

OCEAN

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Ocean Fast Facts

Which Iberian peninsula port is the second-largest container port in Europe and handled nearly 3.6 million TEUs during 2007?

- A. Port of Algecira
- B. Port of Barcelona
- C. Port of Madrid
- D. Port of Torremolinos

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

Correct Answer: A. Algeciras

The port of Algeciras represents one of the largest direct and transshipment ports in the Mediterranean region and is the gateway between the Atlantic Ocean and Mediterranean Sea. Situated in Southern Spain, the port of Algeciras is a wayport for cargo moving between the Americas, the Mediterranean, Middle East and parts of Asia. For more information, visit the [Algeciras port website](#).

Sources: http://en.wikipedia.org/wiki/Port_of_Algeciras



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BUZZ WORD

HTSUS

HTSUS, or Harmonized Tariff Schedule of the United States, is an organized listing of goods and their duty rates which is used by U.S. Customs as the basis for classifying imported products and therefore establishing the duty to be charged. This information also provides the U. S. Census with statistical information about imports and exports.

Not only does HTSUS provide classification of goods exiting the United States; HTSUS are sometimes used by ocean carriers for commodity based ocean rate pricing and can also help properly define cargo descriptions for insurance underwriters. Ultimately, aside from providing HTSUS for Customs clearance purposes, providing HTSUS to AIT when discussing new business will help ensure proper quoting of freight as well, possibly saving money up front. Contact your AIT representative if you have questions about HTSUS.

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ASIA ALERT! The "ERC" and Capacity from Asia to the USA

During mid-December, the ocean carriers on the Trans Pacific import trade to the USA, represented primarily by the Transpacific Stabilization Agreement (TSA) member carriers, had announced a sort of general rate increase (GRI) in the form of an "Emergency Revenue Charge," or ERC. Throughout

January, the "ERC" for the most part was passed along by the carriers at full market value. In February, the ERC has been "rolled into" the base ocean rates so ocean freight quotations received after February 1, 2010 would include the ERC unless otherwise stated in the quotation.

As is typical this time of year, the pre-Chinese New Year rush has started. Customers aim to ship their cargo out before factory closures during the holiday. Additionally, capacity on ships has been reduced and vessel space and equipment availability is especially critical. Ocean carriers are attempting to recover losses that took place in 2009 and as a result are focusing on loading higher profit cargo as a priority.

In some cases, carriers are offering special rates above the traditional NVOCC "bullet" or contracted rates as carriers seek to recover revenues during this peak time leading up to Chinese New Year. Customers should be advised that higher paying cargo may be loaded first with priority by the lines during this peak time. Lower paying cargo may be subject to a greater risk of being rolled or delayed as the backlog leading into the Chinese New Year holiday is causing overbooked situations. The carriers have not committed to additional capacity and the critical space situation may remain in effect through the second week of February.

The capacity crisis should ease in the weeks following Chinese New Year, which culminates on February 14th. More capacity should be available as March 1st approaches. AIT recommends if possible to book 3 to 4 weeks ahead for shipments ex Asia at this time.

Should you have any questions about the ERC or current the capacity situation from Asia to the USA, please contact your AIT representative.

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China to Enforce the "Chinese Customs Advanced Manifest" (CCAM) Regulation

AIT would like to remind customers that the Chinese Customs Advance Manifest (CCAM) Regulation, first introduced in 2009, will soon be enforced by the Chinese government. Ocean carriers bringing freight to Chinese ports requires ocean carriers to ensure complete documentation is completed 2 business days prior to the operational cutoff at the port. Several ocean carriers are adjusting their cutoffs to comply with the regulation.

To ensure that your cargo is loaded, full shipping instructions are required by the close of business on the documentation cutoff date. The following pieces of information are required on shipping instructions (SI) in order to comply with both US Customs and Chinese Customs Advanced Manifest regulations:

- Voyage Number
- Payment terms
- Total Number of Packages
- Type of Package
- Cargo weight
- Shipper / Forwarder name and address
- Consignee / Notify name and address
- Container size and type
- Container number(s)
- Type of inner packaging
- Number of inner packages
- Cargo description
- Gross weight by commodity item
- Internal transaction number (ITN)

For more details on the regulation, please refer to the China Customs Web site at www.customs.gov.cn. The regulation is available only in Chinese.

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General Rate Increases = Global Watch

Throughout January, ocean carriers had been announcing General Rate increases (GRIs) in several tradelanes. The key lanes impacted were:

- USA to Europe / Mediterranean

- USA to Asia
- USA to Latin America

To determine the impact of the GRI and the effective date on your specific business or if "no" GRI exists in your given tradelanes, contact your AIT representative.

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February Congestion Alert!

At press time, certain port locations were reporting congestion:

- Colombia (Buenaventura)
- India (Kolkata)
- North African Ports (Tripoli / Algiers)
- Venezuela Ports (Puerto Cabello/Guanta)
- West Africa (Luanda / Angola)
- Nigeria (Tincan/Apapa)

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 of any questions.

