

# Industry Update

January 2008

## KWE Achieves 2007 Quest for Quality Award



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Kintestus World Express has been recognized as one of the "Best of the Best" companies in the freight forwarding Industry.

*KWE was honored as a recipient of the prestigious '2007 Quest for Quality Award'. KWE earned the award panel's #3 position in Freight Forwarding.* For 23 years, Logistics Management's (LM) Quest for Quality Award has been regarded as one of the golden standards in measuring customer satisfaction and performance excellence within the transportation and logistics industry. The 2007 poll reflected responses from 6,527 survey respondents measuring five key criteria; On-time Performance, Value, Customer Service, Information Technology, and Equipment & Operations.

It is an honor and a great achievement to announce that KWE has been recognized with such an award. KWE appreciates all employee's efforts and promises to continue providing excellent customer service and performance in the year 2008.

	Freight Forwarders					Weighted Score
	On-time Performance	Value	Information Technology	Customer Service	Equipment & Operations	
Expeditors International of Washington	11.69	7.70	4.70	7.03	3.62	34.74
Lynden Air Freight	11.38	7.87	4.15	6.78	3.39	33.56
Kintestus World Express	11.38	7.53	3.82	6.79	3.60	33.12
FedEx Trade Networks	10.93	7.24	4.54	6.26	3.64	32.61
BAX Global	10.26	7.57	3.96	6.33	3.33	31.45
Schenker	10.45	7.24	4.00	6.35	3.24	31.28
Kuehne & Nagel	10.25	7.51	4.00	6.18	3.28	31.22
UPS SonicAir	11.04	6.46	4.00	6.10	3.49	31.08
Pilot Freight Services	10.35	7.27	3.84	6.30	3.30	31.06
AVERAGE	10.19	7.30	3.91	6.22	3.30	30.92

All scores are weighted. Weighted scores are determined by multiplying the average raw scores by the average importance of each attribute (1= least important, 5= most important). To find the attributed weights for this category, see the introduction to the Quest for Quality report. Source: Logistics Management, Reed Research Group

### 2007 Euro-China Business Meeting in Shangyu

On October 22, 2007, China rolled out the red carpets for the Euro-China business meeting 2007 in the city of Shangyu. About 200 local Chinese enterprises and more than 50 European companies were invited by MECEC (Macro Euro-China Entrepreneurs Club) to visit the Zhejiang Hangzhou Bay Industrial Area to participate in a trade fair displaying their products & technologies.



Beijing Kintetsu World Express CO. Ltd (B-KWE) is proud to be one of the exhibitors to organize a seminar introducing their logistics & forwarding services in China.

Shangyu, situated between Hangzhou and Ningbo, approximately 3 hours drive from Shanghai, is expected to benefit substantially from the newly approved 43 miles long Hangzhou Bay Bridge which will shorten the distance from Shanghai to 80 miles. A few of the current core investors are Philips Lighting, Panasonic and Itochu.

Gerd Claes from Beijing KWE noted, "This matchmaking event gave us the opportunity to meet with both Chinese manufacturers and European buyers together. It was an ideal event to promote our company in this newly developed area and to overseas visitors."

### World's Top 20 IATA Forwarder Ranking

In the November 2007 issue, *Air Cargo World* published a listing of the IATA forwarder's Top 20 companies in 2006 based on sales amount.

KWE has consistently been ranked among the Top 10 for several years and in 2006 was ranked #6 on the list.

For a complete listing, please visit, [www.aircargoworld.com](http://www.aircargoworld.com)



	Company	US\$ bn
1	DHL Global Forwarding	2.916
2	Nippon Express	1.020
3	Kuehe + Nagel	0.759
4	Schenker	0.606
5	Yusen	0.592
6	Kintetsu	0.569
7	Panalpina	0.531
8	Exel	0.470
9	Expeditors	0.467
10	BAX Global	0.450
11	UPS	0.443

## KWE and JSC Rail Trans Auto (Russia) Commence Joint Sales

Kintetsu World Express, Inc. in partnership with JSC Rail Trans Auto ("RTA"), a subsidiary of Russian Railways, will commence joint sales of a service to transport finished vehicles manufactured in Japan on the Trans-Siberian Railway.

