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[Tension reduction in the carrier-shipper relations](#)

2010 was a year of "remarkable recovery" in volumes and profitability for the container shipping lines but it did not come close to making up for the losses of 2009, said Hanjin Shipping president and CEO YM Kim while addressing the 11th annual Trans-Pacific Maritime conference. Held in Long Beach, this large gathering attracts hundreds of shippers and forwarders who are active on the Asia-US trade lane.



In his keynote address, OOCL chairman and CEO CC Tung said container shipping had collectively lost US\$17 billion in the crisis period. The carrier bosses called for improved relationships between the lines and their customers since last year. In a panic as trade vanished, the lines laid up too much capacity, and were then surprised – along with everyone else – at the rapid return of demand. Retailers in the US launched a frantic restocking drive that saw container space evaporate, shipments rolled and a doubling of freight rates. Tung called it a "once in a century crisis."

With distance comes perspective and as carriers and shippers reflect on the 2009/2010 period, there is a general feeling that this should never happen again. Business is improving and the container lines are reporting strong utilization rates. Most of the capacity is out of lay up and back in service and the outlook for the next few years is reasonably positive.

The big retailers placing orders in Asia due to the financial crisis have removed all the fat from their supply chains to avoid inventory build-ups, but will now need schedule reliability to be successful. With greater capacity coming this year and next and oil price hikes, the rate volatility will continue somewhat. When carrier contract negotiations begin, it is expected that the focus will be more on service and a little less on freight rates. There does appear to be a greater understanding between carrier and shipper that was not there before and an acceptance that in the supply chains that drive global trade, no one link is more important than the other.

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[Ocean Port Updates](#)

[Japanese ports](#)

The recent Japanese quake that unleashed a terrifying 10 meter wave that tore through coastal towns and cities, destroyed everything in its path, including six ports. Sendai in northeastern Japan was one of the worst hit ports and it may take months, if not years, for the owners to rebuild the container and break-bulk port.

The other ports that were hit are Hachinohe, a medium-sized container and oil port; Onahama, a medium-sized container port; Ishinomaki, a medium-sized dry and break-bulk port; Kashima, a large-sized container port; and Hitachinaka, a medium-sized container and car port.

Source: Cargonewsasia 3/21/2011

[Chennai](#)

As many as 120 containers of plastic waste "imported" as used polyethylene terephthalate (PET) were seized at the Chennai harbor by officials of the Directorate of Revenue Intelligence (DRI) who found the import hazardous in nature. With illegally imported waste from various countries increasingly being dumped in the city, it took the DRI's intervention to prevent Chennai from becoming the dustbin of the West, as the massive consignment was found to contain more garbage than PET bottles.

Materials had been imported by a Manali-based company for a cost of more than US\$12.43 million. The DRI asked the company to send all the containers back to the countries of origin and will be fining the firm for importing hazardous waste materials. According to officials, 42 of the containers were from the U.S., 39 from the Netherlands and Germany and the rest from France and Spain.

PET bottles can be imported for recycling but must be cleaned, without caps and have clearance from the Union Ministry of Environment and Forests. The waste in these containers was packed

tightly and mostly crushed and most containers had not been cleaned of leftover drinks. Allowing such imports could cause major environmental and health hazards and these 120 containers landed without the required license.

Source: *Cargonewsasia 3/18/2011*

Santo Domingo

The newly expanded Caucedo multimodal port on the outskirts of capital Santo Domingo, Dominican Republic has opened for business.

Dubai-based port operator DP World's subsidiary Caucedo Investments operates the port and invested some US\$50 million to complete the second phase of the port expansion, according to a government release.

Operations at the port grew 11% during 2010 when it handled about one million containers. The port's upcoming expansion projects include construction of a logistics center, which is expected to begin within the next few months.



Source: *Cargonewsasia 3/18/2011*

Georgia Ports

The Georgia Ports Authority (GPA) experienced 16.3% container volume growth in February with additional gains in automobiles, machinery and wood pulp. Curtis Foltz, GPA's executive director, said a total of 236,665 TEUs crossed Georgia's docks in February alone. "Heavy volumes have been driven by ongoing market recovery and continued inventory replenishment," said Foltz. "Exports continue to outpace imports since the depth of the recession in 2009."

