Volume 8 Issue 1

Industry Update

January 2012

"While analysts say rates across the board are forecast to be fairly level compared to what shippers have seen over the past two years, they add that there are a number of unanswered economic and regulatory questions that could greatly affect rates if suddenly resolved."

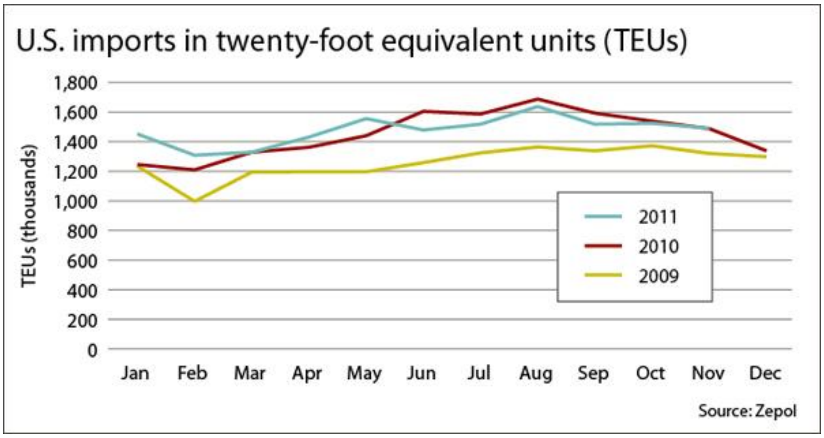
-Patrick Burnson, Executive Editor of *Supply Chain Management Review*

2012 Outlooks and Predictions

In 2011, analysts predicted rate increases for transportation and they now forecast trucking, rail and intermodal rates will increase by two to three percent for 2012.

Gene Huang, president-elect of the National Association for Business Economics believes "GDP is expected to grow at a modest pace of 2.3 percent in 2012. Factors supporting growth include accommodative monetary policy, growth in the rest of the world, business investment spending and pent-up consumer demand."

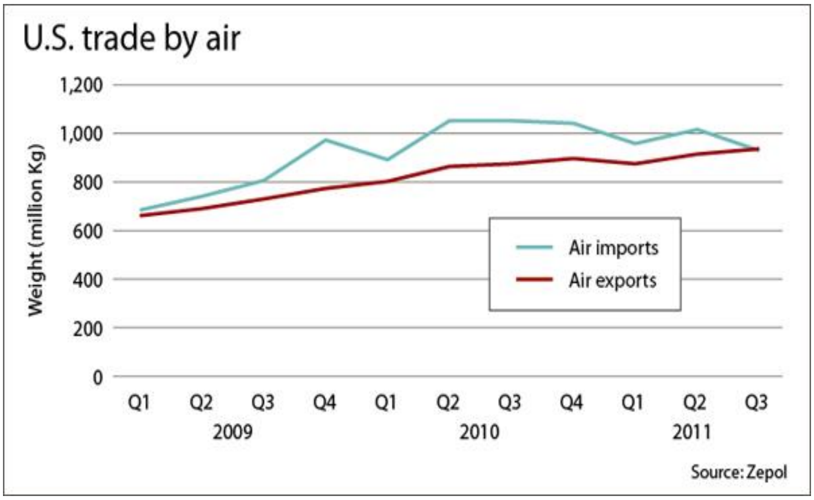
Other aspects which can affect growth for the year include high unemployment rates, federal deficits and the European debt crisis. Along with these factors, Derek Andreoli Ph.D.c, senior analyst at Mercator International LLC, expects an increased price surge on diesel. These issues can directly influence the rate of oil and fuel costs hence, directly influencing transportation rates.



2012 Outlooks and Predictions Continued…

U.S rail and intermodal service rates are expected to increase three to five percent due to the upward trend of containerization.

