

# OCEAN

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## Ocean Fast Facts

**Which United States port is the the fifteenth busiest in the world today, but was number one as recently as 1985?** Among the records it retains, it was considered the port with the largest volume of imports from Germany of all US ports, with over 2.6 million tons in 2006 - over 20% of the total volume of imports from Germany.

- A. The Port of St. Louis, Missouri
- B. The Port Newark - Elizabeth Marine Terminal, New Jersey
- C. The Port of Mobile, Alabama
- D. The Port of Portland, Oregon
- E. The Port of Hampton Roads, Virginia



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

The correct answer is **B - The Port Newark - Elizabeth Marine Terminal, New Jersey**.

Port Newark-Elizabeth Marine Terminal is the name for the port facility in Newark Bay that serves as the principal container port facility for goods entering and leaving the metropolitan region of New York City and the northeastern quadrant of North America. It consists of two components - Port Newark and the Elizabeth Marine Terminal, sometimes called "Port Elizabeth." The port facility is run by the Port Authority of New York and New Jersey ([www.panynj.gov](http://www.panynj.gov)) the facility is located within the boundaries of the two cities of Newark and Elizabeth, New Jersey.

Source: [http://en.wikipedia.org/wiki/Port\\_Newark-Elizabeth\\_Marine\\_Terminal](http://en.wikipedia.org/wiki/Port_Newark-Elizabeth_Marine_Terminal)

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## Ocean Freight - The Ocean "Hot" Spots in 2009

2009 has officially arrived. After significant changes in United States import and export flows throughout 2008, the next year promises to bring even more changes.

Here's a quick snapshot of what can be expected in the first quarter of 2009:

- Already, global ocean lines have drastically cut capacity in the remaining days of December. On December 29, the Journal of Commerce reported that 165 container vessels totaling 430,000 TEUs capacity were idle right before Christmas, which is a figure up from 300,000 TEUs two weeks before the holiday. The ocean lines are hopeful these actions to reduce capacity urgently will assist in minimizing rate fallout resulting from available space on vessels as well as surplus equipment.

While ocean rates may be slightly deteriorating in this market, especially for port/port freight, intermodal rates to and from inland locations are not expected to soften as much as ocean carriers still battle with operating and infrastructure costs on the terminals and railroads. This reduction in import capacity will have a direct impact on export capacity as well; less vessel capacity will be available and this could lead to limited US export bookings to all global destinations, especially Asia and Europe. Customers are advised to plan their export shipping patterns and bookings as early as possible.

- Carriers will continue to consolidate sailing options with partner carriers or drop services altogether to mitigate financial losses.

- Watch for continued "hot" spots. Emerging areas in the Middle East and Africa will remain steady for US exports, as well as exports from other regions of the world. Areas such as Dubai/Jebel Ali and Nigeria are expected to see continued volume growth and vessels to these regions will most likely remain at or near capacity, especially in the 1st quarter of 2009. These areas of the world have not been directly impacted by the recent global credit crunch and currency fluctuations experienced throughout 2008.
- Several carriers have announced their January 1 BAF levels. BAF will soften in the first quarter but will most likely increase into the second quarter of 2009.
- The "greening" of the supply chain will remain a factor in 2009. However, in the United States, green initiatives such as the "Clean Truck Fee" at the Ports of Los Angeles and Long Beach have been delayed again as this fee is being challenged by the United States Federal Maritime Commission. The "Clean Truck Fee" was initially scheduled to be implemented in the fall of 2008, but the \$35 per TEU will not be charged until an official date has been announced. For more information online, please visit: <http://www.cleanairactionplan.org> and/or <http://www.polb.com>
- It is likely ocean freight rates in the USA tradelanes will be in flux. Already in mid-December, the ocean lines that make up the 14 member consortia of the Transpacific Stabilization Agreement (TSA) warned that shippers should expect higher rates in contracts for 2009-10 in the Transpacific trade. This warning is the result of recent rate instability where certain ocean levels may have been brought to non-remunerative levels, meaning that the ocean carriers are taking significant losses for competitive purposes.

In a quote to the Journal of Commerce, TSA Executive Administrator Brian M. Conrad advised: "The rate actions seen in recent weeks are shortsighted and regrettable. They haven't produced new business, they haven't increased anyone's market share and they do not adequately reflect operating costs." Most of the carriers offering the short-term rates advise they will not be effective beyond January 31, 2009.

Conrad also advised that "No one should expect to see freight rates extended at current levels in upcoming 2009-10 contracts. To maintain current rates over an 18-month time frame would threaten the financial viability of any major carrier in the market today."

To summarize, rates on the Transpacific inbound markets from Asia to the USA will remain somewhat rigid, with anticipated increases during the springtime contract negotiation period. Carriers are contending that they are battling losses to maintain the rate levels.

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## **Maersk Line considers leaving the Port of Charleston**

Due to disputes between Maersk and the International Longshoremen's Association (ILA) in Charleston, Maersk Line is considering leaving the port of Charleston and routing freight via alternative ports over the next two years. Maersk, which is the port's biggest customer, is threatening to leave the port after the ILA in Charleston refused to waive certain contract provisions requiring the carrier to use ILA labor in lieu of non-union state ports employees at the terminal's gates.



The dispute resulted after Maersk began exploring ways to reduce costs in the port with Port of Charleston and the South Carolina State Ports Authority. While officials at the Port of Charleston hope to work on a mutually agreeable plan to retain Maersk at the port, no specific timeline for a proposed agreement has been announced.

*Source: Journal of Commerce; December 24, 2008*

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## **A Reminder on 10+2**

As earlier reported, the United States Customs and Border Protection published the Importer Security Filing rule in late November. The interim rule, known as 10+2, will take effect on January 25, 2009. Enforcement of the law will begin January 25, 2010. Should you have comments about the 10 +2 required data elements, please contact your AIT representative.

For a copy of the Federal Register security filing rule, please refer to:  
[http://www.federalregister.gov/OFRUpload/OFRData/2008-27048\\_PI.pdf](http://www.federalregister.gov/OFRUpload/OFRData/2008-27048_PI.pdf)

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## **It's Too Early for Baseball Season - The "Strike" Zone**

The year 2008 brought a handful of strikes at or near ocean terminals that delayed shipments in certain port areas such as Greece and other Mediterranean ports. Just prior to January 1st, two port areas were either impacted by a strike or close to a strike situation. Whenever there is talk of a strike, possible delays or interruptions in the flow of goods is possible. Be guided accordingly that freight destined to or from these ports might be impacted, delayed or re-routed:

**Chennai, India.** An ongoing truckers strike was just resolved prior to January 1st; anticipate delays as container congestion is cleared from the ports in the first two weeks of January.

**Vancouver, British Columbia Canada.** Many customers may have been aware of a pending strike at Vancouver. At the last minute, a possible January 2, 2009 lockout was averted. Congestion is not anticipated at this point.

The anticipated volatile economic climate in early 2009 may result in additional widespread strikes in and around port cities. Should you have any questions about areas which may be impacted local strikes or how to route your freight accordingly around strike zones, contact your AIT representative.

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## **January ... Just when you thought the Holiday Season was over ...**

There are several international holidays in January to be aware of in order to ensure the smooth flow of your cargo. Most notably, Chinese New Year falls earlier in 2009, resulting in several closures late in the month which may require careful planning when sending shipments to and from the below locations.

January 2009 International Holidays:

- Week of January 26 = Chinese New Year = The Year of the Ox. Lasting for one week. Expect closures or limited staff in China, Hong Kong, Taiwan and other Asian countries.
- January 1 = New Year's Day (Global)
- January 26 = Australia Day
- January 26 = Republic Day (India)



Also, the major holidays don't stop in January. Carnival Season begins in late February, with the commencement of Mardi Gras on Tuesday, the 24 of February. Often times, countries in Latin America such as Brazil close for significant periods of time. Please be advised ahead of time and plan accordingly to avoid any and all potential delays with your cargo.

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## **BUZZ WORD OF THE MONTH**

### **Carnet**

A document that allows the temporary importation of merchandise into member countries while eliminating the value added taxes (VAT), duties, and the posting of security normally required at the time of importation.

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

### **When is carnet relevant or useful in moving your ocean freight?**

Carnets play a vital role for shippers or importers who often move commercial samples, professional equipment or items used in exhibitions and trade fairs. Generally, they are valid for a timeframe of up to one year and can be used in over 90 member countries and unlimited trips to member countries as required during the validity period.

Carnets are issued in the name of a company or individual with title to the goods, also known as the "holder." Any fees relating to the carnet are paid by the holder in their origin country prior to the first departure of the goods. It is imperative that the green cover of the multi-paged carnet is endorsed by the customs authority of the holder's country prior to exportation at the first point of departure. Carnets are then presented to customs at various points during the exportation/importation process, essentially being presented to customs authorities upon each country of exit/entry.

Carnets require security in the amount of 40% value of the goods, in the form of cash, surety bond or certified check. Upon cancellation of a carnet, cash deposits are returned and bonds are terminated. Should you have any questions about the use of carnets and whether or not they apply to your specific commodity, please contact your AIT representative.

