



Communication to Customers regarding Critical Space Issues and Rate situation Ex Asia inbound to the UK

June 2007

Dear Valued Customer

We would like to take this opportunity to update you on the current situation with regards ocean freight inbound from Asia to the United Kingdom. As your logistics partner we will be keeping you fully updated of the situation via our web site so that you can plan accordingly around the current operational situations affecting the inbound supply chain from Asia.

Demand from China for ocean freight capacity is resulting in considerable operational delays and a lack of space on vessels at origin. SEKO SYNERGY have space protection contracts with our carriers on behalf of you, our customer, but even with these in place it is proving very difficult to secure as much space as is required and so customers should expect to see some delays in the coming months. Our operational teams in both London and Manchester are working with our colleagues in China and the rest of Asia to ensure that we protect our customers from any major delays. Please note that China, and in particular Central and North China, are by far the worst affected area.

In addition to this issue the surge in business and the lack of available capacity in the market has affected inbound pricing and so effective July 1st 2007 and in line with FEFC (Far East Freight Conference) all ocean carriers will increase their pricing as follows:

Far East Excluding Japan and Southeast Asia Ports

1st July 2007 – A rate increase of \$300 per TEU (\$400 for reefer containers)

Southeast Asia Ports

1st July 2007 – a rate increase of \$450 per TEU (\$550 for reefer containers)

Resulting rates are then valid until September 1st 2007.



In addition to this the **Peak Season Surcharge (PSS)** will be introduced until the 15th November at a rate of \$135 per TEU. This item will be shown as a separate line item on freight invoices and will be removed on 15th November 2007.

Finally, but importantly for customers whose commodities from Asia are classed as heavy goods, a "**Heavy 20` Policy**" has been introduced with immediate effect which will result in the following:

A rate increase of \$300 per 20` Container weighing less than 17 tons inclusive of tare from China and \$450 from other origins.

For 20` containers weighing between 17 to 24 tons including tare a rate increase of \$650 will apply from China and \$800 from all other ports.

20` containers in excess of 24 tons will no longer be accepted until further notice.

With this in mind we suggest our customers avoid moving 20` containers unless absolutely necessary.

We will be placing weekly bulletins on our website – www.sekosynergy.com and our operational and sales staff will be happy to field any questions or concerns you may have. Please also use our website to contact us or email us at sales@sekosynergy.com. More info relating to the situation can also be seen at www.fefclondon.com

We are working with our partners in Asia on looking at contingencies and creative ways of moving cargo to ensure that deadlines are hit as we approach peak season in August and September – these include Sea Air options via Dubai and Korea as well as our air charter programme that was such a success last year at critical periods so please do get in touch with your SEKO SYNERGY representative to discuss these issues.

Yours Truly

The Directors'

SEKO SYNERGY Limited