MED/USEC Vessel Sharing Agreement

FMC Agreement No. 201271

A Vessel Sharing Agreement

Expiration Date: None.
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ARTICLE 1: NAME OF AGREEMENT

The name of this agreement is the MED/USEC Vessel Sharing Agreement (the “Agreement”).

ARTICLE 2: PURPOSE OF AGREEMENT

The purpose of this Agreement is to authorize the Parties to charter and exchange space on one another’s vessels and to coordinate and cooperate with respect to the Parties’ transportation services and operations in order to improve efficiency, save costs, and provide premium service to the shipping public in the Trade.

ARTICLE 3: PARTIES TO AGREEMENT

3.1 The Parties to the Agreement are:

(a) Hapag Lloyd Aktiengesellschaft (“HL”)  
Ballindamm 25  
20095 Hamburg, Germany

(b) Yang Ming Marine Transport Corp.  
271 Ming De 1st Road  
Cidu District, Keelung 20646  
Taiwan

and

Yang Ming (UK) Ltd.  
2nd Floor, 210 South Street,  
Romford, Essex, England, RM1 1TR, UK  
(operating as one Party for all purposes hereunder, collectively “YML”)

(c) Ocean Network Express Pte. Ltd. (“ONE”)  
7 Straits View, Marina One East Tower, #16-01/03 and #17-01/06,  
Singapore 018936

(d) COSCO SHIPPING Lines Co., Ltd.  
378, Da Ming Road (East)  
Shanghai, PRC
3.2 HL, YML, ONE, COSCO SHIPPING, CMA CGM, and OOCL are each hereinafter sometimes referred to individually as a “Party” and collectively as the “Parties.”
ARTICLE 4: GEOGRAPHIC SCOPE

This Agreement covers the trades between, on the one hand, ports in the Mediterranean (France, Italy, Malta, Morocco and Spain), and on the other hand, U.S. ports in the Atlantic coast range (hereinafter, the “Trade”).

ARTICLE 5: AUTHORITY

5.1 The Parties are authorized to meet together, discuss, reach agreement and take actions necessary to implement or effectuate agreements regarding sharing of vessels, chartering or exchange of space, and related coordination and cooperative activities pertaining to their operations and services, and related equipment, vessels and facilities in the Trade. It is initially contemplated that the Parties will jointly coordinate the operation and sharing of space on 6 vessels in the Trade with nominal capacities of approximately 8,500 TEUs and with an operational capacity of approximately 7,000 TEUs at 12 tons average gross weight per TEU, three (3) of which will be operated by HL, two (2) of which will be operated by CMA CGM, and one (1) of which will be operated by OOCL, on the joint service operated by the Parties (the “Service”) at the start of the Agreement.

5.2 In furtherance of the authorities set forth in Article 5.1, the Parties are authorized to engage in the following activities, to the extent permitted by the applicable law of the relevant jurisdictions within the scope of this Agreement, and subject to compliance with any applicable requirements:

(a) Consult and agree upon the type, capacity, speed, and total number of vessels to be used and contributed by each Party, including changes in the number and size of vessels provided by any Party, and substitution of vessels and the terms, conditions and operational details pertaining thereto, and the name or other characteristics of the Service, without the need to amend this Agreement, provided that the Parties are authorized to adjust the number of linehaul vessels to be used in connection with this Agreement up to a maximum of 12, each with a maximum nominal capacity of 13,000 TEUs, and as few as 3 vessels, each with a minimum nominal capacity of 6,000 TEUs;

(b) Consult and agree upon the sailing patterns, ports to be called, port rotation, vessel itineraries, schedules, the number, frequency, and character of sailings at ports, transit times, adjustment of the speed of vessels (including slow steaming of vessels), performance criteria and consequences for a Party failing to adhere to the established schedule and/or to load cargo in accordance with its obligations hereunder, and all other matters related to the scheduling and coordination of vessels under the Service;
(c) Consult and agree upon the exchange or allocation of space, on such terms as they may agree from time to time.

(d) Consult and agree upon terms and conditions, including the amount of advance notice required prior to a Party's withdrawal of a vessel(s), as well as the allocation of any costs associated therewith; or introduction of additional, substitute, or replacement vessels in the Service, the characteristics (including but not limited to size, capacity, speed, configuration, and delivery date) of such vessels; vessel stowage planning, and issues relating to intermodal connections;

(e) Consult and agree to accept and carry loaded or empty containers (including containers which they own, lease, control or receive from third parties) and noncontainerized cargo, on their own vessels and on another's vessels (including owned or chartered vessels). The Parties may also discuss and agree on the carriage of breakbulk, noncontainerized, and hazardous cargo, subject to the concurrence of the vessel operator. The Parties are further authorized to charter and subcharter space to and/or from each other, on such terms as they may agree from time to time. Under this paragraph, the Parties are authorized to charter up to the maximum available space (as may be agreed by the Parties) on their vessels operated hereunder, including space beyond standard operating capacities, when operating conditions permit; and

(f) Consult and agree on vessel maintenance and repair matters, drydocking schedules, and the provision of temporary replacement or substitute tonnage.

