

Industry Update

December 2006



Inside This Issue

- 1 KWEJ Handles Flower Expo
- 1 Beaujolais Nouveau Operations
- 2 KWE Switzerland Transports Aircraft
- 2 Security Issues at Penang Airport
- 3 Carrier News
- 3 Orient Overseas Sells Division
- 4 New Port Rules for Vancouver
- 4 AAT Opening Delayed
- 4 Air Traffic Growth for HACTL
- 5 US HTS Implementation Delayed
- 5 Rate Increases Expected for FedEx
- 6 Canada Customs News
- 6 Delays at Port of Durban
- 7 US Ocean Surcharge Increase
- 7 KWE India Office Relocate
- 8 KWE Provides Services to Haute Voltige
- 9 KWE News
- 9 Holidays/FSC



Beaujolais Nouveau Wines

KWE Japan Provides Transportation for Flower Expo in Thailand

KWE Japan is privileged to be the provider of logistics support for the Royal Flora Ratchaphruek 2006 being held in Chiang Mai, Thailand from November 1, 2006 to January 31, 2007. This event commemorates the 60th anniversary of King Bhumibol Adulyadej's accession to the throne and his 80th birthday. This international horticultural exposition features over 2,200 species of tropical flowers and 2.5 million tropical plants from 30 countries from all seven continents.

KWE Japan has been selected as the official transporter due to its highly efficient refrigerated transportation that offers export clearance early in the morning in Narita, Japan and same-day nighttime arrival at Chiang Mai.

Shipments for the opening of the Expo on November 1 were successfully handled with 10 air freight containers, with each weighing 5 tons. KWEJ will continue to handle the transport of the cut flowers until the end of January, along with Orchids for the competition, and cherry trees which will be the flagship item in Japan booth.

As many as two million visitors are expected to pass through the gates of the Chiang Mai floral show; admiring plants and flowers from countries as diverse as the Netherlands, Brazil, Qatar, France, Trinidad and Tobago, Nigeria, Vietnam, Bulgaria, Iran, Kenya, Bhutan and Spain, among many others.

Beaujolais Nouveau Operations a Success in 2006

Once more KWE France & KWE Japan have sold, handled and transported the famous Beaujolais Nouveau Wines from France to Japan.

This year KWE France set a record, tonnage wise, by shipping 1900 tons of the wine by air! The supply chain operations were successfully managed by a specialized operations team. The supply chain process was managed from the wine cellars up to the customer's door and included 24/7 customer service availability.

KWE France has handled 151,033 cases of wine on 2,602 skids which represents 1.4 million bottles. During this process, 110 trucks were booked and monitored from 19 different supplier locations in the Beaujolais area and ten full charter aircrafts were booked from major European airports CDG, Lyon, Brussels, Amsterdam Frankfurt, and Basle to handle the shipments. In addition, 945 tons of common flight space was purchased from regular carriers to support this logistics project.

This year the "Taste of Beaujolais Nouveau" was particularly good and appreciated by the customers!

KWE Switzerland Transports Benninger Aircraft

On September 2006, KWE-Switzerland and Benninger AG, Uzwil entered into a large scale airfreight project which involved shipping 3 BENNINGER-Ergotec Warping Systems to Gaomi in PR China. The shipments weighed a total gross weight of 54 tons with a volume of 270 cbm. The systems were transported from Switzerland on November 13, 2006.



Benninger Aircraft

The challenge of transporting the shipments was the highly sensitive nature of the main cargo, the Rotor Cylinders. The cargo was so sensitive that even something as small as a single scratch on the outside would heavily affect the process of warping. The Rotor-Cylinders measured 7 meters long and can rotate at speeds of 1200 revolutions per minute during operation. The extreme sensitivity of the consignments in this project required experienced and knowledgeable specialized logistics and handling.

Together with CARGOLUX, KWE Switzerland visited the Benninger site twice to optimize the arrangements and process for loading the equipment onto the trucks and aircraft. Six trucks were required to load the cargo at the Benninger plant. Mr. Ralph Schindler, BENNINGER Project Manager and Mr. Daniel Riedo, Sales Manager of KWE Eastern Switzerland, supervised the cargo being loaded onto CARGOLUX's B747-400 full freighter in Luxembourg en route to Shanghai's Pudong Airport.

KWESHA took delivery of the sensitive Cargo after the arrival at Pudong Airport. Expedited Customs clearance and "white glove" on-forwarding had been arranged well in advance of the landing. After clearance, KWESHA craned the 54 tons onto various trailers and safely delivered the cargo to its final destination.