More information on carnets can be found by visiting the following link: [www.carnetsonline.com](http://www.carnetsonline.com)

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### *The Parting "Wave"*

Who can believe it is already January 2009? AIT Ocean Systems is looking forward to another active year with our ocean product. Once again, AIT Ocean staff will be participating in the Trans-Pacific Maritime Meeting this forthcoming March in Los Angeles to get our finger on the pulse of what is happening with inbound Asia Trade.

AIT Ocean staff also would like to take this opportunity to remind our customer base that AIT is not only an **import NVOCC**, but also an **export NVOCC**. We maintain an experienced and extensive network of ocean export staff in several locations to serve you locally, with a global touch. AIT Ocean Systems export staff has access to several ocean contract rates to ensure multiple cutoff, sailing and price point options.

Have a great January and thank you for your continued support!

#### **Preview February 2009 AIT Ocean Newsletter:**

What to Expect 2009 Contract Season? It may be too early to tell.

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

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# AIR

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## Worst yet to come

The projected news doesn't get any better for global air carriers in 2009. The "Worst yet to come" comment was made by IATA in December.

"The chronic industry crisis will continue into 2009 with \$2.5 billion in losses," said Giovanni Bisignani, chief executive of IATA. In recent articles, the AIT eNewsletter has discussed several of the reasons why many global carriers are facing a grim New Year.

Declining passenger travel is a key reason; people are simply flying less and saving their money, due to economic fears. The global recession has caused business travelers and vacation planners to re-think their plans.

Indeed, the price of fuel has gone down in the past few months; however, no one believes it will stay there. Economists have quickly pointed out the cyclical nature of the oil / jet fuel commodity market. Consumers and executives only have to remember back as far as July 2008 to see how high fuel prices can go. Last month we discussed fuel hedging; heroes in July who had locked in the price of fuel to protect against spikes in the cost per barrel were lamenting their strategy by November as the bottom fell out of the market.

Shifting economic demand is another factor contributing to the industry's poor projected performance this year; people are simply buying fewer goods. The global marketplace has shrunk by the trillion's of dollars as American, European and just about every other consumer has decreased their purchases. This has slowed the economic juggernaut of China; less freight is being transported on the ocean and in the air. Yet, carriers still must pay for leases on aircraft and interest on loans they secured to buy those multi-million dollar planes from Boeing and Airbus. All the while, airports are still charging for landing fees and gate costs, employees are drawing salaries (those not yet laid off) and retirement and health benefits are still being paid.

Airlines to some degree cannot help themselves; they may combine a few scheduled flights if there aren't enough passengers, or cancel a few freighters if there isn't enough cargo as Cathay Pacific did in September 2008. They cannot, however, simply stop flying for a while. You can shut down an automobile assembly plant for a month; you can't shut down an airport.

The outlook does seem better for United States-based carriers. In an article found in the International Herald Tribune (December 9, 2008) Giovanni Bisignani noted that American carriers just coming out of bankruptcy didn't have the money to sign long fuel hedging contracts (with the notable exception of Southwest Airlines, which was discussed in last month's AIT eNewsletter). IATA predicted that US flag carriers may actually report a profit in 2009, albeit small from a percentage of revenue perspective. Bisignani believes the global IATA results would be worse were it not for the financial turnaround of some American carriers.

So in this time of retrospect and predictions, what can the airline and air cargo industry look forward to in 2009?

- **Mergers, Acquisitions and Consolidations** - Delta/Northwest, British and Qantas looking each other over, Lufthansa acquiring Austrian while courting SAS - we'll see more consolidation in the airline market. Strength may be in numbers; however, size counts and the larger carrier may have greater staying power than a smaller independent-minded carrier
- **Attrition** - As we have seen in 2008, some smaller carriers and cargo airlines simply will not be able to compete and pay their bills at the same time. We'll see a few less niche players in the 2009 market, especially those totally dependent on China exports.
- **Rightsizing** - A familiar politically-correct word used instead of "restructuring." Expect airlines to cancel some routes, add more stops to others, change aircraft size, re-route and adjust schedules, all in an attempt to change the formula and ride out the expected bleak days of 2009.
- **Fuel Fluctuations** - Fuel prices are down as we go to press and experts believe they will go up again, down again and reach a level of equilibrium by the third quarter. In the meantime, carriers will see profit improvements, profit declines compared to previous quarters, and profit stabilization all following the trend line of fuel costs.
- **Regulation** - In the early days of 2009 in the United States, we'll see the implementation of the 10 +2 rule on ocean freight and the CCSP (Certified Cargo Screening Program) for air freight. The

latter will be a boon for all cargo carriers and commercial carriers with CAO flights. In the uncertainty of what is and isn't scanned, who is and isn't certified, what machine is and isn't sanctioned, and while everyone argues over the cost and who's going to pay for it, freight still has to fly and the market will simply turn to all-cargo flights until the rules are sorted out.

There will be some "wait and see" as the Obama Administration builds momentum; we won't see any changes in NAFTA or protectionism as there are more important areas for the new President to address.

In a small piece in the November 2008 issue of the weekly Journal of Commerce magazine, Nariman Behravesh, chief economist at IHS Global Insight, has some advice: "Don't get too carried away with the doom and gloom" he says. 2009 will be "a very terrible year." He looks for a modest recovery in 2010, and "by 2011, we should come roaring back. I think it's important not to lose sight of that fact."

From your mouth to God's ear, Nariman!

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The following two headlines and articles appeared in December 2008:

### **Worst yet to come, says IATA**

The International Air Transport Association Thursday said the cargo market hasn't yet bottomed out, as it reported international air traffic in October fell for the second consecutive month, Dow Jones reported.

International air freight traffic contracted 7.9 percent in October, the fifth consecutive month of increasingly severe drops.

While the drop in oil prices is a relief to airlines, their biggest threat now is recession.

*E - Cargo News Asia*  
*December 1, 2008*

### **Airlines to lose US \$2.5 billion?**

The International Air Transport Association (IATA) says the industry globally will lose US\$2.5 billion in 2009 with all regions except the United States expected to report larger losses than in 2008.

It also said passenger traffic overall will decline for the first time since 2001, by about three percent.

U.S. carriers will benefit from lower oil prices and cutbacks made this year and post a small profit of around US\$300 million, IATA estimated.

### **Airlines' outlook mixed for 2009**

Airlines in North America are expected to shift from huge losses to a modest profit next year, the industry's leading organization predicted Tuesday, but carriers in Europe and Asia will be moving in the other direction as losses deepen in the global economic downturn.

According to a report from the organization, the International Airline Transport Association, collective losses in the aviation industry will total \$2.5 billion in 2009.

That is half the that loss that the association expects for 2008, thanks in part to operations in North America, where a sharp fall in fuel prices has brought immediate relief to airlines that did not hedge against such costs.

Unlike airlines elsewhere, several U.S. carriers were only just emerging from bankruptcy protection as oil prices were rising last year, leaving them unable to protect themselves against the surge in fuel costs. What was a problem then is now an advantage because as many non-U.S. airlines are being hit by not only a recession but also the costs of financing hedging programs they no longer need.

"The chronic industry crisis will continue into 2009 with \$2.5 billion in losses," said Giovanni Bisignani, chief executive of the association, which is based in Geneva and has 230 members.

Describing the revenue environment as the worst in 50 years, he said, "The outlook is bleak."

Oil has now fallen back to around \$43 a barrel but not soon enough to prevent U.S. carriers from posting what the association predicts will be \$3.9 billion in losses this year, the worst regional performance in the industry.

But next year, North American airlines should reach a profit of \$300 million, but the margin will be less than 1 percent, the report said.

Gert Zonneveld, an analyst in London with Panmure Gordon, said falling oil prices, which can be as much as 30 percent of an airline's cost base, were a boon for unhedged airlines.

"If fuel declines by 20 to 30 percent, even if you've got a 10 percent revenue drop, you are still

better off," he said.

Oil prices, which peaked at \$147.27 a barrel in July, are likely to average \$60 per barrel in 2009, according to association forecasts. At the same time, overall revenue in the industry will fall by \$35 billion to \$501 billion, it said.

Global passenger traffic will fall faster than it did after the Sept. 11, 2001, terrorist attacks in the United States. Traffic grew 2 percent in 2008 but is expected to fall 3 percent in 2009, the association said. In 2001, it fell 2.7 percent.

Air cargo traffic is an early indicator of trends in economic growth because companies pull back on air-shipped inventory in a slowdown. The association predicted that the falloff in cargo traffic would accelerate, dropping 5 percent in 2009 after an expected 1.5 percent decline this year. In a sign that the slowdown was worsening, cargo traffic shrank 7.9 percent in October.

In Europe, where many carriers are still locked in at higher fuel hedging levels, and the biggest economies are already in recession, aviation industry losses will increase 10 times to \$1 billion in 2009, the association said.

Losses for airlines in the Asia-Pacific region will more than double to \$1.1 billion next year, it said. The area has a disproportionate 45 percent of the air cargo market. But Chinese exports are expected to slow, Japan is in recession, and India is expected to experience a drop in demand in the wake of the terrorist attacks in November.

Among the fast-expanding Middle Eastern airlines, losses are forecast to double to \$200 million. African carriers already battling to retain market share can expect another year of losses of \$300 million.

