



The American Companies

"News Flash"

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2008 CONTRACT NEGOTIATIONS AMONGST TSA CARRIERS FOCUS ON COST RECOVERY

Please note that early indications regarding the contract negotiations with TSA (Transpacific Stabilization Agreement) carriers, made up of 15 major container lines within the eastbound trade from Asia, will focus on cost recovery efforts, primarily that of the bunker fuel costs which have steadily increased during the past shipping season.

Unconfirmed estimates of potential **General Rate Increase** are as follows:

To West Coast: \$400 per 40' container

IPI & All Water: \$600 per 40' container

An unconfirmed estimate of a **Peak Season Surcharge** (to be implemented between June 1st and October 31st) will be:

\$400 per 40' container

There are also plans in the works to implement a **Floating BAF** (bunker/fuel) surcharge in efforts to recover the true and full amounts that the carriers are paying per container.

Together, the GRI and Floating BAF would bring carriers back to a stable and profitable environment in a market that is hoping for a 2 percent to 5 percent increase in volume, as projected in most industry forecasts. This is a significant drop in volumes from years past.

Capacity is expected to, but only slightly as carriers look to reduce costs and equalize efficiencies based on slow demand.

We will keep you advised of further confirmation of such charges as negotiations continue and we get closer to the traditional May 1st contract renewal date.

In the mean time, please feel free to contact your sales representative or local branch if you have further questions or need assistance.

Sincerely,

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