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Ocean Fast Facts

Which Chilean port handled 687,684 TEU during 2008 and is the most commercially important seaport in the country?

- A. Port of Antofagasta
- B. Port of San Vicente
- C. Port of San Antonio
- D. Port of Expresso Grande

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

Correct Answer: C. Port of San Antonio

San Antonio represents the busiest port on the West Coast of South America. Often times affiliated with also being the port nearest to Valparaiso, San Antonio remains the largest volume port in Chile and handles the most tonnage, both break-bulk and containerized for the country of Chile.

Sources: http://en.wikipedia.org/wiki/San_Antonio,_Chile
<http://www.sanantonioport.cc.cl/index1.html>



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BUZZ WORD

Hazmat

(Shipping) Hazmat is an abbreviation for hazardous materials which is a substance or material which has been determined to be capable of posing a risk to health, safety and property when transported in commerce.

Source: *Dictionary of International Trade*, Edward G. Hinkelman, 8th Edition, 2008.



Don't Be Hazardous to your bottom line, know how to handle your "hazmat"

Within the United States, "hazmat" is a substance or material which has been determined by the U.S. Secretary of Transportation to be capable of posing an unreasonable risk to health, safety and property when transported in commerce and which has been so designated. Title 49, Code of Federal Regulations (U.S.) Transportation - Parts 100-199 governs the transportation of hazardous materials. Hazardous materials may be transported domestically, but they may be classified as Dangerous Goods when transported internationally by air.

When cargo is classified as "hazmat," it is important when requesting rates or bookings to

provide MSDS (material safety data sheets) as well as complete hazardous cargo commodity descriptions including pieces, weights, packaging, U.N. number and hazardous packing group. Several commodities such as Class 1 and respective sub-classes (Explosives) are restricted by ocean carriers, insurance underwriters, local governments and terminal operators. In order to ensure your "hazmat" freight is acceptable for carriage, provide the appropriate information to your AIT representative.

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Spring is here... "Bouncing" into a Peak Season during 2010

Throughout February, several carriers in many trade lanes have announced general rate increases (GRIs) coming in March. Some carriers have directly advised AIT that they expect a "full" quarterly GRI recovery plan during 2010. This means some carriers are proposing GRIs each quarter for the remainder of 2010. While it is too early to tell if carriers will be successful with this program, it appears that some carriers are returning to rates that in 2009 were deemed "non-compensatory" by many ocean lines.

As the markets are in flux, there already are new signs of life in 2010. Some GRIs held, especially in many trade lanes like USA to Europe and USA to Brazil. Even considering some jumps in rate levels; vessels in most import and export trade lanes to and from the USA remain at or near capacity.

Additionally, the recent "ERC" from Asia to the USA held strong and has been "rolled" into base line ocean rates in some cases. The ocean carriers on the Trans Pacific Import Trade to the USA; represented primarily by the Transpacific Stabilization Agreement (TSA) member carriers has tentatively announced May 1 GRIs with significant increases planned. At this time, it's premature to determine if the next GRI in the Asia to US trade lane will hold, but one thing that appears certain is that carriers in the trade will attempt to charge a Peak Season Surcharge (PSS) as volumes from Asia are anticipated to remain strong through April and May into the peak season that historically starts in June.

Should you have any questions about rates and capacity for trade lanes relative to your specific transportation needs, contact your AIT representative.

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REMINDER! China to Enforce the CCAM Regulation

AIT would like to remind customs 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 are required to ensure 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 CCAM regulations: voyage number, payment terms, total number of packages, type of packaging, type of inner packaging, cargo description, gross commodity weight by item, cargo weight, shipper/forwarder name and address, consignee/notify name and address, container number(s), and ITN (Internal Transaction Number).

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

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Trans Pacific Import Rate Watch: Did you know?

In their February 22, 2010 edition, the Journal of Commerce reported their 40' full container ocean freight rates excluding origin THC for NVOCCs between Hong Kong and Los Angeles are approximately \$600 higher on February 8, 2010 than the same week in 2009 (February 9). This rate difference reflects the success of the carriers' implementation of General Rate Increases (GRIs) and Emergency Revenue Charges (ERC) over the past year combined with decreased capacity.

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The "rightsizing" of global ocean capacity

Since September of 2008, ship-owners have cancelled 140 container ship orders. According to the Journal of



Commerce, global capacity is expected to shrink by 6.7 percent from the initial total orders placed for container ships. The total amount in terms of TEU capacity is 436,000 20-foot equivalent units or approximately 6.7 percent of the 6.51 million-TEU order book on Oct 1, 2008, according to Alphaliner, a Paris-based consulting firm. Despite the recent glut in container shipping, the cancellation rate for container ships is lower than the current cancellation rate for bulkers and tankers. Additionally, the figure includes 27 container ships that had been converted to other vessel types. Some of the cancellations were straight cancellations, others orders that had been delayed so long that they were believed to have been "dropped" orders. The cancellation count "excluded" vessels that had been built but not delivered due to the inability of owners to make complete payments.



