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IN THIS ISSUE:

[Ocean Fast Facts](#)

[AIT Employees Attend Annual Trans-Pacific Maritime Conference](#)

[REMINDER: The Clean Truck Fee](#)

[ALERT: U.S. export containers](#)

[The "greening" of the seas continues ...](#)

[U.S. export rates! General increases](#)

[STRIKE ALERT: France](#)

[EU announces acceptable goods description guidelines](#)

[Ports of Los Angeles / Long Beach to eliminate one off-peak shift](#)

[Central Asia: AIT can handle it!](#)

BUZZ WORD OF THE MONTH

[Power of Attorney](#)

[<< Return to eNewsletter Home](#)

Ocean Fast Facts

Which Middle Eastern port ranks 7th in the world in terms of total container volume and carried over 10 million TEUs in 2007?

[Click here to see the answer!](#)

Answer: **Dubai.**

Dubai, situated in the United Arab Emirates, currently ranks as the 7th largest cargo port in terms of container volume. The port handled 10,653,000 TEU during 2007. Dubai has experienced significant growth and has seen volumes grow nearly 30% since 2005. Dubai is a major port for imports to the Middle East, large project cargo and transshipments for cargoes moving between Asia and Europe and other ports within the Middle East.

Source: http://en.wikipedia.org/wiki/List_of_busiest_container_ports



[Back to top](#)

AIT Employees Attend Annual Trans-Pacific Maritime Conference

Jay Walick, Kevin Krause and Hassan Bouche, AIT-ORD, recently attended the Trans-Pacific Maritime Conference hosted at the Westin Bonaventure Hotel and Suites in Los Angeles from March 2-3, 2009.

Launched in 2001 and now in its 9th year, the event is the most important annual gathering for senior executives from shippers, carriers, 3PLs, terminals, railroads, industrial real estate and other players in the trans-Pacific container market.

Held each year in early March as annual contract negotiations and peak season planning get under way, the event agenda is carefully planned to include the most knowledgeable and experienced speakers addressing the key challenges the industry will face in the coming year, particularly given the state of the global economy.

"I observed that the overall outlook by ocean industry leaders, carrier CEO's, port and terminal operators is 'cautious optimism,'" said Krause. "While the short-term outlooks for improvement in the global economy remains bleak in 2009, many leaders feel it will begin to see improvements in 2010."

Other topics covered at the conference included a market outlook for Trans-Pacific trade, the global energy situation and its impact on transport, strategies on taking costs out of the supply chain, and implementing green policies along the supply chain.



The multi-pronged \$586 billion dollar stimulus plan in China, which addresses significant infrastructure improvements, including \$87 billion in rail/intermodal spending and \$58 billion in spend for airport infrastructure, created a significant buzz among attendees.

"This diverse spending plan should assist with job creation, not only in urban centers of China, but also to assist in the development of rural areas as well," said Krause. "Some economists also feel China will come out of the economic slump quicker than the United States, as the ability of the government in China to get the spending distributed to the appropriate areas will happen much more quickly due to less bureaucratic channels in the centralized Chinese government."

The "Clean Trucks" initiative at the ports of Los Angeles and Long Beach was one of the controversial topics addressed at the meeting. Requiring trucking companies to invest in their trucking fleets to ensure emission friendly equipment, many challenged the new mandates.

"Some independent trucking business owners find this discriminatory because they are being held responsible for fees paying to move containers in and out of the Ports of Los Angeles," Krause explains. "It was discussed during the conference that soon this 'green' initiative will not only apply at the Ports of Los Angeles and Long Beach, but may soon spread to airports and rail terminals within the Los Angeles basin and other ports throughout the nation."

Krause came away from this year's event with a renewed sense of optimism for the ocean industry in 2009 and beyond.

"It was among the most insightful Trans-Pacific Maritime meetings I have participated in over the past few years, despite the current economic climate," said Krause. "Industry leaders in attendance seem to be concerned about current global economic events, yet painted a more optimistic view on the outlook for Trans-Pacific trade than I had expected."

- by Christine Nicholson, corporate public relations coordinator

[⤴ Back to top](#)

REMINDER: The Clean Truck Fee applies at the Port of Los Angeles / Long Beach

Effective **February 18, 2009**, marine container terminals began electronic gate access at the Ports of Los Angeles and Long Beach. Electronic gate access determines whether a truck entering the marine container terminal is operating under a valid port concession and allowed entry or if the truck is prohibited by the Clean Trucks Program's progressive truck ban. Trucks without a Radio Frequency Identification (RFID) tag, which identifies the vehicle as working under a valid port concessionaire, will not be allowed entry into the ports' container terminals.

As of February 18, 2009, the Ports of Long Beach and Los Angeles require that marine container terminal operators collect the Clean Trucks Fee (CTF). The \$35/TEU fee will be assessed on every loaded container move performed by trucks that are not fully or partially exempt from the CTF. More information about the CTF and which trucks are exempt from the fee can be found here: http://www.portoflosangeles.org/CAAP/CTP_Fact_Sheet.pdf (under "Cargo Fee Exemption") or here: <http://www.polb.com/civica/filebank/blobdload.asp?BlobID=5565>.

In order to enter the ports' marine container terminals on and after February 18th, all trucks operating for a Licensed Motor Carrier (LMC) with a valid port concession are required to be registered in the Drayage Truck Registry (DTR), paid the \$100/truck DTR registration fee, and obtained and mounted a working RFID tag. Trucks that do not meet these requirements will not be permitted into the ports' marine container terminals. The Licensed Motor Carrier is responsible for assuring that the information on each truck is correct in the DTR. If you have recently replaced a defective RFID tag, please make sure that the new RFID number is recorded in the DTR.

For more information on the Clean Trucks Program, please visit the following websites: <http://www.portoflosangeles.org/cleantrucks> or <http://www.polb.com/cleantrucks>.

[⤴ Back to top](#)

ALERT: U.S. export containers - plan early and often!

It may come as a surprise to export customers, but several ocean carriers are reporting in late March that they are experiencing equipment shortages throughout their networks inside the United States. This shortage is due in part to the declined supply of import containers from Asia, which is often used to feed U.S. exports.

Key intermodal ramp and container yards are impacted by this shortage of equipment, which is not limited to special equipment such as refrigerated and flat rack/open top equipment. Dry standard equipment such as 20' standard, 40' standard and 40' high cube equipment may also be sparse in key intermodal markets such as Chicago, Minneapolis, Kansas City and St. Louis.

The shortages of equipment have not yet reached critical levels and vary by location and ocean carrier. It is recommended that you plan early when booking your export freight and allow ample time to ensure your export bookings can be covered; especially when multiple container shipments are required. Speak with your AIT representative to address your specific container needs.

[⤴ Back to top](#)

The "greening" of the seas continues ...

On March 18, CMA CGM took delivery of the world's first container vessel designed to include an oil recovery system aimed to prevent marine pollution. The 11,400 TEU CMA CGM *Andromeda* contains a system of interlocked pipe that allows a rapid recovery of oil contained in the tanks without having to open a hole in the hull of the vessel. This system, called the "Fast Oil Recovery System," was initially designed for crude oil tankers and adapted to CMA CGM's department responsible for building new vessels.



The vessel also features several other new environmental technologies, including the latest generation compactor for extensive waste recycling on board in addition to other maritime architectural advancements that lead to the improvement of hydrodynamics.

Source: *Journal of Commerce Online*, March 17, 2009.

... and the "greening" of the seas continues on land too.

Often times within the shipping industry, one may hear joking about steel ocean containers being commandeered by locals in third-world countries and being utilized as living quarters, with many people living within one container. Well, while one may or may not consider this to be humorous, there is actually an emerging "green" concept where used ocean going containers are being utilized as quite efficient living quarters around the world.

Twenty-foot and forty-foot containers being converted to housing is becoming an eco trend, as these used containers are inexpensive and utilize little space for their size. Not only are these living quarters efficient, but they are becoming "trendy" - architects are designing them for personal and public housing. In the Netherlands, the world's largest container conversion to residential space for student housing is one example of the efficiency and "slick" design of existing inexpensive resources.

For an eco-friendly description of this trend and an inside look at this green housing trend, visit: http://www.thedailygreen.com/green-homes/latest/shipping-container-homes-460309?click=main_sr

[⤴ Back to top](#)

U.S. export rates! General increases

Within the past few days, several carriers such as Maersk, MSC and Zim have begun announcing general rate increases (GRIs) for export trade lanes to Europe, the Mediterranean and Trans-Pacific. GRIs vary by carrier and trade lane as well as effective date, so please contact your AIT representative for questions relating to rates in your specific trade lanes.

Additionally, contract season for the Asia import trades is fast approaching. It is too early to tell what will happen with the rates into the 2009-2010 Trans-Pacific eastbound trade lane. Based on the discussions by ocean carrier leaders at the Trans-Pacific Maritime conference held in early March in Los Angeles, rates may continue to fall in the short term, an unprecedented concept at this annual event. However, carriers warn that this may be short term and carriers will most likely push for cost recovery in the next year to offset rising operational and infrastructure costs. Stay tuned!

