

OCEAN

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[Lines strive to fill ships](#)

According to Alphaliner, the container market analyst, the race by ocean carriers to order ultra large container ships will lead to increased rate competition as lines strive to fill their vessels. Carriers are expected to firm up orders for more than 50 ships with capacities exceeding 10,000 20' equivalent units by the end of the year. They will join 147 similar sized vessels due for delivery over the next four years and the 98 that have been delivered since 2008.

The latest carrier to join the race is APL, which signed deals for 10 14,000 TEUs ships, 64% larger than the biggest ships the carrier currently operates. Korea's Hanjin Shipping subsequently confirmed an \$846 million order for five 13,000 TEUs vessels. In the past six months OOCL, Hapag-Lloyd and NYK have announced plans to order or charter ships of above 13,000 TEUs, joining nine carriers who have already placed orders for ships of this size.

Only seven out of the top 20 carriers have still not placed orders for ships of more than 10,000 TEUs capacity. Meanwhile, Maersk Line is expected shortly to exercise an option for 10 more 18,000 TEUs ships just months after it placed an initial \$1.9 billion order with Korean yard Daewoo, for 10 of the world's largest container vessels.

Alphaliner estimates that slot costs of 13,000 TEUs ships are about \$150 per TEU lower than 8,500 TEUs ships on the Far East-Europe routes. Pressure to match the unit slot costs of competing carriers which already operates larger ships could soon force the remaining carriers to upgrade their fleets, which would lead to further rate competition as carriers strive to fill these ultra large containerships.

Source: *Journal of Commerce* 6/21/2011

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[FEMA port security grants down 18%](#)

The Federal Emergency Management Agency said it plans to disburse \$235 million for port security grants in the 2011 fiscal year. This is the 12th round of grants since the Department of Homeland Security began making them available in 2002 for ports to bolster their defenses against terrorist attacks. The money available for 2011 is down 18% from 2010.

FEMA, which manages all DHS grant programs, established the tier system to allocated port security grants to the locations that face the highest risk for terrorist incursions. FEMA said that the seven Tier I ports and 48 Tier II ports are eligible for grants.

Source: *Journal of Commerce* 05/23/2011

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[Maersk sets India - U.S. peak season surcharge](#)

Citing "demand and pressure" on space and equipment, Maersk Line has announced plans to implement a peak season surcharge for cargo shipped from India to the U.S., Guam and Canada. The surcharge on dry and reefer cargo will be \$320 per 20', \$400 per 40', \$450 per 40 HC and \$505 per 45' HC. It will take effect July 15 and will remain in force until further notice.

The Danish carrier said it is imposing the surcharge in the wake of "growing demand and pressure on space as well as equipment." Maersk's move comes as Hapag-Lloyd postponed the implementation of its previously announced peak surcharge of the same amounts on Asia-U.S. cargo from June 15 to July 15.

Source: *Journal of Commerce* 06/17/2011

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[PierPass "bunching" plagues terminal gates](#)

The head of PierPass gate operations at the Los Angeles and Long Beach ports says the pressure on capacity marine terminals only arrives when large numbers of truckers pick up or drop off containers at the same time.

Established six years ago by terminal operators to manage extended gates program in Southern California, PierPass made an unpopular decision last week to increase its traffic mitigation fee to \$60 per TEU from \$50, effective July 4. Agricultural



shippers demanded to know why terminal operators are increasing the traffic mitigation fee when marine terminals are still experiencing congestion.

The fee is charged to shippers during the peak daytime hours and so acts as an incentive for shippers to pick up or drop off containers after 6:00 pm when the fee is waived. That added cost has changed behavior around the country's busiest port complex. Some 16,000 of the average 30,000 daily truck moves in Los Angeles – Long Beach harbor now occur at night, according to PierPass president, Bruce Wargo.

Revenue from the fee is meant to reimburse terminal operators for the extra costs in running five extra gates each week, normally four night gates and a Saturday day gate. Night gates cost terminal operators \$90 per TEU, and the \$50 per TEU fee left a cumulative shortfall of \$52 million for running extended gates in the harbor. Terminals will continue to lose money when the fee increases to \$60 per TEU, Wargo said.

