

# Industry Update

November 2009



## Inside This Issue

- 1 **Changes to the Automated Export System**
- 1 **Updated ISF 10+2 Initiative FAQs**
- 2 **KWE Handles Capital Equipment Project at Kings University in Saudi Arabia**
- 3 **KWE SA / SEWS Honored With Logistics Achiever Award**
- 3 **New Label for Perishable Cargo**
- 4 **Logistics Technology Growth in China**
- 4 **Airbus Plans New Logistics Center in China**
- 5 **HACTL Announces Tonnage Throughput**
- 5 **Tianjin Port Among World Top 5**
- 6 **2010 Winter Olympic Delivery Guidelines**
- 6 **CBMA Makes Preliminary Determination on Carbon Steel Dumping**
- 7 **Chinese Ports Pass Break-Even Points**
- 7 **ASEAN – China Free Trade Area**
- 8 **Carrier News**
- 9 **Update BAF and IFC**
- 9 **Holiday Schedule**

## Changes to the Automated Export System (AES)

Effective December 3, 2009, changes will be implemented to the Automated Export System (AES). The system will no longer accept a Social Security Number as an identification number for a United States principal party in interest (USPPI).

All shippers currently using a Social Security Number as their identification number in AES, must arrange to apply for an Employer Identification Number (EIN) from the Internal Revenue Service (IRS). Instructions for obtaining an EIN are posted on the Web site of the Foreign Trade Division of the U.S. Census Bureau at:

<http://www.census.gov/foreign-trade/aes/aesnewsletter092009.pdf>  
(see pages 3 and 4).

After obtaining the EIN, the local KWE branch (or designated logistics service provider) should be notified of the new identification number in order to properly update respective customer profiles.

For any questions about this article, or further information about this topic, please contact Bob Feke from the KWE/UHQ Operations Department for assistance.

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## Updated ISF 10+2 Initiative FAQ

The U.S. Customs and Border Protection (CBP) has posted on its website an updated Frequently Asked Questions document for the Importer Security Filing "10+2" Program. Along with the updated document, CBP is hosting trade outreach events in various locations around the country to provide the trade community with an opportunity to learn more about the new Importer Security Filing and Additional Carrier Requirements (a.k.a. ISF/"10+2") interim final rule. These events are intended to give the importing and filing community a basic understanding of how to fulfill the new requirements.

The new FAQ, which has been updated from the January 2009 version, includes questions on diplomatic shipments, liquidated damages, ISF amendments, stand along ISF bonds, and a many other topics.

For CBP trade outreach event and updated FAQ, please visit the CBP website:

[http://www.cbp.gov/xp/cgov/trade/trade\\_outreach/09\\_outreach\\_schl.xml](http://www.cbp.gov/xp/cgov/trade/trade_outreach/09_outreach_schl.xml)



*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.*



## KWE Handles Capital Equipment Project at Kings University in Saudi Arabia



King Abdullah University of Science and Technology (KAUST) recently honored KWE by selecting the company to handle the movement of over US\$ 130 million of highly specialized and sensitive capital equipment to its new facilities.

Opened on September 23, KAUST is an international, graduate level research university dedicated to inspiring a new age of scientific achievement not only in the Kingdom, but in the region and around the globe. KAUST employs many of the best practices from leading research universities and top researchers from around the globe. The KAUST global research and education network will support many diverse talents - both on its campus and at other premier universities and research institutions - through collaborative research agreements, grants, and student scholarship programs.

During the months of August and September several staff members from KWE Japan and Europe were stationed in Jeddah, Saudi Arabia, to coordinate and manage the project which included the forwarding, uncrating and actual move in to the clean rooms. The equipment came from many of the of the world's leading companies in the industry, such as ASML, Tokyo Electron, Heidelberg Instruments, Euris and Flores Valves.

KWE is proud and deeply honored to be able to support KAUST and its good works!