As witnessed with the recent flood of general rate increases (GRIs) in global trade lanes, the carriers are hopeful to continue to pass along GRIs and several of them are pushing for a "quarterly" GRI plan as even on reduced capacity in January and February of 2010. Ocean lines still seem to be successful at filling ships with higher rate levels at this time.

Source: *Journal of Commerce Online*, February 23, 2010

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Haiti Update

After the January 12th earthquake in Haiti, port operations were suspended as the port facility at Port-au-Prince was destroyed. The port is up and running again and Haiti's port authority has requested that vessel operators file advance notice before ships arrive. As of mid-February, the port was expected to handle 2,000 TEUs each week. Congestion around Haiti has increased as relief goods have been pouring into the country and authorities recommend smaller vessels use alternative ports such as Cap Hatien. The Haitian authorities are also prioritizing cargo and at this time relief goods remain top priority. If requesting rates for cargo into Haiti, non-relief good cargo will not be treated with the same high priority as relief goods. Additionally, vessels operating service to Haiti are required to have a Haiti based agent.

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NEW from AIT Ocean Systems: AIT's Automated Ocean Rate Request Feature!

AIT now offers AIT Ocean customers the ability to submit rate requests in an automated format using the CargoSphere online rate quote system. This now allows AIT customers to request rates and receive automated rate quotations complete with quote numbers and quotation validity dates making the quote process more timely and efficient.

To get started on the AIT automated rate quotation system CargoSphere, click on the following link and start automating your rate quotation process:

<http://www.cargosphere.net/ait/ptrade/jsp/CustomerAgentRateRequest.jsp>

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March Congestion Alert!

At press time, certain port locations were reporting congestion. Port areas subject to possible congestion:

- Jamaica (Kingston) = For both transshipment relay and direct cargo
- Greece = National strikes are in effect as of the end of February
- Colombia (Buenaventura)
- North African Ports (Tripoli / Algiers)
- Venezuela Ports (Puerto Cabello / Guanta)
- West Africa (Luanda / Angola)
- Nigeria (Tincan / Apapa)
- Haiti (Port-au-Prince) = Very limited port operations - relief goods remain a priority

Be advised that ocean carriers may temporarily enact "Port Congestion Surcharges" in times of peak volumes. Contact your AIT Representative if you have questions.

Venezuela: Pre Approval Required for Shipments

In the February edition of the Ocean Newsletter, AIT had advised that effective February 1st, 2010 prior approval by AIT is required prior to acceptance of cargo. Venezuela has recently increased fines to the existing customs penalties for such matters as document correction. Fines can be heavy. 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 - must be end user if destined for Venezuela
- Specific commodity description
Example: "Electric Equipment" or "Computer Equipment" is not sufficient, specific information is required. For instance: "HP color printer".
- 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.

The Parting "Wave"

The AIT Ocean System's team thanks you for a great February. It was quite an active month and AIT witnessed record amounts of rate quotations.

AIT will also be participating in the **Annual Trans-Pacific Maritime** in Long Beach, California from March 1 - 2. If you are planning on attending keep an eye out for AIT, we'd be happy to meet up and chat about "sea freight".



The compliance challenges and implementation presented by ISF/10+2 have kept AIT's designated teams active and ready to assist with processing of ISFs and answering questions about the new regulation. It seems 2010 is already experiencing "swelling" seas as volumes seem to be recovering. The AIT Ocean Systems is looking forward to assisting you with your ocean freight needs this spring and beyond.

Preview April 2010 AIT Ocean eNewsletter:

A "double" Buzz Word of the Month

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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[American Airlines and American Eagle Resume Service to Haiti](#)

Although Haiti is only in its infancy recovery stages from the January 12 earthquake that devastated its capital, one small but significant sign of progress is the resumption of American Airlines flights to Port-au-Prince.

On Friday, February 19, AA operated its first commercial flight from Miami to Port-Au-Prince. The carrier will operate three daily nonstop flights from Florida - two from Miami and one from Fort Lauderdale. American Airlines will also offer one flight a day, four days a week from New York's JFK airport.

Beginning on March 12, American's sister regional carrier, American Eagle, will begin nonstop service once a day from San Juan, PR, and two flights from Santo Domingo and Santiago in neighboring Dominican Republic.

Ralph Latortue, the consul general of Haiti in Florida, commended the two airlines for being not only the first passenger carriers to return to Haiti, but also the first commercial airlines to respond to the disaster by bringing relief supplies to the island.

Since the catastrophic earthquake struck on January 12, American Airlines and American Eagle have made a total of 30 relief flights, transporting relief workers, medical personnel and more than 400,000 pounds of humanitarian aid to Port-Au-Prince.

Source: AP 2/19/10 - Air Cargo World 2/19/10

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[Airfreight forecasting from different angles](#)

Perusing the pages of recent trade publications and taking a closer look at the current global air cargo economic condition, it becomes apparent that our industry has some reason for hopeful optimism.

The Journal of Commerce pointed out that year-over-year volumes increased more than 24% in December and IATA indicated that further growth is likely in the months ahead. IATA cautioned that the December spike was exaggerated by the exceptionally weak December 2008 volume, which was the low point of the economic downturn.

