



JIFFA REPORT 2013 Winter

JAPAN INTERNATIONAL FREIGHT FORWARDERS ASSOCIATION INC.

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Japan Customs Set to Implement Advance Cargo Information Filing in March 2014

Japan Customs will implement the Advance Filing Rules on Maritime Container Cargo Information in March 2014, in the wake of the enactment of the revised Customs Tariff Law on March 30, 2012, which will require shipping lines and NVOCCs to electronically submit to Customs information on maritime container cargoes to be loaded on a vessel bound for Japan.

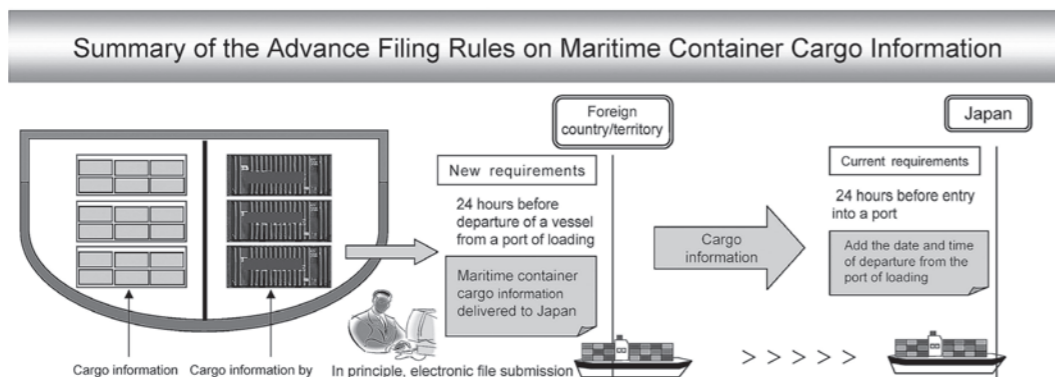
The rules aim to enable Customs to analyze cargo information before a container is loaded in a foreign ports and thereby in advance decide on its loading or not-loading status.

Under the rules, cargo information must be submitted, in principle, 24 hours before cargo is loaded onto vessels due to Japanese ports. For the time being until the implementation of the rules is well-established, the deadline will be relaxed to by no later than before departure of the vessels from the ports of loading with regard to the certain short-distance shipping routes, as in the case of container cargoes to be loaded onto a vessel at ports in South Korea and China.

The rule applies to maritime container cargoes to be loaded on a vessel intended for entry into a port in Japan.

※ Empty containers, platform containers and transit cargoes will be excluded for the time being from the application.

The new 24-hour advance filing will be made through Nippon Automated Cargo and Port Consolidated System known as "NACCS" which is administered by Japan Customs. Any person who does not submit cargo information until the deadline shall be liable to imprisonment with labor for up to a maximum period of one year or a fine not exceeding five hundred thousand yen.



JIFFA Honors Top Performer of Its English Course

The Foreign Language Training Committee invited a student to its headquarters in Tokyo on Oct. 2, 2012.

The student, who had achieved the highest score of 96 points at the final examination of the training course for practical English communication held in Tokyo from April to September, received

a certificate from JIFFA Chairman Jiro Nakamura.

The course was attended by a total of 33 students, 27 of which passed the final examination, having an average score of 78 points.

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Judicial Affairs Committee Draws up New FCR Form

Tokyo on July 26 and Osaka on July 27. On both occasions, Mr. Hiroki Okabe, a lawyer and the chairman of the committee, gave a presentation during the first session, focusing on major points of the new JIFFA FCR and important things to remember when issuing FCRs. During the second session,

Mr. Ian Hyslop, a legal consultant of TT Club, discussed how to manage risks when using the new FCR, giving specific examples.

The new JIFFA FCR and Guide to Understanding JIFFA FCR can both be obtained from JIFFA's Web site (<http://www.jiffa.or.jp>).

※ TT Club is the leading provider of insurance and related risk management services in the international transport and logistics industry. TT Club specializes in the insurance of intermodal operators, NVOCCs, freight forwarders, logistics operators, marine terminals, stevedores, port authorities and ship operators. It has four underwriting centers in London, New Jersey, Hong Kong and Sydney and a network of claims offices in a further sixteen countries.

JIFFA Convenes Its First General Assembly Since Becoming General Incorporated Assn

JIFFA held its annual general assembly in Tokyo on June 14, 2012, the first such event since it became a general incorporated association on April 1.

During the meeting, business and settlement reports for fiscal 2011 (April 2011-March 2012) were delivered, while a business plan and a budget proposal for fiscal 2012 were discussed and approved.