[⤴ Back to top](#)

STRIKE ALERT: France

Longshore workers in France are currently protesting container terminal privatization at the nation's seven state-controlled container terminals. At press time, no port delays have been reported at key ports such as Le Havre or Fos Sur Mere, but striking has occurred in the smaller ports of Marseilles and Nantes St. Nazaire. Delays may exist and become more widespread at the larger container ports, so should you have cargo moving between the United States and France, please contact your AIT representative for status updates as needed.

Source: *Journal of Commerce*, March 23, 2009

[⤴ Back to top](#)

EU announces acceptable goods description guidelines

Customers should be advised of the new [European Union \(EU\) acceptable goods descriptions](#) that come into effect within the next year. As a reminder, it's always helpful to provide the most detailed commodity description for any piece of cargo when requesting rates or booking freight. This will help ensure the most accurate rate and also assists in movement of cargo through customs at both origin and destination.

Planning for conformance with the EU guidelines

Application of the Cargo Description Guidelines was going to become mandatory across the EU by December 31, 2010, in any event when ENS and EXS filings become mandatory.

Now, beginning on July 1, 2009, Dutch Customs will require that summary declarations for temporary storage and arrival manifests are in conformance with the Guidelines in order to avoid an automatically generated physical examination of the shipments. We expect that other EU Customs authorities may establish similar requirements.

Accordingly, ocean carriers may wish to bring the Guidelines to the attention of their shipper customers at their earliest convenience, so that the cargo descriptions they provide the ocean carriers for inclusion in their bills of lading - the basis for the ocean carriers' lodgment of manifests, summary declarations for temporary storage, ENS and EXS - will be in conformance with the Guidelines.

Application of the Guidelines, beginning on July 1, should produce a uniformly acceptable standard across EU ports and minimize the risk of delays to cargo because of shipping documents' cargo descriptions.

[^ Back to top](#)

Ports of Los Angeles/Long Beach to eliminate one off-peak shift

Effective March 12, 2009, marine terminal operators at the Ports of Los Angeles and Long Beach announced they will each eliminate one Thursday or one Saturday PierPass off-peak shift per week due to declining cargo volume.

Marine terminal operators that close a Thursday off-peak gate will maintain a Saturday off-peak gate, and vice versa. The new schedule is effective the week of April 6. An updated off-peak schedule will be available on the PierPass website at www.pierpass-tmf.org.

With the dramatic drop in cargo volume amid the economic crisis, terminal operators must take measures to reduce their operational costs. Volume is down 32 percent at the ports of Los Angeles and Long Beach in the fourth quarter of 2008, compared to the same time period in 2007. The drop in cargo volume translates into reduced collection of the Traffic Mitigation Fee (TMF) charged on cargo container moves during peak daytime hours.

In addition to providing a financial incentive to move cargo during the off-peak shifts, the TMF is intended to cover the incremental cost of adding five shifts per week. Under the program, all international container terminals in the two ports established five new shifts per week (Monday through Thursday from 6 p.m. to 3 a.m. and Saturday from 8 a.m. to 6 p.m.). As an incentive to use the new off-peak shifts and to cover the added cost of those shifts, a Traffic Mitigation Fee ("TMF") is required for most cargo movement during peak hours (Monday through Friday, 3 a.m. to 6 p.m.). The program is administered by PierPass, a not-for-profit company created by marine terminal operators at the ports to address multi-terminal issues such as congestion, security and air quality.

For more information, please go to www.PierPass.org.

[^ Back to top](#)

Central Asia: AIT can handle it!

AIT offers services for "unique" cargo to transshipment and countries in Asia that are typically difficult to reach, such as Ulaanbaatar, Bishkek Kyrgyzstan, Almaty, Dushanbe Tajikistan and Kabul.

While some of these areas or commodities to these areas may be restricted by the U.S. Government or AIT policy, each case can be reviewed independently, so please keep AIT Ocean Systems in mind when scheduling service to these countries. Should you have any questions, please contact your local AIT representative.

[^ Back to top](#)

Power of Attorney

A written legal document by which one person (principal) authorizes another person (agent) to perform stated acts on the principal's behalf. For example; to enter into contracts, sign documents, sign checks, spend money, etc.

Source: Directory of International Trade, 7th Edition; 2006 Edward G. Hinkelman.

The importance of a Power of Attorney (POA) cannot be underestimated when it comes to importing or exporting freight. The execution (or signature) on a power of attorney between a principal and an agent is essential when a principal such as an importer authorizes an agent (such as a freight forwarder like AIT Worldwide Logistics) to perform business transactions on their behalf.

Common POA types include export power of attorney, import power of attorney and customs brokerage power of attorney. They can be customized to fit the individual requirements of the importer/exporter; however, basic power of attorney forms such as those previously mentioned are more common within the industry. Should you have questions regarding how powers of attorney forms work and whether or not your organization has the proper POA's signed for your particular business, please contact your local AIT representative.

[⤴ Back to top](#)

The Parting "Wave"

On behalf AIT, thank you for your support during the winter of 2009. The entire ocean group looks forward to servicing your ocean needs as spring 2009 has already arrived!

Preview May 2009 AIT Ocean eNewsletter:

What's New? A summer preview.

If you have any questions or comments regarding the Ocean eNewsletter, please contact [Kevin Krause](#) from the AIT Ocean Department.

AIR

IN THIS ISSUE:

[When Airplanes No Longer Fly](#)

[Managing Cargo in Crisis - IATA
Calls for a Supply Chain Approach](#)

[Delta could spend up to \\$50M on
buyouts](#)

[Featured Web Site: www.
BusinessIsBetterHere.net](#)

[Book Review: *The Goal: A
Process of On Going Improvement*](#)

Airlines Go Green:

- [Lufthansa Cargo awards
environmental prizes](#)

[<< Return to eNewsletter Home](#)

When Airplanes No Longer Fly

Several past issues of the AIT eNewsletter have reported on air carriers reducing capacity to keep pace with declining demand. It was well over a year ago in the midst of the fuel crisis when we wrote of carriers "parking" old fuel-guzzling B747-200 and either replacing them with new 400 series or going out of business altogether.

So what happens to these antiquated or unused aircraft when they no longer fulfill their purpose? In the case of many, they are parked in the California or Arizona desert and protected from nature's severity until they can once again serve and fulfill their destiny.

Two articles brought home this tragic point; the first appeared in Air Cargo News, March 6, 2009: "CAL and EVA ground 747s in desert." The second was from the online version of the NY Times, March 28, 2009: "Where Old Airplanes Go to Die," providing a European and more tragic perspective of the plight of outdated aircraft.

It is difficult at times to note that most modern aircraft are built with perhaps a forty year intended life span. One cannot help but recall and reminisce over the great airplanes of the past; the Lockheed Tri-Star, the first 747 when we saw that "bubble" on top and the second deck of seats, the 727 and dare we recall the earliest 707!

Yes, technology gives way to bigger, better, faster, and these days more fuel-efficient aircraft. Beginning in the May edition of AIT's eNewsletter, a new section will be devoted to the story of aviation and how it has shaped our lives: "Featured Aircraft" will remember the pioneers, designers and companies of the past, or perhaps even the future.



CAL and EVA ground 747s in Desert

China Airlines Ltd (CAL) and EVA Airways, Taiwan's two largest carriers, are to ground three and two of their Boeing 747s respectively in the California desert.

Falling cargo demand - a load factor drop from 75 percent to below 65 percent - has been blamed for the need of action. This will be the first time the carriers have had to make such a move.

How long the aircraft will be stored is not known, other than they will only return into active service when demand and the global economy picks up again. Once they are ready to do so, the Civil Aeronautics Administration (CAA) will have to inspect them for air worthiness. One stored for a year will require a month-long inspection. Permission is required from the CAA to ground the planes, permission that has yet to be sought, but the CAA says that it will not obstruct the two carriers' wishes.

CAL says that almost half of its revenue comes from its sizeable fleet of 20 747s - one of the largest in the world - but Taiwan's air cargo volume has dropped to less than 100,000 tons for December 2008 from 150,000 per month previously.

Where Old Airplanes Go to Die

CHATEAUROUX, France - A windswept plateau in the center of France is an unlikely place to assess the health of the world's airline industry. Yet nowhere are the fortunes of global aviation displayed as starkly as on this remote stretch of pavement, which was one of the biggest U.S. Air Force bases in Europe during the Cold War.

At Châteauroux-Déols airport, 250 kilometers, or 155 miles, south of Paris, Bartin Aero Recycling and its partner, Europe Aviation, specialize in recycling old airplanes for scrap. It is one of just two sites of its type in the world. The other is the Evergreen Air Center in Marana, Arizona.