## KWE South Africa / SEWS Honored With Logistics Achiever Award

On October 15, 2009, KWE and SEWS (Sumitomo Electrical Wiring) was honored by *Logistics News*' Annual Logistics Achiever Awards for outstanding achievement in logistics collaboration to achieve an optimized supply chain solution. The objectives of this award are as follows:

- To recognize professionalism and excellence in the effective application of strategic, tactical, and operational logistics and supply chain management principles, concepts, and practices in Southern Africa.
- To encourage all companies and organizations in Southern Africa to review, evaluate and upgrade their current logistics and supply chain management practices.
- To create a greater awareness and understanding of the value of effective logistics and supply chain management.



Mr Arend du Preez, Managing Director KWE SA and Mr Eigo Machiba, Deputy Managing Director, KWE SA.

Logistics News has been recognizing the country's top supply chain management and logistics projects in South Africa for two decades. Submitted projects are judged by a panel of nominated representatives from various professional institutes, vocational societies and trade or industry associations whom are involved in logistics and supply chain management in Southern Africa.

Sumitomo Electrical Wiring (SEWS - SA), a recognized global market leader supplying various Original Equipment Manufacturers (OEM's) with components used in the manufacturing of automotive vehicles, approached KWE to collaborate in an optimized supply chain project to meet their strategic commitments within the automotive industry in South Africa.

KWE South Africa presented a solution enabling SEWS-SA to supply their customer with a superior service model that enhanced the overall supply chain. The success of this project has allowed SEW-SA the opportunity to grow, increase production and improve existing processes in their facility through a proposal that KWE designed specifically for them.

## New Label For Perishable Cargo

Effective July 1, 2010 all time and temperature sensitive healthcare product shipments should be labeled with the standard IATA "Time and Temperature Sensitive" label shown at the right. The label has been designed to suit the varying needs of shippers, airline carriers, and other partners within the logistics cold chain.

It's the responsibility of the shipper to apply the Time and Temperature Sensitive Healthcare Product label to individual shipping packages, overpack or bulk containers to be shipped; unless otherwise specified in an individual contract with a carrier, forwarding agent or other third party service provider. The label must be affixed to at least 1 side panel of each individual package. Where appropriate, packages of healthcare products should also be labeled with the standard IATA package orientation (THIS WAY UP) label.

Acceptable information to be shown on the label(s) include:

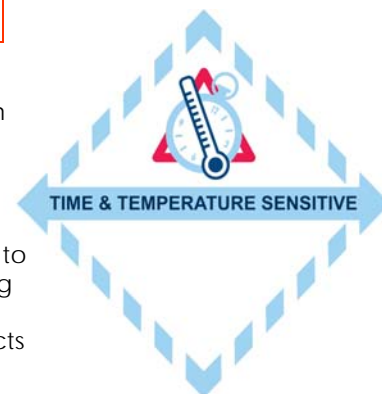
(a) The lower blank triangle of the label must be used to indicate the allowable temperature range or limit that the package can be exposed to during transportation / distribution. This section may also be used to communicate other non-temperature handling information. In this case, the Time and Temperature Sensitive label overrides all other handling labels which may be on the package.

(b) If there are no specific agreements for the temperature range or handling requirements the lower triangle of the label should be blank. It is assumed that every effort will be made to maintain the package within a range of + 15°C to + 30°C during transportation, wait times, and distribution.

(c) In all cases, the Celsius scale and English language must be used.

(d) The temp on the label must correspond to the handling & storage temperature indicated by the shipper on the shipping or handling instructions, Air Waybill/HAWB or Standard Operating Procedure (SOP) that have been agreed with the forwarder, handling company, individual air-line carrier or other partners.

