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[Ocean Fast Facts for May](#)

For this month, AIT Ocean Fast Facts starts off the newsletter with a question:

How many ocean freight service contracts including NVOCC ocean freight service contracts were signed and filed with the FMC (Federal Maritime Commission) in the United States during fiscal year 2007?

[Click here](#) or read further in the newsletter to see the correct answer.

Answer: 44,698

Source: Journal of Commerce, Volume 9, Issue 16; page 50; April 21st 2008.

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[Ocean "BUZZ" Word of the Month: OEM](#)

An Original Equipment Manufacturer, or OEM, is an ambiguous and obscure phrase that refers to containment-based re-branding, where a company uses a component of another company in its product, or sells the product of another company under its own brand. OEM refers to the company that originally manufactured the product.

Source: www.wikipedia.org

The "buzz" word of the month is an acronym that may not be known by certain transportation intermediaries or those handling freight. OEMs are often the source of the cargo that moves as global ocean freight. Sometimes, OEMs may also be known as "beneficial cargo owners." Not only are OEMs manufacturing the product, but they also play a role in the ownership and transaction of the product moving from one country to another, as well as from one domestic point to another within the U.S.

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[Ocean Export = Supply and Demand... Update!](#)

Container availability shortages remain widespread, especially in U.S. mid-sections. One area that has recently been added to the list of demand areas is Dallas, Texas. Additionally, not only has the ocean container supply been impacted, but the available container chassis supply that the ocean carriers and truckers alike have available at any given time has drastically been reduced. Some carriers are also reporting they do not have booking availability until early May 2008 for Europe and Asia.

As a reminder, AIT ocean export customers should prepare when possible to allow for as much lead time prior to booking and shipping cargo; especially when sourcing single and multiple container shipments from such markets as Chicago, St. Louis, Kansas City, and Denver. These intermodal markets are often "demand" areas for ocean equipment; and import empty "turns" occasionally do not become available fast enough to supply the export booking demands. Plan as early as possible to avoid delays in securing ocean container equipment. Call AIT to assist in planning for alternatives when your primary routing options do not exist.

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[Market Notes](#)

Trans Pacific Inbound Ocean Service Contract Negotiations

AIT's ocean buzz word of the month provides the statistic of annual ocean service contracts signed between ocean carriers and NVOCCs and beneficial cargo owners or OEMs. This staggering number, 44,698, is quite astonishing, and represents service contracts ONLY for freight that is originating or destined for the United States.

AIT is working with ocean carriers to finalize the post May 1, 2008 rate levels for cargo from Asia to the United States. Initial offers have come in from core ocean freight carriers and are under review. The biggest difference in contracts for this season is the new BAF (bunker adjustment factor) that will float monthly. General Tariff BAF levels for this tradeline as announced by the TSA carriers (www.tsacarriers.org) are as follows:

\$ 796 per 20' container
\$ 995 per 40' container
\$ 1120 per high-cube 40' container
\$ 1260 per 45' container

BAF levels within ocean contracts will most likely be mitigated and initial offers as of press time are seeing a floating BAF of \$455 to \$500 per 40', a significant reduction off the tariff rate. Another significant factor to consider is that while BAF is increasing, carriers have essentially removed or included the Emergency Bunker Fuel Surcharge (EBAF) from their ocean rates. EBAF generally will not apply from May 1 on.

Peak season surcharge levels have been tentatively announced at \$400 per 40' container effective June 1 thru October 30. There is no word yet if carriers will mitigate the peak season surcharge within service contracts. According to the TSA carriers (www.tsacarriers.org), the first wave of contracts were offered and signed during the week of April 18.

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Mediterranean Sea Region Service Advisory

AIT has received reports from carriers and agents alike that some vessel operators in the Mediterranean Sea region, primarily MSC (Mediterranean Shipping Company), have recently experienced operational delays due to the recent strike in Greece. This strike has delayed some vessels from the Mediterranean (Greece, Italy, and France) to the United States and other regions. The impact is minimal but be advised if you are importing or exporting to this area.

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Reminders

Brazil: New Customs Legislation effective April 1st 2008

Customers need to be reminded that there are new customs laws affective April 1 that require agents clearing cargo in Brazil to be registered with the port authorities by the agent on the master bill of lading.

Alameda Corridor Surcharge (ACS) Advisory

As of January 1, 2008, the new ACS levels are: \$19/\$38/\$39/\$42 per 20'/40'/40'HC/45'. This is for all cargo transiting via intermodal rail corridors to and from the ports of Los Angeles and Long Beach.

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Cargo Weight Mis-Declaration and Weight Limitation Fees

At this time, be advised that several carriers are charging either weight mis-declaration and/or weight limitation fees for cargo to and from the United States. The weight limitation fees are averaging between \$150 to \$250 when gross container and cargo weights approach the maximum legal road weight limitations as determined by the United States Department of Transportation or when combined container and cargo weight exceed railroad weight standard limitations. Mediterranean Shipping Company (MSC) is one carrier to enforce this policy.

Additionally, ocean freight carriers are becoming stricter in their enforcement of declared weights on shipping instructions, commercial invoices, and master bill of lading instructions. This is due in part to United States Customs and Border Protection 10+2 requirements, but also because of increased maritime laws enacted in foreign countries such as Brazil. Please always ensure proper representation of cargo weight when shipping freight, as there is a possibility for resulting fines from steamship lines, local and federal government enforcement agencies. Mis-declared weights on bills of ladings may also violate certain national and international laws. Fines by governmental bodies for mis-declaration of cargo weight can exceed \$1,000.

