KWE Shanghai Acquires ISO 9001 Certification

KWE proudly announces that on June 25, 2009, Shanghai Kintetsu Logistics Co., Ltd. (“KWE (Shanghai)”) acquired International Standards Organization (ISO) quality management system certification, ISO 9001.

Since becoming the first Japanese freight forwarder within Japan to acquire ISO 9001 (at that time ISO 9002) certification in July 1994, KWE has actively promoted acquisition of this certification by our overseas group companies. The certification of KWE (Shanghai) brings the number of certified company’s within the KWE group to 18.

KWE (Shanghai) is the second foreign based company within China performing warehousing operations to acquire this ISO certification. Through this certification, KWE (Shanghai) and the KWE group as a whole aims to provide even higher quality services to its customers.

<table>
<thead>
<tr>
<th>Company Name</th>
<th>Shanghai Kintetsu Logistics Co., Ltd.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of Warehouses</td>
<td>4</td>
</tr>
<tr>
<td>Total Warehouse Space</td>
<td>72,387 ㎡</td>
</tr>
<tr>
<td>No. of Employees</td>
<td>470</td>
</tr>
</tbody>
</table>
IATA Revises Outlook for 2009

IATA downwardly revised its outlook for net profit of 2009 to US$ 9.0 billion from the previous forecast of US$ 4.7 billion. The depressing forecast is reflecting a rapidly deteriorating revenue environment and recession. IATA also revised its loss estimate for 2008 to $10.4 billion from the previous estimate of $8.5 billion.

The traffic growth rate is also expected to decrease to 11.0 percent resulting from carrying 7.2 million tons of freight less than 2008's volume.

Regional differences remain significant:

• Asia-Pacific carriers will suffer the greatest profitability loss of 3.3 billion. This is a slightly better forecast than the $3.9 billion that the regions' carriers lost in 2008.

• North American carriers will post a loss of $1.0 billion. This is significantly better than the $5.1 billion loss in 2008.

• European carriers will experience losses of $1.8 billion with collapsing demand for premium services in all major markets served by the region's carriers (intra-Europe, North Atlantic and Europe to Asia).

• Despite strong traffic growth, Middle East carriers are expected to suffer losses of $1.5 billion.

• Latin American carriers will post a loss of $900 million, as the impact of the recession in the US and China weakens demand for the region's commodities.

• African carriers are expected to see losses of $500 million.

KWE South Africa Receives Part 108 Certification

KWE is pleased to announced that KWE South Africa acquired Part 108 Certification.

Part 108 is a preventative security program which sets out measures and procedures to be implemented to safeguard against acts of unlawful interference with air cargo.

KWE South African will enjoy preferred treatment from air carriers and their cargo would be considered secure for loading on an aircraft without further security measures being applied. Furthermore it will benefit from potential reduction in liability insurance premiums and diminished risk of liability exposure.
KWE Deutschland Handles Project Cargo

KWE Deutschland GmbH (KWED) is proud to handle two heavy load project shipments for one of their customers in Augsburg for two consecutive years.

The project consisted of two phases:

**Phase 1** - Three machine tools were dismantled in Germany to be rebuilt at the consignees’ sites to continue their service in Japan.

**Phase 2** - Manufacturing parts were then shipped to Korea for the production of large-bore diesel engines.

KWED's service was not limited to the mere transport of the 130 and 140 tons of ocean freight shipments to Japan and Korea, but included the following:

- Dismantling of the machines on customer's site in Augsburg
- Arranging the movement of all parts out of the production hall
- Arranging heavy lift equipment
- Transport of all parts from Augsburg to Hamburg
- Seaworthy packing of all parts in Hamburg coordinate
- Stuffing of FR (flat rack) containers
- Break bulk arrangements for some pieces
- Ocean freight transport

Acting as a prime contractor, KWED arranged on-site staff during the project phases and managed four subcontractors for smooth handling.

Furthermore, KWED coordinated the disposal of waste oil and cleaning of the site. Upon arrival at the ports of destination in Japan and Korea, KWE performed customs clearance and arranged delivery. All parts were safely shipped to consignees' sites.

The total volume of both projects were 270 tons and 717 cbm. The biggest piece was measured at 10.45 x 2.60 x 3.13 meters with a weight of 37 tons.

KWE is very proud of KWED’s employees and appreciates the continued efforts to provide this excellent service. From this strategically located site, KWED, an ISO 9001:2000 certified branch, provides complete ocean, air, warehousing and logistics service to customers in the automotive industry as well as healthcare, steel and electronics.
New Wood Material Requirement in Indonesia

Indonesia announced that it will implement ISPM 15 starting September 1st.

ISPM 15 is an International Phytosanitary Measure developed by the International Plant Protection Convention (IPPC) that directly addresses the need to treat wood materials of a thickness greater than 6mm, used to ship products between countries. It affects all wood packaging material (pallets, crates, dunnage, etc.) requiring that they be treated with heat or fumigated with methyl bromide and marked.