Although cargo demand is still 9% lower than in the peak of early 2008, there are still more positive signs - New York's JFK International Airport reported a 0.2% year-over-year gain in freight tonnage in November, the first increase the airport has seen in 30 months.

Source: Journal of Commerce, 2/15/10

Another positive indicator of an upward trend is a recent report from Airbus. The manufacturer's latest forecast says cargo traffic will increase 6.3% per year throughout the Asia-Pacific region. This compares with a global forecast average of 5.2%. It is expected that this region will continue to dominate the global airfreight market with airlines growing their all-cargo fleets five times to 1,500 aircraft by 2030.

John Leahy, Airbus COO - Customers, says that by 2030 the Asia-Pacific region will be the world's largest air transport market with airlines carrying around 40% of all air freight. According to Leahy, in order to meet this demand, larger aircraft will be needed to ease congestion and do more with less. He further states this will see airlines from the region account for more than 50% of the demand of

very large aircraft, such as the A380. Leahy cites that 66 Asia-Pacific airlines currently operate 1,430 Airbus with another 1,120 on order. This represents 32% of the company's total order backlog.

Source: Air Cargo World, 2/9/10

Boeing now has 76 orders for the freighter version of the delayed 747-8 passenger aircraft from Cargolux, Nippon Cargo Airlines, AirBridge Cargo Airlines, Atlas Air, Cathay Pacific, Dubai Aerospace Enterprise, Emirates SkyCargo, Guggenheim and Korean Air.

Boeing's current forecast also suggests the world's freight fleet will nearly double to 3,892 units by 2027. As with Airbus, Boeing predicts that the orders will be for large aircraft.

Source: Air Cargo World, 2/9/10

"It looks like this recession is finally over," says Scott Davis, chairman and chief executive of UPS. Davis has signaled that an economic recovery is under way, as the package-handling giant reported a strong fourth-quarter profit and predicted shipping-volume gains and higher pricing this year.

UPS and other major transportation companies are expressing guarded optimism about the economy for 2010, a trend that analysts say could lead to price increases for consumers as firms try to make up for offering deep discounts during the recession. Because of their roles in enabling commerce, freight-handlers such as UPS and rival FedEx are among the first to feel the effects of a slump or recovery.

Source: CargoNews Asia, 2/5/10

OAG, the data information company, says global frequencies increased 4% in February compared to the same month a year earlier.

The only regional decline was experienced within North America where frequency and capacity dropped 1% and 2% respectively. Overall, flights to and from Europe increased 6% and 5% to and from Asia.

Mario Hardy, OAG VP Asia Pacific, said, "It is fascinating how much the movement in flight frequency and capacity seems to reflect the regional economic situation. Asia's economy, except Japan, is gradually and carefully recovering and so are parts of Europe, the Middle East and Africa. North America and Japan appear to have difficulty and are struggling to come out of this recession."

An OAG hub analysis shows Sao Paulo and Bogota added capacity of 24% and 17% respectively in February. For that same period in the Middle East, Abu Dhabi increased flights by 24% but in contrast, the data information company noted that Paris Charles De Gaulle and London Heathrow both had declines in operations and capacity.

Source: Air Cargo World, 2/12/10



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NEW REGULATIONS

Dominican Republic - Electronic Customs Entries

In order to expedite the clearing process, Dominican Customs has implemented a new electronic system for entries. Effective January 20, 2010, the system is known as Sistema Integrado Gestion Aduanera, or SIGA. In short, any consignment arriving at a Dominican port or airport without the required information as listed below will be subject to a fine. A figure of USD \$300.00 has been mentioned; however, that amount may vary.

The information requirements for the HB/L or HAWB are as follows:

- Complete information of the consignee showing name of the company or person and complete address, including country and phone number
- RNC Number (Registro Nacional del Contribuyente). The taxpayer identification number for Dominican companies to be used for commercial shipments.

OR

- Personal ID (Cedula de Identificacion Personal). The taxpayer identification number for Dominican individuals to be used in the case of personal effects shipments.

The MB/L or MAWB should be consigned to the agent and the agent's RNC Number should appear on that document. It is strongly suggested that the required numbers be obtained prior to making your bookings in order to avoid shipping delays.

Brazil - Commercial Invoice & Packing List

According to Brazilian Customs Rules, the **Commercial Invoice** (with number and date) must

provide the following information:

1. Complete name and address of exporter;
2. Complete name and address of importer;
3. Description of goods in Portuguese or official language of GATT (General Agreement for Trade and Tariff). Or, if in another language, Brazilian Customs will make the judgment as to how the goods are classified;
4. Marks, numbers and, package reference numbers, if there are any;
5. Quantity and type of packages;
6. Gross weight of packages - defined as commodities with all their wrappers and packaging material;
7. Net weight - defined as goods free of any wrappers or packages;
8. Country of origin - defined as the place where the commodities were produced or the last place where any commodity modifications occurred;
9. Country of acquisition - defined as country where the commodities were acquired to be exported to Brazil; independent of country or origin of goods or their components;
10. Country of source - defined as the country where the commodities were when they were acquired;
11. Unit value and total value of each different commodity;
12. Freight value and other costs;
13. Payment terms and currency;
14. Incoterm

The **Packing List** must provide the following information:

1. Name and complete address of the exporter;
2. Name and complete address of the importer;
3. Number as per Commercial Invoice;
4. Issuance date;
5. Quantity of volumes;
6. Numeration of the volumes;
7. Indication of the content of each volume, being able to be only the code of the product;
8. Net weight and gross weight;
9. Signature and identification of the responsible person for the issuance of the document.

