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RE: Sea Shipping Line Official Fumigation Policy

The Vessel Operating Common Carriers will cease fumigation services effective April 15, 2005. Sea Shipping Line has credit with most fumigators in most areas however there are still some major uncertainties about the program. The terminals have taken the position that they will not allow fumigation to occur on the port premises. Therefore the container will have to be moved to the fumigator and sit for two-three (2-3) days. This means the following:

1. There will be an extra charge to drop the container and then move it on to the pier after the fumigation – minimum charge will be USD100.00
2. There will be the possibility of container detention if the containers are not loaded on the same day as pulled from the port – usually USD75.00 per day
3. The actual fumigation cost is lower than before but the additional costs will negate any savings
4. There will be a charge for SSL coordination activities
5. we can fumigate on the pier in Philadelphia & Savannah (the direct Maersk service) however if the containers are stacked more than 4 high or are unreachable the terminals may not agree to move them for us. At this time the cost will be USD250.00 per container.
6. We can fumigate off-pier in Los Angeles, Oakland, & Seattle however this will involve an extra move for the container and at least a three (3) day delay. We are still confirming these costs but at least it is possible and we can handle local West Coast moves. The cost difficulty centers around making sure that the trucking company will return to pull the container into the pier – if we don't handle the local move, we have no control. If we do the local trucking, we should be able to do this for less than USD375.00 but we will reconfirm this.

Also, if the cargo comes from an inland location which has a direct rail route to the pier, then we are not sure if we will be able to fumigate the cargo. The reason is that the stack trains (in Los Angeles) will discharge the containers inside the pier. If this is done, then the containers will have to be taken outside the port (at least USD240.00 gate charge) plus round trip to the fumigator on a drop and pick (at least USD175.00) even before fumigation costs are accrued. We have asked if cargo can be planned to stop at the old ICTF facility outside the piers in Los Angeles but have no confirmation yet. The VSA members have advised that they will not allow stop-in-transit. Even if the carriers agree to release the containers, fumigation in Los Angeles would require a gate charge, a chassis charge, a potential shifting charge, and a round trip truck move. This cost would easily exceed the cost to fumigate in Australia. We can attempt to fumigate at origin but this also means that it is likely that we will incur detention (and we have to make sure that the fumigant is within the time period allowed by AQIS).

In any event, it is very clear that this process is going to be more costly and this really would be the time to start advising your customers to tell their suppliers that they have to start using ISPM 15 compliant lumber or use plastic pallets. If their suppliers order pallets that are made from kiln dried wood, they will probably save overall and they will not have to worry about whether it was fumigated or not. On 20 foot containers, the cost for ISPM compliant pallets is probably lower than fumigation right now.

We will keep you posted as we develop a full plan and alternatives port by port.

Frank Rosenberg/President Sea Shipping Line

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