"The industry remains sick," said Bisignani, the association chief. "The ferocity of the economic crisis" had overshadowed the industry's efforts to cut costs, he said. "It will take changes beyond the control of airlines to navigate back into profitable territory."

*By Caroline Brothers, International Herald Tribune  
Tuesday, December 9, 2008*

### **Asia-Pacific carriers face US\$1 billion losses**

Based on an average oil price of US\$60 per barrel for oil and an expectation that trade will suffer, the International Air Transport Association (IATA) says Asia-Pacific carriers are going to experience heavy losses next year at around US\$1 billion, twice the 2008 level.

Total revenues of the global airline industry are likely to drop by six percent to US\$501 billion, against an estimated US\$536 billion this year, with air cargo traffic - which accounts for about 35 of goods trade globally - experiencing a sharp drop.

Worse still, the downturn in the global airlines industry is expected to result in job losses between 300,000 and 400,000 next year.

*Asia-Pacific Weekly  
December 15, 2008*

### **Cathay takes steps to address slowdown**

Cathay Pacific, one of the biggest airlines in Asia, announced cost-saving measures Friday designed to shield it from the headwinds facing the industry as demand for air travel and air cargo transport declined in line with the slowdown in global economic growth.

In moves that echoed efforts across the beleaguered industry, Cathay, which caters heavily to the business community, said it would slow growth of passenger capacity and delay the construction of a new cargo terminal here.

"This is a very difficult time for our airline and for the aviation industry as a whole, and we cannot see light at the end of the tunnel at this point," Tony Tyler, the chief executive of Cathay, said in a statement, adding that the measures were necessary to "help ensure the financial health and long-term well-being of our airline."

"The plan may well have to be revised again, depending on how things unfold," Tyler added.

Airlines around the world have raced to reduce costs this year, initially in reaction to a spike in fuel prices during the first half.

Just as oil prices dropped from the high of more than \$147 a barrel reached in July, the industry began to be buffeted by reduced demand for air travel as consumers pared back spending and many companies switched their travel policies away from first- and business-class tickets to less-expensive fares.

Cathay, based in Hong Kong, said it would slow the growth of its passenger capacity next year - earlier planned at 6 percent to 7 percent - to less than 1 percent. It also planned to offer its pilots and 7,000 cabin crew members voluntary unpaid leave of as long as a year.

Two freight aircraft will be idled for a year and the delivery of several new aircraft will be delayed.

In an effort to cut capital expenditures next year and in 2010, the airline will also delay construction at its cargo terminal - priced at 4.8 billion Hong Kong dollars, or \$619 million - which had been scheduled to begin operation in 2011.

The air freight business has been hit especially hard by the financial crisis, Cathay said. The airline, which issued its second profit warning of the year this month, said October cargo volumes had sunk 7.4 percent in what was usually a peak season for air cargo. A hoped-for post-Olympics pickup out of China also failed to materialize.

The International Air Transport Association said Thursday that passenger traffic had fallen 1.3 percent in October from the numbers for the previous month, while freight traffic had contracted 7.9 percent, making for a fifth consecutive month of severe declines.

Giovanni Bisignani, the director general of the association, said the "situation of the industry remains critical. The deepening slump in cargo markets is a clear indication that the worst is yet to come."

Korean Air, the world's largest air cargo carrier, reported a second consecutive quarter of losses this month. And Qantas on Tuesday sharply lowered its profit forecast for 2009 and said it would reduce capacity. That prompted Moody's the ratings agency, to review its rating for the Australian carrier for a possible downgrade.

"While the threat of high oil prices has receded somewhat over recent weeks," said Ian Lewis, Moody's lead analyst for Qantas, he predicted that an industry wide "rapid deceleration in consumer demand for air travel, especially premium travel, as a result of the global economic crisis" was unlikely to ease soon.

*By Bettina Wassener, International Herald Tribune  
Friday, November 28, 2008*

### **Delta to cut capacity, reduce workforce**

Delta Air Lines plans to cut its capacity by 6 to 8 percent in 2009 and shrink its workforce, the company announced Tuesday.

The reduction includes a domestic capacity cut of 8 to 10 percent and an international capacity cut of 3 to 5 percent.

The announcement follows Delta's 14 percent cut of domestic capacity in the second half of 2008.

Delta chief executive Richard Anderson and president Ed Bastian said in a memo to employees that the action "comes as a result of the global economic recession and weaker demand for air travel."

Delta also said it plans to cut staff through voluntary programs.

*By KELLY YAMANOUCHI, The Atlanta Journal-Constitution  
Tuesday, December 02, 2008*

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## **How Delta, others fit in at small airports**

As airlines struggle to adjust to changing dynamics in the industry, many airports have seen reductions in flights, but some airports have lost airline service altogether.

The Air Transport Association, an airline industry group, said 97 U.S. airports have lost or will lose all commercial airline service by the end of this year. Atlanta-based Delta Air Lines, which serves 140 small communities in the United States - the most of any airline in the country - is connected to some of those cuts.

For some airports, the end of scheduled commercial flights left them with general aviation such as corporate jets and charter flights - and an airline counter that stands empty.

"When carriers cut back, these are the ones that just got thrown off the boat," said Roger Cohen, president of the Regional Airline Association.

For example, Athens Ben-Epps Airport in Georgia lost its airline service earlier this year after Mesa Air Group decided to shut down its Air Midwest Inc. operation, citing high fuel prices, insufficient demand and a "difficult operating environment."

The Athens airport got new airline service to Atlanta in late September from GeorgiaSkies, which recently announced it will add more flights on the route to its weekly schedule.

While Athens has attracted new flights, other airports haven't been as lucky - including some that had recently gotten airline service, only to quickly lose it.

The airport in Salem, Ore., has been without airline service since Oct. 9, when Delta suspended its flights on





50-seat regional jets, citing high fuel costs. Salem had not had airline service since the mid-1990s - until Delta started its Salem-Salt Lake City flights in June 2007, operated by Delta connection carrier SkyWest.

The community "put a tremendous amount of effort" into recruiting airline service, said Salem Airport Manager Alan Alexander.

"Being the state capital, we have a broad spectrum of passengers in our area that found it much more convenient to fly out of Salem," rather than nearby Portland or Eugene, which are each about an hour away via a sometimes congested Interstate 5.

Now, the Salem airport is pursuing service from another airline. "We still get calls from people who are hoping that the service will come back," Alexander said. "A lot of people in our community had come to expect it and enjoy it."

Aviation consultant Mike Boyd in Evergreen, Colo., called the Salem flights "an experiment that didn't work."

"Delta has tried that in a couple of other places," he said. But the airport didn't have enough traffic to sustain the service, and the high cost of operating regional jets also contributed to the challenge.

Delta still considers small communities "a very important part of our network because they feed the many other destinations that we serve," said Delta spokesman Kent Landers.

Other airports that have lost service include McKellar-Sipes Regional Airport in Jackson, Tenn. In January, that airport lost service to Cincinnati - a Delta hub - from Big Sky Airlines, a Delta code-share partner that was marketed as Delta Connection.

Big Sky had started the service just a couple of months earlier, but after racking up "enormous unsustainable financial losses" it shut down its Eastern operations, including flights to Jackson, and eventually liquidated.

The Jackson airport had airline service for decades, and "things were going really well until about 2001," when the Sept. 11 attacks cut into airline travel, said airport executive director Rodney Hendrix. "We've had problems since then, frankly." The airport previously had service from Corporate Airlines, which later became RegionsAir and was eventually grounded by the Federal Aviation Administration.

Since Big Sky left, "it's really been tough," Hendrix said. The airport has seen effects on fuel sales, car rentals and other businesses at the airport, along with revenues directly from fees and charges. Hertz has temporarily stopped its rental car operations at the airport.

Jackson expects to get replacement service from Great Lakes Aviation under the federal Essential Air Service program, but those plans were delayed and Hendrix expects service won't start until around next March.

One reason Jackson struggles with airline service is because of its proximity to Nashville and Memphis, another Delta hub. Larger airports tend to offer more competition, and thus, lower fares. That may have showed in Big Sky's performance. "Some days they had some full flights and they had some almost empty flights," Hendrix said.

Owensboro-Daviess County Regional Airport in Kentucky also lost service to Cincinnati from Big Sky marketed as Delta Connection in January.

"The service that we lost was devastating to the community and to the airport," said Owensboro airport director George Smith. "The airport is an economic engine for the community."

Owensboro has been successful in attracting another carrier. Earlier this month, Allegiant Air announced it will begin flying to Owensboro from Orlando starting next February.

Many airports may be eager to get sustainable airline service, but it's not always feasible, Boyd said.

"They think if you keep studying it, it's like medical science - we'll find a cure," he said. "But in many cases, you have to tell them it's not going to happen."

But, Boyd said, in some cases the community doesn't lose much when airline flights end. "You get congressmen who go nuts" over losing a flight, Boyd said. "Well guess what? No one got on it anyway."

*By KELLY YAMANOUCI, The Atlanta Journal-Constitution  
Friday, November 28, 2008*

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## Health Magazine picks America's healthiest airports

If you're traveling over the holidays, chances are you're not looking forward to spending time in a crowded, stressful airport. Faced with the prospect of long waits, deafening public-address systems,

and indigestion, you may quickly lose that festive feeling.

