

# Industry Update

June 2009



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## **KWE Welcomes New CEO & President**

On April 28, 2009, KWE announced that Mr. Satoshi Ishizaki, currently the company' Senior Managing Director, will become the 6th President & CEO of KWE.

Mr. Ishizaki has been with KWE since 1973, and is well-versed in all KWE operations, including air freight, ocean freight and logistics operations. He has served at KWE in many capacities in his 36 years, including a 7 year assignment at KWE Hong Kong.

He will be officially appointed as a President & CEO of KWE after the General meeting of shareholders on June 18.



**Mr. Satoshi Ishizaki as KWE's new CEO & President**

## **KWE Philippines Supports Bantay Bata 163**

KWE Philippines proudly supports Corporate Social Responsibility, and demonstrates its commitment every quarter by selecting a different organization to support. In this small way, KWE Philippines extends its generosity by helping out organizations that care for personal welfare, protect the environment or engage in other worthy activities.

This quarter, KWE Philippines support Bantay Bata 163, an organization that promotes child welfare.

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As a child welfare program of the ABS-CBN Foundation, Bantay Bata 163 not only rescues and rehabilitates sick and abused children, but also provides shelter, therapy and quality home care for rescued children until they can be reunited with their families or referred to proper child-caring agencies

All KWE employees and visitors are encouraged to donate what they can to support the program of Bantay Bata. The company places tin cans at KWE building lobby locations where people may deposit their donations. The program started May 13 and continues through July, when all donations are turned over to the ABS CBN Foundation.

Even the smallest donation can make a big difference in the lives of children in distress, and KWE is pleased to be able to support this worthy cause.

## ASEAN Boosts Textile and Garment Industries

Members of the Association of South East Asian Nations (ASEAN) meeting in Cambodia recently pledged to set up an alliance to boost the textile and garment industries in the region.

The region's top textile manufacturing countries, Thailand and Vietnam, will set up a full service alliance by the end of the year.

According to Mr. Ade Sudrajat, Indonesian Textile Association (API) Deputy Chairman, total textile and garment exports from the region totaled over US\$30 billion last year, including \$10.8 billion from Indonesia, \$9.3 billion from Vietnam, \$8.0 billion from Thailand and \$2.5 billion from Cambodia.

Mr. Sudrajat noted that buyers can decrease cost by integrating orders from upstream to downstream products. In the future, he believes that buyers will no longer need to open offices in the countries where their orders are processed.

The ASEAN governments plan to invite the ASEAN Federation of Textile Industries (AFTEX) to further discuss future plans.

## KWE India Opens Gurgaon Warehouse

KWE India is pleased to announce the opening of a full-service warehouse operation located at Gurgaon in the Haryana State, near to the Indra Gandhi (New Delhi) International Airport.

Gurgaon, the sixth largest city in the state of Haryana, has grown extensively during the last decade due to its proximity to Delhi Airport, National Highway 8 and world-class real-estate developments. Haryana State of India has made significant infrastructure investments benefiting all types of companies. Major automotive manufacturers of motorbikes, scooters and cars have established operations within the Gurgaon Industrial area.

KWE Gurgaon Warehouse currently manages warehouse & distribution services for Ballarpur Industries Ltd (BILT), India's largest manufacturer of writing and printing (W&P) paper. KWE India provides services for BILT's finished retail products in Gurgaon and Chennai.

KWE Gurgaon warehouse functions include:

- Purchase Order Management
- Inbound Management
- Labeling
- Order Management (Order Processing / Allocation / Pick & Pack)
- Outbound Management
- POD (Proof of Delivery) Management
- Reverse Logistics
- Customized IT Reports



Front View of Warehouse



Shop Floor Area

Address	447, Pace City-II, Section-37, Gurgaon 122001, Haryana, India
Phone #	+91 124 4228794
Fax #	+91 124 4228793
Warehouse Space	12,160 Square Feet / 1130 m2
Office Space	340 Square Feet / 32 m2
Distance from New Delhi Downtown	19 miles/ 30 kilometers
Distance from New Delhi International Airport	11 miles / 18 kilometers
Opening Date	May 1, 2009



*Disclaimer: The subject matter of this newsletter is provided for informational purposes only. All data is obtained from public sources and is believed to be true and accurate. KWE is not responsible or liable for any inaccurate information contained herein.*



## Air Cargo and Passenger Traffic Suffer Significant Declines

The Air Transport Association of America (ATA) released depressing reports on both passenger and cargo traffic from 2008 to 2009.

