

## In This Issue:

- Ocean Fast Facts for November
- Ocean "BUZZ" Word of the Month: Incoterms
- INCOTERMS AND YOU!
- MARINE INSURANCE: Cargo Value
- Asia to USA in 2007 = The Peak and The Slump Season
- MARKET NOTES: APL 53" Containers enter Asia to USA trade
- General Market Advisory
- The Parting Wave
- Where have I heard that before?
- Northwest Announces Minneapolis/St. Paul to Paris Service
- British Airways World Cargo increases capacity with new aircraft purchases
- Northwest Airlines becomes World's Largest A330 Operator with delivery of 32nd Airbus Aircraft
- ACE Exchange Conference in San Francisco
- Reported November Periodic Monthly Statement date could be incorrect
- Conflict Diamond Requirement
- New Law Substantially Increases Penalties for Export Violations
- CITES changes
- Still waiting for "10+2" proposed ruling to be published
- Questions & Contact Info

## Ocean Fast Facts for November

### Top 10 USA Port Rankings Based on Cargo Value\*

TOTAL FOREIGN TRADE		
RANK	PORT	VALUE
1	Los Angeles(CA)	\$122,050.5
2	New York/New Jersey	\$101,176.0
3	Long Beach(CA)	\$95,863.1
4	Houston(TX)	\$49,893.0
5	Charleston(SC)	\$39,374.9
6	Hampton Roads(VA)	\$32,935.0
7	Tacoma(WA)	\$26,332.0
8	Baltimore(MD)	\$25,956.2
9	Oakland(CA)	\$25,144.0
10	Seattle(WA)	\$23,077.5

\* United States Waterborne Foreign Commerce, 2003 displayed in Millions of Current USD; combined imports and exports.

Source: <http://www.aapa-ports.org/files/Statistics/2003%5FUS%5FPORT%5FRANKINGS%5FBY%5FCARGO%5FVALUE.xls>

[Back to top](#)

OCEAN

## Ocean "BUZZ" Word of the Month: Incoterms

Definition: A codification of international rules for the uniform interpretation of common contract clauses in export/import transactions involving goods. Developed and issued by the International Chamber of Commerce (ICC) in Paris. The version which is currently valid is from 2000. There are Thirteen Incoterms.

Source: Dictionary of International Trade - Handbook of the Global Community, 7th Edition. Edward G. Hinkelman, 2006.

[Back to top](#)

## INCOTERMS AND YOU!

Over the next few months, AIT will be providing a glimpse into the often challenging world of INCOTERMS. The understandings of these classifications are valuable to buyers and sellers alike as the terms define. An individual INCOTERM definition and a brief description of that INCOTERM will accompany the definition.

Often times, subtle differences in INCOTERM definitions or acronym abbreviation can make a huge difference in the identification of the responsible parties involved with a given freight shipment as well as drastically change the costs associated when inquiring about transportation costs. Discussion of INCOTERMS can help our customers understand the nature of the freight costs and who bears the responsibility of those costs associated with moving the freight along the supply chain as well as when certain surcharges should apply or should not apply. Be on the lookout! AIT can help navigate the intricate ways of INCOTERMS.

[Back to top](#)

## MARINE INSURANCE: Cargo Value --- Important? Yes, especially if you are considering insuring cargo!

The ocean "fast facts" for November illustrate tracking U.S. ocean port performance by value of cargo moving through those ports listed above. Typically, the ocean freight community measures traffic to and from USA ocean ports in terms of full container loads moving through those ports, in either TEU or FEU (twenty-foot or forty-foot equivalents). It is not common even for many of those in the logistics industry to actually consider aggregate high values of cargo moving through USA ports.

Understanding cargo value is vital when moving freight on the high-seas for the individual shipper or consignee who must purchase and move the freight, whether it is low value paper products or extremely high value automated machinery. A loss of any size shipment can have a devastating impact to those parties purchasing the ocean transportation. Cargo moving along any point of the supply chain is potentially subject to damage in transit; whether on the sea, over land on the rail, or over the road in trucks. Ocean carriers and NVOCCs alike are governed by limitations of liability often found on the terms and conditions of their bills of lading. This limitation of liability amount often is not enough to cover the cost of a complete or partial loss or damage of cargo while in transit.

At AIT, we realize the value of your cargo, no matter how large or small. AIT offers full service marine insurance through a variety of reputable providers. Speak with your AIT representative about marine insurance to protect your freight - it's a small price to pay to ensure your cargo arrives and can be covered in the event of unforeseen circumstances while cargo is in transit.

