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Ocean Fast Facts

Which Northeastern U.S. seaport handled 44,146 TEUs of EMPTY containers between December 2007 through November 2008 contributing to 21% percent of total container movements during that time?

- A. Port of Stamford, CT
- B. Boston, MA
- C. Port of New York and New Jersey
- D. Portland, ME

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

Correct Answer: B. Boston, MA

The port of Boston, managed by MASSPORT Port Authority handled nearly 45,000 empty containers and a total of 208,438 containers from December 2007 through November of 2008. Not only is the port of Boston a significant port for containerized volumes in the United States Northeast, the port is also a significant port for the movement of automobiles and passengers. Nearly 23,130 automobiles moved through the port during the previously mentioned timeframe and over 282,000 passengers moved through Boston's cruise terminal at the same time.

Sources: http://www.massport.com/ports/about_ports.html



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BUZZ WORD

General Rate Increase (GRI)

Definition: General Rate Increase (GRI) occurs when a carrier announces an increase in base ocean freight rates within a given trade lane. For cargo destined to or from the United States, GRIs are generally announced and filed in the ocean carrier's public ocean freight tariff 30 days prior to the increase due to the requirements of the Federal Maritime Commission (FMC).

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General Rate Increases - A common occurrence in today's ocean trades

In the past few months, most global ocean trades throughout the world have been affected by GRI's. Ocean carriers have implemented them in efforts to sustain profitability or even survival as cargo levels had deteriorated to record lows at the end of 2008 and into 2009.

When a GRI occurs, especially in the trades to and from the United States, ocean carriers first announce their market proposed "GRI" rate level, generally 30 days before the effective date. Once the "GRI" date arrives, it is rolled into a new market ocean freight rate that includes the GRI in

addition to the previous market rate level.

For example, a basic GRI can be explained below for a 40' container between New York and Brazil. These figures are for sample purposes only - as illustrated with a simple $A + B = C$ equation:

- A. August 1: 40' standard container rate for non-hazardous cargo between New York and Santos:
\$ 500 per 40' standard container
- B. September 1: Carriers propose a General Rate Increase (GRI) of \$400 per 40' standard to be effective on October 1 for non-hazardous cargo between New York and Santos.
- C. October 1: The GRI becomes effective by adding the above $A + B$ to equal C ; the "NEW" market level for a 40' standard container between New York and Santos becomes \$900 per 40' standard container.

$$A + B = C$$
$$\$500 + \$400 = \$900$$

Finally, the new market rate of \$900 after October 1 is now the rate "inclusive" of the October 1 GRI. This is otherwise known as the GRI being "rolled" into the base rate after October 1 and the term GRI disappears into the new market level rate - that is, until another "GRI" is announced.

GRI's sometimes might be mitigated or cancelled depending on market conditions, but recently carriers have been successful in passing GRI's in nearly every global trade lane. The term is also synonymous with the terms "revenue recovery" or "cost recovery." The global shipping industry is in a revenue recovery period and is expected to remain so in the near term.

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Eye on the United States East Coast

Kevin Krause, Director of Ocean Services for AIT, recently participated in the East Coast Maritime Conference held October 5-6 in Jersey City, NJ. Attendees of the two day conference worked in an interactive environment, as the format of the conference included automated audience involvement through online "internet" chats. For example, participants would respond to surveys on topics such as industry outlook or west coast versus east coast routing strategies during the presentations and discussion panels.

"The electronic and interactive format allowed for an open forum for importers/exporters, economists, industry experts, port authorities and carriers alike to voice their opinions and debate current events in shipping," said Krause. "Participants could share their opinions on industry hot topics anonymously or with full disclosure through an Internet format that brought depth to current issues facing the shipping industry."

Krause contends that there are several matters facing shippers or importers, but the topics with the most relevance to AIT customers were those relating to east coast versus west coast routing strategies.

"Because so many AIT customers are situated in the center of the USA and the fact that east coast routings are becoming more transit time competitive when compared to west coast routings, more options will be available to AIT customers," he said.

For example, ocean carriers are offering more competitive all water services from Asia to the United States east coast and Canada from Asia which potentially will allow better transit times from locations like Singapore into places such as Cleveland, Detroit and Chicago.

"The gap between transit and cost from east coast vs. west coast intermodal routings is narrowing and other factors such as the expansion of the Panama Canal will help contribute to narrowing this gap," said Krause.

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Encore, Encore! Another GRI proposed for USA to Brazil ... Colombia also set for GRI

Ocean carriers serving the USA to Brazil trade successfully passed along a general rate increase (GRI) in the area of \$250 to \$350 per TEU that was effective early September. Now, under the guise of "full ships," carriers such as Hamburg Sud have proposed yet another GRI from the United States east coast to Brazil effective November 9, 2009 at \$250 per TEU.

Other areas such as Buenaventura, Colombia are also set to see a GRI during the month of November. As always, AIT will continue to keep customers informed of the latest adjustments to

rates; however, as the markets are ever-changing based on supply and demand fluctuations, please contact your local AIT representative if you have any questions.

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Houston to West Africa Peak Season Surcharge

Safmarine has advised their intentions to charge a \$50 per TEU Peak Season Surcharge (PSS) to West Africa, effective November 15th, to be charged until further notice.

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USA to Australia - Proposed General Rate Increase

Carriers in the United States to Australia trade are proposing a general rate increase (GRI) effective December 1, 2009. The proposed GRI is as follows for dry and refrigerated cargo moving from United States & Canada to Australia and New Zealand:

\$150/20'ft standard containers

\$300/40'ft standard containers

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November Congestion Alert!

At press time, certain port locations were reporting congestion. Port areas to be aware of during late October and early November are as follows:

- Venezuela Ports (Puerto Cabello)
- Colombia (Buenaventura)
- India (Kolkata)
- North African Ports (Tripoli / Algiers)

Please be advised that ocean carriers may temporarily enact "Port Congestion Surcharges" in times of peak volumes so speak with your AIT Representative in the event you have questions.