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UP, UP, AND AWAY - AIRLINE UPDATES

Chapman Freeborn has successfully completed an **Antonov 225 charter** to transport four giant pieces of oil and gas equipment totaling almost 150 tons from Houston to Sao Paulo.

According to the company, it was the first time the aircraft had been used in South America. The equipment will form part of a Petrobras oil refinery project in Paulinia, about 90 minutes drive north of San Paulo. The Soviet-built AN-225 first flew on Dec 21, 1988. The aircraft is the only one of its kind and has a maximum payload of 250,000 kgs (550,000 lbs).

Source: *Air Cargo World*, 2/19/10



The merger of **Aeroflot** with six domestic carriers which were recently rescued from bankruptcy has been approved by the Russian government. This approval will give the state-controlled carrier a 30% - 35% share of the domestic market, up from 15% currently.

Source: *Cargonews Asia*, 2/5/10

Philippine Airlines' revenue for April-December 2009 declined 15% to \$1.08 billion. Passenger and cargo revenue, PAL's main source of income, declined 25% and 14% to \$805 million and \$73.5 million, respectively. Total expenses declined 30% to \$1.10 billion from \$1.56 billion due mainly to lower fuel prices.

[AIRPORT UPDATES](#)

Budapest's Ferihegy Airport provided free services for a B737-300 aircraft in order to transfer 13 lions which were rescued from an overcrowded Romanian zoo near Oradea to spacious surroundings at Yorkshire Wildlife Park in Doncaster, U.K.

The kings of the jungle were flown in the passenger aircraft which was specially equipped with special nets and a reinforced cabin door to protect the crew in case any of the distinguished passengers decided to take a stroll during the flight. Thanks to the efforts of UK animal rights activists, the lions spent late evening in relative calm at the Hungarian national carrier Malev's cargo facilities and early next morning their cages were loaded on special pallets ready for boarding.

Source: Air Cargo World, 2/19/10

The future of **Ireland's Shannon Airport** can only be secured by establishing an international cargo hub as passenger numbers continue to decline, according to Vincent Cunnane, chief executive of Shannon development.

Welcoming an apparent commitment by Lynx Global, part of Centurion Cargo Group, to develop such a facility, Cunnane said the airport could no longer survive on passengers alone. The recent decline in the Irish economy has exacerbated the problem. The proposed project could help regenerate western Ireland but needed €7 million of investment support from the Irish government, Cunnane said. It is unclear as yet whether this funding will be forthcoming.

Source: Air Cargo World, 2/19/10

It has been reported by Reuters that Abu Dhabi's wealth fund is scheduled to buy a 15% stake in **London's Gatwick Airport** for USD \$198.4 million as the airport's new owner aims to bring in additional investors. The Abu Dhabi Investment Authority's planned investment in London's second-biggest airport comes two days after South Korea's National Pension Service said it planned to buy a 12% stake in Gatwick for about US\$157.4 million.



Source: Cargonews Asia, 2/5/10

Airport operator Fraport is investing about US\$9.5 billion in expansion and modernization of **Frankfurt Airport** by 2015. Airlines have agreed to pay more for runway use in Frankfurt. By paying an additional 2.9% per year from 2012 until 2015, the carriers will help finance the multi-billion Euro expansion of Germany's biggest airport. Fraport expects some 88 million passengers to come through Frankfurt every year by 2020, compared with just over 50 million currently.

Source: Cargonews Asia, 2/22/10

[PREPARING FOR TAKEOFF: A THOUGHT TO PONDER](#)

The Wright Brothers created the single greatest cultural force since the invention of writing. The airplane became the first World Wide Web, bringing people, languages, ideas and values together.

- Bill Gates, CEO, Microsoft Corporation

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

COMPLIANCE

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Continuous Customs Bonds

Customs and Border Protection (CBP) requires a bond to be on file for all import entries and as of January 26, 2010, for all ISF transmissions. The options are either to use a single transaction bond (STB) that covers only one shipment/transaction or a Continuous Bond that covers all import entries & ISF's in a 1-year period. Continuous bonds can be renewed year to year.

Face value of the continuous bond must cover 10% of estimated duties for a 12-month period with a minimum bond value of \$50,000, and face value of the STB must cover at least the sum of the value plus the outlay due to CBP (duties, taxes, etc). Using a continuous bond could speed up clearance of merchandise since CBP always requires entry documentation to be reviewed when a single bond is used, but an import entry filed with a continuous bond can have "paperless" release.



It is now even more important for importers to have a continuous bond on file with CBP. If the importer does not have a continuous bond, not only is a STB required for the entry of merchandise, but a separate STB is required for the filing of the mandatory ISF for ocean import shipments.