Still, airports are not all bad. In fact, based on research Health magazine has done to find America's Healthiest airports, some are actually working hard to make your traveling experience healthier by offering nutritious food, special relaxation zones, walking paths, the latest safety technology, and a whole lot more. We scored the nation's major airports and then asked a panel of expert judges to help us choose the top 10.

Congratulations to the winners. And to those airports that failed to make our list: Please shape up!



1. **Phoenix Sky Harbor International**

42 million passengers per year

Our top scorer won rave reviews for its commitment to a comfortable, low-stress experience for flyers. Sky Harbor's healthful dining options scored well on the annual Physicians Committee for Responsible Medicine airport-food scale, which measures the percentage of eateries with healthy offerings at major airports.

2. **Baltimore/Washington International** - 21 million passengers per year

Baltimore/Washington International now features soft music and comfortable lighting at one of its key security checkpoints, instead of the usual crowding and confusion. The changes are part of the Transportation Security Administration's new Checkpoint Evolution program designed to reduce stress and hike safety.

3. **O'Hare International (Chicago)** - 76 million passengers per year

Big airports usually have a great selection of healthy food, says judge Amy Lanou, Ph.D., a senior nutrition scientist for PCRM. That's one reason why O'Hare International, the second-busiest airport in the world, is in PCRM's top 10. More than 90 percent of its 100 restaurants offer low-fat, fiber-rich, veggie-heavy meals. O'Hare also wins points for its super-fun children's play areas and the fitness facility in its on-site Hilton Hotel, which offers workout equipment plus massages, a sauna, a lap pool, showers, and a Jacuzzi.

4. **Detroit Metropolitan** - 36 million passengers per year

A white Christmas is wonderful -- except when it ruins your travel plans or makes them unsafe. Detroit Metro is working hard to limit the risks. The National Weather Service recently recognized the airport as the nation's first "StormReady airport system."

Airport police officers, firefighters, and field-maintenance and security personnel are being trained as weather spotters; if they're aware of approaching storms, they alert airline employees (who consider boarding delays), disseminate information to keep ticket-holders from being stuck at gates without knowing why, and develop evacuation and sheltering plans. And should the weather delay you in Detroit (always a possibility during the winter), finding a healthy meal is easy. The airport partners with local health organizations to flag heart-healthy dishes on restaurant menus.

5. **Denver International** - 50 million passengers per year

The largest airport in the United States can also boast about its energy efficiency. Acres of solar panels provide enough electricity to run half the airport's train system. The green electricity dramatically reduces carbon emissions -- equal to the impact of 255,000 gallons of gasoline (enough to power 500 cars for a year). The airport also has a recycling system built into the runways and taxiways to collect 70 percent of the glycol used to de-ice aircraft.

6. **Washington National** - 19 million passengers per year

Anything that helps you take your mind off the fact that you're in an airport waiting to be crammed into a tiny airplane seat is a good thing. The museum-quality artwork at Ronald Reagan Washington National is the perfect diversion. Architect Cesar Pelli integrated 30 works -- stained glass, marble and glass mosaics, terrazzo, cast bronze, hammered aluminum and copper, and traditional paint on board and canvas -- into terminals B and C.

### 7. **Dallas/Fort Worth International**

60 million passengers per year

There's no better place for a family layover than Dallas/Fort Worth International (DFW), which has two 600-square-foot play areas that feature padded airplanes, taxis, and luggage for climbing, plus a TV showing kids' cartoons. DFW also scores high for its green fleet. Of the airport's 580 vehicles, from buses to lawn mowers, 540 are hybrids or run on compressed natural gas.



### 8. **Logan International (Boston)** - 28 million passengers per year

If you're a green fanatic, you'll love this: Logan's terminal A, its biggest, is the world's first airport terminal certified by the U.S. Green Building Council for using the highest green construction standards. It features roofing that reflects heat, special stormwater-filtration devices, low-flow faucets, waterless urinals, self-dimming lights, recycled construction materials, and more. And Logan's compressed-natural-gas shuttle buses prevent 7 tons of pollution emissions from reaching the atmosphere and causing smog every year, the equivalent of taking nearly 800 cars off the road. You care more about comfort than the environment? Logan pampers all weary travelers with 50 wooden rocking chairs, 16 decorated by local artists.

### 9. **Portland International (Oregon)** - 15 million passengers per year

You'd expect an airport in the crunchy Northwest to go all-out for the environment. Portland doesn't disappoint with a paved bicycle-and-walking path that links local hotels, businesses, and regional hiking and biking trails to the airport. The airport offers free covered bicycle parking adjacent to the terminal, too. Our judges also laud Portland's recycling of cooking oil into biodiesel fuel, the abundance of live trees in the terminals, and the musicians -- mostly local stationed throughout the airport to lower the stress level.

### 10. **Philadelphia International** - 32 million passengers per year

If you get sick at the airport, what do you do? In Philadelphia you can head straight to the new AeroClinic, where nurse practitioners and physician assistants can diagnose and treat minor conditions like colds, allergies, and flu. The facility also offers well-care checks for people who have high blood pressure, cholesterol, thyroid problems, and diabetes.

By Linda Formichelli, [www.cnn.com](http://www.cnn.com)  
December 16, 2008

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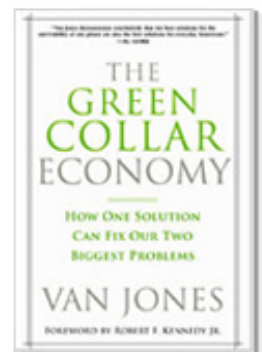
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## **[Book Review: The Green Collar Economy](#)**

By Van Jones

Van Jones is one busy man. Based in Oakland, CA, the civil rights and environmental activist has been working tirelessly for the last decade and a half - first as the co-founder of the Ella Baker Center for Human Rights, then Color of Change - two social justice organizations striving to give positive alternatives and a political voice to vulnerable communities. Most recently, Jones is the founder of Green For All, a national initiative committed to creating "green pathways out of poverty" and advocating "green-collar jobs for all."

His latest book, *The Green Collar Economy*, discusses the social, economic and political implications of the "green-collar job" (a term that's being bandied around a lot nowadays). Jones defines a green-collar job as a "family-supporting, career-track job that directly contributes to preserving or enhancing environmental quality," but is also part of what he calls the "one solution [to] fix our two biggest problems" - namely, poverty and our environmental crisis. You may ask: what does environmentalism have to do with alleviating poverty?



According to Jones, it has everything to do with it - and his simple premise has a populist but pragmatic ring to it. By directly engaging working-class, low-income and urban communities in the retrofitting, weatherizing and solarizing of America, not only will they benefit from hundreds of thousands of non-exportable jobs in the emerging green economy, but they will also represent the pivotal force sorely needed to turn America's environmental tide.

Book Review by Kimberley D. Mok, Tree Hugger, [www.treehugger.com](http://www.treehugger.com)

Recommended by The Green Exchange, [www.greenexchange.com](http://www.greenexchange.com)

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## **Continental Airlines to start New Year with flight powered by sustainable biofuels**

***Continental to be first carrier in the Americas to conduct biofuel flight in partnership with Boeing, GE Aviation, CFM International, and Honeywell's UOP Demonstration marks the continued evolution toward low-carbon-lifecycle fuels***

Continental Airlines today announced plans for the first biofuel-powered demonstration flight of a U. S. commercial airliner, to be conducted in Houston on Jan. 7, 2009.

The demonstration flight, which will be operated with no passengers, will be powered by a special fuel blend including components derived from algae and jatropha plants -- sustainable, second-generation fuel sources that don't impact food crops or water resources, and don't contribute to deforestation.

Continental has partnered on this project with Boeing (NYSE: BA); CFM International, a 50/50 joint company of General Electric Company and Snecma (SAFRAN Group); refining technology developer UOP (NYSE: HON), a Honeywell company; and oil providers Sapphire Energy (algae) and Terrasol (jatropha).

The demonstration flight will be the first biofuel flight by a commercial carrier using algae as a fuel source and the first using a two-engine aircraft, a Boeing 737-800 equipped with CFM International CFM56-7B engines.



The fuel used in one of the two CFM engines during the demonstration flight will be a blend of 50 percent traditional jet fuel, and 50 percent biofuel from algae and jatropha.

Operating under a specially-issued "Experimental" aircraft type certificate, the aircraft will be crewed by Continental's own FAA-licensed test pilots. With no passengers on board, the flight test plan calls for operating the No. 2 (right) engine on the special biofuel blend, including power accelerations/ decelerations, in-flight engine shut-down and restart and other flight maneuvers that include both normal and non-normal procedures. Numerous flight parameters will be recorded, and a post-flight engine analysis will contribute to findings which are expected to show that the biofuel blend is readily substitutable for regular fuel without any degradation of performance or safety, and with a net reduction in carbon emissions.

"This flight represents another step in Continental's commitment to reducing carbon emissions and identifying sustainable, long-term fuel solutions for the aviation industry," said Continental Chairman and Chief Executive Officer Larry Kellner.