5.3 Each Party shall be entitled to use freely the assets owned by it, including and subject to Article 5.6 slots allocated to it. Every Party shall be entitled to use its slot allocations without any geographical restrictions regarding the origin or destination of the cargo, subject to such operational restrictions as they may agree on from time to time.

5.4 The Parties may agree on the treatment of full, empty, wayport/interport, or breakbulk cargo. The Parties may establish criteria for the calculation of slot usage, for high cube and 45-foot containers, as well as lost slots due to out of gauge cargoes, on such terms as they may agree from time to time. The Parties may also separately establish sub-allocations for reefer plugs.
5.5 The Parties are authorized to make and implement agreements relating to the procedures, terms, and conditions of the allocation, exchange, sale and use of capacity, slots and associated equipment (including reefer plugs) on the vessels used in connection with this Agreement. Such agreements, procedures, terms and conditions may include the number of slots each Party commits to provide to the other Parties and the Parties’ basic slot allocation (“BSA”) which each Party is allocated and responsible to utilize on particular vessels; an agreement to receive space from another Party or an affiliated company or provide space to another Party or an affiliated company through a subcharter in addition to or in lieu of a BSA for the Party receiving such space; adjustments to a Party’s BSA or other accommodations as the Parties may agree in case of changes to pro forma schedules or other operational changes; deadweight allocations and restrictions associated with slot allocations, including a fair and reasonable process for adjustments; principles, procedures, terms and conditions to govern the release, buying, selling and/or allocation to Parties of unused or excess slots within Party’s BSA or not included in the Parties’ BSAs; monetary or other consideration for slots used and provided; principles and procedures for establishing and adjusting slot allocations; adjustments of BSAs and related matters during the phasing in or phasing out or substitution of vessels, or in the event of operational contingencies including but not limited to vessel breakdown, casualty or loss, or an underperforming vessel; and accounting principles and procedures for determining and settling accounts related to slots provided, used, exchanged and sold. The Parties’ initial BSAs, which may be adjusted as the Parties may agree from time to time without need to file an amendment to this Agreement, are as follows:

CMA CGM: 2480 TEU (180 TEU will come via subcharter from OOCL)
HL: 2442 TEU
OOCL: 670 TEU
COSCO SHIPPING: 300 TEU (300 TEU will come via subcharter from OOCL)
ONE: 628 TEU
YML: 381 TEU

5.6 Subject to operational requirements and space availability, a Party may sell slots in excess of the foregoing allocations to another Party on an ad hoc basis on terms to be agreed by the Parties. The Parties may not slot charter or sub-charter slots made available to them under this Agreement to any third party ocean carrier without the prior written consent of the other Parties.

5.7 Except to the extent that the Parties agree otherwise in writing, a Party subchartering space to a third party shall remain responsible for all obligations and liabilities arising under the Agreement (and/or under any agreement among the Parties made pursuant to this Agreement) in respect of the slots subchartered by that Party.
5.8 Except as otherwise agreed, each Party shall bear all expenses for the vessels it operates in the Service. The Parties may periodically render accounts to each other on such terms and with such adjustments as they may agree for slots, equipment, vessels and facilities provided or exchanged hereunder. The Parties may share or apportion any such costs as they may agree from time to time.

5.9 The Parties are authorized to discuss and agree on 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; 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.

5.10 The Parties may discuss and agree upon the terminal(s) to be called by the vessels operated hereunder as well as the stevedore(s) that will service such vessels, and/or the volume of cargo to be handled by such terminals or stevedores. In furtherance of the foregoing, the Parties are authorized to discuss, exchange information, and/or coordinate negotiations with marine terminal operators or stevedores relating to operational matters such as port schedules and berthing windows; availability of port facilities, equipment and services; contract duration; adequacy of throughput; and the procedures of the interchange of operational data in a legally compliant matter. Notwithstanding the foregoing, the Parties shall have no authority to jointly contract with terminals or stevedores under this Agreement.

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

5.12 The Parties are authorized to enter into implementing arrangements, writings, understandings, procedures, and documents within the scope of the authorities set forth in this Article 5 in order to carry out the authorities and purpose hereof; provided that any specific agreements shall be filed with the Federal Maritime Commission to the extent legally required under the Shipping Act of 1984, as amended.