More information regarding the bond requirement and other ISF regulations can be found in the updated ISF FAQ that Customs recently published on their website:

http://www.cbp.gov/linkhandler/cgov/trade/cargo_security/carriers/security_filing/10_2faq.ctt/10_2faq.doc

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Export Compliance: FAQs in Defense Trade

The following page on the Department of State's DDTC (Directorate of Defense Trade Controls) website has links to documents containing answers to frequently asked questions. The content of the documents is based on questions received most frequently by the DDTC Response Team. DDTC believes that the links will provide a valuable resource for the defense export community.

Topics covered include commodity jurisdiction, support documentation, D-trade and electronic submission of agreements.

Please visit the following link to the DDTC FAQ page for more information:

<http://www.pmdtdtc.state.gov/faqs/index.html>

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BIS Compliance Guidelines

On February 22, US Department of Commerce, Bureau of Industry and Security (BIS), Office of Exporter Services, Export Management and Compliance Division placed a Compliance Guidelines document on its website. The Guidelines are intended to assist companies in the development of an operational program compliant with the Export Administration Regulations (EAR) and to develop written Export Management and Compliance Program (EMCP) guidelines. Use of the document will promote efficient export compliance practices.

Please visit the link below to access the BIS Compliance Guidelines:

http://www.bis.doc.gov/complianceandenforcement/emcp_guidelines.pdf

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Elimination of the Social Security Number (SSN) as an Identification

Number in the Automated Export System (AES)

In the September 2009 issue of the AIT eNewsletter, we discussed the interim final rule regarding the use of social security numbers in the Automated Export System. On February 22, 2010, the U.S. Census Bureau published the final rule, which will be effective on March 24, 2010.

According to the rule, all U.S. Principal Parties in Interest (USPPI) or U.S. authorized agents who reside or have an office located in the U.S. can no longer use an SSN for AES transmissions and must instead file using an Employer Identification Number (EIN) or Dun and Bradstreet Number (DUNS).

The final rule as published in the Federal Register also answers questions that have been brought up by the trade in response to the interim final rule.

The final rule can be found by visiting the following links:

Text: <http://edocket.access.gpo.gov/2010/2010-3365.htm>

PDF: <http://edocket.access.gpo.gov/2010/pdf/2010-3365.pdf>

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CBP Trade Symposium 2009

Customs has posted the agenda and multiple presentations from Trade Symposium 2009 on its website:

http://www.cbp.gov/xp/cgov/trade/trade_outreach/presentations09/

This link provides a great resource for quick overviews of CBP initiatives. Slideshow presentations have been posted for most of the sessions, which cover topics including ISF, C-TPAT, Customs Rulings, and ACE.



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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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GOING GREEN

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COMMITTED TO
IMPROVING THE STATE
OF THE WORLD

[New set of guidelines focus on carbon impact of product transport](#)

One major obstacle to more widespread carbon awareness in the corporate world has been a lack of standardized methods for measuring carbon emissions. Now, an industry group and a consultancy firm are trying to change that.

An effort by The World Economic Forum's Logistics & Transport Industry Group with help from consultancy Accenture has come up with so-called standard guidelines for calculating consignment level carbon emissions from logistics and shipping operations.

Entitled the "[Consignment-Level Carbon Reporting Guidelines](#)," their objective is to help the transportation and logistics industries inform consumers and businesses about the carbon impact of product transport, and the guidelines were endorsed by the Governors of the World Economic Forum's Logistics & Transport Industry Group at its recently-held meeting in Davos, Switzerland.

These guidelines include principles for defining the scope of emissions to report and how these emissions should be allocated for things like shared transport or backhaul, according to the World Economic Forum and Accenture. They added that these guidelines will also complement broader upcoming and existing product-level carbon reporting standards, including the GHG (greenhouse gas) Protocol Life Cycle and Scope 3 Standards, which they said should be released by the end of this year.

In an interview with Logistics Management, Jonathan Wright, senior executive in Accenture's Supply Chain Practice, said that there were a number of factors that influenced the introduction of these guidelines.

Wright explained that as confidence begins to return to the freight sector, with weak signals of an upturn, or at least stability, conversations among industry executives shift from survival to growth. But in a highly commoditized and convergent market, new growth opportunities require the development of different business models by the sector's firms-from tackling the challenges presented by emerging markets-to embracing renewed demands from customers for granular reporting on sustainability.

"To help address uncertainty around carbon and sustainability in particular, Accenture has been collaborating with the World Economic Forum's Logistics and Transport group for the past couple of years," said Wright. "A year ago, Accenture jointly published the Supply Chain Decarbonization report...[which] outlined the main ways in which the transport sector-both unilaterally and working with the wider supply chain-can begin to take practical, near-term steps to cut its carbon footprint."

In 2009 between the Davos meeting and this year's meeting, Wright said Accenture has seen the demand for product-level carbon footprinting information take off, with many leading global retailers and manufacturers launching their own labeling efforts, which has led to a significant uptick in the number and detail of requests made of freight firms, where accurate product-level carbon footprint data is currently hard to calculate on a systematic and standardized basis.

These guidelines, Wright said, are a set of practical guidelines that the transport industry can use to respond to the increasing numbers of requests from its customers for product-level carbon footprint data.