Continental, Boeing, UOP and CFM have worked together for more than nine months on the research, production and testing of the biofuel, including laboratory and ground-based jet engine performance testing to ensure compliance with stringent aviation fuel performance and safety requirements.

As part of a broader industry effort, Boeing and other industry leaders, including airlines and engine manufacturers, are helping to guide the aviation sector toward sustainable biofuels produced through advanced biomass conversion technologies and processes that have the potential to reduce greenhouse gases throughout their lifecycle. Sustainable biofuels for aviation incorporate second-generation methodologies relative to fuel source selection and processing, which are uniquely suited for aerospace use. These biofuels can then be blended with kerosene fuel (Jet-A) to reduce dependency on fossil fuels.

Continental's participation in this project is part of a company-wide commitment to environmental responsibility. On average, Continental burns approximately 18 gallons of fuel to fly one mainline revenue passenger 1,000 miles, which represents a 35 percent reduction in greenhouse gas emissions and fuel consumption since 1997. This is due in large part to the efforts of its employees in streamlining operational procedures and to an investment of more than \$12 billion to acquire 270 fuel-efficient Boeing aircraft and related equipment. Continental remains committed to further improving fuel efficiency in the decade to come, including investing in its fleet with orders for more than 50 Boeing 737-900 Next Generation aircraft, and 25 Boeing 787 Dreamliners.

Continental has also reduced, by 75 percent, nitrogen oxide emissions from ground equipment at the carrier's largest hub, in Houston, through switching to electric ground service equipment and other new technology. This technology is now being tested for use in cold climates.

Through these investments and other projects, including the construction of airport facilities in an environmentally responsible manner, the testing of alternative fuels in ground service equipment, offering a credible carbon offsetting program based on the actual fuel burn of the Continental fleet, and an expansive recycling program, Continental will continue to manage the environmental impact of its business.

Continental Airlines is the world's fifth largest airline. Continental, together with Continental Express and Continental Connection, has more than 2,500 daily departures throughout the Americas, Europe and Asia, serving 134 domestic and 131 international destinations. More than 675 additional points are served via alliance partners. With more than 43,000 employees, Continental has hubs serving New York, Houston, Cleveland and Guam, and together with Continental Express, carries approximately 69 million passengers per year.

Continental consistently earns awards and critical acclaim for both its operation and its corporate culture. For the fifth consecutive year, FORTUNE magazine named Continental the No. 1 World's Most Admired Airline on its 2008 list of World's Most Admired Companies. For more company information, go to [continental.com](http://continental.com).

*HOUSTON, Dec. 8 /PRNewswire-FirstCall/*

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## **NWA invests in light-weight cargo containers**

Northwest Airlines Cargo has invested \$7 million in weight-efficient LD3 cargo containers from Aerobox.



The carrier has replaced all of its 5,000 aluminum LD3's with the poly-propylene containers. "We rarely replace the entire fleet if anything," said Tom Bach, president of NWA Cargo. "The whole rationale behind it is so compelling - the weight savings, which is really fuel savings."

Bach said the LD3 replacement is one of the first capital requests at NWA that came with a "green" element. "We did a 15-year projection of the current [aluminum] fleet verses the new fleet. There's significant savings in repairs."

NWA Cargo is in the process of recycling the aluminum containers for scrap and investing the cash back into its business.

Weighing in at 149 lbs., the new LD3's are far lighter than their predecessors, and Bach says the carrier even saved an additional pound. During the 9 to 12 month evaluation period, NWA Cargo investigated a variety of options and the Aerobox container at the time weight 150 lbs. - one pound heavier than the final product. "It was the lightest and most durable option," he added.

The carrier has also upgraded engines on five of its 12 747 freighters. "We've upgraded engines on every aircraft that can be upgraded," Bach said. The company is retiring its three most fuel-inefficient planes.

NWA Cargo is also extending its sustainability mentality to other areas. "We have a capital request to get our first alternative-fuel-powered ground equipment, and a forklift is our first request."

Bach added that Northwest "will absolutely continue green initiatives in the newly combined NWA/Delta fleet. I get the sense from Delta that they're as interested in this as we are. Their mindset is the same as ours."

*Air Cargo World  
November 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.

# COMPLIANCE

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[Fish & Wildlife Service Changes](#)

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## 10+2 a/k/a Importer Security Filing (ISF)

The Importer Security Filing (ISF) and Additional Carrier Requirements are often called "10 + 2" because those are the number of data elements that the Importer (10) and Ocean Carrier (2) must transmit to CBP (Customs) for ocean freight that is to be laden onto a vessel that will enter a US port.

The first thing to remember is that these regulations apply only to ocean freight on a vessel that will enter a US port. For example, 10+2 would not apply to a shipment imported into the US via rail after moving via an ocean vessel to a Canadian port. Customs has stated that they do not intend to expand these regulations to any other shipping modes.

The interim final rule for 10 + 2 was published by CBP on November 25, 2008, and the rule's effective date is January 26, 2009. This rule is in addition to the current security filing for ocean freight which is known as the "24 hour rule." CBP will "show restraint in enforcing the rule" for at least 12 months after the effective date. This does not mean that the data does not need to be filed timely; it means that Customs will be lenient if there are issues pertaining to the ability to obtain and transmit the information in a timely manner. CBP expects of carriers and importers a "satisfactory progress toward compliance" and "a good faith effort to comply with the rule to the extent of their current ability." Of course, if incorrect or misleading information is transmitted on a regular basis, Customs will not be lenient.

Per CBP, this rule will apply equally to all shipments. Since "the status of a shipment as 'perishable' or 'non-perishable' does not necessarily indicate increased or decreased security risk," there will be no special procedures for agricultural (or any other "perishable") products. Personal effects, carnet, TIB shipments, samples, and trade show displays are not inherently less of a risk than other shipments and will not be exempt from these regulations. Since returned/refused cargo has been out of the exporter and CBP, it will not be exempt from these regulations.

### **Data Elements:**

The "2" elements are the sole responsibility of the "vessel operating carrier," and other than mentioning that they are **1) Vessel Stow Plan** and **2) Container Status Messages (CSMs)**, we will not expand on these elements here.

The "10" elements of the ISF filing apply to all "shipments intended to be entered into the US and shipments intended to be delivered to an FTZ (foreign trade zone)." These are the responsibility of the ISF importer (or the party filing FTZ paperwork), and the ISF importer is defined as "the party causing the goods to enter the limits of a port in the United States." The "10" elements are:

1. Seller (actual name and street address; DUNS allowed.)
2. Buyer (actual name and street address; DUNS allowed.)
3. Importer of Record Number (IRS/EIN)
4. Consignee Number (IRS/EIN)
5. Ship to Party (This is not necessarily the same information as element 3 or 4. Per Customs, this element is the "name and address of the first deliver-to party scheduled to physically receive the goods after" Customs release. If the importer of record or consignee is a company's corporate address and if the freight is being delivered to a separate warehouse, then the warehouse address should be given.)
6. Manufacturer or Supplier (actual name and street address. DUNS allowed, but not MIDS.)
7. Country of Origin (import country of manufacture/processing)
8. HTSUS (at least 6 digits)
9. Container stuffing location
10. Consolidator (container stuffer)

Elements 1-8 must be filed 24 hours prior to being laden onboard the vessel. Since the information in elements 9-10 might be difficult to confirm, Customs will allow the flexibility of filing those two elements anytime prior to 24 hours before arrival of the vessel at the US port of unloading.

In order to file the ISF information timely, it is imperative that the information/documentation be

available to the party who will be filing ISF no later than when the freight is available for pick-up or delivered to the forwarder's dock.

The ISF data will be linked to the customs manifest data via the BL (ocean bill of lading). Since the BL will be transmitted with the rest of the ISF data elements, it can be considered an "11th element." Customs requires the BL information to be sent at the HBL (house bill of lading) level if a HBL has been transmitted to Customs by the carrier/forwarder.

Customs realizes that there may be instances where data changes or more accurate information becomes available after the initial ISF data is filed.

Information in elements 1-4 must be updated if changes occur or more accurate information is available prior to arrival at a US port.

Customs provides flexibility regarding information in elements 5-8 in that they can be initially filed based on the best available information. The information in these elements must be updated as soon as more accurate information is available, but must be no later than 24 hours prior to arrival at a US port.

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### ***Operational requirements and processes:***

All updates must be filed by the same party who initially transmitted the 10 ISF elements. The ISF importer can file for themselves if they have the capability to transmit data to Customs via an approved electronic interface (AMS or ABI). If the ISF importer does not have that ability, they can authorize a company that does have the ability to transmit the data to Customs as a filing agent. A filing agent must possess a valid POA "in English" from the ISF importer, but the filing of ISF alone does not constitute "customs business." Just as the Importer of Record is ultimately responsible for the import entry information, the ISF importer is ultimately responsible for "timely, accurately, and completely submitting the ISF."

CBP will transmit an electronic acknowledgement only to the filer when the ISF is received. This acknowledgement will include a unique identification number. Any updates must reference this ID number.

Depending upon the information received in the data elements, CBP can put a hold or a Do Not Load (DNL) status upon the shipment. CBP will communicate holds and DNL's as quickly as possible.

