

Trade Notice

2<sup>nd</sup> June 2020

**Re: Blank sailings on New Zealand feeder and General Rate Increase**

Dear Valued Customers,

The coronavirus impact across the South Pacific trade has caused a significant downturn in demand for shipping. This development is not only a regional issue, but is consistent with global trends where cargo volumes have reduced by more than 20%. Unfortunately, we do not expect the market to recover this year. We remain committed to ensuring that we meet the shipping needs of our customers across all of the markets that we service. For our trades servicing Fiji, we have taken the following actions.

The New Zealand-Fiji feeder service will be reduced from four sailings per month to three, and the Australia-Fiji service will continue to operate on an 18 day frequency. Our objective is to maintain the highest service levels possible while reducing operating costs necessary to ensure that we are able to provide an economically sustainable service over the medium term.

While the reduction in the number of sailings coupled with the lower fuel price is making a material difference in operating costs, we also need to implement a modest rate increase. With this in mind, we wish to advise the following effective from vessels sailing from Australia and New Zealand on or after July 1.

- i) In recognition of the reduction of fuel prices, the Low Sulphur Fuel Oil (LSFO) surcharges will be zero-rated effective from 1<sup>st</sup> July 2020 sailings. This is a reduction of US\$104/TEU between New Zealand and Fiji and a reduction of US\$152/TEU between Australia and Fiji. We will continue to perform a quarterly review of bunker prices, and the next review will be conducted on 25<sup>th</sup> August 2020.
- ii) Offsetting this reduction, we will apply a general rate increase of US\$200/TEU between New Zealand and Fiji and US\$250/TEU between Australia and Fiji.
- iii) After rounding, the net impact is that the current freight costs applicable in May and June will have a net increase of US\$100/TEU effective from the Kokopo Chief V25 sailing from Melbourne on the 5<sup>th</sup> July and the Capitaine Tasman V32 sailing from Tauranga on the 3<sup>rd</sup> July 2020.

With your ongoing support, we are confident that our initiatives to reduce operating costs coupled with a modest rate increase will allow us to sustain service frequency and capacity to meet Fiji supply chain needs while we look forward to the recovery.

Thank you for your continued support.

Yours Sincerely

Pacific Forum Line [www.pacificforumline.com](http://www.pacificforumline.com)