Wargo disputed criticism that the terminals are congested. A recent study showed the average truck visit, including time spent in the gate queue, is 51 minutes, which most truckers consider acceptable.

Source: *Journal of Commerce* 06/14/2011

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THE PARTING WAVE

Beware of little expenses. A small leak will sink a great ship.

- Benjamin Franklin

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[Regional snapshot: The Middle East market](#)

According to industry analysts, Middle East hubs and their core carriers are going to gain a significant market share of the Asia - Africa, Asia - Europe and Asia - Middle East trade lanes in the next 5 - 10 years. Geographical position, infrastructure enhancements and continued improvement investments are only a few of the primary reasons for this development.

Boeing and Airbus are predicting that the Middle East will emerge as a dominant hub, forecasting the region will require at least 2,340 airplanes valued in excess of \$390 billion by 2029. Middle East airlines Emirates, Etihad, Qatar, Gulf, Saudi and Royal Jordanian are national carriers and several new emerging airlines will continue expanding their fleet at a much quicker rate than the rest of the world. Gulf Airlines has already submitted a backlog order for 140,000 seats in wide body aircraft configuration. In the first quarter of this year, Emirates and Etihad posted double digit gains in revenue.

Qatar Airways is looking into an opportunity to take a 35% stake in Cargolux, making a move to increase its presence in the global transportation marketplace.

On the horizon is a new national airline, Maximus Cargo, which is applying for license and waiting for delivery of additional aircraft. Maximus Air Cargo leases aircraft to Etihad, Kuwait, Gulf and Oman Air, but according to published plans, the airline is looking into offering a new kind of service where customers will be in a position to control fuel cost.

Al Maktoum International Airport (DWC) is slated to increase capabilities of transiting goods from one part of the world to the other. Located across from the Port in Jebel Ali, Dubai's newest airport creates seamless movement of goods from port to airport.

DWC can enable a greater amount of freight landing slots and parking spots for extended periods of time, without creating congestion and delays in passenger traffic. Thus far, a total of 17 leading freight forwarders, including AIT's partner Aramex, opened facilities in the new airport.

Utilizing Etihad as an engine for economic growth, the Abu Dhabi Urban Planning Council has positioned Abu Dhabi International Airport to become a hub for global air trade within the next 5 years, creating a tremendous logistics offering on a very small territory.

The Kingdom of Saudi Arabia is investing into renovation of cargo facilities on major three international airports and improving connectivity via the Bahrain Causeway.

Bahrain has experienced some setbacks during the first couple of months this year. The hub is investing into national carrier Gulf Air with a focus on the Europe-Middle East-Asia lane segment.

But any success has its share of problems and Middle East growth is no exception. Political instability, oil price increases and decreases in the number of tourists visiting Middle East countries continue to serve as challenges facing the region.

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[National Insurance Crime Bureau releases national cargo theft report](#)

The National Insurance Crime Bureau (NICB) recently released its 2010 national cargo theft report, which recognized 747 cargo thefts that occurred in the United States last year. Resulting in an annual loss of approximately \$171 million, these incidents can occur anytime freight is in transit regardless of shipment mode.

Memphis, Atlanta, Dallas, Los Angeles and Chicago were identified as the cities with the highest number of cargo thefts. California ranked as the state with the most incidents (247). Twelve states reported no cargo thefts in that time period.

Although cargo thefts can occur across all transportation modes, the NICB report identified situations in which theft is most common. To Joe Wehrle, President and CEO of NICB, it's all about recognizing when cargo is vulnerable to theft and taking proactive steps to protect it.

"Cargo theft is not only a property crime that hurts the national economy – it can have a serious impact on public health and safety," he said.

Cargo thefts also result in a 20% merchandise markup for customers.

Source: *Air Cargo World* 05/25/2011



PREPARING FOR TAKEOFF: A THOUGHT TO PONDER

... I could have gone on flying through space forever.

- Yuri Gagarin

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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[Generalized System of Preferences: no renewal in sight](#)

As of late June, Congress does not appear to be moving toward reauthorization of this Free Trade Act, which is designed to promote economic growth in the developing world by providing preferential duty-free entry for up to 4,800 products from 129 designated beneficiary countries and territories.