"The continued growth experienced at the Port of Savannah further highlights the need for the successful completion of the Savannah harbor expansion project," said GPA chairman Alec Poitevint. Break-bulk tonnage continued to reflect a strong global industrial recovery reporting a 51.6% increase, handling 177,073 tons for the month.

Source: *Cargonewsasia 3/22/2011*

Dar es Salaam

Tanzania Ports Authority (TPA) has unveiled a plan worth US\$560 million that will see two new container terminals constructed at the space strapped dock on Dar-es-Salaam. Upon completion, the 500,000 TEU terminals are expected to make Dar-es-Salaam a regional transit hub. In 2004, Dar port container terminal handled 270,000 TEUs but in 2010 it had soared to 460,000 TEUs. It is expected work will begin in 2011 with a construction phase to be completed by the end of 2012.

Source: *Cargonewsasia 3/01/2011*

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THE PARTING WAVE

A community is like a ship; everyone ought to be prepared to take the helm.

- Henrik Ibsen

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[Air traffic impact of natural disaster in Japan](#)

Japan's natural disaster directly influenced air traffic on both sides -- passenger and cargo. Japan, with a strong infrastructure and geographical position, was an affordable and convenient hub for Asian traffic, with capacities expanding accordingly.

How the radiation levels and natural effects of the tsunami and earthquake will continue to influence daily life in Japan. Fewer passengers will be traveling through the country, prompting all airlines to increase prices. These increases will result in the continuation of declines in passenger traffic and reductions in the number of flights. They will also force a change to smaller equipment sizes, which will further influence reduction in cargo capacities. Currently, the number of cargo aircraft has temporarily increased but the capacity is fully booked for relief efforts and main necessities. Industry analysts are forecasting further rate increases for all destinations in Japan for at least the next 60 to 90 days.

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[IATA announces four-year market growth projections](#)

Speaking of industry analysts, IATA recently conducted a study regarding capacities and air traffic growth in the next four years (2011-2014). Industry analysts are predicting steady growth in air capacity and demand across the world, as well as steady rate increases year-over-year, even considering growing fuel and security costs.



During the recessionary years, and even today as a result of increasing fuel costs, air traffic is losing market share to maritime transport in addition to putting pressure on supply chain managers to become more proficient in their planning. IATA is conservatively predicting 5% overall growth in air freight capacity in the next 4 years, which is slightly lower than the 6% growth in world trade for the same period.

Markets with the highest rate of growth are trending to be Hong Kong, China, Vietnam, Taipei and Russia. Development in Hong Kong and China will account for the one third of global growth.

In 2014, the largest international freight markets are expected to be, without surprise, the US, Hong Kong, Germany, China and Japan, which correlate with trade growth projection and involvement in global trade by these countries.

The Middle Eastern market will grow at the pace of 8.1% including freight transiting through the region for Europe and Africa as a part of sea-air products as well as being a distribution point for countries in Africa with less developed infrastructure.

Latin America, with its vibrant Brazilian market, will grow at 6.4%, but surprisingly Peru will be the leader.

Africa will be the market with the smallest growth rate of only 5.8%, although economic growth in this region is expected to be higher than the overall global trend. The primary reasons for this projection are connected to inability to quickly develop the necessary infrastructure for higher capacity aircraft and inability to purchase or lease new aircraft by national carriers.

Source: Aircargo News, February 21, 2011

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[Pushing the e-freight drive](#)

Amsterdam Schiphol Airport and Korea's Incheon International Airport have signed a Memorandum of Understanding in which they commit to cooperate in the promotion of e-freight as a means of facilitating business between the two major cargo gateways. Like Schiphol, which is one of the hubs of Skyteam Alliance member Air France KLM, Incheon Airport also operates as a Skyteam hub as home to Korean Airlines. A number of major shippers are involved in this trade lane, including

Korea's manufacturing giant Samsung Electronics, and Netherlands-based ASML, which was a founding member of the e-freight@NL project.

