THE Alliance/OOCL Vessel Sharing Agreement

FMC Agreement No. ____________

A Vessel Sharing Agreement

Expiration Date: None.
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ARTICLE 1: NAME OF AGREEMENT

The name of this agreement is THE Alliance/OOCL 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

The Parties to the Agreement are:

1.   (a)   Hapag Lloyd Aktiengesellschaft (HL)
        Ballindamm 25
        20095 Hamburg, Germany

        (b)   Kawasaki Kisen Kaisha, Ltd. (KL)
        Iino Building, 2-1-1
        Uchisaiwai Cho
        Chiyoda-ku
        Tokyo 100-0011, Japan

        (c)   Mitsui O.S.K. Lines, Ltd. (MOL)
        1-1, Toranomon 2-Chome
        Minato-ku, Tokyo 105-8688, Japan

        (d)   Nippon Yusen Kaisha (NYK)
        3-2 Marunouchi 2-Chome
        Chiyoda-ku, Tokyo 100-0005, Japan

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

HL, KL, MOL, NYK, and YML shall act as a single Party hereunder and are hereinafter collectively referred to as “THE Alliance Lines” or individually as a “THE Alliance Line.”
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2. Orient Overseas Container Line Limited (OOCL)
31st Floor, Harbor Center
25 Harbor Road
Wanchai, Hong Kong;

THE Alliance Lines and OOCL are hereinafter sometimes referred to individually as a “Party” and collectively as the “Parties.” Further, any THE Alliance Line and/or OOCL may be referred to individually as a “Line” and collectively as “Lines.”

ARTICLE 4: GEOGRAPHIC SCOPE

This Agreement covers the trades between, on the one hand, ports in Japan, and on the other hand, U.S. ports in the Pacific 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 5 container vessels in the Trade with operational capacities of approximately 3800 TEUs, four (4) of which will be operated by THE Alliance Lines and one (1) of which will be operated by OOCL, on the joint service operated by THE Alliance and OOCL known as the PS1 service (the “Service”).

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 10 with maximum weekly capacity of 6,000 TEUs, with a maximum capacity of 60,000 TEUs, and as few as 3 vessels, with a minimum weekly capacity of 2,000 TEUs and minimum 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 and services;

(c) Consult and agree upon the exchange or allocation of space, on such terms as they may agree from time to time. Initially, allocation of space between THE Alliance Lines and OOCL will be based on the principle that the Parties’ basic slot allocation (“BSA”) will be roughly equivalent to contribution levels;

(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 Trade, 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 one 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 containers and 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' BSA which each Party is allocated and responsible to utilize on particular vessels, loops or loop segments; 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 of a loop 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.

5.6 Subject to operational requirements and space availability, THE Alliance Lines may sell OOCL slots in excess of the foregoing allocations 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 Party.

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 Trade. 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 Each Line shall operate under its own name, issue its own bill of lading, publish its own tariff and shall collect its own freights. Each Line 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.

5.11 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.

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

Except as otherwise provided herein, decisions hereunder shall be reached by unanimous agreement of the Parties.

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. Its initial term shall expire six (6) months from the effective date. Thereafter, the Agreement shall continue indefinitely unless terminated by either Party upon no less than (3) months’ written notice (such notice not to be given before three [3] months after the effective date).

9.2 For the avoidance of doubt, each THE Alliance Line has the right to withdraw from THE Alliance Agreement (FMC No. 012439) at any time on or after April 1, 2020, by giving twelve (12) months’ written notice of withdrawal. If any THE Alliance Line withdraws from THE Alliance Agreement then, notwithstanding Article 9.1 above, each of the other Lines, including OOCL, reserves its right to withdraw from this Agreement with effect from the same date by written notice given within thirty (30) days of the original notice of withdrawal. In such event, the remaining Lines will use their best efforts to continue the Agreement, subject to any amendment necessary to enable the arrangement to continue.

9.3 This Agreement shall terminate if THE Alliance Agreement (FMC No. 012439) terminates.

9.4 Notwithstanding the provisions of Article 9.1, 9.2, and 9.3 above: (a) 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 OOCL, and THE Alliance Lines unanimously agree that such change is likely to materially prejudice the cohesion or viability of the Service, then THE Alliance Lines may within six (6) months of the coming into effect of such change give six (6) months' notice in writing to OOCL terminating the Agreement.
(b) 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 any THE Alliance Line (the Line so affected being referred to, in this Article 9.4(b) only, as the “Affected Line”) and the other THE Alliance Lines and OOCL unanimously agree that such change is likely to materially prejudice the cohesion or viability of the Service, then THE Alliance Lines and OOCL, excluding the Affected Line, may within six (6) months of the coming into effect of such change give six (6) months' notice in writing to the Affected Line terminating the Agreement in relation to that Line.

9.5 Notwithstanding Article 9.1, if at any time during the term of the Agreement any Line 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 Line (otherwise than for the purposes of and followed by a resolution previously approved in writing by the other Lines), or any event similar to any of the above shall occur under the laws of the Line's country of incorporation (the Line so affected being referred to in this Article 9.5 only as the “Affected Line”) and the other Lines are of the opinion that the result may be materially detrimental to the service, or that sums may be owed by the Affected Line to any other Line(s) and may not be paid in full or their payment may be delayed, then, by unanimous decision of the other Lines, any further participation of the Affected Line in the Agreement or any part thereof may, with immediate effect, either be terminated or suspended for such period as the other Lines, in their sole discretion, deem appropriate.

