

# OCEAN

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## Ocean Fast Facts

In honor of the Summer Games commencing in Beijing on August 8, this month's ocean fast facts begins with an Olympic themed question:

**Since 1896, which U.S. city / cities containing an ocean port have held either Summer or Winter Games?**

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

ANSWER: **Los Angeles.** Los Angeles has held two Summer Game events; once in 1932 and again in 1984.

Source: [www.worldatlas.com/aatlas/infopage/olympic.htm](http://www.worldatlas.com/aatlas/infopage/olympic.htm)



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## Market Notes

### **Trans Pacific Peak Season Surcharges - PSS Delayed again ... and again!**

As of August 1, several carriers have opted to delay the start of Peak Season yet again until August 15. A select few carriers will begin charging PSS for certain intermodal (IPI) and all water service to the U.S. east coast (AWS).

Ocean carriers had initially proposed the start of Peak Season Surcharges (PSS) for June 1 this year. Vessels remain near capacity leading up to the Olympic Games in Beijing, but the spike in inbound volumes remains manageable. A continual "spike" for shipments leading up to the implementation of PSS remains in effect. Therefore, planning ahead for shipments exiting Asia, especially for cargo that is involved with port "relay" or transshipment service at the origin, remains imperative. AIT customers who anticipate shipments during peak season are reminded to forecast as accurately possible and allow up to 10 days to pre-book at origin to ensure container equipment availability.

Speak with your local AIT representative to determine which local markets are most impacted as the height of peak season approaches. Based on the past several shipping seasons, at this stage of the year peak season surcharges would have been charged by the carriers for two months.

The proposed PSS levels are currently \$320/20' \$400/40' and \$450/40hc, but may vary by carrier as some carriers are mitigating the charge already. More information will follow in upcoming newsletters or AIT customer alerts. As the PSS surcharges remain delayed in this never before seen market, please speak with your AIT representative to verify the current peak season surcharges.

### **China and the forthcoming Olympics: Routing your Cargo around the Games**

AIT would like to remind their customers that August 8, 2008 is the start of the Summer Games to be held in Beijing and surrounding areas through August 24. Booking cargo from China during this time may result in delays, as some factory closures are expected in Beijing and other cities hosting Olympic events. The cities that may be most impacted are *Qingdao, Hong Kong, Tianjin, Shanghai, Shenyang and Qinhuangdao.*

As of press time, the Chinese government has already restricted traffic and factory closures, but additional restrictions to prevent pollution have not been as successful as initially hoped. Please be reminded that ocean carriers and local government bodies alike will restrict the movement of cargo in ports and cities near Olympic venues into October. Additionally, shippers of hazardous cargo will be restricted altogether and cargo will either need to be re-routed or held for shipping until after restrictions are lifted. For ideas on routing alternatives during this time, please contact your AIT representative.



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## **What's up? BAF**

Believe it or not, the term "BAF," or Bunker Adjustment Factor, has found a home on the Internet encyclopedia known as "Wikipedia." Considering the rising costs of fuel and its impact on the ocean transportation chain, the topic of BAF fluctuations and increases has become a hot one!

Unfortunately, the Wikipedia definition of BAF only discusses BAF at a very high level, explaining that this charge is determined or "fixed" by carrier conferences or groups of carriers that come together to set the BAF level. In its definition, Wikipedia fails to mention that each carrier charging a BAF often has drastically different operating cost structures in place. They may also utilize various fuel indexes (such as Platt's) to determine their individual thresholds for calculating and charging BAF. BAF will remain floating in the near future and the days of included BAF or quarterly fluctuating BAF are an item of the past.

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## **Update! Ocean Export Container and Vessel Space Availability**

Ocean container availability and vessel space remains limited, especially in inland locations such as Chicago, Houston, Minneapolis, St. Louis, Denver and Dallas. Additionally, export vessels are full. In order to help ensure container availability and vessel space for your export bookings, it is recommended you allow 7 to 10 days in order to secure space for your export bookings, especially for multiple container shipments. Last-minute bookings are very difficult to secure with the ocean lines, but if you plan accordingly your chances of loading on earlier vessels improves significantly. Lastly, booking ocean shipments using LCL services rather than FCL might allow for earlier shipment options. As always, check with your local AIT office to discuss alternatives.

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## **BOX FEE Coming to California**

As reported on July 16 by the Journal of Commerce, California legislators passed a bill that will introduce a \$30 per TEU charge for all containers moving through Los Angeles, Long Beach and Oakland to support transportation infrastructure and green initiatives including air quality improvement. The start date of this fee has yet to be determined and is separate from the \$50 per TEU fee that will go into effect in San Pedro Bay ports in the LAX basin effective October 1.



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## **ILWU and PMA Contract – Tentative Agreement**

According to the Journal of Commerce on July 28th, The International Longshore and Warehouse Union and the Pacific Maritime Association announced a preliminary agreement on terms for a new six-year contract. The contract covers more than 25,000 dockworkers at 29 West Coast ports. The previous agreement had expired July 1 and workers had been working without a contract since that time. The agreement is subject to ratification by both the ILWU and PMA members.

Recently, the PMA had accused ILWU members of slowing productivity at the Port of Los Angeles / Long Beach. Workers had taken simultaneous coffee breaks contributing to the concern raised by the PMA. As of press time, operations at the port are reported as normal.

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## Liner Terms

Definition: *Conditions under which a shipping company will transport goods, including the amount payable for carriage of the goods (freight) and the cost for both loading and discharge on the vessel.*

Source: International Directory of Trade, 7th ed. Edward G. Hinkelman, 2006.

A note about this month's "buzz word." Occasionally, when receiving ocean rate quotations from a service provider, the customer may see rate notes or rate note disclaimers. Given current shifting economic conditions, service providers may often times include a rate notation or disclaimer that says, "Rates subject to liner terms."

This disclaimer covers the costs associated and billed by the ocean carrier to the customer. Since costs that are passed through in the course of moving ocean freight from point A to point B are ever-changing, carriers use "liner terms" in order to cover themselves in the event of alterations in ocean rate quotations.

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## *The Parting "Wave"*

The entire AIT Ocean Systems team thanks you for a successful July 2008!  
We wish you a happy summer and hope your favorites "take the gold" in Beijing.

### **Preview September 2008 AIT Ocean Newsletter:**

To Peak or Not to Peak? That is the question.

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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## Airlines in Trouble

American Airlines loses \$1.4 billion, Continental \$3 million, Delta \$1 billion, Northwest \$377 million, United \$2.7 billion, five U.S. flag carriers reported a combined loss of \$5.777 billion dollars; "Houston, we've got a problem!"