[Back to top](#)

## Asia to USA in 2007 = The Peak and The Slump Season

November has arrived. Early in 2007, the ocean carriers and industry watchdogs alike were predicting a record peak season from Asia to the USA. This peak season has remained active. As of press time, there hasn't been widespread word that cargo has been "rolled" or delayed due to overbooking or lack of equipment situations. There are isolated incidents for cargo exiting North China (i.e., Shanghai) to the United States east coast ports where direct shippers have had shipments delayed or have been advised to book early.

Despite the earlier toy scares this year with lead paint, the reduction in tax rebate incentives from the Chinese Government to Chinese exporters, and a lagging home improvement industry which has led to decreased imports of home improvement goods, vessels still remain full from China. Demand for seasonal and retail goods remains strong, which is why vessels remain full. Customers should be reminded to book as early as possible, and allow 10 to 14 days lead time before sailing time when making arrangements to ship cargo from Asia to the USA. Please contact your AIT representative to coordinate the optimal sailing and transit arrangement to ensure both equipment and vessel space are available.

Also be advised that several carriers directly to the United States east coast have extended their Peak Season Surcharges through February and carriers will be reviewing this monthly should conditions change. Several carriers to the U.S. west coast have shortened or reduced their Peak Season Surcharge applicability, so please contact your AIT representative to verify the current Peak Season charges for your origin and destination pairs.

***What is the "Slump"?*** Slump season, or as it is more commonly referred to as "slack" season, is fast approaching. Slack season is literally the slow shipping season of non-peak or year-end holiday shipping that generally occurs between December 1st and June 15th. Actually, while the volumes are "slacking" after the holiday rush is over, it's actually the time to start planning for the 2008 shipping season. This year, which is very similar to 2006, it is anticipated that a true "slack" season will not hit the east coast as capacity remains tight. For 2007, certain locations from South China to the U.S. west coast and intermodal points may provide an opportunity to take advantage of the "slack" period, where vessel space is more readily available. Check with your AIT representative to see where the "slack" season rate may help on your bottom line transportation cost.

[Back to top](#)

---

OCEAN

### MARKET NOTES: APL 53" Containers enter Asia to USA trade

Ocean carrier APL, a valued vendor for AIT, has announced they will start offering 53' container service on their ocean trades ex South China to Los Angeles. The long-term effects of this offering will enable shippers to gain better loading economics, two 53' foot containers can hold the same cargo volume as 3 40' containers and also help avoid trucking congestion.

For more information, speak with your AIT representative to help maximize your cargo in containers and save on shipping.

Source: <http://www.eyefortransport.com/index.asp?news=58236>

[Back to top](#)

### General Market Advisory

In late 2007, look for the trend of new ocean charges to hit the ocean supply chain.

+ Low-sulfur fuel surcharge. In efforts to go "green," ocean carriers are passing along this cost when these carriers choose to use these higher-cost environmentally friendly fuels.

+ Panama Canal Restoration Fee. This fee is related to both the upkeep of the Panama Canal and the expansion of the canal to support Post-Panamax sized ocean vessels.

Your AIT representative will clarify if these charges apply to the movement of your freight.

[Back to top](#)

### The Parting "Wave"

On behalf of the entire AIT Ocean Systems team, November is a time for giving thanks. The entire AIT Ocean Systems team thanks you, our customers, for your ongoing support.

**One item forthcoming in the December 2007 AIT Ocean Systems Newsletter Edition: The First INCOTERM: Ex-Works (EXW)**

[Back to top](#)

### Where have I heard that before?

In recent AIT e-Newsletter newsletters, we have discussed the IATA e-freight initiative for paperless shipping technology, the decline in air cargo volume from the predicted and sustainable 6% growth, the diversion of air freight to ocean freight due to increased fuel costs, and of course, as in this issue, the "Airlines Go Green" trend in the industry, if not as a defensive measure.

Last month in an article titled, "Can you hear me now?" we mentioned distraught industry professionals decrying our lack of "one voice." As if having read many of these very articles, Mr. Ram Menen, SVP of Emirates Airlines, made the following points at the FIATA Conference recently held in Dubai:

- The transport industry *IS* growing. Air cargo *IS* going to grow. Six percent growth *IS* going to be a reality.
- Have we lost cargo to the ocean industry? Yes, a bit. But it is nothing to worry about because it is the cyclical nature of the business. It has happened before in the 1980's - all of your jobs are secure.
- E-freight is not a myth - it is a reality, and IATA has an important role to drive that

message to the industry. E-freight is a way to reduce costs. Emirates is going to be in phase two. We have the most advanced IT systems in the world, but our Customs lags behind.