In line with the rapid economic development in Russia and Kazakhstan, the supply of Japanese manufactured vehicles has not been able to keep up with demand. At present, the export route for finished vehicles from Japan to these markets is by sea on a specialized vehicle-transport-vessel to the port of Hanko in Finland. The vehicles then travel over land by truck into Russia and by rail to Kazakhstan. Presently, the transit time from the major Japanese ports to deliver finished vehicles in or around Moscow is approximately 60 days and more than 70 days for delivery to one of Kazakhstan's major cities.

With the introduction of this new joint service by KWE and RTA, finished vehicles will be transported by sea on a specialized vehicle transport vessel to the port of Zarubino (located approximately 200km southwest of Vladivostok) and then from Zarubino to the major cities of Russia and Kazakhstan by the *Trans-Siberian Railway*. Utilization of this route will make possible the transport of finished vehicles to any of the major cities in these two countries in approximately **20 days**. When compared to the traditional route via Finland, the number of days in transport will be dramatically reduced to **1/3** of the time previously required.

With increasing demand for finished vehicle transport, RTA, through the manufacture of new rolling stock to transport finished vehicles ("wagons"), is planning to increase the number of these wagons from the 2,000 presently owned by 3,000 to a total of 5,000 by 2010. These new wagons will be introduced from spring at the rate of 100 wagons per month.

KWE and RTA, on a *block train\** basis, plan to introduce a full transport service using these newly manufactured wagons by spring. With the Russian market for imported Japanese vehicles being approximately 300,000 units annually and future import demand in Kazakhstan also forecast to rapidly increase, KWE and RTA are expecting that demand for rail transport of finished vehicles will reach levels of between 30,000 to 50,000 vehicles annually. In order to respond to this demand KWE and RTA will Partner and continue to construct and develop their finished vehicle transport systems and infrastructure.

*\*Block Train---A railway transport method that ensures scheduled rail transport. For container transport, a minimum load of 100 TEU (maximum of 140TEU) per train transport is required. However, depending on the type of wagons, the minimum load weights vary. For the transport of finished vehicles, a minimum of 30 specialized wagons is required.*



Map of Trans-Siberian Railway

## KWE Delivery Network Expansion: Russia

KWE has enhanced delivery capabilities within Russia via a Finland to Russia land-bridge solution. This new delivery and distribution program was inaugurated in November and employs a 20 truck fleet owned and operated by KWE Russia.

This new program is designed to recover containerized freight located in the Finnish ports of Kotka and Hamina, and deliver the cargo via overland routing to customers, logistics centers and distribution facilities in and around Moscow. The exclusive routing solution eliminates the need for transit via ferry, which has been the predominant mode for other service providers routing cargo via Finland.

KWE's trucks are operated and managed by KWE's own employees. Trucks are GPS equipped, and all routes are monitored and coordinated by KWE's operations center in Moscow. Web-based cargo tracking is another feature of this new program. Reservations, dispatch and delivery confirmation are all entirely under KWE Russia control.

KWE is planning further expansion of cargo services and distribution capabilities within Russia, as well as within the growing East-Central European manufacturing market. KWE is committed to continual enhancement of our logistics infrastructure and menu of services throughout this vital region.



## KWE Hong Kong Wins Award

KWE Hong Kong was recently recognized by the HK Post for Mail Conveyance to United Kingdom, Netherland, Philippines and Vietnam. KWE HK has been honored to receive this award for three consecutive years. KWE was selected for the recognition for quality of service, including timely delivery, guaranteed space allocation, and customer service.

KWE HK is now carrying Hong Kong Post Mail Conveyance to Canada, Israel, Iran, Qatar, Kuwait, Bahrain, United Kingdom, Netherland, Philippines and Vietnam.

## KWE Hong Kong Self Run Liner Service

Since KWE HK Self Run Liner Service has been established in 2006, it has reached the target average of 14 days transit time from Hong Kong to Chittagong (Bangladesh). Due to the port situation in Chittagong and the feeder space situation, so far, no other carrier could guarantee 14 days transit time.

Currently, KWE HK's Self, Run Liner Service is highly valued by various well-known garment manufacturers as the consistent and regular service provides accuracy in arrival of their materials to factory for production.

## KWE Libya Brings Eight Corneas



KWE is proud to announce that our agent office in Libya have played an instrumental part in bringing eight corneas for delicate operations performed in Libya.