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Pre Approval Required for Shipments to Venezuela

Effective February 1, 2010, AIT will require prior approval by AIT prior to acceptance of cargo. In addition to the already existing Customs penalties for correction in Venezuela, Venezuelan Customs has implemented an additional fine up to US\$ 640.00 for each correction presented after vessel has finished operations at the Venezuelan port. This additional penalty is effective immediately. If shipping to Venezuela, the following information will be required by AIT for review and approval prior to acceptance of cargo.



- Shipper name and full address
- Consignee name and full address - this must be end user if destined for Venezuela
- Specific commodity description - for example, "Electric Equipment" or "Computer Equipment" would not be sufficient - specific information would be needed such as "HP color printers."
- Total number of pieces/weight
- Mode of transport being requested (air or ocean)
- Value of cargo - whether or not insurance is being requested, AIT would require the actual value of the cargo

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New Document Requirements for Nigeria = Cargo Tracking Notices

In line with increased security, the country of Nigeria is now requiring Cargo Tracking Notices or CTNs for ocean shipments to Nigeria. These documents need to be completed prior to shipment acceptance for cargo destined to Nigeria. Be advised also that other African countries are implementing this system. For more information, contact your AIT Representative or visit www.africactn.com for more information.

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February Ocean Export Update = Carriers Benefiting from "Full" Vessels from the USA

Carriers continue to report sailings southbound from the United States to Europe, Australia and Brazil at near or full capacity. There have been some cases where vessels outbound to Asia have approached overbooking situations. In order to help manage full vessels, carriers remain strict with

recently enacted policies such as no documents no load policies, or "no docs, no load" policies. Exporters are reminded that they must ensure documents are submitted for proper AES filings prior to vessel cut-offs to ensure sailing on originally booked vessels.

AIT would like to remind export customers 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 is available and vessel space can be accommodated by container size and type 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 Friendly Reminder for ISF / 10+2 Compliance

The Phased Enforcement of the 10+2 Importer Security Filing (ISF) regulations began January 26th, 2010, and the record of your ISF transactions will now directly influence how CBP handles any future non-compliance. With penalties that include CBP holds on freight and liquidated damages fines of up to \$10,000 per shipment, you can not afford to be non-compliant.

For more information, please contact your AIT representative or visit the US Customs ISF web page at: http://www.cbp.gov/xp/cgov/trade/cargo_security/carriers/security_filing/.

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The Parting "Wave"

The AIT Ocean Systems team is already off to the races with an active year. Many events, such as full ships and new regulations such as ISF/10+2, have already added to the excitement of the AIT Ocean Systems team in 2010. It seems that the shipping community is bouncing back already from a roller coaster ride that lasted the entire year of 2009. Whether it is working with the new Miami Gateway used for ocean consolidations to Brazil or working with the LCL Express import program from Asia, AIT will be active on many fronts. As always, the AIT Ocean Systems team would like to thank you for your support and we look forward to servicing your ocean needs.

Preview March 2010 AIT Ocean eNewsletter:
Spring Ocean Topics ... Contract Season?

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

AIR

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Haitian earthquake disaster relief and its impact on air cargo

The eyes and ears of the world have been fixated on the heartbreaking images and harrowing accounts of tragedies in Haiti since the 7.0 magnitude earthquake hit on January 12, 2010.

In the aftermath of the unfathomable losses and deplorable conditions caused by the crisis, it is certainly inspiring to see the outpouring of relief efforts, donations and acts of volunteerism being displayed by people from all corners of the globe.



Much of the industry media coverage in January reported on how the airlines have been impacted by the ever-increasing amount of disaster relief efforts.

A Journal of Commerce article on January 20, 2010 (<http://www.joc.com/print/416124>) reported on how Haiti's main airport at Port-au-Prince has been bottlenecked since the earthquake hit. Traffic on the one runway airport increased from an average of 13 commercial aircraft arrivals daily to more than 200 arrivals and departures a day.

The U.S. military expected to open a second airport runway at the provincial Haitian city of Jacmel to support the overburdened Port-au-Prince. In addition to the Jacmel airstrip, officials are also looking at other sites in Haiti and neighboring Dominican Republic for delivery of relief supplies and equipment. An overland route has been established for shipments via the Dominican capital of Santo Domingo, but the flow of trucks has been slowed by clogged roads.

Navy divers, meanwhile, have been working with engineers to determine how to reopen the wrecked seaport at Port-au-Prince. A Haitian Shipping company roll-on, roll-off barge, the Crimson Clover, was able to begin discharging cargo at Port-au-Prince, using its two 46-foot extendable ramps and a top loader. The port's cranes were knocked into the water by the initial earthquake.

A New York Times article on January 22, 2010, (<http://www.nytimes.com/2010/01/23/world/americas/23cargo.html>) described the sharp increases in air cargo costs for emergency supplies. Air freight costs from Europe to Haiti have increased by 10 percent to 30 percent since the quake.

According to the article, the demand for air cargo flights will only increase as relief organizations exhaust their inventories of relief supplies. Groups responding to the disaster will be turning to equipment brokers or will buy supplies directly from manufacturers in places like India, Pakistan and China that produce emergency equipment including tents, blankets and kitchen utensils.