JIFFA carried out a variety of activities in fiscal 2011, including seminars on international multimodal transport, which were held to develop human resources, and language courses for forwarders. In addition, The association sent missions to other countries to research local logistics affairs as well as held lectures and briefings sessions on subjects that members were highly interested in.

The Japanese economy is projected to stay in a difficult condition in fiscal 2012 due to the slowdown in the European economy resulting from the sovereign-debt crisis and the appreciation of the yen as well as in the aftermath of the Great East

Japan Earthquake. However, Japan's international logistics market is hoped to recover gradually, among other factors, when public works investments increase in number arising from projects to rehabilitate areas stricken by the devastating earthquake, which are anticipated go full-fledged; when China and other newly industrialized economies economically lead the rest of the world; and when the U.S. economy recovers.

Non-vessel-operating common carriers (NVOCCs) and other types of forwarders are all required to make active corporate efforts individually to expand their business foundations to keep pace with the increase in the number of Japanese enterprises making inroads in other nations. As such, the forwarding industry is also expected to take appropriate actions.

In fiscal 2012, JIFFA will continue to do research on local logistics affairs in other economies. It will also gather information on various challenges facing international logistics, share the information with member companies and express opinions appropriately

on a timely basis on behalf of the logistics industry. JIFFA will make utmost efforts to help members develop human resources by offering training and/or education courses so that they can more



Chairman Nakamura

accurately meet logistics demand from customers. The association will also endeavor to carry out public relations activities to have the importance of the forwarding industry known more widely among the general public.

JIFFA Chairman Jiro Nakamura gave an address at the general assembly. The combined volume of international multimodal cargoes handled by JIFFA members in fiscal 2011 was a record-high 89.07 million tons, increasing a steady 6.2% from a year earlier, according to the chairman. JIFFA is growing further and further, and as of June 1, it consisted of 415 regular members as well as 18 supporting members (seven companies and 11 organizations). In fiscal 2011, JIFFA welcomed 16 new regular members, while in fiscal 2012, 11 new members have joined JIFFA since April. JIFFA is growing so significantly that it makes Chairman Nakamura feel that an age of forwarders has come. The chairman concluded that JIFFA will continue to do business actively to meet demand from member companies and further develop the forwarding industry.



General Assembly



Judicial Affairs Committee Draws up New FCR Form, Publishes Guidebook in Japanese and English

To keep pace with recent economic globalization, leading companies are making utmost efforts day and night to optimize their procurement, production and sales activities by going abroad. As such, the volume of shipments transported internationally has increased remarkably, and they are now transported much more complicatedly. Needless to say, it is international freight forwarders that underpin the ongoing system under which much more cargoes are carried in much more complicated ways.

The Judicial Affairs Committee reviewed the design of as well as the terms and conditions described on the face side of JIFFA Forwarder's Cargo Receipt (FCR). In 2003, the Ministry of Land, Infrastructure, Transport and Tourism (MLIT) lifted its regulations on transport agency services, at which time a movement was initiated to develop a new FCR. The committee recently formulated a final draft of a new JIFFA FCR after holding many discussions.

The Judicial Affairs Committee recently formulated the new JIFFA FCR, making a full-fledged revision of the previous version. The Freight Forwarders Standard Trading



Lecture by Mr. Okabe

Conditions 2010 are set forth on the back of the new form, which include customers' duty and responsibility as well as forwarders' principle of responsibility and limitation of liability.

To encourage forwarders to use the new FCR form on many occasions, the committee published a dedicated guidebook, which is entitled "Guide to Understanding JIFFA FCR." Available in both Japanese and English, the publication helps users understand the new form.

The new FCR clarifies its purpose, function and role in the terms and conditions on its face side. In other words, it clearly states that forwarders are not cargo transporters, but that they win contracts with customers in advance and accept cargoes to provide forwarding services according to the customers' directions. The new version also contains the Freight Forwarders Standard Trading Conditions 2010 to make clearer the rights and duties of forwarders, which issue FCRs and provide forwarding services. As the new JIFFA FCR was developed for these purposes, it is believed to meet diversifying needs in international logistics and business transactions. If a forwarder issues an FCR appropriately

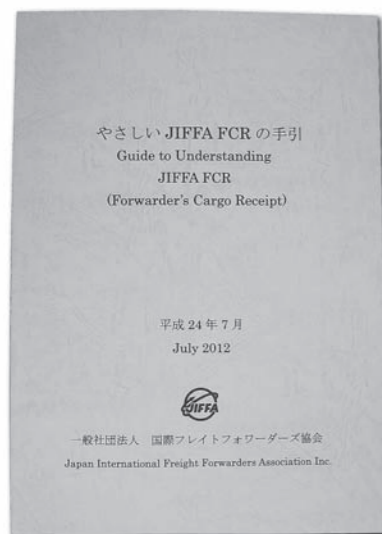
in accordance with the guide and other instructions, it can reduce possible risks. However, if the forwarder is still faced with potential risks and wants to keep itself from liability and costs arising from them, it can be said that buying liability insurance can be an effective way of risk management.

