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NEWSLETTER

No.33 - January 2011

NEWS

SPEEDING IT UP

The Transportation Security Administration wants to complete a network of international agreements to screen all air cargo moving on passenger flights two years ahead of schedule.

TSA issued a notice on Jan. 10 to the air cargo industry soliciting comments on a proposed Dec. 31, 2011 deadline. A spokesman said the agency wants to know if the date is feasible, and a firm date will be set following review of public comments. The comment deadline is Feb. 24.

U.S. Congress ordered TSA in 2007 to secure 100 percent screening for international inbound air cargo at a date later than the Aug. 1, 2010 deadline for screening domestic cargo. To do so would require bilateral agreements with originating countries. TSA estimated completing the negotiations would take until 2013. However, European countries seem to have taken greater interest in an international air cargo security network after the attempted bombings of two aircraft by Al Qaeda forces in Yemen in October 2010, which could help speed up the project.

HAZMAT INSURANCE REQUIREMENT

A new regulation that was to be implemented by Thailand's Maritime Department as of Feb. 11 requires all carriers transporting dangerous goods to and from Thailand to provide insurance to cover any third parties who may be affected by loading and discharging of dangerous goods.

In view of this regulation, some ocean carriers made the decision to suspend delivery of hazardous materials at Thailand ports. OOCL notified shippers during the first week of the year that it had temporarily suspended bookings of any dangerous goods shipments going through Thailand ports on and after Feb. 11 because the proposed insurance requires, besides other conditions, advance payment without any proof of fault, which is not accepted by their P&I Clubs.

However, Thailand has decided to delay the implementation of this new insurance requirement that had sent suppliers of chemicals and other hazardous materials scrambling for alternative ways of supplying customers in the Southeast Asian market.

OOCL, confirmed that the Maritime Department of Thailand has delayed an additional 60 days, until April 12, the enforcement of the new regulation. Therefore, OOCL will continue to accept booking applications for dangerous goods loaded or unloaded at Thailand ports before April 11.

The required insurance, which carriers would pass along to chemical shippers, will make it too expensive to continue shipping hazmats directly to Thailand by ocean. In the wake of OOCL's notice, chemical exporters are exploring other ways of shipping hazmats to Thai customers, like using overland transport through neighboring Malaysia until Thailand's Maritime Department modifies the regulation.



IRAN

The politics of Iran and the Gulf are one of the major problems the world faces today, both economically and militarily. What is surprising is the level of exposure that logistics has to the struggle between the West and the Iranian regime. An example is the recent move against Hong Kong forwarders and shipping lines who are accused of being fronts either for the Iranian state shipping line or for weapons procurement organisations.

In an attempt to fulfill China's promise to comply with sanctions on the Tehran regime, the Government of Hong Kong is planning to pass legislation to close down and seize the assets of 20 businesses which it believes are a front for Iranian Government interests.

The final target of these actions is the Iranian state shipping line, IRISL. Subject to increasingly severe sanctions, the company has led a 'cat and mouse' existence trying to evade action against it, reflagging ships and constantly moving its ownership to a string of shell companies domiciled in a variety of different countries. The line has also had a number of its ships seized by authorities from Malta to Singapore over the past year, with creditors accusing the company of non-payment of loans. Of course such financial transactions are also increasingly difficult as United Nations sanctions have shut down Iran's banking system.

One of the accusations made is that IRISL is used to transport missile and nuclear weapons technology from North Korea to Iran. However, there is a wider agenda of suppressing Iran's economy in order to put pressure on the Tehran regime.



IRISL expanded aggressively into the container market in the past decade. In aiming to put IRISL out of business the Western powers are looking to both strip the Iranian regime of a useful business asset and to make it more difficult to import and export from Iran.

This is why the Iranians are increasingly turning to hub ports in the Gulf to solve their transport problems, in turn creating political problems for the likes of the United Arab Emirates who are now under international pressure to refuse trade from their aggressive neighbour.

EUROTUNNEL

Groupe Eurotunnel has announced revenues of €736.6m in 2010, an increase of 26% over 2009.