As these acts of goodwill and humanity continue in the coming months, refer to future editions of the AIT eNewsletter to discover how the air cargo industry has undoubtedly been impacted.

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NEW REGULATIONS

Venezuela Shipments Require Approval

In addition to the already existing Customs penalties for correction in Venezuela, Venezuelan Customs has implemented a fine up to US\$ 640.00 for each correction presented after vessel has finished operations at the Venezuelan port. (Amount determinate by the Customs officer) This additional penalty is effective immediately.

Due to these fines and the ongoing political issues, AIT requires pre-approval of any shipment originating in or destined for Venezuela. Please contact Compliance@aitworldwide.com for pre-approval of these shipments. The following information must be included in your request:

- Shipper name and full address
- Consignee name and full address - this must be end user if destined for Venezuela

- Specific commodity description - for example, "Electric Equipment" or "Computer Equipment" would not be sufficient - specific information would be needed such as "HP color printers"
- Any license requirement
- Total pieces/weight
- Mode of transport being requested (air or ocean)
- Value of cargo - whether or not insurance is being requested, AIT would require the actual value of the cargo

This pre-approval process has been implemented in order to protect AIT and our customers.

New Brazil Regulation for Air and Ocean Exports

In the past, a general declaration for packages was accepted by Brazilian Customs House authorities when description of packages was entered within the Siscomex Cargo System. This process is no longer going to be accepted. Therefore, AIT highly recommends that with immediate effect, exporters be very specific in description of cargo for all shipment documentation.

Previous Declaration: 15 packages of spare parts - 900 kgs

Future Declaration: 2 Cardboard boxes 75 kgs each; 2 plastic drums 100 kgs each; 2 plastic pallets 175 kgs each; 1 wood crate 100 kgs - Total 7 pieces - 800 kgs

It is now mandatory to mention every package type separately (including the packaging material used such as cardboard, plastic, wood) and the respective weight for each package.

Failure to comply with this regulation will result in being required to issue letters of correction, which may involve fines issued by Brazilian Customs of up to \$2900.00 per package amendment.

Resolution 600b - New IATA Air Waybill Conditions of Contract

An amendment conforming Cargo Services Conference (CSC) Resolution 600b "Air Waybill - Conditions of Contract" to the updated liability limits for transportation of cargo by air under the Montreal Convention 1999 was approved and declared effective December 30, 2009. CSC Resolution 600b is the abbreviated and modernized "Conditions of Contract" that invokes both Warsaw Convention and Montreal Convention.

Click on the following link to download the finally adopted amended-text of Resolution 600b: [Resolution 600b - effective 30 December 2009 \(pdf\)](#)

Please contact AIT with any questions at ClaimsAdmin@aitworldwide.com.

PHMSA Moves to Improve Lithium Battery Safety

The Pipelines and Hazardous Materials Safety Administration (PHMSA) has released a Notice of Proposed Rulemaking, HM-224F, dealing with issues involving the safety of lithium batteries in transport. This proposed rule would bring sweeping changes to the way 49 CFR deals with these items, particularly for smaller batteries that currently are subject to various exceptions from the regulations.



In HM-224F, PHMSA proposes to put US requirements for lithium batteries "largely" in line with the latest changes found in the United Nations Recommendations on the Transport of Dangerous Goods, and the International Civil Aviation Organization's Technical Instructions on the Safe Transport of Dangerous Goods by Air (ICAO Technical Instructions). However, it also incorporates US-only provisions, such as a ban on commercial shipments of lithium batteries on passenger aircraft.

The Federal Aviation Administration (FAA) has noted more than 40 incidents involving lithium batteries in air transport since 1991, and the National Transportation Safety Board (NTSB) has made numerous recommendations to improve safety. As a result of these, as well as the changes in the current UN Recommendations, PHMSA is proposing the following:

- Shipping descriptions shall be updated to separate lithium metal batteries from lithium ion batteries. This will enhance emergency response, since the two types require very different fire suppression.
- Also in line with the UN, lithium ion batteries will be classed based on watt-hours, in place of equivalent lithium content.
- Batteries must be tested for classification according to the latest revisions of the United Nations Manual of Tests and Criteria. Batteries will have to be marked that they have completed these tests successfully.
- The current special provisions that give exceptions for small- and medium-sized batteries will

be deleted for air transport. Even consumer-sized lithium batteries shipped in commercial quantities by air will require special packing, marking, labeling and shipping papers. Certain exceptions for "extremely small" lithium batteries in limited quantities, such as button cells packed in equipment will still remain, as well exceptions for lithium batteries carried by consumers, such as batteries in digital cameras, cell phones and laptop computers.

- All transport modes will include language that packaging must be designed to protect batteries from the risk of short circuits.
- Consolidating information on lithium batteries in the regulations, so it will be easier to find.

