



June 10, 2010

Re: 2010 Peak Season Surcharge

Dear Valued Partner,

As announced earlier this year, TSA Carriers will move forward with an early Peak Season Surcharge. What is typically implemented in August will now take effect June 15th and an expiration date has not yet been announced. For additional information, please see the following June 3rd article from Signals™ a Distribution Publications Inc., publication.

TSA Carriers Amend PSS, Increase Inland Fuel Charges, Leave BAF Unchanged

The carrier members of the **Transpacific Stabilization Agreement (TSA)**, FMC Agreement No. 011223, serving the East Asia/U.S.A trade lane announced they will increase inland fuel charges, but leave bunker and currency surcharges unchanged for the July -September 2010 quarter. [A Peak Season Surcharge \(PSS\) will become effective on 15Jun2010.](#)

Bunker Adjustment Factors (BAF) calculated using TSA's old monthly formula will remain unchanged for the month of July at US\$ 724 per 20ft ctr, US\$ 905 per 40ft ctr, US\$ 1018 per 40ft hi-cube ctr, US\$ 1146 per 45ft ctr, and US\$ 20 per WM (LCL). TSA's quarterly "New Formula BAF" for July-September 2010 will also remain unchanged at US\$ 368 per 40ft ctr to U.S. Pacific Coast Ports and US\$ 727 per 40ft ctr to U.S. Atlantic and Gulf ports; BAF for other container sizes is calculated according to a standard formula. TSA's Currency Adjustment Factor (CAF) will also remain unchanged at 16 percent on shipments from Japan for the period of July thru September 2010.

Inland Fuel Charges (IFC) for the July thru September 2010 quarter will increase to US\$ 243 per ctr for shipments to IPI destinations served via West Coast Ports, US\$ 122 per ctr for shipments to RIPI destinations served via East Coast Ports, and US\$ 70 per ctr for shipments to Group 4 Points in California, Oregon and Washington and to East Coast local store door points. In their [2010 Revenue Recovery Plan](#) the TSA Carriers also noted a Peak Season Surcharge (PSS) of US\$ 400 per FEU to be effective August thru November 2010 to address higher cargo handling and equipment positioning costs during the peak season. However, most of the TSA Carriers have recently amended their tariffs to advance the effective date of this Peak Season Surcharge (PSS) to June 15, 2010.

The TSA's 15 carrier members are **American President Lines, CSCL, CMA-CGM, COSCO Container Lines, Evergreen Marine, Hanjin Shipping, Hapag-Lloyd Container Line, Hyundai, Merchant Marine, "K" Line, Maersk Line, Mediterranean Shipping, NYK Line, OOCL, Yang Ming Marine and Zim Integrated Shipping Services**

TSA Carrier PSS levels will be as follows:

- \$320/20' container
- \$400/40' container
- \$450/40' high-cube container
- \$506/45' container

Non TSA Carrier PSS levels will be as follows:

- \$400/20' container
- \$500/40' container
- \$565/40' high cube container
- \$635/45' container



Perspective on 2010 Peak Season Surcharge

- There are two major events in the life of steamship line contracts.
 - * PSS (Peak Season Surcharge) typically from August 1st, to end of October.
 - * GRI (General Rate Increase) typically May 1st.

- Steamship contracts are re-negotiated annually during April and May at which time the GRI and any other increases realized during the year (such as fuel etc.) are all rolled into a new **base** rate to become effective from May until the following April.

- Due to the recession, we are coming off **historically low** rates – which, for anyone new to the industry, make these market-correction increases seem even more exorbitant. The historically low rates in 2009 were a result of significantly decreased demand paired with a large degree of excess capacity. Over the past year and a half, steamship lines have implemented strategies to reduce capacity in order to regain sustainable rates. These increases are a result of those strategies and possibly are contributing to an extreme swing in the opposite direction. Currently, many Asian origins are experiencing severe space and equipment shortages, resulting in costly delays and rollovers. Fortunately, for our valued partners, WorldTrans' space is protected, and we've experienced virtually no delays or rollovers due to shrinking space and higher rates. With that said, it has not prevented the following situations:
 - Containers not in-gating due to excessive lines at terminals (mostly on cut off days).
 - Equipment shortages at terminal (suppliers waiting until the last day or two to pick-up equipment).
 - Faulty equipment being issued at origin.

Our focus through this has been to work in partnership with your overseas suppliers; to advise them of the situation and provide tips to preventing issues. Additionally we've continued to effectively communicate, engage, and elicit your assistance as well. We are very pleased with the low percentage of issues experienced, given the situation, but we will remain diligent in the months to come to ensure your satisfaction.

For more information or should you have any questions, we encourage you to contact one of the following contacts:

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