The Saint James Hospital Group in conjunction with the Libyan Government's Health Department have performed eight corneal transplants for Libyan patients in the Eye Hospital of Tripoli and Benghazi. The operations were head by Dr. Suad Fitur as part of a program under the auspices of the Libyan National Committee. Three corneal transplants were performed in December 2006 and five in August 2007.

In order to prepare for such delicate surgeries, an elaborate logistic transportation process had to be arranged. The Saint James Hospital Group thanked those in World Express Logistics Limited (an agent office of KWE Libya) for making this program possible and successful.

## KWE Japan Creates a Joint Venture



KWE, Nippon Express and All Nippon Airways (ANA) have signed a memorandum of understanding to establish a new joint venture company to provide business to business international express delivery services in Asia. The new company will commence operations on April 1, 2008.

KWE and Nippon Express will both hold shares of 28% while ANA will take 34% share in the joint venture company, which has yet to be named. The final 10% share will be taken by other forwarding companies.

The three companies concluded that the growth of international logistics and the increasing need for high quality, integrated, and strategic distribution services were a driving force behind the creation of a new joint venture. In particular, they pointed out that the need in Asia for reliable and responsive logistics services to support the supply chains of business with rapidly expanding production bases.

The memorandum signed at the end of December will combine the expertise, experience and resources of the three companies, allowing them to provide more effective and responsive services and eventually contribute to the growth of the domestic Japanese and regional Asian economies.



## KWE France Implements a GATEWAY Service

With 10 years of experience and knowledge over the African market, KWE France will implement a strategic GATEWAY service for air and ocean transportation services to Northern and Western Africa.



The special relationship with France's former colonies in Africa has left a dense imprint on both regions. The cultural, political, technological and demographic bonds are the main considerations taken by KWE France in providing an optimization forwarding program through a GATEWAY in France.

The dedicated special team has been organized to monitor daily communication with clients. Utilizing this GATEWAY, KWE France will offer best transportation cost by controlling the operations flow from any single origin in the world to Northern and Western Africa.

KWE France is confident in the success of their new service to Northern and Western Africa which will benefit its future customers.

## MOL Signs with Shoe Carnival, Inc.,



Mitsui O.S.K. Lines, Ltd. (MOL) announced that Shoe Carnival, Inc., the top U.S. retailer of family footwear, has selected MOL Consolidation Service Ltd. to provide freight consolidation services in China and Hong Kong. MOL Consolidation Service started the service for Shoe Carnival products manufactured in China and Hong Kong in the 3rd quarter of 2007.

Richard Hyland, Traffic Manager of Shoe Carnival, Inc. noted, "The MOL Consolidation/KWE/MOL alliance supplied Shoe Carnival with a seamless network on our international supply chain requirement."

Since 2005, KWE and Mitsui O.S.K. Lines, Ltd. ("MOL") enjoyed a strategic alliance in their air forwarding, sea forwarding, and logistics businesses. The alliance resulted in enhanced services, capitalizing on the strengths of each company.

## New Airport in Bangalore, India



The new Bangalore International Airport in India will put Bangalore city on the global destination map and offer travelers facilities that are comparable with the world's best international airports. The study estimated traffic flows for the new Bangalore International Airport at 6.7 million passengers upon opening in 2008. The new airport will take all the commercial flights that are currently operating out of the HAL (Hindustan) Airport and start its official operation on March 30, 2008.

Bangalore is known as the silicon valley of India and will soon be one of the largest biotechnology hubs in India as well. Located east of the Bangalore-Hyderabad national highway (NH7), the new airport is 23 miles away from Bangalore and 1.5 miles south of Devanahalli. The site covers an area of 3900 acres and will comprise all the modern amenities a traveler is looking for in terms of convenience, comfort and connectivity.

## KWE (Shanghai) Establishes its No.2 Warehouse

KWE (Shanghai) has established its No.2 warehouse within the Waigaoqiao Logistics Park, which has commenced a full scale operations on December 3.

KWE (Shanghai) established its first warehouse with a total warehouse space of 68,028 ft<sup>2</sup> in the Waigaoqiao Logistics Park in February 2005. As a VMI (Vendor Managed Inventory) hub for Chinese manufacturing plants and an overseas procurement center for foreign capital corporations, the facility currently provides logistics services for nearly 200 clients.

The No.2 Warehouse was established on the adjacent land to the first warehouse with a total warehouse space of 104,410 ft<sup>2</sup> (7,535 ft<sup>2</sup> of temperature controlled room) The spacious facility is prepared to meet the ever increasing demand.