"The guidelines come at a time when consumer interest in the carbon footprints of the products they buy is growing," said Wright. "For example, a recent Accenture survey found that 90 percent of consumers would be willing to switch to a new product if it was certified as minimizing its impact on climate change, our research shows that transport and logistics operations typically make up 5-15 percent of the carbon footprint of a product's carbon emissions. The remainder of the footprint is

elsewhere in the value chain—in raw materials extraction, manufacturing, selling or disposal phases. These guidelines represent a first step towards creating a standard approach for measuring the transportation portion of a product's carbon footprint, which shippers can use as an input to reporting the total carbon emissions associated with the products they sell."

A leading expert on green logistics and supply chains said that these guidelines are very promising in that standardizing guidelines for calculating consignment-level carbon emissions from logistics and shipping operations reaffirms the impact that logistics drivers (facilities, inventory, and transportation) will have on the bottom lines of companies as the Green movement continues to grow.

"Simply trying to compete on price or through innovation is being severely tested by the increasing focus on reducing the carbon footprint of the products companies manufacture and that consumers purchase," said Brittain Ladd, a supply chain consultant and lecturer on green supply chain strategies for a consulting firm. "As we move towards a point and time when most products will have a carbon footprint rating, imagine how even more important supply chain management will become in ensuring competitive advantage in terms of minimizing the carbon rating of products. If consumers are willing to choose one brand over another because of small differences in price, why wouldn't consumers choose one brand over the other due to small differences in carbon rankings?" Ladd also noted that achieving low carbon rating on products is directly related to how well companies manage their supply chain and logistics drivers.

In order for these guidelines to come to fruition, Accenture's Wright said that in order to implement these guidelines logistics and transportation providers will have to invest in process, reporting and IT, which will take some time.

"We recommend the industry take two key next steps: conduct pilot operations on various transport modes and logistics facilities to establish consignment-level reporting at an operational level and assess implementation difficulties; and adopt automated reporting systems and software to increase efficiency and accuracy in reporting and enable automated information transfer to suppliers, shippers, contractors or customers," commented Wright.

Wright also explained that if done successfully, there is often a win-win on cost and carbon for shippers, and both the bottom line and the organization's emissions can benefit from an increased focus on energy usage.

"Quite simply, looking along the supply chain at carbon brings a different perspective that can yield new and previously unseen savings," he said. "One example is PepsiCo's Walkers Crisps, which switched to 100 percent British potatoes to lower food miles and used biodiesel containing 5 percent used cooking oil for their delivery trucks. There are other reasons to pursue carbon emissions reporting and reduction--it can often contribute to improved employee engagement and enhanced customer service, and perhaps most importantly is what many customers want."

Source: Supply Chain Management Review, 2/23/2010

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Obama eyes biofuels, clean coal in new climate push

President Barack Obama laid out new steps to nudge the United States toward energy independence, backing measures to boost production of biofuels and bury pollution from coal.

Using the new initiatives to garner support for a climate and energy bill stalled in the U.S. Senate, Obama met with a handful of state governors to press his policies to fight global warming and wean the nation from imported fossil fuels.

"America can win the race to build a clean energy economy, but we're going to have to overcome the weight of our own politics," he said at the meeting, noting China was pushing aggressively to lead in "clean" energy technology.

"We have to focus not so much on those narrow areas where we disagree, but on the broad areas where we agree," he said.

Agreement on a climate bill is still far from certain, and the legislation faces further obstacles after the election last month in Massachusetts that gave Republicans a Senate seat long held by Democrats, depriving the president's party of 60 votes that could overcome procedural hurdles.

Obama has acknowledged that a controversial "cap and trade" system could be separated from other parts of the bill, though he is adamant that a market-based mechanism be put in place to make high polluting fuels more expensive for industry than less-polluting, renewable energy sources.

Biofuels represent one renewable energy source the administration wants to promote, and a new interagency report spelled out ways the country would achieve that going forward.

"By 2022, we will more than double the amount of biofuels we produce to 36 billion gallons, which will decrease our dependence on foreign oil by hundreds of millions of barrels per year," Obama said.

He also announced a new task force to forge a plan for rolling out affordable carbon capture and storage technology in 10 years, including having 10 commercial demonstration projects up and running by 2016.

Carbon capture and storage is meant to capture the emissions from carbon-polluting coal plants and bury them underground rather than spewing them into the atmosphere but the technology is still being researched.

The Environmental Protection Agency said ethanol and other renewable fuels must account for 8.25 percent of gasoline sales in 2010 to meet Congress' mandate that nearly 13 billion gallons of renewable fuels be produced this year.

That is lower than last year's 10.21 percent renewable fuel standard that the EPA announced in November 2008.

The United States is far away from its goal of producing 36 billion gallons (136 billion liters) of biofuels a year by 2022, currently producing 12 billion gallons annually, mostly from corn ethanol.

The report offers solutions that would ease the way for ethanol to get from producers in the U.S. Midwest to consumers near the coasts. Such snags include filling stations that have been slow to adopt pumps to distribute a fuel blend that is mostly ethanol, called E85, and a lack of dedicated pipelines for biofuels.