This tiny business at the forgotten end of aviation is where all the issues with which airline executives are now grappling - oil price volatility, declining traffic, evaporating aircraft finance, even hitches in the development of new aircraft - play out.

Judging by the scene on a recent weekday, the state of the industry is pretty bleak. Jets belonging to the Moscow city council and to a number of low-cost European carriers were arrayed in the airport's parking lot, clearly visible to a reporter standing on the wing of a DC-10 - once a 380-seat workhorse for the bankrupt French airline AOM - that was being rocked by a heavyweight Bartin pincer as it gnawed off a chunk for recycling.

Ascend, an aviation consulting company based in London, estimated that about 2,300 aircraft were stationed around the world - including some in the 50-plane parking lot on the far side of Châteauroux airport - while their owners awaited better times.

Martin Fraissignes, president of the Châteauroux Air Center, which handles the airport's parking, maintenance, painting and recycling activities, expects the number of aircraft parked on the Châteauroux apron to double in the next three months.

"Six months ago we had three or four. Now we have 16, and in the next two to three months we expect 30 planes - just like we had after Sept. 11," he added, referring to the last big aviation downturn, which took place after the terrorist attacks in the United States in 2001.

Bartin Aero is a minnow in the multibillion-dollar waste management industry, dwarfed by Veolia Environmental Services, the waste management division of the French water-to-waste giant Veolia, which acquired Bartin Aero's parent company, Bartin Recycling Group, early last year.

Bartin Recycling Group's revenue climbed to €249 million, or \$337 million, in 2007, compared with €30 million in 2000, on the strength of the commodity boom. The takeover of Bartin Recycling helped push revenue at Veolia Environment Services to €9.2 billion last year.

Bartin Aero's revenue was €210,000 in the year through March 2007, compared with €127,000 the year before, with profitability largely dependent on metals prices from Shanghai to New York.

The company dismantles just six commercial aircraft a year, and its earnings are determined above all by the price of aluminum, the principal material from which aircraft are made. Volatility in the price of the metal - which fell from \$3,200 a ton in July 2008 to \$1,311 a ton in January, according to recent figures from Suez Environnement, a rival to Veolia - can send its earnings on a roller-coaster ride.

But whether Bartin Aero does business at all is directly related to the life cycle of the world's aircraft fleet and closely tied to the decisions airlines make in negotiating the industry's storms.

Every delay in the development of Boeing's long-awaited 787 Dreamliner and the Airbus A350 extra-wide-bodied jet is bad news for Bartin Aero, because that extends the lifetimes of fuel-guzzling dinosaurs that airlines are reluctant to retire, according to Bartin Aero's director, Charles Kofyan.

Every slip, meanwhile, in the price of oil and every notch that credit tightens for operators awaiting replacement aircraft amid the financial crisis delay the arrival of obsolete planes at Bartin's site, which occupies 15,000 square meters, or 160,000 square feet, in Châteauroux.

"When oil is at \$35 a barrel, it's not a problem for the operator, even if an aircraft is a big consumer of fuel," Mr. Kofyan said, explaining why airlines could afford to keep inefficient old carriers in service.

"It takes five years to get a new plane, but it is hard to get a bank that will finance you now," he added. "That means companies can't invest, so they are recovering their old planes, and instead of sending them to the wreckers, they are flying them." ("Recovering" an old plane means taking it out of storage.)

"Companies are just waiting to see how the crisis unfolds and how they will survive," Mr. Kofyan said.

It takes just more than six weeks to pulverize an aircraft at Bartin Aero. After a dozen Europe Aviation engineers have removed the engines, pried the instruments out on the flight deck and recovered any reusable parts, four Bartin Aero wreckers set to work.

First, they remove explosive items like the escape and door-ejecting equipment. Then they unbolt seats, pry out floor panels, unravel cables, pull out insulation wadding and remove toilets, televisions and black boxes.

Passports occasionally turn up under the carpet, as do toothbrushes, jewelry and coins, according to Franck Chauveau, a machine operator seated at the pincer controls.

Television screens, batteries and tires are fed into existing recycling chains. The wings are chopped into pieces, and the remaining shell sawn apart and taken away in truckloads for crushing at Bartin



Recycling's metal grinding plant, outside the nearby town of Bourges.

"In four hours it's all gone," said the site operating manager, Mickael Marteau, over the ground-shuddering roar of the grinder, nicknamed "the monster," which was shredding the flattened hulks of cars.

A 747 that weighs 450 tons when filled with passengers, baggage and fuel weighs 147 tons without them. Once its engines and parts are removed, it yields 127 tons of recyclable materials, including 70 tons of aluminum, according to Bartin Aero.

Steel, and smaller quantities of copper, titanium and tungsten, are also recovered. Nothing is burned. What cannot be salvaged ends up in a hillock of brown landfill.

Some of the newest planes will be "cocooned," or kept in a state of flight-readiness. Aeronautical mechanics at Europe Aviation can have them airborne again within 48 hours, Bartin executives said. Others will remain on the ground for as long as two years while their owners decide what to do with them - longer if there are ownership disputes.

When hope and money run out, the most antiquated among them will be towed to the wrecking ground.

That decision had already been made for a 747 in the livery of Corsair, a predecessor of the French carrier Corsairfly. During a recent visit it could be seen a short distance from the gutted DC-10, awaiting its turn under Bartin's saw.

Aircraft with metal fatigue in their fuselage and 70 million miles on the clock are sometimes purchased by Bartin Aero for \$3,000 to \$5,000 each. In other cases, owners pay Bartin Aero to take superannuated planes off their hands. Bartin Aero wins back what it can from selling the aluminum for smelting and recycling into soft drink cans.

Owners pay about €3,000 a month - a tenth of what they would pay at Orly, the second airport in Paris, according to Mr. Kofyan - to park a plane at Châteauroux while deciding whether to salvage, scrap or sell.

The extinct and the obsolete are Bartin's stock in trade. Its wrecking log spans 1960s-model Boeing 707s and the second Concorde ever built. It includes the Airbus consortium's first commercial aircraft, the A300; 80 Jaguar fighter jets; and antediluvian carriers from Africa to Kazakhstan.

But if Bartin Aero's new business should slow while airlines wait to see how the crisis develops, natural attrition alone should keep the company busy. Mr. Fraissignes estimates that 8,000 to 8,500 commercial aircraft in the world's fleet face retirement in the next 20 years.

*By Caroline Brothers, NY Times
March 28, 2009*

[^ Back to top](#)

Managing Cargo in Crisis - IATA Calls for a Supply Chain Approach

IATA called on the cargo supply chain to battle the current air cargo crisis by improving security, delivering a better product and boosting efficiency.

"The industry is in crisis and nobody knows that better than our cargo colleagues. Cargo demand has fallen off a cliff. After a shocking 22.6% decrease in December it dropped a further 23.2% in January," said Giovanni Bisignani,

IATA's Director General and CEO in a recorded message to the 700 industry experts attending IATA's World Cargo Symposium on 2-4 March in Bangkok.

Air cargo represents about 10% of industry revenues. As 35% of the value of goods traded internationally is transported by air, air cargo is a barometer of global economic health. "The continued decline in cargo markets is a clear sign that we have not yet seen the bottom of this economic crisis," said Bisignani.

In December 2008, IATA forecast 2009 freight volumes to fall 5%. Combined with a decrease in yields, this would result in a 9% drop in freight revenues to US\$54 billion.

"Unfortunately, the shocking fall in demand that followed is making these projections look optimistic," said Bisignani.

"As we battle this crisis, we must look for opportunities that will build our future with a more efficient industry focused on meeting customer needs. Customers want a good price and a great product, delivered via the supply chain with speed and reliability. And in crisis, customers will only get more demanding. To meet their expectations and build a solid future for the industry, change is required," said Bisignani.

Bisignani highlighted three priorities for the supply chain: security, e-freight and Cargo 2000

Security:

Air cargo security costs continue to rise. Screening technology is not being optimized and definitions, requirements and enforcement vary from country to country. IATA called for a strong industry effort to convince the US that its plans to implement 100% cargo screening in 2010 are misguided.

"Scanning everything loaded onto the aircraft is a waste of precious resources. To be effective, we must identify the risks involved with a supply chain approach. IATA's Secure Freight strategy focuses on a risk-based approach with shared responsibility throughout the supply chain. Governments must remember that this is a global industry. We need a globally coordinated approach that looks at the entire supply chain," said Bisignani.

Efficiency with e-freight:

In the face of falling yields and demand Bisignani stressed that e-freight as a key driver for efficiency and savings is more important than ever.

"Improving quality without reducing costs will not get us far. We need to modernize the old paper-based processes of air cargo with e-freight," said Bisignani.

Each freight shipment is accompanied by more than 30 documents. E-freight currently has the capability to convert 12 of these to electronic documentation. Already it is operating at 18 locations covering 26 airports.