Security Issues at Penang Airport

As the result of a robbery at the BAX Global warehouse located in the FCZ area in Penang, KWEPEN has increased the level of security at their two facilities, KLAS/MCT and KLIA/KUL. Effective immediately, panic alarms will be installed at both facilities. KWEPEN also met with the Airfreight Forwarders Association of Malaysia (AFAM), the MAS security department, Customs, and local police officers to further discuss additional counter measures to lessen the likelihood of another robbery taking place. As a result of this meeting, the following guidelines have been established: a) All trucks going into FCZ will have to open the truck's back door for the Sec. Staff to verify. (b) Only authorized persons with a MAS badge pass will be allowed into FCZ area. (c) a local police unit will be stationed in the FCZ area. (d) CCTV systems will be installed at every entry / exit location. (e) a hotline link to the nearest local police station will be provided. (f) panic buttons installed within the FCZ and the MAS security area.

To find out more about the newly implemented security changes please contact a representative at the KWEPEN branch.



Carrier News

- Gulf Air introduces two additional A300 Freighter flights Ex-Bangalore to Bahrain on Thurs & Sun with a freight capacity of 40 tons. Hanjin has ordered five 10,000 TEU container ships making it the first Korean steamship line with this size vessel. This new service offers more routing options and extra capacity for the growing Mid East Freight volume Ex-Bangalore.
- Singapore Airlines has introduced one additional passenger flight operating on every Tuesday with cargo allocation of 14 tons (SQ 503/D2). The new service offers more routing options and extra capacity for the winter schedule 2006. Reza – what lane ?
- Custom Bonded Rail service introduced Ex-ICD Bangalore to Tuticorin Port for Ocean Containers effective 9th Dec 2006. This new service will enhance the movement of Ocean Containers from Inland Dry Port at Bangalore Gateway Ports, reducing turnaround time for On Board status of FCL's.
- CSAV NORASIA to launch new IMEX direct service between India Middle East & Europe from 22/12/06. Port rotation being Jebel Ali - Mundra - Nhava Sheva - Port Said - Rotterdam - Hamburg - Felixstowe - Jeddah - Jebel Ali. A total of 6 vessels with a capacity of 2800 teus will be deployed on the route solely by CSAV. T.S. Lines launched Hyper Galex Service between China & India in collaboration with SCI & Emirates Shipping.
- Jade Int'l Cargo Airlines (JV between Shenzhen Airlines and Lufthansa Cargo) has commenced thrice-weekly SZX/KIX v.v. freighter schedule with B747F on day 3, 5, 7.
- All major freighter airlines have announced cargo flight cancellations during the festive period from Christmas to the 1st week of Jan 2007

Orient Overseas Limited Sells Terminal Division

Orient Overseas Limited announced the sale of its Terminals Division to the Ontario Teachers' Pension Plan Board. The transaction is subject to OOIL shareholders and regulatory approvals, and is expected to be completed in early 2007.

This transaction provides substantial benefits to both Orient Overseas Limited and the Terminals Division. The Terminals Division will now have a secured long-term owner who is focused on infrastructure and ability to grow.

OOIL's Terminals Division comprises four container terminals located in North America: TSI Terminal Systems, which operates two container terminals - Deltaport and Vanterm - in the Port of Vancouver; New York Container Terminal on Staten Island, N.Y. in the Port of New York; and Global Terminal in Bayonne, N.J. in the Port of New Jersey.

Transport Canada Moves to Improve Efficiency at BC Lower Mainland Ports

The following is an excerpt from a news release issued on 29 November by Transport Canada.

The Honorable Lawrence Cannon, Minister of Transport, Infrastructure and Communities, along with the Honorable David Emerson, Minister of International Trade and Minister for the Pacific Gateway and the Vancouver-Whistler Olympics, today announced the enactment of new regulations aimed at stabilizing trucking operations at British Columbia's Lower Mainland ports.

Under the new regulations, the Vancouver and Fraser River port authorities must, by law, establish a licensing system, set minimum conditions on licenses, and ensure these conditions are respected.

"The ports in Vancouver are vital for the local and national economies and represent a key part of our Asia-Pacific Gateway and Corridor Initiative, so we need to ensure they can run as seamlessly as possible," added Mr. Emerson. "With these regulations in place, B.C.'s ports will become an increasingly attractive destination for exporters from Asia and around the world."

The Regulations Amending the Port Authorities Operations Regulations reinforce measures established by the Vancouver and Fraser River port authorities by setting out conditions of entry through licensing. These measures will improve efficiency, reduce wait times and increase the number of daily trips made by owner-operators.

Transport Canada has completed its review of the comments received during the 30-day consultation period that followed the pre-publication of the regulations in the Canada Gazette, Part I. The new regulations were published on 29 November in the Canada Gazette, Part II and come into force immediately. [The Canada Gazette is found at <http://canadagazette.gc.ca/partII/2006/20061129/pdf/g2-14024.pdf>.]