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[Ocean Freight Goes Mainstream with the new National Geographic Channel Series, "America's Port"](#)

For those customers who just can't get enough of the ocean supply chain while on the job and want an intimate look at vessel and port operations, the National Geographic Channel has launched "America's Port," an informative reality series providing an in-depth look into vessel operations, port police, environmental and labor issues faced by port administration within the nation's largest ocean port.

The series can be seen Mondays at 10:00 PM Eastern / 7:00 PM Pacific. According to the National Geographic Website, "'America's Port' provides an unblinking view of this vibrant and colorful nerve center for global trade-the Port of Los Angeles. Get an inside look at this massive complex and the intrepid individuals charged with keeping it running smoothly and securely 365 days a year. It's a dynamic and dangerous 24/7 operation."



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[ILWU and PMA Contract Discussions Underway](#)

Contract discussions between the ILWU, representing the Longshoremen at 29 United States West Coast Ports and the PMA (Pacific Maritime Association) representing the ocean freight carriers are underway and continue to make progress. Discussions remain upbeat in hopes of avoiding a strike at West Coast ports in the U.S. when the current labor contract expires on July 1, 2008.

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[The Parting "Wave"](#)

On behalf of the entire AIT Ocean Systems team, thank you for your continued support. Peak Season is just around the corner, who can believe it?

One item forthcoming in the June 2008 AIT Ocean Systems Newsletter Edition: Summer Updates

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Rising Fuel

We all know that carrying heavier loads burns more energy, whether it is a backpack on your back, junk in your car's trunk, or in the case of airlines excess weight that burns fuel to carry it from city to city. In their efforts to "shed unwanted pounds," airlines have jettisoned (pun intended) excess weight to lighten the load on passenger jets to lower fuel consumption per flight. The following article from CNN.com lists some of the items tossed overboard.

With fuel prices high, airlines lighten the load

PHOENIX, Arizona (AP) -- Your ginger-ale doesn't come in a glass anymore on most US Airways flights. On Delta you'll find yourself in a thinner, lighter seat. If you fly Jet Blue cross-country, you'll get a dainty bag of 100-calorie crisps in place of the original snack box of cookies, crackers and spreadable cheese.

With jet fuel prices so high, airlines have no choice but to scour their planes for ways to lighten the load. There's no room for even the smallest bits of dead weight, from redundant wing lights to extra wires in the walls. Manufacturers also are using lighter materials in plane construction.

"The pressure is immense" to cut weight, said John Heimlich, chief economist for the Air Transport Association of America, an industry trade group. "Every penny more per gallon adds \$195 million to the industry's expenses per year. You simply cannot make all of that up with fare increases."

Jet fuel, which the Energy Department's Energy Information Administration tracked at \$3.17 per gallon in New York on Tuesday (*Editors Note: Which was Tuesday, March 25, 2008 based on when this article was written*), has doubled since the beginning of 2007.

It outpaced labor as the biggest airline expense three years ago. As of September 2007, fuel made up 27 percent of operating expenses for U.S. airlines, according to the latest data from the Bureau of Transportation Statistics.

The industry has struggled to keep up. Carriers have increased fares, cut capacity, parked their gas guzzler planes, charged customers to check a second bag, trimmed staff and pushed as many passengers as possible to automated kiosks.

Airlines also try to exert some control over fuel expenses through hedging, a practice of capping fuel prices months or years in advance with long-term contracts. But hedging is still a gamble.

"Reducing consumption is a certainty," Heimlich said. "You're always going to win by consuming less energy." To that end, carriers have pulled out unused ovens, magazine racks and trash compactors during the past few years. Some removed paper manuals in the cockpit and installed electronic maintenance logbooks.

Fort Worth, Texas-based American Airlines created a Fuel Smart Team in 2005 as fuel prices started to go up. Tom Opderbeck, American's manager of strategic programs, said the team tried to cut weight in places that customers wouldn't notice. The team capped electrical outlets in the lavatories and cut the power converters from the wall. It took out phones in seat backs and removed the heavy telephone wiring that was folded inside. "I always think we've come to the end of the list, but we keep on finding new items" to remove, Opderbeck said.

The weight-savings measures were unrelated to the grounding this week of MD-80 planes

operated by American, a company spokesman said Friday. American and Delta Air Lines both had to cancel flights after Federal Aviation Administration inspectors questioned whether the airlines had properly performed a modification. A \$10.2 million civil penalty imposed by the FAA on Southwest Airlines this month also was unrelated to fuel-saving measures.

Last year, American replaced its silverware on business and first class with another set that was made from a lighter metal. "Every little bit helps, especially for an airline like American Airlines that flies over 750,000 flights a year," Opderbeck said. American Airlines burned 2.8 billion gallons in 2007. After the recent weight cuts, the carrier estimates it will conserve about 111 million gallons this year.

Tempe, Arizona-based US Airways had similar ideas when it redesigned aircraft interiors following its 2005 combination with America West Airlines. Sherri Shamblin, US Airways vice president for InFlight Services, said management realized it could save fuel by simply replacing meal carts with ones that weigh 12 pounds less. "Twelve pounds is significant when you run anywhere from six to 35 carts on an airplane," Shamblin said. The lighter carts will save the airline \$1.7 million a year in fuel costs, she said.

Management decided last month to continue to lighten its meal service by getting rid of glassware on domestic flights. Its east coast flights already had switched to plastic. But on western flights previously run by America West, first-class passengers were still handed beverages in glass flutes and tumblers, Shamblin said. "We actually were going to put glassware back on the east in first class until fuel continued to keep rising," she said.

