

Furnish this exhibit for EACH foreign principal listed in an initial statement
and for EACH additional foreign principal acquired subsequently.

1. Name and address of registrant Garvey, Schubert, Adams & Barer, A Partnership of Professional Corporations, 10th Fl., 1011 Western Avenue Seattle, WA 98104	2. Registration No. 3047
---	-----------------------------

3. Name of foreign principal China Ocean Shipping Company	4. Principal address of foreign principal 6, Tung Chang An Street Beijing, People's Republic of China
--	--

5. Indicate whether your foreign principal is one of the following type:

- Foreign government
- Foreign political party
- Foreign or domestic organization: If either, check one of the following:
 - Partnership
 - Corporation
 - Association
 - Committee
 - Voluntary group
 - Other (specify) _____
- Individual—State his nationality _____

RECEIVED
FEB 12 4 07 PM '85
U.S. DEPARTMENT
OF JUSTICE
CRIMINAL DIVISION
INTERNAL SECURITY
SECTION
REGISTRATION UNIT

6. If the foreign principal is a foreign government, state:

- a) Branch or agency represented by the registrant. N/A
- b) Name and title of official with whom registrant deals.

7. If the foreign principal is a foreign political party, state:

- a) Principal address
- b) Name and title of official with whom the registrant deals. N/A
- c) Principal aim

8. If the foreign principal is not a foreign government or a foreign political party,

- a) State the nature of the business or activity of this foreign principal
Operation of steamship service.

b) Is this foreign principal

- Owned by a foreign government, foreign political party, or other foreign principal Yes No
- Directed by a foreign government, foreign political party, or other foreign principal Yes No
- Controlled by a foreign government, foreign political party, or other foreign principal Yes No
- Financed by a foreign government, foreign political party, or other foreign principal Yes No
- Subsidized in whole by a foreign government, foreign political party, or other foreign principal Yes No
- Subsidized in part by a foreign government, foreign political party, or other foreign principal Yes No

9. Explain fully all items answered "Yes" in Item 8(b). (If additional space is needed, a full insert page may be used.)

China Ocean Shipping Company (COSCO) is a corporation organized in the People's Republic of China and operates sea-going commercial vessels in domestic and foreign commerce under the flag of the People's Republic of China. COSCO is an agency subject to the control of the Ministry of Communications of the government of the People's Republic of China and its assets are owned by that government. COSCO funds are derived from shipping resources but may also come from governmental sources.

10. If the foreign principal is an organization and is not owned or controlled by a foreign government, foreign political party or other foreign principal, state who owns and controls it.

N/A

Date of Exhibit A <i>Feb. 11, 1985</i>	Name and Title Donald P. Swisher, Director & Secretary	Signature <i>Donald P. Swisher</i>
---	--	---------------------------------------

INSTRUCTIONS: A registrant must furnish as an Exhibit B copies of each written agreement and the terms and conditions of each oral agreement with his foreign principal, including all modifications of such agreements; or, where no contract exists, a full statement of all the circumstances, by reason of which the registrant is acting as an agent of a foreign principal. This form shall be filed in duplicate for each foreign principal named in the registration statement and must be signed by or on behalf of the registrant.

Name of Registrant	Name of Foreign Principal
Garvey, Schubert, Adams & Barer, A Partnership of Professional Corporations	China Ocean Shipping Company

Check Appropriate Boxes:

- The agreement between the registrant and the above-named foreign principal is a formal written contract. If this box is checked, attach two copies of the contract to this exhibit.
- There is no formal written contract between the registrant and foreign principal. The agreement with the above-named foreign principal has resulted from an exchange of correspondence. If this box is checked, attach two copies of all pertinent correspondence, including a copy of any initial proposal which has been adopted by reference in such correspondence.
- The agreement or understanding between the registrant and foreign principal is the result of neither a formal written contract nor an exchange of correspondence between the parties. If this box is checked, give a complete description below of the terms and conditions of the oral agreement or understanding, its duration, the fees and the expenses, if any, to be received.

4. Describe fully the nature and method of performance of the above indicated agreement or understanding.

Representation before United States agencies, officials and tribunals as required; legal advice and litigation as required.

INTERNAL SECURITY
SECTION
REGISTRATION UNIT
RECEIVED
U.S. DEPARTMENT
OF JUSTICE
CRIMINAL DIVISION
FEB 12 4 07 PM '85

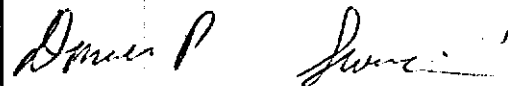
5. Describe fully the activities the registrant engages in or proposes to engage in on behalf of the above foreign principal.

See number 4 of this Exhibit B.

6. Will the activities on behalf of the above foreign principal include political activities as defined in Section 1(o) of the Act?¹
Yes No

If yes, describe all such political activities indicating, among other things, the relations, interests or policies to be influenced together with the means to be employed to achieve this purpose.