The airline industry is in trouble, and it is being reported on a daily basis- both in the industry and in mainstream media. Not since the tragedy of 9/11 and its devastating repercussions on the air carriers, namely through the trials and tribulations of Chapter's 11 and 13, have the airlines been in such deep financial trouble.

The source of this plight can all be traced back to one pivotal concern: the exorbitant and skyrocketing price of fuel.

Additional charges for checked bags, removing magazines from airplanes, plastic cutlery and cups instead of glass in first class - carriers are taking drastic measures in efforts to reduce fuel consumption costs. Tow the plane from the gate instead of using engines, taxiing with one engine instead of two or four, turning off the engine at the gate and running on ground power - the airlines are doing anything and everything to conserve on gas.

These same airlines will be reducing capacity when the fall schedules are published. Much to the industry's chagrin, these schedules offer little to no service to smaller USA cities. Furthermore, regional jet services will either be curtailed or cancelled, and employees will be furloughed, terminated or offered retirement packages they can't refuse. Several notable senior executives, pioneers in the air cargo industry, have just recently announced their retirement.

Make no mistake, the airline industry is indeed in trouble and no one can anticipate when these woes will end. This point is again validated and re-visited in the following excerpt from an article posted on Air Cargo Asia Pacific Monday July 28, 2008:

### **Airline chiefs see tougher times ahead**

Airline business confidence in current and future profitability weakened sharply in the first quarter of 2008. That's the major finding of IATA's quarterly business confidence survey of airline chief financial officers, which provides an invaluable forward-looking view of key financial and demand indicators.

The latest survey says that for the first time since it began in March 2005, expectations of changes in profitability were - on average - negative. Half of the respondents believed that profitability had decreased in the first quarter of 2008, while more than 61 per cent expected profitability to deteriorate further over the next 12 months.

When the airlines do attempt to rally together and gain efficiencies (take, for instance, the efforts by American Airlines and British Airways), regulators or competitors scream foul! To some, it appears as if they'll all go down together by choice as opposed to a few jumping overboard and surviving; if I can't survive, neither can you!

Fuel surcharges quite frankly won't solve the problem. As reported in previous editions of the AIT eNewsletter, the surcharges passed onto customers do not pay 100% of the fuel bill. The airlines retire old fuel inefficient aircraft to improve mileage, yet the price tag for these new efficient models are staggeringly high. The carriers invest, divest and do whatever they can to survive in a competitive world.

The following are headlines and lead articles from July 2008:

### **Northwest Airlines to cut 2,500 jobs, raise fees**

Minneapolis - Northwest Airlines Corp. is the latest airline to cut jobs because of high oil prices. The carrier said Wednesday it will eliminate 2,500 management and front-line jobs. It previously announced that it would shrink the amount of flying it does by roughly 9 percent later this year. President and CEO Doug Steenland blames the cuts on fuel costs that have more than doubled in the past year.

Northwest says it will offer voluntary departures. It says furloughs will be used only if it does not get enough volunteers to reach the 2,500 number.

Northwest also says it will begin charging \$15 for the first checked bag, matching a fee added by other carriers this year. And the airline says it will begin charging a fee for frequent-flier award tickets - from \$25 for domestic tickets to \$100 for flights to Asia.

*Associated Press  
Published on: 07/09/08*

### **AMR Loses \$1.4B**

AMR Corporation, parent of American Airlines, lost \$1.4 billion in the second quarter on write downs for capacity reduction and severance pay as it scales back drastically in the face of record fuel prices.

Total operating revenue grew 5.1 percent in the quarter ending June 30 to \$ 6.2 billion. While cargo revenue increased 16.5 percent year-over-year and passenger revenue gained 4.6 percent, fuel costs increased 53 percent to force a loss of \$284 million before special items related to reducing capacity.

As jet fuel prices rose from \$2.09 a gallon in the second quarter a year ago to \$3.19 a gallon this year, the company paid \$838 million more for fuel than the same amount would have cost a year ago.

AMR reported July 2 that it would take a non-cash write down of \$1.1 billion for the value of aircraft it will retire and another \$55 million for severance-related costs resulting from the company's system-wide capacity reductions in the fourth quarter of this year. Another \$15 million in severance costs will be accounted in the third quarter.

The company took \$500 million in additional financing to bolster its liquidity in the coming year. It expects to retire its whole fleet of A300 planes by the end of 2009, rather than 2012 as previously planned.

"Our company continues to be severely challenged by the fuel crisis that has afflicted our entire industry, and we expect these difficulties to continue for the foreseeable future," said AMR Chairman and CEO Gerard Arpey.

"We remain committed to taking action -- whether that relates to capacity reductions, revenue enhancements, fleet changes or other efforts to improve our financial foundation -- as we work to secure our long-term future," he said.

### **Continental Loses \$3M**

Continental Airlines lost \$3 million in the second quarter as rapidly rising fuel prices ate up revenue gains from higher fares and surcharges.

Total revenue for the quarter of \$4 billion increased 9 percent compared with the same period in 2007, as a result of increased fuel surcharges on passenger tickets and on cargo, as well as international growth, increased fees and fare increases. With a 4 percent increase in cargo ton miles, the airline recorded a 21 percent increase in cargo revenue. Passenger revenue was up 7.5 percent.

"Despite solid operational and financial performance, we were unable to generate enough revenue to keep pace with the stratospheric increase in fuel prices," said Jeff Smisek, president. "We will continue to take actions to increase our revenue and decrease our costs, while preserving our culture and core product integrity."

The combination of record high fuel prices, weakening economic conditions and a weak dollar has resulted in the worst financial environment for U.S. network carriers since the 9/11 terrorist attacks, the company said.

The airline announced capacity reductions beginning in September, including a 10-percent cut in domestic mainline capacity, a 15.4-percent decline in domestic mainline departures and a 6.7-percent drop in consolidated capacity in the fourth quarter 2008 compared to the same period 2007. Continental will also accelerate the retirement of older aircraft to remove the least fuel-efficient models.

Leasing and financial arrangements are expected to raise more than \$900 million for operations in the coming year.

*Air Cargo World  
July 17, 2008*

### **Delta swings to \$1B loss, still beats view Plan to sideline regional planes expands**

Atlanta-based Delta Air Lines lost \$1 billion in the second quarter, after recording \$1.2 billion in special charges for write-downs, severance and closing of some facilities at airports.

