
From: Wally Futschik

Sent: Friday, 30 October 2009 1:13 PM

Subject: BULLETIN : AIFREIGHT SPACE CRITICAL EX ASIA ORIGINS : immediate price increases ex Shanghai/Hong Kong/Southern China areas.

We are already facing reduced capacity in the airfreight cargo capacity ex Asia to Australia resulting in cargo delays and increased prices.

While we enjoy carrier support with space guarantees in place, any additional space is being sold at premium prices by carriers and is offered on a first booked first served basis as well as first cargo received basis. Any cargo tendered to terminals past airline published cut-off times is being automatically cancelled from flights by the carrier.

The airlines have if anything, an excess of cargo to meet their flight capacity. This leaves the onus on suppliers to meet deadlines that we previously may have flirted with to assist suppliers and yourselves.

Having already faced one across the board increase this week we are now facing another round received this evening.

In addition to the USD 0.60 per kilo increase we are forced to accept this week we are now faced with an additional USD 0.10 per kg effective 30th October. A further USD 0.15 per kilo increase is scheduled for 1st November 2009 on all flights departing Shanghai for Sydney.

At another time one could have expected that the price increase would lead to a fall in demand thus resolving the supply of space issue. However, we have seen the increased price on additional space be offered, and taken up by the market at these premium prices during the last week. Forecasts are that this trend will continue in the foreseeable future.

Price increases are not restricted to Shanghai. We have seen that all bookings ex Hong Kong this weekend will face an identical scenario. Space is critical and the race to pay for priority movement is on. Standard deferred option rates from Australian carriers have been rescinded and all rates need to be tendered on a " direct " capacity basis . As this differs across carriers we will need to discuss each booking with each individual client. Suffice to say that rates may increase HKD 2.00 per kilo to realise space in the coming weeks.

We ask for your assistance in speaking to your suppliers and urging seafreight bookings to be made 2 weeks in advance and airfreight 10 days in advance minimum. Early bookings do not guarantee space but late bookings leave no opportunity to canvas options on your behalf.

Please speak to our customer service teams for each shipment as current market information is critical for you to plan your schedule and costings .

We will continue to use every influence we have to minimise increased costs and delays to your cargo.

In summary :

AIRFREIGHT EX SHANGHAI :

31st October 2009 : USD 0.10 per kilo increase GRI

1st November 2009 : USD 0.15 per kilo increase GRI

AIRFREIGHT EX HONG KONG :

Effective immediately : No deferred rates available in the market.

28th October 2009 : HKD 2.00 (approx) per kilo increase GRI - to be discussed as per booking and cargo requirements.

Should you have any queries please call our office direct to discuss the above subject matter.

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