Saskia van Pelt, Schiphol's director of business development, cargo, said, "E-freight is a vital initiative that will strengthen the air cargo industry, improve efficiency and profitability for all parties in the supply chain. This agreement with Incheon Airport is a significant step forward in our goals to become a paperless hub for air cargo and Europe's cargo gateway of choice."

Young-Guen Lee, executive vice president of Incheon International Airport, said, "E-freight is the core project to achieve fast and easy service to our customers, as it can save an average 24 hours' lead time and simplify the process through one-time keying of data. Korea achieved excellent e-freight performance in 2010 but as it is a two-way process, we cannot reach our goal through our own effort alone. Thus we are very happy to have Schiphol as our partner as another leading airport in this field and also the hub for Europe."

Source: *CargonewsAsia* 3/11/2011

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[Seoul Incheon International](#)

Seoul Incheon had increase in good cargo traffic in 2010 and the trend appears to be continuing because Korea's economy is on the rise once again this year.

"Incheon anticipated cargo volumes to reach 2.84 million tons this year but the recent quake disaster in Japan will greatly affect Korea's industry and air cargo market," said Lim Hoon, manager of the cargo marketing division at Incheon International Airport Corporation (IIAC).

To spur further traffic flow, IIAC is investing in the airport's cargo infrastructure. The second phase of the Incheon Airport LogisPark is scheduled to open next year and will be able to handle perishables, refrigerated cargo and livestock.

Source: *AirCargoWorld* 3/21/2011

[Bogota El Dorado International Airport](#)

According to Giovanni Bisignani, director general & CEO of IATA, Colombian President Juan Manuel Santos must implement infrastructure improvements and government policies in order to continue to compete in the aviation sector. Along with a thorough review of the master plan at Bogota's El Dorado International Airport, overhaul of the country's air traffic management system and liberalization of government policies would greatly improve the country's aviation status.

With improvement in air traffic management at Bogota airport, Bisignani said there is room for a 30% increase in capacity.

"Clearly the president understands this industry's ability to be a catalyst for economic growth," he said. "Many existing policies have created great opportunities for Colombian aviation but some areas do require major changes."

Source: *Aircargoworld* 3/18/2011

[Chicago O'Hare International](#)

A dispute between the city of Chicago and the two largest users that had threatened to derail expansion plans for O'Hare has been resolved but shortage of cargo facilities remains an issue at the airport. Burdened with a serious shortfall in air cargo space, O'Hare is one of several major US gateways in dire need of expansion. The high costs, however, are deterring operators from fresh investments.



A battle that pitted the city of Chicago, which owns O'Hare, against American Airlines and United Airlines came to an end after the two carriers dropped their legal moves against a US\$3.4 billion expansion project, which calls for the creation of two new runways and the expansion of a third.

In January, AA & UA, who account for most of the slots at O'Hare, had filed suit against the city's plan to sell bonds needed to finance the project. The pair had supported the previous, first expansion phase, which brought one additional runway on stream, but balked at the launch of phase two at this stage, fearing a steep escalation in airport fees. They have now reached an agreement to move forward with projects worth US\$1.17 billion, with terms and timing of the remaining US\$2.23 billion of work to be negotiated no later than March 2013.

O'Hare was the world's third busiest airport in the first 11 months of 2010, according to statistics from the Airports Council International. Its cargo throughput surged 31.6% last year to 1,577 million tons.

"This is a passenger issue. It's not a cargo issue per se," observed Shawn McWhorter, president of Nippon Cargo Airlines for the Americas, adding that the congestion at O'Hare occurs mostly during the peak passenger windows.

International freighter operations, like Nippon Cargo's, which are conducted mostly during the night, are not affected, but they stand to feel the impact of higher landing fees. After the completion of O'Hare's first expansion phase, landing fees for a 747-400F went up from \$2,800 to over \$4,000, although they were later reduced to around \$3,500.