- On the subject of the European Union emissions trading scheme, Mr. Menen said, "This is crazy, we don't even contribute two percent [of carbon emissions]."
- The supply chain is not a single process and we have to have a common voice. We should take the same approach that we took with security. It doesn't matter what part of the supply chain you are in, we are all affected. It is very important that we have a common voice or we are in for some nasty surprises.

Source: Air cargo News, Flying Typers, 10/21/2007

[Back to top](#)

---

AIR

### Northwest Announces Minneapolis/St. Paul to Paris Service

EAGAN, Minn. - (Oct. 22, 2007) - Northwest Airlines (NYSE: NWA) announced that it will offer new daily nonstop service from Minneapolis/St. Paul to Paris, France, starting April 8, 2008. The new flight will be offered in cooperation with its joint venture partner, KLM Royal Dutch Airlines.

"On behalf of our employees at Northwest Airlines and our joint venture partner, KLM Royal Dutch Airlines, we are excited to announce new, daily nonstop service that will connect Minneapolis/St. Paul to Paris," said Doug Steenland, President and CEO. "Customers traveling from the heartland on this new route will also experience the unparalleled service and comfort of an Airbus A330-300, our newest transatlantic aircraft."

[Back to top](#)

---

AIR

### Carriers "Go Green" Continued...

#### **British Airways World Cargo increases capacity with new aircraft purchases**

The purchase of 12 Airbus A380 and 24 Boeing 787 aircraft as replacements for 34 of the airline's longhaul fleet will add at least an extra 170 tonnes per day to BA World Cargo's current capacity.

Due to be delivered between 2010 and 2014, the order will give the airline the flexibility to tailor its future capacity growth in line with market conditions.

The aircraft will be greener, quieter and more fuel efficient with significantly lower carbon dioxide emissions and reduced impact on local air quality. This was a key consideration in the order.

Andy Warwick, general manager of business development, BA World Cargo, comments: "The Boeing 787s in particular offer double the capacity of our current 767 fleet and will be used to start new routes and increase frequencies in existing markets. This fleet order is the largest that British Airways has made since 1998 and the green credentials of the aircraft played a vital role

in the decision-making process."

[Back to top](#)

---

AIR

## **Northwest Airlines becomes World's Largest A330 Operator with delivery of 32nd Airbus Aircraft**

### *Fleet Modernization Has Reduced Carbon Dioxide Emissions by 25 percent*

EAGAN, Minn. - (October 18, 2007) - Northwest Airlines (NYSE: NWA) today announced delivery of its 32nd Airbus A330 aircraft, giving the airline the largest A330 fleet in the world, the youngest international fleet of any North American airline, and the youngest transatlantic fleet of any North American or European carrier. The fuel-efficient A330 has significant benefits, not only for passengers in terms of comfort, but also for the environment - major priorities for Northwest and its employees as the airline moves forward with its \$6 billion re-fleeting program.

### *Environmental Benefits*

According to Doug Steenland, president and chief executive officer, today's more fuel-efficient A330 fleet is also part of the "greening of Northwest Airlines." The A330 is much quieter and 35 percent more efficient than the DC-10 aircraft it replaces.

Northwest is committed to reducing the environmental impact of air travel and is already making great progress in this area. "We have reduced our carbon dioxide emissions by an overall 25 percent between 2000 and 2006," Steenland said. He also added that the carrier's \$6 billion fleet modernization program has allowed the airline to significantly improve fuel efficiency since the year 2000, resulting in annual fuel savings of 250 million gallons per year - the equivalent of keeping more than 300,000 cars off the road annually.

[Back to top](#)

---

COMPLIANCE

## [ACE Exchange Conference in San Francisco](#)

The final ACE exchange for 2007 will be held in San Francisco on November 27 - 29, 2007. If you are involved with international trade, then it is in your best interest to be aware of how Customs plans to handle future business. Online registration is required.

Customs is actively promoting this program:

"Many companies have been utilizing ACE since 2002, and CBP encourages more companies to participate. Learn how ACE has helped companies comply with a new regulatory mandate and how ACE has given thousands of importers, brokers, and truck carriers an advantage over their competitors. New ACE functionality was just released that benefits Cartmen, Lightermen, Facility Operators, Foreign Trade Zone Operators, Sureties, Software Vendors, and Service Providers. Many regulatory and technical changes that will impact the business of importing goods into the United States are underway. The ACE Exchange also offers private appointments with CBP for ACE account assistance, reports training or other ACE related issues. Learn more

about ACE by attending this free conference."