Jim Edgar, regional director of cargo marketing for Boeing, anticipates air cargo traffic to triple over the next two decades. "From now through 2029, we expect world air cargo traffic to grow at an annual rate of 5.9 percent. Asia will continue to be at the forefront of the air cargo industry. Routes associated with Asia will continue to experience the world's highest growth rates over the next 20 years at 6.8 percent."



Despite predictions of increased rates for nearly all measures of transportation, KWE will strive to negotiate the absolute best deals with supporting companies in order to maintain low costs for our valued customers.

KWE is also already at the forefront of the Asian cargo industry, with over 35 offices and warehouses across the continent in order to provide the crème de la crème services to our patrons.

Clean Truck Program & Trucking Costs

Effective Jan. 1, 2012, the 'Clean Truck Program' hauled into full effect, requiring all trucks at the Port of Los Angeles to meet tougher environmentally friendly criteria. The Port of Los Angeles, Long Beach and San Pedro will prohibit admittance of trucks who do not meet EPA engine emission standards.

The Clean Truck Program is a proposal made to decrease pollution and offset public health threats from these trucks. Since 2008, the Port has "reduced sulfur oxide emissions by 76%, diesel particulate matter by 69% and nitrogen oxide by 50% (*California Newswire*)." These hazards are commonly associated with asthma and smog.

The Port directly creates 43,000 jobs and it's estimated that every $1 billion in exports generates nearly 5,500 jobs in Los Angeles. With this many employees, it is pertinent to call for a change which involves a safer work environment.

Previously, trucking companies and ports placed a 'Clean Truck Fee' in order to reimburse the costs of maintaining and phasing out unclean diesel trucks.

photo credit: 4us2be

Since the Port will now ban trucks that do not pass the emission standards, the ports and most truckers have phased out the fee; however, other companies such as Shipco will continue imposing the fees to update and purchase new trucks contributing to a greener environment.

Collaboration with Jordan Classic 2011

photo credit: KWE France

KWE France played an integral part in the Jordan Classic 2011 by organizing the transport of classic cars to Aqaba, Jordan. The project included logistics management from the Ports of Le Habre and Fos for the arrival of cars, safe stuffing, strapping and shipping. KWE's French staff was present on site at both ports to supervise the shipping of 33 cars, including makers such as Morgan, Jaguar and Aston Martin.

KWE French representatives assisted in document collection, preparation (car license, passport copies, details of cars), and proactively made bookings with participants on the day of the arrival at the port to make sure all operations (customs clearance, vessel departure) were completed in a timely manner.

Annual Beaujolais Nouveau Wine Delivery

KWE France and KWE Japan were once again given the annual honor of handling the transport of France's renowned Beaujolais Nouveau Wine. This year, KWE France shipped nearly 1,700 tons of wine by air and 45 tons (5 TEUs) by ocean with a sales amount of 3.3 million Euros.

The supply chain operations were successfully managed by a specialized operations team of four individuals who made themselves available 24/7, monitoring each step of the process, starting from the packing of the wine from the cellars to the delivery of the package to the customer's door.

photo credit: KWE France

KWE France has handled over 150 types of wine, over 1.5 million bottles, booked over 176 trucks to major European airports such as CDG, Lyon, Frankfurt, Brussels, Amsterdam, London and Luxembourg.

Successful Transfer

KWE France was awarded an Industrial Project from SILEC CABLE, a worldwide seller of iron reels. The impressive project involved the transport of materials for the electric power systems in the Abu Dhabi area to different construction-projects. The successful project included four expeditions for a total of 45 iron reels (1,215 tons).

Throughout the project, KWE France's ocean staff coordinated communications between the customer, vendors, ocean lines and all parties involved to flawlessly execute the project to completion.

photo credit: KWE France

KWE Korea Moves Seoul Office Location

KWE Korea's New Headquarters

photo credit: KWE Korea

Company Name:	KWE Korea, Seoul Logistics Center
Address:	KWE Bldg., 247-21, Banghwa-Dong, Kangseo-Ku, Seoul, 157-220, Korea
Location:	Incheon Int'l Airport: approx. 30 min; Gimpo Airport: approx. 5 min Seoul City: approx 30 min.
Warehouse Outline:	Air-Conditioned Rooms (All Floors), Special Room for Medical Devices SECOM Security System Installed
Space, Status,	2,353m2; General Warehouse
Structure	4-Story building (4F: office)

KWE Korea's New Service

KWE Korea's headquarter office moved from its current location in the Mapo-gu district, close to Incheon International Airport in Seoul to Gangseo-gu district, closer to Gimpo Airport in Seoul on December 16th and 17th.

