



December 5, 2014

Transpacific Eastbound Market Update

To Our Valued Customers:

This has been a tumultuous shipping season, specifically concerning the extreme congestion at West Coast ports and the subsequent attempted implementation by carriers of a congestion surcharge. More recently carriers have announced GRIs and a low sulfur surcharge. We have put together an outline of all current market issues for your reference below:

Port Congestion and the Surcharge: Even though carriers decided not to impose the Port Congestion Surcharge in November, conditions at all west coast terminals remain congested, especially following Thanksgiving weekend. We are still experiencing significant berthing delays by most vessels (up to 12 days), discharge delays (4-6 days), and terminal congestion that is critically impacting truckers' ability to pull containers – even when they schedule an appointment in advance. In many respects, conditions have actually deteriorated in the last few weeks and we think conditions will remain difficult through and past Chinese New Year, 2015.

ILWU/PMA Negotiation: Contract Negotiations between the International Longshore and Warehouse Association and the Pacific Maritime Association resumed on December 2nd in San Francisco. No public information resulting from these discussions is available.

General Rate Increase: Transpacific Carriers have announced another GRI for all shipments from the Far East to all US destinations with an effective date of December 15, 2014. The filed GRI is as follows: \$800/20', \$1000/40', \$1125/HQ, \$1270/45'.

Low Sulfur Charge (LSF): The United States Environmental Protection Agency (EPA) has taken action under the Clean Air Act to mandate the use of a more expensive low sulfur fuel (LSF) in designated areas of the U.S. Coastal Zones in coordination with the International Maritime Organization. As a result of this new regulation and the requirement to use more expensive fuel, beginning January 1, 2015, TSA carriers will impose a Low Sulfur Fuel Surcharge at the following levels on both contract (NSA) and non-contract rate levels:

To/Via US West Coast: \$48/20', \$53/40', \$60/HQ, \$67/45'
To/Via US East and Gulf Coast: \$60/20', \$67/40', \$75/HQ, \$85/HQ

^{1st} **Quarter BAF:** Please be advised that effective January 1, 2015, TSA carriers will adjust their Quarterly Fuel Surcharge as follows:

To/Via US West Coast: \$400/20', \$444/40', \$500/HQ, \$562/45'
To/Via US East and Gulf Coasts: \$775/20', \$861/40', \$969/HQ, \$1090/45'

If you have any questions, please contact your local Laufer representative.

We thank you for your continued support.

Laufer Group International, LTD.