

Industry Update

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KWE Acquires Environmental ISO14001 Certification in Japan

KWE proudly announces that its No.3 Baraki Terminal (Chiba, Japan) has passed the accreditation assessment for Environmental ISO14001 certification and accordingly acquired the certification.

- 1) Certification Acquisition Date:** January 30, 2009
- 2) Applicable Standard:** ISO14001 (FY2004 version)
- 3) Certification Outline Scope:** Imported and exported airfreight and domestic freight handling, distribution processing services, etc.
- 4) Registered Facilities:** No.3 Baraki Terminal (1953-6 Koya, Ichikawa, Chiba)

The ISO14001 certification is a standard designed to promote environmental management. The acquisition of ISO14001 certification by the No.3 Baraki Terminal brings the total number of facilities in the KWE group with that certification to 17, including the 5 previously certified Japanese facilities (Narita Terminal, Tokyo Terminal, No.4 Baraki Terminal, Central Japan International Airport Terminal-Nagoya Area and Rinku Terminal-Osaka) and 11 overseas facilities (Holland (2), Belgium, Singapore, Malaysia, Philippines (2) and Hong Kong (4)).

In the future KWE will continue to expand its activities in respect of environmental preservation and anti-pollution to further increase its contribution to the global society.

Global Logistics Nomination

Global Logistics & Supply Chain Strategies magazine is currently accepting nominations for “The 100 Great Supply Chain Partners” article which will be featured in the July 2009 issue.

Please visit the site link below to nominate the top 3 companies whose technology, logistics, transportation or consulting services have made a significant impact on your company’s supply chain efficiencies in recent years.

We sincerely hope that you have been pleased with KWE’s service and will consider us as one of your choices. Your nomination can make a difference!

<http://www.supplychainbrain.com/content/forms/100-great-partners-form/>

IATA - Unprecedented Decline in Air Cargo

The International Air Transport Association (IATA) released international scheduled traffic results for both December 2008 and the full-year.

December reported an unprecedented and shocking 22.6 percent decline in air freight volumes, compared with the previous year.



For the full-year 2008, international cargo traffic was down 4 percent, passenger traffic showed a modest increase of 1.6 percent, and the international load factor stood at 76 percent.

The major decline in export and import volumes across Asia, North America, and Europe contributed to the collapse in the airline industry freight business.

As a result, Asia Pacific carriers saw the sharpest decline in December international traffic at 9.7 percent. They also registered the sharpest reduction in capacity, but at 5.6 percent, this is lagging behind the drop in demand.

Los Angeles International Airport, the largest trans-Pacific air cargo gateway in North America, reported a 24.3 percent decline in freight traffic in December. San Francisco also experienced dramatic 43 percent drop in international import traffic volume.

- **Asia-Pacific** carriers, accounting for 45 percent of international cargo, led the December decline with a 26.0 percent contraction compared to the previous year.
- **Latin American** carriers saw cargo drop 23.7 percent.
- **North American** carriers was down by 22.2 percent.
- **European** carriers was down by 21.2 percent.
- **Middle Eastern** carriers was down by 9.2 percent
- **African** carriers was down by 8 percent.

Switzerland - New "Known Consignor" Concept

The Swiss Federal Office of Aviation (BAZL) has implemented a new "known consignor" concept, which will be effective April 1.

All Swiss shippers who are using airfreight, have been informed to apply for the new registration and certification process to obtain the new "known Shipper" status well in advance.

It was noted that not all of the relevant shippers have applied for the new status yet. Their status will be relegated to "unknown shipper" as of March 31.

The cargo of "unknown shippers" will have to be scanned by X-ray machines at all Swiss Airports (ZRH, GVA, BSL) before departing. This will cause delays in the transportation process as well as creating additional costs for the x-ray screening process at:

Minimum CHF 100.00 or CHF 0.19/kg

KWE Switzerland is not in the position to absorb those additional costs and will charge to the Shippers, in case of "freight prepaid" and to the Consignee in case of "freight collect".

Any cargo from unknown shipper's may not travel in consolidation services together with cargo from known shippers. Those shipments must be sent separately, whereby consolidation rates may not be applied anymore.

KWE Provides Logistics Service for IPM Essence Germany 2009



For the second time KWE Tokyo and KWE (Deutschland) bH, Dusseldorf have served the exhibitors of the joint Japanese participation at the IPM Essen Germany 2009.

The IPM Essen Germany is an international trade fair for plants, horticultural technology, floristic and sales promotion. From January 29 to February 1, 2009 around 1400 exhibitors presented their latest products and services at the 27th world fair for the green sector.