But excluding the special items, Delta reported a \$137 million profit, or 35 cents per share, despite a more than \$1 billion increase in the cost of fuel compared with a year earlier. A year earlier, Delta had a \$274 million profit excluding special items.

Delta said Wednesday it now expects its proposed merger with Eagan, Minn.-based Northwest will cost about \$600 million over three years. The company also now anticipates the deal will generate \$500 million in additional revenues or cost savings in 2009, and about \$2 billion in additional revenues or cost savings by 2012.

Delta also said it plans to take more regional aircraft out of its system, now expecting to remove about 100 of the small airliners by the end of the year instead of the 60 to 70 it had previously planned to cut.

The airline's \$1 billion net loss amounted to \$2.64 per share, as the airline dealt with "unprecedented fuel prices."

Delta president Ed Bastian said in a written statement that the company mitigated nearly 80 percent of the impact of higher fuel costs. The carrier has increased revenue with growth in international flights, cargo and additional passenger fees, while working on cutting costs.

Delta had \$5.5 billion in operating revenue in the quarter ended June 30, up from \$5 billion in the year-ago quarter. Its operating expenses totaled \$6.6 billion, up from \$4.5 billion a year earlier.

The company ended the June quarter with \$3.3 billion in unrestricted cash and another \$1 billion available from a line of credit.

*By Kelly Yamanouchi  
The Atlanta Journal-Constitution  
Published on: 07/16/08*

### **NWA Loses \$377M**

Northwest Airlines Corporation lost \$377 million in the second quarter after a net non-cash impairment charge of \$547 million and a \$250 million gain on fuel hedges.

The results are in an entirely different range from the \$2.1 billion net income in the prior year quarter, which included \$1.9 billion in reorganization items.

Before adjusting the airline's true valuation with the impairment charge, net income would have been \$170 million in the second quarter, lower than but comparable to net income of \$205 million before reorganization items last year. Northwest's operating revenue for the second quarter rose to \$3.6 billion, up 12.4 percent from last year. Cargo revenue more than tripled from \$69 million to \$212 million in the quarter.

Fuel hedges protected Northwest from a 69 percent jump in jet fuel costs from \$2.04 per gallon to \$3.45 in the year since June 30, 2007. Northwest's total fuel costs, excluding out-of-period hedge gains, increased by \$637 million versus the prior year.

"The unprecedented run-up in oil prices continues to pose great challenges for Northwest Airlines and the entire airline industry," said Doug Steenland, president and chief executive officer. "In response, we have acted swiftly to reduce capacity, preserve liquidity, aggressively manage our costs and grow revenue through fare actions and additional fees and charges."

As a result of flight reductions, Northwest is reducing its frontline and management personnel by 2,500. All Northwest employee groups will be affected, the company said.

### **UAL Loses \$2.7B**

UAL, the parent of United Airlines, lost \$2.7 billion in the second quarter, mainly through non-cash charges to account for goodwill impairment.

Without those charges, the company would have lost \$151 million anyway as fuel costs spiked \$773 million beyond the previous year's second quarter expense, a 54 percent increase.

Total revenue increased 3 percent to \$5.4 billion. Cargo revenue increased 30.9 percent to \$237 million, a tiny percentage of the whole but a firm growth sector.

In an effort to stem the losses, the airline announced an alliance with Continental Airlines, further capacity cuts and the retirement of the entire B737 fleet as well as six B747s. In total, United will retire 100 aircraft and will reduce fourth-quarter mainline domestic capacity 15.5 percent to 16.5 percent year-over-year. In conjunction with the capacity reductions, the company expects to reduce its workforce by approximately 7,000 by year-end 2009.

"Our industry is challenged as never before by the unrelenting price of oil, and United is taking aggressive action to offset unprecedented fuel costs and to strengthen the competitiveness of our business," said Glenn Tilton, United president, chairman and CEO. "The elimination of our entire B737 fleet and our alliance with Continental are examples of the different approach we are taking to respond to dramatically changed market conditions to deliver better results for all our stakeholders."

## Delta looking to expand cargo business

Although the airline industry is cutting back amid record fuel costs, Delta Air Lines is investing in an area that had been easy to neglect: cargo.

Atlanta-based Delta hopes to grow its cargo business to \$600 million in revenue this year, from \$482 million last year.

Among the investments the airline has made is a \$2 million set of four giant coolers and infrastructure in Atlanta to store lucrative perishable shipments such as fresh produce and pharmaceuticals. The coolers are to be in use by July 15.

Although cargo is a behind-the-scenes business for an airline, it can make the difference between a profitable flight and an unprofitable one, particularly for international flights. And as Delta grows its share of international flights, cargo rises in importance.

For example, Delta's Atlanta-Shanghai flight launched March 30 brought in \$6 million in cargo revenue by the end of June, said Neel Shah, vice president of Delta's cargo division. That flight moves cargo from China that is often transferred in Atlanta to Brazil, including electronic components manufactured in China, assembled in Brazil, then sold in the United States, Shah said.

Cargo was one of the areas that Delta cut back during earlier financial trouble, including its Chapter 11 bankruptcy from September 2005 until April 2007.

"Delta has never had a major position in the air freight business. It's always been an after-product, or an after-thought," said Ned Laird at Seattle-based Air Cargo Management Group. But with more international flights, "it becomes more important to have an air freight business," Laird said.

When Richard Anderson took the helm at Delta last year, cargo was one of the areas he directed more attention toward.

The company hired Shah, who was vice president of sales and marketing for cargo at United Airlines, which has a stronger reputation than Delta in cargo.

Cargo had been largely ignored by Delta, and "really atrophied during the bankruptcy," Shah said. "It just really declined to the point where customers were taking enormous steps to avoid taking freight out of Atlanta (on Delta). I know this because I was a competitor."

But "I was convinced about the company's commitment to the cargo business," he said.

Still, Shah faces an uphill climb if he wants to make Delta a leader in cargo.

"You can't turn the Titanic on a dime," he said.

Delta's cargo operation has about 775 employees, including about 300 in Atlanta. Shah brought in new management in cargo and is overseeing changes like cutting out redundant steps and bringing in a \$4 million revenue management system.

The cargo division also has added other technological improvements, such as scanning technology. It was added to Atlanta in May, and the company hopes to roll it out to other hubs by the end of this year.

Delta's proposed merger with Northwest Airlines, a carrier with a stronger reputation in cargo, could also significantly improve Delta's position in the cargo business. The proposed merger with Northwest would combine Northwest's strength in Asia with Delta's strength in Europe.

"It's a network that none of our customers can ignore," Shah said.