In terms of operational constraints, cargo carriers at O'Hare are more hampered by the lack of warehouse capacity. This has forced a number of airlines to handle their cargo off airport. Some have split their operations, handling exports on-airport, while taking imports to nearby cargo facilities for breakdown and delivery. Mindful of this situation, the airport has made it easy for trucks to access the cargo area, McWhorter said.

The Chicago city planners are looking to develop new warehouse space in the northern area of the airport. Their intentions are being met with little enthusiasm for a couple of reasons – the cost per square footage is significantly higher than what is charged at existing cargo buildings and the site is further away from runways and taxiways. One plus for the new cargo area in the north would be that it would have freighter stands that can accommodate the B747-8F. O'Hare's existing parking positions for freighters are too small for the 140 ton plane, which is due to come on line the second half of 2011.

Source: *Cargonewsasia* 3/21/2011

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

Flying might not be all plain sailing, but the fun of it is worth the price.

- Amelia Earhart

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

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Radiation from Japan

The following is from CBP's Cargo Systems Messaging Service (CSMS) Message #11-000071 dated 03/23/2011:

On March 22, 2011, FDA issued Import Alert 99-33, "Detention Without Physical Examination of Products from Japan due to Radionuclide Contamination."

Import Alert 99-33 indicates detention without physical examination (DWPE) for the specific food products of concern listed in the Import Alert that have originated from the prefectures of Fukushima, Gunma, Ibaraki, and Tochigi in Japan.

On March, 21, 2011 the government of Japan, in concert with the governments of the affected prefectures of Fukushima, Gunman, Ibaraki, and Tochigi, has stopped milk, spinach and kakina (a local Japanese vegetable) from those prefectures from being marketed either domestically or for export.

Detained products covered by the Import Alert may be released after detention by either providing evidence that:

1. The products do not originate from the prefectures of Fukushima, Gunma, Ibaraki, and Tochigi in Japan; or
2. The products do not contain violative levels of radionuclide contamination, by means of laboratory analysis.

Additionally, the importing community should be aware that the FDA has increased its surveillance of all products from the affected prefectures of Fukushima, Gunman, Ibaraki, and Tochigi; and has increased its surveillance of products from other areas of Japan. Importers can expect FDA to conduct many more document reviews for Japanese shipments and can expect examinations and sample collections at a much higher rate than usual. FDA Districts may be asking for additional information related to regions where products originate and to the date of shipment from that region.

Importers are advised that it may speed FDA's review process if entry documentation is provided in a timely manner and, for those shipments indicated for examination or sampling, if location and availability information is provided in a timely manner.

As indicated in the Import Alert, FDA and the Japanese government will continue to collaborate to ensure products from the affected prefectures do not pose a health risk to U.S. consumers. FDA will continue monitoring the potential for public health risks due to possible radionuclide contamination and, when appropriate, will remove the Import Alert and resume routine coverage of entries.

The FDA alert can be found at the following link:

http://www.accessdata.fda.gov/cms_ia/importalert_621.html

FDA will also be updating its "Radiation Safety" webpage: <http://www.fda.gov/NewsEvents/PublicHealthFocus/ucm247403.htm>

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Implementation of Indian Customs EDI System v1.5

Per Public Notice No. 29/2011 from the Office of the Commissioner of Customs (Import) at Jawaharlal Nehru Custom House, Nhava Sheva (Mumbai), EDI operations at the Nhava Sheva Custom House will be switching over to an enhanced/modified software version, ICES 1.5. This software upgrade will result in a shutdown of customs system from April 1, 2011 to April 5, 2011. Local filers have been advised that the shutdown could continue for an additional day or two beyond April 5.

Link to the Public Notice No. 29/2011:

<http://www.jawaharcustoms.gov.in/newsite/PublicNotices/pn2011/PN-29-11.htm>



Food Safety Modernization Act, some basics

The Food Safety Modernization Act was signed into Law by President Obama on January 4, 2011.