"E-freight is not a theory. It is working and putting in place the basis to deliver efficiencies and cost reductions throughout the supply chain. By 2010, our target is to have the capability to remove 64% of the paper from 81% of international shipments. In other words, we will eliminate 20 documents and be live in 44 locations," said Bisignani.

"To be successful, we need the commitment of the entire supply chain to generate economies of scale. The benefits are enormous: US\$4.9 billion in cost savings for the supply chain, a 22% reduction in shipper buffer stock, a 25% reduction in customs penalties, an average 24 hour decrease in shipping time and a 1% increase in market share against sea shipments. Everybody benefits. Everybody needs to participate," said Bisignani.

Quality - Cargo 2000:

Bisignani also called for greater industry participation of the entire supply chain in Cargo 2000 to improve quality.

"Cargo 2000 quality standards are even more important in this crisis. IATA is committed to Cargo 2000. It is part of our recommended quality standard. But to be effective, we need the whole supply chain to be aligned with a common vision on how to deliver quality. That is what Cargo 2000 is all about," said Bisignani.

Cargo 2000 was established over a decade ago to simplify processes by reducing 40 steps in the logistics chain to 19 and to implement effective quality standards.

The IATA World Cargo Symposium is taking place in Bangkok, Thailand, from 2-5 March 2009. Under the theme of "Focus on the Customer: Delivering in Turbulent Times," the World Cargo Symposium is looking at building a solid future for air cargo, while battling the crisis that currently envelops the global economy. IATA will release an updated industry financial forecast on 24 March.

IATA Industry Times, March 2009

[↗ Back to top](#)

Delta could spend up to \$50M on buyouts

Airline says 2,100 employees will receive buyouts

Delta Air Lines expects to record a \$40 million to \$50 million charge for the buyouts of about 2,100 employees as it reduces its work force.

Delta is cutting jobs as it plans to reduce flight capacity by 6 percent to 8 percent this year. The company said in its 10-K annual report that it expects to record the charge for the buyouts for the first quarter of this year, when it also expects a sizable loss.

The Atlanta-based airline said last month that the 2,100 employees had signed up for voluntary severance and early-out programs and it would accept all of those volunteers. The next step is to determine how the number of volunteers meets the company's needs, based on its schedule for the fall and into 2010.

The company has not yet said whether it also will need to lay off employees. Delta, which merged with Eagan, Minn.-based Northwest Airlines last fall, has more than 70,000 employees.

Last year, Delta cut more than 4,000 employees through buyouts and took a \$95 million charge for the move.

Also in the report, Delta said it was required to fund \$1.2 billion of fuel hedge margin for its fuel hedge contracts as of the end of 2008, and if fuel prices continue to fall it may be required to post a "significant amount" of additional collateral. The company also reported that the financial crisis has

left it unable to access \$139 million of the \$1.1 billion it invested in the Reserve Primary money market fund, which failed after taking losses related to debt issued by bankrupt Lehman Brothers. Delta said it expects to receive "substantially all" of its current holdings in the fund but can't predict when that will happen or how much it will be.

*By Kelly Yamanouchi, The Atlanta Journal-Constitution
Tuesday, March 03, 2009*

Delta sells more planes as operations decline

As Delta Air Lines shrinks its operations, it sold 20 of its planes last year and has agreed to sell most of the Boeing 737-800 jets it has on order.

The sold aircraft include seven CRJ-100 regional jets, five Boeing 757-200s, four Airbus 320-200s and four DC-9-30s. Also sold were two Boeing 747-200 freighter airframes, which are aircraft without engines, and an Embraer 120 airframe, according to its annual report. The aircraft and airframes come from the fleets of Delta and its merger partner Northwest. Delta completed its acquisition of Northwest last October. The numbers don't include Northwest's aircraft sales before the merger.



The sale of the planes generated \$123 million in proceeds, with a profit of \$21 million.

Delta returned other aircraft to lessors, and nine of its aircraft are temporarily grounded or held for sale. While it removed planes from its fleet, Delta also added five Boeing 737-700s, four Boeing 757-200ERs and two Boeing 777-200LRs to its fleet.

Atlanta-based Delta reduced its fleet as it cut its capacity plans by 5 percent in the second half of 2008. The airline plans to cut its capacity by 6 percent to 8 percent this year.

Delta said it has agreements to sell 31 of the 33 Boeing 737-800 jets it has on order, which reduces its commitments by about \$1.3 billion through 2011. The company excluded from its tables any orders inherited from Northwest for the new Boeing 787, saying that Boeing will be unable to meet the delivery schedule for the aircraft and Delta is "in discussions with Boeing regarding this situation." Delta has indicated in the past that it may not keep all of the 787 orders.

The two freighter airframes come from Northwest's fleet of 747 freighters. Northwest's cargo operation is introducing Atlanta freighter service Wednesday with flights from Atlanta to Anchorage and onto Tokyo, Osaka and Shanghai.

*By Kelly Yamanouchi, The Atlanta Journal-Constitution
Wednesday, March 04, 2009*

[Back to top](#)

Featured Web Site: www.BusinessIsBetterHere.net

Finding some positive news in a sea of negativity

There is no doubt that the United States and other countries are facing hard economic choices. However, the news is not all bad; we and the media just seem to highlight only the "bad news."

This month's featured website is an example of a growing trend to focus on the good news as well. On the link "flip the numbers," the web site paints the following positive picture about Milwaukee, Wisconsin:

Sure, the statistics aren't where we'd like them. But if you look at the numbers from a more positive angle, you'll see that things aren't as bad as they might appear. All this talk of the Next Great Depression? Huh-uh, not even close. And the more positive we can stay, the quicker we'll get through this bump in the road.

Milwaukee-area unemployment is at 5.2% as of January 1, 2009. Which means:

94.8% of Milwaukeeans who want jobs, have them.

Milwaukee County home foreclosures have risen to 1.25% of area homeowners as of January 1, 2009. Which means:

Over **98%** of Milwaukeeans are still meeting their mortgage payments.

Milwaukee area home values fell 6.5% in 2008. Which means

they retained **93.5%** of their value.

Yes, things are tough all over, and yes, many global citizens are adversely affected; however it's not all bad. We should be mindful of this as well.

AIT Worldwide's office in Milwaukee is located at 4811 South 67th Street, Suite 8, Milwaukee, WI 53220, (414) 897-0220.

[⤴ Back to top](#)

Book Review: *The Goal: A Process of On Going Improvement*

By: Eliyahu M. Goldratt and Jeff Cox

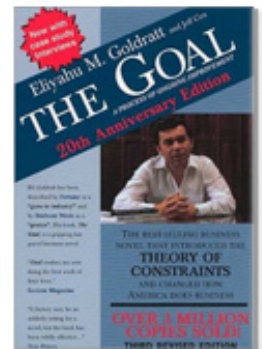
This month our featured book, released in a 20th Anniversary Edition, has been used by universities, business, and anyone who needed to learn the basic tenants of a (fictional) manufacturing company with real applications for today's business environment.

The following is a review by www.whsmith.co.uk:

Written in a fast-paced thriller style, *The Goal* is the gripping novel which is transforming management thinking throughout the Western world. The author has been described by Fortune as a 'guru to industry' and by Business week as a 'genius'. It is a book to recommend to your friends in industry - even to your bosses - but not to your competitors. Alex Rogo is a harried plant manager working ever more desperately to try and improve performance. His factory is rapidly heading for disaster. So is his marriage. He has ninety days to save his plant - or it will be closed by corporate HQ, with hundreds of job losses. It takes a chance meeting with a colleague from student days - Jonah - to help him break out of conventional ways of thinking to see what needs to be done.

The story of Alex's fight to save his plant is more than compulsive reading. It contains a serious message for all managers in industry and explains the ideas which underline the Theory of Constraints (TOC) developed by Eli Goldratt. Eliyahu M. Goldratt is an internationally recognized leader in the development of new business management concepts and systems, and acts as an educator to many of the world's corporations.

The 20th anniversary edition includes a series of detailed case study interviews by David Whitford, Editor at Large, Fortune Small Business, which explore how organizations around the world have been transformed by Eli Goldratt's ideas.



[⤴ Back to top](#)

Lufthansa Cargo awards environmental prizes

On February 26, Lufthansa Cargo hosted the first-ever "Cargo Climate Care Conference" in Frankfurt.

"The event was really impressive", said Harald Zielinski, security and environmental manager at Lufthansa Cargo because of the about 140 guests present at the conference. Customers, press, scientists, representatives of different ministries and federations as well as Lufthansa Cargo employees eye-witnessed the event. Through speeches the parties had the chance to give their standpoints, views and demands on environmental management. An active discussion emerged especially on the topic "emissions trading in the European aviation industry," which is seen very critical by the industry.

"Today's event has surely contributed to strengthening the interchange of the different parties and expressing new ideas and opinions about the topic," explained Bettina Moerth, environmental manager at Lufthansa Cargo.