In addition to the main products handled such as electronic parts and textiles, the new warehouse is aimed to further strengthen and expand operations to include the handling of automotive manufacturers' products as well as the inventory management business for catalog sales and other similar companies.

<b>Name</b>	Shanghai Kintetsu Logistics Co., Ltd. Logistics Park Branch No.2 Warehouse
<b>Address</b>	No.150 Shenfei Road, Waigaoqiao Bonded Logistics Park, Shanghai P.R. China
<b>Tel #</b>	+86-21-38751953      FAX: +86-21-38750355
<b>Warehouse Space</b>	104,410 ft <sup>2</sup> (7,535 ft <sup>2</sup> of temperature controlled room)
<b>Person-In-Charge</b>	Mr. Sun Zhong Huan/Branch Office Manager
<b># of Employees</b>	42

**Carrier News**



- Global container shipping company **APL's** Subcontinent Red Sea Express service has begun a weekly service from Pipavav, India. APL connects shippers in Gujarat and North west India to their worldwide network through the hub in Salalah and direct connections to Jeddah and Al Sokhana . Now APL's service from Pipavav offers eight fixed day weekly sailings to Europe, US, east coast ,Red Sea and China and the Far East.

- **GGI Line** has commenced a direct NVOCC service from Singapore to Bangalore to meet growing demand. The transit time for its new direct service to Bangalore ,which departs Singapore on Monday is 11 days . GGI uses its own boxes to cater to less than container load (LCL) and full container load (FCL) trade between Singapore and the Indian subcontinent.

**Cargo Volume at Port of Tianjin**



The cargo throughput at Port of Tianjin has exceeded 300 million tonnes as of December 18, 2007. The amount of cargo handled at Port Tianjin has grown significantly since 2001, representing 300% growth over 6 year period. With this achievement, Port of Tianjin is recognized as the largest port in North China and a world-top-ten port.

This became possible by \$2.7 billions of port infrastructure construction in six years and now Port of Tianjin aims to handle 11 million TEUs and 400 million tonnes of cargo in 2010.

**Emergency Fuel Recovery Cost**

Due to increases in fuel costs at an unprecedented pace, all ocean carriers are unable to continue absorbing these price escalation and will be implementing a new surcharge – **Emergency Fuel Recovery Cost (EFS/EBS)** to all Trans-Pacific shipments. KWE regretfully must follow suit and the charges will be adjusted monthly per market conditions

EFS/ EBS will become effective on **January 01, 2008**.

	<u>EFS/EBS:</u>	
	<b>Eastbound (to USA)</b>	<b>Westbound (from USA)</b>
20' container	USD240.00	USD240.00
40' container	USD330.00	USD300.00
40'HQ container	USD340.00	USD300.00
45' container	USD380.00	USD300.00

**UPDATE : Emergency Bunker Adjustment Factor (EBAF)  
Inland Fuel Charge (IFC)**

Notice of fuel surcharge increases by ocean carriers for export shipments. There are two separate charges. One is the standard **Quarterly Emergency Bunker Adjustment Factor (EBAF)**, which it is for ocean sectors. The second is a new **Inland Fuel Charge** being assessed due to continue rising fuel costs in the USA for intermodal (truck & rail) sectors. These two increases will be effective **Jan 01 – Jan 31, 2008**.

	<u>EBAF:</u>	
	<b>Eastbound (to USA)</b>	<b>Westbound (from USA)</b>
20' container	USD755.00	USD760.00
40' container	USD950.00	USD950.00
40' HQ container	USD1065.00	USD950.00
45' container	USD1220.00	USD950.00

IFC:

Inland transported by truck: \$84 per container

Inland transported by truck and rail combination: \$290 per container

Should you have any questions or require further clarification on the above increases please contact your local KWE office or your account executive.



## Holiday Schedule – January 2008

21	Jan	Martin Luther King Jr. Day (USA)	KWE offices will remain open
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*Recently we have been seeing announcements from several carriers regarding pending Fuel Surcharge increases. The continued fluctuations of the global barrel prices are the driving force behind these actual and anticipated increases. KWE will continue to monitor the situation and provide updates as soon as more specific information is available. If you have any questions, please feel free to contact your local KWE office or Sales representative*