- Issuing recalls: For the first time, the FDA will have the authority to order a recall of food products. Up to now, with the exception of infant formula, the organization has had to rely on food manufacturers and distributors to voluntarily recall food.
- Conducting inspections: The law calls for more frequent inspections and for those inspections to be based on risk. Foods and facilities that pose a greater risk to food safety will receive the most attention.
- Preventing problems: Food facilities must have a written plan that spells out the possible problems that could affect the safety of their products. The plan would outline steps that the facility would take to help prevent those problems from occurring.
- Focusing on science and risk: The law establishes science-based standards for the safe production and harvesting of fruits and vegetables. This is an important step forward. These standards will consider both natural and man-made risks to the safety of fresh produce.
- Respecting the role of small businesses and farms: The law also provides some flexibility, such as exemptions from the produce safety standards for small farms that sell directly to consumers at a roadside stand or farmer's market as well as through a community supported agriculture program (CSA).
- Importing food: The law provides significant enhancements to FDA's ability to oversee food produced in foreign countries and imported into the United States. Also, FDA has the authority to prevent a food from entering this country if the facility has refused U.S. inspection.

Importing food enhancements:

- Among the improvements is the requirement that importers verify the safety of food from their suppliers and the authority for the FDA to block foods from facilities or countries that refuse our inspection.
- The FDA will also be working more closely with foreign governments and increasing its inspection of foreign food facilities.
- The FDA's new import tool kit will have a huge impact on food safety given that an estimated 15 percent of the U.S. food supply is imported, including 50 percent of fresh fruits, 20 percent of fresh vegetables and 80 percent of seafood.
- Calls for the strengthening of existing collaboration among all food safety agencies whether they are Federal, state, local, territorial, tribal, or foreign. Among other provisions, the legislation directs the Secretary of Health and Human Services to improve training of state, local, territorial and tribal food safety officials and authorizes grants for training, conducting inspections, building capacity of labs and food safety programs and other food safety activities.

FDA letter to industry contains guidance on medical device imports

Due to concerns that an increasing number of imported medical devices lack sufficient entry data to allow a prompt admissibility decision to be made by United States Food and Drug Administration (FDA) personnel at the port of entry into the US, FDA's Center for Devices and Radiological Health (CDRH), has provided a Letter to Industry containing specific recommendations to facilitate the import entry review process. The submission of correct and accurate entry data and AofC codes will help expedite the entry review process and increase the likelihood that your shipment may be processed based on import system screening and that it is not held for further FDA entry review.

When an imported product arrives in the US, certain information must be provided/ transmitted electronically to the United States Customs and Border Protection (CBP). If the product is or may be regulated by FDA, CBP sends the import entry information to FDA for verification to ensure that the product meets FDA requirements. Without the proper information, FDA may initiate a manual review of each line of the entry, which may lead to delays in its release to the importer/consignee. The FDA is attempting to help expedite the admissibility process for submissions that contain the correct Affirmations of Compliance (AofC) and other requested data.

Consistent and accurate supporting data also impacts radiation-emitting medical electronic products,



such as medical lasers, diagnostic x-ray systems, etc. A second letter will be issued describing the import entry filing process for products subject to both the medical device and electronic product radiation regulations.

If you have any questions about the import entry review process for medical devices or any general questions regarding the entry screening process, please contact the CDRH Office of Compliance Import/Export Safety Staff at cdrhocimport@fda.hhs.gov. If you have questions related to a specific detained entry, you must first contact the Import Compliance Officer in your local FDA District Office and reference the entry number for assistance.

The Letter to Industry can be found by visiting the following link:

<http://www.fda.gov/MedicalDevices/ResourcesforYou/Industry/ucm248321.htm>

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[Update on renewal of General System of Preferences \(GSP\)](#)

As reported in last month's issue of the AIT eNewsletter, GSP is currently suspended because of a hold placed on the bill by Senator Jeff Sessions and Senator Mitch McConnell who have constituents with conflicting interests in GSP. (Senator Sessions has a sleeping bag manufacturer in his district which employs 22 people who are adversely affected by the GSP benefits given to sleeping bags from Bangladesh and Senator McConnell has a constituent company who imports sleeping bags from Bangladesh who benefits from GSP). The problem is that all other importers who benefit from GSP are negatively impacted.

