REMINDER: TSA 100% Cargo Screening on Passenger Aircraft

As an important industry reminder, August 2010 is the deadline for the 100 percent cargo screening mandate implemented by the TSA for all passenger aircraft.

According to the mandate, cargo not screened in accordance with TSA-approved processes and procedures cannot be uplifted by a passenger aircraft in the United States.

The Certified Cargo Screening Program continues to certify facilities across the country. As of June 10, 2010, the TSA has certified 737 facilities in 34 states. These facilities represent traditional freight forwarders as well as museums, perishable shippers, pharmaceutical companies and facilities from an array of other diverse industries.

Information on this program is available by contacting the TSA at CCSP@dhs.gov or AIT at compliance@aitworldwide.com.

The following is a timeline on the cargo screening regulation:

- **August 2007**: TSA passed the 9/11 Act, mandating 100 percent screening on all passenger aircraft in the U.S.
- **October 2008**: TSA issued an amendment to the air carrier screening programs requiring 100 percent screening of cargo transported on all narrow bodied passenger aircraft. This segment represents over 95 percent of the flights in the U.S. and protects over 85 percent of passengers.
- **February 2009**: The cargo industry implemented 50 percent screening requirements for all outbound air cargo moving on passenger aircraft from U.S. airports.
- **May 2010**: TSA issued an updated amendment to require air carriers to screen at 75%.
- **August 2010**: 100 percent of screening must be achieved for all cargo moving on all passenger aircraft to include all wide body service.

What has the TSA done to reach 100 percent screening thresholds?

The TSA has taken the following measures in its multi-layered approach to air cargo security:

- Development of the Certified Cargo Screening Program (CCSP) and Certified Cargo Screening Facilities (CCFS) for cargo screening.
- Tripled the amount of cargo inspectors in the field enforcing these requirements.
- Dramatically increased the amount of random unpredictable screening regimes conducted on air cargo, while requiring that all shipments must be made available for that inspection. For example, there are more than 391 canine teams at 80 airports nationwide.
- Mandated that all counter-to-counter flight specific packages be screened by the TSA.
- Implemented more stringent validation and screening requirements on high-risk shipments.

What has AIT done to comply with screening thresholds?

- Key locations are designated as a Certified Cargo Screening Facility (CCSF) to aid the TSA in their objective to achieve 100 percent cargo screening. This voluntary program eliminates a 3rd party from screening their cargo and allows bulk configurations that will not be broken down, unless subject to random screening.
- Analysis is ongoing for additional CCSF’s within AIT’s network.
● On-site X-Ray Machine, ETD (Explosives Trace Detection) and physical search as well as TSA canines when required.
● Multi-tier cargo screening, C-TPAT, TSA and TAPA security training for employee based on the job functions.
● Frequent security audits by TSA, FAA and US Customs in addition to facility evaluations and vendor audits performed by AIT in order to ensure cargo compliance.
● AIT works closely with passenger air carriers when developing cargo screening programs and complies with all TSA regulations.

For more information on the cargo screening mandate, please visit the following link of Frequently Asked Questions on the TSA website:
http://www.tsa.gov/what_we_do/tsnm/air_cargo/faqs.shtm

If you have any questions or comments regarding the AIT eNewsletter, please contact the AIT Marketing Department.
When is the port of Mumbai, not the port of Mumbai? When it’s Nhava Sheva ... or JNPT

As the busiest port in India, Nhava Sheva handles 50% of India's ocean traffic and is run by Jawaharlal Nehru Port Trust, or JNPT. Sixty-five percent of the country’s container traffic runs through Nhava Sheva.

Developed to relieve the old port of Bombay, it is known to have one of the higher berthing times (37 hours) to unload and reload containers while vessels transit the port.

JNPT set the national record for berth productivity at 235.92 moves per hour on January 25, 2010 on the vessel M.V EVER RACER. The entire operation was performed in just 13 hours and 10 minutes, during which 3,295 moves (4,136 TEUs) were performed, defying the high berthing times normally reported by JNPT. Other container terminals run by JNPT at the port of Nhava Sheva are NSICT and GTI.

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

Trans Pacific Imports: another GRI in July?

While vessel capacity remains tight and equipment remains in short supply, the 2010 Peak Season began in mid-June. As a result, ocean carriers including China Shipping and MSC have “floated” or proposed general rate increases (GRIs) to become effective in mid-July.