(e) Suitable temperature ranges, or indications, may include but are not to limited to: + 2°C to + BOC , + 2°C to + 15°C, + 2°C to + 25°C, + 15°C to + 25°C, Keep frozen or Do not freeze



## Logistics Technology Growth in China

Five years ago, a facility was considered cutting edge if a warehouse management system was in place. According to TechnomicAsia, the Shanghai-based consulting unit of Tompkins Associates, the cutting edge is now getting much sharper. While adoption of logistics technology in China is still in the "embryonic" stage, with only about 5% of warehouses reporting that they have sufficient IT systems, logistics technology is quickly gaining speed.

Like logistics software, wireless technology and RFID are now hot topics in China. China has an active RFID association and the technology is a frequent topic of conference sessions and workshops. There is even a trade show devoted to radio-frequency identification: the China International RFID Technologies and Applications Show in Logistics, Manufacturing, and Anti-counterfeiting. It's highly likely that the demand for software, RFID, wireless and other logistics technologies will quickly grow in China simply because foreign companies doing business there expect it as a given.

KWE's warehouse management system, Unified Warehouse System (UWS), (one of the four core applications of our Unified Systems Suite) is an integrated inventory management portal that provides real-time Internet visibility to inventory balances, warehouse receipts, and shipment orders at the commodity level.

KWE has the capability to manage multi-vendor and warehouse inventory (including bonded & non-bonded in overseas locations) through UWS. Our UWS installed at KWE warehouses worldwide provides a standard platform for receiving, storing, and releasing cargo. UWS provides Radio Frequency Assisted Put Away and Picking, Custom picking/packing operations and automated cross dock functionality. The system ensures that the necessary customs procedures are followed and keeps track of duty payments, balance of deposit (required in certain countries) and refunds. It even provides the required bonded stock transaction reports to customs authorities in more than 3 languages.



## Airbus Plans New Logistics Center in China



Airbus, the European aircraft manufacturer, plans to set up a new logistics center in China to coordinate its growing operations in that country.

Airbus China president Laurence Barron said, "We've got so much industrial activity here, we want to harmonize the transport systems for all the goods flowing in and out of China for us" and stated that the logistics center will likely be located in Tianjin.

Airbus opened its first final assembly line outside of Europe in the northeastern Chinese city last year. The plant assembles A320s and delivered its first plane in June.

Airbus forecasts its procurement of components and materials in China will rise to \$200 million by 2010 and to \$450 million by 2015. The company sourced about \$70 million worth of parts and materials from China in 2007 and expects to source \$140 million this year. In June, Airbus and Industrial & Commercial Bank of China signed a memorandum of understanding for cooperation on aircraft financing and leasing.

## HACTL Announces Tonnage Throughput

On October 11, 2009, Hong Kong Air Cargo Terminals Limited (HACTL) announced its tonnage throughput for September, the third quarter and the first nine months of 2009.

In September, 212,391 tons were handled, registering a milder drop of 4.3% year-on-year. Tonnage performance in the third quarter also showed clear improvement compared to last quarter, with a total of 620,358 tons handled, down 6.3 % year-on-year. The tonnage throughput for the first nine months of this year was 1,624,116 tons, representing a cumulative year-on-year drop of 16.3%.

Export volume fell 7% compared to last year, but that was fairly small compared with a 20.5% drop for the first nine months against the same period of last year.

Import volume continued to improve in September with a growth of 8.5%. Import from USA and Europe showed a satisfactory growth of 9.3% and 10.2% respectively in September. Third quarter's import volume was up 3.2% whilst the cumulative import volume for the first nine months dropped 12.4%.

The transshipment volume registered a 12.1% drop in September and 6.3% drop for the third quarter. The total volume for the first nine months went down 9.6% compared to last year.

