

## ■ Congestion Surcharge to and from USA

June 17, 2014

Dear Customer,

Further to our [CustomerInfo](#) of May 15, 2014 regarding our tariff filing for congestion surcharge, here is a Q&A that will help to answer some of your questions.

### **1. What is the status of the negotiations between ILWU & PMA?**

Customers are encouraged to monitor the status of the negotiations directly in the PMA website <http://www.pmanet.org/news-info>.

### **2. Why did Hapag-Lloyd update our tariff filing?**

The tariff filing has been updated to remind our customers that in case the negotiations do not succeed and there is labor unrest it will then be necessary for us to implement the congestion surcharge. This tariff filing protects us financially for any eventuality.

### **3. When would the congestion charge come into effect?**

The congestion charge rule ([Rule](#) 056.1.3 of RURE-001 tariff refers) was filed to be in effect for import and export shipments received after June 12, 2014. The application of the congestion charge is predicated upon "labor unrest" actually occurring. Therefore, the "application date" of the congestion charge will be separately announced by Hapag-Lloyd in response to developments in the ports.

**For example, on exports**, if Hapag-Lloyd announces an "application date" of July 1, 2014, any shipments with a tariffing date (date of last container receipt to Hapag-Lloyd) June 31, 2014 or earlier would NOT have the charge apply. Only those with a tariffing date of July 1, 2014 or later would have the charge apply.

**For example, on imports**, if Hapag-Lloyd announces an "application date" of July 1, 2014, any shipment with tariffing date (date of last container receipt by Hapag-Lloyd) June 11, 2014 or earlier would NOT have the charge apply. Only those with a tariffing date of June 12, 2014 or later and arriving after application date of July 1 would have the charge apply.

## **5. What will happen to the congestion surcharge if labor unrest does not happen or is isolated to one port?**

We will either:

- Not implement the surcharge, and/or
- We will revise the quantum, and/or
- We will adjust the scope of the surcharge.

The tariff verbiage in this regard is “In the event no labor unrest occurs, this charge shall not be applicable. Once any labor unrest has occurred, this charge shall continue to be assessed until such time as carrier (Hapag-Lloyd) provides notice in this tariff that the impact of the labor unrest on its operations and those of any affected port(s) has ended”.

## **6. Does Hapag-Lloyd have a contingency plan?**

We are constantly monitoring the situation and working on a contingency plan as the situation develops. Any proactive discussion of our contingencies could have a bearing on the ongoing negotiations, hence it is not prudent for us to speculate on this sensitive issue. However we are willing to discuss alternative routings requested by customers, subject to possible space and other capacity limitations.

## **7. Why should an account shipping via alternate ports pay a congestion surcharge? The fact that Hapag-Lloyd have chosen ports in these other countries as possible re-routing ports is not customers' concern and customers expect Hapag-Lloyd to honor existing contract rates.**

All cargo moving via alternate ports, that are congested as a result of labor unrest will be subject to the congestion surcharge plus other additional costs as per the terms of our tariff and B/L.

## **8. Is the congestion surcharge collect or prepaid?**

This charge for “imports” (CGD) shall be payable on a freight collect basis, although if mutually agreed by carrier and shipper, it may be paid on a prepaid basis.

For all export cargo (CGO) this charge will be on a prepaid basis.

## **9. What are the additional payments the customer is expected to make as a result of this strike?**

The tariff filing and B/L clause allow us to collect congestion surcharge and all additional costs.

The congestion charge will be charged in all cases. Only if the costs to move individual cargo is over and above the congestion charge, will extra costs be applied (in addition to the congestion charge). We will be advising the extra cost differentials information separately as per the circumstances of the individual shipment.

**10. Are there currently any bookings stops to or from North America, or are there any plans to implement a booking stop in the future?**

There are no plans to implement any booking stops at this time. We continue to accept any bookings as per normal business.

**11. Will there be any demurrage/off dock storage charge from Hapag-Lloyd?**

Our decision for on dock demurrage charges will be dictated by the local terminal decision. If we are required to use off dock storage then all additional charges incurred will be to the account of cargo interest.

**12. What cost does the congestion surcharge cover?**

The congestion surcharge covers any costs related but not limited to, additional steaming, possible actions to maintaining schedule, daily vessel charter costs or vessel idling cost, additional cargo handling costs, etc. In addition, if the costs to move individual cargo is over and above the congestion charge, will extra costs be applied (in addition to the congestion charge).

**13. What if the customer has a contract that is exempt from the application of new surcharges?**

The B/L clause allows us to apply the congestion surcharge to all customers regardless of this exemption as labor strikes are beyond carrier's control.

For further details please refer to our tariff filing: [RURE-001 rule 022](#)

For further information please contact your local Hapag-Lloyd office.

Kind regards,

Hapag-Lloyd AG