These GRI announcements arrive on the heels of a very strong 2010 shipping season. Ocean lines in the trade have not released additional capacity and containers to offset pre-peak season volumes, which continue to keep the rates high.

In mid-July, Maersk announced they would construct containers in order to offset the short supply of containers. Like the recent reduction in “parked” vessels, it is anticipated that the newly constructed containers will be released into the Asia-Europe tradelane where record Peak Season Surcharges of $1,000 per 40’ took effect in mid-June. Taking this fact into consideration, capacity in the Asia to USA trade is expected to remain tight through peak season and into late November of 2010.

July Congestion Alert!

At press time, the following port locations were reporting potential congestion:

- **Bangladesh** (Chittagong)
- **China** = Remains at critical congestion stages as peak season commences. North China (Qingdao, Xingang, Tianjin, Shanghai and Ningbo) remains the most congested.
- **Colombia** (Buenaventura)
- **India** (Nhava Sheva) = A strike occurred in late June.
- **Jamaica** (Kingston) = For both transshipment/relay and direct cargo.
- **Korea** (Busan) = As a transshipment point, the port remains heavily congested for relay cargo.
- **Nigeria** (Tincan/Apapa)
● **North African Ports** (Tripoli / Algiers)

- **Peru** (Callao) = The port of Callao recently reopened after a port strike. Residual delays and congestion might apply.

- **South African Ports**

- **Venezuela** (Puerto Cabello/Guanta) = Venezuela shipments require prior approval.

- **Vietnam** (Haiphong)

- **West Africa** (Luanda / Angola)

Please be advised that ocean carriers may temporarily enact "Port Congestion Surcharges" in times of peak volumes. Direct any questions or concerns to your AIT representative.

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**Update! United States Gulf Ports**

At press time, the sea ports of New Orleans and Houston are not reporting any delays, re-routes or closures due to the recent Deepsea Horizon oil rig disaster and clean up efforts in the Gulf of Mexico. According to the Alabama State Port Authority, which operates the sea port of Mobile, the Port of Mobile remains open to all vessels despite reports of oil discovered in the bay.

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**The Parting "Wave"**

The AIT Ocean systems team would like to thank you for your ongoing support in June. Who can believe we're halfway through 2010 and one month into the 2010 Peak Season from Asia?

We look forward to assisting you with your ocean needs into the second half of 2010 and beyond. The ocean industry on a global scale will remain under limited capacity and equipment pressures, so please be prepared and remember to plan early. Your advanced forecasting can help secure the required amount of containers and estimated cargo arrival dates! Have a great July!


If you have any questions or comments regarding the Ocean eNewsletter, please contact Kevin Krause from the AIT Ocean Department.
Dealing with production demands

Production demands have caused thousands of manufacturers to face many big business decisions and any mistakes could be costly ones, according to the Wall Street Journal.

For example, Timken Company stands at a crossroads in trying to decide which orders it can fill without overextending itself, raising anxiety among some customers who might be left out.

"Everyone wants to ramp up," said Mike Arnold, Executive Vice President of Timken's bearings and power transmission group, "but nobody wants to overcapitalize." It's a very tough call.

During the recession, Corning Inc. slashed its inventory. Recently, the company was caught off guard when brisk auto sales fueled demand for its emissions-controlled filters and devices. Normally, this cargo would move via ocean freight; however, in order to satisfy its Asian clients as quickly as possible, Corning has had to pay substantially more to ship the parts via air rather than sea. Crowded ocean carrier capacity has forced many companies to trade up to airfreight service in order to ensure timely deliveries to foreign customers.

Bringing idled capacity back online too quickly can reduce prices, as is beginning to happen in the steel industry. On the other hand, opening the spigot too slowly can lead to shortages, forcing companies to put workers on overtime or otherwise scramble to placate customers. Getting capacity back up and running can be difficult. Rehired employees who have been out of work for an extended period of time typically will need some retraining. Production equipment which had been left idle may also need to be recalibrated and tested.

Companies such as Lubrizol Corporation, for example, plan on breaking ground on a new USD $200 million lubricant additive plant in China in the fourth quarter. Even though they are adding capacity, it will be done so slowly. Production will begin in 2013 and phased in over several years to avoid creating overcapacity.

In April, US manufacturers were operating at 70.1% of their potential capacity, up from 65.1% last June but well below the historical average of 80.8%.