US Airways officials wondered if replacing glass with plastic would bother passengers. But in customer surveys "glassware didn't come up on the list" of what was important on their flight, Shamblin said. Still, US Airways will keep glasses for its premium Envoy class service during trans Atlantic flights.

JetBlue's aircraft are 1,079 pounds lighter after removing extra trash bins, flight kits, supplies and seats -- "all the little things that, when combined, make a decent difference," JetBlue spokesman Bryan Baldwin said. The weight loss will save the carrier roughly \$16,000 for a three-hour flight, he said.

A lot of airlines are also trying to fly differently to be more fuel efficient. They're carrying less water and putting less gas in the tank if the plane doesn't need it to make the trip. They also plug in planes to ground power as soon as the plane lands.

Southwest Airlines cut fuel costs simply by flying more direct routes. The Dallas-based carrier equipped planes with life vests during the past two years, allowing pilots to fly over bodies of water and shave miles off of their flights.

All of these changes have helped airlines boost their fuel efficiency, Heimlich said. But he's not sure how much more fuel conservation airlines can do. As fuel prices continue to rise, he said, carriers are parking many of their planes and cramming customers into the remaining flights.

"The place to cut now is simply the quantity of service: The number of flights, the number of seats," he said. "In other words, the only thing left to cut is the amount of supply itself."

Source: CNN.com

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The next article could have been part of the first section on Rising Fuel and its affect on the air cargo industry, or the next section below Airlines Go Green. Northwest Airlines announces the retirement of one of their oldest most fuel-inefficient aircraft which is also due to the high cost of fuel. Please see the announcement below from Thomas Bach, President of NWA Cargo:

NWA Cargo Network Announcement

As one of our valued business partners, I want to inform you of changes we are making to our freighter network and schedule. The continued high price of jet fuel is forcing fundamental changes in the air transportation business. As a result, we are planning to accelerate the retirement of our last 747-200 "J- powered" freighters, the oldest, least-fuel efficient aircraft in our fleet.

Effective July 1, NWA Cargo will suspend freighter service to Guangzhou and, effective August 1, will suspend freighter service to Taipei. We will also trim frequencies on Mondays, the weakest day of week, and re-optimize the remaining freighter network to improve aircraft utilization.

Although we have raised fuel surcharges on several occasions in 2008, the higher surcharge amounts are not enough to offset rapidly increasing fuel costs. As a result, we are re-focusing our freighter operation around our most-efficient aircraft and core trans- Pacific business including our unique Anchorage hub operation.

The new Pacific schedule maintains freighter service to/from Shanghai, Seoul, Tokyo and Osaka as well as adding new non-stop westbound service from Anchorage to Seoul.

A total of ten freighters will remain in active cargo service; including one plane largely dedicated to the Civil Reserve Air Fleet (CRAF) program. In addition to the freighter network, Northwest continues to offer expansive Widebody air freight service on our passenger network including 14 destinations in the Pacific.

Despite these service reductions, NWA Cargo remains committed to the freighter business. As business conditions improve, we look forward to expanding our network including the introduction of a new U.S. destination in the fall. We continue to invest significant resources in improving reliability and customer service including everything from increased maintenance support and dedicated operational spares to newly painted aircraft.

As we reduce our capacity in the marketplace, we apologize for any inconvenience this may cause to your business. If you have any questions regarding our new network, please do not hesitate contract me or your account manager.

Thank you for your continued support of NWA Cargo.

Sincerely,

Thomas Bach
President, NWA Cargo
April 14, 2008



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Airlines Go Green

The "Going Green" initiative at AIT Worldwide Logistics is becoming a deeper part of our culture, as evidenced by a program recently implemented by the IT Department at AIT. The program aims to help dispose of our corporate and Chicago Station employee's personal computers and electronics in an eco-friendly manner. The following was the internal e-mail sent by Shane Paul, Manager Information Systems Support:

AIT Recycles Electronics

Thinking green and keeping our planet healthy is more than just a trend that will fade away. It is a frame of mind that requires an ongoing commitment. With AIT's support, we are happy to announce that we will start accepting your personal computer waste, free of charge for disposal with our electronics recycling company. See below for a list of items that we will take:

- **CD and DVD's** - If these items end up in municipal dumps, they are incinerated and produce toxic fumes like methane and monochlorobenzene which is associated with liver and kidney diseases. We will be giving these items to a company called GreenDisk who will recycle the CD's and DVD's into car parts and office supplies.
- **Computers and Monitors** - Currently, most PC's that are discarded end up in China where workers are poisoned by the lead and flame retardant materials they pull out of the old computers. Some of this lead is actually refashioned into jewelry that is sold across China. You can bring these items into us for proper disposal or you can try to contact the manufacturer of the PC and see if they have a recycling program. Dell, Sony and Toshiba currently do it and Apple will even give you 10% towards a new iPod if you recycle an old iPod with them.
- **Miscellaneous Electronic Equipment** - Items like VCR's, DVD players and small TV's and all of their associated cables can be brought in.

Thanks to everyone in advance.

Sincerely,
Shane Paul

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Airlines Go Green

In the search for what other companies are doing to contribute to sound environmental policies, we found another web site, www.hbrgreen.org, as in Harvard Business Review. Below is an article that speaks to an entire supply chain approach to being environmentally conscious.

You Are Only As Green As Your Supply Chain

by Brian Walker
Posted on February 6, 2008 9:00 AM

Years ago Herman Miller decided to become an advocate for the environment, both because we believed it was the right thing to do and because we saw the potential for a clear business benefit. Ever since, we've been refining our processes to put our aspirations into practice.

