

Dear Customer:

Just a few pieces of news before I will go off into the Memorial Day weekend.

Re: Pier Pass

Pier Pass is a non-profit organization comprised of all terminal operators in the Los Angeles/Long Beach port complexes. Due to the ever increasing volumes moving through southern California ports of which about 50% moves onward to inland and East Coast destinations, there has been significant political pressure from the city and state to open terminals during nights and weekends. The idea is that if more containers could be moved during off peak hours it would drastically reduce traffic and pollution during weekdays and make the terminals more efficient by reducing long waiting lines at terminals with hundreds of truckers running their engines waiting for their turn. Politicians have urged the industry to find solutions to the problems it is creating or otherwise the politicians will do it for them.

As a result Pier Pass was formed and I have found out the following in a 2 hour conference call with LAX/LGB terminal operators and local truckers today:

- 1.) Any containers moved during peak hours (3.00 AM - 6.00 PM) will be assessed a Traffic Mitigation Fee (TMF) of US\$ 20/20' and 40/40' in the first week or two of the program and thereafter twice that amount; US\$ 40/20' and 80.00/40'.
- 2.) The fee will be due from Beneficial Cargo Owners (BCOs).
- 3.) BCOs will have to establish accounts with Pier Pass in order to be able to pay.
- 4.) Intermodal containers, meaning containers that travel through Los Angeles/Long Beach but move onward to cities beyond (Chicago, Cleveland, New York, Boston etc) are not subject to the TMF.

Seajet has already established an account with Pier Pass and will as a result advance any TMF on behalf of our customers. However at this point it is not clear if Seajet or other broker/forwarders will be able to advance such charges if containers are not being shipped through Seajet and its agents. I posed the question during the conference call and could not get a clear answer. The issue is that if Seajet is not shown as the consignee on the Master B/L (which it would not be if not transported by Seajet and it's agents) how will Pier Pass recognize Seajet as the beneficial cargo owner?

When will all this start taking effect? I was told latest sometime in the middle of July. Personally I find this somewhat optimistic but this is the official line Pier Pass is taking.

Issues to consider: How will truckers react to this? Listening to the truckers present during the conference call they are somewhat skeptical. Most trucking companies draying containers function through so called owner operators. Many such owner operators are showing little enthusiasm changing their life style from a day time job to a night time job. So it will be seen how many drivers are willing to work during off peak hours. The other question is how many importers, exporters, warehouses and distribution facilities will agree to extend their hours to night time operations.

Last but not least, the Pier Pass payments add another layer of releases to the already existing freight and customs releases. It is not entirely clear yet how the various terminals will make the new Pier Pass releases available. It is too early to say but in one way or another there will be a fee for providing the payment and monitoring of the TMF.

For many of you this entire issue may not be of interest as long as you do not drop ship freight into Los Angeles/Long Beach. However if you do, and many of Seajet's customers do it will become reality in the not too distant future. For more information you can go to www.pierpass.org

Re: Trans-Atlantic-Conference Agreement (TACA) - Imports from Northern Europe
TACA has increased the BAF effective May 16 as follows:

East Coast: 20' from US\$ 211 to 308 - 40' from US\$ 422 to 608. This represents an increase of US\$ 97/20' and 186/40'

West Coast: 20' from US\$ 317 to 456 - 40' from US\$ 633 to 912. This represents an increase of US\$ 139/20' and 279/40'

Re: Far East GRI

This may turn out to be good news. Base ocean rates increased between US\$ 50.00 and 200.00/40' which is far below the earlier announced US\$ 285/40'/West Coast, 350/40'/Intermodal and 430/40' GRIs. Considering that carriers have backed off their own GRI announcements it may signal a possibly flat year for rates as they may drop further depending on how strong the upcoming Peak Season will turn out to be.

Best regards
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