As part of the environmental conference, Lufthansa Cargo awarded "Cargo Climate Care Awards" in three categories. The prizes, worth a total of 16,500 Euros, were given out for outstanding endeavor and commitment to customers and staff as well as students and up-and-coming scientists.



TNT Express Asia won the 2009 Cargo Climate Care Award in the "Customers" category. TNT Express has set itself the target of becoming the first "zero-emission" express courier company. In the process, the company is implementing numerous activities in all its business areas through its "Planet Me" initiative. In the second category - "Employees" - Lufthansa Cargo staff is recognized, which has demonstrated exemplary commitment in the sphere of environmental protection. Muthu Balasubramanian from Bahrain received an award for his idea of reusing packaging material in order to help save resources and save costs.

Two prizes were awarded in the category "Young Researchers and Scientists." The prize for "Logistics" went to Andrea Wylegala and Guillaume Schaack, who are studying at the International University of Applied Sciences Bad Honnef/Bonn, for their idea for simplifying ground handling processes. The award for "Aircraft Technology" was won by Jan Binnebesel and Till Marquardt of the Hamburg-Harburg Technical University.

[⤴ Back to top](#)

If you have any questions or comments regarding the Air eNewsletter, please contact [Joseph Hoban](#) from the AIT Air Department.

COMPLIANCE

IN THIS ISSUE:

[Saudi Customs Authority circular - Country of Origin on all materials](#)

[Commentary on Marking and Country of Origin/Manufacture](#)

[The Lacey Act as Amended](#)

[<< Return to eNewsletter Home](#)

Saudi Customs Authority circular - Country of Origin on all materials

The Saudi Customs Authority has recently given strict directives that the "Country of Origin" information must be mentioned (engraved or affixed - non removable sticker) on each item and should also be printed on the boxes and/or cartons.

The Certificate of Origin must also mention the same details.

If the shipment is originating from any European country, then the exact country of the item manufactured/produced must be mentioned in the Certificate of Origin instead of "European Union." If one package/carton contains shipments from various countries, then each item should show its own country of origin.

If any shipment arrives without Country of Origin/manufacture information, then the authority will not allow affixing the country of origin on the item and such cargo must be returned (re-export) to its origin at shipper's/consignee's cost without any prior notice.

It is applicable for all shipments arriving at Port of Entry Jeddah, Damman and Riyadh effective February 1, 2009.

Any failure to follow these instructions are treated as a serious offense and the importer on record will be fully responsible for whatever delays and any cost incurred against port penalties, demurrages, detention charges, extra manpower and related labors charges.

Source: IATA

[⤴ Back to top](#)

Commentary on Marking and Country of Origin/Manufacture

The fact that imported merchandise must be legibly, indelibly, and permanently marked with Country of Origin/manufacture is not unusual. What is interesting about the circular issued by IATA above is that if a shipment is found incorrectly marked, Saudi Arabian Customs will no longer allow affixing the country of origin on the item and any cargo arriving without correct country of origin marking will be re-exported at the shipper's/consignee's expense.

This zero tolerance policy makes it important to know the General Requirements of Import into Saudi Arabia, and the circular states "that the country of origin/made in must be mentioned on each item and should be printed on the boxes/cartons." The Saudi Custom's Website (http://www.customs.gov.sa/CustomsNew/rules/sUnitedRulesDetails_E.aspx?ch_id=5&chname=Importation%20and%20Exportation) states that in addition to the merchandise containing an irremovable label showing the County of Origin, the import documentation must include an "Original certificate of origin legalized by the Chamber of Commerce in the exporting country."

With the possibility of other zero tolerance directives from the Customs agencies of other foreign countries, it is important that US exporters fully comply with all rules of import for the countries of their customers. The World Customs Organization has links to many websites, including national Customs sites: <http://www.wcoomd.org/otherlinks/?lid=1#5>

For US importers, the rules regarding country of origin marking are located in the Customs regulations (CFR19 chapter 1 part 134 - http://www.access.gpo.gov/nara/cfr/waisidx_08/19cfr134_08.html). Included in section 134.33 is the "J-List" of exempted articles.

While the Country of Origin and name/address of the shipper is often sufficient for Customs entry, it is important to note that for some commodities (i.e. textile, goods requiring FDA approval, anti-dumping), in addition to the country of manufacture, the importer should know the name/address of the actual manufacturer.

[⤴ Back to top](#)

The Lacey Act as Amended

The Lacey Act as amended "makes it unlawful to import, export, transport, sell, receive, acquire, or purchase in interstate or foreign commerce any plant, with some limited exceptions, taken or traded in violation of the laws of the United States, a U.S. State or a foreign country."

On March 27, Customs published an updated "Guidance on the Lacey Act Declaration" that clarifies how the first phase of the amended act will be enforced. This first phase will cover only a few chapters of the tariff with additional chapters scheduled for enforcement beginning on October 1, 2009 and April 1, 2010.

The HTS Chapters Scheduled for the First Phase of Enforcement of the Plant Import Declaration:

4401 / Fuel wood
4403 / Wood in the rough
4404 / Hoopwood, poles, posts, stakes
4406 / Railway and tramway sleepers
4407 / Wood sawn or chipped lengthwise
4408 / Sheets for veneering
4409 / Wood continuously shaped
4417 / Tools, tool handles, broom handles
4418 / Builders' joinery

The guidance document states that the electronic submission of the required data elements will be accepted starting April 1, 2009, but enforcement will not begin until May 1, 2009. Like the 12 month period prior to full enforcement of the ISF/10+2 regulations, importers are encouraged to use the 30-day period starting April 1, 2009, for live testing of the electronic system.

Links to more information on the Lacey Act can be found by visiting the following: http://www.cbp.gov/xp/cgov/trade/trade_programs/cargo_summary/laws/food_energy/amended_lacey_act/



[^ Back to top](#)

If you have any questions or comments regarding the Compliance eNewsletter, please contact [Paul Codere](#) from the Customs Brokerage Department.

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[eNewsletter Home](#) [Feedback](#) [Unsubscribe](#) [AIT Home](#)

PARTNER NEWS

IN THIS ISSUE:

[Davies Turner Air Cargo Presented with "Agent of the Year" Award](#)

[<< Return to eNewsletter Home](#)

Davies Turner Air Cargo Presented with "Agent of the Year" Award

On Monday, February 23, Larry Georgen, director of AIT's global network, presented Davies Turner Air Cargo with an inaugural Diamond "Agent of the Year" Award.

Aiming to distinguish AIT's most valuable overseas partner in 2008, the award measured worldwide candidates based on overall partner communications, financial stability, operational performance and the amount of jointly developed business in 2008.

Recognized for demonstrating their commitment to relationship building and industry excellence, Davies Turner was honored with the distinction.

"Davies Turner was both humbled and appreciative to accept the award - the first ever of its kind," said Georgen. "AIT has been partnered with them for the past 8 years and they are by far the most stable and established partner we have in the world."

Headquartered in London, England, Davies Turner is one of the UK's leading independent freight forwarding and logistics organizations. As pioneers in logistics services since 1870, Davies Turner is committed to maintaining the highest quality services in air freight, ocean freight and ground transportation services. Davies prides themselves as freight industry innovators, and is recognized for both security in the supply chain and customs compliance in Europe.

In addition to the award presentation, Georgen had the privilege of sitting down with Ralph Perkins, sales director, and Glenn Ingarfield, general manager of operations, to discuss sales lead developments, the introduction of a new gateway concept and technology advancements.

"We continue to develop and grow together through the spirit of cooperation and communication," said Georgen. "We have very similar corporate cultures; this makes the day-to-day business flow very enjoyable and efficient."

- by Christine Nicholson, corporate public relations coordinator



Larry Georgen presents Ralph Perkins and the Davies Turner Air Cargo team with the Diamond "Agent of the Year" Award

[Back to top](#)

GOING GREEN

IN THIS ISSUE:

[AIT Greens Operations of Truck Fleet](#)

[<< Return to eNewsletter Home](#)

AIT Greens Operations of Truck Fleet

In conjunction with AIT's implementation of various "going green" initiatives, the fleet of 31 company-owned trucks at its headquarters in Itasca, Illinois, has undergone an innovative environmentally conscious program of its own.

In addition to enforcing idle policies and speed restrictions, greening AIT's truck fleet has also involved optimizing freight operations, retreading tires, recycling antifreeze and engine oil and utilizing synthetic transmission fluid and automatic transmissions.

"It's a win-win situation for both AIT and the environment," said Ralph Obenauf, compliance coordinator for AIT. "We win through lower maintenance and replacement cost, and the environment wins because of our ongoing efforts in reducing emissions, preventing pollution and promoting the benefits of going green."