The summary of the import, export and transshipment volumes handled in September, the third quarter and the first nine months of year 2009 is tabulated as follows:

### Tonnage handled by HACTL in September, the third quarter and the first nine months of year 2009

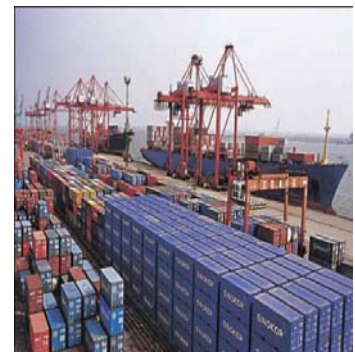
	September 2009		July to September 2009 (Cumulative)		January to September 2009 (Cumulative)	
	Tonnage (in tonnes)	Year-on-Year Growth	Tonnage (in tonnes)	Year-on-Year Growth	Tonnage (in tonnes)	Year-on-Year Growth
Export	117,045	-7.0%	328,305	-10.3%	842,484	-20.5%
Import	57,634	8.5%	169,064	3.2%	439,546	-12.4%
Transshipment	37,712	-12.1%	122,989	-7.0%	342,086	-9.6%
<b>Total</b>	<b>212,391</b>	<b>-4.3%</b>	<b>620,358</b>	<b>-6.3%</b>	<b>1,624,116</b>	<b>-16.3%</b>

## Tianjin Port Among World Top 5

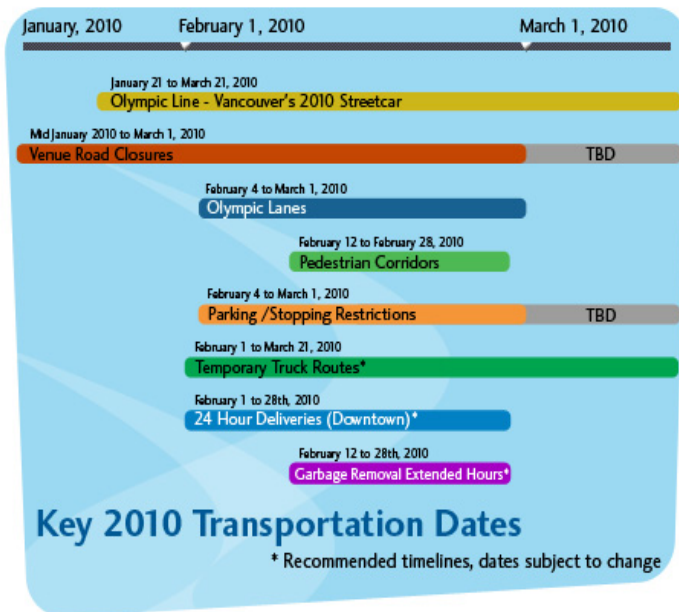
Tianjin, which handled 5.64 million TEU between January and August, has become one of the top five ports in the world in terms of cargo throughput with sea routes reaching 500 ports in 180 countries all over the world.

Tianjin Port has set up 12 dry ports in Beijing, Shijianzhuang and the Ningxia Hui Autonomous Region among others. Officials said over 70% of the cargo throughput and half of the exports and imports cargo volume come from other provinces.

Tianjin Port has handles 685,000 TEU in August 2009 and expects its container throughput to reach 13 million TEU and cargo throughput to reach 460 million tons by 2012.



## 2010 Winter Olympic Delivery Guidelines



Guidelines and information is now available online for deliveries of goods during the 2010 Winter Olympics in Vancouver, BC, Canada.

To ensure people and business in the Games region can move efficiently and athletes can get to their events, The Vancouver Organizing Committee for the 2010 Olympic and Paralympic Winter Games (VANOC) has asked businesses and organizations to:

- Make arrangements for deliveries and service calls to take place outside of the Games period
- Order in advance
- Consolidate shipments and orders to minimize vehicle trips

Some roads immediately surrounding Games venues will be temporarily closed to vehicles for periods between the middle of January through to March 2010 to ensure the safety of athletes, officials, spectators, and the general public.

