

# Industry Update

November 2007



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## Texas Instruments Awards KWE

Texas Instruments recently honored KWE with the 2007 Silver Partner Award for outstanding leadership in Minority and Women Business Development (MWBD). KWE was one of only five suppliers chosen from a pool of thousands to receive this prestigious TI Supplier Excellence Award. Texas Instruments formally recognized KWE's achievement during the annual MWBD Leadership Awards Luncheon held in Dallas, Texas earlier this year.

Rich Templeton, President and Chief Executive Officer, and Rob Simpson, Vice President, Worldwide Procurement and Logistics, formally presented the award to Dave Cohen, VP Global Strategic Customers, Jerry Adhahn, Branch Manager, Dallas Import and Les Baron, TI Global Leader. Texas Instruments is committed to Economic Inclusion as a way of building a stronger community and creating a stronger competitive position for TI. To achieve this objective, TI actively maximizes opportunities to utilize certified minority and women-owned businesses in their supply chain and encourages suppliers to do so also. KWE is honored to receive such high recognition of our own efforts to support such businesses and help them grow.

KWE is very proud of all of our dedicated employees servicing this very important customer, and appreciates the continued efforts to provide TI with the strong, reliable service they have come to expect from us.



**New Services from KWE Middle East**

KWE Middle East has a strategic alliance with the following freighter operators to begin their services to Africa.

1. Africawest Cargo - DXB / ROME to 15 cities - Departure Day 5
2. Demavia Airline - DXB / KINSHASA to 6 cities - Departure Day 5
3. Air Transat cargo - DXB / Canada - First carrier EK, Onward on Air Transat from CDG / LHR...
4. Air Zimbabwe - DXB / HARARE - Departure Day 3,5

KWE Dubai office will arrange "Sea-Air" or "Air-Air" shipments to handle service requirement to West African cities.

Should you have any questions, kindly send your inquiries to KWE Middle East, attention Mr.Ganesan at [kweme.operation@ao.kwe.com](mailto:kweme.operation@ao.kwe.com).

**Cities that can be connected from Dubai:**

- |             |             |             |            |
|-------------|-------------|-------------|------------|
| Accra       | Abidjan     | Bamako      | Bangui     |
| Brazzaville | Cotonou     | Conakry     | Douala     |
| Free Town   | Libreville  | Malabo      | Monrovia   |
| Niamey      | Ouagadougou | Point Noire | Kinshasa   |
| Goma        | Kisangani   | Kananga     | Lubumbashi |
| Mbuji-Mayi  |             |             |            |



**New office in Surabaya, Indonesia**

KWE-Indonesia opened a business site in Surabaya, Indonesia's second largest city that will commence full-scale operations on November 1, 2007.

Surabaya, with a population of approximately 2.8 million, is the capital city of East Java Province and is the local base for many Japanese corporations involved in motorcycle, vehicle and musical instrument related industries. Surabaya operations have normally been conducted from KWE- Jakarta office. Given KWE's desire to expand services to Japanese client corporations within this region, KWE decided to establish this Japanese employee staffed site. The establishment of this Surabaya Representative Office brings the number of business sites established by KWE -Indonesia to four. In line with the establishment of this new business site, KWE continues its ongoing expansion of its operations within Indonesia.



<b>Name</b>	PT. Kintetsu World Express Indonesia Surabaya Representative Office
<b>Address</b>	Jl. Raya Juanda No.1, Blok B -11 Ruko Juanda Business Centre Gedangan - Sidoarjo 61254
<b>Tel &amp; Fax</b>	+62-31-8579322      Fax:+62-31-8549309
<b>Person-in-Charge</b>	Hiroshi Kozue (KWE-Indonesia President) Minori Shimodaira (Sales)

## BKWE (China) Expands Dedicated Domestic Distribution Facilities in China

Beijing Kintetsu World Express Co., Ltd. ("BKWE") has established a dedicated domestic warehouse facility (Beijing Kintetsu Airport Logistics Center) that has commenced operations on October 8, 2007. It's the largest of any Japanese-based freight forwarder with a space of 10,000m<sup>2</sup>.

The establishment of this dedicated domestic warehouse facility will primarily serve to fulfill all the logistics and distribution functions required for the forwarding of domestically produced products to key markets throughout China.

To date, KWE has operated two warehouses (approx. 8,000m<sup>2</sup>) located on different sites within this area. However, in response to the increased pressure on warehouse space resulting from the current expansion of business within China and KWE's ongoing improvements in service quality, through measures such as increased security, it was decided to relocate and merge the operations of these two warehouses into this newly constructed facility.

The following is an overview of the new warehouse facility.