With a new year and new building, KWE Korea will utilize the Automated Manifest System (AMS) which will be requested for every departing shipment. If they send the Manifest information via the Electronic Data Interchange (EDI), every airline will possess the AMS information at least four hours prior to the shipment's arrival. This new service came into effect January 1, 2012.

For more information and updates on KWE Korea,
Please visit: http://kwe.co.kr/

CBSA's New e-Manifest Requirements

Canada Border Services Agency (CBSA) has announced that e-Manifest requirements for highway carriers will become mandatory on November 1, 2012.

e-Manifest, the third phase of the Advance Commercial Information (ACI) program, is about obtaining the right information at the right time in order to enhance the ability of the Canada Border Services Agency (CBSA) to identify potential threats to Canada, while facilitating the movement of low-risk shipments across the border.

When fully implemented, e-Manifest will require trade partners in all modes of transportation (air, marine, highway and rail) to electronically transmit cargo, conveyance, crew/passenger, house bill / supplementary cargo and importer data to the CBSA prior to arrival at the border.

Canadian GRI Effective January 2012

Asia to CY Vancouver / Prince Rupert - Local.
USD 320 per 20Dry /Reefer
USD 400 per 40Dry /Reefer
USD 450 per 40HC /Reefer
USD 505 per 45HC /Reefer
Asia to MLB, IPI Destinations & Halifax.
USD 320 per 20Dry /Reefer
USD 400 per 40Dry /Reefer
USD 450 per 40HC /Reefer
USD 505 per 45HC /Reefer

American Airlines Files for Bankruptcy Protection

"American Airlines filed for bankruptcy protection to cut labor costs in the face of high fuel prices and dampened travel demand, capping a prolonged descent for what was one the largest U.S carrier" (*Reuters).*

photo credit: American Airlines

In an ABC interview with CEO of FareCompare (company researching best flight deals), Rick Seaney, assures that American Airlines' ticket holders will be safe along with anyone possessing frequent flier miles. It is also possible for AA to offer double to triple miles to help ease the public relations damage. In avoidance of layoffs for the company, AA will dramatically reduce the health benefits for its employees. They also guaranteed it will not compromise the safety of its workers and customers in any shape or form. The largest setback for the long run will be the airline cutting back on certain routes as well as the usage of certain jets.

With 88,000 employees, AMR Corporation, American Airlines' parent company, is the 7th largest U.S employer to seek protection from creditors and to file for Chapter 11 bankruptcy. Previously in the past, both United Airlines and Delta Airlines also filed for bankruptcy protection and found merger partners, pushing down American Airlines into being the 3rd largest U.S carrier.

According to *The Journal of Commerce,* "American [Airlines] was the only major U.S airline outside domestic-only Southwest Airlines to avoid bankruptcy protection in the wake of the September 11 terrorist attacks."

Hiking Cargo Rates

A myriad of companies are boosting their prices on cargo being shipped from East Asia to destinations in Europe. Hanjin, Maersk Line, Hapag-Lloyd and UASC are all raising prices on their westbound Asia-Europe lanes mainly due to rising fuel costs. Maersk is also increasing general rates from services from Asia to South American and Canada.

“In order to continue offering our broad portfolio of services and high level of reliability, it will be necessary for us to implement a number of rate increases,” says Maersk in a trade notice. The changed rates for these companies will take effect in mid-December and early January.