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November Export Update = Carriers report FULL Export Sailings

Throughout October, several of AIT's primary ocean carriers reported export sailings to Europe and Asia at near or full capacity. Additionally, sailings to Latin America, especially Brazil, remained overbooked in some cases. There were reported incidents of carriers having to "roll" cargo destined for Brazil base ports such as Santos. Not only are ships filled to capacity, the demand remains strong for containers at both port and inland container depots. Export trades remain "tight" on equipment availability and vessel space, especially for U.S. exports to Brazil and North Europe.

AIT continues to recommend that exporters to plan early for booking export shipments, allowing a minimum of 48 to 72 hours for standard equipment and additional time for special equipment such as open tops or flat racks. Planning early will ensure equipment availability and vessel space for the container size and type required to satisfy your booking needs.

Less than container load (LCL) booking availability remains wide open. AIT would like to remind our customers moving special equipment to also allow for ample planning and booking time for special equipment such as refrigerated and flat rack/open top equipment. Speak with your AIT representative to address your specific shipment needs, whether FCL, LCL or break-bulk.

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A Reminder on 10+2 = Ocean Imports

As earlier reported, the United States Customs and Border Protection 10+2 or ISF program will be enforced effective January 26, 2010. Submission of timely and correct ISF data is the ultimate responsibility of the importer of record. AIT has been participating in official U.S. Customs and Border Patrol ISF seminars and has been educating customers and agents alike to ensure ISF data is managed properly.

Should you have questions or concerns about the 10+2 required data elements, please contact your AIT representative. For a copy of current documentation relating to the ISF program, please refer to

the following link:

http://www.cbp.gov/xp/cgov/trade/cargo_security/carriers/security_filing/

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2009-2010 Trans Pacific Imports = Peak Season Winds Down ...

At press time, most carriers operating in the Trans Pacific Eastbound trade report expiration or a removal of the Peak Season Surcharge (PSS). Many carriers had already mitigated or cancelled their PSS charges by October 1. Capacity in the Trans Pacific import trade remains relatively tight; however, demand has not caused carriers to charge a PSS, which normally occurs under extreme peak shipping conditions. The 2009 peak season only witnessed a spike in shipping during mid to late September leading into the mid-Autumn holiday in China the first week of October. The Trans Pacific Eastbound trade is primarily serviced by TSA member carriers.

The TSA member list of carriers includes the following carriers: APL, Ltd., China Shipping Container Lines, CMA-CGM, COSCO Container Lines, Ltd., Evergreen Line, Hanjin Shipping Co., Ltd., Hapag Lloyd AG, Hyundai Merchant Marine Co., Ltd., Kawasaki Kisen Kaisha, Ltd. (K Line), Mediterranean Shipping Co., Nippon Yusen Kaisha (N.Y.K. Line), Orient Overseas Container Line, Inc., Yangming Marine Transport Corp. and Zim Integrated Shipping Services

Source: http://www.tsacarriers.org/pr_070709.html

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The Parting "Wave"

October was a busy month for AIT Ocean Systems. The team remained quite active in preparing rate quotations. It seems like AIT and non-AIT customers alike are sharpening their pencils and exhausting all options when looking for the best possible rates to move their freight during these tight economic times. AIT's ocean operations and pricing staff have witnessed this trend now since mid-2008, and it will continue in the near term while carriers attempt cost or revenue recovery.

In order to get the best "bang" for your ocean "buck," AIT would like to remind our customers to be as specific as possible when requesting rates. Provide the proper incoterms, commodity, origin, destination, and volume to help ensure the best possible rate. Finally, AIT would like to give thanks this November to all our customers who have helped us remain busy during these challenging times. It appears the markets are stabilizing and it seems this trend may continue into 2010. Have a great November!

Preview December 2009 AIT Ocean eNewsletter:

A cold northern hemisphere port

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

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Airlines' Rate of Ascent

With more aircraft than ever on the ground, air cargo carriers hope diminished downturn brings stronger yields.

In the global air cargo market, an 11 percent year-over-year decline in business in one month counts as something of a recovery in 2009, and airlines are trying to seize the opportunity.

After a year scarred by tumbling traffic, collapsing yields and shrinking revenue, carriers led by Lufthansa Cargo and Air France-KLM are moving to raise freight rates 20 to 30 percent this month, reasoning that even in a downturn, diminished inventories will press shippers to move goods rapidly to market this fall.

Others have moved even quicker with reports that top Asian carriers Cathay Pacific and Singapore Airlines hiked rates on shipments to Europe and the U.S. 10 to 15 percent in mid-September in response to a sudden surge in demand as importers replenish depleted inventories. Delta Air Lines, freighter operator Cargolux and Japan's Nippon Cargo Airlines also are increasing tariffs.

There's never been a better time to test the market with demand rising and carriers cutting capacity to the bone - airlines had grounded 227 freighters, 12 percent of the global fleet by the end of August, according to the International Air Transport Association. Other industry observers put the number higher, saying more than 400 all-cargo planes that could be flying are sitting idle.

As a result, the gap between supply and demand is shrinking, especially out of Asia, and load factors are improving in tandem. The shrunken world freighter fleet is still flying half full, but airlines say cargo is recovering, especially on Asian routes, mirroring the experience of ocean container carriers.

"We are somewhat encouraged ... by the rate of reduction in widebody freight capacity that we see in the Asia-Pacific region," said William J. Flynn, president and CEO of freighter airline Atlas Air. "As the decline in air freight demand has moderated in recent months, the rate of capacity reduction in this key air freight market has begun to approach the rate of reduction in demand."

Many carriers say capacity is coming out faster than demand is falling, and that traffic actually is edging up on a month-to-month basis. The Association of Asia Pacific Airlines said traffic fell 11.4 percent in August, but carriers reduced capacity by 12.1 percent compared to the same month a year ago.

Cathay Pacific had even better results: Traffic fell 6.1 percent in August, but Cathay sliced its capacity 14.1 percent in the same month. The result was a 72 percent load factor that is strong by any standards. Cathay's cargo flights are flying full out of Hong Kong, according to CEO Tony Tyler.