Our Perfect Vision campaign, launched in 2003, includes green goals such as no landfill waste, no hazardous waste, no air or water emissions from manufacturing, and the use of 100% green energy, all by the year 2020. These are stringent targets our company cannot reach without engaging over 200 materials and components suppliers in the ongoing task of greening our global supply chain.

As we've examined every aspect of our worldwide supply chain, we've learned one key lesson: A business, and the products it sells, can only be environmentally sustainable through a holistic approach to design, raw materials, production methods, packaging, shipping, recycling, and even marketing--across the entire value chain. It's far too large and complex a undertaking for any organization to go it alone and be truly effective. You know the saying, "It takes a village to raise a child." Well, it takes an entire supply chain to green a company.

Here are three things we recommend to companies working with their suppliers on the long-term goal of going green.

- 1. Design your products with sustainability as a core principal.** At Herman Miller, we have a problem-solving, design-driven culture, so we spend a lot of time thinking about how to create our products. In 2001, when we were creating our Mirra chair, we had been working with architect Bill McDonough and chemist Michael Braungart, both leading-edge environmentalist thinkers, toward their vision of a "cradle-to-cradle" design that embraces sustainable materials in a closed-loop life cycle. As a result, we eliminated the use of a chemical called polyvinyl chloride in that chair. Now, PVC has advantages, including the fact that it is inexpensive and durable. However, PVC releases toxins during manufacturing and when it is burned. We decided not to use it and implemented that decision with the help of our suppliers. We embedded those cradle-to-cradle principals in our product development process for all new designs, beginning with Mirra.
- 2. Refine your goals and put them to paper.** We aim to be fully sustainable by 2020, but we're holding ourselves accountable to interim goals along the way. For example, by 2010, 50% of our sales will come from products that conform to our own rigorous Design for the Environment standards, and we aim to reduce our environmental footprint by 80%. Achieving these goals requires paying attention not only to materials, including their chemical ingredients, but also to our sources of energy, to our manufacturing processes, and to our packaging. We don't want to reduce our impact in one area while ignoring it in another. Nor do we want to move our environmental impact upstream into our supply chain.
- 3. Embrace transparency and meaningful metrics.** Our company, our customers, and our industry in general are moving inexorably toward more transparent reporting when it comes to the environment. And, like any other management issue, what gets measured gets managed. When it comes to our supply chain, several measures apply. We award points through our Supplier Quantification Process for formal environmental programs and active waste-reduction programs. We rate our suppliers according to how effectively they are working to help us reach our goals--from researching alternative materials to incorporating our measurable targets into their flow charts. And this is the crux of the issue: We're not only looking at our suppliers, but at our suppliers' suppliers.

We have 12 years and a long way to go before reaching our self-imposed deadline for our Perfect Vision mission. By looking--and forcing change--outside our company as well as inside, we believe we can achieve this goal. By following the three steps above, we believe other companies can reach their green goals as well.

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Airlines Go Green

In an area related to our industry with another nod to CNN.com, the following article was featured on the efforts of one car rental company, Enterprise, and their efforts to increase the availability of hybrid cars and other eco-friendly automobiles to their customers.

Car rentals go "green"

ATLANTA, Georgia (AP) -- The car rental business is slowly undergoing a green evolution, packing its fleets with more hybrids and fuel efficient vehicles.

But so far, it's been a cautious transition, since there's no telling whether consumer demand will meet the supply.

Enterprise Rent-A-Car, the nation's largest car rental company, launched one of its more ambitious efforts Wednesday, opening four new "green branches" in Atlanta. About 60 percent of the vehicles at the chain's stores will be hybrids or other fuel-efficient vehicles.

The company said it's a response to the consumer demand in Atlanta, which may reflect gas prices that could reach \$4 per gallon this summer.

Other rental giants also say they're trying to keep pace with a growing appetite for environmentally friendly cars. Analysts, though, say it's still unclear how fast the trend will grow. They say much of the consumer demand now comes from environmentally conscious customers and others looking for an extended test drive before they buy a hybrid.

"Those who are looking for a value in terms of dollar for dollar will absolutely not get hybrids," said Brian Chee, the head automotive analyst at MyRide.com. But he said there's a growing market that's willing to shell out an extra \$40 for the hybrids during quick vacations.

And some wonder whether consumers will be willing to dish out premiums that typically range from \$5 to \$15 a day for a hybrid. The premiums could outstrip fuel savings on short-term rentals.

"At the end of the day, it's the consumer that drives rental fleeting," said Neil Abrams, president of Abrams Consulting Group Inc., a rental car industry consultancy. "Rental car companies can buy a lot of cars their customers don't want to drive, and they'll be sitting in a lot and gathering dust."

Enterprise has slowly built up its hybrid fleet, boasting 4,000 of the vehicles in its fleet of 1.1 million.

Source: CNN.com/Technology - April 9, 2008

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Airlines Go Green

NWA Celebrates Earth Day

In commemoration of Earth Day, Northwest Airlines announced exciting enhancements to their EarthCares program. One of these improvements includes adding a carbon emissions calculator to nwa.com. After purchasing travel on nwa.com, customers receive their confirmation, which allows them to view the estimated carbon dioxide emissions associated with their air travel. The carbon calculator gives the customer the option of offsetting their emissions by donating to NWA's EarthCares partner, The Nature Conservancy.

The other EarthCares initiative NWA launched for Earth Day is a domestic onboard recycling program. Flight attendants now collect newspapers, plastic bottles and aluminum cans using new recycling bags. Proceeds leftover from the actual cost of the program will be donated to the Beacon Foundation, a non-profit organization that assists NWA flight attendants.

