemed to be a majority decision of all Parties and (b) any unanimous decision of the other Parties shall be deemed to be a unanimous decision of all Parties.

(ii) The containerships provided by the Affected Party shall be withdrawn from the service at such ports of call in the service rotation and at such times as the other Parties may specify. Any phasing-out procedures agreed by the Parties shall not apply under this Article 7(e) and the other Parties shall provide such replacement containerships as required to perform the service.

(iii) The Affected Party shall not be entitled to book or present for shipment (even if already booked) any containers aboard containerships provided by the other Parties.
(iv) No other Party shall be obliged to book or present for shipment (even if already booked) any containers aboard containerships provided by the Affected Party.

(v) The Affected Party shall allow the discharge at any port of call in the service rotation of any containers shipped by any other Party on board any containership provided by the Affected Party, and

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shall allow the discharging and reloading of other Parties' containers within three months of the coming into effect of such change, give not less than three months' notice in writing to the Affected Party terminating the Agreement in relation to that Party. For purposes of this Article 7(b), a change in the control of 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, or existing shareholders changing their relative shareholdings, or the acquisition by a third party of a minority shareholding in that Party or its holding company.

(e) Notwithstanding Article 7(a), if at any time during the term of the Agreement any Party should become bankrupt or declares insolvency or have a receiving order made against it, suspend payments, or continue its business under a receiver for the benefit of any of its creditors, or if a petition is resented or a meeting convened for the purpose of considering a resolution, or achieving such discharge,
other steps are taken, for the winding-up of the Party (otherwise than for the purposes of and followed by a resolution previously approved in writing by the other Parties), or any event similar to any of the above shall occur under the laws of the Party's country of incorporation, the Party so affected being referred to in this Article 7(c) only as the

(vi) The operation of the adjusting payments mechanism in respect of the Affected Party be suspended.

(f) Each Party hereby agrees that, if it becomes an Affected Party and the other Parties' conditions in Article 7(c) are met, each other Party may make arrangements directly with the Affected Party's agents and sub-contractors (including the head owners of any containerships which are unanimously of the opinion that the result may be materially detrimental to the provided but not owned by the Affected Party), in order to ensure that any containers shipped by such other Party are carried to, discharged and delivered at their intended discharge port or such earlier port in the service operated under this Agreement, or that sums may be owed/rotation as may be required by such other Party.

(g) If, as a result of an Insolvency Event and/or Material Adverse Change and/or termination pursuant to Article 7(d) above and/or the exercise of any other Party's rights under Article 7(e), any other Party reasonably bears more than its share of any costs which in accordance with this Agreement are to be shared between the Parties in proportion to their relevant Basic Allocation Shares or reasonably incurs any costs or expenses in completing the carriage of goods being carried or to be carried on any containership provided by the Affected Party to any other Party or Parties and may not be paid in full or their payment may be delayed, then, by unanimous decision of the other Parties;
any or under the Affected Party's transport documents (the "Insolvency/MAC Losses"), then all of the other Parties shall bear the Insolvency/MAC Losses in proportion to their respective Basic Allocation Share on the service.

Insolvency/MAC Losses shall not include amounts that the

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further-participation-of
other Parties can otherwise recover from third parties (other than the Affected Party-in-), including but not limited to the other Parties' respective insurers.

Nothing in this clause shall require any Party to assume any Insolvency / MAC Losses, and to the extent that such costs or expenses should have been paid by the Affected Party, their payment by another Party shall be treated as a financial accommodation to such Party without any requirement or liability to do so. Any amount not recovered from insurers as a result of policy deductibles shall be considered to be recovered for the purposes of this Article 7(g). The Affected Party shall indemnify each other Party in respect of any costs and/or expenses reasonably incurred as a result of an Insolvency Event, Material Adverse Change and/or such other Party's exercise of any rights under Articles 7(d) and/or 7(e).