Whether Delta becomes a major player in the international freight business will depend on the decisions it makes in the merger and on its investments in cargo, including what to do with Northwest's fleet of Boeing 747 freighters, Laird said.

Delta needs to improve its standards of service, Laird said. "Their freight service does not match world standards set by the Europeans and the Asians," he said.

And there are serious challenges affecting the air cargo industry across the board.

"The air freight and express industry is really struggling with current fuel prices and in the international marketplace, a lot of freight is being diverted to ocean transportation because of it," Laird said.

The new coolers in Atlanta are a key part of Delta's plan to target more valuable cargo, such as temperature-sensitive pharmaceuticals. In a weak economy, companies may move less valuable shipments from aircraft to ships, but "what you'll never find on a ship is pharmaceuticals," Shah said.

Delta has been using a contracted facility, the Atlanta Perishables Complex, to store perishables. But Shah said handling of perishables will be more dependable when Delta begins using its own coolers in Atlanta to store temperature-sensitive cargo.

Chris Connell, president of Commodity Forwarders Inc. in Los Angeles, said his company hopes to

increase tonnage it moves through Atlanta in the next six to 18 months because of Delta's new system for handling perishables.

Delta's move is "a solid step in the right direction to improve the logistical cool chain for air freight," Connell said, as the airline adds "layers and layers back into infrastructure from years of hard time in bankruptcy."

By **KELLY YAMANOUCHI**  
*The Atlanta Journal-Constitution*  
Published on: 07/03/08

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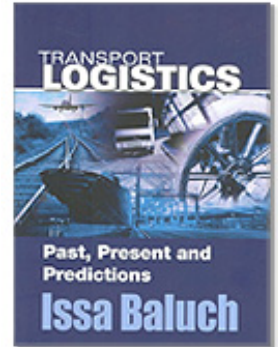
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## **Book Review: *Transport Logistics: Past, Present and Predictions***

By Issa Baluch  
Chairman and CEO, Swift Freight International L.L.C. and President,  
FIATA

Press Release  
20 September 2005

On September 20, Issa Baluch, CEO of Swift Freight and Immediate Past President of FIATA, launched his new book, *Transport Logistics: Past, Present and Predictions*, published by Winning Books, Dubai, a division of Winning Communications. In an event at Emirates Towers Hotel, local logistics industry leaders gathered to celebrate the book launch and to honor Baluch's contribution to the field.



As a 33-year veteran of the industry, Issa Baluch is well-positioned to explore the challenges of the logistics business. In *Transport Logistics*, he examines logistics innovations in great projects of the past, analyzes the challenges of today's dynamic industry, and shares his vision for its possibilities in the future. Baluch's book also meets a great need for accessible resources in the transport logistics industry.

*Transport Logistics: Past, Present and Predictions* begins with eleven case studies of historical projects that, whether related to construction, engineering, military actions, or humanitarian relief, all demanded careful transport logistics management and demonstrated the need for thorough planning. Part II examines various aspects of today's dynamic freight logistics industry, including the changing role of the freight forwarder. Finally, Baluch looks at the future of transport logistics, which will continue to evolve and pose new challenges as a result of globalization, the digitalization of information, security concerns, new technologies, rising energy costs, and changing trade patterns.

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## **US makes a stand against EU ruling**

Think back or Google search the types of airplanes that were flying back in 1944; turbo prop airplanes that made frequent fuel stops and a cross-country non stop flight reserved to test pilots out at Andrews Air Force Base. As reported in the following article, the European Union is trying to bring about structural change in the airline industry to reduce carbon emissions, and the United States is protesting their action by citing a 1944 civil aviation convention. We weren't cognizant of our carbon footprints in 1944 and no one could have foreseen the environmental impact our mutual progress would have had.

A notable fact contained within the article is the USA citing the 1997 Kyoto Protocol as the proper forum to decide on such matters - the very same Kyoto Protocol the current administration in Washington abandoned in their earliest months in office.

## **US makes a stand against EU ruling**

The United States has signaled to the European Union that it will object to an EU plan to penalize airlines for poor aircraft emissions.

The EU recently announced all flights to and from EU airports from 2012 will be part of a program to trade carbon-dioxide allowances. If ratified, the program will force airlines to reduce emissions by three per cent compared with average emissions in 2004-2006.

But US officials say the EU plan is inconsistent with a civil aviation convention signed in Chicago in 1944 and the US will seek to pursue those negotiations at a meeting of a 15-country group called to deal with climate change within the International Civil Aviation Organization, or ICAO, in two weeks time in Montreal.

"This is a global problem and deserves a global solution. We believe the Group on International

Aviation and Climate Change at ICAO can and will develop a globally acceptable framework," said Kurt Edwards, the US Federal Aviation Administration's senior representative to the EU.

ICAO was recognized by the 1997 Kyoto Protocol on climate change as the forum in which to address the issue of greenhouse gas emissions by the aviation industry.

*Jack Handley  
Impact Publications  
July 4, 2008*

### **IATA comes out fighting after EU emissions vote**

The International Air Transport Association (IATA) has continued its high-profile battle with the European Union, slamming yesterday's parliamentary vote to bring aviation into the European Emissions Trading Scheme (ETS).

"It's absolutely the wrong answer to the very serious issue of environment," said Giovanni Bisignani, IATA's outspoken director general and CEO.

"We support emissions trading, but not this decision. Europe has taken the wrong approach, with the wrong conditions at the wrong time."

IATA said Europe's unilateral and extra-territorial approach would apply ETS to all aircraft flying to or from Europe and that without international agreement this would spark international legal battles.

"What right does Europe have to impose ETS charges on, for example, an Australian carrier flying from Asia to Europe for emissions over the Middle East?" Bisignani asked.

"Article 1 of the Chicago Convention prohibits this. And it goes against Article 2 of the Kyoto Protocol. Fuelling legal battles and trade wars is no way to help the environment. Already over 130 states have vowed to oppose it.

"The only successful way forward for ETS is as the drafters of Kyoto envisaged. That's a global scheme brokered through the International Civil Aviation Organization (ICAO)," he said.

The conditions were also wrong. Bisignani warned that in its first year of operation, the ETS would add US\$5.5 billion to industry costs and this would rise year-on-year.

"There is no guarantee that any of the funds generated will be earmarked for environmental purposes. Today's decision only indicates that revenues generated from the auctioning of allowances 'should' be used to reduce greenhouse gas emissions. It's the weakest possible language."

Bisignani said the only "sure beneficiaries" of the \$5.5 billion cost would be national government coffers, with no assurances that the money would end up in environmental programs.