Year-over-year USA airline passenger revenues declined by 18% in April, marking the sixth consecutive month in which the figure has shown declines from the prior year. The number of passengers travelling on US airlines in April dropped by 6.3%.

In the month of March, the cargo traffic for US airlines plummeted by 21% year-over-year. This marks the eighth consecutive month of declining cargo traffic. Cargo traffic in the Pacific region suffered an even greater decline of 28%.

The Chinese government also released figures showing a major decline in that country's exports. Total exports for April were a whopping 22.6% lower than April 2008. Imports suffered a similar decline, falling by 23% in April on an annualized basis.

HACTL (Hong Kong Air cargo Terminal Limited) export volumes for April and for the first four months were 89,984 tons and 326,750 tons respectively, down 29.1% and 28.6% year-over-year for the respective periods.

## Germany Changes Guidelines for Export Documents

As of July 1 2009, German customs authorities will no longer accept paper-based export documents.

Export companies will need to submit all of their export information using the official ATLAS system, the electronic AES (Automated Export System). Companies that process their own exports will require customs-certified software, or use the services of a customs clearance agent for their export customs processes.

KWE Germany as an Authorized Sender is well prepared to assist our customers with new AES processes.

## Philippine's Ports Enforce New Rule

The Bureau of Customs (BOC) of the Philippines will soon require port users filing customs transactions to comply with all automation requirements of the Client Profile Registration System (CPRS) and the Import Assessment System (IAS).

The BOC is drafting an order barring stakeholders without Client Customs Numbers (CCN) and Bank Reference Numbers (BRN) from transacting with the Bureau. The numbers serve to identify BOC clients and allow for electronic payment of customs duties and taxes. The new order will take effect upon IAS implementation at the Port of Manila (POM) and at the Manila International Container Port (MICP) in the next four to five weeks.

## USA- New Import Requirement for Food Products



The U.S. Department of Agriculture (USDA), Animal and Plant Health Inspection Service (APHIS), issued a notice to importers and brokers announcing that all Food Safety Inspection Service (FSIS) exempted food products containing small amounts of meat and/or poultry ingredients will require import permits to gain entry to the U.S.

All permit applications for FSIS exempted food products containing less than two percent of meat and/or poultry ingredients will be reviewed by FSIS prior to the Animal and Plant Health Inspection Service issuing permits.

Products such as bouillon cubes, extracts, and soup mixes, which have previously gained entry solely under a health certificate indicating a product being concentrated by boiling, will now require a USDA import permit.

U.S. Customs and Border Protection's enforcement of this APHIS policy change is scheduled to start on June 22.

## New Wood Material Requirements in Canada



As introduced in the April issue of KWE's Industry Update, the Canadian government is changing wood packaging material requirements from China, in order to deal with the current high rates of non-compliance involving phytosanitary certificates.

Starting June 1, importers will have a three-month grace period during which wood packaging material accompanied by a Chinese phytosanitary certificate (in lieu of an IPPC mark) will be allowed to enter. However, these certificates will be subject to an authenticity verification process by the CFIA and China's General Administration of Quality Supervision, Inspection and Quarantine.

On September 1, 2009, Canada will cease accepting phytosanitary certificates entirely.

Should KWE customers have any questions or require assistance with regards to this advisory or your shipment needs, please contact KWE China and/or KWE Canada.

## CBP-CBSA Issues New NEXUS Cards



NEXUS, a joint USA Customs and Border Protection - Canada Border Services Agency (CBP / CBSA) program, has cancelled cards for all current members, effective May 1.

NEXUS was established in 2002 and now serves approximately 280,000 members, providing dedicated processing lanes at designated USA-Canada border crossings that speed frequent travelers between the two countries. A similar program, called Secure Electronic Network for Travelers Rapid Inspection (SENTRI), serves citizens of the U.S. on the southern border.

CBP started mailing new NEXUS cards to all members in November. The new cards contain enhanced security features and allow U.S. and Canadian citizen cardholders to comply with the documentary requirements of the Western Hemisphere Travel Initiative (WHTI). Members must activate their new cards within 30 days by verifying and updating their U.S. mailing address on the GOES page of the CBP Web site.

