



Irish Freight & Logistics Monthly

July 2006

In this issue

Upcoming Events

Analyst Predicts Significant 3PL Growth

Port Tunnel opening to be delayed

Industry alarm over Brussels changes to customs code

Oil prices to remain strong in Q3 - CGES

Changes to Import and Export Customs Clearance

K+N doubles profit in 2006

Pallet firm expands with exclusive deal

ZIM Announce new US service

Import/Export SAD Training Available

Announce your successes here!

Dear Garvan,

Welcome to the July edition of Irish Freight & Logistics Monthly.

You have been included within our mailing list because we consider you to be a valuable contributor to the industry.

We are aware of the communities need for an electronic platform for company announcements and press releases. We invite you to forward details to us for consideration in the next edition.

We hope you enjoy the newsletter and will strive to enhance it, so please send any feedback and suggestions to editor@logiskills.ie

Please feel free to forward this to any interested colleagues who can register to receive it from our home page at www.logiskills.ie

• **Analyst Predicts Significant 3PL Growth**



Global expenditure on outsourced third-party logistics (3PL) services across contract logistics, air and sea freight, and road transport is set to increase significantly over the coming five years, according to independent market analyst Datamonitor's latest research Logistics Global Outlook 2006.

The research reveals that while the EU17 (Austria, Belgium, Cyprus, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, Malta, Netherlands, Portugal, Spain, Sweden, and the United Kingdom) will remain the region with the largest spending on 3PL services, the largest growth in demand for 3PLs is expected to occur in Asia- Pacific (APAC)—expected to account for almost one- fifth of global spend on 3PL services by 2010.

Datamonitor forecasts that global spend on 3PL services will rise from \$222 billion in 2005 to \$326 billion in 2010.

Upcoming Events

Airport Development 2006
August 29-September 2,
Singapore

Asia Pacific Supply Chain
& Logistics Summit 2nd
Annual Summit,
September 11-13,
Singapore

TRANSPORT 2006 &
LOGISTICS 2006 11th
specialized exhibition and
4th specialized exhibition,
September 13-16, 2006,
Samara

4th European 3PL Summit
October 3-5, Brussels,
Belgium

Logistics Ireland 2006,
6th October 2006, Dublin,
Ireland

Global Automotive
Logistics Conference, 17-
18 October 2006,
Antwerp, Belgium

SITL Italy Exhibition,
October 24-26, Verona,
Italy

3rd Intermodal Asia 2006
26 - 27 October 2006,
Brisbane, Australia

International Rail Forum
2006 November 14-16,
Madrid, Spain

Boxship 2006 December
5-6 2006, Shanghai
Hilton, Shanghai

The strong global GDP growth of about 4 per cent per annum during the next five years, driven by the emerging markets, will help to substantially increase the global spend on logistics, according to Datamonitor. This coupled with the eastward shift in global manufacturing bases will help boost global trade and movement of goods.

The global contract logistics market is still highly fragmented, with the top 12 players accounting for only one-sixth of the total revenues, says the report. However, within the sea freight forwarding industry, the top 10 players account for almost half of the forwarding volumes.

Also, in most cases (e.g. freight forwarding, truck brokerage), size enhances network liquidity (network capacity), making it easier for shippers and carriers to work with larger logistics players. In turn, the smaller logistics players will need to trade up to larger players with broad resources.

Customers are looking for supply chain integration through one-stop integrated logistics service providers and are therefore more likely to use a major 3PL. According to Datamonitor, the industry will continue to see further consolidation as players want to be one-stop shops for their customers.

• Port Tunnel opening to be delayed



The long-awaited opening of the Dublin Port Tunnel project has gone on the back-burner ... because of safety fears.

Irish trucker recently reported that the opening of the traffic relief route will be delayed indefinitely due to safety checks and tests for work not yet given the seal of approval.

Although the vast majority of the construction is now finished, fire officers and the Garda Síochána have not yet completed their safety training while CCTV equipment and associated computers are being checked.

In addition, Dublin City Council engineers are continuing to work on snagging the 752million euros project.

It is also understood that a long stretch of road will need to be dug up and replaced, thus leading to further delays with regard to a possible opening time, after the 800 metre stretch failed a quality check by the Council.