PHMSA hopes that these new requirements will help cut down on the unacceptably high number of incidents involving lithium batteries in air transport, and enhance emergency response. However, because they are still not completely harmonized with the most current UN and ICAO requirements, shipment of lithium batteries by air in the United States will still be rather complex, especially for international shipments.

Text of the NPRM may be found at <http://edocket.access.gpo.gov/2010/pdf/2010-281.pdf>

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UP, UP, AND AWAY - AIRLINE UPDATES

BA, Iberia close to sealing merger

British Airways and Iberia could seal their merger agreement as early as next month, according to the Spanish carrier's biggest shareholder, savings bank Caja Madrid, the Daily Mail reported. The regional bank's chairman, Miguel Blesa, gave no hint that strike threats by BA's cabin crew were having any impact on the planned merger. He said he thinks February will be decisive for the deal.

Source: E-Cargonews Asia 1/20/10

Korean Air swings into black on cargo demand

Korean Air swung to a net profit in the fourth quarter compared to a year earlier, boosted by an upturn in cargo demand and a stronger won and expects the improvement to continue this year, according to news agencies.

Korean Air made a net profit of 122.3 billion won (US\$106 million) for the three months ended December 31 from a net loss of 644 billion won a year earlier, reported Dow Jones Newswires.

South Korea's top airline is expected to see a full recovery this year as technology exports grow, driving the high-yield cargo business, reported Reuters.

Some analysts have also said the carrier could win business on transpacific and Northeast Asian routes from rival Japan Airlines, which this week filed for bankruptcy protection and which faces a painful restructuring. Korean Air expects 2010 operating profit to increase to 800 billion won from around 130 billion won last year, while global peers predict a patchier recovery as business travel revises slowly.

"Korean Air's business will fully normalize this year as both cargo and passenger demand rises, while supply remains low," said Lee Ki-myung, analyst at Hyundai Securities.

"Booming Korean IT goods exports will support the cargo business, though the won and oil prices pose uncertainties."

Dow Jones reported Korean Air operating profit soared to 154 billion won from 22.6 billion won, while sales fell 4.9 percent to 2.57 trillion won from 2.71 trillion won.

Operating costs during the quarter fell 9.9 percent year-on-year to 2.42 trillion won and spending on jet fuel declined 22 percent to 785 billion won, boosting the quarterly bottom line.

For the whole of 2009, the airline posted a net loss of 61.5 billion won, narrowing from 1.94 trillion won a year earlier. Full-year operating profit was 133.4 billion won, from an operating loss of 99.3 billion won.

Source: Cargonews Asia January 20, 2010

Lufthansa Cargo, British Airways face strike threats

The union for Lufthansa is demanding a 6.4% wage hike for 2010 and assurances on job security for Lufthansa pilots.

The carrier is seeking to cut costs by \$1.4 billion to boost profitability following a slump in passenger and cargo traffic. Lufthansa Cargo's losses soared to \$300 million in the first nine months of 2009 from a \$240 million year-earlier profit. The union fearing Lufthansa will use lower paid pilots at its recently acquired subsidiaries, including Austrian Airlines, Brussels Airlines and the UK's BMI, to fly Lufthansa's passenger and freight aircraft has asked approximately 4,500 pilots employed by parent

company Lufthansa and its cargo and low cost airlines units to vote by Feb 17. A 70% acceptance is needed to allow an open ended strike at Europe's second largest airline.

British Airways cargo operations also face disruption as the carrier's 13,500 flight attendants prepare to vote on possible strike action over cost cutting plans. This strike could begin as early as March if the cabin crew members vote in favor of industrial action. BA's cargo operations would be affected since much of its freight is carried in the belly holds of its passenger aircraft.

Source: <http://www.joc.com/print/416085>

Air France - KLM Traffic falls in December

Air France-KLM, Europe's largest cargo airline, carried 8.5% less freight in December than a year ago. The load factor and yield, however, which will more accurately reflect the performance of the cargo operation, both gained as the carrier cut its capacity and that of its Martinair unit - by 19.4% from December 2008. AF-KLM has grounded eleven of its 29 freighters and has delayed the delivery of two 777 freighters.

Source: *Journal of Commerce*, <http://www.joc.com/print/415882>

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FedEx B777 freighter to enter Shanghai service

FedEx has launched its first Boeing 777 freighter service in Shanghai, according to the Associated Press.

The new aircraft, which will directly connect Shanghai with FedEx's hub in Memphis, Tennessee, where the company is based, had its inaugural flight on January 4, 2010. According to the company, the service will provide customers in Shanghai, Suzhou and Kunshan with a two-hour improvement in cut-off times in select areas, making it more convenient for businesses to ship internationally. There will be 15 B777 freighters in the company's fleet by the end of fiscal 2014. FedEx Express has a second order of 15 B777 freighters, which will be delivered between fiscal 2014 and fiscal 2019, and holds options on 15 more.

Each aircraft has a revenue payload capacity of 178,000 pounds and can fly 5,800 nautical miles.

