NYKONE/OOCL Space Charter Agreement

FMC Agreement No. 012478

A Space Charter Agreement

Expiration Date: None.
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ARTICLE 1: NAME OF AGREEMENT

The name of this agreement is the NYKONE/OOCL Space Charter Agreement (the “Agreement”).

ARTICLE 2: PURPOSE OF AGREEMENT

The purpose of this Agreement is to authorize NYKONE to charter space to OOCL and to authorize the Parties (as hereinafter defined) to enter into arrangements related to the chartering of such space.

ARTICLE 3: PARTIES TO AGREEMENT

The Parties to the Agreement are:

1. Nippon Yusen Kaisha (“NYK”)
   3-2 Marunouchi 2-Chome
   Chiyoda-ku, Tokyo 100-0005
   Japan

   Ocean Network Express Pte. Ltd. (“ONE”)
   7 Straits View Marina One East Tower
   # 16-01/03 and # 17-01/06

2. Orient Overseas Container Line Limited (“OOCL”)
   31st Floor, Harbor Center
   25 Harbor Road
   Wanchai, Hong Kong

NYKONE and OOCL are hereinafter sometimes referred to individually as a “Party” and collectively as the “Parties.”

ARTICLE 4: GEOGRAPHIC SCOPE

This Agreement covers the trades between ports in Japan on the one hand and U.S. ports in the Pacific coast range on the other hand (hereinafter, the “Trade”).

ARTICLE 5: AUTHORITY

5.1 (a) On each weekly sailing in the Trade, and on such terms and conditions as the Parties may from time to time agree, NYKONE shall sell to OOCL, and OOCL shall purchase from NYKONE, vessel space on the service referred to as the PS1 and operated under THE Alliance Agreement (FMC Agreement No. 012439) (the “Service”), as that Service may be renamed or otherwise modified from time to time, for cargo moving between ports in the Trade. The total number of TEUs to be sold hereunder shall initially be a fixed allocation of 760,680 TEUs (@ 10.5 tons average
per TEU) including 66.59 reefer plugs on each round voyage, which may be increased to as many as 1200 TEUs (@ 10.5 tons average per TEU) or as few as 250 TEUs (@ 10 tons average per TEU) at any time without amendment to this Agreement.
(b) Subject to operational requirements and space availability, NYKONE may sell OOCL space in excess of the foregoing allocation on an *ad hoc* basis on terms to be agreed by the Parties. OOCL may not slot charter or sub-charter space made available to it under this Agreement to any third party ocean carrier without the prior written consent of NYKONE, except to its fully owned subsidiaries and affiliates which are Vessel Operating Common Carrier.

5.2 The Parties are authorized to discuss and agree on the terms and conditions relating to the sale of space hereunder, including slot hire (including any bunker element thereof) and additional charges for the use of reefer plugs (if any).

5.3 The Parties are authorized to discuss and agree on the following: their respective rights, fair and reasonable allocation of liabilities among the Parties, apportionment of damages, satisfaction of claims, procurement of insurance and claims thereunder, and indemnities for activities under this Agreement, such as matters pertaining to cargo loss or damage; damage or loss to containers or other equipment; schedule or delivery delays; loss of or damage to a vessel; accidents; hazardous, breakbulk, or oversized cargoes; loss or damage caused by cargo; damage to persons or property; failure to perform; force majeure; general average; and any liability to third parties. The Parties may also discuss and agree on all matters relating to the terms and conditions of charter parties pertaining to the operation and use of vessels/space/cargo subject to this Agreement, participation in voluntary government programs concerning security, safety, or similar matters (such as C-TPAT), and sequestration of all or portions of vessels, or other Flag State use of vessels, including pursuant to the U.S. government’s Voluntary Intermodal Sealift Agreement Program.

5.4 Each Party shall operate under its own name, issue its own bills of lading, publish its own tariff and shall collect its own freights. Each Party shall be responsible for marketing its own interests in the Trade. Nothing in this Agreement shall be deemed to constitute a partnership, association or joint venture.

