

Dear Customer:

All the good news I have to report in this issue of our SEAJET SHIPPING NEWS are that so far West Coast ports and railroads have operated with no or little delays. All water services (AWS) are heavily booked but so far we had "only" 4 rollover bookings which compares well to the situation a year ago (though the importers who's four containers were rolled over a few weeks ago may not share my enthusiasm). Overall it appears that imports have increased as expected but the increase has met with greater capacity due to larger vessels; especially on the Trans-Pacific trades. The name of the game in the Far East this year so far has been to make bookings early and deliver containers to the terminals as early as possible.

However, the ever increasing Fuel Prices are leading to ever increasing Fuel Surcharges (FSC, BAF, IFP, EBS) and the continued demand for cargo space has encouraged carriers in the trade lanes from Europe to announce General Rate Increases (GRI). Carriers on other trade lanes have begun to implement an Inland Fuel Surcharge to compensate for the increased cost of moving containers inland.

One more positive and tangible development: Far East Carriers have all but abandoned the Peak Season Surcharge of US\$ 400/40'. All water services have reduced it for the most part to US\$ 300/40' and MLB carriers have reduced it even further depending on the commodity, carrier and trade lane.

Re: BAF - Transpacific Stabilization Agreement (TSA) - Imports from the Far East into the USA and Canada

Effective October 1, 2005 (origin on board date) the BAF will increase as follows: US\$ 345/20 (+35) - 455/40' (+45) - 510/40'HQ (+50) - 580/45' (+60) - 4 w/m (+1 w/m)

Carriers will re-evaluate BAF again at the end of this year for January 1, 2006.

Re: IFS - Inland Fuel Surcharge - Transpacific Stabilization Agreement (TSA) - Imports from the Far East into the USA and Canada

As advised on July 26, 2005 the IFS became effective on August 15, 2005 (origin on board date) at the following levels:

- US West Coast/US East Coast Port CY delivery: Not applicable
- US West Coast/US East Coast door deliveries by truck: US\$ 40/container (only if delivery is arranged by ocean carrier)
- IPI/MLB/RIPI: US\$ 137/container or US\$ 3 w/m for LCL cargo

TACA announced increases for October 1, 2005 of US\$ 21/container on IPI/MLB/RIPI moves and US\$ 6/container for East Coast and West Coast door deliveries.

Re: General Rate Increase - GRI - Trans-Atlantic Conference Agreement (TACA) - Imports from Europe into the USA

TACA confirmed it's intentions to raise rates effective October 1, 2005 by the following levels:

US\$ 240/20' - 300/40'/40'HQ/45'

"Operating costs outside of the control of the carriers continue to increase, driving the need to implement a series of tariff rate increases throughout the year to sustain viability" the Journal of Commerce quoted the group as saying. As always, the true reason is that carriers feel that they can get away with it as ships continue to come into the USA full. All ocean carriers as far as I can see have had record profits in 2005. Having said this, GRIs announced by carriers seldom get implemented at the full levels if at all.

Re: BAF - TACA - Imports from Europe into the USA

Effective September 16, 2005 (on board at origin) the BAF will increase to the following levels:

Atlantic/Gulf Ports: US\$ 354/20' (+46) - 708/40'/40'HQ/45' (+100)

West Coast Ports: US\$ 531/20' (+75) - 1062/40'/40'HQ/45' (+150)

Re: Fuel Surcharges for air and truck

Many airlines are now charging about US\$ 0.60/kg (depending on airline and trade lane) and many truckers have their Fuel Surcharge set at 20% as of September 1.

Re: Airfreight ex Far East

Rates have increased from Shanghai and Hong Kong as retailers have started to rush their Christmas Season merchandise from these airports to Distribution Centers in the USA. Increases are between US\$ 0.20 - 0.35/kg depending on service and carrier.

As always we ask you to kindly not shoot the messenger and thank you for your continued support and look forward to answering any questions that you may have.

Best regards

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