"It's time for Europe's politicians to be honest. This is a punitive tax put in place by politicians who want to paint themselves green. Worse, it's not even part of a coordinated European policy. This tax will come on top of the UK's Air Passenger Duty and the Dutch Air Passenger Tax.

"Rather than double or triple charging for emissions, governments should focus on solutions to improve environmental performance," said Bisignani.

It was also the wrong time, he said. With oil trading above \$140 a barrel and jet fuel above \$170 per barrel, the industry fuel bill for 2008 will be at least \$190 billion.

"Airlines are struggling to reduce fuel burn to survive. Adding an extra \$5.5 billion to industry costs will not produce any better results. If Europe is serious about the environment, it would move forward quickly with the Single European Sky proposal. By the EC's own calculation, this would save up to 16 million tons of CO<sub>2</sub>, reduce delays and improve environmental performance," Bisignani said.

Airlines are committed to effective measures to reduce the two percent of carbon emissions attributed to aviation.

"Reducing fuel burn to improve environmental performance is a top priority. IATA's four-pillar strategy to address climate change is now an industry commitment that does just that. Emissions trading is one small part of a comprehensive strategy that includes investing in technology, improving operations, building efficient infrastructure and using positive economic measures," said Bisignani.

"Our focus is on results. Last year the strategy saved at least 10.5 million tons of CO<sub>2</sub>. Our target is a 25 percent improvement in fuel efficiency by 2020. And we are working towards carbon-neutral growth with a vision for a carbon-free future.

"Europe's tunnel-vision focus on a unilateral, punitive and illegal ETS may help some government budgets, but it will do little if anything to improve environmental performance. It's time for Europe to re-focus," said Bisignani.

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### **Northwest Airlines - In-flight Recycling Program A Success**

The EarthCares in-flight recycling program is proving to be a



great green success. In just two months time, NWA flight attendants and ground crews have helped recycle more than 9.5 tons of aluminum cans, 23,660 pounds of paper and nearly 12 tons of plastic have been collected and recycled in Detroit, Minneapolis/St. Paul and Memphis. That's the equivalent of more than 666,400 aluminum cans and 200 trees recycled in NWA's hub cities alone.

It is estimated that about half this amount is being recycled through down-line caterers at gateway city airports. In Los Angeles, San Francisco and Seattle, aircraft cleaners are removing the collected recycling on turnarounds and rerouting it to airport recycling centers.

*Northwest Airlines Newswire  
July 08, 2008 edition*

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## **Continental Announces Cargo Emissions Calculator with Sustainable Travel International**

HOUSTON, May 27, 2008 - Continental Airlines, in partnership with Sustainable Travel International (STI), launched North America's first airline Cargo Emissions Calculator. As more and more shippers request carbon footprint data for their shipments, this innovative tool provides easy origin and destination entry, and the voluntary option to contribute to carbon offsets for the itinerary. It enables forwarders to be responsive to their customers by quickly determining the greenhouse gas impact of Continental flights, in their logistics chain.

The carbon offsetting option is part of a company-wide commitment to environmental responsibility. Continental has achieved a 35 percent reduction in greenhouse gas emissions and fuel consumption over the past 10 years, and is the only major U.S. carrier to schedule a flight test in 2009, using sustainable biofuels. For a comprehensive look at its Commitment to the Environment, visit us at [continental.com/AboutContinental/CompanyProfile/CommitmenttotheEnvironment](http://continental.com/AboutContinental/CompanyProfile/CommitmenttotheEnvironment).

To access the new Continental Cargo Emissions Calculator:

<http://www.continental.com/web/en-US/content/company/profile/offset.aspx>

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## **Davies Turner goes green with new Bristol facility**

Davies Turner's environmentally responsible policies are clearly demonstrated at the freight forwarder's recently completed multi-million pound regional distribution centre at Avonmouth, Bristol.

The new development has been designed from the start to exploit sophisticated engineering to reduce its environmental impact. Having undertaken initial environmental surveys as well as traffic impact reports, archaeological surveys and flood studies, the company willingly committed itself to substantial investments in time and money to develop its green agenda. Initiatives designed to reduce the environmental impact of the new distribution centre include:

- To satisfy local planning regulations, all water run-offs from the site is collected in an underground reservoir prior to cleansing before being slowly released into local drainage systems.
- The new warehouse will be unheated - relying on insulation and ventilation to minimize heat loss in winter.
- An alternative air-cooling system will minimize energy use and consume less than half the electricity of conventional air conditioning.
- Light level and movement detectors will switch off lights in unoccupied offices; Solar- and timer-controlled lighting is used externally.

*Eye for Transport  
June 19, 2008*

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## **Companies pass the buck on 'green' logistics costs**

New research by Transport Intelligence suggests that while many companies have announced a commitment to making their logistics operations more environmentally friendly, most of them expect their sub-contractors to pick up the bill.

Sponsored by trade and logistics software company, Kewill, the Logistics & Transport Industry Environmental Survey found that three-quarters of respondents who awarded logistics contracts

included sections on environmental compliance in their tender documents, although more than half (54%) failed to make provision for the extra costs that could be involved.

That will no doubt be a source of annoyance for many logistics companies that will see the environmental measures they are forced to adopt as another cost burden pushed on to them by their clients.

It seems that there is little that logistics companies can do to avoid investing in green initiatives. According to the survey, 70% of companies awarding contracts said that environmental compliance was either 'reasonably important' or 'very important.'

Survey respondents were also asked whether their companies' environmental enthusiasm would change in the coming years, given the chances of an economic slowdown. The overwhelming sentiment seemed to be "no", but according to two-thirds of respondents, this is largely due to the 'win-win' of implementing green initiatives that bring operational efficiencies and also cut costs.

The number who said they would continue to pay more for an environmentally-friendly alternative (17%) was balanced by the proportion who said they would base their sourcing decisions on cost alone.

In terms of specific areas, the highest proportion (33%) identified transportation as an area of focus for green initiatives. That included driver training, hybrid engines and better management of empty running. Around a quarter of the respondents said their companies are focusing on more efficient planning through IT tools and increased administrative efficiencies. Surprisingly, only 15% identified warehousing as an area of focus.

Transport Intelligence CEO John Manners-Bell commented: "The survey results will not surprise the more cynical in the industry who believe that the cost of these types of initiatives always gets passed down the line. However, it seems that 'green logistics' is not a passing fad. The business case for implementing environmental initiatives cannot be doubted due to the cost savings they bring, especially when they offset the rising cost of oil."