9.6 In the event of the withdrawal of a Party or Line, the Parties or Lines shall continue to be liable to one another in respect of all liabilities and obligations accrued 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.

ARTICLE 10: NON-ASSIGNMENT

The rights and obligations of each Party and each of the members thereof under this Agreement shall not be assignable except 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 12. 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/their arbitrator and send notice of such appointment in writing to the other Party, requiring the other Party to appoint its/their 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/their own arbitrator and gives notice that it/they have done so within the fourteen (14) days specified. If the other Party does not appoint its own arbitrator and give notice that it/they 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 and their members 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: 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, act of public enemies, restraint of princes, rulers or people, compliance with any compulsorily applicable law or governmental directive, boycott against flag, political ban, terrorist acts, civil commotion (or civil war), invasion, rebellion, sabotage, blockade, strikes, lockouts, labor disputes, nuclear accidents, unusually severe weather, fire, perils of the sea, closure to or obstacles in any canal, 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.
ARTICLE 13: COMPLIANCE WITH LAW

The Lines shall, individually and collectively, conduct their operations under this Agreement in compliance with laws and regulations applicable to any one or more of the Lines, 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: THE ALLIANCE LINES

It is agreed among THE Alliance Lines and acknowledged and understood by OOCL that:

(a) THE Alliance Lines are authorized collectively to undertake all of the rights, powers, obligations and liabilities of THE Alliance Lines as a Party to this Agreement, to the extent that this Agreement confers rights, powers, obligations or liabilities on THE Alliance Lines as a group.

(b) THE Alliance Lines are authorized to discuss and agree on, and develop joint positions and make joint decisions with respect to, any and all matters relating to the implementation of, or actions and decisions pursuant to, this Agreement (or any agreement among the Parties pursuant thereto). This includes all matters on which the Parties are authorized to discuss or agree pursuant to Article 5 of this Agreement, and all actions or decisions (whether individual or joint) within the scope of Article 8 of this Agreement.

(c) With respect to all rights (including slot allocations), powers, obligations and/or liabilities that this Agreement confers on THE Alliance Lines as a group, THE Alliance Lines are authorized to discuss and agree on the allocation or apportionment of any such rights, powers, obligations and/or liabilities amongst themselves; provided, however, that nothing in this Article 14 shall alter any rights that OOCL has or may have against any Party or Line, as the case may be.

ARTICLE 15: 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.
THE Alliance/OOCL
Vessel Sharing Agreement
FMC Agreement No.

Signature Page

IN WITNESS WHEREOF, the Parties have caused this Agreement to be
executed by their authorized representatives as of this 13th day of July, 2017.

Signed for and on behalf of
Hapag-Lloyd Aktiengesellschaft

Name: Ulf Schawohl, Axel Ludwig
Title: Senior Managing Director, Senior Director
Date: 13 July 2017

Signed for and on behalf of
Nippon Yusen Kaisha

Name: Takashi Masuda
Title: General Manager
Date: 13 July 2017

Signed for and on behalf of
Kawasaki Kisen Kaisha, Ltd.

Name: Shinya Takagi
Title: General Manager
Date: 13 July 2017

Signed for and on behalf of
Yang Ming Marine Transport Corp.

Name: 
Title: 
Date: 

Signed for and on behalf of
Mitsui O.S.K. Lines, Ltd.

Name: Takashi Kase
Title: SVP, MOL Liner
Date: 13 July 2017

Signed for and on behalf of
Orient Overseas Container Line Limited

Name: 
Title: 
Date: 

LEGAL: 291262804
IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed by their authorized representatives as of this **____** day of July, 2017.

Signed for and on behalf of
Hapag-Lloyd Aktiengesellschaft

Name:
Title:
Date:

Signed for and on behalf of
Nippon Yusen Kaisha

Name:
Title:
Date:

Signed for and on behalf of
Kawasaki Kisen Kaisha, Ltd.

Name:
Title:
Date:

Signed for and on behalf of
Yang Ming Marine Transport Corp.

Name:
Title: Senior Executive Vice President
Date: 14 July 2017

Signed for and on behalf of
Mitsui O.S.K. Lines, Ltd.

Name:
Title:
Date:

Signed for and on behalf of
Orient Overseas Container Line Limited

Name:
Title:
Date:
IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed by their authorized representatives as of this 5th day of July, 2017.

Signed for and on behalf of
Hapag-Lloyd Aktiengesellschaft

Signed for and on behalf of
Nippon Yusen Kaisha

Name: ____________________________
Title: ____________________________
Date: ____________________________

Name: ____________________________
Title: ____________________________
Date: ____________________________

Signed for and on behalf of
Kawasaki Kisen Kaisha, Ltd.

Signed for and on behalf of
Yang Ming Marine Transport Corp.

Name: ____________________________
Title: ____________________________
Date: ____________________________

Name: ____________________________
Title: ____________________________
Date: ____________________________

Signed for and on behalf of
Mitsui O.S.K. Lines, Ltd.

Signed for and on behalf of
Orient Overseas Container Line Limited

Name: ____________________________
Title: ____________________________
Date: ____________________________

Name: Stephen Ng
Title: Director, Trades
Date: 29 June 2017