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AIR

One of the problems with weekly news magazines is that often by the time you receive your copy, the "news" in the articles is no longer "newsworthy." The month of April was no exception for this monthly e-Newsletter. The below article from March 31, 2008, was outdated by mid-April when it was announced the merger between Delta Airlines and Northwest Airlines would proceed as planned, not awaiting approval of the pilots.

Northwest wants to proceed with Delta merger

Northwest Airlines wants the merger with Delta Air Lines to go ahead despite the lack of support from pilots. Plans to merge the two carriers earlier this month fizzled out when their pilots failed to negotiate a formula for working together.

Both carriers' pilot unions have said their support was crucial and they would not support a merger that did not work in their favor in several areas. Delta pilots were instrumental in fending off a hostile merger attempt by US Airways last year.

Seeking to avoid the labor headaches still afflicting US Airways after its merger with America West Airlines in 2005, Delta and Northwest had sought to get their pilots on board before proposing a merger.

The unions agreed in principle to higher wages, an equity stake in the merged company and other benefits. The pilots, however, could not agree on merging their seniority lists.

Seniority determines when pilots work, what planes and routes they fly, and their path for moving up in the ranks.

Source: Cargo New Asia.com - March 31, 2008

Delta, Northwest In Merger Deal

In what could be the first swell in a wave of airline consolidations Delta Air Lines is set to merge with Northwest Airlines, creating the world's biggest airline with a value of about \$17.7 billion. The new airline will operate under Delta's flag with more than \$32 billion in annual

revenue and about 75,000 employees.

The move, which still faces probable Department of Justice approval, is meant to help stave off the effects of increasing fuel prices and competitive pressures in a weak economy.

Both carriers rank among the top 10 of Air Transport Association leading U.S. domestic cargo carriers. The hope of the carriers - and the concern of shippers and forwarders - is that fewer, larger airlines will be able to control capacity and boost prices.

Source: Michael Fabey/Traffic World - April 21, 2008

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AIT Worldwide Logistics Partner News

Our partner in the United Kingdom, Davies Turner Air Cargo, received notice and praise for becoming AEO certified. Davies Turner Air Cargo is the 11th largest IATA Certified Freight Forwarder in the UK.

Meanwhile, our partner in Eastern Europe, appropriately named "Cargo-Partner," announced a new service using rail service between key ports.

[Davies Turner Air Cargo one of first AEOs](#)

Davies Turner Air Cargo has been advised by HM Revenue & Customs that it will become one of Europe's first Authorized Economic Operators (AEOs), effective April 5. (3/28/2008)

This is good news for both Davies Turner and HMRC: eyefortransport has been unable to confirm this, but HMRC is possibly the first of the 27 customs regimes in Europe to get a company through the accreditation process.

The AEO scheme is one of a series of measures being coordinated by the World Customs Organization as part of a multi-layered approach to facilitating trade and making supply chains more secure and controlled. In adopting the AEO regime, the EU is aligning with similar measures introduced by other countries, including the US (C-TPAT).

The AEO scheme provides legitimate businesses with a quality mark that demonstrates that their internal controls and procedures are efficient and compliant with the extensive and rigorous requirements set by the European Commission and implemented by all the Member States in the EU.

The HMRC undertook assessments of Davies Turner's IT systems and air cargo operations at Glasgow, Edinburgh, Manchester, Dartford and London Heathrow in December. This was followed by a highly detailed and rigorous assessment report. As the European Commission has developed AEO status, a key feature is that after each Member State's Customs body has approved AEO status, then each of the other 26 Customs bodies in the EU has a veto on the issuance of the AEO status. Only then can full AEO status be granted.

Potentially, some 140,000 companies involved in international trade are eligible to apply within the UK alone.

There are three AEO levels: customs only, security only, or both. Davies Turner has achieved full certification (Type F), which entitles the company to benefits under security and safety, as

well as customs simplifications (effective July 1st 2009).

Being in pole position in new regulatory environments is not a new situation for Davies Turner Air Cargo. Three years ago, the company was accredited under the Metropolitan Police initiative AIMSS (Airfreight Industry Minimum Security Standards Scheme), which works to raise security standards at London Heathrow. Just three years before that, Davies Turner became the only dedicated airfreight forwarder listed in the then-HM Customs & Excise Tariff for the HM Customs & Excise-authorized Designated Export Place (DEP).

Source: www.eyefortransport.com, Freight e-business News & Resources

Cargo-Partner Announces New Service

"Rotterdam Seagull" - This is a dedicated shuttle service, moving freight by train from and to the hubs in Vienna, Enns and Rotterdam on the fastest possible track.

Hostivice, Czech Republic - Exactly 15 years after the development of their first subsidiary in Prague, Cargo-Partner has opened a new logistics center in Hostivice. The 4,500 square mile area contains more than 6,000 pallet spaces and additionally functions as a customs clearance warehouse. It is located 5km from the airport in Prague, where the head office of Cargo-Partner in the Czech Republic is situated.

Source: www.cargo-partner.com

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AIR

It's the Economy

The combination of higher fuel costs, the weakened U.S. dollar, decline in demand in the United States and other global factors have lead to a readjustment of projections for the air cargo industry. "Stagflation" is a word we remember in the United States that is making a comeback.