Using Timken Company in another example, the company laid off 20% of its workforce during the recession and now say their customers are asking whether the Canton, Ohio company could deliver enough bearings if the demand doubled.

"It's very easy to answer a specific question from one customer," said Mike Arnold. "When you have 27,000 who are asking the same question, and they might need the same product at the same time, it's a very difficult question to answer."

Timken's solution is to restore production capacity at a deliberate pace, focusing on the customers and markets it considers strongest.

Source: CargoNewsAsia 6/21/2010

PREPARING FOR TAKEOFF: A THOUGHT TO PONDER

The engine is the heart of an airplane, but the pilot is its soul.

- Walter Raleigh

If you have any questions or comments regarding the Air eNewsletter, please contact Kathleen Lally from the AIT International Air Department.
Proposed Increase to De Minimis Entry Amount

A new bill currently in committee would change the de minimis amount for entries filed with Customs. Congressman Bill Owens (D-NY) introduced H.R. 5375 which, per his press release, "increases from $200 to $1,000 the value of goods that can be brought into the United States duty free and without customs entry procedures."

The intent of the bill is to make smaller cross border transactions easier. It could also simplify the importation of samples and other small value shipments.

Information on the bill can be found by visiting the following link and searching by bill number H.R. 5375: http://thomas.loc.gov/
U.S. Ocean Exports - Be Prepared. Communicate Priorities!

Ocean shipping lines continue reporting over capacity in export trade lanes. Because of the ongoing space "crunch" for vessels exiting the USA for Asia/Oceania/Subcontinent, Europe and Latin America, be prepared to communicate your priorities to either expedite your shipments within two weeks or wait to move your shipments after 2 weeks. In some cases, aggressive rates are available in export trades; however, expect to have your cargo on hold for 3-4 weeks in order to get that "better" rate. Cargo moving within 2 weeks will most likely be charged a higher rate by the lines. This trend is old fashioned "supply and demand" at work and the carriers cite current market factors as the driving force behind rate instability at this time.

AIT works with a variety of carriers to help minimize delays; however in some instances carrier contract rates seem to be "out the window," even for regularly moving freight. When requesting rates, be sure to communicate whether fast transit or immediate booking takes priority over the rate; or vice versa. If the cargo is more rate-sensitive, it may take longer to ship; lead times for lower rates in this market currently average 3 to 4 weeks. Vessels and equipment by all the lines is hovering around 100% on average.

AIRPORT UPDATES

Nairobi handled over 290,000 tons of cargo in 2009 and was served by 40 airlines. Because the export of perishables by air is vitally important to the Kenyan economy, the first phase of the Transglobal Cargo Center's $16.2 million airside terminal at Nairobi's Jomo Kenyatta airport is scheduled to open next month. As a trade development tool, the new terminal will feature a general cargo handling capacity of 250,000 tons per year and incorporate a multilevel cool-chain system with a capacity of 160 pallets. Source: Air Cargo World 6/18/2010

Dubai International Airport cargo volume grew 31.7% in May 2010 versus May 2009. This growth is spurred by increased economic activity in Asia and other regional markets. Presently Dubai International is the world's fifth busiest for cargo traffic.

UP UP & AWAY: Airline Updates

IATA Airlines Bounce Back to Black

After forecasting a possible $2.8 billion loss this year, the International Air Transport Association (IATA) now expects airlines to post a global profit of $2.50 billion in 2010 instead. According to Giovanni Bisignani, IATA director general and CEO, the global economy is recovering from the depths of the financial crisis much more quickly than could have been anticipated. Passenger traffic is forecast to grow by 7.1% in 2010 while cargo traffic will expand by 18.5%.

A stagnating economy, of course, and/or a currency crisis in Europe, strikes, or natural disasters would all play a part in changing this new $2.50 billion profit figure. There was strong improvement in all areas except Europe, which proved to be the weakest performer.

Cathay Pacific Airlines already operates eight flights a
week to Chicago but beginning on July 9, the carrier is set to launch its first round-the-world freight service. Initially operating a twice-weekly service departing Hong Kong via Anchorage to Chicago to Amsterdam and Dubai en route back to Hong Kong, the carrier is strengthening its freighter fleet in response to the recent recovery in the airfreight markets. Hong Kong's April air freight volume continued to accelerate and increased by 38% year over year to 354,000 tons, reaching its highest level since November of 2007.