Please be aware that it will take longer than normal to transport goods into the city of Vancouver and special arrangements may be required. For detailed information on the guidelines to for goods delivered during month of February 2010 please visit:

<http://www.vancouver2010.com/more-2010-information/local-business--organization-and-resident-information/transportation-plan-and-maps/delivering-goods-and-services-during-the-2010-winter-games/>



## CBMA Makes Preliminary Determination on the Dumping of Certain Carbon Steel

The Canada Border Services Agency (CBSA) made a preliminary determination of dumping pursuant to subsection 38(1) of the Special Import Measures Act (SIMA) in respect of certain carbon steel plate and high strength low alloy steel plate originating in or exported from Ukraine. Goods that are released from the CBSA on or after October 5, 2009 will be subject to a provisional duty. The applicable rate range for this provisional duty is 14.7% - 20.2%.

### Product definition

For this investigation, the goods are defined as "hot-rolled carbon steel plate and high strength low alloy steel plate not further manufactured than hot-rolled, heat-treated or not, in cut lengths in widths from 24 inches (610 mm) to 152 inches (3,860 mm) inclusive and in thickness from 0.187 inches (4.75 mm) up to and including 3.0 inches (76.0 mm) inclusive (with all dimensions being plus or minus allowable tolerances contained in the applicable standards e.g. ASTM standards A6/A6M and A20/A20M), originating in or exported from Ukraine; excluding universal mill plate, plate for use in the manufacture of pipe and plate having a rolled, raised figure at regular intervals on the surface (also known as floor plate)."

These goods are classified under the following HS classification numbers:

7208.51.91.10, 7208.51.91.91, 7208.51.91.92, 7208.51.91.93, 7208.51.91.94, 7208.51.91.95, 7208.51.99.10, 7208.51.99.91, 7208.51.99.92, 7208.51.99.93, 7208.51.99.94, 7208.51.99.95, 7208.52.90.10, 7208.52.90.91, 7208.52.90.92, 7208.52.90.93, 7208.52.90.94 and 7208.52.90.95.

## Chinese Ports Passed Break-Even Points

According to China Business Weekly, the Chinese container freight business, partly due to Christmas orders, is enjoying its best numbers since the start of the global financial crisis. However, some negative factors can be seen among the country's ports and shipping companies and some analysts are forecasting a long haul back to serious profitability.

Ren Minqiang, head of Qingdao Qianwan Container Terminal, said he estimated a "shining" September, based on freight going up nearly 9% in the first two weeks of the month, compared with the same period last year. Ren said autumn is traditionally a strong time for Chinese shipping because of Christmas holiday business.

According to data released by the Shanghai Shipping Exchange, the average shipping space utilization ratio has reached 95% since July – up from 60% to 70% in February.

Wei Jiafu, chairman of China Ocean Shipping (Group), China's largest global shipping group, said European and US markets are going to demand more Chinese exports as the financial situation improves in those countries. Shipping companies and ports have already lifted prices for their services.

CargoNews Asia quoted Luo Xiong, an analyst with Merchants Securities, who said freight prices have passed the break-even point at shipping companies. By comparison, during the worst of the slump, some companies lost US\$500 to \$600 per delivered container.

## ASEAN – China Free Trade Area

The free trade area between China and the Association of Southeast Asian Nations (ASEAN) is expected to launch by January 1, 2010. The two have also signed a memorandum of understanding on establishing a China-ASEAN center in Beijing as early as possible.

China-ASEAN Free Trade Area (CAFTA) was first agreed upon in 2002. It will cover a combined population of 1.9 billion and a combined gross domestic product (GDP) close to 6 trillion U.S. dollars. CAFTA is expected to become Asia's largest and the world's third largest free trade area after the North American Free Trade Area and the European Free Trade Area with a trade volume of 4.5 trillion U.S. dollars.

Trade between China and ASEAN has expanded from close to 20 billion U.S. dollars in 1995 to 105.9 billion U.S. dollars in 2004, and further to 231.1 billion U.S. dollars in 2008 in spite of the global economic downturn.

Once CAFTA is set up, a zero-tariff treatment will be in place for 90 percent of the products traded between China and ASEAN countries which will reduce company's production costs and sharpen their competitiveness.