Activities directed to achieving regulatory action favorable to foreign principals under various regulatory statutes; to include personal, telephonic and telex communications with officials of the United States Department of State, the United States Commerce Department, the Department of Transportation, the Federal Maritime Commission, and other appropriate agencies or officials relevant to the issues that may arise.

Date of Exhibit B	Name and Title	Signature
Feb. 11, 1985	Donald P. Swisher Director & Secretary	

¹Political activity as defined in Section 1(o) of the Act means the dissemination of political propaganda and any other activity which the person engaging therein believes will, or which he intends to, prevail upon, indoctrinate, convert, induce, persuade, or in any other way influence any agency or official of the Government of the United States or any section of the public within the United States with reference to formulating, adopting, or changing the domestic or foreign policies of the United States or with reference to the political or public interests, policies, or of a government of a foreign country or a foreign political party.

HOUGER, GARVEY & SCHUBERT

PROFESSIONAL SERVICES CORPORATION

30TH FLOOR, THE BANK OF CALIFORNIA CENTER
SEATTLE, WASHINGTON 98164

TELEX: 92-1637
CABLE: LEX-SEATTLE

SUITE 203,
1722 E STREET N.W.
WASHINGTON D. C. 20006
(202) 454-6921

(206) 454-3529

August 29, 1979

PLEASE REPLY TO

OFFICE

Seattle

BRIDGE
DY
END
GARVEY
SCHUBERT
KENNESSETT
ROBERTSON
M. HOGGER
W. JENNINGS, JR.
E. JOHNSON
C. HEDGECOCK
M. LEVIN
A. OFFUTT
R. ROBERTSON
CHARLES ROUTE
KENNETH L. SCHUBERT, JR.
ALAN P. SEEDEROCKE
JOHN M. STEEL
GARY C. STRAUSS
DONALD P. SWISHER

Washington State Bar Only
Washington, D.C. Bar Only
New York State Bar and Washington, D.C. Bar Only
All others, Washington State and Washington, D.C. Bar

Mr. Li Zhiran
Deputy Manager, Shipping Department
China Ocean Shipping Co., Head Office
6, Tung Chang An Street
Beijing
People's Republic of China

Dear Mr. Li:

On July 23, 1979, in the course of our discussions at your offices in Beijing, you requested that I present COSCO with a written proposal by letter concerning legal representation of COSCO in the United States by our law firm. You further requested that I provide a copy of this letter to Ambassador Chai Zemin.

First, let me apologize for the delay in providing you with this letter. However, the delay was necessitated by very important and favorable developments affecting our law firm and its ability to fully and adequately represent the legal interests of China Ocean Shipping Company. The new developments are that Brock Adams, formerly United States Secretary of Transportation, and Alan Butchman, formerly Deputy Secretary of Transportation, will be joining our law firm, effective September 15, 1979. Mr. Adams and Mr. Butchman will join us as equal partners with the existing partners, and will be located primarily in our Washington, D.C. office.

As you will recall, while I was in China, Mr. Adams and Mr. Butchman resigned their positions with President Carter's Cabinet, although President Carter had requested that Secretary Adams remain in his Cabinet post. Our law firm is most delighted to have them join us. Their legal skills and transportation experience will be fully available in support of the legal interests of China Ocean Shipping Company.

With the addition of Mr. Adams and Mr. Butchman, the name of our law firm will be changed, effective September 15th. The new name

of the law firm will be Hougher, Garvey, Schubert, Adams & Barer. As of that date, our firm will consist of fourteen equal partners and ten associate lawyers. We have offices in Seattle, where I am primarily located, and in Washington, D.C. I have enclosed with this letter general biographical data on the existing members of the firm and, additionally, biographical detail on Mr. Adams and Mr. Butchman. Our law firm engages in all aspects of the general practice of law, with special emphasis on international law and transportation.

Our discussions in the past have evidenced that COSCO is well aware of the legal problems and risks associated with various aspects of doing business internationally, and specifically in the United States of America. These risks involve the ramifications of the Shipping Act of 1916, as amended, which is administered by the Federal Maritime Commission, and the various tariff reporting and other regulatory requirements within the jurisdiction of the Federal Maritime Commission. Beyond the scope of government regulation, the legal problems of private claims for such things as cargo damage, personal injuries of stevedores, etc., occur for all ship operators from time to time. As a practical matter, it is necessary for any ship owner or operator doing business in the United States to be concerned with legal matters and to take appropriate steps to see that they are legally protected and that their legal rights are fully realized. Our law firm is, we believe, ideally suited to assist COSCO as their United States legal representatives, not only because of our expertise in shipping matters, but as well, because of our long friendship and working association with COSCO. It is always very important that a lawyer and the client have full and frank communication and understand one another clearly. We believe that, because of our past relationships with you, it would be highly beneficial to have this background and long friendship as an aid to our attorney-client relationship.

I have enclosed with the biographical data a listing of some of the various clients for whom this law firm provides legal services. The list is merely representative, and does not include all clients. In the maritime area, we provide legal representation for Totem Ocean Trailer Express Steamship Co., Lykes Bros. Steamship Co., and do a substantial amount of legal work for the port of Seattle. Also, we provide legal representation for various freight forwarders and shippers' agents involved in the maritime trades. With our offices in both Washington, D.C. and Seattle, we are well prepared to undertake full representation before government agencies in Washington, D.C., such as the Federal Maritime Commission and the other agencies concerned with

shipping matters, as well as to provide representation throughout the United States.