Loan guarantees for ethanol plants could be targeted more effectively to support new biofuels plants, the report said.

The struggling biofuels industry is concerned the Obama administration will move too quickly away from ethanol to biofuels that derive from more difficult techniques using wood chips and other biomass.

The president's backing of ethanol, however, could shore up his support in farm states, where ethanol boosts demand for corn.

Environmentalists and some scientists say production of U.S. biofuels from corn and other grains can drive out production of other crops, prompting farmers in other countries to burn down forests and clear land to grow those crops -- creating new sources of CO₂, the main greenhouse gas blamed for global warming.

Source: Reuters, Feb 3, 2010

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AIT Introduces Home Delivery Service and Online Scheduling System

PRESS RELEASE

February 2010 - Recognizing the residential delivery expectations of convenience, speed and choice among today's consumers, AIT Worldwide Logistics has developed a versatile and highly sophisticated home service solution.

"Business to consumer needs have become a growth engine for the transportation and logistics industry in recent years," said Ray Fennelly, director of business development for AIT. "This shift in buying patterns and business activities has presented AIT with a tremendous opportunity to develop a prompt and reliable way to deliver goods such as flat panel televisions, fitness equipment and furniture direct to the consumer's door."

Including value-added benefits such as "white glove" services, room-specific deliveries, in-home and hand-carry protection plans, quality assurance measures, warranty returns programs and professional installation, AIT's dedicated in-home delivery team provides an efficient, professional and reliable experience from point of purchase to the final mile delivery.

In conjunction with the residential delivery service, AIT's customers can utilize an integrated online system to schedule online delivery appointments and receive automated e-mail responses and real-time status updates.

The home delivery scheduling system went live on November 16, 2009. Since the automated calling feature was integrated in December, AIT's phone system has made over 12,000 consignee phone calls and has successfully scheduled thousands of delivery appointments.

"In many cases, the consignee has their delivery scheduled within minutes of a shipment being recovered at the AIT delivery terminal," explained Chris McMillin, senior systems analyst for AIT. "The scheduling website application is available 24/7, so consignees are able to request a delivery appointment when it's most convenient for them."

About AIT Worldwide Logistics:

Incorporated in 1979, AIT Worldwide Logistics, Inc. is a global transportation and logistics provider headquartered in Itasca, IL, encompassing an ever-increasing network and servicing an array of vertical markets within the international arena. With 36 U.S. locations and over 190 global service centers, the privately-held corporation employs over 760 people and has a customer base including over 5,800 active worldwide accounts. For more information about AIT, please visit www.aitworldwide.com.

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"The bleeding has stopped"

"We're seeing a modest recovery all across the country. There is light at the end of the tunnel and it is not a freight train."

The under-performing economy has reduced freight volumes across all sectors of the transportation industry, and the express trucking industry is no different.

Lower manufacturing indexes and a lack of demand for inventory replenishments caused a decline in expedited shipments that started early in 2009.

By the end of the year, many companies saw freight volumes stabilize and industry executives expect the trend to continue.

"We're seeing a modest recovery all across the country," said Brandon Fried, executive director of the Airforwarders Association. "There is light at the end of the tunnel and it is not a freight train."

John Benko, president of Manko Delivery Systems in Tampa, Fla., and

a member of the board of directors of the Messenger Courier Association of America, started his business in 1999 and saw business more than double year over year for the first five years. Currently Menko's on-demand work is down 62 percent year over year, but it is looking up.

"The bleeding has stopped and we hit a plateau. Flat is the new up and we've been flat. For us that is encouraging," Benko said.

AIT Worldwide Logistics in Itasca, Ill., experienced a strong fourth quarter and is "cautiously optimistic" about its momentum going into 2010. For years AIT has seen express ground products increase as an overall percentage of business while air products decreased. "I think once companies find a way to work around longer transit times and get more out of their dollar, they're not going to go back," said Aidan Oliver, director of

field operations for AIT.

Because pressure on lead times in the manufacturing and retail sectors has decreased, companies have more shipping options, which is aiding in express trucking's recovery. "People that were previously sending goods by air are going back to their customers and letting them know how much they can save by going ground," said Brad Stoots, an audit partner with accounting firm Grant Thornton. Stoots' clients include USA Truck and PAM Transport.

The shift from air to ground initially started after 9/11 when airlines began to reduce the size of aircraft in favor of regional jets, which could not accommodate cargo. That cargo began to shift to express trucking companies.

"Forwarders started to depend on these companies for preferred economy service and two-day service,"

Fried said. Express trucking companies responded by running shuttles on weekends and using team drivers to speed shipments.

Increased security regulations on the airlines have also shifted freight to trucks. "If you have time, it can be easier to put it on the truck because they don't have nearly the requirements that the airlines do," Fried explained.

Air cargo regulations will continue to increase and beginning this year all cargo must be screened prior to traveling via air. But although security regulations may be stricter for airlines, trucking companies are not immune.

"Given the heightened emphasis on air cargo security, there will be a focus on ensuring that ground transportation providers achieve and maintain compliance in all applicable TSA programs," said Derek Leathers, chief operating officer of Werner Enterprises.