Source: *E-Cargonews Asia*, January 15, 2010

Aerologic Expands Network

AeroLogic, the joint venture cargo airline of DHL Express and Lufthansa Cargo, is expanding its network, following delivery of two additional aircraft last month. The company is now introducing daily flights from Leipzig to Hong Kong, four of them non-stop, and weekend flights from Frankfurt to Atlanta and Chicago during the current winter schedule. AeroLogic took delivery of two additional B777F aircraft in December and with a fleet of four is currently the largest operator of the B777F worldwide. The B777F is the most efficient and environmentally friendly long range wide-body freight aircraft available.

Source: *E-Cargonews Asia* 1/20/10

Swiss Worldcargo to fly to San Francisco

Starting June 2, Swiss Worldcargo will launch daily flights between Zurich and San Francisco, doubling freight capacity between its European cargo and U.S. west coast. The cargo unit of Swiss Airlines will operate a six-times-a-week service with wide bodied Airbus A340-300 aircraft. Managing Director for the Americas Swiss WorldCargo, Jack Lampinski, said the new services complement their North American network and Swiss is one of the few carriers which will be able to further expand their network in 2010.

Source: <http://www.joc.com/print/415699>

\$25.6 billion debt load forces JAL bankruptcy

Japan Airlines (JAL), the flag-carrier staggering under US\$25.6 billion of debts, has filed for one of the country's biggest bankruptcies amid a battle between two US carriers for control of the troubled airline. JAL, a Oneworld alliance partner of British Airways, ended months of speculation over its future by applying for protection from creditors under the country's Corporate Rehabilitation Law, Japan's version of Chapter 11, reported the Daily Telegraph.

The airline is now expected to shed 15,700 jobs by March 2013, cut pensions for retired staff, trim its route network and retire 37 Boeing 747 aircraft as part of a funding deal with the Enterprise Turnaround Initiative Corp of Japan (ETIC). To keep the carrier airborne, government-backed organizations will inject almost \$11 billion of cash, while lenders will write off about \$8 billion of debt. Equity investors will lose their money, with the shares delisted.

The carrier has been the subject of a tug-of-war between Delta Air Lines and American Airlines, both of which had tabled potential \$1 billion-plus cash injections in return for control. It is unclear whether

either carrier could yet return with an improved offer. Had Delta have won the day, it would have had ramifications for BA. Delta is part of the SkyTeam alliance that was keen to lure JAL away from Oneworld.

The bankruptcy is thought to be the fourth-largest in Japan and represents a humiliating outcome for Japan's leading airline. It was founded in 1951 and once symbolized the country's growing power. Haruka Nishimatsu, JAL president, bowed deeply as he resigned and apologized for the ignominious situation at the company. "This is our last chance," he said. "I believe we can be reborn as an airline that can represent Japan again. "This is not the end of JAL," insisted Seiji Maehara, Japan's transport minister. "Today is the beginning of a process to keep JAL alive."

Source: *e-Cargonews Asia*, January 20, 2010

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AIRLINE SECURITY

Airlines want intelligence solution to find "bad people"

With airlines and their customers spending \$5.9 billion a year on security, IATA's Director General and CEO Giovanni Bisignani has called on governments to stop looking for "nail clippers and rogue bottles of shampoo" and focus instead on finding "bad people."

In a letter to US Homeland Security Secretary Janet Napolitano, he said that the air transport industry could not support a 100% level of human searches. It is time for governments to invest in a process built around a check point of the future that combines the best screening technology with the best of intelligence gathering. Screeners would then have access to important passenger data to make effective risk assessments.

IATA says in the 12 months to September 2009, the global air transport industry carried 2.2 billion passengers, including 820 million international travelers of which 140 million flew to and from the U. S.

Andrew Herdman, Director General of the Association of Asia Pacific Airlines, said, "The sudden introduction by national governments of uncoordinated new security requirements, without prior consultation, makes practical implementation difficult. The fact that such requirements are unpublished, and even in some cases unwritten, inevitably leads to inconsistency of application. Far from reassuring customers, the likely result is further confusion and unnecessary inconvenience. We urge governments to cooperate closely with industry and strive for global harmonization of aviation security measures, working in conjunction with the International Civil Aviation Organization."

Source: <http://www.aircargoworld>, January 13, 2010

IATA, US Agree On Aviation Security Cooperation

The International Air Transport Association (IATA) hosted an historic aviation security summit with the US Department of Homeland Security (DHS). IATA Director General and CEO Giovanni Bisignani and DHS Secretary Janet Napolitano spearheaded a new era of industry/government cooperation to improve aviation security around the world.

The summit was held at IATA's headquarters in Geneva and included the Secretary General of the International Civil Aviation Organization (ICAO), top executives from 25 airlines as well as participants from the US Government.

During the meeting, IATA and its member airlines made several recommendations, including:

Institutionalizing government/industry cooperation: This would allow security policies to be written with the benefit of airline operational expertise. IATA encouraged ICAO to create a template for such cooperation to be implemented globally.

Implementation: Recognize that prescriptive, one-size-fits-all regulations with numerical targets will not secure a complex global industry. Governments must work with industry to define practical implementation measures for their security targets.