Towards the end of 2010, Eurotunnel's market share had recovered from the position created by a fire in September 2008. Shuttle traffic showed a significant increase of 15% in revenues, with over two million cars and more than a million trucks transported during 2010.

The bad weather in December 2010, however, had a significant impact on the roads leading to and from the terminals and speed limits on Eurostar trains affected the volumes throughout the month, which means figures for 2010 could have been even better.

KOREAN AIR'S EXPANSION

Korean Air, the world's largest international freight airline, announced on Thursday 27th its cargo revenue grew 1.9 percent in 2010 to \$863 million, and reported a \$420 million overall net profit for 2010 after losing money in 2009.

Korean said its cargo traffic grew 1.7 percent in 2010 over the year before, when demand fell sharply due to the global trade downturn. Peak season demand fuelled the increase, and auto and machinery parts led the export expansion. Korean has decided to meet the improving market with increased capacity in 2011 expanding its capital spending by 33%.



SHANGHAI

Singapore has lost its crown as the world's busiest container port, losing its place to its Chinese rival Shanghai. Shanghai handled more than 29 million TEUs last year, compared with Singapore's 28.4 million TEUs.

According to reports, strong economic growth plus an extra push to the local economy from hosting the World Expo were the key factors behind Shanghai's rise to the top. Shanghai also outperformed Singapore in terms of overall cargo handled, processing 650 million tonnes, compared with the 502 million tonnes handled by Singapore.

However, Singapore has downplayed the significance of the figures for its business, pointing out that it is a transshipment port - around 80% of its business is transshipment - whereas Shanghai caters for direct imports and exports.



CARRIERS AND THE NEW EU REGULATIONS

According to recent reports, shippers are asking why carriers are making the introduction of the new EU security rules such an onerous business.

The EU's advanced trade data rules requires that an Entry Summary Declaration (ENS) be submitted to EU authorities 24 hours prior to cargo loading for sea freight. However, some carriers are demanding this data five days in advance. And some, even demanding the information, including the container number and seal details or health certificate numbers, before the container has been delivered to the shipper for loading.

It is apparent that some carriers are threatening to impose "penalties" if the shippers exporting to the EU do not supply them with a complete ocean bill of lading including the container number and seal by an arbitrary deadline set by the carriers themselves.

Given that the data and regulations are similar to the requirements for cargo entering the US, it is surprising to see these problems which, undoubtedly, will force shippers to look for carriers with less "demanding" requirements.

THE COST OF PIRACY

According to the Economic Costs of Maritime Piracy report, produced by the One Earth Future Foundation, in 2005 the average ransom paid to pirates was US\$150,000. By 2009, it had reached \$3.4 million, but last year it jumped by 58.8% to reach \$5.4 million, with the highest ransom on record coming in at US\$9.5 million.

Increasing ransom payments are also lengthening negotiations, and therefore the duration seafarers are held hostage. In 2009, ships were held for an average of 55 days. Between April and June of 2010, the average was 106 days, and the last four ships released in November 2010 were held for an average of 150 days.

However, the cost of a ship being held hostage does not end with the ransom payment. The total cost incurred is actually duplicated by a number of factors: the cost of negotiations, psychological counseling and medical treatment for the hostages, repair to ship damage and the physical delivery of the ransom money, often done by helicopter or private aircraft. Finally, large costs result from ships being out of service. For instance, it costs around \$3 million for a cargoship to be held for two months at a charter hire rate of \$50,000 a day.

Taken into account ransoms, insurance, re-routing of ships, security equipment, naval forces, prosecution, piracy deterrent organisations and the costs to regional economies, the report puts the total cost of piracy at between \$7 to \$12 billion a year.