Please visit the following link for more information: [http://www.cbp.gov/xp/cgov/toolbox/about/modernization/ace/reports\\_briefings\\_events/ace\\_ex\\_conf/ace\\_ex8/](http://www.cbp.gov/xp/cgov/toolbox/about/modernization/ace/reports_briefings_events/ace_ex_conf/ace_ex8/)

[Back to top](#)

---

COMPLIANCE

### Reported November Periodic Monthly Statement date could be incorrect

In Administrative Message 07-0235 (dated 10/24/2007), Customs advises that some ACE Account revenue reports are incorrectly showing November 26, 2007 as the payment due date for the November periodic monthly statements.

The correct payment due date for the November periodic monthly statements is November 23, 2007.

[Back to top](#)

---

COMPLIANCE

### Conflict Diamond Requirement

On October 19, 2007, Customs issued Administrative Message 07-0229. It states that that under The Clean Diamond Trade Act, the "importation into, or exportation from, the United States on or after July 30, 2003, of any rough diamond, from whatever source, unless the rough diamond has been controlled through the Kimberly Process Certification Scheme (KPCS)," is prohibited.

The Census Bureau is required to maintain statistics on imports and exports of rough diamonds under subheadings 7102.10, 7102.21, and 7102.31 of the Harmonized Tariff Schedule of the United States (HTSUS). All importers of rough diamonds must fax a copy of their KPC certificates to the Census Bureau upon making entry with U.S. Customs and Border Protection. Copies of the KPC must be faxed to 1-800-457-7328. Questions regarding the KPCS may be directed to Adria Gibson at 202-863-6057.

[Back to top](#)

---

COMPLIANCE

## New Law Substantially Increases Penalties for Export Violations

The penalty provisions of the International Emergency Economic Powers Act (IEEPA) were substantially increased when President Bush signed the International Emergency Economic Powers Enhancement Act (Public Law 110-96) on October 17. This will increase the penalties, both civil and criminal, that can be imposed for any violation of the export control laws.

The maximum civil penalty has been increased from \$50,000 to \$250,000, or twice the amount of the transaction per violation, and the criminal penalty has at least doubled to \$1 million (from \$500,000 for companies and \$250,000 for individuals). The maximum jail sentence of 20 years remains unchanged.

These new penalties may be applicable not to just violations that take place after the enactment of these amendments, but also to any violations for which government enforcement action was either "pending or commenced" on or after the date of the enactment.

[Back to top](#)

---

## COMPLIANCE

### CITES changes

The U.S. Fish and Wildlife Service (FWS) has published revised Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES) Regulations in the Federal Register with an effective date of September 24. FWS then posted a Public Notice on September 18 highlighting these changes. It is important that anyone importing CITES animal products fully understands these new requirements to avoid delays and possible seizure of improperly documented shipments.

It is likely that FWS will impose specific timeframes prior to the April 2008 mandatory implementation. First, there would be a warning for shipments with improper documentation, followed by a period with mandatory export of those shipments, and finally seizure.

One of the major changes is the definition of Hunting Trophies. Separate permits are now required for "H," Hunted Trophies, and "P," Personal, for articles made from the hunted trophies.

All CITES permits will require completion of Box 14, which indicates export endorsements to include the bill of lading number as well as the actual piece count of the animal products. This will become mandatory by April 2008.

Many countries claim not to have been notified about the U.S. changes. At least two countries, Zimbabwe and Argentina, continue to use CITES permit forms that do not meet the sample CITES permit form published on the CITES site. There is no box 5 or 5a on the current ZW and AR forms. These countries must determine where, on their current forms, their Management Authority will agree to affix the proper Purpose Code, and then what kind of stamp from the Management Authority would be affixed over or near it so the indication is legible. It is likely that there will be a grace period through April 2008 for these out-of-date forms.

[Back to top](#)

### Still waiting for "10+2" proposed ruling to be published

The "10+2" rule would be an expansion of the 24 hour rule which requires information to be transmitted to Customs prior to import freight being shipped towards the United States. Customs had planned on publishing a proposed ruling in October, but that has yet not occurred. Per information received at the ACE Exchange Conference in Atlanta, the proposal's published date could be as late as next year.

[Back to top](#)

---

### Questions & Contact Information

If you have any questions or comments regarding this eNewsletter, please contact one of the following representatives. Thank you.

Ocean: [Chris Jostes & Kevin Krause](#)

Air Freight: [Joseph Hoban](#)

Compliance: [Paul Codere](#)

[Back to top](#)

---

### Unsubscribe

Please [click here](#) to remove your name from this listserv. Thank you.

[Back to top](#)

---