5.13 Any two or more Parties may discuss and formulate common positions on any matter within the scope of this Agreement. Except to the extent that this Agreement provides otherwise, this Agreement does not provide authority for fewer than all Parties to make and implement any agreement that would otherwise be required to be filed under the Shipping Act.

5.14 Any one or more of HL, YML, and ONE may communicate with the Alliance Coordination Center established under THE Alliance Agreement, FMC No. 012439, concerning vessels operated by HL, YML, and/or ONE, for the purpose of day-to-day management, administrative, data/information collection, and/or service coordination functions pertaining to issuing, updating and coordinating vessel schedules, monitoring of vessels, ensuring service quality and schedule integrity, supporting HL, YML, and/or ONE in their financial settlement with respect to shared vessels or slots, communicating
with providers or suppliers of vessel-related goods and services, monitoring bunker consumption of the vessels operated hereunder, reviewing terminal operations and equipment and intermodal activities, preparing and distributing a cargo acceptance policy and hazardous cargo procedures, and assisting in stowage planning, on behalf of HL, YML, and/or ONE.

5.15 In conjunction with the introduction of the Service, to avoid service duplication during the operation of the Service, HL, YML, and ONE shall undertake to cause THE Alliance Agreement to suspend the AL6 service operated thereunder, and COSCO SHIPPING, CMA CGM, and OOCL shall undertake to cause the Ocean Alliance Agreement, FMC No. 012426, to suspend the TA1 service operated thereunder.

5.16 (a) The Parties shall be entitled to obtain, compile, maintain, and exchange among themselves information, records, statistics, studies, compilations, consultancy reports, and forecasts/projections related to their joint operations in the Service and pertaining to standard port charges, third party costs including vendor, terminal, and bunker costs and consumptions, cargo carryings, vessel and equipment utilization, supply and demand and vessel utilization forecasts/projections, operational data on vessels and terminals, intermodal/rail moves, dwell times, vessel cascading plans and information, schedule performance, dry-dock plans, liftings, length of port/terminal stays, productivity, port pair information, and marketing and market share information, whether prepared by a Party or Parties or obtained from outside sources. The Parties may use any such information to jointly make projections and plans relating to current or future vessel capacity and service structure to be offered in the Service under this Agreement.

(b) Nothing in subparagraph (a) herein authorizes the Parties to exchange information on freight rates, prices, tariff items, confidential service contract terms or conditions, individual customer lists, individual marketing plans or proposals, or individual bids.

5.17 The Parties may discuss and agree to implement temporary capacity adjustments in the Service, including void and blanks sailings, to respond to changes in seasonal demand, periods of expected reduced utilization, or other changes in the Service. In the case of a Party carrying out a void/blank sailing, the Parties are authorized to agree to a financial compensation scheme as they may agree from time to time.

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 under the Agreement, 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 unanimously agreed by the Parties.

ARTICLE 8: VOTING

8.1 Decisions hereunder shall be reached by unanimous agreement of the Parties. Each Party shall have one equally-weighted vote.

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. This Agreement shall be valid for a minimum period of twenty four (24) months as from the Commencement Date. Thereafter, the Agreement shall continue indefinitely until any Party serves six (6) months’ written notice to terminate this Agreement to all other Parties (such notice not to be given before eighteen (18) months after the Commencement Date).

The “Commencement Date” shall mean the later of (i) the earliest starting date of the first westbound voyage from Mediterranean ports of the Service, (ii) the date the Agreement has been filed with the FMC and has become effective in accordance with the Shipping Act of 1984, as amended, or (iii) such later date as the Parties may agree in writing.

Notwithstanding the foregoing, and unless otherwise unanimously agreed, this Agreement will nevertheless remain in force until the completion of all of the roundtrip voyages included in the current cycle of the Service operated under this Agreement through a vessel sharing arrangement which have already started at the date of effect of such notice of termination, meaning that all vessels of the concerned cycle departing from the first port of loading in Mediterranean after the date of termination will remain subject to the terms of this Agreement until such vessels arrive back in Mediterranean and all cargo and containers are discharged at the last discharge port in Mediterranean.
9.2 Notwithstanding the provisions of Article 9.1 above, if at any time during the term of the Agreement there shall be a change in the control or a material change in the ownership of a Party (the Party so affected being referred to in this Article 9.2 only as the “Affected Party”), and any other Party is of the opinion, arrived at in good faith, that such change is likely to materially prejudice the cohesion or viability of the Agreement, then the other Parties shall have the right, within six (6) months of becoming aware of such change in control, to either:

(a) unanimously agree to give three (3) months written notice to the Affected Party to terminate this Agreement with respect to that Party; or

(b) if the Affected Party's participation is not terminated, individually withdraw from this Agreement by giving not less than three (3) months written notice to the other Parties.

