



The American Companies

"News Flash"

July 27, 2009

Ocean Freight Rates Going Up?

Ocean carriers within the Transpacific Stabilization Agreement (TSA) have announced their intention to increase pricing levels within the Trans-Pacific Eastbound trade effective August 10, 2009. The announced levels of these increases are as follows;

Per 20': \$400.00
Per 40': \$500.00
Per HQ: \$565.00
Per 45': \$635.00

It is the TSA's intention to increase all rates, regardless of commodity, destination, or client within this trade as they feel the current pricing is not sustainable at such low historic levels. It is not clear at this time if the market will be strong enough to allow for these increases and we have seen statements by member carriers casting doubt on their ability to secure increases given the current economic climate. However, it is our opinion that with the reduction in vessel capacity within the trade coupled with even a soft "peak" season, the carriers will probably be in a position to secure at least a partial general rate increase on or around their August 10, 2009 target date. It is interesting to note that even if the carriers are successful to secure the full GRI, the rates levels on Pacific inbound cargo will be roughly half of what they were 12-15 months ago.

Additionally, the TSA member carriers have confirmed that they plan to continue their quarterly bunker fuel surcharge adjustments to account for fluctuations in the price of bunker fuel. In their last review, the carriers adjusted the fuel surcharges upward as of July 01, 2009.

The 14 TSA member lines are American President Lines, China Shipping, CMA-CGM, COSCO Container Liner, Evergreen, Hanjin, Hapag-Lloyd, Hyundai Merchant Marine, K-Line, Mediterranean Shipping Co., NYK Line, Orient Overseas Container Line, Yang Ming and Zim Lines.

If you have any questions or wish to discuss further please contact your TAC sales representative.

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