Besides unveiling the new FCR, JIFFA also published the Guide to Understanding JIFFA FCR to encourage forwarders to use the new form widely. The guide gives easy-to-understand briefings on things that employees of JIFFA member companies should keep in mind when issuing FCRs. The guide comes with a rough English translation for the first time to help Japanese forwarders become more and more globalized.

In developing the new JIFFA FCR and Guide to Understanding JIFFA FCR, JIFFA received helpful advice from TT Club, which provides insurance and other risk management services to international transport and logistics service providers. TT Club made the best of its specialized knowledge and examples of recent accidents.

Prior to publishing Guide to Understanding JIFFA FCR, the Judicial Affairs Committee held seminars in

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Guidebook to JIFFA FCR

JIFFA Members Handle 47 Mln Tons in First Half of FY2012 Imports Stand within Close Reach of 30 Million Tons

In the first half of fiscal 2012 (April-September 2012), exports from Japan were sluggish due to the prolonged stagnation of the European economy and the slowdown in the growth of the Chinese economy. In contrast, imports to Japan were steady, increasing 5.6% year on year to 46,966 million revenue tons in total and reaching a record high for five straight terms, or since the first half of fiscal 2010, according to a report compiled by JIFFA's Forwarding Committee.

Exports

The combined volume of shipments exported from Japan by JIFFA member companies in the first half of fiscal 2012 was down a minute 0.4% from a year earlier, which was the first year-on-year decline since the first half of fiscal 2009, which was the first six-month term since the bankruptcy of Lehman Brothers Holdings Inc. in September 2008.

By destination, exports to China,

the most powerful buyer of products from Japan, were weak, impacted by the deceleration in China's economic growth. They went down 4% to 3.597 million revenue tons, holding a share of 21.1% of the pie, down 1.1 percentage points.

China was followed by the U.S., to which 2.783 million revenue tons of cargoes were exported. They were brisk in terms of year-on-year growth, enjoying a double-digit improvement of 14.8%.

Shipments to Thailand surged 22.7% to 1.887 million revenue tons. The Southeast Asian country climbed fourth place to third place, as it had recovered from the aftermath of the floods that hit it in 2011.

Those to South Korea increased 6% to 1.496 million revenue tons, making the nation move up from fifth to fourth.

Those to Europe plunged 16.2% to 1.446 million revenue tons. The region ranked fifth, falling down from third, as it had been adversely influenced by the ongoing sovereign-debt crisis for a long period of time.

Imports

Imports to Japan grew constantly in the April-September half, thanks to the appreciation of the Japanese yen. They swelled 9.4% year on year to 29,896 million revenue tons, coming very close to the 30 million-revenue-ton line. They established an all-time high for the fourth consecutive term, or since the second half of fiscal 2010 (September 2010-March 2011).

By origin, imports from China registered a double-digit increase of 11.1% to total 15,997 million revenue

tons, remaining as the leading source of shipments destined to Japan.

Ranked second was Hong Kong, from which 2.633 million revenue tons of cargoes were imported, rising 8.8%.

Those from China and Hong Kong amounted to 18.63 million revenue tons in total, which grew 10.7%. They led imports to Japan, which were robust, accounting for 62.3% of the total, increasing 0.8 percentage points.

Cargoes from Europe fell 4.2% to 1.869 million revenue tons, but the region continued to be the third-greatest source of commodities imported to Japan.

Those from Thailand and the U.S. were favorable, hiking 5.9% to 1.648 million tons and 8.3% to 1.639 million tons, respectively. They also remained unchanged, coming in fourth place and fifth place.