It has been suggested that interested parties should contact each of their senators. A good way to initiate that conversation would be through the following website, which brings together importers who have been negatively affected by the expiration of GSP benefits: <http://renewgsptoday.com/>

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[BIS claims broader authority to revise, suspend and revoke export licenses](#)

The Bureau of Industry and Security has issued a final rule clarifying its authority to revise, suspend and revoke export licenses. Effective March 2, this rule amends the Export Administration Regulations to indicate that BIS has the authority to take such action not only whenever it is known that the EAR have been violated or that a violation is about to occur but also to prevent licensed export transactions in which the U.S. may subsequently have an interest, including a foreign policy interest.

Copy of the Final Rule:

Text: <http://www.gpo.gov/fdsys/pkg/FR-2011-03-07/html/2011-5079.htm>

Pdf: <http://www.gpo.gov/fdsys/pkg/FR-2011-03-07/pdf/2011-5079.pdf>

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[Consumer Product Safety Commission introduces information database: SaferProducts.gov](#)

Since March 11, consumers have been encouraged by the U. S. Consumer Product Safety Commission (CPSC) to visit www.SaferProducts.gov to submit Reports of harm or risks of harm, and to search for safety information on products they own or may be considering buying. This database is mandated by Congress, as part of the Consumer Product Safety Improvement Act.

Reporting product safety incidents through this new site will help CPSC identify product hazards quicker and provide consumers with safety information on products in and around the home.

The full press release can be found at:

<http://www.cpsc.gov/CPSCPUB/PREREL/prhtml11/11168.html>

A recalls database is also available for search:

<http://www.cpsc.gov/cpscpub/prerel/api.html>

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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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[Lufthansa](#)

The German national carrier is back in the black to the tune of US\$1.55 billion in 2010 compared to a US\$47.87 million net loss the previous year. Despite higher oil prices, earnings are also predicted to rise in 2011. These results were boosted by a tax gain of about US \$563.22 million related to financial restructuring of its catering business. That, along with recovery of the broader economy, rising demand for passenger and cargo air traffic, higher ticket prices and cost cutting measures, helped Lufthansa return to being profitable. According to Christoph Franz, chief executive of Lufthansa, profit margins of around 8% would be worth pursuing, adding that such margins would help airlines to better finance future growth. In 2010, Lufthansa adjusted operating profit margin was 4.1%.



Giovanni Bisignani, chief executive of IATA, has frequently said that profit margins in the airline industry are notoriously poor. Early in March, IATA renewed its warnings that rising oil prices in the wake of political unrest in the Middle East and North Africa are jeopardizing the industry's profitability. On March 2, IATA downgraded its 2011 profit outlook for the global airline industry to \$8.6 billion, from the 9.1 billion it estimated in December 2010.

Source: Cargonewsasia 3/18/2011

[Turkish Airlines – JAT Airways](#)

In 2008, Turkish Airlines took a 49% stake in Bosnia's carrier, BH Airlines.

At present, Turkish Airlines may take a majority stake in Serbia's indebted JAT Airways. Last year, JAT Airways announced a US\$21.97 million loss for 2009 and borrowed US\$71.69 million from the government to renew its ageing fleet and prepare for a potential partnership with Turkish Airlines. To cut losses, JAT sold its headquarters building in Belgrade for \$14.32 million last year.

Source: Cargonewsasia 3/14/2011

[Boeing](#)

Boeing's newest 747 passenger jet took to the skies on March 20 for the first time, marking it the third maiden flight of a new Boeing commercial airplane in the past 15 months. At 250 feet long, the massive four-engine 747-8 is the largest commercial plane ever built by Boeing.

In February 2010, the 747-8 freighter flew for the first time. Now, nearly two years behind schedule, the freighter version of the jet encountered significant problems during its flight-test program and Boeing currently expects to deliver the first freighter to Cargolux Airlines International by this summer. The first 747-8 passenger jet is to be configured for a private customer. The first airliner is slated for delivery to Lufthansa sometime in early 2012, assuming Boeing's 600 flight hour test program does not run into trouble during test certification process. Boeing has 114 orders on the books for the 747-8, with 76 for cargo version and 38 for passenger model.