GSP was instituted on January 1, 1976, by the Trade Act of 1974. Congressional authorization of the GSP program expired on December 31, 2010, and has not been renewed by Congress since.

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[Importer Security Filing 10+2 update](#)

CBP has advised the trade community that fines for late and missing ISF transmissions will begin to be assessed soon. ISF transmitted only a day late are less likely to be targeted than those 5 days or more late.

For more information, please visit the following link to CPB's ISF page:

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

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[FDA updates](#)

The FDA is continually updating and adding to its guidance documents:

<http://www.fda.gov/RegulatoryInformation/Guidances/default.htm>

Documents posted recently include:

- Classification of Products as Drugs and Devices and Additional Product Classification Issues;
- Considering whether an FDA-Regulated Product Involves the Application of Nanotechnology;
- Enforcement of FDA's final rule, "Investigational New Drug Safety Reporting Requirements for Human Drug and Biological Products and Safety Reporting Requirements for Bioavailability and Bioequivalence Studies in Humans;"
- Interpretation of the Term "Chemical Action" in the Definition of Device Under Section 201(h) of the Federal Food, Drug, and Cosmetic Act

FDA has also updated its Food Safety Act FAQ:

http://www.fda.gov/Food/FoodSafety/F_SMA/ucm247559.htm

New topics include foreign inspections, mandatory recall, administrative detention, mandatory certification of "high risk" products.

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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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[Airline Updates](#)

Bahrain based [Gulf Air](#) inaugurated a four times a week A320 service to Kabul on June 15. According to Gulf CEO Samer Majali, "Connecting Kabul with Bahrain, we are opening a huge commercial opportunity for Afghanistan's well-known traditional industries such as carpets and gems, and the industrial sectors namely construction and engineering, IT/telecommunications, transportation, and of course, mining, which are poised for take-off."

Source: Air Cargo World 06/20/2011



Emirates Dubai based [Emirates Airlines](#) says it will inaugurate four times a week A330 services to Baghdad on November 13. It will be the airline's second destination in Iraq after Basra, which it already serviced with a four times a week operational frequency. There is a long history of trade between the Gulf countries and Iraq that stretches back for centuries. In February, Basra services began with four passenger aircraft with belly hold capacity and a twice weekly freighter service to Erbil.

Source: Air Cargo World 06/20/2011

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[Airport Updates](#)

[Denmark's Billund Airport](#) is already known for its strong presence in the air freight industry but management has now decided to increase the airport's cargo capacity even more. Currently in the planning stages, it is expected construction on the expanded cargo facility will begin in September with completion expected by February/March, 2012. Contracted with 2010 freight handling of 62,000 tons, the additional space of 7,265 square feet is expected to bring 2012 annual capacity up to 100,000 tons.

Source: Air Cargo World 05/25/2011

For the first time in the history of [Singapore Changi International Airport](#), the United States is no longer its top cargo market. Although the U.S. continued to hold that title in 2010, China emerged as its biggest customer in the first four months of 2011. Up 10% from last year, China's surge in tonnage highlights strong intra-Asian trade, Albert Lim, VP of cargo and logistics development at Changi Airport, said during a recent tour of the airports, cargo facilities. Hong Kong and Thailand have also posted considerable growth, Lim noted. Changi's airfreight operations show no sign of slowing down. With a total cargo capacity of 3 million tons, the airport handled 1.8 million last year and aspires to hit an all-time high of more than 1.91 million tons in 2012.

Source: Air Cargo World 06/24/2011

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[Ocean Port Updates](#)

The [Port of Houston](#) does not have to wait for the opening of the Panama Canal's largest locks in 2014 for the arrival of bigger post-Panamax ships. The port is already handling vessels capable of carrying 8,100 20 TEU's and expects to see even bigger ships soon. MSC added three of the vessels to its seven-ship string from North Europe to the Gulf this spring. Each of these ships is loading or unloading 3,000 TEUs at a time at the port.