Sago palm trees, Macro and Micro Bonsais, potted plants as well as cut flowers for 13 Japanese exhibitors were flown from Japan by KWE and transported to the fair ground in Essen, which is in close proximity to Dusseldorf, the capital city of North-Rhine Westfalia.

The proportion of foreign exhibitors of the IPM was higher than ever before. The organisers of the joint Japanese participation decided to enlarge their stand due to their great success in 2008. About 3000 visitors came to the Japanese Pavilion this year and admired latest breeds of ornate cut flowers, potted plants, especially orchids, and arrangements of flowers in the modern Japanese way.

Also garden trees and the traditional beauty of the bonsai were shown at the Japanese stand. For one orchid breed, the "Cymbidium SPP", KWE obtained an import license, because this plant – in its natural environment – is treated under the Regulation for Species Protection.

The top priority for a logistics provider is to get the consignment, safely packed, to the exhibition stand on schedule, especially when it comes to perishables and such delicate and precious cargo as exotic plants and cut flowers. Moreover, our Japanese staff supported the exhibitors logistically throughout this event.

KWE is very pleased to have served our customers to make their exhibition a success.



Cape Sea Route as Suez Canal Alternative



Sailing around Cape of Good Hope (Cape of Storms), Cape Town, South Africa has recently become highly sought-after for many container carriers. It's a longer voyage, but the savings are significant.

Many container carriers including Maersk, MSC, and the four member Grand Alliance consortium (Hapag Lloyd, MISC, NYK and OOCL) have been sailing the Cape route. Recently MOL has joined in order to save cost spent on expensive Suez Canal fees.

It is estimated that a container carrier pays about \$250,000 on Suez Canal fee for a fully laden Panamax ship - the maximum dimensions that will fit through the locks of the Panama Canal, for a transit with 2,000 FEUs.

The joint service run by CMA CGM and CSCL is also routing vessels around the Cape as an alternative to paying the equally expensive Panama Canal fees on the vessels' westbound return routes from Europe to Asia.

The re-routings account for only a small percentage of traffic, but it has already put pressure on the canal to freeze or even cut its tolls.

The Suez Canal Authority has frozen its tolls at last year's levels and may lower them further in the face of resistance and the increasing number of detours being taken by shipping lines.

HK Faced 30 percent Decline in Air Cargo Volume

The latest report from Hactl (Hong Kong Air Cargo Terminals Limited) reflects a dramatic 30 percent decline in the air cargo throughput in Hong Kong compared to January last year.

Hong Kong handled 142,754 tonnes in January this year, a drop of 30.9 percent on the comparable month last year. Import volume was down 34.7 percent at 36,631 tonnes, while export traffic was 32.6 percent lower at 75,691 tonnes. This is a clear sign of how the global economic slowdown is hitting Chinese exporters.

Transshipment tonnage was also down by 15 percent at 220 tonnes.

Despite a double-digit decline in the number of visitors from North American and Europe, the passenger traffic slightly increased year-on-year in January by 0.2 percent to 4.0 million passengers.

The overall number of flights in and out of Hong Kong fell 2.0 percent to 24,245.

Overall tonnage throughput in January was down 29 percent.

- *Export cargo down 29percent*
- *import volume down 28percent*

KWE Transports Relief Supplies to Gaza Strip

KWE, with an approval given at the meeting of the Japanese Cabinet held on January 23, has transported relief supplies to civilians affected by the current conflict in the Gaza Strip.

The amount of relief supplies provided to the area was the largest to date comprising a total of 160 tons of Japanese Government stockpiles, 80 tons of which were shipped from Japan and 80 tons from the United Arab Emirates (UAE).

The unstable situation and limited timeframe gave rise to a number of difficult problems, such as space allocations aboard the aircrafts. However, the specialized knowledge and dedication of KWE staff made the relief effort successful.

KWE transported supplies from stockpile warehouses in both Japan and the UAE to the El Arish International Airport in Egypt. From that airport these supplies were handed over to the Egyptian Red Crescent and delivered to the Gaza Strip.

The Japanese- provided relief supplies were first transported on a flight from Narita to Cairo, then from Cairo overland. The UAE provided relief -supplies were transported on a chartered flight arranged by Kintetsu World Express (Middle East) FZE from UAE's Sharjah International Airport directly to El Arish International Airport. The supplies successfully reached the citizens of the Gaza Strip on February 8.

Through ongoing expansion of its services, KWE remains committed to making social contributions both within this region and throughout the world and is praying for the quickest possible recovery for the Gaza Strip.



Temporary Suspension at Lagos Ports

As part of efforts to decongest Lagos ports, Nigerian Ports Authority (NPA) has announced a temporary suspension of ship entry notice application for all container vessels with immediate effect.