Specifically, AIT has implemented the following nine procedures and policies:



Optimization of Freight Operations

Benefits:

- Minimize mileage and maximize cargo carrying ability
- Inefficiencies in freight operations can cause trucks to travel empty (without cargo), use longer or more congested routes, and idle unnecessarily
- These inefficiencies increase fuel consumption and fuel costs, causing trucking companies to miss opportunities to generate revenue
- AIT trucks use a variety of load matching strategies to reduce empty mileage:
 - Example: Loading a truck and sending it along its designated route delivering freight - once it arrives to its furthest destination empty, it starts making pickups along the return route
 - AIT's truck fleet operates around the clock in three shifts - except for the third shift, trucks are rarely ever sitting idle
 - AIT's fleet keeps mileage down to approximately 35,000 miles per year by optimizing its freight operations (shortest route vs. quickest route)
- Improved routing and scheduling/dispatch teams

New Equipment

Benefits:

- 34% of AIT's trucks are 1-year-old, while 48% are 4 years old; resulting in cleaner emission technology and significant long-term cost savings in truck maintenance
- Increased safety, reliability and efficiency

Retreaded Tires

Benefits:

- Actively contributes to helping conserve valuable finite natural resources needed to manufacture tires. For every retread produced, one less new tire needs to be manufactured.
- With retreading, tires stay on the road longer, resulting in fewer discarded tires, which helps reduce scrap tire disposal problems
- Using retreaded tires conserves a valuable nonrenewable resource - oil. Each year, retreading tires saves more than 400 million gallons of oil in North America. While it takes 22 gallons of oil to make a new tire, retreading a truck tire only uses seven gallons of oil.

Retreaded tires can also help divert thousands of scrap tires from disposal each year.

Recycle coolant (antifreeze)

Benefits:

- Cost-effective and saves on resources. Antifreeze is produced from natural gas, which is a finite, non-renewable resource.
- For businesses using a lot of antifreeze, such as AIT, implementing an antifreeze recycling program can significantly reduce management costs and lessen the amount of new materials purchased.

Utilize synthetic transmission fluid

Benefits:

- Protects internal driving components, reduces emissions, lasts longer, reduces fuel consumption and prevents environmental pollution
- Extends the life of trucks - in the long run, about 50% cheaper because you only have to change the transmission fluid approximately twice during the life span of a truck
- Despite the price difference between synthetic transmission fluid vs. regular transmission fluid - approximately \$37/quart vs. \$12/quart - the long-term savings are phenomenal

Recycle engine oil

Benefits:

- Protects human health and the environment: Recycling used motor oil keeps it from contaminating soil; out of rivers, lakes, streams and groundwater; and away from the beach, aquatic life and wildlife.
- Recycling used motor oil also helps to reduce dependency on foreign oil. Oil is the number one source of energy for the U.S., supplying about 40 percent of the nation's overall energy needs. About half of the oil we consume is produced here in the U.S., while the rest is imported.

Fifteen minute engine idle cutoff

Benefits:

- A typical heavy-duty truck or bus can burn approximately one gallon of diesel fuel for each hour it idles, generating significant amounts of pollution, wasting fuel, and causing excessive engine wear

Sixty-five mile-per-hour speed limitation

Benefits:

- Speed management is an easy and effective way to save fuel, reduce emissions, and prevent excess wear
- Reducing speed can cut truck maintenance costs and reduce the frequency of maintenance work, saving hundreds of dollars per truck each year while keeping revenue-earning equipment on the road
- Fleets that adopt speed policies report added savings due to fewer brake replacements and other service work

Automatic transmissions

Benefits:

- Estimated 5% gain in energy efficiency for trucks with automatic transmissions
- Full power shifts and gain anywhere from four to seven seconds every quarter mile
- Traction and wheel spin: Automatics offer more flexibility for maneuverability, traction and graduality in poor terrain
- Hills and rollback safety - since they are safer, no loss of control
- Computer controlled - gentler on the entire drive system, resulting in overall less maintenance
- Limited cargo damage
- Most power for least amount of fuel
- Avoids common habits that reduce fuel economy: frequent or improper shifting, too-rapid

acceleration, too-frequent stops and starts from failing to anticipate traffic flow, and taking circuitous routes

- by *Christine Nicholson, corporate public relations coordinator*

[⤴ Back to top](#)

If you have any questions or comments regarding the Going Green eNewsletter, please contact the [AIT Marketing Department](#).

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[eNewsletter Home](#) [Feedback](#) [Unsubscribe](#) [AIT Home](#)

Cities around the world

IN THIS ISSUE:

[Panama City, Panama](#)

- [History](#)
- [Geography & Climate](#)
- [Economy](#)
- [Transportation](#)

[<< Return to eNewsletter Home](#)

[Previously Visited Cities:](#)

- [Halifax, Canada](#) Mar 09
- [Vienna, Austria](#) Feb 09
- [Cape Town, South Africa](#) Jan 09
- [Nuuk, Greenland](#) Dec 08
- [Quito, Ecuador](#) Nov 08
- [Vancouver, Canada](#) Oct 08

[Panama City, Panama](#)

Panama City (Spanish: Ciudad de Panamá) is the capital and largest city of the Republic of Panama. It has a population of 708,738 - with a total metro population of 1,063,000 - and it is located at the Pacific entrance of the Panama Canal. Panama is the administrative and political center of the country.

Panama has a dense skyline, including mostly apartment buildings, but office complexes and hotels as well. Panama is an important hub for international banking and commerce. It has an advanced communications service, Internet use is widespread; and Panama's Tocumen International Airport offers daily flights to international destinations.

Panama was chosen to be the American Capital of Culture for the year 2003. For 8 years the city has been in the top 5 places for retirement in the world according to *International Living Magazine*.



Panama City Skyline

[Back to top](#)

[History](#)

The city was founded on August 15, 1519, by Pedro Arias de Ávila. Within years of its founding, the city became a launching point for the exploration and conquest of Peru and a transit point for gold and silver headed towards Spain. In 1671, the Welsh pirate Henry Morgan, with the help of a band of 1400 men, attacked and looted the city, which was subsequently destroyed by fire. The ruins of the old city still remain and are a popular tourist attraction known as Panamá la Vieja (Old Panama). It was rebuilt in 1673 in a new location approximately 5 miles (8.0 km) southwest of the original city. This location is now known as the Casco Viejo (Old Quarter) of the city.

Two years after the start of the California Gold Rush in 1848, the Panama Railroad Company was formed, but the railroad did not begin operation until 1855. Between 1848 and 1869, the year the first transcontinental railroad was completed in the United States; about 375,000 persons crossed the isthmus from the Atlantic to the Pacific, and 225,000 in the opposite direction. That traffic greatly increased the prosperity of the city during that period.

The construction of the Panama Canal was of great benefit to the infrastructure and economy. Of particular note are the improvements in health and sanitation brought about by the American presence in the Canal Zone. These include the eradication of yellow fever and malaria and the introduction of a first-rate water supply system.

During World War II, construction of military bases and the presence of larger numbers of U.S. military and civilian personnel brought about unprecedented levels of prosperity to the city. Panamanians had limited access or no access at all, to many areas in the Canal Zone neighboring the Panama metropolitan area. Some of these areas were military bases accessible only to United States personnel. Tensions arose between the people of Panama and the U.S. citizens living in the Panama Canal Zone. This erupted in the January 9, 1964 riots.

In the late 1970s through the 1980s Panama became an international banking center, bringing a lot of undesirable



Casco Antiguo's cathedral

attention as an international money-laundering center. In 1989 after nearly a year of tension between the United States and Panama, President George H. W. Bush ordered the invasion of Panama to depose the previously U.S.-backed dictator of Panama, General Manuel Noriega.

Panama remains a major banking center, although with very visible controls against money laundering. Shipping is handled through port facilities in the area of Balboa operated by the Hutchison Whampoa Company of Hong Kong and through several ports on the Caribbean side of the isthmus. Balboa, which is located within the greater Panama metropolitan area, was formerly part of the Panama Canal Zone, and in fact the administration of the former Panama Canal Zone was headquartered there. The city of Balboa and the nation's currency, the Panamanian Balboa, are named after the Spanish conquistador and explorer Vasco Núñez de Balboa.

[↗ Back to top](#)

Geography & Climate

Panama City is located in the Pacific coast of Panama, east of the Panama Canal. Panama has a rainy season that stretches from May to December, and a dry season from January to April. Annual temperatures range between 21 °C (70 °F) and 35 °C (95 °F).

Panama is located between the Pacific Ocean and many tropical rain forests. The Parque Natural Metropolitano (Metropolitan Nature Park), stretching from Panama along the Panama Canal, has several unique bird species and other animals such as tapir, puma, alligators, etc.

[↗ Back to top](#)

Economy

Panama has a total of more than 80 banks, more than 15 of them being national. The city also boasts several tourist attractions, and is a stopover for other nearby destinations in the country as well as a tourist destination in its own right. The city is also responsible for the production of about 55% of the country's GDP. This because most businesses and premises are located in the city and its metro area.

