

Industry Update

July 2009



Inside This Issue

- 1 **KWE Taiwan, Taoyuan Warehouse Receives ILC License**
- 2 **IATA Reports Signs of Stabilization**
- 2 **Vietnam's First Deep-Water Container Terminal**
- 3 **Port of Montreal Hits a Record Year in 2008**
- 4 **Shanghai's Yanshan Port to Become a Global Shipping Center**
- 4 **Rwanda's New Airport**
- 5 **NAFTA Surface Trade Declining**
- 5 **KWE Houston Relocates**
- 6 **South Korea Expands Incheon International Airport**
- 6 **Carrier News**
- 7 **Holiday Schedule**
- 7 **Update: BAF & IFC**

KWE Taiwan, Taoyuan Warehouse Receives ILC License

KWE Taoyuan warehouse is proud to receive its ILC (International Logistics Center) license by Customs Bureau.

The benefits of achieving the ILC license include :

- Foreign customers do not need to register a company license in Taiwan.
- KWE ILC can act as a Business Agent (IOR, EOR) under an approval of Taipei National Tax Administration, Ministry of Finance.
- Goods may be admitted to KWE ILC without being subject to customs taxes in accordance with regulation (duty, VAT, income tax).
- Cross docking services are available
- 24 hours/ 7 days/ 365 days operation
- C1 case for import/export is available.

KWE Taoyuan is a TAPA Class "A" certified facility and its ILC operations have started physical operation on July 1.



KWE Taoyuan Warehouse

IATA Reports Signs of Stabilization



The International Air Transport Association (IATA) released international scheduled traffic results for May 2009. The freight demand reported 17.4 percent decline compared to the same month last year.

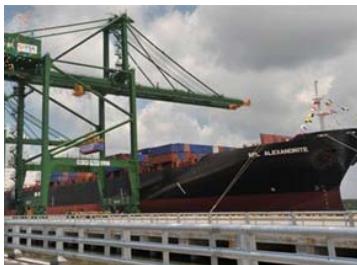
The 17.4 percent decline in international cargo demand is a slight improvement on the average decline of over 20 percent seen during the first five months compared to the same period last year. This is one of the first physical signs of the economic recovery being anticipated in equity markets.

In anticipation of an economic recovery, manufactures began to add to their product inventories which resulted 3 percent increase in May freight volumes. Surveys of purchasing managers forecasts even higher air freight demand during June and July.

Most regions were relatively aligned in the severity of the freight declines.

- **Latin American** carriers, led the May decline with a 21.0 percent contraction compared to the previous year.
- **African** carriers was down by 20 percent
- **European** carriers was down by 19.2 percent
- **North American** carriers was down by 18.8 percent.
- **Asia Pacific** carriers saw cargo drop by 18.1 percent
- **Middle East** carriers suffered the least with a 3.7 percent fall.

Vietnam's First Deep-Water Container Terminal



The first deep-water container terminal to serve Vietnam's southern commercial hub has just opened.

The new SP-PSA International Port on the Cai Mep-Thi Vai River in Tan Thanh District will now make it possible for Vietnam to have direct shipping access to the U.S. market without traveling via container terminals in Singapore or Hong Kong.

The port received APL Alexandrite, a 288 meter-long, 59,650 DWT vessel, the largest container vessel ever to arrive on a Vietnamese port.

The project consists of two phases and when both are completed, the SP-PSA International Port will have a loading capacity of 2.2 million tons, covering an area of 54 hectares.

It is anticipated that Vietnam's importers and exporters will have direct access to the US west coast in as little as 15 days.

Port of Montreal Hits a Record Year in 2008

The Port of Montreal achieved a record year for container handling in 2008 and outperformed its main competitors on the East Coast as well.

The Port of Montreal is one of the busiest on the North American continent, second only to Vancouver. It is the largest inland port on Earth and also the entry point to other major cities such as Toronto, Detroit, and Cleveland. The Port of Montreal also offers the shortest route between major European and Mediterranean ports and North American markets.