(b) The other Parties may require the matters set out in Article 7(e) only for so long as the conditions in Article 7(e) continue to apply, except that any requirement for the Affected Party to withdraw containerships shall remain valid provided it was given at a time when the conditions in Article 7(e) apply.
(i) If this Agreement or any part thereof is terminated in relation to any Party under this Article 7 or if any Party withdraws from this Agreement (i) all Parties shall continue to be liable to one another in respect of all liabilities and obligations accrued prior to termination, and (ii) this Agreement shall remain in force in relation to the remaining Parties. If this Agreement is terminated in relation to any Party under this Article 7, the remaining Parties shall discuss in good faith

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and agree to any amendments to this Agreement necessitated by such termination.

(j) Each Party hereby agrees that, if it becomes an Affected Party, it shall ensure that containerships provided by it shall continue to make port calls in accordance with this Agreement, notwithstanding any risk that those containerships will be arrested or otherwise detained.

(k) For purposes of this Article 7, "Insolvency Event" means a Party (i) is dissolved or has a resolution passed for its winding-up, official management or liquidation (other than pursuant to a consolidation, amalgamation or merger); (ii) becomes insolvent, generally is unable to pay its debts as they become due, or fails or admits in writing its inability generally to pay its debts as they become due; (iii) makes a general assignment, arrangement or composition with or for the benefit of its creditors or any class of them; (iv) commences, institutes or has instituted or commenced against it a proceeding seeking a judgment of insolvency or bankruptcy, a proceeding in bankruptcy or a similar collective
remedy or administration, protection pursuant to, or any other relief under, any bankruptcy, insolvency or similar law affecting creditors' rights, or a petition is presented for its winding-up or liquidation; (vi) seeks, becomes subject to the appointment of, or becomes, an administrator, receiver, trustee, liquidator or other similar official for it or for all or substantially all its assets; or (vii) has a secured party take possession of, or has any legal process enforced or taken against, all or substantially all its assets. For purposes of this Article 7,

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"Material Adverse Change" means the occurrence in relation to a Party of any effect, either be terminated or suspended for such period as the other Parties, in their sole discretion, deem appropriate, event, change, occurrence, or state of facts that, in the reasonable opinion of all the other Parties (i) has or is reasonably likely to have a material adverse effect on the business, operations, results of operations and/or condition (financial or otherwise) of the affected Party; or (ii) materially affects the business of the service, including, without limitation, the ability of Parties other than the affected Party to attract customer bookings to the service, or is reasonably likely to do so. In determining whether a Material Adverse Change has occurred in respect of an affected Party, the other Parties shall, without limitation, be entitled to take into account the affected Party’s interim and/or annual financial reports. For the avoidance of doubt, a Material Adverse Change can occur even if an affected Party is not in default of this Agreement.

ARTICLE 8: Voting.
Decisions on all issues concerning this Agreement shall be reached by unanimous agreement of the Parties.

Voting under this Agreement shall be based on one vote per Party.

Actions taken on major issues, which shall mean those concerning the scope of the service cooperation, the introduction of new containerships, the withdrawal of containerships (other than those being replaced), the BSA of each Party, the financial arrangements with respect to slots, the addition of a new party, or on any amendment of this Agreement, shall be reached by unanimous agreement of all Parties. On all other matters, i.e., on routine matters unless otherwise provided herein or otherwise agreed by the Parties, a majority decision shall prevail. Where there is deadlock on any matter subject to a majority vote, the Party providing the vessel shall have the casting vote.

ARTICLE 9: Duration and Termination of the Agreement.

This Agreement shall remain in full force and effect until the parties unanimously agree to its termination or until all but one of the parties has withdrawn from the Agreement in accordance with Article 7 hereof.

ARTICLE 10: Arbitration and Governing Law.