Total

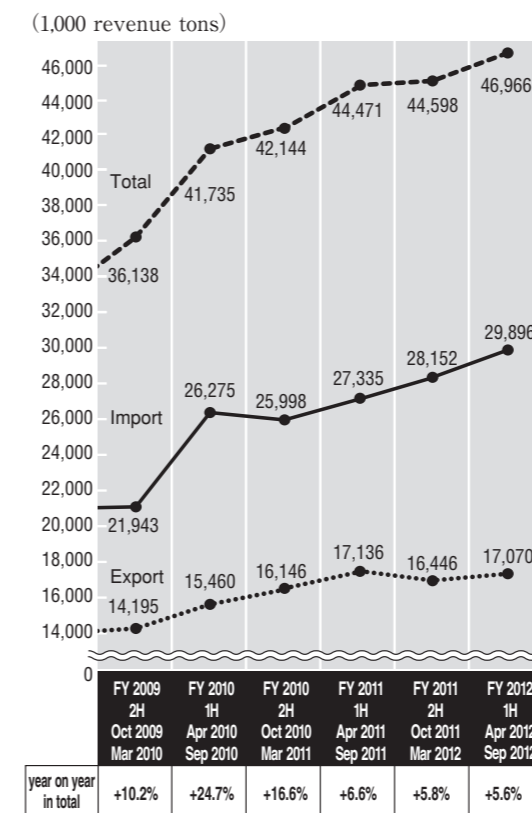
In the first half of fiscal 2012, JIFFA members handled a total of 46,966 million revenue tons of exports to and imports from Japan, which improved 5.6% year on year, or by 2.495 million revenue tons.

By partner, China was the largest trade partner, to and from which 19,594 million revenue tons were handled, which improved 7.9%.

The U.S. finished in second place, to and from which 4,422 million revenue tons were moved, soaring 12.3%. Hong Kong continued to be the third-greatest trade partner. Japan exported to and imported from the special administrative region (SAR) 3,591 million revenue tons, which declined 4.4%.

Thailand outran Europe to come in fourth place, with which 3,535 million revenue tons were traded, surging 14.3%.

Europe went down to fifth place, to and from which 3,315 million revenue tons were carried, which declined 9.8%



General Affairs Committee Members Visit 3 ASEAN Nations To Research Local Logistics and Transport Situations

JIFFA's General Affairs Committee on Oct. 20-27, 2012 visited Cambodia, one of the less developed economies in the ASEAN; Singapore, an advanced nation in Southeast Asia; and Indonesia, which has been growing rapidly in recent years. They researched local logistics affairs in the three countries, which are reported below.

Cambodia

The government of Cambodia is responsible for developing the infrastructure of the section between Phnom Penh and Kampong Chnang on National Highway 5, while the Asian Development Bank (ADB) is engaged in working on the remaining area. The highway is an important route to lead to the Southern Economic Corridor (SEC), which links Bangkok, Phnom Penh with Ho Chi Minh City. The SEC is an important factor of the Greater Mekong Subregion (GMS) development project, which is supported by the ADB. Roads in Phnom Penh are crowded with bicycles, motorcycles, passenger cars, commercial trucks, buses and other vehicles during the morning and evening rush hours, as there are not many arterial highways.

In Kampong Chnang, national roads have been built, and bridges have been constructed with financial support from the ADB and ODA from



Phnom Penh

Japan and China. National Highway 5 was originally a paved one-way road that was eight meters wide. However, due to floods that hit the area every year as well as overloaded trucks and passenger vehicles, both sides of the lane have been damaged by a meter each, decreasing the width to approximately six meters.

National Highway 5 leads to Poipet, which is located close to the national border with Thailand. It is necessary to transship cargoes near the border, as vehicles are not allowed to travel from Thailand to Cambodia or vice versa. In Thailand, people drive on the left, but in Cambodia, on the right. This is a major obstacle to the development of the SEC.

Cambodia is situated in the middle of the SEC, but as transport infrastructure is not fully developed yet, it is unlikely for the route to develop remarkably in the near future.

Singapore

In Singapore, the JIFFA mission visited PSA. Currently, it operates five container terminals locally. The combined volume of containerized shipments handled at the facilities in 2011 was 29.37 million TEUs, making PSA the second-largest

container terminal operator in the world. The five terminals can process a total of 35 million TEUs of containers a year now. However, when the ongoing project to expand the Pasir Panjang container terminals 3 and 4 is completed in 2020, the annual capacity will increase to 55 million TEUs.

At the PSA Pasir Panjang container terminals 1 and 2, all quay cranes are



Terminal 3 & 4

unmanned, operated by computer. To provide more efficient cargo handling services to containerships, which are growing in size, they all have two derricks. The cranes load and unload container carriers of 10,000 TEUs to 18,000 TEUs with shipments by using their pairs of derricks at the same time. In addition, the Flow-Through Gate System is operated at the container gates, which are also unmanned, to make the most of limited space of the container yards. It takes 25 seconds or even less for a container chassis delivered into a container yard to go through a container gate.

