



The American Companies

"News Flash"

August 25th 2009

Ocean Freight Rates to Continue Increasing

Ocean carriers continue to implement their space utilization strategies in an effort to maximize capacity to achieve cost recovery. After several quarters of huge and mounting losses for ocean carriers, many have continued to reduce their fleets by idling vessels or scrapping them in favor of newer vessels.

Additionally the global market seems to have taken a turn after many months of declining rates and competition for low volumes as the ocean carriers are implementing general rate increases or announcing current or forthcoming peak season surcharges as space is expected to become more in demand in the weeks to come.

Furthermore, many carriers are also beginning to assess the fuel levels (BAF) which are subject to monthly or quarterly review and also subject to market conditions.

It is therefore our responsibility to advise you of these continued increases and surcharges on the horizon. Unfortunately, each carrier is positioned differently and may increase or implement surcharges or general rate increases at different times. With this noted, please be advised that the many carriers that recently instituted a general rate increase on the Asia to USA trade lane, have in addition to the GRI have formally filed in their tariffs a peak season surcharge, most of which are planned to be effective as early as September 1st.

For those carriers whom already implemented a peak season surcharge in place of a general rate increase earlier this month, they are reviewing their next steps in efforts to keep pace with the majority of carriers in order to raise rates and avoid price undercutting in the market.

Out of Europe, we have already seen as much as two separate BAF increases the past 30 days in addition it has been announced that they are also implementing their general rate increase the beginning of September.

The scope of rate increases is global, and therefore will impact many trade lanes, both inbound and outbound to/from the USA, in particular the Asia and European markets as well as foreign to foreign routes.

At this given time, the current market increases being solicited by the carriers after the recent increases this past month are as follows:

Asia to USA

* Peak Season Surcharge (After Sep 1st)

\$320 / 20'
\$400 / 40'
\$450 / 40' HC

Europe to USA

* General Rate Increase (On Sep 1st)

\$400 / 20'
\$500 / 40'
\$565 / 40' HC

We will keep you advised as to the outcome of these increases and how they may impact your rates with the American Companies. We will continue to monitor the market and work in the best interest of all, keeping in mind the mix of rates, service and space.

If you have any questions, please feel free to contact your local sales representative or handling office.

Sincerely,

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