Source: Cargonewsasia 3/21/2011

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[Beluga Shipping & Chartering](#)

One of the world's leading providers of project and heavy lift shipping services has all but ceased operations as Beluga Shipping and Beluga Chartering have filed for insolvency, along with a significant number of other Beluga Group subsidiaries.

The collapse comes after the company was rocked by allegations of major financial irregularities. Unable to pay its charter bills, over 50 of Beluga's 72 vessels have been withdrawn by shipping funds and vessel owners. Following the discovery of irregularities, criminal charges were filed against

the CEO, who has a 48% share of Beluga. German media reports stated that police raided the offices of Beluga shipping Group, looking for evidence of possible fraud but declined to say if any evidence was found.

Source: *WCAPN 3/24/2011*

Hamburg Sud orders new ships

German shipping line Hamburg Sud has ordered six 9,600 TEU vessels from South Korea's Hyundai Heavy Industries for US\$711 million. Delivery is to begin May 2013 and the order includes an option to buy an additional four vessels in the future. The Hamburg Sud order came to Hyundai Heavy Industries on the heels of a successful deal for 10 vessels of 13,100 TEU's each from Germany's Hapag-Lloyd.

Hyundai Heavy Industries won \$6.5 billion worth of orders this year to build drill ships and large FPSO (floating production, storage and offloading) units.

Source: *Cargonewsasia 3/22/2011*

Maersk Line

On March 7, 2011, pirates approached the Maersk Alabama about 200 miles north of Madagascar, marking the third attack on the U.S. flagged container ship. According to the ship's owner, four pirates approached the ship in a small skiff, with hook ladders. The ship avoided hijacking and kidnapping this time around, thanks to an onboard security team who fired warning shots to scare the pirates away and evasive maneuvers by the ships' captain. The Maersk Alabama then continued its trip to the Kenyan port of Mombasa.



In April 2009, the Maersk Alabama was attacked in waters off the coast of Somalia. During that attack, the ship's captain was taken hostage on a lifeboat where four pirates held him until US Navy snipers killed three. The fourth pirate, who was on board the Maersk Alabama negotiating the captain's release, was arrested and just last month sentenced to more than 33 years in prison.

Source: *Cargonewsasia 3/11/2011*

OOCL orders six 13,000 TEU vessels

With the rising prices for bunker fuel, OOCL decided placing orders for big ships would help to reduce its slot costs at the ports. According to CC Tung, chairman and CEO of OOIL, parent company of OOCL, this is the first order it has ever placed for mega container vessels of this size.

The Hong Kong based liner carrier said it signed a contract with Samsung Heavy Industries for the construction of the ships, which are to be delivered by 2013.

Source: *JOC 03/23/2011*

MSC restructuring Asia-Europe loops

Mediterranean Shipping Co restructuring its Silk and Lion services from Asia to Europe. This effort will reduce transit times by an average of a week between the German ports of Hamburg and Bremerhaven. MSC will provide two weekly sailings from China with two direct weekly calls at Bremerhaven and Hamburg. This will provide a direct service without transshipment from all Chinese main ports to Germany.

The revised westbound port coverage of the two services is as follows:

SILK: Ningbo, Shanghai, Xiamen, Hong Kong, Chiwan, Yantian, Singapore, Antwerp, Felixstowe, Hamburg, Bremerhaven and Rotterdam.

LION: Dalian, Xingang, Pusan, Qingdao, Ningbo, Shanghai, Nansha, Hong Kong, Chiwan, Yantian, LeHavre, Hamburg, Bremerhaven, Antwerp and Felixstowe.

Source: *JOC 03/11/2011*

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[AIT-Orlando station sponsors 19th annual Ronald McDonald House golf classic](#)

AIT's Orlando station recently extended its sponsorship support to the 19th annual FIRM (Fundacion Infantil Ronald McDonald) golf classic in San Juan, Puerto Rico, on March 19, 2011.