Our working relationships with our various clients are always of a strictly confidential nature. Any work that this firm undertakes for China Ocean Shipping Company would be strictly confidential, and we would not disclose any aspect of a matter without express approval from China Ocean Shipping Company. However, we must point out that any work we would undertake for you that involved seeking to affect administrative or legislative policy, rather than strict legal proceedings, may well require us to disclose certain details to the U.S. Justice Department, pursuant to the provisions of the Foreign Agents Registration Act. This is not a serious problem, and we have registered under this statute in the past. Because of the confidential nature of lawyer-client relations, it is difficult for me to explain to you by examples specific legal matters that we have handled for other clients. Nor am I at liberty to disclose the specific compensation systems used with each client. However, I can state that, generally, in the maritime field, we have represented shipping companies in all forms of private legal matters, involving contracts, trucking agreements, labor relations, terminal leases, transshipment agreements, and, in the area of government regulation, have represented them before the Federal Maritime Commission, the Maritime Administration, the Department of Transportation, the United States Congress, and the United States State Department.

Our method of compensation is simply to charge the client for actual work done on an hourly basis, and to charge nothing when work is not done. Some law firms do practice law on a "contingency" basis, wherein they are paid a percentage of a judgment obtained in any case. This type of arrangement is not readily applicable to the shipping area, as most often, the legal effort is not seeking a money award but to obtain specific contractual language or to avoid or minimize government regulatory problems.

Our firm charges its clients based on an hourly rate for actual work performed, plus reimbursement of costs incurred in performing the work. We find this a much fairer system to both ourselves and our clients than utilizing a set retainer amount, to be paid each month, whether or not work is performed. We would only send a bill in those months when actual work is performed, and then, only to the extent of the actual time utilized in performing the work. Thus, in those months when no work is performed, there would be no charge, although we would remain committed to you to be your attorneys for any matter that requires legal representation.

The hourly rates utilized by our law firm and other comparable law firms range from \$80 to \$125 an hour for work done in the Seattle office, and from \$90 to \$150 an hour for work done in our Washington, D.C. office. The rate varies with the experience and expertise of the individual attorney performing the actual work. Because of our substantial and long-standing friendship with China Ocean Shipping Company and our very sincere desire to have the honor of being COSCO's lawyers in the United States we would propose that an hourly rate of \$95 an hour be charged for all work done for COSCO, including all time expended by myself or Mr. Adams, Mr. Butchman or other senior partners. By the generally accepted practices of law firms in the United States, this is a favorable rate. I am not sure how this matches with your expectations or experience in utilizing lawyers in the past in other areas of the world, and we would be appreciative of your comment or advice.

In every instance in which we would act as your attorneys, we would seek to explicitly follow your instructions. As you know, we acted as attorneys for China Ocean Shipping Company on the occasion of the first vessel call of a Chinese flag ship to America in April of 1979, when the LIU LIN HAI sailed to Seattle. Because of the lack of an agreement on frozen assets at that time, we received power of attorney from COSCO to prepare and act on all legal issues that might arise on the occasion of the vessel call. As an example of the type of legal work performed, I have enclosed copies of the various motions, briefs, and other legal documents prepared in anticipation of any problem with the first vessel call. The preparation of such legal arguments and documents is the normal process necessitated by our court system. Fortunately, no legal problem arose on the first vessel call and we were not required to file the documents with any court.

The importance of COSCO's utilizing effective legal representation in the United States, either by this law firm or some other law firm, is well illustrated by the Section 21 Order directed to COSCO by the Federal Maritime Commission earlier this year. The proper legal handling of the Section 21 Order Response by COSCO will directly impact the F.M.C.'s consideration and view of COSCO tariffs to be filed with the F.M.C. to undertake berth line service, the approval of COSCO transshipment agreements with various U.S. carriers by the Federal Maritime Commission for carriage of containers from China to the United States, and also approval by the Federal Maritime Commission of the sailing agreement for coordinated berth line service by COSCO and Lykes Bros. Steamship Co. The Section 21 issue is a clear example of the importance of thoughtful and timely legal action to obtain and

Li Zhiran
August 29, 1979
Page 5.

enjoy full legal rights and benefits as a ship operator, subject to the legal restraints of the U.S. Shipping Acts and the regulatory role of the Federal Maritime Commission.

Because of the pendency of the Section 21 issue and its relationship to your transshipment agreements, sailing agreement and entry into berth line service, we would hope that you could make a decision on legal representation fairly soon, so as to take full advantage of protecting your legal rights. We are most hopeful that you will select our firm to be your lawyers.

Please give my best regards to all at China Ocean Shipping Company and the Ministry of Communications.

Sincerely yours,

Stanley H. Barer
Stanley H. Barer

SHB/jr
Enclosures

cc: Ambassador Chai Zemin