Asia-Pacific carriers' freight operations are seeing a "slow but steady recovery" from the low point last December and January, said Andrew Herdman, director general of the Asia-Pacific airline association, and other carriers report similar, halting gains. FedEx reported the smallest decline in international shipments in a year in the second quarter and forecast increased volume in the current quarter. TNT Express started a nonstop service between Europe and Hong Kong with a new 747 extended-range freighter in mid-September, and DHL is adding trans-Atlantic 767 freighter flights.

Although the market looks like it has hit bottom, there are doubts about the depth of the recovery.

Lufthansa Cargo dismisses the mild 1.1 percent dip in its August traffic following months of double-digit declines as a result of sharply lower volume in 2008 and warns there are "still no signs of a fundamental improvement in market conditions."

Even if the planned rate hikes stick, the industry still will lose money on every kilo of cargo it carries. And because the rapidly growing, government-backed Middle East carriers have yet to announce any rate increases, the industry-wide "rate restoration" effort may be short-lived.

The industry has a long way to go to return to profit.

In the first six months of 2009, the top 10 cargo airlines ran up combined losses of some \$1.4 billion, and overall cargo revenue will shrink 28 percent to \$44 billion this year, according to IATA.

The leading operators are taking the biggest hit. Air France-KLM's cargo revenue plunged 41.5 percent in the second quarter from a year earlier, to \$773 million, and losses ballooned to \$288 million. Lufthansa's second-quarter freight revenue contracted 36 percent to \$626 million and last

year's \$95 million profit crumbled into an \$87 million loss. Delta Air Lines' cargo sales plummeted 54 percent during the quarter to just \$173 million as it slashed capacity by 50 percent from last year's level, and American Airlines' freight revenue tumbled 43 percent to \$134 million.

Japan Airlines lost \$210 million on cargo in the year to March 31, and NCA is heading for a full-year loss of \$235 million on sales of \$565 million.

The dire state of the cargo market is one reason Moody's cut Lufthansa's debt rating to junk at the beginning of September, and why Air Berlin, Europe's third-largest discount carrier, shelved plans to sell its \$145 million-a-year cargo business after failing to get offers matching its valuation.

It's also why Air France-KLM, Europe's biggest cargo carrier, is so desperate to take out any cost that it canceled the latest issue of its management magazine.

John Leahy, Airbus chief operating officer, says the cargo market is "probably the worst" he has seen.

Carriers have slashed capacity over the past year in a bid to close the bulging supply-demand gap to drive up load factors and yields. The results have been mixed: Lufthansa improved its load factor 5.8 percentage points to 66.1 percent in August, but Air France-KLM gained only 0.6 percentage points to 63.5 percent.

Yields remain under pressure, with some carriers selling below cost to generate cash at any price, but there have been signs of a pickup, with Cathay's Tyler speaking of "yield improvement" occurring in early September. The next few weeks, the start of the airlines' make-or-break peak shipping season, will demonstrate how solid that improvement is, with carriers reportedly raising rates for forwarders but freezing them for their big-ticket multinational clients.

Carriers are preparing to remove even more capacity in the winter season starting this month.

Lufthansa is grounding four of its 19 MD-11 freighters for a year, idling two more, extending "short time" work for 2,600 employees and slashing budgets by 25 percent. Air France-KLM grounded six 747-400 freighters, delayed delivery of two new 777 freighters and is cutting capacity by another 15 percent this month because of a "brutal" fall in demand. China Southern is postponing delivery of six 777 freighters by an average of a year. JAL recently suspended three weekly Tokyo-London freighter flights, and Cargolux's capacity will fall 12.5 percent after it sells two 747-400s to UPS - a deal struck two years ago. Swiss forwarder Panalpina is considering whether to continue operating a 747-400 freighter wet-leased from Atlas Air since the late 1990s.

Before the market crashed, the big carriers were boosting cargo operations. Air France-KLM closed on the takeover of Amsterdam-based Martinair at the beginning of the year after KLM acquired the 50 percent of the carrier it didn't own from Denmark's A.P. Moller-Maersk. Lufthansa kept pace with the launch of AeroLogic, a 50-50 joint venture cargo airline with Deutsche Post DHL, and retains a 25 percent stake in China's Jade Cargo International.

The attraction of cargo came because until the market collapsed, freight business was growing faster than passenger traffic as global trade accelerated on the back of China's explosive export performance.

Now there are questions about airlines' commitment to cargo, which some see as an expensive luxury at a time when their core passenger operations need surgery.

Lufthansa is digesting recently acquired Austrian Airlines and talking with up to a dozen suitors for bmi, its U.K. airline. Delta and American are in rival negotiations to invest in JAL, while Air France-KLM also is considering an investment in the struggling carrier. British Airways and Iberia are poring over the small print of a planned merger.

But Delta also is quitting freighter operations at the end of the year when it phases out the last of its 12 aging 747-200 freighters, quietly closing the doors on a former Northwest Airlines Cargo operation that once was a major force in trans-Pacific service.

Several carriers are set to follow Delta's path.

JAL, nursing a record \$1.1 billion second-quarter loss, moved first, agreeing to merge its cargo business with rival NCA, a unit of Japanese shipping giant NYK, by next April. The merged carrier will have annual revenue of \$3 billion, a fleet of 17 freighters and 14 more on order and 30 percent of Japan's air cargo exports. But it will start life mired in red ink.

Air France-KLM also reportedly is considering the transfer of its all-cargo operations to its Martinair unit to create a single carrier with a fleet of 29 freighters while focusing the parent airline's cargo operations on the belly-hold capacity of passenger jets.

Lufthansa Cargo denies reports it intends to ground all 19 of its MD-11 freighters, which account for half of its total cargo volume. But CEO Carsten Spohr admits it might come to this if Frankfurt airport, its home hub, implements a ban on night flights. Spohr is deadly serious, Lufthansa Cargo spokesman Stefan Hartung said, because forwarders who require full service will decamp to Paris or Amsterdam where they can load cargo into freighters and passenger aircraft through the night.