Nowadays tourism is the most important economic activity in terms of revenue generation. The hotel occupancy rate is the 2nd highest (84.7 percent) in the world after Perth, Australia and followed by Dubai (84.5 percent).

The communications systems are highly developed and are among Central America's most reliable. Internet use is widespread due to Panama's high income.

Developers and investors from around the world are showing massive attraction towards the Panama real estate market. This attraction is caused by the fact that the country's canal is planned for expansion and many other such developments are likely to take place in the country that will lead it to reach an economically developed state of worth US\$12 billion.



Punta Paitilla

[↗ Back to top](#)

Transportation

Air

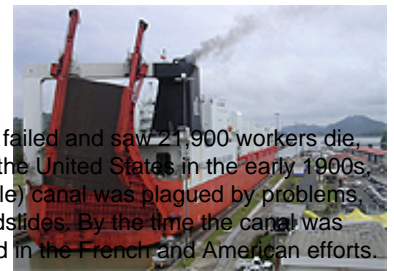
Panama's international airport, Tocumen International Airport has two runways and is located on the eastern outskirts of the city where it is easily accessible. There are direct flights between Tocumen and New York, Newark, Washington D.C., Los Angeles, Houston, Dallas, Orlando, Miami, Fort Lauderdale, Atlanta, Amsterdam, Madrid, and all major cities in the Caribbean area, Central America and South America. Panama City also has a regional airport Marcos A. Gelabert, located in an area once occupied by Albrook Air Force Base. Marcos A. Gelabert Airport is the main hub for regional flights within Panama and the Pearl Islands in the Pacific.

The Panama Canal

The Panama Canal is a man-made canal which joins the Pacific and Atlantic oceans. One of the largest and most difficult engineering projects ever undertaken; it had an enormous impact on shipping between the two oceans, replacing the long and treacherous route via the Drake Passage and Cape Horn at the southernmost tip of South America. A ship sailing from New York to San Francisco

via the canal travels 9,500 km (6,000 miles), well under half the 22,500 km (14,000 mile) route around Cape Horn.

Although the concept of a canal near Panama dates back to the early 16th century, the first attempt to construct a canal began in 1880 under French leadership. After this attempt failed and saw 21,900 workers die, the project of building a canal was attempted and completed by the United States in the early 1900s, with the canal opening in 1914. The building of the 77 km (48 mile) canal was plagued by problems including disease (particularly malaria and yellow fever) and landslides. By the time the canal was completed, a total of 27,500 workmen are estimated to have died in the French and American efforts.



RORO carrier at the Miraflores locks

Since opening, the canal has been enormously successful, and continues to be a key conduit for international maritime trade. The canal can accommodate vessels from small private yachts up to large commercial vessels. The maximum size of vessel that can use the canal is known as *Panamax*; an increasing number of modern ships exceed this limit, and are known as *post-Panamax* or *super-Panamax* vessels. A typical passage through the canal by a cargo ship takes approximately 8-10 hours. In fiscal year 2008, 14,702 vessels passed through the waterway with a total 309.6 million Panama Canal/Universal Measurement System (PC/UMS) tons.

While the Pacific Ocean is west of the isthmus and the Atlantic to the east, the journey through the canal from the Pacific to the Atlantic is one from southeast to northwest. This is a result of the isthmus's "curving back on itself" in the region of the canal. The Bridge of the Americas at the Pacific end is about a third of a degree of longitude east of the end near Colon on the Atlantic.



Bucket dredge working on the canal

[Back to top](#)

Navigating customs

Ensuring a compliant and secure global supply chain for customers

As global logistics competition intensifies and international trade law continues to proliferate, a customs house broker's role in facilitating the flow of legitimate trade into the global supply chain has become more critical and challenging than ever before. For every product imported into the United States, there are currently hundreds of customs regulations and thousands of pages of harmonized tariff items that need to be considered – undoubtedly an overwhelming task for any international shipper to take on.

Instead, importers and exporters rely on customs brokers like Paul Codere, corporate customs brokerage manager for AIT Worldwide Logistics, to navigate the governmental logjams pertaining to their international commodities.

"While the focus of our business was once on anti-terrorism legislation, security initiatives are increasingly driving most of the change in the brokerage industry," says Codere. "From intellectual property rights and anti-dumping duties to pest infestation and weapons of mass destruction, security is the critical issue underpinning every single aspect of the customs brokerage industry today."

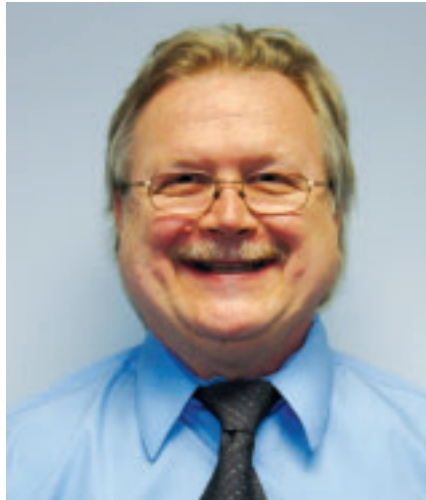
Smart Business sat down with Codere to discuss how to stay ahead of the "compliance curve" in the ever-changing landscape of customs law and international trade regulations.

How has a customs broker's role evolved in recent years?

Because of the dramatic slowdown in today's global economy, international trade flow volumes aren't as robust as they once were. Brokers are frequently discovering that importers no longer desire to keep overstock of their merchandise and consequently 'just in time' delivery of their commodities is in high demand.

This business model requires a seamless customs clearance process. While delays can result at any step along the logistics pipeline – manufacturing, shipping or inclement weather, for example – since the shipment life cycle ends with the broker, it's ultimately up to him or her to foresee any possible clearance problems.

Because of their ever-increasing legal and



Paul Codere
Corporate customs brokerage manager
AIT Worldwide Logistics, Inc.

ethical obligations to the government and the international trade community, brokers can't be flexible regarding compliance practices.

After all, they are held responsible for their knowledge of and compliance with the regulations intended to protect the safety and security of the consumer, industry, and ultimately various economies and ecosystems.

What is the biggest challenge presented to customs brokers?

Most importers quite simply can't devote the time necessary to keep up with the wide range of regulatory changes mandated by our government. It becomes burdensome to sift through the massive amounts of information being disseminated on a daily basis in order to find the regulations applicable to their merchandise. The broker has the ability and expertise to handle this obligation for the importer. Interfacing with the many governmental agencies and navigating through a sea of ever-changing trade rules and regulations, customs brokers act as consultants to their clients.

When the importer and broker can make

PAUL CODERE is corporate customs brokerage manager for AIT Worldwide Logistics, Inc., headquartered in Itasca, Illinois. Spanning numerous nationwide locations and an ever-increasing network of international partnerships, the global transportation and logistics provider delivers tailored solutions for a wide variety of vertical markets and industries. Reach him at pcodere@aitworldwide.com or (800) 669-4AIT (4248).

it their joint responsibility to exercise the U.S. Customs and Border Protection's mandate of 'informed compliance' by sharing all details about the commodities, the clearance process can be relatively simple, quick and painless.

However, challenges can arise when working with a client to gain a comprehensive understanding of all possible commodity requirements for the importation or exportation of their goods. Failing to provide a critical piece of information about their commodity can lead to disputes over classification or misclassification of merchandise.

If the importer has control of their own supply chain, knows their suppliers and has investigated the commodity they intend to import, then there shouldn't be any major setbacks or need for dispute resolution.

Describe how the implementation of 10+2 regulations will impact the industry.

Required only for commodities that will be laden onto an ocean vessel arriving into a U.S. port, 10+2 is another name for the Importer Security Filing (ISF) and Additional Carrier Requirements law.

When enforcement of the 10+2 regulations begins in January 2010, noncompliance could result in severe shipping delays and monetary penalties. Until that time, Customs has afforded the entire industry a year-long 'delayed compliance period' to acclimate and adjust to the new mandates.

To comply with 10+2, importers should be aware of all parties involved with the manufacture, sale and transportation of their shipments. They should also know exactly what commodities are being shipped and how they should be classified in the HTSUS (Harmonized Tariff Schedule of the United States).

If the international trade community takes the full 12 months to work together in educating themselves on complying and cooperating with 10+2, then it will only mean business as usual for the industry when full enforcement begins. <<

Insights Logistics is brought to you by AIT Worldwide Logistics, Inc.

VPN delivers the goods

Solution ensures seamless failover in the event of Internet access outages or lost connections.

Network downtime can be devastating for any business, but for AIT Worldwide Logistics, it can be catastrophic. As a global transportation and logistics provider specializing in heavyweight and perishable shipments, AIT's network is just as important as the railways, highways, airways and maritime lanes it uses to ship goods. A single day's worth of network downtime can easily equate to \$2 million in lost revenues and thousands of lost shipments.