Fried said trucking companies transporting pre-screened freight will have to be particularly concerned about the chain of custody and meet regulatory guidelines.

The additional requirements could cause some carriers to abandon certain segments of business. The industry already saw a number of carriers cease operations or cut capacity in 2009 primarily due to the economy.

Max Pietsch, vice president of Schneider National, Green Bay, Wis., expects to see more carriers leave the industry. "You may even start to see some regions of the country exhibit capacity shortages," he said.

For now, many are still dealing with excess capacity in the market. Schneider has increased its efforts to win new business to offset lower volume from existing customers. So far, it is working.

"Our expedited miles were actually up overall for 2009 versus 2008," Pietsch said. "These market conditions have caused us to work even harder to ensure that our trucks are loaded and our network is optimized each day."

Optimization has become even more



"I think once companies find a way to work around longer transit times and get more out of their dollar, they're not going to go back."

— Aidan Oliver, AIT

important as the costs of doing business are increasing for carriers. Benko estimates that today's cost per mile is \$2.25 versus \$0.85 five years ago. The price of fuel and the drastic spikes it has experienced is largely to blame.

Currently diesel prices appear to have stabilized even if they are creeping higher. "It has been going up, which we see as a good thing because that is certainly an indication that the economy is getting stronger," Oliver said. "We just don't want to see the extreme spikes again."

Because 85-90 percent of fuel price increases are passed to the shipper, shippers are more interested in exploring other fuel surcharge options, such as daily resets versus monthly and even fixed fuel surcharge for qualified customers.

Fuel prices are hard to predict, so Schneider focuses its efforts on things it can control, such as investing in fuel-saving technology. "We spend a large amount of time on setting proper driver expectations and training to ensure we maximize our fuel mileage while minimizing idling and empty miles," Pietsch said. Schneider also uses fuel optimization software to help drivers determine the best location to fuel from a price standpoint.

Despite companies' best efforts, Manko's Benko predicts that sudden spikes in the price of fuel, coupled with already thin margins, could drive some operators out of business. "If the price of fuel goes to \$4 a gallon again and volume stays low, it will be

detrimental and will push some people over the edge," he said.

Carriers that do remain will likely create service offerings that add real value for the customers. Executives agreed that companies striving to compete with large integrators are best served by competing on customer service.

"Customers are really looking at the value you add as a carrier, so you need to differentiate yourself from the next carrier," Pietsch said.

Those interviewed said small and medium companies have the advantage of being able to react to customers' needs quickly and provide customized options. "The small to mid-size forwarder survives and flourishes because that personalized approach is still desired by some companies," Fried said.

Benko told Air Cargo World that UPS and FedEx tend to operate under very strict processes, but the on-demand, expedited delivery industry can tailor itself to customers' needs. "If you want something taken to the 7th floor and unpacked, we can do that. A UPS driver who makes 120 stops in a day can't do that," he said.

ABF Freight System, Fort Smith, Ark., plans to differentiate itself by continuing to focus on customized solutions and additional shipping options for customers. "For example, we can provide a more economical Friday to Monday ground service option from Atlanta to Los Angeles rather than the next-day air service provided by many of the integrators,"

said Danny Loe, director of marketing and public relations for ABF.

It is this adaptability and flexibility that is helping to drive express trucking's recovery. Fried noted that all regions of the country are seeing improvements, but Werner Enterprises saw an uptick in demand during the fourth quarter for expedited shipments off the West Coast. "This has been primarily due to the retail season's increase in demand of sales along with expedited truckload capacity exiting the marketplace," Leathers said.

Schneider's Pietsch also noted that, although freight continues to flow in reasonable quantities through the West Coast ports, "the East and Southeast have been more challenging."

While the recovery doesn't seem to be driven by any particular commodity, some companies reported growth in consumer electronics. During the past 18 months, AIT has seen a big

jump in the amount of consumer electronics it is hauling. "With the price dropping on these high-value commodities, more and more people are taking advantage of these deals and discounts," Oliver said.

The amount of electronics shipped via ground may continue to increase as Congress and the Department of Transportation examine regulations that would place tighter restrictions on lithium batteries on planes. "If this picks up traction, the trucking industry will benefit as result," Fried said.

The growing number of high-value products carriers are hauling has led to increased security concerns. "Theft rings are getting more complex in their tactics and have become increasingly successful, which creates escalating concern regarding security," Pietsch said.

The recession and high unemployment rate makes AIT even more concerned about security. To mitigate

the risk of theft, the company joined the Transportation Asset Protection Association, an independent third-party organization that sets security requirements and operating procedures. "They come out every few years to perform audits and act as an external set of eyes on our security processes," Oliver said.

The economy has caused companies to brush up on their best practices and streamline operations, which Stoots said is one benefit of a recession. "Those companies that can survive in a downturn are going to come out leaner and meaner. When rates come back they're going to return to exceptional profits," he said.

Fried also expects the express trucking industry to continue to grow. "For the most part the express trucker is not selective on commodity. The weight and size limits on the express truckers are nowhere near what they are on the airlines," he said. **ACW**