- The 2 story warehouse is made of reinforced concrete construction with space per floor of 5,000m<sup>2</sup>. The ceiling heights are approx. 9m and 6m on the 1<sup>st</sup> and 2<sup>nd</sup> floors respectively.
- Facility includes storage, distribution logistics, cross-dock functions and domestic transport (truck, air and rail). Main products handled are those domestically manufactured and sold, including home appliances such as LCD TVs and refrigerators, office equipment such as multi-function copiers, as well as parts for the above.
- Business hours are 09:00 - 18:00 (Mon. – Fri.) but upon customer request weekend and holiday hours can be accommodated.
- 300m<sup>2</sup> of temperature control space.
- Manned security posts at the gates. (24-hour monitoring system)
- 14 truck docks including those with ocean container handling capacity.

This is one of only a few domestic distribution dedicated warehouses operated by an international forwarder near Beijing. The Beijing branch office of BKWE processes approx. 8,000 shipments per month for domestic transport and within these shipments approx. 80% are transported by truck with the remainder by either air or rail.

In the future, and particularly in the lead up to the Beijing Olympics, an ever increasing demand for domestic freight distribution within China is forecasted. Accordingly, in addition to this facility, BKWE also plans a similar relocation and expansion of its domestic dedicated warehousing facilities for Shanghai, as a further step in its ongoing efforts to provide a full-menu of truck, rail and air distribution services and to expand its independent network within China.

Name	Beijing Kintetsu World Express Co., Ltd. Beijing Kintetsu Airport Logistics Center (Domestic Warehouse)
Address	5 <sup>th</sup> street, logistics park, Airport logistics Base, North of Shunping Road, Shunyi, Beijing, 101300 P.R.C
Warehouse Space	10,000m <sup>2</sup> (Inc. temperature control possible space of 300m <sup>2</sup> )
Person-in-Charge	Mr. Guo Donglin
Number of Employees	119
Commencement of Business	8-Oct-07

### Port Klang- Reduction in Free Period

Westports authority at Port Klang, Malaysia is implementing reduction of free storage days, from 5 days to 3 days effective Nov 1, 2007. This applies to all inbound FCL, LCL & empty container boxes. It has been decided to reduce the free time for cargo as follows:

- **Import Cargo** -Reduction of free storage day for FCL, Empty and LCL container boxes from 5 days to 3 days.
- **Export Cargo** - Reduction of free storage for Export FCL, Empty and LCL container boxes from 7 days to 3 days.
- **Transshipment** - Reduction of free storage days for Transshipment container boxes from 28 days to 14 days.

**This implementation will be effective as of November 1, 2007.**

### Official Opening of Fairview Container Terminal



The new Fairview Container Terminal in Prince Rupert, British Columbia celebrated its official opening in September. The terminal was built and will be operated by Maher Terminals of New Jersey, which has invested \$60 million in the project along with Canadian National Railway.

This marks the opening of Phase 1 of the terminal, which will have capacity of 500,000 TEUs. Phase 2, already in the design stage, will expand capacity to 2 million TEUs. The opening will make Prince Rupert the closest container port in North America to Japan and North China.

Plans for yet another terminal to be built in two phases -- by 2013 and 2016 -- will raise capacity to more than 4 million TEUs. Further expansion is planned by 2020.

### China Will Reach Milestone TEU Mark in 2007

China is expected to reach the milestone 100 million TEU mark this year. In 2006 it handled 93 million TEUs but in the first eight months this year it has recorded 72 million TEUs so far.

China container cargo is still in the fast lane due to strong demand and there is no doubt that the total China container throughput will exceed the 100 million mark this year.

The leading port in the rate of growth, not overall size, was Guangzhou, which in the first eight months had a throughput of 5.97 million TEUs, up 42.2%. Ningbo came second in container cargo growth. It handled 6.11 million TEUs in the first eight months, up 36.2%. Shanghai came in third in growth rate with throughput at 17.09 million TEUs, up 22.4%. This year it expects it will reach 25 million TEUs. The port has already overtaken Hong Kong in size.



## KWE South Africa Brings Sugar from Brazil

KWE South Africa is proud to have played a part in bringing Sugar from Brazil after 3 years of hurdles and many obstacles.

The past 3 years formed the basis for a supply chain project which included securing a reliable supplier that could meet the demand, convincing sugar mills in Brazil that the business in Africa is the real deal and securing a warehouse in Durban with the capacity to handle the required 8 000 mt per month.

The basis of this initiative was formed on 4 pillars. These are ABSA Bank, Delco Foods, KWE SA and the supplier Columbia River Holdings. The Supply Chain was designed to meet the requirements of the end customers through constant meetings, extended planning sessions, negotiations with all vendors and suppliers of services, contract negotiations and risk management.