Houston Pilots, the association charged with safety in the port's waterways, is evaluating a proposal by another carrier to call at the port with ships of 9,000 TEUs. The arrival of the behemoths is turbo charging the port's growth, especially on the export leg, which accounts for about two-thirds of Houston's total container volume.

Source: Journal of Commerce 06/13/2011



The Brazilian coastal city of [Santos](#) is probably most famous worldwide for being the place where Pele, the legendary Brazilian soccer player, plied his trade. Over the next decade, however, Santos may become known more for its cargo trade. Several projects are underway that would significantly expand container cargo handling capacity at its port – enough

expansion to make Santos the biggest container port complex in the western hemisphere outside of Southern California.

Santo's expansion is only the most obvious example of how terminal operators are eyeing South America as the next frontier for containerized trade. Their plans hinge on expectations of increasing cargo demand to and from South American shores. Terminal operators are building where they believe shipping lines will bring capacity, and shipping lines are bringing capacity where they expect trade to flourish.

Brazil, as the largest and most robust economy in South America, figures to play a dominant role in the region's new age. Santos is already the biggest container terminal in Latin America, but its handling capacity could mushroom from 3 million TEUs annually at present to as high as 9 million TEUs by 2014.

Source: Journal of Commerce 06/2011

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[AIT Worldwide Logistics sponsors tornado disaster relief collection drive](#)

AIT Worldwide Logistics employees recently coordinated and sponsored a tornado disaster relief fundraising effort in conjunction with the Ozarks Food Harvest organization for the Joplin, MO community.

According to federal records, the EF-5 category twister that ripped through this southwest Missouri city on May 22, 2011, is the deadliest single tornado in nearly 60 years and left more than 50,000 residents in desperate need of basic necessities for survival. Eight-thousand housing units and 500 businesses were destroyed in the tornado. Damage has been estimated at \$3 billion.

During the two-week collection drive, AIT employees generously contributed a total of 1,254 pounds of non-perishable food items, paper products and personal care items. To enhance employee participation, the company matched 100% of all donations with a cash contribution of \$1,622.

AIT's partner, Land Air Express, transported all donations at no cost.

"I am incredibly proud of the acts of compassion, volunteerism and generosity displayed by AIT employees as they seek to help Joplin residents rebuild their community in the wake of this devastating disaster," said Vaughn Moore, president of AIT Worldwide Logistics.



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[AIT attends General Dynamic Transportation Industry Day](#)

On Wednesday, June 15, Anna Brewer (AIT-ORD) and Tanya Kennedy (AIT-TPA) attended the General Dynamics Industry Day at the Crown Plaza Hotel in Hickory, North Carolina.

The event was hosted by the General Dynamics Freight Committee (GDFC), a group of representatives from various GD business units tasked with strengthening the competitive posture of the company in the global transportation marketplace. The committee meets quarterly to collaborate industry knowledge, leverage resources and review pricing.

After being approached by companies offering transportation and technology solutions, General Dynamics agreed to host an industry day for suppliers. The schedule featured a speed networking format that allowed attendees to efficiently meet all fifteen business units from General Dynamics. Areas of interest included combat systems, information systems and technology, marine systems and aerospace.

In preparation, Brewer collaborated with the AIT-ORD marketing department to develop an AIT fact sheet, which was a useful selling tool during their 8-minute meeting with each GDFC member.

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[Dromedary Box](#)

A freight box carried on and securely fastened to the chassis of a truck tractor or flatbed trailer. A dromedary is demountable and can be handled with a forklift truck. It is protected by a plymetal shield and is equipped with doors on each side that can be locked with a padlock and sealed.



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Vessel calls at US ocean ports rebounded 13% in 2010 after a 9% decline in 2009. Since a call is when a vessel stops at a port, an ocean vessel can make multiple calls during one voyage.

What is the number of vessel calls at US ports in 2010?

- A. 7,529
- B. 37,572
- C. 62,747
- D. 104,596

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

Correct Answers: C. In 2010, 7,579 oceangoing vessels made 62,747 calls at U.S. ports.

http://www.marad.dot.gov/news_room_landing_page/news_releases_summary/news_release/MARAD_06_11.htm

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