



October 29, 2021

RE: LA/LB Congestion Fee (USA & CAN)

Dear Valued Customer,

The Ocean carriers have notified us that the Ports of Los Angeles and Long Beach, under the direction of President Biden's Supply Chain Disruptions Task Force, have announced that an emergency surcharge fee will put into place effective November 1st, 2021.

For further information please see the following releases:

- Port of Los Angeles Press Release Oct 25
- Port of Long Beach Press Release Oct 25

The emergency fee will be assessed on containers dwelling on port Terminals in excess of specified periods.

The fee starts at \$100 per container and increases in increments of \$100 per container per day:

1. For cargo designated for movement **by rail** remaining on port six (6) or more days after discharge
 - i.e. the fee will be \$100 per container starting on Day 6, \$200 per container on Day 7, \$300 per container on Day 8... , and is compounded each day (i.e. total fees on Day 6 is \$100, total fees on Day 7 is \$300, total fees on Day 8 is \$600, and will continue to exponentially increase daily until cargo is moved out of the terminal)
2. For cargo designated for movement **by truck** remaining on port nine (9) or more days after discharge
 - i.e. the fee will be \$100 per container starting on Day 9, \$200 per container on Day 10, \$300 per container on Day 11... , and is compounded each day (i.e. total fees on Day 9 is \$100, total fees on Day 10 is \$300, total fees on Day 11 is \$600, and will continue to exponentially increase daily until cargo is moved out of the terminal)

The announced fees were developed in coordination with the White House's Supply Chain Disruptions Task Force, the U.S. Department of Transportation, and several supply chain stakeholders. The announced purpose of the "emergency fee" is to incent timely removal of cargoes from the San Pedro Bay terminals, improving fluidity of the supply chain and reduce the critical level of congestion in the Ports of Los Angeles and Long Beach. The Ports will collect those fees directly from Ocean Carriers and the revenue will be re-invested by the Ports for programs designed to enhance the efficiency, accelerate cargo velocity, and address the impact of congestion throughout San Pedro Bay.

While discussions with the relevant authorities continue, the specifics of the fees have not yet been published. DB Schenker will communicate these items as they are resolved and become available, and eventually, an implementing Tariff Rule will be published.

Assessment of the 'emergency' fee will be in addition to previously published demurrage charges and will be invoiced to the cargo Owner.

DB Schenker continues to pursue all avenues available to address this issue with our supply chain partners. One of the most important actions we ask is that our customers continue to persevere in cargo pick up efforts from the port terminals before they become subject to the emergency fees.

We appreciate your continued support and will keep you informed of developments as they occur.

Best Regards,

DB Schenker