ON MEMBERS

PORTUGAL: AWARDS AND IT

WARELOG, the TPF member in Portugal, has incorporated a new logo to its image. This logo pertains to the "PME Lider/small-medium sized companies Leader" status that was awarded by the "Small-medium sized companies support institute IAPMEI" to Warelog 2 (Import bonded warehouse) and Warelog 3 (Export bonded warehouse) as a recognition to its performance during the last years. This status is awarded to companies that achieve economical and financial relevant results within their sector. Also, this award was sponsored by Caixa Geral de Depósitos (CGD), the biggest Portuguese bank, which considers **WARELOG** to be one of its best performing clients thus rating them as a very low risk company. Mr. Luis Pinto, explained they feel highly honoured and pointed out that this is the result of **WARELOG**'s staff's unconditional commitment and very rigorous management.



Mr. Pinto also reported on **LOG.COM** the new platform, fully developed by Warelog cooperating with Grasshoper, a local software firm, that covers the full scope of services provided by the company and that enables full interactivity with customers' systems. Log.com not only allows clients to log in on the application through **WARELOG**'s web page and consult data or send them on line orders, but it also allows direct connectivity with key accounts IT systems.



This platform is multilingual and can be accessed via our member's web page. For **WARELOG**, it means that they will be able stay one step ahead of their competition in terms of warehousing and national distribution services, fields in which they are the market leaders. But also, during 2011, this platform will cover the forwarding module and will be made available to the TPF universe. Log.com is up and running from January 1st 2011.



Warelog
Gestão de Serviços Logísticos, Lda

Mr. Pinto told us: "Stay tuned during 2011 as news from **WARELOG** will "pop up" very fast." And we will do so!

ARGENTINA: HIGH STANDARDS

Mr. Marcello Vaccari, from **RUGGERO VACCARI Y ASOC. S.A.**, TPF member in Argentina, informs that the company has received the ISO 9001:2008 Certification in Outsourcing Processes in International Trade, Customs Procedures for Import and Export and Forwarding Processes for Airfreight, Sea Freight and Land Transport.

Congratulations to the **VACCARI**'s team on this recognition of their sustained excellent work!



FRANCE: NEW PREMISES

Mr. Thierry Cognard and Mr. Alexandre Trueba, from **WES**, TPF Member in France, inform that they have moved their office in Paris to new premises.

Please take note of their new details:

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Rue de la Jeune Fille
Bâtiment 3417- G
BP16068
95723 Roissy CDG Cedex
FRANCE
Tel (33)1.49.19.80.85 / Fax(33)1.49.47.03.38





AUSTRALIA AND BRAZIL: FLOODS

Mr. Bruce Haines, from **DEAN WORLD CARGO**, TPF member in Australia, reported on January 17: "The floods have been dramatic especially following on from a 20 year drought in some parts of the country. The floods are extensive, stretching from North and central Queensland down to our state of Victoria. Brisbane has been badly affected, which is unusual for a major city, and we had port closures etc for a few days. Victoria is now badly affected in the country areas. Melbourne is not affected at all so we are very lucky.

Overall, thousands of houses are badly damaged or written off. The cost to the country will be enormous and it will affect the cost of fresh food and export crops and export of minerals such as coal."



Certainly, according to the news, the flooding in the state of Queensland badly disrupted the country's container and agribulk traffic, but also the energy supply chain.

The export of grain from the Port of Brisbane was badly delayed by flood damage to the port itself. Over 100,000 tonnes were reported to be waiting shipment along with sugar and cotton exports.

Brisbane Port's container terminal, the third largest facility in Australia, was also shut for several days.

However, while this may have a serious effect locally, it does not have the dramatic global impact of coal and other bulk exports.

The Gladstone Port complex and the Dalrymple Bay area are the sites of what are probably the world's most important coal terminals, supplying the steel industry and electricity generators across the world with Japan traditionally being the largest market. These ports only resumed operations over the weekend of January 15 and 16, and that at a reduced rate as low as 60% of full capacity. The main cause of disruption was the effects of the flooding on the rail lines that bring the coal to the terminals, rather than on the terminals themselves. The open-cast mines were also flooded.

The impact of these closures on the bulk shipping sector was hard. Spot freight shipping rates in the bulk sector, which were already under-pressure, crashed as ships queued outside the ports. A possible 14m tonnes of coal failed to be loaded at these coal terminals, a situation that could take 6 months to resolve.