Even if upcoming rate increases hold, many European, Asian and U.S. carriers will see the extra revenue flow straight to European Union coffers as Brussels trustbusters are expected within weeks

to hit them with hundreds of millions of dollars in fines for their role in a worldwide price-fixing cartel from 2001 to 2006.

BA, Air France-KLM and others that have already paid hefty fines in the U.S., also face class-action compensation claims. If the EU finds the carriers guilty, it will "set off the largest civil claims for cartel damages ever seen in Europe," said Peter Koutsoukis of Dublin-based Claims Funding International, who is already talking with aggrieved shippers.

For carriers that survive the slump, the outlook for cargo is relatively healthy.

Airbus forecasts the market will grow 5.2 percent annually over the next 20 years, requiring 3,440 additional freighters, of which 850 will be new planes. Boeing is going for 5.4 percent growth over the same period, with Asian carriers adding about 750 freighters, or 27 percent of global demand, and second only to the slower-growing North America market.

Those are optimistic projections given that since 1995, worldwide cargo traffic measured in freight ton-kilometers flown has grown at an average annual rate of 4.3 percent, and just 3.1 percent a year from 2001 to 2008.

The Journal of Commerce Magazine, Oct 5, 2009

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[Asia Air Cargo Reaches 2009 High](#)

Traffic grows 4.7 percent from August to September in best showing since November 2008

Asia's air carriers saw their strongest signs yet of recovery in the air cargo business, reporting their busiest month in nearly a year in September, according to figures released by the Association of Asia-Pacific Airlines.

Although freight traffic fell 6.5 percent against the same month last year, the year-over-year decline was the slimmest the AAPA has reported since August 2008 and shipping grew 4.7 percent from August to September.

Traffic reached 4.06 freight metric-ton kilometers flown, the highest number the AAPA has reported since November 2008 and nearly 28 percent better than the low point of the downturn in February.

The improving demand also came as the air carriers got dramatically more efficient. The AAPA said airlines cut their freight capacity 11.2 percent compared to September 2009, pushing the freight load factor to 68.7 percent, the highest it's been in more than two years.

Industry analysts say air carriers have grounded more than 200 freighters over the past year, and many were working in the Asia-Pacific market.

The Journal of Commerce Online, Oct 26, 2009

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[United Reduces Losses](#)

Cargo revenue drops 43 percent on weak Pacific exports

UAL Corporation, the holding company whose primary subsidiary is United Airlines, reduced net losses 92.8 percent to \$57 million, compared with a loss of \$792 million in third quarter 2008.

Operating revenue fell 20 per cent to \$4.4 billion, but the airline cut expenses 28 percent to \$4.3 billion as fuel costs fell by more than half.

Cargo revenue for the quarter decreased 43 percent year-over-year to \$125 million as a result of lower volume and continued pressure on yields due to the weak economy, the company said. Pacific exports, which make up a large portion of United's cargo business, have been hit particularly hard by the global recession.

The Journal of Commerce Online, Oct 22, 2009

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[Vietnam to Launch First Cargo Airline](#)

Aviation authorities in Vietnam granted Trai Thien Air Cargo a license to provide air cargo services in the country, according to Vietnamese press reports this week.

The carrier, which is expected to begin operations early next year, would become the first cargo airline in the country.

Trai Thien Air Cargo will initially provide services using a 737-300F aircraft, according to the reports. The company plans to add four new aircraft to its fleet and then expand service to Northeast and

Southeast Asia, according to the reports.

The private airline, with charter capital of \$28 million, reportedly received approval from Vietnam Prime Minister Nguyen Tan Dung last month. Government officials admitted that demand for air cargo is relatively low but have encouraged development of the cargo sector there for some time, the reports said.

The Journal of Commerce Online, Oct 19, 2009

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Air Cargo Decline Eases in Germany, UK

Frankfurt, BAA report single-digit year-over-year drops in September

Frankfurt airport handled 5.4 percent less cargo in September than a year ago, the third consecutive single digit monthly decline at Europe's top freight hub. For the same month, BAA, the British airports group, said cargo volumes at its seven UK hubs shrank 6.3 percent in September, the smallest decrease since November 2008.

Frankfurt handled nearly 189,000 tonnes of freight in September, taking volume for the first nine months of the year to 1.3 million tonnes, down 16.6 percent from the same period in 2008.

The fall in September traffic followed on a five percent year-on-year drop in cargo volume in August, the lowest monthly rate of decline in 2009, according to Fraport AG, Frankfurt's owner.

Fraport said cargo traffic at its five airports, including Frankfurt and airports in Bulgaria, Turkey and Peru, declined 4.9 percent in September from a year ago to 189,000 tonnes.

BAA said cargo traffic at London Heathrow dipped 6.2 percent in September from a year ago to 110,244 tonnes, boosting volume for the first nine months of 2009 to just over 914,000 tonnes, 14 percent down on the same period in 2008.

London Gatwick posted a 21.7 percent decline to just 5,959 tonnes as long haul carriers shifted services to Heathrow. The airport, which BAA is in the process of selling, handled 51,121 tonnes of freight in the January-September period, nearly 40 percent less than in the first nine months of 2008.

London Stansted, BAA's freighter and express hub, handled 16,253 tonnes of cargo last month, down 8.4 percent from September 2008.

The Journal of Commerce Online, Oct 13, 2009

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Global Sectoral Approach - A Global Framework for Aviation and Climate Change

New Delhi - The International Air Transport Association (IATA) reiterated its call for a global sectoral approach led by the International Civil Aviation Organization (ICAO) to handle aviation's emissions in the post-Kyoto period.

"We need a global solution that can encompass all of aviation-incorporating the differing situations of airlines from developed and developing nations. The best hope of this is through ICAO which has a proven track record," said Giovanni Bisignani, IATA's Director General and CEO.