Source: Air Cargo World 6/18/2010

**Creative industry ad campaign wins awards, turns heads!**

Cargoitalia, Italy's scheduled all-cargo airline, recently won 2 media awards for its distinctive "Our nature is to transport cargo" advertising campaign, which features a pelican whose head has been transformed to resemble an aircraft cockpit.

The ad proved to be a massive hit and Cargoitalia was up against 350 major brand competitors including IKEA, Timberland and Ray-Ban, in the awards ceremonies organized by Italian media.

Source: Air Cargo World 6/18/2010

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If you have any questions or comments regarding the AIT eNewsletter, please contact the AIT Marketing Department.
ATA CARNET

ATA is the acronym for the combined French and English words, "Admission Temporaire/Temporary Admission."

Having been described as a "passport" for freight, an ATA carnet is an international customs document which may be used for the temporary admission of certain goods into 92 participating countries and territories worldwide in lieu of the usual customs documents.

The carnet also serves as a guarantee against the payment of customs duties and taxes (including VAT) which may become due on goods temporarily imported and not reexported. Use of a carnet simplifies the process of transiting customs and replaces the usual customs documents, export licenses, quotas and visas required.

If you have any questions or comments regarding the AIT eNewsletter, please contact the AIT Marketing Department.
Merchandise shipped from China accounted for what percent of the FY 2009 seizures for infringement of Intellectual Property Rights (IPR)?

A. 26%  
B. 12%  
C. 37%  
D. 79%  
E. 51%

Click here to see the answer!

**Correct Answer:** D. 79%

U.S. trading partners with the highest percentage of the seizures were China (79%), Hong Kong (10%) and India (1%).

The leading commodities were footwear (38%), consumer electronics (12%), handbags/wallets/backpacks (8%), wearing apparel (8%) and watches/parts (6%).

Per U.S. Customs and Border Protection, "The trade in counterfeit and pirated goods threatens America's innovation economy, the competitiveness of our businesses, the livelihoods of U.S. workers, and, in some cases, national security and the health and safety of consumers. The trade in these illegitimate goods is associated with smuggling and other criminal activities, and often funds criminal enterprises."

**Sources:**  
FY 2009 IPR statistics document  
IPR Priority Trade Issue webpage
AIT appoints Keith Tholan as Vice President of Sales

AIT Worldwide Logistics has named Keith Tholan the Vice President of Sales for its corporate headquarters location in Itasca, IL.

Tholan began his AIT career in Los Angeles in 2002 as the Director of Sales - Western Region before taking on his most recent role as Regional Vice President.

The primary functions of Tholan's new position will involve driving revenues and developing sales strategies for the global transportation and logistics organization.

AIT Worldwide Logistics makes transportation donation to care package collection drive in support of the troops

AIT Worldwide Logistics recently donated the trailer and associated transportation for a local community care package collection drive coordinated by CDW employees for Operation Support Our Troops - Illinois, Inc. (OSOTIL).

Founded in 2003 by the mother of a West Point cadet, OSOTIL is now one of the largest volunteer-based military support organizations in the country. Funded solely by donations, OSOTIL has earned the support of hundreds of individual and corporate donors who have delivered over 25,000 packages (an average of 120 boxes per week) to the troops deployed overseas in Iraq and Afghanistan.

AIT staged a 20' box truck at CDW's facility in Vernon Hills from Monday, June 21 through Friday, June 25. Employees and the local community dropped off contributions ranging from snacks, toiletries and other related items not readily available to the troops.

As a customer of AIT’s, CDW has been involved with OSOTIL since a coworker expressed an interest in the program in 2006.

Initially, the corporation hosted these collection drives internally every November in conjunction with Veteran's Day. This year marked the first year that the care package collection became open to the entire community.

According to Sandy Pierantoni, Sr. Program Manager for CDW's Community Relations department, coworkers donate an average of over 3,000 pounds of items during the week-long collection drives each year.

"AIT has been gracious enough to donate the use of their 20’ box truck for us to collect items during this drive," Pierantoni said. "CDW relies a great deal on our business partners and the community to make events like this one a success."

After being positioned at CDW for approximately one week, the donations were taken to the OSOTIL warehouse in Lisle, IL, on Monday, June 28. From there, the care packages will ultimately be transported overseas.