Queensland is one of the largest energy logistics complexes in the world. Its rail network that feeds coal from the vast open-cast mines in the Hunter Valley to the ports on the coast is only rivaled by the US networks in the Powder River Basin and Pennsylvania. Any disruption to this supply chain would have big implications for the world's energy sector as well as energy intensive activities such as steel production.

Eng. Carlos Ciccini, from **RVA DO BRASIL**, TPF Member in Brasil, also reported on the series of floods and mudslides that took place at the beginning of the month in several towns of the Serrana Region (*Região Serrana*), in the Brazilian state of Rio de Janeiro. He said the latest reports talk about at least 845 deaths, and some 540 more people lost, with most casualties occurring in the cities of Nova Friburgo, Teresópolis, Petrópolis, Sumidouro and São José do Vale do Rio Preto.





The collapse of electricity and communications systems, combined with the destruction of many roads and bridges, severely hampered the rescue work and affected all the activities in the area. A 5\$ Billion loss has been estimated since yet. Land sliding has totally changed the physical looks of the Brazilian lands with almost all of the communication means of transportation - roads and railways - destroyed.

However, it seems that the floods have not affected Brazil's main export crops: soy, sugar cane, oranges and coffee, but could push up local food prices further as the small Serrana Region is an important producer of fruit and vegetables for the Rio area.

MOROCCO: WORKING ON RECRUITMENT

Mr. Mohcine Ezzaoui, from **TWIN ATLAS LOGISTICS**, the TPF member in Morocco, has started a recruiting campaign among the agents he works with to try and bring new members to TPF.

Mr. Ezzaoui produced and sent an interesting email message detailing the advantages that belonging to TPF has brought to **TWIN ATLAS** and encouraging his business partners in countries where TPF is not represented to join in.



We welcome this initiative and hope it will spread. If you are in touch with companies in countries where TPF needs representation and wish to use Mr. Ezzaoui's message and a PPS presentation on TPF, please contact Management Office.

LUNAR NEW YEAR

Several TPF Members will be celebrating the Lunar New Year during the first days of February. Please find the dates when their offices will be closed due to the holiday. Should you need to get in touch with their skeleton staff because of an emergency, please contact the Management Office for details.

WLG's office in Hong Kong will be closing from February 3 to 6 and their China offices will be closing from February 2 to 8. HK & China offices will resume work on February 7 and February 9 respectively.

WINNERS TRANS's offices, our member in Korea, will be closed from February 2 to 4.

NATIONAL EXPRESS, our member in Taiwan, will close its offices from February 2 to 7 and will resume work on February 8.

TWT, our member in Vietnam, will have a holiday from January 31 to February 7. They will resume work on February 8.

BELSPED's offices, our member in Singapore, will be closing from February 3 to 6 and will resume work on February 7.





FEATURE ARTICLE

VIETNAM

This year's TPF Annual General Meeting will be taking place in Ho Chi Minh City, Vietnam, which gives us an excellent opportunity to have a detailed look at the country and at the possibilities for business that it offers.

When looking at Vietnam, the main point we must be aware of is that the country's economy has experienced an amazingly rapid growth since the 1986 economic reforms. International exports to Europe and the United States have accelerated in the past 5 years. Today Vietnam is a major exporter of seafood, rubber, rice and coffee as Agricultural and aqua-products sector contributes to 30% of GDP.

In fact, exports and imports have boomed in recent years and while there is still a trade deficit, this gap is expected to narrow as export industries continue to grow.

Containerized volumes, for example, have increased every year by almost 20%. However, port and infrastructure improvements will need to continue to keep up with the growth trend. At the moment, 24 of Vietnam's 126 ports handle ocean cargo shipping. However, the country currently lacks deep water port facilities and can only handle small feeder ships. Development of deep-water ports is planned and should lead to large improvements in international cargo shipping activity. In fact, the first steps have already been taken: Vietnam's Cai Mep International Terminal took delivery of the first two of six super post-Panamax ship-to-shore cranes this month which and will receive several more during the month of February, which will enable it to handle the largest container vessels. With an outreach of 22 container bays, CMIT will be the first terminal in Vietnam able to handle ships with capacities up to 15,000 TEUs when it starts operations in March 15, 2011.