Headquartered in Itasca, Ill., AIT has 34 offices nationwide, 330 global service centers and more than 800 employees. Additionally,

and AIT realized that it could not expand its business without a higher level of performance and reliability.

"We had to take an honest look at our operations. We were overpaying for low performance and inadequate customer service and realized our service provider was not holding up its end of the bargain," says Dan Chesler, network administrator for AIT.

As it started evaluating network security vendors, AIT had four objectives: reduce costs, improve redundancy in its wide area network, centrally manage network security and eliminate single points of failure.

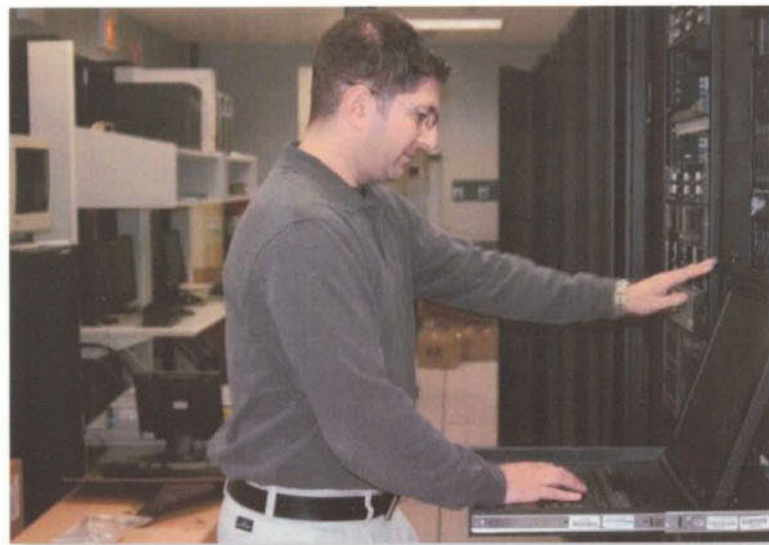
"It's a tall order for a single solution. There aren't many products available that could meet all four objectives," says Chesler.

AIT decided to implement Stonesoft's StoneGate solution primarily because of its patented Multi-Link technology, which ensures seamless virtual private network (VPN) failover in the event of Internet access outages or lost connections between firewalls and outside networks. The solution provided a full-scale stable firewall with deep-packet inspection capabilities. The StoneGate solution also can aggregate multiple high-speed Internet services without routing and provide site-to-site VPN across those multiple links.

Initially, AIT implemented the solution at one of its busiest offices in Minneapolis. The company implemented three firewalls, two of which were clustered at the company's headquarters. The implementation was complete within two months, and AIT decided to roll the implementation out across a majority of its network stations, including corporate offices, remote locations, customer sites and independent contractor sites. In total, AIT implemented 43 appliances at 41 different sites over a nine-month period.

CHANGE IN INFRASTRUCTURE

After the appliances were installed, Stonesoft worked with AIT's network administrators to create standard security policies at its corpo-



Dan Chesler, network administrator for AIT, had four requirements for security of the company's wide area network connections.

the company employs a large network of independent contractors that rely on AIT's network to access critical supply chain management and accounting applications 24/7.

With a growing business on the line, AIT decided to reevaluate its frame relay and network redundancy service provider. Network interruptions and costs had been on the rise

rate headquarters in Itasca that could be easily pushed to each appliance across their network—all from a single central command center. The implementation, however, required a substantial change in AIT's infrastructure and, to some extent, a leap of faith from AIT's IT team.

Previously, AIT used a traditional frame relay circuit that was costly, but provided AIT a high level of security. The company was fearful of losing quality of service (QoS), performance and security by routing traffic over a public infrastructure.

AIT also had envisioned going with a central DSL provider to serve all of its stations. Their provider of choice, however, could not support many of the company's stations, requiring AIT to provide one-off providers for cable, DSL or T-1 service.

Over the course of the StoneGate implementation, AIT learned that most service providers place a higher priority on repairing T-1 circuits than DSL circuits. As a result, the company opted to use more T-1 lines than originally anticipated.

Stonesoft played a technical consulting role in helping AIT solve many fundamental network challenges. Stonesoft's R&D team recreated many of AIT's unique network challenges in its labs and designed specific solutions that met their needs.

One example is the company's rollout of a voice-over-IP (VoIP) system. AIT implemented the StoneGate solution and its VoIP system concurrently. To ensure network performance and QoS, Stonesoft worked with AIT to route and load balance VoIP traffic through StoneGate appliances.

Chesler acknowledges the challenges with the StoneGate implementation while championing Stonesoft's approach: "That's okay, though. Perfect implementations don't exist. What we don't have, thankfully, is a vendor with a 'take it or leave it' attitude. Stonesoft's team worked with us to find workarounds and solutions to issues that are specific to our industry and our market niches."

According to Chesler, "If you go back and look at our four objectives, we've met each one of them. We've reduced our network spend, achieved redundancy, centralized network security and eliminated most of the single points of failure."

SUBSTANTIAL SAVINGS

It took less than six months for the company to achieve a full return on its investment. Most of its stations were paying an average of \$1,500 a month for a 256-KVCS frame line. Today, most stations have two lines that are roughly \$99 each per month—\$1,300 a month savings per station. At the headquarters in Itasca, which is the hub for the Frame Relay, the port primary domain controller (PDC) and asynchronous

Continued on page 25

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transfer mode (ATM) circuit cost savings is about \$33,000 a month.

The visibility and ease of use of the centralized control provided by the StoneGate solution have also had an impact on AIT's network operations. The company now has the level of granular control needed to support its expanding shipping and logistics business. Today, AIT's growing network of independent contractors has access to all of the critical applications needed to ensure accurate ordering, delivery, tracking and accounting.

The next step for AIT was to roll out the StoneGate SSL VPN to its IT department and select contractors who needed anytime access to the network for maintenance or troubleshooting. Since the SSL VPN does not require a pre-installed VPN client on each machine, the AIT team can access the company network from anywhere, regardless of computing device. Using the SSL VPN portal, AIT is able to set a policy allowing secure access to desktops, which contains all the applications and connections IT and contractors need to do their jobs.

Since implementing the solutions, AIT has continued to increase the number of independent contractors on its network. On average, independent contractors say they are saving \$1,200 each month, while enjoying faster network speeds and resiliency.

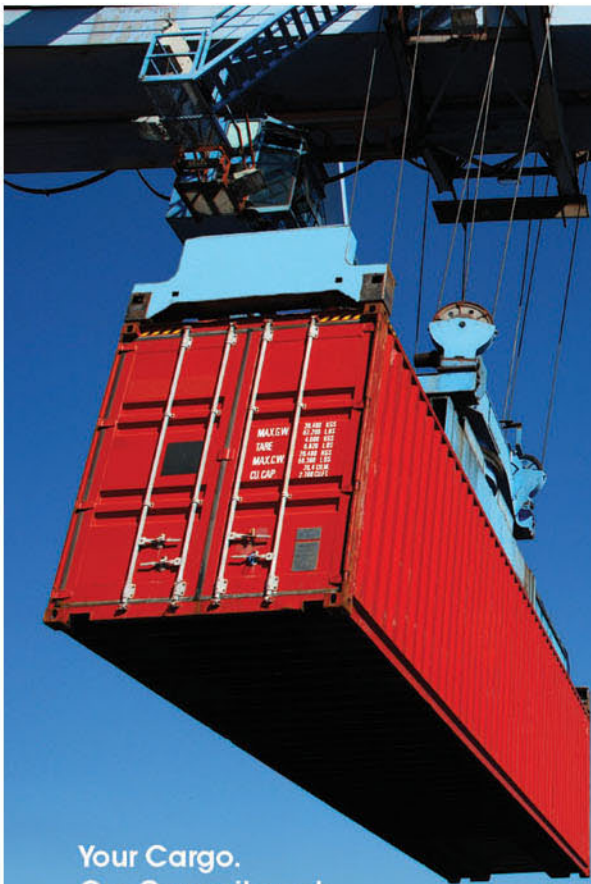
While the StoneGate solution's failover and load-balancing capabilities were tested rigorously in implementation, the ultimate test came when AIT's Boston office underwent a complete network overhaul. To improve Internet access and performance, the office migrated from a cable line and DSL modem to two T-1 lines from different vendors. During this time, AIT relied solely on Stonesoft's Multi-Link technology to ensure network access to employees and independent contractors.

Most recently, the company encountered another major network failure when switching local and long distance carriers in its Minneapolis office. Once again, the StoneGate solution was able to handle all traffic and ensure connectivity while the primary circuit was being repaired.

"Sometimes, we don't even know there's an issue with our network until the ISP calls our help desk to alert us," says Chesler. "Knowing there's been zero interruption in our business is a great feeling."

Chesler's goal is to virtualize much of

the company's network security functions while continuing to add services like VoIP to more of its offices and service centers. He expects the StoneGate solutions to provide the improved security and visibility AIT needs, without purchasing more physical hardware. □



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