ASEAN, or the Association of Southeast Asian Nations, consists of Brunei, Cambodia, Indonesia, Laos, Malaysia, Myanmar, the Philippines, Singapore, Thailand and Vietnam with a total area of 4.5 million square kilometers.



## Carrier News



- **Air China Cargo** has launched a new route between China and Europe as part of the nation's efforts to stimulate business in weak sectors such as air freight. A Boeing 747 jet will serve the route from Shanghai-Beijing to Vienna-Milan three times a week.

Air China Cargo has been moving its major cargo fleet to Shanghai, the world's fourth-largest city by cargo volume. Shanghai Daily reported that China's air cargo volume, which was damped by waning global demand, recovered in August with 18.1% growth from a year earlier. That followed a year-on-year expansion of 3.2% in July.



- **Lufthansa Cargo** is ready to stop its two MD-11Fs from Milan by the end of this year, after finding that its Italian operation could not operate at a profit. After identifying the gap in the market with the stop in service by Alitalia Cargo and Cargoitalia, the airline commenced direct services from Italy earlier this year. However, the disastrously low rate and insufficient volumes have caused this rethink. The airline will return its two MD-11Fs back to the rest of the fleet at Frankfurt.



- **TNT Airways** launched its first scheduled freighter service on September 17, 2009 flying directly between Hong Kong and Liege, Belgium three times a week with its B747-freighter fleet. Hactl has been appointed to provide physical cargo handling as well as air cargo documentation handling services.

- **Kingfisher Airlines**, India's only five star airline rated by Skytrax, launched its inaugural flight to Hong Kong on September 16, 2009. The Airline will operate a daily non-stop service between Hong Kong and India using Airbus A330-200s. AAT has been appointed as the ground-handling agent for its cargo and documentation services.

- **Evergreen** has re-launched their Far East-Mediterranean service after closing its US-Asia-Med (UAM) service. The port rotation for the FEM service is Qingdao, Shanghai, Ningbo, Kaohsiung, Hong Kong, Shenzhen (Yantian), Tanjung Pelepas, Colombo, Ashdod, Alexandria, Taranto, Genoa, Barcelona, Valencia, Taranto, Port Said, Jeddah, Colombo, Tanjung Pelepas, Kaohsiung, returning to Qingdao. The eastbound port of calls at Taipei and the Japanese ports of Osaka and Tokyo that were included on the UAM service have been removed from the port rotation for the FEM service.



In addition, it said the transpacific leg of the UAM will be merged into a new Asia-Pacific North West (PNW) service jointly operated with CSCL.

- **Aeroflot Cargo** has become bankrupt. Freight service of the Russian carrier will continue for a short time, but will soon stop. It is said that operations will be systematically rolled back into its parent company – Aeroflot. In March 2010, the freighters will then re-enter Aeroflot service.

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

WESTBOUND (from USA to Asian destinations)				
	October 01 through December 31, 2009			
	20' dry	other dry	20' reefer	other reefer
<b>BAF – West Coast</b>	367	459	517	646
<b>BAF – East Coast</b>	730	913	973	1216
<b>IFC – Pure truck</b>	53	53	53	53
<b>IFC – Truck/Rail</b>	185	185	185	185
EASTBOUND (from Asian origins to USA)				
	October 01 through December 31, 2009			
	per 20'	per 40'	per 40HQ	per 45'
<b>BAF – West Coast</b>	246	308	347	390
<b>BAF – East Coast</b>	490	613	690	776
<b>IFC-Truck</b>	53	53	53	53
<b>IFC-RIPI</b>	93	93	93	93
<b>IFC-IPI</b>	185	185	185	185

## Holiday Schedule – November 2009

11	November	Remembrance Day – Canada	
11	November	Veterans Day - USA	Skeleton Staff
26	November	Thanksgiving – USA	Office Closed
27	November	Thanksgiving Friday – USA	Skeleton Staff
27	November	Hari Raya Haji – Singapore	