



- **International Ship and Port Facility Security (ISPS) Code**
- **Customs-Trade Partnership Against Terrorism (C-TPAT)**
- **Impact on costs and Application of Security Fees**

September 23, 2004

Dear Customer,

Recent security related demands have had a cost impact on ocean carriers and terminal facility operators.

In the wake of the 9/11 attacks in the United States many security initiatives have been implemented both in the United States and Internationally. The ISPS Code was developed internationally under the Safety of Life At Sea (SOLAS) convention in response to potential threats to ships and port facilities. C-TPAT was developed by U.S. Customs and Border Protection in response to potential threats to the entire supply chain.

As of July 1, 2004 all Hapag-Lloyd vessels are in compliance with the ISPS Code. The compliance status of port facilities utilized by Hapag-Lloyd can be found on the International Maritime Organization's website - [www.imo.org](http://www.imo.org). Hapag-Lloyd joined C-TPAT in 2002 and remains an active partner.

Cost elements associated with ocean carrier and port facility compliance include:

- Designation of ship, facility and company security officers
- Vessel and port facility security risk assessments
- Developing ship and facility security plans
- Approval and certification of plans
- Vessel certification
- Implementation of tighter access controls including upgrading infrastructure
- Designation and monitoring of restricted areas
- Employee related security measures
- IT security
- Employee security training
- Related ongoing administrative and operational expenses including additional overtime costs for Hapag-Lloyd crew members, especially in ports.

In view of these significant costs, we had advised you in our circular dated 13/8/2004, that Hapag-Lloyd Container Linie GmbH will apply a Security Charge as from 15/9/2004. Meanwhile Terminal Security Charges had to be accepted in a number of ports and in line with market developments we have decided to implement the carrier related part on a global basis.



Security Fees for Hapag-Lloyd Container Linie GmbH will therefore be as follows:

a) Carrier Security Fee (CSF):

~~USD 6 per container - Payable with ocean freight~~

The CSF increased to US\$ 7 on 1. April 2007 you will find this information in our new customer letter !

<u>Trade Scope (to/from)</u>	<u>Effective Date</u>
• Europe – North America	October 1, 2004
• Europe – Latin America	October 1, 2004
• Europe – Asia/Middle East/Indian Ocean	October 1, 2004
• Europe – Australia/New Zealand	October 1, 2004
• North Europe – Mediterranean	October 1, 2004
• N. America/S. America & the rest of the world	November 1, 2004

b) Terminal Security Fee (TSF)

To get all applicable Terminal Security Fees at a glance, please go back one page and click on "[Carrier and Terminal Security Fees – overview](#)".

We trust that our customers fully share with us the urgency and the need to ensure a safe and secure supply chain and we, as a Carrier, will continue to take all reasonable measures towards this goal.

Sincerely,  
Hapag-Lloyd Container Line GmbH