In a speech to an event jointly hosted by The Energy and Resources Institute (TERI) and IATA, Bisignani referred specifically to the effective work of ICAO in handling the introduction of quieter aircraft. "ICAO developed a global framework to deal with noise. The noisiest aircraft were phased out between 1995 and 2002. The global solution took into account the difficult situation of some developing nations with an extension to 2005," said Bisignani.

The remarks are particularly timely as the global climate change debate is increasingly stalled on the principle of common but differentiated responsibility that underpins the United Nation's Framework Convention on Climate Change in the run-up to climate talks in Copenhagen this December.

At the recent ICAO High Level Meeting on Aviation and Climate Change, governments agreed to continue to address aviation and climate change through ICAO and to work closely with industry. They also laid the foundations to developing a global sectoral approach-a global framework developed through ICAO.

IATA defines such a sectoral approach as:

- Accounting for emissions at a global level, not by state
- Making aviation fully accountable and pay for its emissions once, not several times over
- Giving access to global carbon markets until technology provides the ultimate solution

"Such a global approach would take advantage of the aviation sector's proactive approach to addressing the issues of climate change. We are the only industry with a united strategy and targets across the whole value chain. These are tougher targets than even our regulators are prepared to administer," said Bisignani.

Aviation has committed to three sequential targets:

- Improving average annual fuel efficiency by 1.5% to 2020
- Stabilizing emissions with carbon-neutral growth from 2020
- An aspirational goal to cut net emissions in half by 2050, compared to 2005

Bisignani recently met the UN Secretary General Ban Ki-moon to present the industry strategy and targets. In the meeting, the UN Secretary-General commended the aviation industry's commitment to contribute to the global fight against climate change and encouraged that these commitments be followed by concrete actions. He stressed the importance of addressing emissions from international aviation and shipping if the world is to achieve its goal of reducing global greenhouse gas emissions to a level that avoids dangerous climate change.

Bisignani singled out sustainable biofuels as an example of optimism in future reductions. "The three biggest opportunities for emissions reductions are technology, infrastructure and sustainable biofuels. Of these, sustainable biofuels are the most exciting because for the first time air transport has the possibility of an alternative to traditional jet fuel. Our attention is on camelina, jatropha and algae which do not compete for land or water with food crops but have the potential to reduce our carbon footprint by up to 80%. Because they can be grown in almost any soil condition or in salt water or even waste water they have the potential to create new industries and livelihoods by bringing sustainable energy production jobs to many of the least developed parts of the planet," said Bisignani.

Four test flights with sustainable biofuels have proven that they meet the technical and safety standards for use in commercial aviation. Moreover, they can be blended with jet fuel and used in today's aircraft and engines. "Progress is going at a much faster pace than anybody anticipated. Three years ago sustainable biofuels were a dream. Now we expect certification no later than 2011," said Bisignani.

Bisignani took the opportunity to comment on the EU's recently announced policy framework for Copenhagen. "The most important development is their explicit support for a global approach through ICAO. They have set some targets which are more political than technical. As such they are neither credible nor achievable with the timelines described," said Bisignani.

"The most important outcome from Copenhagen for aviation will be agreement to treat aviation as a sector under the leadership of ICAO and working with industry. This should be the focus for all governments seeking to effect real reductions in CO2 from the global aviation sector-from India and China to the EU and the US. If not, we face the risk of uncoordinated competitive government taxation that won't reduce emissions but will be harmful to global economic development," said Bisignani.

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Featured Airplane

Ilyushin Il-76

The Ilyushin Il-76 is a multi-purpose 4-engined strategic airlifter that was first planned as a commercial freighter in 1967. The Il-76 was designed for delivering heavy machinery to remote, poorly-serviced areas of Russia, which has since seen military versions of the Il-76 widespread use in Europe, Asia and Africa, including its use as an airborne refueling tanker.

An extensive use of the Il-76 has been seen as not only a commercial freighter for ramp-delivered cargo, especially for outsized or heavy items unable to be otherwise carried, but also for emergency response during civilian evacuations or deliveries for humanitarian/disaster relief aid around the



world, especially to undeveloped areas due to its ability to operate from unpaved runways.

A water-carrying version of the plane has been effective in fire-fighting and it is also used for zero-G training.

Military and Civil operators in 38 countries have operated with over 850 Il-76 in large numbers. While Russia is the largest military operator of the Il-76, followed by Ukraine and India, Belarus' TransAVIAexport Airlines is the largest civilian operator.

Design & Development

The aircraft was first conceived by Ilyushin in 1967 to meet a requirement for a freighter able to carry a payload of 40 tons (88,000 lb) over a range of 5,000 km (3,106.8 miles) in less than six hours, able to operate from short and unprepared airstrips, and capable of coping with the worst weather conditions likely to be experienced in Siberia and the Soviet Union's Arctic regions.

It was intended as a replacement for the An-12. Another intended version was a double-decked 250-passenger airliner but that project was cancelled. The Il-76 first flew on March 25, 1971.



Production

Production of Il-76s was placed in Tashkent, Uzbekistan (then a republic of the Soviet Union). Some 860 of the basic transport variants were made.

In the 1990s, modernized variants were developed, with a cargo compartment sized 20 m (length) x 3.4 m (width) x 3.4 m (height), but were not produced in significant quantity due to financial problems of the major user, the Russian Air Force.

The prototype of the longer variant Il-76MF, with greater capacity, first flew on 1 August 1995, but ceased factory production around 1997.

Some commercial aircraft were modernized to the Il-76TD-90VD version, starting from 2004, using new PS-90 engines to meet European noise limits.

Operational history

The first aircraft were delivered to the Soviet Air Force in June 1974, which next became the main Soviet strategic transport aircraft, operated by Aeroflot lines.

Between 1979 and 1991, the Soviet Air Force Il-76s made 14,700 flights into Afghanistan, transporting 786,200 servicemen, and 315,800 tons of freight.

The Il-76 carried 89% of Soviet troops and 74% of the freight that was airlifted. Building on that experience, the bulk of the Canadian Forces equipment into Afghanistan is flown in using civilian Il-76.