5.5 Pursuant to 46 C.F.R. § 535.408, any further agreements contemplated by this Agreement which are required by the Shipping Act of 1984, as amended, to be filed shall not be implemented until an appropriate amendment to this Agreement has been filed and becomes effective.

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

6.1 This Agreement shall be implemented and administered by meetings and other written and oral communications among the Parties. The Parties are authorized to adopt written procedures and policies with respect to the day-to-day operational requirements of the Service, as well as with respect to communications among themselves.
6.2 Counsel for the respective Parties are hereby authorized to file this Agreement and any amendments thereto with the U.S. Federal Maritime Commission, execute this Agreement and any amendments hereto, and to otherwise act on behalf of the Parties with respect thereto.

ARTICLE 7: MEMBERSHIP

Membership is limited to the Parties, unless otherwise mutually agreed by the Parties.

ARTICLE 8: VOTING

(a) Except as otherwise provided herein, decisions hereunder shall be reached by mutual agreement of the Parties.

(b) Notwithstanding any other provision of this Agreement, OOCL acknowledges that the Service is subject to THE Alliance Agreement. Nothing in this Agreement shall be read to derogate from NYKONE’s rights and obligations under THE Alliance Agreement (FMC Agreement No. 012439) or to require or permit that OOCL consent to decisions by the parties to THE Alliance Agreement.

ARTICLE 9: DURATION AND RESIGNATION

9.1 This Agreement shall be effective as of the date it becomes effective under the U.S. Shipping Act of 1984, as amended, and shall be implemented on or about April 1, 2017 or such later date as the Parties may otherwise agree. Such date of implementation shall be referred to hereinafter as the “Commencement Date”. The initial term of the Agreement shall run through June 30, 2017 (the “Initial Term”). Thereafter, it shall automatically renew for successive three (3) month periods (each a “Renewal Term”). Notwithstanding the foregoing, either Party may notify the other Party of its intent not to renew the Initial Term or any Renewal Term by tendering written notice of same at least forty-five (45) days prior to the expiration of the Initial Term or Renewal Term. Except as provided in Article 8(b), 9.2 and 9.3, this Agreement shall continue for a minimum duration of twelve (12) months and indefinitely thereafter, with a minimum written notice of termination from either Party of three (3) months. Such notice of termination shall not be given prior to nine (9) months after the Commencement Date.

Notwithstanding the foregoing, the Agreement may not terminate, unless otherwise unanimously agreed, prior to the termination of the current round trip voyages for all vessels on the Service which commenced prior to the effective date of termination and not before all cargo and containers are discharged at the last discharge port in Japan.
9.2 Notwithstanding Article 9.1, if at any time during the term of the Agreement either Party should become bankrupt or declare 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 presented or a meeting
convened for the purpose of considering a resolution, or 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 Party), 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 9.2 only, as the “Affected Party”) and the other Party is of the opinion that the result may be materially detrimental to the Service, or that sums may be owed by the Affected Party to the other Party and may not be paid in full or their payment may be delayed, then, the other Party may, with immediate effect, either terminate or suspend this Agreement for such period as the other Party, in its sole discretion, deems appropriate.

9.3 Notwithstanding Article 9.1, if at any time during the term of this Agreement there shall be a change in ownership of any of the Parties, and such change in ownership is likely materially to prejudice the cohesion or viability of this Agreement or the other Party’s commercial interest, then such other Party may, within three (3) months of becoming aware of such change, give not less than three (3) months’ notice in writing to the other Party of its intention to terminate this Agreement.

9.4 In the event of the termination of this Agreement, the Parties shall continue to be liable to one another in respect of all liabilities and obligations accrued and due prior to termination and shall consult between themselves in relation to the completion of all contracts of carriage outstanding at the date of termination.

9.5 Notwithstanding the aforementioned, this Agreement may be terminated at any time subject to mutual agreement of the Parties.

