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OFFICE OF THE SECRETARY
FEDERAL MARITIME COMMISSIONBefore the
FEDERAL MARITIME COMMISSION
Washington, DC 20573_____
Petition PL-16
_____PETITION OF COSCO CONTAINER LINES COMPANY LIMITED
FOR AN EXEMPTION FROM 46 C.F.R. § 530.10

- 1 Pursuant to Rule 76 of the Commission's Rules of Practice and Procedure, 46 C.F.R. § 502.76, COSCO Container Lines Company Limited (hereinafter "COSCON") petitions the Commission for relief from the provisions of 46 C.F.R. § 530.10 requiring individual service contract amendments.
- 2 COSCON is a Chinese corporation and an ocean common carrier under the Shipping Act.
- 3 On or about March 1, 2016, COSCON will acquire by time charter the containerships and certain other assets of China Shipping Container Lines Co ("China Shipping"), another Chinese ocean common carrier, and will take over the vessel operations of China Shipping. Among the assets being transferred to COSCON are China Shipping's service contracts with its customers, which will be assigned to COSCON in accordance with their terms and applicable law. There are approximately seven hundred (700) such contracts.
- 4 Assignment of China Shipping's service contracts to COSCON, even when performed in accordance with the terms of those contracts and applicable contract law, would require the filing with the FMC of an amendment to each contract.

5 It would be an undue burden on COSCON and the shipper parties to prepare and file an individual amendment for each of these service contracts. Therefore, Petitioner respectfully requests that the Commission permit a universal notice to the Commission and to the service contract parties in lieu of filing an amendment for each contract. See 46 C.F.R. § 530 10(b) In addition to any notice that the Commission may require COSCON to file in the SERVCON system pursuant to this Petition, a notice in substantially the following form would be sent electronically to each shipper counter party

Effective March 1, 2016, the containerships and certain other assets of China Shipping Container Lines Co., including your service contract, will be transferred to COSCO Container Lines Company Limited, which will perform the container transportation formerly performed by China Shipping. The terms of your service contract will remain unchanged, and you will receive the same service you presently receive. We have submitted a Petition to the FMC about filing requirements that would otherwise be applicable to this assignment. To the extent your service contract permits assignment by notice, please consider this to be that notice. If your service contract requires that you consent to this assignment or that you agree to an amendment of the contract, we ask you to advise us by reply e-mail no later than February 19, 2016 if you require a formal consent or amendment to be prepared. If we have not heard from you by then or you continue to tender cargo under the contract on or after March 1, 2016, we will understand you agreed to the assignment and do not require a formal consent or amendment. Of course, if you have any questions, please let us know

6 The existing China Shipping tariffs, which will be taken over by COSCON will be renumbered and republished under COSCON's Organization Number Renumbering of these tariffs, however, will create a discrepancy between the tariff numbers identified by the existing China Shipping service contracts as governing tariffs and the new tariff numbers assigned to the China Shipping tariffs when they are republished as COSCON tariffs. In order to avoid having to amend each individual contract to change the numbers of the governing tariffs, COSCON seeks a waiver from 46 C.F.R. §530 10 that permits it instead to

insert the following notices in the existing China Shipping tariffs and in the new COSCON tariffs, respectively:

Notice in China Shipping Tariffs. This China Shipping Tariff No. ___ is hereby terminated effective March 1, 2016. It is replaced and succeeded by COSCON Tariff No. ___, published at [insert website]. All references to this tariff in China Shipping service contracts in effect as of March 1, 2016 shall as from that date be read as references to said COSCON Tariff.

Notice in COSCON Tariffs. This COSCON Tariff No. ___ is a replacement of and successor to China Shipping Tariff No. ___, which was terminated effective March 1, 2016. All references to said China Shipping Tariff in China Shipping service contracts in effect as of March 1, 2016 shall as from that date be read as references to this COSCON Tariff.

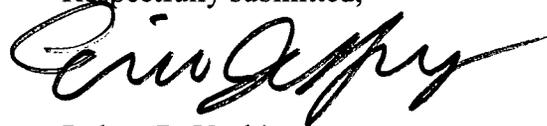
- 7 As the Commission recently stated in granting a virtually identical exemption requested by Crowley (Docket P4-15), the standard for granting an exemption is that set out in 46 U.S.C. 40102(a): “the exemption will not result in substantial reduction in competition or be detrimental to commerce.” It further explained that, because such an amendment is “purely administrative,” it is “unlikely that [such an] amendment will result in a substantial reduction in competition or be detrimental to commerce.” Reduction in competition or detriment to commerce is especially unlikely here, as a large number of CSCL’s current service contracts will expire by April 30, 2016.

- 8 In addition to Crowley, the Commission has repeatedly looked with favor on similar petitions, permitting the efficient transfer of large numbers of service contracts by uniform notice and electronic notification, so long as shippers were protected. In Petition No. P1-09, the Commission granted a petition by Hanjin Shipping for use of uniform notice and electronic notification of shippers in connection with the transfer of its service contracts to a new entity, concluding that this procedure would “adequately protect shippers and their rights under the affected service contracts.” More recently, in Petition No. P1-15, the Commission granted a petition by CSAV to allow it to withdraw as party to service contracts transferred to other ocean common

carriers by universal notice and electronic notification of shipper parties. It agreed with CSAV that “filing individual amendments for over 500 service contracts may be burdensome both to CSAV and the shippers.” The Commission concluded that “the process requested by CSAV will adequately protect affected shippers and their rights.”

COSCON respectfully submits that the notice in paragraph 5 (and any consent required by a shipper), as well as the tariff notices in paragraph 6, fully inform and protect all shipper counter-parties, as well as the Commission. We further submit that all regulatory concerns are satisfied and that this Petition, like the petitions for similar relief previously granted by the Commission (see paragraph 8), should be granted.

Respectfully submitted,



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January 15, 2016