The Il-76 is also in use as an airborne tanker, otherwise known as a refueller and a waterbomber. Its airframe was used as a base for the Beriev A-50 'Mainstay' AWACS aircraft (some 25 were made).

On August 29, 2005, the day before the levees of New Orleans gave way to the forces of Hurricane Katrina, the Russian Federation offered humanitarian aid to the United States, a first time mission flown to North America followed by a second emergency, first-aid shipment to Little Rock, Arkansas.

India follows Russia's response by flying an Il-76 to deliver immediate aid in 2005 for Katrina victims.



Specifications

General characteristics

Crew:	5-7
Capacity:	88184.9 lbs (40,000 kg)
Payload:	45-47 tons
Length:	152 ft 10 in (46.59 m)
Wingspan:	165 ft 8 in (50.5m)
Height:	48 ft 5 in (14.76 m)
Empty weight:	159,000 lb (72,000 kg)
Max takeoff weight:	346,000 lb (Il-76) (157,000 kg)

Performance

Speed:	900 km/h (250 m/s), 560 mph (490 km/h), mach 0.82-1.17 groundspeed depending on altitude
Range:	3,650 km
Service ceiling:	42, 7200 ft (13,000 m)

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If you have any questions or comments regarding the Air eNewsletter,
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COMPLIANCE

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ISF (10+2) News

There are less than 3 months left before full enforcement of the ISF (10+2) rule begins on January 26, 2010.

It is important to remember that this has been a Customs requirement since January 26, 2009 and that Customs has allowed full enforcement, including the issuing of penalties and damages, to be delayed for one year.

The best way to be ready for January 26, 2010 and full enforcement of this rule is to use the current flexible enforcement period to fine tune the process of gathering the required elements and transmitting them to Customs.

Customs updated the ISF FAQ in early October. The current version includes updated information pertaining to penalties and applicable mitigating/aggravating factors and to the waiver of bond requirements for household goods/personal effects, government and Military, diplomatic, Carnets, and international mail.

You can link to the full FAQ and other ISF information from the AIT website:

<http://www.aitworldwide.com/ShippingServices/CustomHouseBrokerage.aspx>

For CTPAT participants who wish to receive ISF progress reports directly from CBP, per Cargo Systems Messaging Service (CSMS) message #09-000336, CBP is still accepting registration for ISF Progress Reports.

ISF Filers and C-TPAT Tier 2 and 3 importers are eligible. Requests for report should be sent to:

Progress_Report@cbp.dhs.gov.

The full text of the message can be found at the following link:

http://apps.cbp.gov/csms/viewmssg.asp?Recid=17729&page=&srch_argv=&srctype=&btype=&sortby=&sby

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Export "Red Flags"

US Immigration and Customs Enforcement has devised a list of possible "red flags" that could alert an exporter to a foreign entity attempting to acquire high technology and munition items.

Some of the indicators include:

- A customer willing to pay a high value in cash;
- A customer reluctant to provide end-use or end-user information;
- A customer that appears to be unfamiliar with the product;
- An order that is being shipped via a circuitous or economically illogical routing.

[Click here](#) to view the complete list.

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

GOING GREEN

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AIT Worldwide Logistics Receives 2008 Annual Climate Profile

Having recently reported its annual environmental commitments and waste management activities in 2008, AIT Worldwide Logistics has received a Climate Profile from the Environmental Protection Agency's WasteWise program.

Each year, WasteWise develops an individualized and fully customized report for every Partner that submits annual data to the WasteWise program.

This report translates annual waste prevention and recycling data into greenhouse gas (GHG) emission reductions and equivalency statements in order to assist AIT in quantifying the impact of its waste reduction program on the organization's overall climate footprint.

AIT's 2008 data conversions are presented in the following chart:

2008 GHG Emission Reductions by Commodity

<i>Commodity</i>	<i>Amount of Waste prevented, recycled and composted (pounds)</i>	<i>GHG Reductions (MTCO₂E)</i>
Other	6,000.00	87.48
Metals	600.00	4.11
Organics	0	0
Paper	44,600.00	79.21
Plastics	600.00	0.48
TOTAL	51,800.00	171.28

Focusing on three key elements of waste reduction - waste prevention, recycling, and buying or manufacturing recycled content products - the WasteWise voluntary partnership program was designed by the EPA in 1994 to help organizations implement practical methods for reducing municipal solid waste.

"Our partnership with the EPA's WasteWise program has been a rewarding one - the ongoing support and guidance the EPA has extended to our organization has allowed us to continue our ongoing commitment to reducing our carbon footprint through conserving natural resources, reducing energy expenditure, recycling and promoting a greener global supply chain," said Ralph Obenauf, compliance coordinator for AIT Worldwide Logistics.

GHG emissions are emitted at nearly every stage of a product's lifecycle, including during waste management. For more information about the connection between solid waste and GHG emissions, please refer to the Climate Change and Waste Web site.

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

PARTNER NEWS

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AIT Worldwide Logistics Partners with Aramex

AIT Worldwide Logistics has entered into a partnership agreement with Aramex International in the Middle East.

Aramex, a Jordanian-based company, will be AIT's primary international partner in the following Middle Eastern countries:

Jordan, Bahrain, Kuwait, United Arab Emirates, Saudi Arabia, Qatar, Oman, Lebanon, Egypt, Libya, Morocco and Algeria.

To learn more about Aramex, please visit their website: www.aramex.com.

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Passport to Partnership with Aramex



Christine Nicholson, corporate public relations coordinator for AIT, recently conducted a Q and A with Safwan Tannir, Chief Freight Officer of Aramex.

Nicholson: Global supply chain management is a rapidly changing environment. What risks/challenges are associated, and how do your global partnerships assist in managing and mitigating these risks?

Tannir: The challenging global environment has directly impacted the supply chain industry, and key players across the manufacturing, distribution and sales sectors are looking for cost-effective ways to reach their end markets. Consequently, we are bound to witness a significant change in global trade routes, including a greater role for logistics hubs such as Singapore and Dubai. Unlike earlier times, Europe will no longer be the sole distribution hub, as Singapore and Dubai are now poised to effectively serve all the emerging markets such as the Middle East, Africa and Central Asia.