Sponsored By



**Your Partner in
Supply Chain &
Logistics
Recruitment**

Quick Links...

- **[The Chartered Institute of Logistics & Transport](#)**
- **[The National Institute of Transport and Logistics](#)**
- **[Irish International Freight Association](#)**
- **[Irish Exporters Association](#)**

Dublin City Council insists the cost of the replacement of the stretch of road and other snags will be covered by the contractor NMI.

• Industry alarm over Brussels changes to customs code



A GROUP of 16 industry associations has voiced "significant concerns" about Brussels plans to change the European Community Customs Code.

The group, which includes the World Shipping Council, Association of European Airlines, American Chamber of Commerce, Unice and the European Small Business Alliance, says the plans as currently proposed will increase bureaucracy and reduce the efficiency of the supply chain.

In a joint submission to the commission, the group said: "It has become clear to business that there are several areas of concern with regards to the implementation of customs legislation across the European Union, aimed at imposing security measures on the movement of goods in the global supply chain.

The commission is looking to roll out an advanced cargo

declaration scheme or '24 rule' similar to that which exists in the US and is designed to prevent terrorists from using maritime containers to launch an attack.

In the submission it is claimed that there is little or no advantage for a trader who decides to become one of the EU's authorised economic operators, a scheme which should in theory speed through shipments from known shippers.

Operators not authorised by the commission will face new red tape, it is suggested. Such a development would be contrary to the EU's stated Lisbon objectives designed to make the EU the world's most competitive economy.

• Oil prices to remain strong in Q3 - CGES



Oil prices, fresh from striking records above \$78 a per barrel, will remain firm in the third quarter of 2006, the Centre for Global Energy Studies said in a monthly report in July.

'The CGES expects oil prices to remain firm or even strengthen this quarter,' the influential research body said. With many Asian refineries undergoing maintenance shutdowns, global demand for oil would rebound and support higher price levels, which have already been boosted by simmering geopolitical tensions in the Middle East, the CGES said.

'Rising demand from refiners in the third quarter is expected to keep oil prices strong, with geopolitical and weather-related concerns adding volatility,' it added.

Crude futures have fallen by around 6% since striking recent record peaks earlier this month, but they remain some 20% higher than at the start of the year. Buoyant worldwide economic growth - which stands at 5%, led by China which is expanding at 10% - would prevent prices falling much further.

'If the global economy continues to grow as strongly as it did in the first half of the year, there will be no relief from high prices,' the centre said.

As a result of healthy economic growth prospects, the CGES added that it was revising upwards its estimate for global oil demand growth to 1.5% for 2006, compared with its previous estimate of 1.2%. In volume terms, the forecast for global oil demand growth stood at 1.3 million barrels a day over 2006, of which China accounted for 500,000 barrels, the CGES said.

'Although growth has slowed over the past two years as high oil prices encourage substitution away from oil in power generation and industry, demand for transport fuels remains strong,' it added.

Following the recent escalation in violence between Israel and Lebanon, London's Brent oil struck a historic \$78.18 a barrel on July 17, while the light sweet crude hit a record \$78.40 in New York on July 14.

For as long as the Middle East situation persisted, 'the oil market will continue to be at the mercy of geopolitical events, with prices staying both high and volatile', the CGES concluded.

• **Changes to Import and Export Customs Clearance**



On 1st April 2007 a new European Regulation will be introduced in Ireland. This European Regulation, 2286/2003, will directly affect all companies involved in the processing and clearance of customs declarations (Single Administrative

Documents – SADs).

Current paper based systems, customs input systems and Revenue's Advanced Entry Processing system which facilitate customs clearance will be replaced by a new redeveloped AEP system. The new system, AEP II, will provide the functionality necessary to accommodate the harmonised and codified Single Administrative Document (SAD) along with new pre- arrival and pre-departure summary declarations as identified within the European Regulation.

The introduction of the new SAD completion rules is also a necessary precursor to a number of forthcoming EU initiatives such as ICS (Import Control System) and ECS (Export Control System).

AEP II is currently being developed by Revenue and Revenue On-line Services. Testing services will be available from 1st October 2006 onward.

