



# INTERNATIONAL TRADE NEWSLETTER

## IN THIS ISSUE

- **Radical Changes in Transportation.**
- **Domestic Fuel Surcharges**
- **Ocean Container Equipment Imbalance**
- **Hapag Lloyd Low Sulphur Fuel Surcharge**
- **Chinese Government Export Inspection Fee**
- **Export Container Shortages**
- **Ocean Carrier Responses Slowing**
- **Changes in Max Weight for Japan bound Containers**

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## Ocean Export / Import Fees: Radical Changes in the Industry

Recent economic, environmental and security conditions have led to unprecedented changes in the transportation industry. At all levels transportation is under an incredible cascade of new and increased costs. At every level the industry is experiencing cost pressures. Economic conditions that are slowing the US economy have created an environment of increased greatly increased exports. Containerized **exports** from the U.S. increased 16.2 percent in 2007. In the trans-Pacific, **exports** increased 14.8 percent. While imports have also had increases although at much more moderate levels. This demand shift results in carriers having to adjust their services to cope. These adjustments are adding to carrier costs.

The chart below shows Export and Import growth year over year Merchandise and Services.

	2007	2006
Exports	12.2%	12.7%
Imports	5.9%	10.4%

The effect of the rapid increase in export growth has completely thrown the carriers equipment balance off when coupled with the far slower growth of imports.

Security concerns continue to add overhead expenses to process shipments. New legislation to expand the 24 hour AMS filings is currently under review. The new rule, "10+2 Rule", will greatly expand the information gathering required by US Customs prior to vessel departure.

Environmental concerns are adding requirements for cleaner burning fuels, waste disposal, and emissions. These changes are beginning in California. California leads the way on many issues related to the environment, other states may follow their lead.

We are advising all customers to be aware of the constantly changing transportation costs fees. We do not expect to see an end to this anytime soon. We will continue to advise all clients via our

newsletter to the changes in the industry.

**Fuel Surcharge Increases**

Trucking FSC is now ranging between 30-40%. We expect to see continued increases in the FSC for the foreseeable future.

**Equipment Imbalance has become more severe.**

As the US economy and the US dollar weaken ocean carriers are beginning to see an equipment imbalance. Carriers are reporting severe equipment shortages in the Midwest. There are not enough containers being imported into the USA to supply the demand for export containers. In order to meet demand the carriers must reposition containers from the coast to inland rail ramps. The first carriers to begin to compensate for additional costs are MSC and Hapag Lloyd. Additional carriers may begin to implement similar fees.

MSC has implemented a "PickUp Fee" for all export moves from the following ramps:

- Chicago
- Cincinnati
- Cleveland
- Columbus
- Houston
- Louisville
- New Orleans
- Kansas City
- Indianapolis
- St Louis
- St Paul

Fee is \$100.00/ 20ft and \$150.00 / 40' DV and HC. This fee is in addition to the Intermodal Charge and the Fuel Escalation Surcharge

Hapag Lloyd has implemented an Equipment Imbalance Surcharge for all export to Asia shipments. Charge will be \$300.00 per container for the following

<u>Equipment Size-Type</u>	<u>Origin Locations</u>
20' standard	Kansas City Ramp and Omaha NE Ramp
40' standard	Decatur IL, Minneapolis, Milwaukee, Detroit
40' HC	Minneapolis, Kansas City, Milwaukee, Detroit, Grand Rapids, Cleveland, Louisville

**Happag Lloyd Low Sulphur Fuel Surcharge**

Hapag Lloyd is increasing it's Low Sulphur Fuel Surcharge effective April 15, 2008.

From:	To:
\$5.00/20'	\$9.00/20'
\$10.00 / 40'	\$18.00/40'

**Export Container Shortages**

Due to the shortage of containers caused by current equipment imbalances and the increased export volume, containers and space available are in short supply. We are now seeing some bookings that must be made more than 1 month in advance. Some trade lanes are more affected than others. We advise customers to book shipments as early as possible to account for these delays.

**Ocean Carrier Response Slowing**

To further complicate matters Ocean Export quotations are now taking longer to obtain for Ocean carriers. Carriers are understaffed for the level of work they now have on export shipments and quote requests. Quote response times have slowed considerably based on past performance. We are recommending to exporters to allow for additional time when requesting Ocean Export Quotations.

**Japan Domestic Road Weight Limitations**

Effective April 1, 2008, regulations for domestic road traffic in Japan will be



changed. To comply with the new domestic road traffic regulations, the maximum Gross Weight (including tare weight) will be 20.32 tons for 20' and 24 tons for 40' for all cargo destined to Japan.

Please take this opportunity to adjust your cargo weights in order to avoid any delays at a Japanese port. Under the new regulation, the maximum allowance for cargo weight should not exceed 17.92 tons for a 20' container and 20 tons for a 40'/HQ container.