As an asset-light company, Aramex has been able to develop a unique global network through two key partnership systems: "Global Distribution Alliance (GDA)," which serves our express product to perfection; and the "World Freight Alliance (WFA)." This business model of collaboration and/or alliance has helped Aramex be more effective in its global reach and more resilient in the face of challenges resulting from the recent economic crisis.

Nicholson: Describe the concept of "globalization" in the ever more dynamic world of logistics. How has it transformed in recent years? What are some of the notable trends you have observed in your particular region of the marketplace?

Tannir: Globalization, especially in our business, is a must. The era of arguing about its feasibility has ended. In our industry in particular, technology has transformed the business positively and irrevocably. Thus, technology has become the key enabler for globalization.

Today, Aramex provides integrated transportation and logistics solutions to over 50,000 companies worldwide, serving all major business segments. With such immense reach, our ability to offer integrated solutions from domestic express to 3PL is important to our global operations.

Nicholson: How does your company remain competitive in the ever-increasing aggressive and cut-throat nature of the global marketplace?

Tannir: We have seen that our asset-light business model has been central to our successful track record. It has helped us remain flexible, agile and quick to capitalize on opportunities and highly efficient in servicing our customers and adjusting to changing market scenarios. As a result, Aramex has continued to be profitable and in a much stronger cash position relative to many other operators in the industry. It is worth mentioning here that we have just reported 24% increase in our net profits in the first nine months of 2009 despite a decline in our revenues compared to last year's.

We are hard at work devising better ways to communicate with our customers, creating more

adaptable supply chain solutions and being creative in our customer care.

In addition to operational areas, we have also been selective about our expansion plans focusing on key emerging markets in the Middle East, Africa and South Asia regions.

Last but not least, the fact that we offer multi-product solutions to our customer base has given us tremendous flexibility and a strategic competitive edge in all core markets.

Nicholson: What logistics best practices can be used in order to effectively react and respond to varying customer demands as dictated by different markets/economies?

Tannir: We believe that innovation is required at every stage to adjust to the needs of customers. This can apply to day-to-day operations as well as to product development. For instance, Aramex recently launched "Value Express," an economical solution for shipping express shipments within the Middle East, North Africa and South Asia region. It was developed to support the region's commercial sector in achieving greater cost efficiencies in the current economic climate.

Likewise, with the retail industry being quite significant in the Middle East, region, for example, we support clients with customized services including warehouse management, distribution, management of supply chains, Customs brokerage, inventory management and other value-added services as well.

Aramex has geared up to divert much traffic to ocean cargo and/or land freight to meet reduced volumes and changing customer requirements. Aramex is flexible enough to switch to any freight mode that the markets need be it air, ocean, land or multi-model freight.

Nicholson: In your opinion, what is the best way to identify foreign market opportunities?

Tannir: Markets that show promising opportunities for business growth and where we can obtain good margins are important to us. As a global logistics solutions provider focusing on emerging markets, we keep exploring the growth potential in both underdeveloped and developing markets such as those in Africa, Southeast and Central Asia. We have a growing focus on China and India as well.

Furthermore, our expansion planning not only consists of attractive acquisition opportunities but also includes investments in existing operations and in widening our franchisee base in emerging markets.

Nicholson: What are some of the more challenging areas of the world in which to conduct your business, and why?

Tannir: Business and economic conditions and infrastructure development vary across the markets we operate in, but we have been able to overcome the many challenges that we had to face. For instance, we have been operating since day one in the Middle East, a market with challenging regulations and a young logistics industry. However, our corporate culture and the resilience of our business structure have helped us grow despite the challenging conditions and tough obstacles.

As we expand into emerging markets in Africa and Central Asia now, our experience, expertise and strong network will help us play a key role in these markets.

Nicholson: How do you measure the value of your global partnerships?

Tannir: In working with our partners, our aim is to maximize our reach across the globe and to provide innovative and speedy solutions to all our clients. Our partners around the world are measured by their ability to provide service consistency to our clients. We cherish the ability of the partner(s) to develop mutually beneficial business opportunities, push-pull selling and seamless flow of information.

Nicholson: What factors can improve global partner effectiveness?

Tannir: Engaging more closely with a partner to better understand the needs of both parties is crucial for us. Partner loyalty and mutual investment for the long term is paramount to us. Actively supporting them in developing businesses and providing solutions that cater to market-specific needs are also very important to us. At Aramex, we work with our partners on an ongoing basis, developing soft infrastructure mainly through close coordination and flexible business-doing.

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

AIT Worldwide Logistics Celebrates Sponsorship Support of American Cancer Society



AIT Worldwide Logistics employees are gearing up to commemorate the 10-year anniversary of their dedicated fight to knockout breast cancer through the company's sponsorship support of Chicago's Making Strides Against Breast Cancer® walk.

Since partnering with the American Cancer Society (ACS) in 2000, AIT's corporate culture has shared the organization's mission to eliminate breast cancer, save lives and celebrate a world with more birthdays.

With each passing year, AIT experiences increasing frontline participation at the annual Making Strides Against Breast Cancer® event, when returning employees, family members, friends and customers join AIT business associates in the noncompetitive 5-mile walk along Chicago's beautiful lakefront.

Through year-round fundraising efforts, the global transportation and logistics provider has made an ongoing commitment not only to bringing breast cancer awareness to the forefront, but to the signature pink ribbon and everything it symbolizes: strength, support, and survivorship.

Taking place every October during National Breast Cancer Awareness Month, the walk was designed to heighten awareness, foster camaraderie and raise funds for breast cancer research, patient services, education and advocacy.

To date, Team AIT has had a total of more than 1,800 walkers representing the organization and donated in excess of \$392,000 to the American Cancer Society. Employees are proud to play such a sizeable role in this event, and excited to be increasing these numbers upon their return as the flagship sponsor for this year's Making Strides Against Breast Cancer® walk on Sunday, October 18, 2009.