Customs entries can be pre-filed at the same time as ISF. If a Customs entry is pre-filed with the ISF data, then the filing agent must be a licensed Customs broker. But there will be no special provisions for pre-filing a Customs entry if the shipment is moving on an IT to an inland port.

There must be a continuous Customs bond associated with the data transmissions. It can be held by either the ISF Importer or their agent. The designated current continuous bonds (importer, custodial, international carrier, FTZ operator) have been amended to include ISF filing, and Customs has created a new continuous "importer security filing bond" to comply with these regulations. Customs does not currently have a provision for a Single Transaction Bonds for ISF filing. "If the ISF importer does not have one of the designated bonds, the party must obtain a bond or designate a bonded agent to file under the agent's bond if the agent agrees in writing." Any penalties/liquidated damages will be guaranteed by the bond that was associated with the data transmission.

### ***International Shipments Routed via the United States:***

Since security issues apply to all freight that has been laden onto vessels that enter US ports, there are separate requirements (consisting of only 5 required elements) for shipments that are not intended to be imported into the US. This is for Freight Remaining On Board the ocean vessel (FROB) or intended only for export (IE or T&E shipments). Transmission of these elements would be the responsibility of the carrier for FROB freight and the party filing the inbond documentation for IE / T&E shipments. The 5 elements are:

1. Booking Agent
2. Foreign Port of Unlading
3. Place of Delivery
4. Ship to Party
5. HTSUS (6 digits)

These elements are required any time prior to lading onboard the vessel at the foreign port.

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## **Fish & Wildlife Service Changes**

The Fish & Wildlife Service has published its final rule regarding "Importation, Exportation, and Transportation of Wildlife; Inspection Fees, Import/Export



Licenses, and Import/Export License Exemptions."

The best explanation of the changes in this ruling can be found in the following email sent by F&WS (Contact: Tamara Ward 703/358-2512):



The U.S. Fish and Wildlife Service is increasing inspection fees for import and export of wildlife, and wildlife products, in order to recover more of the costs of inspecting shipments from those who use these services. The Service is also adding new fees for certain types of shipments and eliminating some exemptions from import/export license and inspection fee requirements.

The changes are documented in a final rule that was published December 9 in the Federal Register. The Service will implement the new fees and requirements on January 8, 2009.

"These changes will ensure that those who benefit from wildlife trade pay a fair share of the costs of regulating that trade," said Service Director H. Dale Hall. "The new fee system will help us maintain vital inspection services and treat importers and exporters more equitably."

Most imports and exports of wildlife and wildlife products must be declared and cleared by Service wildlife inspectors. Individuals or companies engaged in commercial wildlife trade must be licensed by the Service and pay inspection fees for their shipments. The current fee structure dates back to 1996 and does not cover the costs of providing inspections. Without a fee increase, the Service will be forced to cut back on inspection services.

Under the new fee schedule, commercial importers and exporters will see fees rise gradually over the next four years, allowing them to gradually adjust to increased costs through 2012. The flat rate "base" inspection fee for a commercial shipment inspected at a designated port (including ports that function as "designated" for particular types of shipments) during normal business hours will increase from \$55 to \$87 in 2009. This fee will rise incrementally each year thereafter until it reaches \$93 in 2012. The Service first outlined these changes in a proposed rule seeking public comment in February 2008; a public meeting was held in April. The Service received 72 comments from industry representatives, trade councils, and other groups.

The 2009 base inspection fee for all shipments imported or exported at other ports will be \$136. This fee will also increase by small amounts each year, rising to \$145 in 2012. All importers and exporters using ports where Service inspectors are not stationed will also pay travel, transportation, and per diem costs associated with inspection of their shipments.

The new fee structure also provides for overtime fees when shipments are inspected outside of normal business hours. As in the past, the Service will collect overtime fees at all ports from both commercial and non-commercial importers and exporters.

The Service will now charge special "premium" fees for shipments consisting of live wildlife or protected species. Businesses dealing in such wildlife will pay the new premium fees in addition to the appropriate base inspection fee.

Premium fees, however, will also apply to some non-commercial imports and exports involving live specimens or protected species. Importers and exporters will pay premium fees for shipments moving by air, ocean, rail or truck cargo at designated ports and for any import or export of live or protected wildlife at other ports.

In the past, businesses paid most of the inspection fees we collected.

"But many of the more complex and time-consuming inspections our officers conduct involve live wildlife or protected species imported and exported for non-commercial purposes. We're no longer going to ask businesses to subsidize these other inspections," said Service Law Enforcement Chief Benito Perez.

During 2009, the Service will collect a \$37 premium fee for imports or exports of live wildlife. A separate \$37 premium fee will be charged for imports or exports of species protected under Federal law when a permit is required. Such wildlife includes federally listed endangered or threatened species, migratory birds, marine mammals, injurious species, and wildlife protected under the Convention on International Trade in Endangered Species. If a shipment contains both live wildlife and species protected under Federal law, the importer or exporter will pay two premium fees.

Premium fees will increase each year over the remaining years covered by the fee schedule, rising from \$37 in 2009 to \$93 in 2012.

The Service is also removing some exemptions that waived license and/or fee requirements for specific businesses. Under the new rules, circuses and animal shows and those dealing in furs from certain captive-bred species must obtain a Service import/export license and pay inspection fees.

Exports of captive-bred bison, emu, and ostrich meat and aqua cultured sturgeon food items will no longer be exempt from inspection fees.

The mission of the U.S. Fish and Wildlife Service is working with others to conserve, protect and enhance fish, wildlife, plants and their habitats for the continuing benefit of the American people. We are both a leader and trusted partner in fish and wildlife conservation, known for our scientific

excellence, stewardship of lands and natural resources, dedicated professionals and commitment to public service. For more information on our work and the people who make it happen, visit [www.fws.gov](http://www.fws.gov).

Please visit the following links for the complete rule:

Text format: <http://edocket.access.gpo.gov/2008/E8-29070.htm>

PDF format: <http://edocket.access.gpo.gov/2008/pdf/E8-29070.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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## PARTNER NEWS

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### Behind the scenes - AIT's International Partner Network

It's common industry knowledge that a global logistics provider's international product is only as strong as its global network. In transporting commodities around the world, you must rely on partners and agents along the international logistics plan you have crafted for your customer.

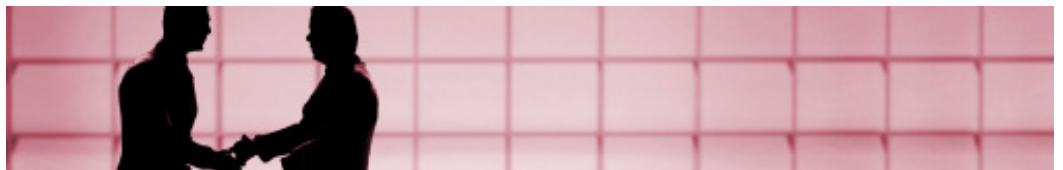
Therefore, it's imperative that AIT cooperates with quality organizations around the world that consistently offer high-quality global services and maintain business philosophies and core belief systems aligned with our own.

AIT accomplishes this difficult task by forming developmental partnerships with like-minded companies that have built similar corporate cultures in their own respective markets.

I'd like to give you a behind-the-scenes look at the process involved in choosing, measuring and maintaining international agents within our global network.

There are 5 significant elements that distinguish and define an AIT international partner:

1. In order to ensure a consistent and dependable, high-quality service at the foreign port of origin or destination, AIT will only consign and route cargo through primary partners.
2. AIT has entered into a significant financial agreement with our primary partners whereby we exchange considerable amounts of financial data, exchange invoices via monthly contra statements and work on a profit share basis.
3. AIT and its primary international agent's network are supported by a written code of ethics which serves as the backdrop to sound international cooperation. We expect all employees and agents to use only legitimate practices in commercial operations when promoting AIT's position. The code of ethics document covers such topics as FCPA (Foreign Corrupt Practices Act), non disclosure agreements, security procedures and periodic reviews.
4. AIT will only exchange sales and marketing intelligence with its primary agent community and commit resources to only these companies in order to develop future international business.
5. AIT provides its primary partners preferred pricing on USA origin and destination charges and in turn receives discounted pricing in the agent's local markets, demonstrating shared commitments to the development of our business relationship.



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### What is the selection process involved in choosing an International Partner?

Once we have identified a company as a potential candidate, we request they complete a lengthy market questionnaire identifying their multi-modal air, ocean and ground capabilities. They must demonstrate a significant local market presence in their home country in terms of FOB / DDU charges, air and ocean buying power. They must also be considered best in class for their market. Finally, the company cannot currently maintain an exclusive relationship with another USA based forwarder or logistics provider.

It's our policy to conduct site inspections on our primary partner's corporate headquarters in an effort to fully understand and appreciate the corporate culture in which they conduct their business. In some cases, we offer to host a meeting at AIT corporate offices and extend an invitation to the company officers to participate.

It is essential for AIT's product directors to have in-depth face-to-face meetings with the respective

air and ocean directors of our partners to discuss and explore important issues including communications channels, points of contact and general service expectations. If these face-to-face meetings are not possible, a conference call will be substituted.

In some cases where it is not possible for us to visit our agent's facility and they are not able to visit ours, we may request the support of local US Embassies in certain high-risk markets to assist with background checks on individuals and the company in general.