Products exempt from the ISPM 15 are made from alternative material, like paper, plastic or manufactured wood products (e.g., plywood).

To facilitate clearance at the points of entry in Indonesia, it is highly recommended that the WPM be accompanied by a packing declaration.

Should KWE customers have any questions or require assistance with regards to this advisory or your shipment needs, please contact your closest KWE office.

KWE USA to Become ISO 9001:2008 Registered

KWE USA has launched the initiative to implement a Quality Management System with the goal to become ISO 9001:2008 registered.

The implementation process consists of training personnel, creating a quality manual, defining a quality policy, identifying measurable objectives, displaying the sequence and interaction of our core processes, controlling documentation for the entire system, and conducting management reviews.

Since one of the key principles of QMS is customer focus and feedback, we have developed a new Customer Satisfaction Questionnaire that can be found at http://www.kweusa.com/etools/survey.asp.

We hope that all of our customers will visit our website and take a few moments to complete the questionnaire to assist us in understanding our customers’ perceptions of our services.

We are targeting the 1st quarter of 2010 for the pilot branches to become ISO-registered and the end of 2010 to complete our entire USA operations locations.
KWE Industry Update Page 5

KWE India Opens Two New Locations

- KWE India opened a new airport office at Hyderabad International Terminal.

KWE Hyderabad (HYD) has been providing customs brokerage operation since April 2009. Opening of the new airport office provides better operational capabilities as airlines and customs operations have shifted their locations near the International terminal. From the new location KWE HYD is able to save time, reduce operational cost, and offer better service to our customers.

Debuting 2008, the new Hyderabad International Airport is able to handle over 40 million passengers and millions of tons of cargo each year. The new Hyderabad International airport is expected to bring many major manufacturing companies closer to the airport.

Hyderabad Airport Terminal Office
- Address: Room No.26, First Floor, Cargo Satellite Building, Shamshabad Airport, Hyderabad, 501218, India
- Tel: +91-40-24008238
- Fax: +91-40-24008239

- KWE India also established a warehouse in the city of Bangalore. KWE Bangalore warehouse is located in the centre of the Bangalore Industrial Estate, Kudlu Gate and is easily accessible to the new International Airport, ICD (Dry Port). Bangalore is known as the Silicon Valley of India because of its prominent position as the nation’s leading I.T. employer and exporter. KWE Bangalore warehouse will enjoy a better control of supply and delivery of goods in Bangalore, Kamataka, and all across the India.

The features of the new KWE Bangalore Warehouse include:

1. Temperature Control Warehousing
2. Normal Warehousing
3. 24 X 7 Support
4. 2 Hr/ 4 Hr & Emergency Deliveries
5. NBD (Next Business Day Deliveries), which includes:
   A. 24 Hr Delivery Service Window
   B. 48 Hr Delivery Service Window
   C. 72 Hr Delivery Service Window
   D. ODA (Out Of Delivery Area) Deliveries

Bangalore Warehouse
- Address: 48/2 Hongasandra, Begur Hobli, Bangalore South Taluk, Bangalore, India
- Warehouse Space: 1236㎡, (13,300 sqft)
- Distance from KWE Head Office: Approx. 09 Kms
- Distance from new Bangalore Int’l Airport: Approx. 50 Kms
- Tel: +91-80-42045368 - Fax: +91-80-42045368

Disclaimer: The subject matter of this newsletter is provided for informational purposes only. All data is obtained from public sources and is believed to be true and accurate. KWE is not responsible or liable for any inaccurate information contained herein.
Canada – European Free Trade Association

The free trade agreement (FTA) signed by Canada and the European Free Trade Association (EFTA) countries of Iceland, Liechtenstein, Norway and Switzerland entered into force on July 1.

The European Free Trade Association (EFTA) countries are significant economic partners for Canada. In 2008, two-way merchandise trade was valued at $13.2 billion, including Canadian exports of $4.2 billion. In addition, two-way investment stocks with Norway and Switzerland reached $28.4 billion in 2008.

The benefits of FTA include:

- Immediate elimination of import tariffs on all non-agricultural products with the exception of Canada’s tariffs on sensitive shipbuilding products.

- Provides for the elimination or reduction of tariffs on below selected Canadian agricultural and agri-food products.
  - Durum wheat: duty free within quantitative limits
  - Frozen french fries: tariff reduced to 46 percent from 76 percent in Iceland and by 15 percent in Norway
  - Crude canola oil: duty free into Switzerland
  - Beer: tariff to be cut by 50 percent in Switzerland; duty-free in Norway and Iceland
  - Frozen blueberries: duty free in Switzerland; tariff cut in Norway

- Introduces three new preferential tariff treatments, namely the Iceland Tariff, the Norway Tariff and the Switzerland-Liechtenstein Tariff.
  - Iceland Tariff (IT) - Code 22
  - Norway Tariff (NT) - Code 23
  - Switzerland-Liechtenstein Tariff (SLT) - Code 24

Removal of barriers that limit Canadian participation in these wealthy and sophisticated markets now enable access to an important entry point to the broader European market.