Kewill's chief marketing officer, Evan Puzey, added: "The survey reinforces the fact that technology can play an important role in helping make logistics more environmentally friendly, particularly in the area of carbon footprints - where 79% of respondents cited technology as an important tool for reducing carbon footprints."

*Eye for Transport*  
July 23, 2008

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

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# COMPLIANCE

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## Information requests via Email

Internet and email security is an issue that cannot be stressed often enough, both in our personal and professional lives. While the Internet has provided us worldwide connectivity and afforded us rapid and efficient communications in real-time, it has also brought about increased and heightened security risks.

Most of us have been advised or informed of websites and email attachments infected with malicious software (virus, trojan, worm, etc). Scams involving funds to be sent to the receiver of the email from certain developing countries have found their way into most of our email inboxes (and hopefully have been deleted immediately). Some email schemes spoof authentic internet or email addresses and otherwise appear to be sent from an official reputable source. It is always the best policy to confirm that the email is legitimate before responding to it, and even more important when opening email attachments or sending confidential information back to the source.

Customs recently posted the following message on their website regarding a scam that has recently been used against unsuspecting individuals/companies:

### **Bogus E-Mail Being Distributed; May Contain Virus (07/24/2008)**

CBP has been notified that a malicious e-mail has been distributed that may include an attachment with a computer virus.

Individuals have received e-mail, some from U.S. Customs Service, indicating that a parcel has been received addressed to the recipient of the e-mail. It asks the recipient to fill out a Customs Declaration attached to the e-mail. The message is signed by different names purporting to be employees of the U.S. Customs Service. This attachment may contain a damaging computer virus.

Please note that there is no longer an entity called the U.S. Customs Service. Also, all CBP e-mail addresses end in dhs.gov. Please take care with any e-mail making a similar offer.

More information will be provided when it becomes available.

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## **Delay in Customs ACE deployment of Sea Manifest**

Customs has declared that the fall 2008 deployment of upcoming Automated Commercial Environment (ACE) Rail and Sea Manifest (M1) capabilities will be delayed by a projected six to eight months due to problems discovered during testing the new software.

The primary driver for the schedule delay involves problems discovered during software testing of M1, which will allow vessel and rail carriers to use ACE when submitting advance cargo information. Another contributing factor has been the addition of new requirements to the project. CBP is delaying their deployment to ensure they are thoroughly tested and functioning properly. As a result of the M1 schedule slip, an additional four to six month delay is projected for the early 2009 deployment of initial ACE entry summary capabilities.

The soon to be finalized "10+2" regulation will involve the electronic submission of additional advance cargo information. It is unknown how this delay in the ACE Sea Manifest might impact the timetable for enforcement of these Security Filing requirements.

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## **Customs (CBP) Proposes Uniform Rules of Origin for Imported Merchandise**

As published in the July 25 Federal Register, CBP proposes to amend its regulations to establish uniform rules governing CBP determinations of the country of origin of imported merchandise. This proposal would extend application of the country of origin rules codified in 19 CFR, Part 102. CBP believes that the proposed change will aid an importer's exercise of reasonable care by providing

greater predictability in determining the country of origin of imported merchandise than the system of case-by-case adjudication they would replace.

Under current regulations, there are two primary methods CBP uses to determine the country of origin of imported goods that are processed in, or contain materials from, more than one country. One method employs case-by-case adjudication to determine whether goods have been "substantially transformed" in a particular country. The other method employs codified rules, also used to determine whether a good has been "substantially transformed," primarily expressed through changes in tariff classification. The substantial transformation standard has developed from a series of federal court decisions issued over many years.

Since 1996, the Part 102 rules have applied to all imports from Canada and Mexico, and nearly all imports of textile products, accounting for approximately 40 percent of total U.S. imports. As a result, both the importing community and CBP have extensive experience in applying the Part 102 rules to goods from Canada and Mexico. CBP's experience in administering country of origin rules using the codified method has been that, by virtue of their greater specificity and transparency, codified rules result in determinations that are more objective and predictable than under the case-by-case adjudication method. Therefore, CBP is proposing to extend application of the Part 102 rules of origin to all country of origin determinations made under the customs and related laws and the navigation laws of the United States, unless otherwise specified (the Part 102 rules will not be used where preferential trade agreements specify another origin test for that purpose).

Interested persons are invited to participate in this rulemaking by submitting written data, views, or arguments on all aspects of the proposed rule. CBP also invites comments that relate to the economic, environmental, or federalism effects that might result from this proposed rule. All comments must be received on or before September 23, 2008.

The full text of the Federal Register article can be accessed using either of the two following links:  
(text version) <http://edocket.access.gpo.gov/2008/E8-17025.htm>  
(pdf version) <http://edocket.access.gpo.gov/2008/pdf/E8-17025.pdf>

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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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## [Going...going...gone green!](#)

AIT Worldwide Logistics has recognized the need to turn over a new leaf and become a more environmentally friendly organization by implementing a going green program. Reducing energy, recycling and taking a fuel-efficient stance in reducing our carbon footprint has become our company's green initiative.

Under the direction of Ralph Obenauf, Safety Coordinator, AIT will continue to review its environmental commitment and implement procedures to enhance business with our partners and customers across the globe.

It's our mission to promote and protect the environment with an eco-conscious organization that creates healthier employee surroundings.

Each monthly edition of the AIT eNewsletter will report on various ways in which AIT has grown a "green thumb."

***"A society is defined not only by what it creates,  
but by what it refuses to destroy."***

– John Sawhill, former president and CEO of the Nature Conservatory

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

## Cities around the world

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### Istanbul, Turkey

This month's featured city is Istanbul, Turkey formerly known as Constantinople. Istanbul literally sits on the cross roads between Europe and Asia and is the only city in the world on two continents. Turkey continues to pursue entry into the European Union while maintaining both its roots in Islamic and European cultures.

AIT Worldwide is represented in Istanbul by **Ernova Logistics A.S.**, <http://www.ernova.com.tr> and **Transorient International Forwarding Ltd.**, [www.transorient.com.tr](http://www.transorient.com.tr).



Panoramic view of Istanbul

**Istanbul** (historically Byzantium and later Constantinople is Europe's most populous city (the world's 3rd largest city proper and 21st largest urban area) and Turkey's cultural and financial center. The city covers 27 districts of the Istanbul province. It is located on the Bosphorus Strait and encompasses the natural harbor known as the Golden Horn, in the northwest of the country. It extends both on the European (Thrace) and on the Asian (Anatolia) side of the Bosphorus, and is thereby the only metropolis in the world which is situated on two continents. In its long history, Istanbul served as the capital city of the Roman Empire (330-395), the East Roman (Byzantine) Empire (395-1204 and 1261-1453), the Latin Empire (1204-1261), and the Ottoman Empire (1453-1922). The city was chosen as joint European Capital of Culture for 2010. The historic areas of Istanbul were added to the UNESCO World Heritage List in 1985.