Except where Article §10.2 applies, this Agreement shall apply to any dispute or difference between the Parties arising out of or in
connection with this Agreement shall, if amicable settlement is not possible, be resolved by arbitration in London and the arbitration shall be conducted pursuant to the London Maritime Arbitration Association Terms applicable at the time of commencement of arbitration proceedings. This Agreement as well as any dispute or difference therefrom shall be governed by and construed in accordance with the laws of England.

10.2—All disputes or differences arising under this Agreement which cannot be amicably resolved shall be referred to arbitration in England in accordance with the Arbitration Act 1996 together with LMAA (London Maritime Arbitration Association) terms in use at the time of the dispute or difference.
10.3—The Parties agree to appoint a single/sole arbitrator, having appropriate commercial and consortia experience, within 21 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 said 21 days, then the IMAA President will appoint a single/sole arbitrator (or a panel of three arbitrators, as appropriate) at the request of any Party.

10.4—The Parties further agree:

a. The right of appeal to the Courts is excluded, and immediately following the appointment of the arbitrator(s), each Party shall send to the arbitrator(s) a letter confirming that such right of appeal is excluded.

b. Where the amount in dispute is US$200,000 or less, the arbitration will proceed on a documents and written-submission basis only. However, oral evidence will be allowed exceptionally and at the discretion of the arbitrator(s).

c. For all disputes or differences whenever the amount claimed, there shall be no discovery, but, if in the opinion of the arbitrator(s), a Party has failed to produce any relevant document(s), he may order the production of such document(s) and may indicate to the Party to whom the order is directed that if, without adequate explanation, he fails to produce the document(s), it will not favour that Party's case.

d. The term "relevant document" includes all documents relevant to the dispute or difference, whether or not favourable to the Party holding them. It includes witness statements, expert reports and the like on which the Party intends to rely, but does not include documents which are not legally discoverable.

e. Each Party agrees that any awards given under this Clause shall be notified to the European Commission.

f. Any interest awarded under this Article shall be simple interest only.
The Parties acknowledge that section 10.06 of the Competition and Consumer Act 2010 (Cth) ("CCA") requires that questions under an agreement in relation to an inwards or outwards liner cargo shipping service to/from Australia must be determined in Australia in accordance with Australian law, and that the portion of the Trade from Australia to the United States service to Australia from Auckland is an inwards liner cargo shipping service within the meaning of the CCA ("Inwards Service") and that the portion of the service from Australia to Tauranga is an outwards liner cargo shipping service within the meaning of the Competition and Consumer Act 2010 CCA ("Outwards Service"). Accordingly, the Parties agree that any question arising under the Agreement solely in relation to the Inwards Service or Outwards Service shall be determined in Australia in accordance with the laws of New South Wales, Australia.

All questions arising under this Agreement relating solely to the Inwards Service or Outwards Service which cannot be amicably resolved
shall be referred to arbitration in Sydney, Australia in accordance with and
subject to the International Arbitration Act 1974 (Cth) and UNCITRAL
Arbitration Rules.

11.3—(c) The Parties to agree to appoint a single/sole arbitrator,
having appropriate commercial and consortia experience, within 21 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 said 21 days: then the Shipping-Australia-Limited
ChairmanAustralian Centre for International Commercial Arbitration (“ACICA”)
President (or equivalent) will appoint a single/sole arbitrator (or a panel of three
arbitrators, as appropriate) at the request of any Party.

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The Parties further agree:-

a— i. Where the amount in dispute is US$ 200,000 or less, the
arbitration will proceed on a documents and written submission
basis only. However, oral evidence will be allowed exceptionally
and at the discretion of the arbitrator(s).

b— ii. For all disputes or differences whatever the amount
claimed, there shall be no discovery, but, if in the opinion of the
arbitrator(s) a Party has failed to produce any relevant
document(s), he may order the production of such document(s)
and may indicate to the Party to whom the order is directed that if,
without adequate explanation, he fails to produce the document(s)
it will not favour that Party’s case.
The term "relevant document" includes all documents relevant to the dispute of difference, whether or not favourable to the Party holding them. It includes witness statements, expert reports and the like on which the Party intends to rely, but does not include documents which are not legally disclosable.