In May 2007, the first containers docked in DBN port. The warehouses had to undergo a metamorphosis to enable the required re-bagging operations to take effect. Over a two week period, three production plants had to be constructed and commissioned, in line with the Department of Health's specification.

Dust proof ceilings were constructed stretching over 490 sq meters. Moreover, the lights were installed, windows were laminated, and walls were painted, and dressing rooms were erected. The refurbishment of the warehouse had to be completed in time to handle vehicles, secure the product and dispatch the stock to the clients. Timelines were extremely tight and the pressure was on, however, our dedicated team work and a common goal enabled this project to be delivered within the given timelines.

Since August 2007, the production plant is in full operation and the customers have been receiving their products as ordered. KWE is responsible for functions such as customs clearing, warehousing, overseeing production processes, managing and dispatching finished goods, transport to final client as well as ensuring that all planned service levels to the Blue Chip customers are met. The project also forms the basis for future expansion into other product markets and ventures.

It started off as a dream, a common goal, however dedication, perseverance and team work made it into a reality. The sugar project was formed on these fundamentals. By focusing on fundamentals such as these, KWE SA can definitely achieve even greater heights within South Africa and surely within the Global Group.



## NLR License Codes – C32 and C33



In the Automated Export System (AES), there are two license codes that can be used to report commodities moving under the 'No License Required' (NLR) provision of the Export Administration Regulations (EAR). Filed in AES with license code of either C32 or C33, material classified as NLR:

- is not moving under any type of license, and
- is not moving under any type of license exception (e.g.: LVS, TMP, RPL) from the Bureau of Industry and Security (BIS) – the licensing branch of the U.S. Department of Commerce, and
- is not moving under any type of license exemption listed in the International Traffic in Arms Regulations (ITAR) of the U.S. Department of State.

Generally, license code C32 is used to declare material that has been assigned a specific Export Control Classification Number (ECCN) – other than EAR99 -- from the Commerce Control List (CCL) of the BIS. License code C33 is used to report material with the ECCN of EAR99 – a broad, catch-all category of commodities not listed specifically on the Commerce Control List.

Recently, we have learned that there is an exception to this filing procedure.

Almost all material that:

- is moving under the 'No License Required' (NLR) provision of the EAR, and
- is classified with an ECCN that includes the number 99 (such as 0A999, 2E994, 5B991)

must be filed in AES with the license code of **C33** – **not C32** -- to convey to government agencies that the material is controlled **only** for anti-terrorism (see Appendix F on the Web site of U.S. Customs at [http://www.cbp.gov/xp/cgov/export/aes/tech\\_docs/aestir/june04\\_intro/appendices/](http://www.cbp.gov/xp/cgov/export/aes/tech_docs/aestir/june04_intro/appendices/)).

Please note that this exception does not apply to the following fourteen ECCNs:

0B999	1C991	1C997	6A998	7A994
0D999	1C992	1C999	6D991	9A991
1B999	1C995	6A992	6E991	

The above-mentioned fourteen ECCNs, when used to classify items as 'No License Required' (NLR), still must be filed in AES with the license code of **C32**.

Use the instructions in this article to determine whether license code C32 or C33 must be entered in AES when declaring items classified as 'No License Required' (NLR).

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*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](mailto:robert.feke@am.kwe.com).*

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### First Japanese Freight Forwarder Operated Business Site in Lianyungang

On October 8, Beijing Kintetsu World Express Co., Ltd. (“BKWE”) has established a business site in Lianyungang city with full-scale operations in response to increase in volume of ocean freight.

As one of the 10 major port cities in China, Lianyungang is located in the north-east of Jiangsu Province and within a bustling center of economic activity. To date, only a portion of the ocean freight shipped from Nanjing, the capital city of Jiangsu Province, has been handled by Lianyungang.

However, in order to meet the increase in the amount of ocean freight shipped from Nanjing, BKWE has transferred control of some shipments, that to date have been handled by the Nanjing Branch Office, to this new business site that is located in close proximity to the Lianyungang port to further improve its high quality services.



Name	Beijing Kintetsu World Express Co., Ltd. Lianyungang Office
Address	Room407(North), Wangtian Haicheng Plaza, No369 Zhongshan Middle Road, Lian yun District Lian Yugang City, Jiangsu Province P.R. China
Tel & Fax	+86-518-2323-101
Person-in-Charge	Mr. Zhu Xiang(Branch Manager)

### KWE EWR Relocates to a New Location

KWE EWR is pleased to announce their relocation. They moved from their old building in Secaucus to their new facility in East Rutherford, NJ. The new building consists of 3,758 sq. ft. of office space and 6,982 sq. ft. of warehouse space.