Passenger data collection: Make passenger data collection and sharing more efficient: IATA urged DHS to break down internal silos to create a single data collection and sharing program that could serve as a model for implementation by other governments.

Harmonization across borders: Governments must talk to each other to ensure that one country's requirements do not conflict with another country's laws.

Next generation checkpoint: Along with optimizing the capabilities of current screening technology, we must begin to look at future checkpoints that combine technology and intelligence. "We need a checkpoint system that focuses on finding bad people, not just bad objects," said Bisignani.

Source: IATA, January 22, 2010, <https://iata.org/pressroom/pr/2010-01-22-01.htm>

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[AIRPORT UPDATES](#)

Dubai cargo volume up 26% in December

Dubai International Airport saw a 26% jump in cargo volumes in December. DXB Airports said growth was mainly driven by gradual improvement in the global economy and expansion by the airport's largest cargo carrier, Emirates Airlines. Maiden cargo flights at the new US\$10 billion Maktoum International Airport are due to begin this year. The airport handled 182,874 tons of freight in December compared to 145,176 tons during December 2008. Cargo volumes rose 5.6% to 1.9 million ton in 2009, after booking double digit increases in the last quarter.



Source: E-Cargonews Asia, January 15, 2010

Hong Kong and other Asian Hubs

Reports emerged in mid-December that as many as 10,000 tons of cargo in Hong Kong, the busiest cargo airport in Asia, were awaiting space on planes. Other major hubs suffered from similar congestion. Delays ran from two days to as many as 14.

Shippers with long-term capacity agreements found space just as hard to come by as those willing to pay a last-minute premium for priority service. For most of 2009, air carriers have been stripping capacity out of their networks because of poor demand and even worse rates. Then, in the fourth quarter, developed economies began to show signs of recovery. Finally, demand for certain high-value, Asian-made goods spiked in the weeks before Christmas. Removal of capacity coinciding with a demand surge led to the severe backlogs.

According to Ned Laird, a Seattle-based aviation consultant, a major reason behind the spike in demand was the increasing competition between high-end phone manufacturers. There were a number of charters for the smart phones. Apple had done a number of charters for 3G AT&T iPhones. One chartered freighter, for example, could conceivably carry 800,000 iPhones.

Mr. Laird also said that due to the Cash-for-Clunkers program, he was hearing there was no physical way the carmakers (with plants in the U.S.) could ramp up production of Japanese cars using a traditional six-week marine supply chain and this further stimulated demand.

A handful of Asia-based airlines indicated they were offering unusually high numbers of chartered flights to try to meet the demand.

Cathay Pacific, for example, confirmed it was flying an average of "six to seven extra sectors or charter flights every week to North America or Europe" during the backlog. The biggest carriers at Hong Kong, in terms of transpacific cargo, are Cathay, UPS and Polar Air Cargo.

To Europe, the biggest carriers are Cathay, Cargolux and Lufthansa. Over the course of the year, those airlines have cut back on crew utilization, Mr. Laird said. Cathay, for example, has cut 25% of its capacity, but it has "been able to offset reductions in capacity by flying crews more hours" he said. "They are not returning parked aircraft to active duty."

As nice as December has been for the airlines, do not look for sweeping structural changes to the capacity situation in the months ahead. Airlines that have parked aircraft "are not to reactivate them for three weeks or a month of business," Laird said. It takes 30 to 45 days to get a typical cargo plane up and running, and carriers are entering the slowest part of the year (January through March) in terms of demand. "Why would you rebuild this capacity before the slowest time of the year?" Laird said.

In the meantime, airlines have taken advantage of the situation, charging as much as \$550,000 for a charter flight when the typical rate from Asia to Europe or North America is about \$375,000.00. And the freight rate for shipments, during the demand spike, had more than doubled from the usual \$2.50 per kg to as much as \$6.00 per kg. "Major airlines started raising rates in the August/September timelines because they were just losing so much money," Laird said. "And it worked, so when demand accelerated, it just took off."

Source: American Shipper - January 20, 2010

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PREPARING FOR TAKEOFF: A THOUGHT TO PONDER

"When everything seems to be going against you, remember that the airplane takes off against the wind, not with it."

- Henry Ford -

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

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COMPLIANCE

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Happy New Year

This year, Chinese Lunar New Year is on Sunday, February 14.

If you are shipping to or from Southeast Asia, please keep in mind that most businesses in China will be closed from February 13, 2010 to February 19, 2010 to observe the beginning of the year of the Tiger.

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Continuous Customs Bonds Processed by NFC

In the January 5, 2010 edition of the Federal Register, CBP (US Customs and Border Protection) published a notice proposing amendments to the regulations for continuous bonds as written in 19 CFR (Code of Federal Regulations).

The proposed rulemaking would centralize CBP's continuous bond program at the CBP National Revenue Division in Indianapolis. CBP expects the proposed changes to ensure "an efficient and uniform approach to the approval, maintenance, and periodic review of continuous bonds." These changes have been tested for last few years within the parameters CBP's bond centralization prototype program.

Comments must be received by CBP no later than March 8, 2010.