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### History

*"If the Earth were a single state, Istanbul would be its capital"* - Napoleon Bonaparte

The first human settlement in Istanbul, the Fikirtepe mound on the Anatolian side, is from the Copper Age period, with artifacts dating from 5500-3500 BC. A port settlement dating back to the Phoenicians has been discovered in nearby Kadıköy (Chalcedon). Cape Moda in Chalcedon was the first location which the Greek settlers of Megara chose to colonize in 685 BC, prior to colonizing Byzantium on the European side of the Bosphorus under the command of King Byzas in 667 BC. Byzantium was established on the site of an ancient port settlement named Lygos, founded by Thracian tribes between the 13th and 11th centuries BC.

After siding with Pescennius Niger against the victorious Roman emperor Septimius Severus, the city was besieged by the Romans and suffered extensive damage in 196 AD. Byzantium was rebuilt by Severus and quickly regained its previous prosperity, being temporarily renamed as Augusta Antonina by the emperor, in honor of his son.

The location of Byzantium attracted Constantine I in 324 after a prophetic dream was said to have identified the location of the city. Byzantium (now renamed as Nova Roma which eventually became Constantinopolis, i.e. "The City of Constantine") was officially proclaimed the new capital of the Roman Empire six years later, in 330. Following the death of Theodosius I in 395 and the permanent partition of the Roman Empire between his two sons, Constantinople became the capital of the Eastern Roman (Byzantine) Empire. As well as being the centre of an imperial dynasty, the unique position of Constantinople at the centre of two continents made the city a magnet for international commerce, culture and diplomacy. The Byzantine Empire was distinctly Greek in culture and became the centre of Greek Orthodox Christianity, while its capital was adorned with many magnificent churches, including the Hagia Sophia, once the world's largest cathedral. The seat of the Patriarch of

Constantinople, spiritual leader of the Eastern Orthodox Church, still remains in the Fener (Greek: Phanar) district of Istanbul.

In 1204, the Fourth Crusade was launched to capture Jerusalem, but had instead turned on Constantinople, which was sacked and desecrated. The city subsequently became the centre of the Catholic Latin Empire, created by the crusaders to replace the Orthodox Byzantine Empire, which was divided into a number of splinter states, of which the Empire of Nicaea was to recapture Constantinople in 1261 under the command of Michael VIII Palaeologus.

In the last decades of the Byzantine Empire, the city had decayed as the Byzantine state became increasingly isolated and financially bankrupt. Due to the ever increasing inward turn the Byzantines took, many facets of their surrounding empire were now falling apart, leaving them vulnerable to attack. Ottoman Turks began a strategy by which they took selected towns and smaller cities over time. This essentially cut off Constantinople from its main supply routes, strangling it slowly.

On May 29, 1453, Sultan Mehmed II "the Conqueror" captured Constantinople after a 53-day siege and proclaimed that the city was now the new capital of his Ottoman Empire. Sultan Mehmed's first duty was to rejuvenate the city economically, creating the Grand Bazaar and inviting the fleeing Orthodox and Catholic inhabitants to return. The Sultan also endowed the city with various architectural monuments, including the Topkapi Palace and the Eyüp Sultan Mosque.



Imperial Gate, Topkapi Palace

When the Republic of Turkey was founded in 1923 by Mustafa Kemal Atatürk, the capital was moved from Istanbul to Ankara. In the early years of the republic, Istanbul was overlooked in favor of the new capital Ankara.

However, in the 1950s, Istanbul underwent great structural change, as new roads and factories were constructed throughout the city. Wide modern boulevards, avenues and public squares were built in Istanbul, sometimes at the expense of the demolition of many historical buildings.

During the 1970s, the population of Istanbul began to rapidly increase as people from Anatolia migrated to the city in order to find employment in the many new factories that were constructed at the outskirts of the city. This sudden sharp increase in the population caused a rapid rise in housing development, and many previously outlying villages became engulfed into the greater metropolis of Istanbul. Illegal construction, combined with corner-cutting methods, have accounted for the reason why 65% of all of the buildings in Istanbul are not up to standard. The concerns have increased due to the serious nature of the Izmit earthquake of 1999.

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## Geography & Climate

Istanbul is located in the north-west Marmara Region of Turkey. It encloses the southern Bosphorus which places the city on two continents-the western portion of Istanbul is in Europe, while the eastern portion is in Asia. The city boundaries cover a surface area of 1,539 square kilometers (594 sq mi), while the metropolitan region or the Province of Istanbul, covers 6,220 square kilometers (2,402 sq mi).

The city has a Mediterranean climate with hot and humid summers; and cool, rainy and often snowy winters. Humidity is generally rather high which can make temperatures feel much warmer or colder than they actually are. Yearly precipitation for Istanbul averages 640 millimeters (25.2 in). Snowfall is quite common, snowing for a week or two during the winter season, but it can be heavy once it snows. It is most likely to occur between the months of December and March.

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## Architecture

Throughout its long history, Istanbul has acquired a reputation for being a cultural and ethnic melting pot. As a result, there are many historical mosques, churches, synagogues, palaces, castles and towers to visit in the city. Some of these historical structures, which draw millions to the city every year, reflect the heart and soul of Istanbul.

The famous Maiden's (Leander's) Tower, one of the symbols of Istanbul, was originally built by the ancient Athenian general Alcibiades in 408 BC to control the movements of the Persian ships in the Bosphorus strait. Back then it was located between the cities of Byzantion and Chrysopolis.

The most important monuments of Roman architecture in

the city include the Column of Constantine (Turkish: Çemberlita?), which was erected in 330 by Constantine the Great, the Mazulkemer Aqueduct, the Valens Aqueduct, the Column of the Goths at the Seraglio Point, and the Hippodrome of Constantinople which was built following the model of the Circus Maximus in Rome. Construction of the Walls of Constantinople began under Constantine the Great, who enlarged the previously existing walls of Byzantium in order to defend the new Roman capital city which quickly grew following its proclamation as Nova Roma. A new set of walls was built further west during the reign of Theodosius II, and rebuilt after an earthquake in 447 in their current shape.