ARTICLE 10: NON-ASSIGNMENT

The rights and obligations of each Party under this Agreement shall not be assignable except to subsidiaries, parent companies or fellow subsidiaries or with the prior written agreement of the other Party.

ARTICLE 11: LAW AND ARBITRATION

11.1 This Agreement shall be governed by and construed in accordance with the laws of England and shall otherwise by subject to the U.S. Shipping Act of 1984, as amended.

11.2 Any dispute or difference arising out of or in connection with this Agreement which cannot be amicably resolved shall be referred to arbitration in London in accordance with the Arbitration Act 1996 or any statutory modification or re-enactment thereof save to the extent necessary to give effect to the provisions of this Article 11. The arbitration shall be conducted in accordance with the London Maritime
Arbitration Association (LMAA) Terms current at the time when the arbitration proceedings are commenced.

11.3 The reference shall be to three arbitrators. Any Party wishing to refer a dispute to arbitration shall appoint its arbitrator and send notice of such appointment in writing to the other Party, requiring the other Party to appoint its own arbitrator within fourteen (14) calendar days of that notice, and stating that it will appoint its arbitrator as sole arbitrator unless the other Party appoints its own arbitrator and gives notice that it has done so within the fourteen (14) days specified. If the other Party does not appoint its own arbitrator and give notice that it has done so within the fourteen (14) days specified, the Party referring a dispute to arbitration may, without the requirement of any further prior notice to the other Party, appoint its arbitrator as sole arbitrator and shall advise the other Party accordingly. The award of a sole arbitrator shall be binding on both Parties as if the arbitrator had been appointed by agreement. Nothing herein shall prevent the Parties agreeing in writing to vary these provisions to provide for the appointment of a sole arbitrator.

11.4 In cases where neither the claim nor any counterclaim exceeds the sum of US$100,000 the arbitration shall be conducted in accordance with the LMAA Small Claims Procedure current at the time when arbitration proceedings are commenced.

ARTICLE 12: FORCE MAJEURE

If due to circumstances beyond the control of the Parties hereto, such as but not limited to war, whether declared or not, hostilities or the imminence thereof, warlike or belligerent acts or operations, riots, act of public enemies, restraint of princes, rulers or people, compliance with any compulsorily applicable law or governmental directive, including but not limited to quarantine, sanitary or other similar regulations or restrictions, boycott against flag, political ban, terrorist acts, civil commotion (or civil war), invasion, rebellion, sabotage, blockade, strikes, lockouts or other labor troubles whether partial or general and whether or not involving employees of a party or his sub-contractors, shortage or absence of facilities for loading, discharging, delivery or other handling of cargo military operations, epidemics, nuclear accidents, immunities as set out in the Hague Visby Rules Article IV Rules 1 & 2 (to the exception of items i, m, n, o and p for the portion related to cargo and containers) & 4, unusually severe weather, fire on board, collision, grounding, explosion or fire affecting the propulsion or safe navigation of the vessel and other significant impacts to the vessel, perils of the sea, closure of, or obstacles in or danger to any canal, blockade of port or place or interdict or prohibition, condition or restriction of any kind on calls by either party’s vessel at any port, port closure which result in the vessel’s practical inability to call such port, or any restriction on commerce or trading, acts of God, or other events which render performance of this Agreement wholly or substantially impracticable, the Agreement shall not thereby be terminated, but (subject always to the various provisions for termination of this
Agreement) 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.

**ARTICLE 13: COMPLIANCE WITH LAW**

The Parties shall, individually and collectively, conduct their operations under this Agreement in compliance with laws and regulations applicable to one or both of the Parties, including but not limited to applicable regulatory compliance and trade sanctions, anti-boycott, anti-corruption and bribery, environmental, labor, competition, and privacy laws.

**ARTICLE 14: NOTICES**

Any notice hereunder shall be made by courier service or registered mail, or in the event expeditious notice is required, by e-mail confirmed by courier or registered mail, to the addresses shown in Article 3 hereof. Notice will be deemed received the day they have been dispatched.