The authority is currently considering the option of diverting them to ports outside Lagos where there is no congestion to reduce the pressure on the Lagos ports for vessels that had already been given approval to come.

Russia & China Sign Energy Agreement



Russia and China signed a \$25-billion long-term energy agreement in Beijing.

Under this agreement, Russia will provide 110 million barrels of crude oil annually to China for 20 years in return for loans.

According to Chinese vice premier Wang Qishan and Russian deputy prime minister, China Development bank (CDB) will lend \$15 billion to Russia's state-owned oil firms, Rosneft, and \$10 billion to pipeline operator, Transneft, at a low interest rate of 6 percent.

China depends very heavily on the Middle East and Africa for oil imports and in the recent past has increased efforts to procure more oil from its neighbor Russia. Russia, since the world economy was suffering, took initiative to aggressively sell their oil and other energy products.

Russia, the world second-largest producer of crude oil is China's fifth largest supplier of oil.

China - 24 hour Advanced Manifest Regulation

The 24 hour Advanced Manifest Regulation which was implemented as of January 1st will have a grace period, covering the initial 3-6 months without associated penalties.

The new regulation is applicable to all export, import, FROB (remain onboard) cargoes, and transshipment cargoes via any China port except (Hong Kong & Macau).

China customs will require shippers and ocean carriers to file manifests the day before a ship headed to China leaves its port of departure. Manifest details must be submitted to China customs 24 hours before the carrier's estimated time of arrival (ETA) at the port where cargo will be loaded. China customs will then notify the carrier whether or not the cargo will be allowed into China. The carrier will be permitted to load the cargo only if the response from China customs is positive.

KWE will continually monitor the implementation progress with China Customs to ensure effective compliance to our customers' shipments during the transitional period and beyond.

Carrier News



- **Delta Airlines** will add a daily Zurich-JFK-Zurich service effective June 9, by B757-200. Currently, they operate a daily ZRH-ATL-ZRH service by B767-300.

- **United Air** will start a daily Geneva – Washington Dulles- Geneva Service effective March 31, by B767-200. US Airways will re-install daily ZRH-PHL-ZRH Service by June 9, by B767-200.

- **British Airways** has begun a fourth daily flight linking Dubai with London Heathrow. The additional B777 service has a midday arrival in the UK for quick trans-shipment access to BA World Cargo's worldwide network.

- Egypt's largest trading partner, **Cargolux** has introduced a 747 freighter service to Cairo and Hong Kong from Luxembourg departing every Tuesday.



- **Nippon Cargo Airlines** (NCA) and **Japan Airlines** (JAL) have agreed on a partnership to start operation of code share cargo flights. This agreement will start from March 29 with code-share flights between Narita and Chicago and Los Angeles. Subject to approval from the relevant authorities, NCA and JAL are both looking into expanding the agreement in the near futures well.

- Federal Express (**FedEx**) closed its Asia Pacific hub in the Philippines located in the Subic Bay Freeport with the last flight leaving for Taiwan. The company announced two years ago that it will be shutting down its Asian hub at the Subic Bay Freeport to transfer to Guangzhou in southern China.

The transfer of its logistics hub is inevitable since the market in China is bigger than the entire market of Southeast Asia.



- GERMANY's **Senator Lines** has gone out of business since the end of February, a casualty of the global downturn. The Senator Line company is an independent European carrier, founded in 1987, with its headquarters in Bremen. Since 1997, the Korean shipping line Hanjin Shipping has been Senator Lines main shareholder. Hanjin Shipping is believed to be taking care of the customers who are currently under Senator until further notice.

- **APL, Hapag-Lloyd, and CMA CGM** are set to join the growing ranks of global container shipping lines seeking to push up their rates over the next few months, particularly in the Europe-Asia trade.

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

Notice of fuel surcharge increases by ocean carriers for export shipments. There are two separate charges. One is the standard **Bunker Adjustment Factor (BAF)**, 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 **March 01 – March 31, 2009**.

	<u>BAF:</u>	
	Eastbound (to USA)	Westbound (from USA)
20' container	USD328.00	USD240.00
40' container	USD410.00	USD300.00
40' HQ container	USD461.00	USD300.00
45' container	USD519.00	USD300.00

IFC:

Inland transported by truck: \$90 per container
Inland transported by truck and rail combination: \$311 per container

Holiday Schedule – March 2009

8	March	Women's Day – Russia
9	March	Prophet Muhammad's Birthday – Malaysia, Indonesia
17	March	Saint Patrick's Day – Ireland, United Kingdom (Regional)
20	March	Vernal Equinox Day - Japan

Recently we have been seeing announcements from several carriers regarding pending Fuel Surcharge changes. The continued fluctuations of the global barrel prices are the driving force behind these possible and anticipated changes. 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