The early Byzantine architecture followed the classical Roman model of domes and arches, but further improved these architectural concepts, as evidenced with the Hagia Sophia, which is the largest structure on Sultanahmet Square in the Eminönü district. The Hagia Sophia was designed by Isidorus and Anthemius as the third church to rise on this location, between 532 and 537, following the Nika riots (532) during which the second church was destroyed. The Church of Saints Sergius and Bacchus (commonly known as the Little Hagia Sophia), which was the first church built by Justinian in Constantinople and edified between 527 and 536, had earlier signaled such an improvement in the design of domed buildings, which require complex solutions for carrying the structure.



Hagia Sophia

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## Economy

Historically, Istanbul has been the center of the country's economic life because of its location as an international junction of land and sea trade routes. In 2005 the City of Istanbul had a GDP of \$133 billion. In 2005 companies based in Istanbul made exports worth \$41,397,000,000 and imports worth \$69,883,000,000; which corresponded to 56.6% and 60.2% of Turkey's exports and imports, respectively, in that year. According to Forbes magazine, Istanbul had a total of 35 billionaires as of March 2008 (up from 25 in 2007), ranking 4th in the world behind Moscow (74 billionaires), New York City (71 billionaires) and London (36 billionaires), while ranking above Hong Kong (30 billionaires), Los Angeles (24 billionaires), Mumbai (20 billionaires), San Francisco (19 billionaires), Dallas (15 billionaires) and Tokyo (15 billionaires).

Istanbul has always been the financial capital of Turkey and the opening of specific markets in the city during the 1980s further strengthened this status. Inaugurated at the beginning of 1986, the Istanbul Stock Exchange (ISE) is the sole securities market of Turkey, established to provide trading in equities, right coupons, Government bonds, Treasury bills, revenue sharing certificates, bonds issued by the Privatization Administration and corporate bonds, and to carry out overnight transactions. In 1993 the ISE decided on gold market liberalization, and in 1995 the Istanbul Gold Exchange was established, which ended the gold bullion imports monopoly of the Turkish Central Bank and transferred it to the private sector members of the gold exchange.

Istanbul is also Turkey's largest industrial center. It employs approximately 20% of Turkey's industrial labor and contributes 38% of Turkey's industrial workspace. In addition, the city generates 55% of Turkey's trade and 45% of the country's wholesale trade, and generates 21.2% of Turkey's gross national product. Istanbul contributes 40% of all taxes collected in Turkey and produces 27.5% of Turkey's national product. Istanbul and its surrounding province produce cotton, fruit, olive oil, silk, and tobacco. Food processing, textile production, oil products, rubber, metal ware, leather, chemicals, pharmaceuticals, electronics, glass, machinery, automotive, transport vehicles, paper and paper products, and alcoholic drinks are among the city's major industrial products.

Istanbul is one of the most important tourism spots of Turkey. There are thousands of hotels and other tourist oriented industries in the city, catering to both vacationers and visiting professionals. In 2006 a total of 23,148,669 tourists visited Turkey, most of whom entered the country through the airports and seaports of Istanbul and Antalya. The total number of tourists who entered Turkey through Atatürk International Airport and Sabiha Gökçen International Airport in Istanbul reached 5,346,658, rising from 4,849,353 in 2005. Istanbul is also one of the world's major conference destinations and is an increasingly popular choice for the world's leading international associations.

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## Transportation

### **Air**

Istanbul has two international airports: The larger one is the Atatürk International Airport located in the Yeşilköy district on the European side, about 24 kilometers (15 mi) west from the city center.

When it was first built, the airport used to be at the western edge of the metropolitan area but now lies within the city bounds.

The smaller one is the Sabiha Gökçen International Airport located in the Kurtköy district on the Asian side, close to the Istanbul Park GP Racing Circuit. It is situated approximately 20 kilometers (12 mi) east of the Asian side and 45 kilometers (28 mi) east of the European city center.

## Rail

In 1883, a Belgian entrepreneur, Georges Nagelmackers, began rail service between Paris and Constantinople, using a steamship to ferry passengers from Varna to Constantinople. In 1889, a rail line was completed going through Bucharest to Constantinople, making the whole journey via land possible. His company, La Compagnie Internationale des Wagons-Lits et des Grands Express Européens, provided the trains, which were renowned for their luxury and their beautiful Oriental style. The route was known as the Orient Express, made even more famous by the works of Agatha Christie and Graham Greene.



Sirkeci Terminal

Today, the Sirkeci Terminal of the Turkish State Railways (TCDD) is the terminus of all the lines on the European side and the main connection node of the Turkish railway network with the rest of Europe. Currently, international connections are provided by the line running between Istanbul and Thessaloniki, Greece, and the Bosphorus Express serving daily between Sirkeci and Gara de Nord in Bucharest, Romania.

Beyond the Bosphorus, the Haydarpasa Terminal on the Asian side serves lines running several times daily to Ankara, and less frequently to other destinations in Anatolia. The railway networks on the European and Asian sides are currently connected by the train ferry across the Bosphorus, which will be replaced by an underwater tunnel connection with the completion of the Marmaray project, scheduled for 2009.

## Road

The E5, E90 and Trans European Motorway (TEM) are the three main motorway connections between Europe and Turkey. The motorway network around Istanbul is well developed and is constantly being extended. Motorways lead east to Ankara and west to Edirne. There are also 2 express highways circling the city. The older one, the E5, is mostly used for inner city traffic while the more recent one, the TEM highway, is mostly used by intercity or intercontinental traffic. The Bosphorus Bridge on E5 and the Fatih Sultan Mehmet Bridge on TEM establish the motorway connection between the European and the Asian sides of the Bosphorus.



Bosphorus Bridge at night

## Sea

Sea transport is vital for Istanbul, as the city is practically surrounded by sea on all sides: the Sea of Marmara, the Golden Horn, the Bosphorus and the Black Sea. Many Istanbulites live on the Asian side of the city but work on the European side (or vice-versa) and the city's famous commuter ferries form the backbone of the daily transition between the two parts of the city - even more so than the two suspension bridges which span the Bosphorus. The commuter ferries, along with the high speed catamaran Seabus (Deniz Otobüsü), also form the main connection between the city and the Princes' Islands.

The port of Istanbul is the most important one in the country. The old port on the Golden Horn serves primarily for personal navigation, while Karaköy port in Galata is used by the large cruise liners. Regular services as well as cruises from both Karaköy and Eminönü exist to several port cities in the Mediterranean Sea and Black Sea. Istanbul's main cargo port, on the other hand, is located in the Harem district, within the borough of Üsküdar, on the Asian side of the city.

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