*The New Regulations
Will Make Vancouver
an Attractive
Destination for Asian
Exporters*

Asian Freight Terminal's Opening Delayed

The Asian Freight Terminal or the AAT (the 2nd largest air cargo terminal in HKG) opening has been delayed due to failed inspections. Recent government inspections uncovered additional issues that must be addressed before the terminal can open at full capacity. The opening date for the new terminal will be announced

HACTL Experiences Growth in Air Tonnage

HACTL (Hong Kong Air Cargo Terminal Ltd) announced that air import tonnage increased by 1.01% up against October 2006. However, in November, the HACTL reported a 6.7% increase in export tonnage.

Revised HTS Implementation for U.S Customs Delayed

The revised HTS implementations release has been delayed until February 2007. The delay may cause shipment processing delays as programming for new HTS is performed. As published in the August edition of the Industry Update, the new changes to the HTS affect the following technology products:

- ADP systems/machines/units
- Printing Machinery
- Multifunction machines
- Networking Equipment and other voice, image or data transmission/reception apparatus
- Software
- Electronic Integrated Circuits
- Sound Recording / Reproducing Equipment
- Semiconductor Manufacturing Equipment

The full version of the list can be found at:

<http://hotdocs.usitc.gov/docs/tata/hts/APPXB.pdf>

Please note that Canada's implementation of HTS is still scheduled to go into effect on January 1, 2007.

*Please Contact Your
Local KWE
Representative for
Additional Information*

FedEx Announces Rate Increases- Signals Industry Trend

Notable as a rate increase initiative by FedEx Corp. is the announcement of an increase in the net average shipping costs for FedEx Express by 3.5 percent, which is composed of a 5.5 percent average increase in standard list rates, offset by a 2.0 percent point reduction in its fuel surcharge. These rates are also effective Jan. 1, 2007 and apply to U.S. domestic and U.S. export packages and freight.

FedEx also previously announced a new dimensional weight system for oversized, large FedEx Ground shipments. If the dimensional weight is greater than the actual weight, dimensional weight will apply to FedEx Ground shipments that are three cubic feet (5,184 cubic inches) or greater.

Important Canada Customs Notice

The following is a brief outline of Customs Notice 15-2-48 regarding the application of anti-dumping and countervailing duty of laminate flooring originating in or being exported from the People's Republic of China and France

1. This memorandum refers to the application of anti-dumping duty to importations of certain laminate flooring originating in or exported from the People's Republic of China and France and the application of countervailing duty to importations of certain laminate flooring originating in or exported from the People's Republic of China.

2. The memorandum is divided into eight sections, all under "Guidelines and General Information."

3. A description of the goods is provided, with revisions to the applicable classification number and unit of measure code for laminate flooring:

* revised on June 15, 2006 to the end of 2006; and

* revised as of January 1, 2007.

4. The milestone dates of the investigation are provided, along with the applicable classification number.

5. Additional information concerning interest owing is provided in Customs Notice CN-450, Legislative Changes with Respect to Interest on Anti-Dumping, Countervailing, or Provisional Duties Levied under the Special Import Measures Act (SIMA) and Resulting Proposed Regulatory Changes in Support of Those Legislative Changes.

6. Information regarding the normal value of subject goods and anti-dumping and countervailing duties is provided, with revisions coming into effect in accordance with the ministerial specification, following the conclusion of the first re-investigation on May 5, 2006.

Memorandum

This memorandum refers to the application of anti-dumping duty in accordance with section 3 of the Special Import Measures Act (SIMA) to importations of certain laminate flooring originating in or exported from the People's Republic of China (China) and France and to the application of countervailing duties, in accordance with the same section of SIMA, to importations of certain laminate flooring originating in or exported from China. These duties are applied as a result of the findings of injury by the Canadian International Trade Tribunal (Tribunal).

*Please Contact Your
Local KWE
Representative for
Additional Information*



Port of Durban

Durban Port Experiencing Delays

The port of Durban in South Africa has been experiencing serious delays due to inclement weather conditions. The bad weather has hampered rail truck transport which in turn has delayed vessels from being unloaded. Several large clients have resorted to using air and hand carrying services. KWE will continue to monitor the situation and provide updates as needed.

Surcharge Increases for US Ocean Exports

Ocean carriers have announced an increase in the EBAF for US exports and the IFC. The new increases will take effect January 1-January 31, 2007.

*Please Contact Your
Local KWE Branch for
More Information*

EBAF:

Container Size	Eastbound (USA)	Westbound (USA)
20'	345USD	364USD
40'	455USD	455USD
40' HC	510USD	455USD
45'	580USD	455USD

IFC:

Inland transported by truck: \$52.00 per container

Inland transported by truck and rail combination: \$179 per container

If you have any questions regarding the upcoming increases, please contact your local KWE branch.