KWE Office Information

- Beijing Kintetsu World Express Co., Ltd. Opened a Bonded Warehouse in Wuhan.

Wuhan Branch Dongxihu Bonded Warehouse
Address: West of 23ed Zhigou, North of 107 National Road, Wujiashan, Dongxihu District, Wuhan City, Hubei Province, P.R, China
Tel: +86-27-83265688
Fax: +86-27-83265678
Person In-Charge: Mr. He Kang – Manager

- Kintetsu World Express (Vietnam), Inc. relocated its head office.

Kintetsu World Express (Vietnam), Inc. Head Office
Address: 51 Yen The Street, Ward 2, Tan Binh District, Ho Chi Minh City, Vietnam
Tel: +84-8-3848-8845
Fax: +84-8-3848-8936
Person In-Charge: Mr. Toshihiko Shimamoto - President
China Changes Export Tax Rates

Effective July 1, China removed and reduced export taxes on a range of products. The affected products range from grain and rice to metals and other materials.

- Export taxes for indium and molybdenum is cut from 15 percent to 5 percent.
- Tax on some steel and tungsten products is reduced from 10 percent to 5 percent.
- Export tax on wheat, rice, soybean and sulfuric acid are removed.

This tax cut is aimed to prevent further deteriorating trade situation. China reported a significant loss in the nation's exports for seven consecutive months since November last year.

Since late last year, the government has reduced export taxes on a range of commodities, especially in labor-intensive sectors. It has also hiked tax rebates for exports seven times since August 2008.

Carrier News

- **Emirates** is launching new routes to Africa this year. Flights to Durban start on October 1st, while services to the Angolan capital of Luanda begin on October 25th.

- **Lufthansa Cargo** extends its network to Mexico. Starting July 22, Lufthansa Cargo will be offering a connection to the Mexican city of Guadalajara (GDL). The flight will operate from Frankfurt via Dallas/Fort Worth (DFW) to Guadalajara and again via Dallas back to Frankfurt. Guadalajara is a large commercial center and an important industrial location.

  Further capacities to and from Mexico are available to Lufthansa Cargo customers twice a week on flights to Mexico City (MEX) with MD-11 freighters as well as daily in the cargo holds of Boeing 747-400 passenger aircraft of the Lufthansa Passage Airline from Frankfurt to Mexico City.

- **Cathay Pacific Airways** announced that it will launch flights to Jeddah, Saudi Arabia’s second major commercial city, with effect from October 25. The four-times-weekly service will operate through Dubai on the way to and from Hong Kong.

  The new service to Jeddah, located in the west of the country on the coast of the Red Sea, will offer Saudi Arabian travelers more flexibility and convenience when travelling to the Far East and beyond.
**UPDATE : Bunker Adjustment Factor (BAF) Inland Fuel Charge (IFC)**

### WESTBOUND (from USA to Asian destinations)

**July 01 through September 30, 2009**

<table>
<thead>
<tr>
<th></th>
<th>20’ dry</th>
<th>other dry</th>
<th>20’ reefer</th>
<th>other reefer</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>BAF – East Coast</strong></td>
<td>524</td>
<td>655</td>
<td>700</td>
<td>874</td>
</tr>
<tr>
<td><strong>IFC – Pure truck</strong></td>
<td>38</td>
<td>38</td>
<td>38</td>
<td>38</td>
</tr>
<tr>
<td><strong>IFC – Truck/Rail</strong></td>
<td>132</td>
<td>132</td>
<td>132</td>
<td>132</td>
</tr>
</tbody>
</table>

### EASTBOUND (from Asian origins to USA)

**July 01 through September 30, 2009**

<table>
<thead>
<tr>
<th></th>
<th>per 20’</th>
<th>per 40’</th>
<th>per 40HQ</th>
<th>per 45’</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>BAF – East Coast</strong></td>
<td>308</td>
<td>385</td>
<td>433</td>
<td>487</td>
</tr>
<tr>
<td><strong>IFC-Truck</strong></td>
<td>38</td>
<td>38</td>
<td>38</td>
<td>38</td>
</tr>
<tr>
<td><strong>IFC-IPI</strong></td>
<td>66</td>
<td>66</td>
<td>66</td>
<td>66</td>
</tr>
<tr>
<td><strong>IFC-IPI</strong></td>
<td>132</td>
<td>132</td>
<td>132</td>
<td>132</td>
</tr>
</tbody>
</table>

**Holiday Schedule – August 2009**

<table>
<thead>
<tr>
<th>Date</th>
<th>Event</th>
</tr>
</thead>
<tbody>
<tr>
<td>10 August</td>
<td>Nation’s Day – Singapore</td>
</tr>
</tbody>
</table>
| 10 August | Women’s Day – South Africa  
| **Skeleton Staff** |
| 12 August | H.M. the Queen’s Birthday – Thailand |
| 15 August | Independence Day – South Korea |
| 17 August | Independence Day – Indonesia |
| 31 August | National Day - Malaysia |