KWE EWR moved to a busier area which offers the New Jersey Sports Complex, Giants Stadium, and Continental Airlines Arena, which are approximately a 5 minute drive. Also, the state of New Jersey is building a new shopping mall called Xanadu right in the same area as the sports arena.

The new address for KWE EWR is

**Kintetsu World Express (USA), Inc.  
New Jersey Ocean Branch  
30 Murray Hill Parkway, Suite 200  
East Rutherford, NJ 07073**

**Phone: (201) 319-9300  
Fax: (201) 319-8930**



Greetings from KWE EWR Employees



## Carrier News

- **JAPAN AIRLINES** has announced additional overnight cargo frequencies to Narita, Japan, starting from Oct. 10 and Nov. 3 eventually building to 4 times per week.
- **KOREAN AIR** introduces A333 passenger light every Monday, Wednesday, and Friday between ICN and MEL starting on Oct. 22.
- Beginning Nov 1, **EVA AIRWAYS** will begin operating two weekly Boeing 747-400 freighter flights between Houston (IAH) and Taipei (TPE). The new service will be routed through ANC, on its departure from IAH before landing in TPE. The return flight will depart from TPE and stop in ANC & ORD prior to arriving at IAH.
- **SINGAPORE AIRLINES** will commence a once -weekly B747-400 freighter service to the Vietnamese capital of Hanoi beginning Nov 1. This new freighter service will operate every Thursday with a routing of Singapore -Hanoi-Shanghai-Singapore.

## Security Clearances for Canada Port Workers

Starting on December 15, 2007, security clearances will be required by workers at the ports of Montreal, Halifax, Vancouver, Fraser River, and North Fraser River, as well as the control centers of the St. Lawrence Seaway Management Corporation, under phase I of the Marine Transportation Security Clearance Program. The Marine Transportation Security Clearance Program was initially announced on November 16, 2006.

The program reduces the risk of security threats and helps prevent unlawful interference with the marine transportation system by requiring marine workers who perform certain duties or who have access to certain restricted areas to have a transportation security clearance. These areas include:

- marine facilities that contain the central controls for security and surveillance equipment;
- areas that contain the central lighting system controls;
- areas designated for the loading or unloading of cargo and ships' stores at cruise ship terminals; and
- land adjacent to vessels interfacing with cruise ship terminals.

Extensive consultations have been conducted with stakeholders, including industry and labor representatives, in order to develop amendments to the Marine Transportation Security Regulations, and specifically the Marine Transportation Security Clearance Program. These requirements for workers take into account feedback and input from that process, and ensure the program balances security for Canadian ports with individual privacy rights.

The second phase of the program will extend the transportation security clearance requirement to the ports of Prince Rupert, Victoria, Windsor, Toronto, Hamilton, Quebec, Saint John and St. John's and is scheduled to be implemented by December 15, 2008.

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***Effective Dec 15, security clearances will be required by workers at the ports of Montreal, Halifax, Vancouver, Fraser River and North Fraser River***

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## UPDATE : Emergency Bunker Adjustment Factor (EBAF) Inland Fuel Charge (IFC)

Notice of fuel surcharge increases by ocean carriers for export shipments. There are two separate charges. One is the standard **Quarterly Emergency Bunker Adjustment Factor** (EBAF), which it is for ocean sectors. The second is a new **Inland Fuel Charge** being assessed due to continue rising fuel costs in the USA for intermodal (truck & rail) sectors. These two increases will be effective **Nov 01 – Nov 30, 2007**.

### EBAF:

	<b>Eastbound (to USA)</b>	<b>Westbound (from USA)</b>
20' container	USD545.00	USD544.00
40' container	USD680.00	USD680.00
40' HQ container	USD765.00	USD680.00
45' container	USD860.00	USD680.00

### IFC:

Inland transported by truck: \$67.00 per container

Inland transported by truck and rail combination: \$232 per container

Should you have any questions or require further clarification on the above increases please contact your local KWE office or your account executive.



## Holiday Schedule – November 2007

8	Nov	Deepavali (Indian Festival) Malaysia & Singapore	
11	Nov	Remembrance Day – Canada	Reduced staff at Customs All KWE offices open
22	Nov	Thanksgiving Day – USA	All offices closed

*Recently we have been seeing announcements from several carriers regarding pending Fuel Surcharge increases. The continued fluctuations of the global barrel prices are the driving force behind these actual and anticipated increases. KWE will continue to monitor the situation and provide updates as soon as more specific information is available. If you have any questions, please feel free to contact your local KWE office or Sales representative*