Lastly, we obtain specific financial information necessary to make prudent and well-informed decisions on limiting our monetary exposure.

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## **How does AIT measure Partner's performance?**

We measure our partner's quality performance on a semi-annual basis on the following quantitative criteria:

- Assess the number of operational irregularities recorded into our international operating system during a 6-month period. All cargo delays caused by errors or omissions on the part of our international agent are coded on a shipment-by-shipment basis.
- Evaluate the timeliness and accuracy of our partner's accounting processes in terms of providing AIT with correct invoices and payments in compliance with the various terms, conditions and guidelines we have set for them.
- Appraise the amount of new business opportunities generated between our partner's countries year over year, by the quantity and quality of sales leads developed during the 6 month period.
- Consider how well they have followed up on the sales leads AIT has generated for them.

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## **How does AIT maintain its International Partner Network?**

We maintain our international partner network through a process of improved operational connectivity, ongoing ethics training and frequent corporate visits.

AIT has made an important investment in improved operational connectivity with the creation and implementation of its International Agents Service Center (IASC). The IASC is an application designed to provide our agents origin and destination pricing in addition to giving them access to approve invoices and update operational status codes. Our in-house IT team is currently working on incorporating EDI transmissions from our partners into the system to enhance and optimize our operational performance.

AIT also offers ongoing ethics training to our agents focused on FCPA issues online via seminars conducted by our corporate operations department.

Finally, there is no substitute to building and maintaining long term, mutually beneficial international partnerships than through face-to-face meetings either at AIT's corporate offices just outside of Chicago or at our partner's headquarters around the world. Creating relationships ascribed by personal trust, commitment, confidence and service excellence is essential in achieving that competitive edge to meet and exceed our customer's transportation requirements.

We at AIT are proud of the substantial progress we have made in advancing our global network, and we're confident that together we can provide the best industry resources and services to handle the international transportation needs of your business.

If you should have any questions or require additional information on AIT's global network, don't hesitate to [contact me](#) directly.

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If you have any questions or comments regarding the Partner News eNewsletter, please contact [Larry Georgen](#), Manager Global Network.

## GOING GREEN

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[AIT-ORD Fights E-Waste Epidemic](#)

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### AIT-ORD Fights E-Waste Epidemic

When Shane Paul, AIT's manager of information systems support, came across a *60 Minutes* story chronicling the harmful trail of America's toxic e-waste to overseas locations, he became deeply concerned.

The story, reporting on the proliferation of highly polluted and primitive electronic waste processing areas sprouting in countries including China, Ghana and Nigeria, placed a global spotlight on a disturbing trend.

"E-waste," or electronics trash, is accumulating faster than ever, according to the Environmental Protection Agency. In fact, the EPA estimates that the nation now dumps between 300 million and 400 million electronic items per year. Of that volume, less than 20% is recycled, while the rest ends up in landfills.

Because the U.S. does not forbid the export of toxic waste, it is estimated that 80% of the e-waste directed to recycling centers in the United States does not get recycled there at all. Instead, it's loaded onto container ships and transported to countries such as China. Once there, the metals, toners, and plastics from computers and other electronic items are extracted and sorted, exposing the overseas environments and its inhabitants to substances including lead, mercury and cadmium.

"It is very sad that human beings are subjected to the kinds of toxins that will eventually put an early end to their lives just so they can feed their families and eke out an existence that most of us can't fathom," Paul said.

In many overseas locations, particularly in the township area of China known as Guiyu, thousands of men, women and children are being exposed to uncontrolled burning, disassembly and disposal of these highly toxic materials, causing detrimental environmental and health problems.



Worried that AIT's e-waste was suffering the same fate, Paul took it upon himself to do a little investigative work of his own.

Like most, Paul expected that AIT's e-waste would be recycled properly, in a state-of-the-art facility found right here in the United States. He assumed that AIT's electronic waste would be treated as it should - as a valuable resource for secondary raw materials, ultimately finding their way into new and refurbished products.

However, now fully aware of the dark and evil underside involved in recycling electronics, Paul realized that if not treated properly, the toxins and carcinogens contained in AIT's e-waste would only be harming the environment more than helping it - an irony he refused to ignore. After all, it went entirely against the company's "going green" initiatives and challenged the eco-friendly intent behind Paul's decision to recycle e-waste in the first place.

Prompted to get to the bottom of the issue, he immediately contacted AIT's recycling center, located in Whiting, Indiana, and scheduled a tour of their facility.

He was both shocked and appalled by what he saw.

"As I was driving into the area where the warehouse was located, it literally looked like I was entering a war-torn area of a third-world country," said Paul.

His visions of a shiny facility with state-of-the-art equipment quickly diminished once he pulled up to a building he describes as looking as if it should have been condemned decades ago.

"The parking lot had broken concrete everywhere and was completely disheveled. The inside of the warehouse was in the same condition - holes through the walls and graffiti everywhere, even in the owner's office," he said. "Pallets of broken-down computer equipment were stacked everywhere,

even outside in the open air leaving only a narrow path to walk through."

Once he arrived, Paul's worst fears were realized. The owner confessed that his company is only responsible for breaking down the electronics into separate piles, loading them up and shipping them to Asia.

"His philosophy was that it was their problem, not ours. He justified his company's actions by saying that the law permits him to conduct his business this way."

Dissatisfied and disheartened, Paul contacted the Chamber of Commerce upon his return to explain his concerns and request the name of a recycling company that would properly, safely and legally recycle both the company's industrial and consumer electronics equipment.

He received his answer in a mere matter of hours.

COM2, a leading, nationally-known recycler of computers and electronics, properly and securely disposes of all equipment in their Carol Stream, Illinois, warehouse - ensuring nothing so much as touches a landfill - local or otherwise.

Paul got in touch with COM2 and on Tuesday, November 25, he, along with Ralph Obenauf, compliance coordinator, and Christine Nicholson, corporate public relations coordinator, took a tour of the facility conducted by Donna Vojensky, director of marketing and sales for COM2.

Containing the proper systems and processes to ensure safe and legal disposal of recycled goods, COM2's warehouse provided the AIT employees peace of mind in knowing that all e-waste managed by their team is not being shipped overseas.

"Not only was I impressed with Com2's state-of-the-art facility and the safety procedures being followed by their employees, but their concern about keeping carcinogens and toxins out of our future was evident," said Ralph Obenauf.

On Thursday, December 4, COM2 picked up the first skid of AIT's electronics equipment. Future pick-ups will be occurring on an as-needed basis, depending on the volumes and frequency of e-waste collected by AIT-ORD.

Paul credits an article he recently read in *Best Life* magazine titled, "Nature's Revenge," by Donovan Webster, as the driving force behind his proactive e-waste efforts:

*"When humans talk about 'saving the environment,' they're overlooking the fact that the environment is going to be fine. The earth's force of life remains robust-and is always there... waiting. Instead, it's the future of humans that requires our work and protection. But the earth itself? It's gonna be okay."*

"Essentially, we are all responsible for what we do to the earth," said Paul. "We need to change the way we do things if we want to be around 100 years from now. The future of civilization depends on it."

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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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## Cape Town, South Africa

**Cape Town** (Afrikaans: Kaapstad; Xhosa: iKapa) is the second most populous city in South Africa, forming part of the metropolitan municipality of the City of Cape Town. It is the provincial capital of the Western Cape, as well as the legislative capital of South Africa, where the National Parliament and many government offices are located. Cape Town is famous for its harbor as well as its natural setting in the Cape floral kingdom, including such well-known landmarks as Table Mountain and Cape Point. Cape Town is one of the most popular South African destinations for tourism.



Panoramic view of central Cape Town

Located on the shore of Table Bay, Cape Town was originally developed by the Dutch East India Company as a victualling (supply) station for Dutch ships sailing to Eastern Africa, India, and the Far East. Jan van Riebeeck's arrival on 6 April 1652 established the first permanent European settlement in South Africa. Cape Town quickly outgrew its original purpose as the first European outpost at the Castle of Good Hope, becoming the economic and cultural hub of the Cape Colony. Until the Witwatersrand Gold Rush and the development of Johannesburg, Cape Town was the largest city in South Africa.

As of 2007 the city had a population of 3.5 million. Cape Town's land area of 2,455 square kilometers (948 sq mi) is larger than other South African cities, resulting in a comparatively lower population density of 1,425 inhabitants per square kilometer (3,690 /sq mi).

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## History

The earliest known remnants in the region were found at Peers cave in Fish Hoek and date to around 12,000 years ago. Little is known of the history of the region's first residents, since there is no written history from the area before it was first mentioned by Portuguese explorer Bartolomeu Dias in 1486. Vasco da Gama recorded a sighting of the Cape of Good Hope in 1497, and the area did not have regular contact with Europeans until 1652, when the Netherlands' Jan van Riebeeck and other employees of the Dutch East India Company were sent to the Cape to establish a way-station for ships traveling to the Dutch East Indies. A labor shortage prompted the city to import slaves from Indonesia and Madagascar. Many of these became ancestors of the first Cape Coloured communities.