Stagflation threatens aviation industry outlook

Rocketing fuel prices have forced the International Air Transport Association (IATA) to again downgrade its industry profit expectations for 2008 to U.S.\$4.5 billion based on global economic growth slowing to 2.6 per cent and an average annualized oil price of US\$86 per barrel (Brent Crude). This is the second downgrading of the 2008 forecast. In September 2006 IATA predicted a US\$7.6 profit for this year. The initial impact of the credit crunch saw that lowered to US\$5.0 billion in December 2007.

"We still expect a positive bottom line of US\$4.5 billion, but it's turning out to be a very tough year," said Giovanni Bisignani, IATA's director general and chief executive.

Skyrocketing oil prices during 2004-2008 were offset by efficiency gains and rising consumer confidence. "The broadening impact of the U.S. credit crunch has brought buoyant consumer confidence to an abrupt end. Oil prices continue to rise. Demand is softening and after the 64 percent improvement in labor productivity and an 18 percent reduction in non-fuel unit cost attained since 2001, efficiency gains are much more difficult to achieve," said Bisignani.

At an average annual price of US\$86 per barrel for Brent, fuel represents 32 percent of operating costs and a total bill of US\$156 billion.

Along with the credit crunch and oil prices, three other key elements are impacting the performance of the industry says IATA:

Aircraft Delivery Cycle: The downturn in demand coincides with a stepping-up of aircraft deliveries—from 1,041 new aircraft in 2007 to an expected 1,231 in 2008. While some of this will be offset by retiring less fuel-efficient aircraft, real yields (adjusted for inflation and the U. S. dollar) are expected to drop 4.1 percent this year (compared to a 3.2 percent drop in 2007).

Increased competition: The US-EU Agreement on Open Skies is increasing trans-Atlantic frequencies by 11 percent in April. London Heathrow and Spain are leading the change with an increase of 25 percent each. Increased competition will put pressure on yields in these markets.

Non-Core Assets: In the past two years non-core business significantly boosted the consolidated profits of airlines. In 2007 alone the contribution of non-core profits and asset sales almost tripled the airline business profit of US\$5.6 billion to over US\$15 billion. The crisis in financial markets will make asset sales more difficult in 2008.

IATA expects all regions to be profitable in 2008, except for Africa. Compared to 2007, areas with strong commodity markets and strong ties to the booming economies of China, India and Latin America are in general doing better. By contrast, the US and Europe will see significant decreases in profitability:

North America: US\$1.8 billion (down from US\$2.8 billion in 2007)

Europe: US\$1.8 billion (down from US\$2.1 billion in 2007)

Asia Pacific: US\$900 million (constant from 2007)

Middle East: US\$200 million (down from US\$300 million in 2007)

Latin America: Break-even (compared to a US\$100 million loss in 2007)

Africa: US\$300 million loss (improved from the US\$400 million loss in 2007)

IATA says it's time for governments and labor to get serious about the future structure of the industry. "A fragmented industry of over 1,000 players is generating net profit margins around 1 percent -- in a good year -- warned Bisignani. "There is no secure long-term future for an industry that is constantly on the verge of intensive care."

"Labor must see the good results of the consolidation that we have seen in Europe and paint itself into the picture of even broader global consolidation. And governments must understand that the flag on the tail has lost its meaning. Airlines need to grow into global businesses, spreading risk and benefits in the same way that any other normal business would. Ownership and control restrictions must go. And a good starting point is the Second Stage US-EU talks which begin soon."

Source: Air Cargo Asia Pacific New Service - April 1, 2008

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Book Review: Blue Skies or Storm Clouds?



Essays on Public Policy & Air Transport published by Airlines Magazine

A web site reviewed in preparation of this monthly e-Newsletter is Airlines Magazine. Airlines Magazine is a non-profit e-journal for students and professionals of aviation that offers free, up-to-date background knowledge about the global air transport industry. They can be found at www.aerlines.nl and www.aerlinesmagazine.com.

Dear Reader,

The editorial team of Airlines Magazine is proud to announce the debut of its first publication, entitled 'Blue Skies or Storm Clouds - Public Policy and Air Transport.' This book addresses important contemporary policy areas of today's air transport industry, and is relevant for professionals, policy-makers, researchers, and students alike. We have managed to attract a number of highly respected industry experts, who have been willing to share their insights and expertise with us.

The publication of this book has been a new and exciting experience for Airlines Magazine. Although the publication took several months longer than anticipated, as authors and editors contributed on a voluntary basis and thus in their spare time, we are very pleased with the final result. This feeling is shared by the Dutch Minister of Transportation, Camiel Eurlings, as he has endorsed the bundle by writing its preface.

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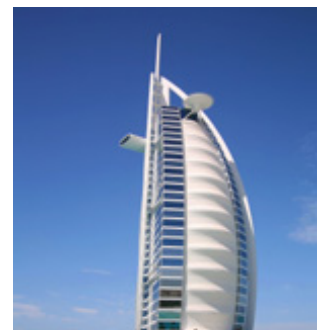
Cities around the World

This month's featured city is Dubai, located in an area we refer to as the Middle East. Dubai is a major air and sea port in the region, located between the Persian Gulf and the Gulf of Oman.

Dubai

Dubai (transliteration: dubaif) can either refer to one of the seven emirates in the United Arab Emirates (UAE), or that emirate's main city, sometimes called "Dubai city" to distinguish it from the emirate.