KWE Mumbai and Delhi Offices Relocate

Effective December 1, 2006, KWE offices in Mumbai and Delhi relocated. The addresses for the new office locations are:

Mumbai:

M/s Kintetsu World Express (India) Pvt Ltd.,
B-304, Citi Point,
(M.V.Road), Andheri-Kurla Road,
J.B.Nagar, Andheri (East),
Mumbai - 400 059 Maharashtra, India
Tel: 91 22 28203375 / 76 / 79
Fax: 91 22 28203380

Delhi:

M/s.Kintetsu World Express (India) Pvt. Ltd.,
Ground Floor, Palm Court,
Sukhrali Chowk, M.G.Road,
Gurgaon 122001, Haryana, India
Tel: 91 124 4200900
Fax: 91 124 4200600

Please make a note of the change for future reference.

Obtaining U.S. Export Schedule B Numbers

From time to time, our export personnel working at KWE/USA branch locations receive calls from our customers asking for assistance with assigning a Schedule B number to their products.

Though our export personnel have much experience in arranging the export of countless types of products to destinations across the globe, they lack the expertise in classifying material according to U.S. export regulations.

Equally important, as per Section 30.4 of the Foreign Trade Statistics Regulations of the U.S. Census Bureau (see <http://www.census.gov/foreign-trade/regulations/regs062004.txt>), it is the responsibility of the U.S. principal party in interest (USPPI) to provide the Schedule B number to an authorized forwarding agent if the forwarding agent is filing export information in the Automated Export System (AES) on behalf of either the USPPI or the foreign principal party in interest (FPPI).

For personal assistance with obtaining a Schedule B number, we encourage you to contact directly the Foreign Trade Division of the U.S. Census Bureau at TEL.: 800.549.0595 (option 2) between the hours of 8:30 am - 5:00 pm Eastern time, Monday – Friday. Too, instructions for obtaining a Schedule B number are available on the Web site of the U.S. Census at <http://www.census.gov/foreign-trade/schedules/b/>.

You may obtain additional assistance with export matters by contacting the organizations listed on the Web site of the Trade Information Center (a comprehensive resource for information on all U.S. Federal Government export assistance programs) at <http://web.ita.doc.gov/ticwebsite/tic.nsf/6a5f1120d49f8ae1852566330051f340/2293f68ac84bc73985256633005ff4d0!OpenDocument>.

If you have questions about this article, or would like further information about this topic, please contact Bob Feke from the KWE/UHQ Operations Department for assistance at TEL.: 440.826.1938, or via e-mail at robert.feke@am.kwe.com.

KWE Sales Inc. Provides Service to Haute Voltige

KWE Sales Inc., one of the KWE group companies, provided transportation services for an acrobatics competition held in the Tochigi prefecture during November 3 - 5, 2006.

Six aircrafts were transported by ocean from Russia, England, Germany and Hungary in five 40-foot containers. Although each aircraft was not as heavy as a mini-vehicle, its transportation required a wide range of experience and knowledge due to its high mobility and construction.

KWE Sales Inc. provided additional services including import clearance, devanning and transportation after the competition.

For information on how your organization can utilize KWE's special logistics services please contact your local KWE branch.

*Please Contact CTCG
or Your Local KWE
Representative for
Additional Information*



KWE Japan Transporting Aircraft

Holiday Schedule – January 2007

1 JAN	New Year's Day	KWE Offices Closed
6 JAN	Epiphany	MUC, NUE, and STR Offices Closed
22 JAN	Martin Luther King Jr. Day – USA	Gov't Offices Closed

DECEMBER 2006						
S	M	T	W	T	F	S
					1	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28	29	30
31						

Fuel Surcharge Monitor

Fuel Surcharge (FSC):

Several major air carriers have decreased their FSC from November. Currently, most carriers are assessing the charge at \$.50 per kilo. However, analysts are suggesting that the fees may level off or increase in the upcoming New Year.

Security Surcharge (SSC):

Effective December 4, 2006, the SSC for U.S. international export flights will increase by \$.15 per kilogram to all Latin America, Asia Pacific, Europe, Africa, and Middle Eastern destinations.

*Lufthansa Cargo has ceased publishing the weekly fuel index at their website.
KWE will publish changes in the FSC based on industry updates*

JANUARY 2007						
S	M	T	W	T	F	S
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30	31			

FEBRUARY 2007						
S	M	T	W	T	F	S
				1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28			

KWE's Industry Update is a publication designed to provide meaningful insights to today's transportation and logistics market. We encourage our readers to submit suggestions regarding topics that they would like see covered in future issues. While KWE cannot cover each and every topic, we will do our best to provide as full coverage as possible.

The Industry Update is distributed to our key client contacts, if you feel that there are other parties in your organization who would benefit from receiving this publication, please send their contact information to marketing@am.kwe.com, and we will add these individuals to our distribution list.