The port of Montreal registered a growth of 8.1 percent in terms of volume, reaching 1,473,914 TEUs while the containerized cargo grew by 7.4 percent to reach more than 13.3 million tons. Total traffic at the Port of Montreal hit its record year, reaching more than 27,021,342 tons, up 3.9 percent over 2007.

The Port and its users were able to fully benefit from the unique competitive advantages offered by the Port of Montreal to serve Central Canada and the US Midwest markets on one side and, on the other, the Northern European and Mediterranean market.

The financial performance also showed positive results. The Montreal Port Authority's 2008 fiscal year showed a \$10.8 million net profit. Revenues generated by the port reached \$93.4 million. Of this amount, \$88.9 million represents revenue from operations and \$4.5 million in financial income. Expenses account for \$78.7 million, up 6.4 percent from 2007 which includes \$18.3 million in amortization of fixed assets.

Total bulk cargo traffic increased 1.3 percent to reach a total volume of 13.5 million tons. Of this traffic, grain represents 1.5 million tons, a 16.8 percent upswing.

The Port of Montreal is alone among its competitors, having been able to limit the downturn in the number of containers handled to less than 10 percent. All traffic combined, first quarter traffic is down 14.1 percent compared to the same quarter last year.

The port aims to increase the capacity of the Port of Montreal and develop new markets by 2020 in a major societal project creating collective wealth, which will translate into economic spinoffs of \$3.4 billion a year and 41,400 jobs.



Shanghai's Yanshan Port to Become a Global Shipping Center



Shanghai's Yangshan Port will transform into a global shipping center by 2020 which is quite different than the original plans of making the port into a regional center catering to North and East Asia traffic.

The future Shanghai Yanshan International Shipping Hub will feature accumulated shipping resources, a healthy service function, a sound market environment, efficient supply chains, and the capability to arrange and relocate global shipping resources.

To achieve this goal, Shanghai is planning to set up a comprehensive experimental zone for international shipping in the Yangshan Bonded Zone to pioneer the port's growth into a global shipping center. The shipping enterprise, warehouse operators, logistics businesses as well as insurers engaged in international shipping business that set up operations in the Yangshan Bonded Zone will enjoy a business tax-free environment.

Shanghai will further continue to deepen river channels to accommodate direct rail and river access to facilitate transshipment. Currently, ships sailing downstream along the Yangtze River cannot reach Yangshan yet and there is no rail link to the port.

Rwanda's New Airport



Rwanda is building a new state-of-the-art airport in hopes to become a regional hub with respect to both passenger and cargo traffic.

This new airport will be located in Bugesera, 40km away from Kigali. Construction is expected to start next year and plans to start its operations in 2013.

The project will cost USD \$300million which will mainly be funded by a public-private partnership, inviting investors to take up ownership in the ambitious project.

The Rwanda's new airport is designed to handle a maximum throughput of 450 passengers per hour and double the present airport's capacity and handle 15 million tons of cargo per year.

This project aims to establish direct flights to Europe and other busy business destinations in hope of attracting more trade to the country.

NAFTA Surface Trade Declining

Surface transportation trade between the United States and its North American Free Trade Agreement (NAFTA) partners Canada and Mexico was 27.9 percent lower in March 2009 than in March 2008, dropping to \$51.15 billion, accordingly to US Department of Transportation's Bureau of Transportation Statistics (BTS).



This drop represents the third straight month with a year-over-year decline of more than 27 percent.

Surface transportation, according to the BTS, is comprised mainly of freight movements by truck, trail, and pipeline, and nearly 90 percent of U.S. trade by value with Canada and Mexico moves by land.