9.3 Notwithstanding Article 9.1, 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 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 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 9.3 only as the “Affected Party”) and the other Parties are of the opinion that the result may be materially detrimental to the Service, or that sums may be owed by the Affected Party to any other Party(s) and may not be paid in full or their payment may be delayed, then, by unanimous decision of the other Parties, any further participation of the Affected Party in the Agreement or any part thereof may, with immediate effect, either be terminated or suspended for such period as the other Parties, in their sole discretion, deem appropriate.

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

ARTICLE 10: NON-ASSIGNMENT

The rights and obligations of each Party under this Agreement shall not be assignable except with the prior written agreement of the other Parties.
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 be 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 all Parties to the arbitration as if he 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: COMPLIANCE WITH LAW

The Parties shall, individually and collectively, conduct their operations under this Agreement in compliance with laws and regulations applicable to any one or more 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 13: NOTICES

Any notice hereunder shall be made by courier service or registered mail, or in the event expeditious notice is required, by e-mail or registered mail, to the addresses shown in Article 3 hereof.
IN WITNESS WHEREOF, the Parties hereto hereby agree this ___ day of January, 2020 to amend the Agreement as per the attached pages and to file same with the U.S. Federal Maritime Commission.

Signed for an on behalf of
Hapag-Lloyd Aktiengesellschaft

Name: Ulf Schawohl
Title: Senior Managing Director
Date: __/__/2020

Signed for an on behalf of
Yang Ming Marine Transport Corp. and Yang Ming (UK) Ltd. (operating as one party)

Name: 
Title: 
Date: 

Signed for an on behalf of
Ocean Network Express Pte. Ltd.

Name: 
Title: 
Date: 

FMC Agreement No.: 201271-001 Effective Date: Thursday, April 23, 2020
Downloaded from WWW.FMC.GOVT on Saturday, July 16, 2022
IN WITNESS WHEREOF, the Parties hereto hereby agree this __ day of April, 2020 to amend the Agreement as per the attached pages and to file same with the U.S. Federal Maritime Commission.

Signed for an on behalf of
Hapag Lloyd Aktiengesellschaft

Name:
Title:
Date:

Signed for an on behalf of
Yang Ming Marine Transport Corp. and Yang Ming (UK) Ltd. (operating as one party)

Name: Ed Wu
Title: Senior Vice President
Date: 23. Apr. 2020

Signed for an on behalf of
Ocean Network Express Pte. Ltd.

Name:
Title:
Date:
IN WITNESS WHEREOF, the Parties hereto hereby agree this __ day of January, 2020 to amend the Agreement as per the attached pages and to file same with the U.S. Federal Maritime Commission.

Signed for an on behalf of
Hapag Lloyd Aktiengesellschaft

Name:
Title:
Date:

Signed for an on behalf of
Yang Ming Marine Transport Corp. and Yang Ming (UK) Ltd. (operating as one party)

Name:
Title:
Date:

Signed for an on behalf of
Ocean Network Express Pte. Ltd.

Name: Michio Amai
Title: Senior Vice President, Network Planning
Date: February 5th, 2020
Signed for an on behalf of
COSCO SHIPPING Lines Co., Ltd.

Name: Robert K. Magovern
Title: Attorney-in-Fact
Date: April 23, 2020

Signed for an on behalf of
CMA CGM S.A., APL Co. Pte Ltd., and American President Lines, Ltd. (operating as one party)

____________________________________
Name: 
Title: 
Date: 

Signed for an on behalf of
Orient Overseas Container Line Limited and OOCL (Europe) Limited (operating as one party)

____________________________________
Name: 
Title: 
Date: 

MED/USEC
Vessel Sharing Agreement
FMC Agreement No. 201271

Signed for an on behalf of
COSCO SHIPPING Lines Co., Ltd.

________________________________
Name: 
Title: 
Date: 

Signed for an on behalf of
CMA CGM S.A., APL Co. Pte Ltd., and American President Lines, Ltd. (operating as one party)

Name: Olivier NIVOIX
Title: Executive Vice President
Date: 17/04/2020

Signed for an on behalf of
Orient Overseas Container Line Limited and OOCL (Europe) Limited (operating as one party)

________________________________
Name: 
Title: 
Date: 
MED/USEC
Vessel Sharing Agreement
FMC Agreement No. 201271

Signed for an on behalf of
COSCO SHIPPING Lines Co., Ltd.

__________________________
Name: 
Title: 
Date: 

Signed for an on behalf of
CMA CGM S.A., APL Co. Pte Ltd., and American President Lines, Ltd. (operating as one party)

__________________________
Name: 
Title: 
Date: 

Signed for an on behalf of
Orient Overseas Container Line Limited and OOCL (Europe) Limited (operating as one party)

__________________________
Name: Teddy Fung
Title: Director of Trades
Date: 20 April 2020