The modern emirate of Dubai was created consequent with the



formation of the United Arab Emirates in 1971. However, written accounts documenting the existence of the city have existed at least 150 years prior to the formation of the UAE. Dubai shares legal, political, military and economic functions with the other emirates within a federal framework, although each emirate has jurisdiction over some functions such as civic law enforcement and provision and upkeep of local facilities. Dubai has the largest population and is the second largest emirate by area, after Abu Dhabi. Dubai and Abu Dhabi are the only two emirates to possess veto power over critical matters of national importance in the country's legislature. Dubai has been ruled by the Al Maktoum dynasty since 1833. The emirates' current ruler, Mohammed bin Rashid Al Maktoum, is also the Prime Minister and Vice President of the UAE.



A majority of the emirate's revenues are from trade, manufacturing and financial services. Revenues from petroleum and natural gas contribute less than 6% (2006) of Dubai's US\$ 37 billion economy (2005). Dubai has attracted world-wide attention through innovative real estate projects and sports events.

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History

In the early 19th century, the Al Abu Falasa clan (House of Al-Falasi) of Bani Yas clan established Dubai, which remained a dependent of Abu Dhabi until 1833. On 8 January 1820, the sheikh of Dubai and other sheikhs in the region signed the "General Maritime Peace Treaty" with the British government. However, in 1833, the Al Maktoum dynasty (also descendants of the House of Al-Falasi) of the Bani Yas tribe left the settlement of Abu Dhabi and took over Dubai from the Abu Fasala clan without resistance. Dubai came under the protection of the United Kingdom by the "Exclusive Agreement" of 1892, with the latter agreeing to protect Dubai against any attacks from the Ottoman Empire. Two catastrophes struck the town during the mid 1800s. First, in 1841, a smallpox epidemic broke out in the Bur Dubai locality, forcing residents to relocate east to Deira. Then, in 1894, fire swept through Deira, burning down most homes. However, the town's geographical location continued to attract traders and merchants from around the region. The emir of Dubai was keen to attract foreign traders and lowered trade tax brackets, which lured traders away from Sharjah and Bandar Lengeh, which were the region's main trade hubs at the time.

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Geography

Dubai is situated on the Persian Gulf coast of the United Arab Emirates and is roughly at sea level (16 m/52 ft above). The emirate of Dubai shares borders with Abu Dhabi in the south, Sharjah in the northeast, and the Sultanate of Oman in the southeast. Hatta, a minor exclave of the emirate, is surrounded on three sides by Oman and by the emirates of Ajman (in the west) and Ras Al Khaimah (in the north). The Persian Gulf borders the western coast of the emirate. Dubai is positioned at 25.2697° N 55.3095° E and covers an area of 4,114 km² (1,588 mi²).

Dubai lies directly within the Arabian Desert. However, the topography of Dubai is significantly different from that of the southern portion of the UAE in that much of Dubai's landscape is highlighted by sandy desert patterns, while gravel deserts dominate much of the southern region

of the country.

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Economy

Dubai's gross domestic product as of 2005 was US\$37 billion. Although Dubai's economy was built on the back of the oil industry, revenues from oil and natural gas currently account for less than 6% of the emirate's revenues. It is estimated that Dubai produces 240,000 barrels of oil a day and substantial quantities of gas from offshore fields. The emirate's share in UAE's gas revenues is about 2%. Dubai's oil reserves have diminished significantly and are expected to be exhausted in 20 years. Trade (16%), entrepôt (15%) and financial services (11%) are the largest contributors to Dubai's economy. Dubai's top re-exporting countries include Iran (US\$ 790 million), India (US\$ 204 million) and Saudi Arabia (US\$ 194 million). The emirate's top importing countries are Japan (US\$ 1.5 billion), China (US\$ 1.4 billion) and the United States (US\$ 1.4 billion).

Historically, Dubai and its twin across the Dubai creek, Deira (independent of Dubai City at that time), became important ports of call for Western manufacturers. Most of the new city's banking and financial centers were headquartered in the port area. Dubai maintained its importance as a trade route through the 1970s and 1980s. The city of Dubai has a free trade in gold and until the 1990s was the hub of a "brisk smuggling trade" of gold ingots to India, where gold import was restricted. In a recent research, the MasterCard Worldwide Centers of Commerce Index™, Dubai was named as one of the world's top 50 cities that are the hubs of the new worldwide economy. Dubai's ranking positions the city as a leader in the Middle East, offering a strong business climate that supports further development.

Dubai is considered to be an important tourist destination and its port, Jebel Ali, constructed in the 1970s, has the largest man-made harbor in the world. Dubai is also increasingly developing as a hub for service industries such as IT and finance, with the establishment of a new Dubai International Financial Centre (DIFC). The government has set up industry-specific free zones throughout the city. Dubai Internet City, combined with Dubai Media City as part of TECOM (Dubai Technology, Electronic Commerce and Media Free Zone Authority) is one such enclave whose members include IT firms such as EMC Corporation, Oracle Corporation, Microsoft, and IBM, and media organizations such as MBC, CNN, Reuters and AP.

The Dubai Financial Market (DFM) was established in March 2000 as a secondary market for trading securities and bonds, both local and foreign. As of Q4 2006, its trading volume stood at about 400 billion shares worth US\$ 95 billion. The DFM had a market capitalization of about US \$ 87 billion. Large scale real estate development projects have led to the construction of some of the tallest skyscrapers and largest projects in the world such as the Emirates Towers, the Burj Dubai, the Palm Islands and the world's tallest, and most expensive, hotel the Burj Al Arab. As of July 2007, the Burj Dubai became the world's tallest structure and is expected to be taller by several hundred feet, once construction is complete. Construction should finish in late 2008 and the building occupied by September of 2009. There will be an estimated 164 floors, the top floor at 624.1 meters, or 2,058 feet (627 m). Including the antennae and spire the total height of the

Burj Dubai will be an estimated 818 meters, or 2,684 feet (818 m).