It is true that Vietnam's logistic industry is still being developed and the country currently lacks key infrastructure, including warehousing and depot facilities, to match with demand. Logistic costs can be high in Vietnam. However, improvements over the past 10 years have brought down these costs significantly and they should keep dropping as Vietnam continues to invest in new infrastructure and technology to meet international shipping standards.

On top of all this, various companies (including companies in China) are now producing their commodities in Vietnam...the question now is whether Vietnam can handle the growing exports.

Well, Ho Chi Minh City serves as the key port for both ocean and air imports and exports. More than 70% of Vietnam's transport containers go through this port. Congestion has become, and will continue to be, a problem though as container volume growth exceeds port capacity expansion plans. Alternative ports near Ho Chi Minh are being developed as well as new international ports at Van Phong Bay (near Nha Trang) and Cai Lan in Quang Ninh province.



Three international airports serving Hanoi, Danang and Ho Chi Minh City handle international air cargo shipping. To meet the increased demand in passenger and freight traffic, the government has plans to develop an additional 3 international airports by 2015.

In all, Vietnam has an excellent potential to develop into a major air and ocean cargo shipping hub in Asia. As improvements are made to the ports, infrastructure and the logistics industry, opportunities for shipping to and from Vietnam will continue to expand.



EVENTS



**GAM 2011
HO CHI MINH CITY
VIETNAM**

This year's annual General Assembly Meeting will take place from **June 10th to 12th** in **Ho Chi Minh City (Vietnam)**. Following the tradition of holding our meetings at the Starwood Hotels thanks to a special agreement with them, the venue this year will be the **SHERATON SAIGON HOTEL & TOWERS**, located in the heart of Ho Chi Minh City's business and entertainment district.

We will meet on Friday 10th at terrace of the Hotel's Wine Bar for a welcoming dinner and the General Meeting will take place on Saturday 11th and Sunday 12th.

Daily room rates:

	Single Occupancy	Double Occupancy
Premier Deluxe	US\$ 180.00 ++	US\$ 180.00 ++

- Room rates are **inclusive of a daily buffet breakfast(s)** served in Saigon Cafe
- Above rates are **subject to 5% service charge and prevailing 10% government taxes.**

All guest rooms are inclusive of:

- Two complimentary bottles of mineral water daily
- Complimentary coffee & tea making facilities
- Complimentary use of the Fitness Centre

Should you be interested in a superior room/suite, please contact TPF Management Office for information.

The Sheraton Hotel will keep above group rates for us three days prior and three days after the program dates. Additional rooms to be confirmed upon availability on date of booking.

Hotel check-in is at 15:00 hrs and check-out is at 12:00 hrs. If you require access to rooms prior to 15:00 hrs or late check out, please check possibilities with TPF Management Office.

Please remember that **you will need a visa**. We recommend you get in touch with Mr. Daniel You, from TWT, our member in Vietnam, at daniel_yuo@twindochina.com if you need an invitation letter.

The TPF meetings are a unique opportunity to meet with your partners from all over the world. TF Members from Africa, Asia, Europe, Middle East and the Americas will meet to discuss the current state of the international transportation industry and strategies to develop their business and to better serve members' mutual clients. You cannot miss it!

SPRING FAIR INTERNATIONAL



6-10 February 2011
Hall 1 opens 5 February
NEC Birmingham UK

<http://www.springfair.com/spring11/website/FindSupplier.aspx?refer=5&id=mainLnk5>

Mr. Mike Collins, from **HAY WORLD CARGO**, TPF member in the UK, recommended this trade show as one of the most interesting events in the UK.

Mr. Collins will be attending the fair so, please, visit the website above and, should you make any contacts or have any sales lead, contact Mr. Collins at mike.collins@hayworldcargo.co.uk.