All companies need to update current paper based or computerised systems to be ready for the new AEP II system. All customs declarations from 1st April 2007 must use the new AEP II system. The current DTI systems that communicate with AEP run on old PCs and use slow and outdated modems to transmit and receive data. The new system is internet based, uses later messaging standards and avails of Revenue On-Line Services (ROS) Web Services. You will need to upgrade

your current systems or implement new systems to be AEP II compliant.

• **K+N doubles profit in 2006**



KUEHNE & Nagel Group reports a jump in growth and profits for the first half of 2006. Turnover increased by 35.6 per cent to CHF 8,690.3 million. Gross profit nearly doubled to CHF 2,505.8 million, and the operational result was up by 60.2 per cent to CHF 415.7 million. In comparison with the same period last year net earnings advanced 62.2 per cent to CHF 208.1 million.

Klaus Herms, chief executive officer of K+N, said: "The strong first half performance is the result of the effective implementation of our strategy, sustained organic growth, and the efficient, successfully progressing integration of ACR Logistics, which has been part of our company since 1 January, 2006. The complementary fit between the two firms has allowed us to put our focus on meeting our customers' requirements and on increasing cross selling opportunities from day one."

Given the still challenging market environment, K+N met its airfreight expectations with an eight per cent increase in tonnage and gross profit growth of 13.9 per cent. The company gained additional market shares, for example increasing cargo volumes from the Far East to North America by 29.3 per cent. K+N's improved process management worldwide contributed to an increase in the operational result of 16.5 per cent.

• **Pallet firm expands with exclusive deal**



Ireland Leading Pallet Network Ace Express Pallets has joined forces with Pall-Ex Uk's number one pallet network in a deal said to secure Ace Express business to the value of €3 million over the next three years, but also an opportunity to grow this closer to 6 million.

The deal now makes Ace Express the sole agent for Pall-Ex in Ireland, and in addition to current operation will have the distribution of all Pall-Ex exports to Ireland. Ace will also have a dedicated operation in which they can tap into for their uk palletised freight.

Both Ace Express and Pall Ex are expecting synergy in

operations for a number of reasons. Both Pall Ex and Ace Express believe, investing in and harnessing technology to provide the highest quality of service is essential. Ace has invested over €1million on its IT system so far and both systems are fully integratable. Online track and trace is available to all customers for consignment of any size.

Pall Ex is Europe's largest operator of a "hub and spoke" network, with over 100 member depots spanning the UK and Europe. Operating from a 22 acre, £12m purpose built hub in Leicester, the Pall Ex and Ace Express Pallet networks will be linked by scheduled nightly departures to and from Ace Express's hub located at Blake's Cross, Lusk. This 80,000 sq ft premises is a hub which controls all freight moving within Ireland and the Pall Ex hub in Leicester. Both operations pride themselves in delivering small consignments of palletised freight cost effectively throughout Ireland UK and Europe.

The deal means increased coverage for both parties who currently move in excess of 10,000 pallets each night through its two hubs.

For Ace Express Group this means small pallet lots can be delivered throughout the UK most cost effectively. This compliments their express groupage service between Ireland the UK which will still provide 24hour service for urgent shipments or larger consignments.

• **ZIM Announce new US service**



Blue Star Agency are please to announce that ZIM Integrated Shipping Services Ltd have introduced a new service from Ireland to the United States (Via Liverpool). Called

the NEX Service.

The service to North America will commence from the beginning of August. It will be via Liverpool and will have a transit time of 9/10 days. Service will call Dublin, Liverpool, New York, Norfolk and Savannah. This will be a very competitive service a very hard to beat in terms of transit time. They have also started a new service to/from South America.

The new Target Express Star City depot became fully operational on 22nd May 2006, with upgrade work at West Bromwich due for completion before the end of June.

• **Import/Export SAD Training Available**



Icarus will be running Import/Export SAD Training on Wed 16th Aug. The session is designed to help you complete compliant

SAD declarations to Customs, this one day program equips attendees with the info they require on:

- The Revenue AEP system
- Completion of SAD's – explanation box by box
- Most common error/rejection messages received from AEP
- System Support arrangements from both Icarus and Revenue.
- CAP DTI

They have a number of spaces available, if you would like to participate please contact Derek Murphy, Business Development Representative, Icarus on 8428255

• **Announce your successes here!**

Please submit your company announcements to editor@logiskills.ie for consideration in our next edition.