The full article can be found at the following links:

In text: <http://edocket.access.gpo.gov/2010/E9-30920.htm>

In PDF: <http://edocket.access.gpo.gov/2010/pdf/E9-30920.pdf>

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FDA Basics

FDA launched a web-based resource called FDA Basics that provides basic information about the agency and how it does its work. This resource can be viewed via a link in the "About FDA" section of the FDA home page, <http://www.fda.gov/AboutFDA/Basics>.

FDA encourages all interested parties to use this resource to access information about the agency and the products it regulates. You can also view short videos that explain various agency activities and include conversations with agency personnel about their work.

There will also be online sessions where the public can learn more about a topic and ask questions to senior FDA officials about these topics. Each of these sessions will be announced on the FDA website.

The launch of FDA Basics represents the initial phase of FDA's Transparency Initiative. Phase two of the initiative will involve making information about agency activities more transparent, useful, and understandable to the public while protecting confidential information, as appropriate. The final phase of the initiative will involve FDA's transparency to regulated industries.

FDA requests that the public visits the FDA Basics resource, and let the agency know what their thoughts. The feedback provided may be used to improve the curriculum.

FDA PREDICT System Replaces OASIS System

The PREDICT (Predictive Risk-based Evaluation for Dynamic Import Compliance Targeting) system replaces the legacy OASIS (Operational and Administrative System for Import Support) system that FDA has used since 1998. It will automate many of the processes currently done by FDA agents evaluating the import shipment data transmitted to FDA via CBP. Using PREDICT, shipments requiring FDA review that are designated "low-risk" will have a better chance of immediate electronic FDA "may proceed" (release). The FDA agents will then have more time to focus on the higher risk shipments.

FDA will not advise all of the risk factors that will be used, but it can be assumed that commodity, manufacturer, country of origin, consignee, and the prior compliance history of all involved parties will be included.

PREDICT has been "beta-testing" in LA since last fall. National implementation was expected to begin in late January or early February, but as of the writing of this article, LA is still "beta-testing" the process.

For more information on PREDICT, visit the FDA basics website:

<http://www.fda.gov/ForIndustry/ImportProgram/ucm172743.htm>

Transportation of Lithium Batteries

In the January 11, 2010 Federal Register, the Department of Transportation (DOT) published a notice of proposed rule making (NPRM) titled "Hazardous Materials: Transportation of Lithium Batteries."

In part, this NPRM would "eliminate the regulatory exceptions for lithium cells and batteries when transported aboard aircraft," update definitions and shipping descriptions, clarify packing and stowing requirements, and consolidate the current regulations into specific areas of 49 CFR.



The public has until March 12, 2010 to comment on these proposed changes to 49 CFR.

The final rule will be published in the Federal Register after consideration has been given to the comments received from the public. 75 days after publication, the provisions of the final rule will be enforced.

For more information, visit the ["Air" section](#) of this month's eNewsletter.

The full article can be found at the following links:

Text: <http://edocket.access.gpo.gov/2010/2010-281.htm>

PDF: <http://edocket.access.gpo.gov/2010/pdf/2010-281.pdf>

ISF Enforcement Has Begun

Just prior to the end of the ISF Flexible Enforcement Period, CBP has announced that beginning January 26, 2010, there will be a gradually escalated, phased enforcement of ISF. As advised just before ISF was first required on January 26, 2009, the record of their ISF filing in 2009 will be used as a mitigating factor for importers if they receive an ISF liquidated damages claim from CBP.

Starting January 26, 2010, CBP plans on using the data from the first few months to set a baseline for future enforcement. Initially, enforcement will consist of warnings from CBP (letters, notices, and/or phone calls). By the start of summer, CBP will begin issuing liquidated damages and holds for shipments that arrive into the US without ISF filing. By the end of summer, there will be stronger enforcement on a regular basis and Customs will begin evaluating the accuracy of the data.

A Customs bond will now be required to file a valid ISF. Initially the system will allow transmission ISF without bond data, and CBP will analyze violations for the first few months. Warnings will be given and eventually transmission will not be allowed without a valid bond.

During the phased enforcement period, Customs will emphasize the receipt of complete and accurate ISF data and will not initially stress strict enforcement of the timeliness provision. ISF filings

a few days after the freight is laden on the vessel may be considered acceptable. When reviewing ISF accuracy, CBP will eventually compare the ISF, AMS, entry, and CTPAT data.

Although the initial ISF liquidated damages claim will originate in the field, for at least the first year all claims will be processed and approved at CBP headquarters so that the process is handled uniformly nationwide. CBP will have the authority to waive liquidated damages during the first year of phased enforcement.

During the phased enforcement period, CBP does not plan on using the Do Not Load (DNL) option solely for failure to comply with the ISF requirements, but they reserve the right to stop shipments for serious security risk. Freight arriving in the US without having an ISF on file with CBP will be subject to a CBP ISF hold until a valid ISF transmission has been received. If an entry is filed for freight without ISF, it will not be released until the ISF hold is removed.