The BTS reported the followings:

- US/Canada surface trade was down 34.2 percent compared to March, 2008.
- The value of U.S. surface transportation trade with Canada and Mexico in March was up 6.5 percent in March 2009 compared to February 2009.
- The value of U.S. surface transportation trade with Canada and Mexico in March was down 9.3 percent compared to March 2004 and 17.4 percent ahead of March 1999. Imports in March were up 11.9 percent compared to March 1999, and exports were up 24.3 percent.
- The value of U.S. surface transportation trade with Mexico dropped 15.1 percent year over year in March at \$20.0 billion. Imports carried by truck were valued at 15.5 percent lower than March 2008.
- The surface trade between the US, Canada and Mexico was up 6.5 percent over February, 2009. The Bureau noted seasonal factors can impact month-to-month figures.
- The value of US imports carried by truck was down 26.8 percent and US exports into Canada carried by truck was down 25.1 percent. Michigan continues to lead all states with \$3.2 billion in surface trade with Canada.



KWE Houston Relocates

KWE Houston has moved to a new location effective, July 1.

KWE Houston

Address: 3340-A Greens Road Suite #750
Houston, Texas 77032
Telephone: 281-443-2466
Fax: 281-443-6865

South Korea Expands Incheon International Airport



South Korea plans to invest USD \$3.1 billion by 2015 to expand Incheon International Airport.

This project aims to turn South Korea's Incheon International Airport into a hub for Northeast Asia. Currently, Incheon International Airport is competing with other rival airports in Hong Kong, China and Japan as it tries to draw more cargo and passengers and emerge as a regional hub in Northeast Asia.

Expansion is scheduled to begin in 2011 with completion set for 2015. After its completion, Incheon will be able to accommodate 5.8 million tons of cargo annually, up from 4.5 million tons. Additionally, the project is expected to generate nearly 80,000 jobs.

Debuting in 2001, Incheon International Airport received many prestigious recognitions and recently, it was voted the world's best airport, according to a 10-month survey of airline passengers.

Carrier News

- **Delta Air Lines** announced that starting in September it will stop its direct flight to Shanghai, and reduce international capacity by 5 percent on top of the 10 percent cuts.



- **Asia Airfreight Terminal Co Ltd (AAT)** announced that **Avient Aviation (Z3)**, an airline registered at Zimbabwe and management office based in UK, has appointed AAT as its cargo service provider at Hong Kong International Airport.

Followed by inaugural flight to Hong Kong on June 03, **Avient** commenced its twice-weekly freighter service between Hong Kong, Sharjah, Lagos and different ports in Africa by using DC10-30F.

- **AirBridgeCargo Airlines (ABC)** has begun a scheduled 747 freighter service linking Milan with Moscow. The flight leaves Malpensa every Monday and Friday and provides up to 112 tons capacity via Moscow to Beijing, Shanghai and Hong Kong.



- **Cargolux Italia S.p.A.** (Cargolux Italia) has appointed Hong Kong Air Cargo Terminals Limited (Hactl) as its one-stop-shop service provider in providing physical cargo handling, complementing with documentation handling and ramp handling services at the Hong Kong International Airport.

Cargolux Italia currently operates flight services between Hong Kong and Milan twice weekly. The carrier launched its inaugural flight to Hong Kong on June 14.

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

WESTBOUND (from USA to Asian destinations)				
	July 01 through September 30, 2009			
	20' dry	other dry	20' reefer	other reefer
BAF – West Coast	262	327	368	460
BAF – East Coast	524	655	700	874
IFC – Pure truck	38	38	38	38
IFC – Truck/Rail	132	132	132	132
EASTBOUND (from Asian origins to USA)				
	July 01 through September 30, 2009			
	per 20'	per 40'	per 40HQ	per 45'
BAF – West Coast	150	188	212	238
BAF – East Coast	308	385	433	487
IFC-Truck	38	38	38	38
IFC-RIPI	66	66	66	66
IFC-IPI	132	132	132	132

Holiday Schedule – July 2009

20 July

Marine Day - Japan