NEXUS members should destroy their old cards after activating their new ones. If members have not received their new cards, they should go to their local enrollment center to either pick up their new card or to apply to have a new card issued.

## Canada and Japan Expand Air Transport Agreement

Canada and Japan have agreed to expand their existing bilateral air transport agreement, benefitting trade, tourism and investment for both economies.



Canadian citizens can now fly directly to regions in Japan outside of Tokyo, and will for the first time have access to Haneda Airport near Tokyo. The agreement helps create new jobs for the Canadian economy, expands market potential and builds connections for Canadian citizens across the important Asia-Pacific Gateway.



It will also further contribute to the Canadian Government's \$1-billion Asia-Pacific Gateway and Corridor Initiative (APGCI).

The APGCI is an integrated set of investment and policy measures focused on trade with the Asia-Pacific Region. Its mission is to establish Canada's Asia-Pacific Gateway and Corridor as the best transportation network facilitating global supply chains between North America and Asia.

## Carrier News

- **Air China** continues to increase capacity in 2009 as it sees signs of improvement in its domestic cargo business. It plans to expand its fleet in a constrained manner by taking delivery of 27 aircraft this year and returning 8 to 10 leased aircraft.



- **Delta Airlines** starts daily non-stop service from Shanghai to Detroit in June, increasing Delta's China flights from three per day to four.

Delta Airlines currently has three non-stop flight services from Shanghai to Atlanta and flights to Tokyo from Shanghai and Beijing.

- **Japan Airlines** increases the number of flights from Tokyo Haneda to Okinawa Naha, from July 1 to October 31, 2009, bringing the total number of daily flights to 12. This follows increases in flights to Hiroshima in May and Fukuoka in June.

- **Hawaiian Airlines** and **Korean Airlines** have signed a newly expanded code-sharing agreement.

The carriers plan to begin expanded code-sharing operations June 15, with Hawaiian placing its HA booking code on flights operated by Korean between Incheon, South Korea and Honolulu, and on flights between Incheon and Busan in Korea as well as points in Japan, Malaysia, and Thailand.

The agreement allows Hawaiian to offer its customers nonstop service between Hawaii and Korea, as well as connecting service on flights within Korea and five other destinations in Asia.

- **Virgin Blue** has announced that it will launch direct flights between Sydney and Hamilton Island, the gateway to Australia's world famous Whitsunday Islands, from July 4.

- Ocean carriers, including **TS Line**, **OOCL** & **Wan Hai** announced implementation of a Seal Fee at HKD15 to HKD25 per container in Hong Kong or RMB15 to RMB25 per container in Shenzhen.



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

WESTBOUND (from USA to Asian destinations)				
	April 01 through June 30, 2009			
	20' dry	other dry	20' reefer	other reefer
<b>BAF – West Coast</b>	226	283	318	398
<b>BAF – East Coast</b>	455	569	608	760
<b>IFC – Pure truck</b>	44	44	44	44
<b>IFC – Truck/Rail</b>	153	153	153	153
EASTBOUND (from Asian origins to USA)				
Based on OLD Formula	June			
	per 20'	per 40'	per 40HQ	per 45'
<b>BAF</b>	364	455	512	576
<b>IFC-Truck</b>	44	44	44	44
<b>IFC-RIP1</b>	77	77	77	77
Based on New Formula	June			
	per 20'	per 40'	per 40HQ	per 45'
<b>BAF – West Coast</b>	118	148	167	187
<b>BAF – East Coast</b>	247	309	348	391
<b>IFC-Truck</b>	44	44	44	44
<b>IFC-RIR1</b>	77	77	77	77
<b>IFC-IPI</b>	153	153	153	153

## Holiday Schedule – June 2009

- |    |      |                                       |
|----|------|---------------------------------------|
| 1  | June | <b>Canada Day</b> - Canada            |
| 2  | June | <b>National Holiday</b> - Italy       |
| 11 | June | <b>Corpus Christi Day</b> – Germany   |
| 12 | June | <b>Day of Russia</b> – Russia         |
| 12 | June | <b>Independence Day</b> – Philippines |
| 16 | June | <b>Youth Day</b> – South Africa       |



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