CBP expects that ISF will be filed with the best available information, and they will look at each incident on a case-by-case basis if that information later proves to be inaccurate.

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

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PARTNER NEWS

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Passport to Partnership with Sociaco in Costa Rica

Founded in 1981, Sociaco is a full licensed cargo, bonded trucking and customs clearance agent located in Costa Rica.

Christine Nicholson, corporate public relations coordinator for AIT, recently conducted an interview with Ricardo Murillo, cargo and international sales director for Sociaco.

Nicholson: Describe the size and scope of Sociaco. How does your company differentiate itself from the competition?

Murillo: Sociaco is currently the third largest Costa Rican Customs broker with almost 30 years in the market. With a staff of 112 employees, we have 6 offices strategically located at the most important Customs points in the region: Costa Rica, Guatemala, El Salvador, Honduras and Nicaragua.

Nicholson: How does your company differentiate itself from the competition?

Murillo: I can highlight a few things that make us stand out above the rest: first and foremost, our owners are fully licensed customs brokers, each with more than 35 years in the business. They directly manage and run the daily activities of our business, both operational as well as administrative.

Secondly, we are fully focused on providing personalized and high quality service. When a customer calls, we do whatever is necessary to get the job done, no matter what time it is.

Lastly, our employees are fully committed to this company and they act as an extension of our owners. They make Sociaco the success it is today.

Nicholson: What specific services and/or vertical markets does Sociaco specialize in?

Murillo: As brokers and cargo agents, we are able to cover all logistics needs - air, sea, trucking, insurance, storage, charters, project cargo, dangerous goods, Customs clearance and much more.

Customs is our specialty, but much more than that, we can be a logistics advisor in international trade to our customers. We have extensive experience in all type of goods, such as the chemical industries, machineries, medical, electronic, textile, perishable, hotels and construction.

The only two commodities our company does not handle are used cars and personal effects.

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

Murillo: We make it simple: service. Besides building a cold commercial relationship, we focus on building real friends and partners committed to our industry needs.

Nicholson: Aside from people, what is the critical factor involved in supporting the link between global partners?

Murillo: After people, technology is the key element to developing our joint responsibilities, integrating the global supply chain and facilitating the communication link between two partners. Technology enables us to perform services based on our customer's demands.



To learn more about Sociaco,
please visit their web site:

www.sociaco.com

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please contact [Franco Lasagni](#), Managing Director International.

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GOING GREEN

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[Obama announces government greenhouse gas emissions targets](#)

President Obama set greenhouse gas emissions targets for the federal government, announcing Friday that it would aim to reduce its emissions by 28 percent in 2020.

"As the largest energy consumer in the United States, we have a responsibility to American citizens to reduce our energy use and become more efficient," Obama sent in a statement. "Our goal is to lower costs, reduce pollution, and shift Federal energy expenses away from oil and towards local, clean energy."

The White House estimated a savings of \$8 billion to \$11 billion in energy costs, and Nancy Sutley, who chairs the White House Council on Environmental Quality, estimated that it would amount to reducing greenhouse gas emissions by 88 million metric tons by 2020 -- equivalent to taking 17 million cars off the road for one year.

The initiative, Sutley told reporters, "will hold the federal government accountable for leading by example."

But it is not as sweeping as it could have been: It does not, for instance, include emissions that stem from the activity of federal suppliers, or from federal employees' commutes. And while the Defense Department pledged Friday to reduce greenhouse gas emissions in non-combat areas 34 percent by 2020, this pledge does not include combat operations, which account for 62 percent of the department's carbon footprint.

"That would not be responsible," said Dorothy Robyn, deputy undersecretary of defense for installations and environment at the Pentagon.

Still, environmentalists and Democrats in Congress praised the move.

"I am very pleased that President Obama has set aggressive, but realistic, targets for reducing energy use by federal agencies," said Sen. Tom Carper (D-Del.), who chairs the Subcommittee on Federal Financial Management, Government Information, Federal Services and International Security.

And Frances Beinecke, president of the advocacy group Natural Resources Defense Council, called the initiative "a great deal for the American taxpayers and a great example for the rest of the country."

Obama's announcement came hours after his administration delivered a non-binding pledge to other countries that the United States would cut its greenhouse gas emissions by 2020.

The Obama administration submitted its reduction target to the United Nations Framework Convention on Climate Change Secretariat under the Copenhagen Accord, a non-binding deal brokered by the United States last month at the U.N.-sponsored climate talks. Under the deal President Obama helped secure in Copenhagen, major emitters of greenhouse gases are expected to "inscribe" their reduction targets by Jan. 31.

The international commitment states that the United States will cut its emissions "in the range of 17

percent, in conformity with anticipated U.S. energy and climate legislation, recognizing that the final target will be reported to the Secretariat in light of enacted legislation." It remains unclear if Congress will pass a comprehensive climate bill this year.

Several key developing nations, such as China and India, have not yet indicated what they will commit to under the agreement.

Source: The Washington Post, January 29, 2010

<http://voices.washingtonpost.com/44/2010/01/obama-announces-government-gre.html>

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