During the French Revolutionary and Napoleonic wars, the Netherlands was repeatedly occupied by France, and Great Britain moved to take control of Dutch colonies. Britain captured Cape Town in 1795, but the Cape was returned to the Netherlands by treaty in 1803. British forces occupied the Cape again in 1806. In the Anglo-Dutch Treaty of 1814, Cape Town was permanently ceded to Britain. It became the capital of the newly formed Cape Colony, whose territory expanded very substantially through the 1800s.

The discovery of diamonds in Griqualand West in 1869, and the Witwatersrand Gold Rush in 1886, prompted a flood of immigrants to South Africa. Conflicts between the Boer republics in the interior and the British colonial government resulted in the Second Boer War of 1899-1901, which Britain won. In



Cape Town City Hall

1910, Britain established the Union of South Africa, which unified the Cape Colony with the two defeated Boer Republics and the British colony of Natal. Cape Town became the legislative capital of the Union, and later of the Republic of South Africa.

In the 1948 national elections, the National Party won on a platform of apartheid (racial segregation). This led to the Group Areas Act, which classified all areas according to race. Formerly multi-racial suburbs of Cape Town were either purged of unlawful residents or demolished.

Cape Town was home to many leaders of the anti-apartheid movement. On Robben Island, a former penitentiary island 10 kilometers from the city, many famous political prisoners were held for years. In one of the most famous moments marking the end of apartheid, Nelson Mandela made his first public speech in decades on 11 February 1990 from the balcony of Cape Town City Hall hours after being released. His speech heralded the beginning of a new era for the country, and the first democratic election was held four years later, on 27 April 1994.

Since 1994, the city has struggled with problems such as HIV/AIDS, tuberculosis, a surge in violent drug-related crime and more recent xenophobic violence. At the same time, the economy has surged to unprecedented levels due to the boom in the tourism and the real estate industries.

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## **Geography and climate**

The centre of Cape Town is located at the northern end of the Cape Peninsula. Table Mountain forms a dramatic backdrop to the city bowl, with its plateau over 1,000 m (3,300 ft) high; it is surrounded by near-vertical cliffs, Devil's Peak and Lion's Head. Sometimes a thin strip of cloud forms over the mountain, and owing to its appearance, it is colloquially known as the "tablecloth".



Lion's Head

The peninsula consists of a dramatic mountainous spine jutting southwards into the Atlantic Ocean, ending at Cape Point. There are over 70 peaks above 1,000 feet (300 m) within Cape Town's official city limits. Many of the suburbs of Cape Town are on the large plain of the Cape Flats, which joins the peninsula to the mainland.

The Cape Peninsula has a Mediterranean climate with well-defined seasons. In winter, which lasts from May to September, large cold fronts come across from the Atlantic Ocean with heavy precipitation and strong north-westerly winds. The winter months are cool, with an average minimum temperature of 7 °C (45 °F). Summer, which lasts from November to March, is warm and dry. Most of the city's annual rainfall occurs in wintertime, but due to the mountainous topography of the city, rainfall amounts for specific areas can vary dramatically. The suburb of Newlands which is to the south of the city is the wettest place in South Africa. The Peninsula gets frequent strong winds from the south-east, known locally as the Cape Doctor, because it blows away pollution and cleans the air.

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## **Economy**

Cape Town is the economic centre of the Western Cape and serves as the regional manufacturing centre. It also has the primary harbor and airport in the Western Cape. The large government presence in the city, both as the capital of the Western Cape and the seat of the National Parliament, has led to increased revenue and growth in industries that serve the government. Cape Town hosts many conferences, particularly in the new Cape Town International Convention Centre, which opened in June 2003.

The city has recently enjoyed a booming real estate and construction market, because of the 2010 World Cup as well as many people buying summer homes in the city or relocating there permanently. The central business district is under an extensive urban renewal program, with numerous new buildings and renovations taking place under the guidance of the Cape Town Partnership. The central business district is expecting a private-sector investment influx of ZAR30-35billion (US\$5-6billion) over the next 5 years.



International Convention Centre

Cape Town has four major commercial nodes, with Cape Town Central Business District containing the majority of job opportunities and office space. Century City, the Bellville/Tyger Valley strip and Claremont commercial nodes are well established and contain many offices and corporate headquarters as

well. Most companies headquartered in the city are insurance companies, retail groups, publishers, design houses, fashion designers, shipping companies, petrochemical companies, architects and advertising agencies.

Much of the produce is handled through the Port of Cape Town or Cape Town International Airport. Most major shipbuilding companies have offices and manufacturing locations in Cape Town. The Province is also a centre of energy development for the country, with the existing Koeberg nuclear power station providing energy for the Western Cape's needs. Recently, oil explorers have discovered oil and natural gas off the coast in the Atlantic Ocean.

The Western Cape is an important tourist region in South Africa; the tourism industry accounts for 9.8% of the GDP of the province and employs 9.6% of the province's workforce. In 2004, over 1.5 million international tourists visited the area.

The mining industry in Cape Town has been booming for the last 6 years. 6000 miners are now employed in the mining industry since 2002.

The city was recently named as the most entrepreneurial city in South Africa, with the percentage of Capetonians pursuing business opportunities almost three times higher than the national average. Those aged between 18-64 were 190% more likely to pursue new business, whilst in Johannesburg; the same demographic group was only 60% more likely than the national average to pursue a new business.

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## **Transportation**

### **Air**

Cape Town International Airport (CTIA) serves both domestic and international flights. It is the second-largest airport in South Africa and serves as a major gateway for travelers to the Cape region. CTIA handled 8,320,000 passengers in 2007, showing a massive increase of 15.1% over 2006 figures. Cape Town has direct flights to most cities in South Africa as well as a number of international destinations. It is a hub for South African Airways.

As of June 2006. Cape Town International Airport is being upgraded to handle an expected increase in air traffic as tourism numbers will increase in the lead-up to the 2010 FIFA World Cup. The renovations include several large new parking garages, a revamped domestic departure terminal and a new international terminal plus a new double-decker road system. The airport's cargo facilities are also being expanded and several large empty lots are being developed into office space and hotels.

The Cape Town International Airport was among the winners of the World Travel Awards for being Africa's leading airport.

### **Sea**

Cape Town has a long tradition as a port city. The Port of Cape Town, the city's main port, is located in Table Bay directly to the north of the central business district. The port is a hub for ships in the southern Atlantic: it is located along one of the busiest shipping corridors in the world. It is also a busy container port, second in South Africa only to Durban.

During the 2005/06 financial year, the Port of Cape Town handled 3,400 vessels for a gross tonnage of 48.778 million. Total cargo handled at the port (excluding containers) was 3.718 million tonnes; container tonnage is estimated at 9.948 million tonnes.

Simon's Town Harbour on the False Bay coast of the Cape Peninsula is the main base of the South African Navy.



To learn more about Cape Town and the rest of South Africa, please visit: [http://en.wikipedia.org/wiki/Cape\\_Town](http://en.wikipedia.org/wiki/Cape_Town)

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## **Nuuk, Greenland - Follow-up**

The December 2008 edition of the AIT eNewsletter featured the city of Nuuk, Greenland and mentioned the planned December referendum for independence from Denmark; the following Associated Press article announced the results:

## Greenlanders vote for expanding autonomy

Greenland voters overwhelmingly approved a plan to seek more autonomy from Denmark and take advantage of oil reserves that may lie off the glacial island, official results showed Wednesday.

The Arctic island's election commission said 76 percent of voters supported the referendum, which sets new rules on splitting future oil revenue with Denmark. The vote was seen as a key step toward independence for the semiautonomous territory, which relies on Danish subsidies.

The referendum supported by Denmark calls for the small, mostly Inuit population to take control over the local police force, courts and coast guard and to make Greenlandic, an Inuit tongue, the official language.

Voters turned up at voting stations in 18 municipalities across the island, from the capital, Nuuk, just below the Arctic Circle to the remote northern outpost of Siorapaluk, where 24-hour darkness reigns during wintertime. About 72 percent of Greenland's nearly 40,000 voters turned out despite subfreezing temperatures in many places.

The plan is now expected to be approved by the Danish and Greenlandic parliaments and go into effect on June 21, the giant island's national day.

"The tears are running down my cheeks," said Greenland Premier Hans Enoksen, who put his fists up in the air in a sign of victory as it became clear the referendum would win. "We have said 'yes' to the right of self-determination, and with this we have accepted a great responsibility."

Drilling for oil and gas in the deep ocean off Greenland's west coast resumed in 2001, three decades after a previous effort failed to find petroleum. Exploration so far has been unsuccessful, but other countries in the northern region are staking their claims to natural resources exposed by the melting of the Arctic ice cap.

The plan is meant to allow the eventual phasing-out of an annual Danish subsidy of about 3.5 billion kroner (\$588 million), which accounts for two-thirds of the island's economy. It would give Greenland the first 75 million kroner (\$12.6 million) of annual oil revenue. Any income beyond that would be shared equally between Greenland and Denmark.

The current agreement states that the first 500 million kroner (\$84 million) of oil revenue should be shared equally, and that the division of any amount beyond that must be negotiated.

"The Greenland people have yesterday given a clear 'yes' to self-determination within the (Danish) realm," Fogh Rasmussen said.

*The Associated Press*  
*Wednesday, November 26, 2008*

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