

Dear Customer:

If you had hoped to close out this year without receiving one last fun filled email from me about current shipping matters I am sorry to disappoint you.

As usual I would like to begin with some good news while I have them to share with you. As the price of oil has come down some, airlines and carriers on most trade lanes have reduced the Fuel Surcharges (FSC) and Bunker Adjustment Factors (BAF).

Re: Trans-Atlantic Conference Agreement (TACA) - Imports from Northern Europe (Hamburg - Le Havre Range + UK)

After the recent increase, TACA has now announced the new BAF rates effective January 16, 2005 which are representing a decrease:

20' was US\$ 210.00 and will be 161.00 - 40' and 40'HQ was US\$ 420.00 and will be 322.00

This means that your overall ocean freight will decrease by US\$ 49.00/20' and US\$ 98.00/40' and 40'HQ

Re: Airfreight

Fuel Surcharges are different from trade lane to trade lane and then within one trade lane from airline to airline. Overall though the FSC is now around US\$ 0.30/kg down from US\$ 0.46/kg on some trade lanes.

Re: Trans-Atlantic Stabilization Agreement (TSA) - Imports from the Far East and Indian sub-continent into the USA and Canada

In a stunning move the TSA announced a rate hike in BAF effective January 1, 2005 against the trends seen by carriers on other trade lanes and the airline industry in general. In fact I was holding this Newsletter back in order to be absolutely certain that TSA would in fact go through with this. I am afraid they are. The justification offered by TSA was that they are trying to make up for lost revenue during earlier times when the BAF did not cover the increase in oil prices. Frankly I believe that the simple truth is that traffic from the Far East and China in particular remains very strong and as a result carriers are taking advantage of their Anti-Trust Immunity privilege. Plainly put, they are increasing the BAF because they feel they can. For the entire year, I have been reading one report after another declaring record earnings for practically every carrier. In any event the BAF increases are as follows:

20' from US\$ 205.00 to 240.00

40' from US\$ 275.00 to 320.00

HQ from US\$ 310.00 to 360.00

45' from US\$ 345.00 to 405.00

Re: Germany - Mandatory Motorway Toll (MAUT)

Effective January 1, 2005 the German government will introduce a mandatory motorway toll fee levied at EURO 0.13/kilometer. This program was due to launch in August 2003 but its satellite-based tracking system was plagued by technical problems. The toll will be levied on all German and foreign trucks weighing more than 12 metric tons and is expected to result in a significant shift of freight from Germany's congested roads to its underutilized railways. It is also expected to raise around \$ 3.2 billion in 2005 which the German government pledged to use for improving the transport system, especially rail freight, intermodal traffic and inland waterways. Only importers buying freight from Germany on an ex factory basis will see an increase in the pick up costs.

Re: 2005

I expect 2005 to be another year of significant import growth (double digit) as I do not foresee the trend of outsourcing reversing. The charter market for vessels with a capacity of 4000 TEUS and above is tight and new vessel capacity will most likely still be behind the demand of cargo space. Los Angeles/Long Beach and Union Pacific have hired thousands of new workers and added much equipment. In addition they implemented early warning programs designed to alert labor shortages prior to them becoming problems as we have seen this year when delays of up to 10 days in Los Angeles/Long Beach were no longer the exception during the peak season. Many carriers are expected to add All Water Services (AWS) via the Panama Canal servicing the US East Coast. However it remains to be seen how existing port facilities will be able to handle the increase in containers. New York/New Jersey are already overwhelmed and the smallest disruption there causes days of delays. Other East Coast ports are facing similar problems. It is in fact the infrastructure of ports globally, that is seen as the greatest challenge to the quickly growing movements of cargo. Overall in 2004, delays were not caused as much by lack of space at origin but because of the delays at ports of entry (Los Angeles/Long Beach being the prime but not only example). This resulted in a sudden shift to AWS for East Coast freight for which space then became tight at origin. In fact, it was largely the delays at West Coast ports which caused a sudden spike in airfreight causing huge backlogs in Far Eastern airports.

Overall I believe that freight rates will go up but hopefully a continuing stabilization in oil prices will help to counteract such increases to some level. I also believe (hope) that we shall not see the same kind of delays on the West Coast as we have seen this year as the additional labor force has now been trained and is in place.

As always, please feel free to contact me with any questions that you may have in reference to this message or to discuss any other issues in regards to your international transportation requirements.

I thank all of you for your support in 2004 and wish you a healthy and prosperous 2005.

Best regards
Andreas

The offices of Seajet Express Inc. will be closed on December 31, 2004 in celebration of the New Year.

HAPPY NEW YEAR!

Andreas Bauermeister
Executive Vice President
Voice (617) 884-0991 Ext.890
Personal Direct Fax Line (617) 887-7990
Email: andreas@seajet.com
Please visit us on the web at www.seajet.com