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Transportion

Dubai International Airport (IATA: DXB), the hub for Emirates Airline, services the city of Dubai and other emirates in the country. The airport served a total of over 34 million passengers and over 260,000 flights in 2007. The Dubai International Airport was ranked 17th among international airports for total cargo traffic in 2006. A third terminal and a new concourse are currently under construction and are both due to open in mid-2008. The new terminal will be dedicated to Emirates Airline and will fully support the new Airbus A380. The development of Dubai World Central International Airport, currently under construction in Jebel Ali, was announced in 2004. The first phase is expected to be completed by 2008, and once operational the new airport will host foreign airlines. Emirates (both the passenger and cargo operations) will remain in Dubai International Airport.



Dubai has a large bus system that services 69 routes and transported over about 90 million people in 2006. The Road and Transport Authority (RTA) announced in 2006 that an additional 620 new buses will be added to its fleet of 170 double-decker buses. Although the main mode of transportation in Dubai is by private vehicle, Dubai also has an extensive taxi system.

A \$3.89 billion Dubai Metro project is under construction for the emirate. The Metro system is expected to be partially operational by 2009 and fully operational by 2012. The metro will comprise two lines: the Green Line from Al Rashidiya to the main city center and the Red Line from the airport to Jebel Ali. The Dubai Metro (Green and Blue Lines) will have 70 kilometers of track and 43 stations, 33 above ground and ten underground. One of the more traditional methods of getting across Bur Dubai to Deira is through abras, small boats that ferry passengers across the Dubai Creek, between abra stations in Bastakiya and Baniyas Road.

In July 2007, the Salik road toll network was installed on Sheikh Zayed Road and on Al Garhoud bridge; the tolling stations are fully automated and collect toll of AED 4 (US\$ 1.08) per transit.

Source: Wikipedia.com

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FDA Requesting Comments on Two Food Plans

The Food and Drug Administration (FDA) has established a public docket to receive information and comments related to its comprehensive Food Protection Plan (the Plan) released in November 2007. The new Plan presents a robust strategy to protect the nation's food supply from both unintentional contamination and deliberate attack. FDA has established this docket for the purpose of soliciting comments from its stakeholders on the Plan and the questions set forth in this notice.

Comments are due by July 31, 2008: Submit written comments to the Division of Dockets Management (HFA-305), Food and Drug Administration, 5630 Fishers Lane, rm. 1061, Rockville, MD 20852. Submit electronic comments to <http://www.regulations.gov>. To ensure timelier processing of comments, FDA is no longer accepting comments submitted to the agency by e-mail. All comments to FDA on the Plan should be submitted through the docket.

<http://edocket.access.gpo.gov/2008/E8-6833.htm>

The Food and Drug Administration (FDA) is also requesting comments on the use of third-party certification programs for foods and feeds, including pet foods. An increasing number of firms that sell foods to the public, such as retailers and food service providers, are requesting that their suppliers become certified as meeting food (and feed) safety and quality standards as a condition of doing business.

FDA seeks more information on the existence and use of these types of programs to better understand how they can help to ensure that food products are safe, secure, and meet FDA requirements.

Comments are due by May 19, 2008: Submit written comments to the Division of Dockets Management (HFA-305), Food and Drug Administration, 5630 Fishers Lane, rm. 1061, Rockville, MD 20852. Submit electronic comments to: <http://www.regulations.gov>.

<http://edocket.access.gpo.gov/2008/E8-6705.htm>

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COMPLIANCE

International Travel

As summer travel time nears, remember that Customs has a section of its website dedicated to international travel. This site has links to an abundance of information that can be very useful for anyone traveling out of the country. Included are the "Know before you go" publication, sections on bringing food into the U.S. and restricted/prohibited commodities, a page on clearing Customs, and a link to the "State Department International Travel Information" webpage:

<http://www.cbp.gov/xp/cgov/travel/>

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Capacity and its Impact on the Customer

As in many other markets, the pivotal issue within the energy industry remains capacity. Considering some bookings are being transported as far out as 4 to 6 weeks, customers are being forced to take a more proactive and strategic approach in scheduling their transportation solutions.

Whereas the benchmark for traditional freight spending in the project industry was 8 - 10% of the total spend, that statistic has climbed to approximately 14% of the total. Because of rising fuel prices, coupled with an industry largely at capacity, strategic planning has become more important than ever before.

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Maintaining Compliance

Compliance along every point of the logistics pipeline is also increasingly becoming a hot button issue in the energy market. Whether it involves import/export services or international offices/agents, it is critical that the customer and the forwarder are performing due diligence as mandated by all regulatory agencies. It is equally as important to ensure that the Code of Business Conduct, Code of Ethics, and the Foreign Corrupt Trade Practices act are being strictly adhered to.

AIT Worldwide Logistics is currently in the process of reviewing and refining our processes to meet the highest standards of the industry, based on qualification processes required by two of the largest project companies in the world.

Based on these conditions, the market has experienced a slight shift from the previous customer mindset of selecting a forwarder based on their ability to provide end-to-end services. This shift is helping to create a much broader marketplace, as some regions that were previously "owned" by certain companies or agents now thrive in a lucrative and competitive market.

Regardless of the operational-set, however, the focus must remain on compliance and ensuring that all parties are insulated and protected from any questionable activities.

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Questions & Contact Information

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

Ocean: [Kevin Krause](#)

Air Freight: [Joseph Hoban](#)

Compliance: [Paul Codere](#)

Energy Division: [Jeff Caruthers](#)

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