Making Strides Against Breast Cancer® is the

American Cancer Society's premier event to raise awareness and funds to fight breast cancer. Taking place every October during National Breast Cancer Awareness Month, the walk was designed to heighten awareness, foster camaraderie and raise funds for breast cancer research, patient services, education and advocacy.

Since 1993, nearly five million walkers have raised more than \$340 million through Making Strides. In 2008 alone, nearly 600,000 walkers across the country collected more than \$60 million to help fight breast cancer.

More than 11 million Americans who have survived cancer – and countless others who have avoided it – will celebrate a birthday this year, thanks to the progress the ACS has made in helping people stay well, get well and fight back. The ACS has become the official sponsor of birthdays because a world with less cancer is a world with more birthdays.

With a presence in more than 3,400 communities across the country, the ACS is the only organization available 24 hours a day, seven days a week to help people touched by cancer. Breast cancer is the number one reason why people call the Society. When you support Making Strides, you are helping the Society seek better ways to prevent, detect, and treat breast cancer, as well as provide help and hope to people facing the disease. ✈

Chill out

Taking the fear out of transporting refrigerated and frozen products

One day it might be coordinating the delivery of food products to trade shows at convention centers around the world. The next day it could be making sure a single truffle arrives looking perfect for an early morning TV show in New York, while a *Fortune* 50 customer rolls out a new product line at supermarkets across the country. No matter the size of the shipment or the distance it travels, when it comes to moving perishable commodities, timing is everything.

"The cold chain needs to be precisely timed and maintained from the point of pickup to the point of delivery, as any slight deviation in the process could cause serious losses in product, business and customer satisfaction," said Steve Taylor, perishable station manager for AIT Worldwide Logistics, Inc.

Smart Business spoke with Taylor about how the regulatory demands of temperature-controlled product distribution have evolved in recent years.

What are some key trends within current industry practices?

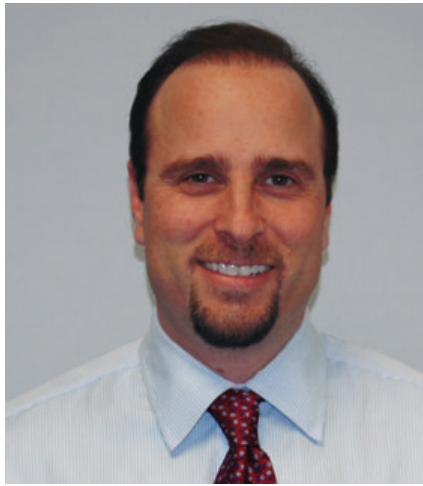
The demand for expediting perishable shipments has declined in the past several years as shippers and food manufacturers have trended toward moving their goods using slower modes of transport and deferred delivery services.

Less than truckload (LTL) schedules can pose serious problems in terms of meeting stringent delivery deadlines. To serve and adapt to these evolving customer demands, logistics providers have developed business models that allow perishables to be shipped over longer periods without compromising product integrity.

Customers are also becoming more proactive in taking measures to monitor the condition of their cargo as it is being transported. For example, the use of temperature recording devices has become more prevalent. These monitors are activated, placed into one of the cases and reviewed upon delivery to see if the product experienced any temperature variances while in transit.

What risks are involved with perishables not transported properly, and what can be done to mitigate them?

The first and most obvious risk is product spoilage. The losses result not only in adverse financial impacts, they can also con-



Steve Taylor
Perishable station manager
AIT Worldwide Logistics, Inc.

tribute to waste, contamination and illness.

Temperature abuse can also drastically diminish a product's shelf life, quality and value. Logistics providers should possess extensive knowledge on the type and amount of refrigerant and packaging material required to safely transport each temperature-controlled product, as they degrade at different rates.

For example, ice cream should be continuously maintained at a temperature of minus 20 degrees Fahrenheit. Similarly, food that is labeled as frozen must be maintained at a product temperature of minus 10 degrees Fahrenheit.

What challenges are involved in receiving expedited Customs clearances for cold chain logistics?

The Customs clearance process is commodity-driven, and logistics providers must adhere to all governmental regulations as mandated by the Food and Drug Administration, United States Department of Agriculture and Customs and Border Protection. These requirements vary among commodities and are intended to safeguard, inspect and ensure accountability for all imported temperature-controlled goods moving along the global supply chain.

For logistics providers, the challenge be-

comes not only ensuring that they maintain proper temperature ranges and product protection, they must also speed up clearances for perishables within hours of arrival into U.S. Customs. It is their responsibility to consult with government agencies and educate their customers on which specific federal health regulations apply to the refrigerated and frozen goods they are shipping to ensure expedited customs clearance.

What documentation is required for these cases of steaks, pallets of cream puffs or boxes of frozen turkeys, for instance? Are there any embargoes or restrictions on these particular commodities or ingredients? Are import permits required?

When it comes to ensuring quality, security, compliance and freshness in today's world of global logistics, there's no substitute for preparation and planning.

How do you ensure that your colleagues and partners are compliant with all food safety regulations?

Implementing a comprehensive food safety and security plan that formalizes and standardizes your company's processes and procedures is a critical component to enforcing compliance. These plans should include the most sophisticated and updated standards in the areas of food safety and security, including a full analysis on all aspects of food packing, storage, warehousing and transportation, including sanitization, inspection, record keeping and data integrity.

Compliance is also achieved through ongoing training of your staff and network of agents and partners. Make sure that your operating procedures are not only aligned with all government agencies but also with each customer's own sets of mandates and measures.

It's not enough to develop standard operating procedures and trust they will be strictly followed. Internal audits should be conducted on a continual basis. After all, no single step or quality assurance improvement will, by itself, ensure compliance and prevent product spoilage. Rather, it's the conscientious and collective application of these measures that will achieve optimal performance and customer satisfaction. <<

STEVE TAYLOR is the perishable station manager for AIT Worldwide Logistics Inc., headquartered in Itasca, Ill. 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 staylor@aitworldwide.com or (800) 669-4AIT.

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