ARTICLE 11. INTENTIONALLY LEFT BLANK

ARTICLE 12: Non-Assignment

The rights and obligations of each Party under the Agreement shall not be assignable except to subsidiaries, parent companies or fellow subsidiaries or with the prior unanimous agreement of all Parties. Each Party shall warrant that any subsidiary or fellow subsidiary to which any assignment is made shall not be sold to a third-party that is not a Party.
ARTICLE 13: Force Majeure

(a) In circumstances such as but not limited to the event of war, whether declared or not, hostilities or the imminence thereof, act of public enemies, restraint of princes, rulers or people, or compliance with any compulsorily applicable law or governmental directive, boycott against any political ban or other events which render the Agreement wholly or substantially impracticable, the Agreement shall not thereby be terminated, but (subject always to the various provisions for termination of this Agreement as set out in Article 7) the performance thereof shall be suspended (in whole or in part as appropriate) until such time as the performance thereof is again practicable, without prejudice to any rights, liabilities and obligations accrued at the date of suspension. Should the Agreement be wholly suspended for a period exceeding six (6) calendar months from the date of commencement of such suspension the Agreement shall terminate. Prompt written notice of any suspension or termination of the Agreement pursuant to this Article 13 shall be provided to the Federal Maritime Commission.

(b) In the event that a Party considers that any cause happening or event not within its control substantially impairs its ability to enjoy its rights or carry out its or other Parties’ obligations under this Agreement then, at its request, the Parties shall meet together with all reasonable dispatch in order to consider such adjustment of the terms hereof as may be mutually acceptable.
ARTICLE 14: **Language.**

This Agreement and all notices, communications or other writing shall be in the English language and no Party shall have any obligation to translate such matter into any other language. The wording in the English language shall prevail.

ARTICLE 15: **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 16: **Notices.**

Any notice or other communication which one Party hereto may require to give or to make to the other Parties under the Agreement shall, unless otherwise specifically provided herein, be written in English and sent by mail or facsimile with copy by mail, to the addresses of each of the other Parties as set out in Article 3 hereof.
ARTICLE 17: **Customs-Trade Partnership Against Terrorism ("C-TPAT").**

Each Party agrees that it shall enter into a C-TPAT agreement with the U.S. Customs Service and shall abide by the terms of such agreement.
ARTICLE 18: Compliance with Laws.

(a) The Parties agree that they shall, individually and collectively, conduct all of their operations in compliance with applicable international, national and local laws and regulations, including, but not limited to, applicable regulatory compliance and trade sanctions, anti-corruption and bribery, environmental, labour, competition and privacy laws.

(b) Each Party warrants: (i) it is not, and will not become during the duration of this Agreement, identified on the U.S. Treasury Department's list of specially Designated Nationals and Blocked Persons (the SDN List) or similar lists maintained by the United Nations, the European Union, the United Kingdom or other countries and that neither any containerships it provides nor any party owning and/or operating such containerships shall be identified on this list; and (ii) the carriage of goods and containers under its transport document will not expose the other Parties to any loss, liability or expense for breach of any applicable trade sanctions laws and regulations.

(c) Each Party shall indemnify each other Party for any loss, liability or expense arising in connection with any breach of this Clause and/or any breach or alleged breach of applicable trade sanctions laws as a result of the carriage of goods and containers under its transport document.
(d) Each Party will maintain a process for complying with the laws referred to in Article 18(a) and will keep adequate records of this compliance process.
Appendix A

Minimum Levels of Service

1. Extent of Undertaking to Provide Minimum Level of Service

With a view to providing adequate, economic and efficient shipping services, Member-Lines/the Parties agree, subject to the conditions set out in this Appendix, to provide the minimum level of service specified in Paragraph 3 and in accordance with s. 10.02 of Part X of the CCA.