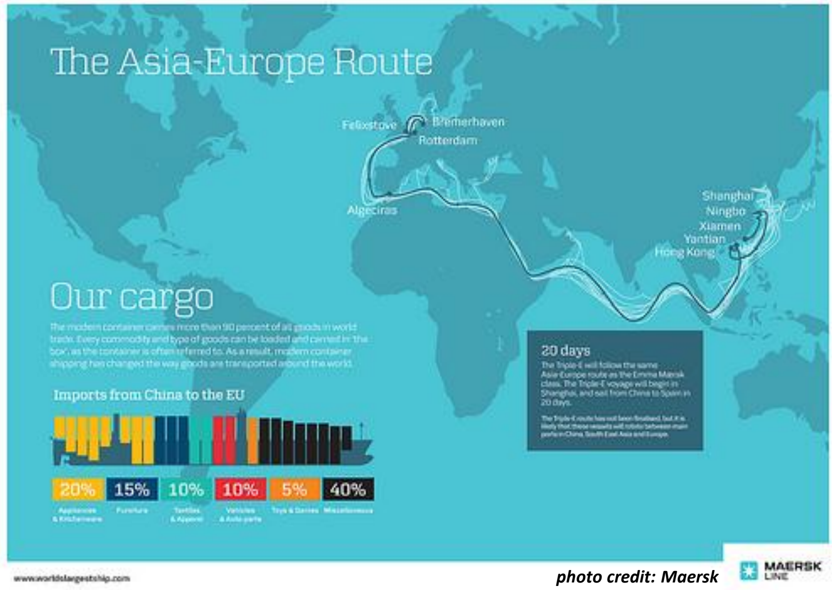


photo credit: Maersk

Canada’s New FTA with Jordan & Panama

Canada-Jordan Economic Growth & Prosperity Act (C-J) and the Canada-Panama Economic Growth & Prosperity Act (C-P) will implement new free trade agreements (FTA) with Jordan and Panama for Canada.

The C-J will eliminate tariffs on a majority of Canadian exports, which will benefit the Canadian sectors of-forestry & manufacturing and agricultural products including agri-foods such as pulses (grain, legumes), frozen potato products and beef for immediate duty-free access. This agreement provides an opportunity for Canada to expand throughout the Arab peninsula with Jordan as its gateway.

The C-P will eliminate 99% of tariffs on non-agricultural Canadian exports directly benefiting Canadian exporters and workers through duty-free access to Panama’s markets. Other major benefits of the agreement include investment provisions which will increase protection, transparency and security for Canadian investors in Panama. In addition, this will also secure access to the government procurement market, including the $5.4 billion expansion of the Panama Canal and other infrastructure projects.

The implementation of these two agreements will improve access to two growth markets for Canadian goods, services and investment at a time when Canadian manufacturers and exporters are focusing on finding new customers and business opportunities around the world.

Free trade agreements with Jordan and Panama were signed in June 2009 and May 2010 respectively. Once passed by the House of Commons and the Senate, both pieces of legislation must receive Royal Assent from the Governor General in order to become law.

Update: Bunker Adjustment Factor (BAF) and Inland Fuel Charge (IFC)

WESTBOUND (from USA to Asian destinations)				
	January 1, 2012 through March 31, 2012			
	20' dry	40'-45' dry	20' reefer	other reefer
BAF – West Coast	584	730	823	1029
BAF – East Coast	1149	1436	1531	1914
IFC – Pure truck	102	102	102	102
IFC – Truck/Rail	353	353	353	353
EASTBOUND (from Asian origins to USA)				
	January 1, 2012 through March 31, 2012			
	per 20'	per 40'	per 40HQ	per 45'
BAF – West Coast	430	538	605	681
BAF – East Coast	847	1059	1191	1341
IFC-Truck	102	102	102	102
IFC-RIPI	177	177	177	177
IFC-IPI	353	353	353	353

KWE January Holiday Schedule

23-24	Chinese New Year- KWE Singapore, Taiwan & Korea Offices Closed
23-26	Chinese New Year- KWE Vietnam Closed