According to Brandi Hale, FIRM executive director, 180 golfers raised an overall net profit of \$85,000 at this year's event, which featured a variety of high-value raffle prizes. The top 4 overall winners won an all expense paid trip to next year's Ronald McDonald House charity golf tournament in Costa Rica.

Funds raised at this tournament are used to create, find and support programs that directly improve the health and wellbeing of children.

"We had beautiful weather and lots of much-needed funds were raised," said Hale. "What a great event – thank you again, AIT, for your sponsorship!"

Hale reports that the charity also announced the opening of its first Ronald McDonald Family Room at a hospital in Aibonito, Puerto Rico, on April 1.

This marks the charity's second site in Puerto Rico. Casa Ronald McDonald has celebrated 5 years of serving more than 1,010 families of critically ill children in Puerto Rico.

Ronald McDonald Houses around the world offer families access to specialized medical treatment by providing a place to stay at no cost.

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[Upcoming Tradeshows](#)

Our customers and partners are encouraged to visit AIT on April 4 – 6 at booth #314 at the SDDC Symposium and NDTA Expo in Dallas and booth #1013 at the Chicago Business Opportunity Fair April 18 – 20 at Navy Pier!

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[Vaughn Moore presents AIT's 2011 global outlook](#)

On Thursday, March 24, Vaughn Moore, president of AIT, presented the company's 2011 global outlook for the transportation industry during a professional development seminar hosted by APICS – the Association for Operations Management.

Main topics focused on domestic and international trends, specifically related to the increase of ocean and truck transportation and the changes felt with air freight shipments. Explaining the impact of fuel, providing insight on inventory demands and showing graphical support to defend upcoming container shortage issues, Moore delivered insight for these anticipated trends.

Other topics included the importance of cargo screening and the global market growth spotlighting the top countries trading with the United States.

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Buzz Word

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Maquiladora

A maquiladora is a manufacturing plant that imports and assembles duty-free components for export. The arrangement allows plant owners to take advantage of low-cost labor and to pay duty only on the "value added"—that is, on the value of the finished product minus the total cost of the components that had been imported to make it. The vast majority of maquiladoras are owned and operated by Mexican, Asian, and American companies.



Maquiladoras originated in Mexico in the 1960s, with many of the plants located in the border towns of northern Mexico. The maquiladoras became a means of providing employment and significant foreign-exchange earnings for Mexico's developing economy; maquiladora employment increased from approximately 200,000 in the mid-1980s to more than 1,000,000 in the late 1990s. In time, other countries started taking advantage of this system. Many Japanese companies were producing goods through the maquiladora system by the 1980s, and other Asian manufacturers soon followed.

By the end of the 20th century, a number of Latin American and Asian countries had instituted maquiladoras for the manufacture of foreign goods. In the mid-to-late 1990s, however, several maquiladoras in Honduras, Mexico, and the Dominican Republic were criticized for substandard working conditions and excessively long workweeks (up to 75 hours, without overtime compensation) as well as for contributing to environmental pollution. The majority of maquiladora workers in Latin America are women, and in some areas children are also employed. Most of the plants are not unionized.

In 1993, the United States, Mexico, and Canada adopted the North American Free Trade Agreement (NAFTA), which created the "Free Trade Zone" among the countries. This led to new American-owned assembly plants in Mexico and greater trade between the two countries. These maquiladoras make it possible for American companies to produce lower-priced goods because of the lower labor costs, but they can also diminish job opportunities for American workers. The latter was a hotly debated issue in the United States in the 1990s and early 2000s.

Source: <http://www.britannica.com/EBchecked/topic/363663/maquiladora>

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What is the US market share of all of the agricultural products imported by China?

- A. less than 25%
- B. 25%-33%
- C. 33%-50%
- D. over 50%



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

Correct Answers: B. 25%-33%

With a 26% market share, the US is the largest supplier of agricultural products to China. This is about 14% of the total agricultural exports from the US. Only Canada has a larger share of the US agricultural exports.

Additional information can be found in a recently released United States International Trade Commission report titled "China's Agricultural Trade: Competitive Conditions and Effects on U.S. Exports."

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