2. Basis of Providing Minimum Level of Service

The minimum Service Level in this Appendix is subject to Force-Majeure (including strikes, actual conflict or civil disturbance) - wherever occurring.

The minimum levels of service specified in Paragraph 3 is arc established having regard to expected trading and forecast operational conditions in the 12 months from May 2015. In the event that any of these conditions change to a degree which could prevent the achievement by any Party of the specified minimum levels of service, the Member-Lines/Parties have the right, with prior notice to the relevant Designated Shipper Body (as that term is defined in s. 10.02 of Part X of the CCA), to provide proportionately a lower level of service for a period not exceeding 90 days.

If the present Appendix minimum levels of service specified in Paragraph 3 below is not amended in respect of the minimum service levels within the 90 day period, Member-Lines/the Parties would take whatever action is necessary to provide the minimum levels of service specified in Paragraph 3.

3. Statement of Minimum Service Levels

The minimum service level for the purpose of this Agreement on the basis in Paragraph 2 is as follows:

a. Minimum Capacity and Service/Sailings

The Member-Lines/Parties Party collectively undertake to maintain sufficient tonnage in the trade to provide:

—— Northbound: 43,447 dry 120,000 TEUs and 8,880 refrigerated plugs-in-62 sailings per annum
Southbound—7,025 dry, including 16,000 TEUs and 17,695 for refrigerated plugs-in cargo, and to provide 40 sailings per annum.

The foregoing sailings shall be provided on a regular basis together with sufficient containers/container equipment that is in good working order and condition.

b. Loading/Discharge Ports


* ports called bi-weekly

4. Other Ports

Other ports of loading or discharge may be included in a vessel's itinerary, or may be subject to centralization/decentralization arrangements according to cargo requirements. In such cases additional or on-carrying charges may apply.

5. Liability in Respect of Contractual Arrangements

Parties in making this commitment do so without liability in respect of contractual arrangements with exporters other than those specified in the conditions of Bills of Lading, tariffs and other contracts of carriage, which apply.

6. Amendment

This Appendix is subject to amendment by the Parties after negotiation, if required, with the relevant Designated Shipper Body.
b. Loading Ports
(by direct-service or indirect-service at base-port rates at no extra cost-to-shippers/exporters):

   Northbound—Melbourne, Sydney
   Southbound—Long Beach, Oakland, Tacoma, Vancouver

c. Discharge Ports—by direct-service or indirect-service at base-port rates at no extra cost-to-shippers/exporters:

   Northbound—Long Beach, Oakland, Tacoma, Vancouver
   Southbound—Melbourne, Sydney

d. Other Ports
Ports other than those stipulated in 3b. and 3c. above may be served directly or indirectly by the lines. Additional freight or on-carrying charges may apply.

e. At the time of negotiating this Appendix A—Minimum Level of Service document the overall range of ports serviced, whether direct or indirect, contained in the current terms and conditions of the Member Lines' individual Tariffs forms part of this Agreement.

4. Amendment

This Appendix is subject to amendment by Member Lines after negotiation, if required, with the relevant Designated-Shipper-Body, currently the Australian Peak-Shippers Association.

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Appendix B

Competing Services-Between the U.S. and Australia and/or New Zealand

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Appendix G

Vessel-Sharing Arrangements Authorized to
Utilize Space on Vessels Operated Hereunder and
Individual Services Permitted to Continue

1. All existing trans-Tasman arrangements and/or their replacements

2. Hapag-Lloyd arrangements with:
   a. Pacific Direct Line between Australia/New Zealand and Tahiti
   b. Neptune Shipping Services between Australia/New Zealand and Fiji

3. Hamburg-Sud arrangements with:
   a. Polynesia Line between USWC and Papeete, Samoa, America Samoa, Tonga, Fiji, and Cook Islands

4. The following GMA-GGM services:
   a. Replacement of the suspended PID service to Fiji with the Neptune service.
   b. Replacement of the suspended Australia/Noumea service with

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