Indonesia

Many Japanese enterprises have made inroads in Karawang International Industrial City (KIIC), which is located in the east of Jakarta. Currently, only the Phase 1 area is available, but lots for the following two phases have already been secured. A total of 115 Japanese companies either have settled in or will settle in the Phase 1 area, including those which have already begun operations, are constructing facilities and have won contracts to do

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Education Committee Holds Intensive Seminar On Multimodal Transport Services in Fukuoka

The Education Committee held an intensive seminar on international multimodal transport services in Fukuoka on July 4, 2012.

The one-day seminar was divided into two sessions, both of which taught subjects that are helpful for attendees when they are engaged in the forwarding business.

The morning session focused on security and actions that forwarders can take. Forwarders and their services are both highly rated in the global market, although they are still in a severe business condition. Like trading houses, manufacturers and other shippers, forwarders also do business globally. It is important for forwarders to understand what other countries do to the Authorized Economic Operator (AEO) system when further developing business, making the most of their knowledge and looking at the global market. Mr. Yoshiaki Hirata, an international logistics advisor, gave briefings on the AEO systems in the U.S., European nations and China, and compared the Japanese system with others.

In the afternoon session, discussions were held on the Freight Forwarders Standard Trading Conditions 2010. Transporters' responsibilities for providing non-vessel-operating common carrier (NVOCC) services are clearly described in the adhesive terms and conditions set forth in the back of bills of lading (B/Ls). However, there are no such terms and conditions for providing domestic forwarding services. As such, many forwarders fear they could get in trouble when

expanding their business, as there are no terms and conditions they can refer to when winning contracts, at a time when they are doing business with more and more overseas customers. To meet the demand of these forwarders, JIFFA unveiled the Freight Forwarders Standard Trading Conditions 2010. In 2010, the association published a guideline for the standard trading conditions. In the afternoon session, Mr. Hiroki Okabe, a lawyer for JIFFA, gave a lecture on the guideline.



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General Affairs Committee Members Visit 3 ASEAN Nations to Research

business there. Most of these companies are engaged in manufacturing parts

and components of automobiles and motorcycles. No home appliance makers are in operation in the area yet.

The Port of Tanjung Priok in Jakarta is the busiest container port in Indonesia, processing four million TEUs of containers, which account for approximately 50% of all containerized shipments to and from the nation. As all access routes to the port run through the city's center, they are heavily jammed. Container throughput is growing at Tanjung Priok, but



Tanjung Priok

the port does not have much space, which has become a serious issue.

In the Phase 1 expansion project, the Port of Tanjung Priok's annual container capacity is expected to grow to 5.26 million TEUs, while another expansion project is on the table for the years from 2018 to 2030. However, they do not have plans for developing new container terminals, but do have plans for enhancing the port's capacity. As a transport infrastructure improvement, an expressway is under construction, which is projected to be completed in 2014. Indonesia is believed to be in dire trouble unless it immediately begins to develop port and harbor facilities as well as expressways.



Mission Members

Public Relations Committee Takes School Children On Logistics Field Trip during Summer Vacation

The Public Relations Committee took school children on a logistics field trip on July 31, 2012.

JIFFA launched the program in 2007 to have children of employees working for its member companies become more familiar with forwarding and other logistics services, which their fathers and/or mothers are engaged in.

On the recent field trip, which was made for the sixth time, a group of approximately 50 participants-including children, their fathers and/or mothers as well as JIFFA staff members, who were in charge of guiding the attendees-traveled from Tokyo to the Port of Yokohama on a chartered bus.

At the Port of Yokohama, the group enjoyed a bay cruise for an hour. After having lunch, they went to the Honmoku Pier to visit a berth used by Nissan Motor Co., Ltd. They had briefings on facilities at a conference room. At that time, the children were very happy to receive gifts from the automaker, which

included miniature Nissan model cars. After having the briefings, they were relocated to the berth. When getting close to a pure car and truck carrier (PCTC) that had just arrived at the berth, they were surprised to look up at a side of the vessel, which might have looked like a wall of a huge castle. When cargo

handling activities began, they closely watched the PCTC loaded with a line of sport utility vehicles (SUVs) for export from its stern ramp.

At the end of the field trip, the attendees visited the Yokohama Port Museum, studying the 150-year history of the port.



Participating Children and Their Parents

Education Committee Holds Workshops in Tokyo, And Osaka on Basics of Forwarding Services

The Education Committee holds a workshop every year on the basics of the forwarding business.

The annual workshop-which is presented mainly for staff members of companies who are engaged in

forwarding services for the first time, including new employees-is very highly rated.

During the workshop, lectures are given on six subjects, which are an introduction to the basics of trade,

practical import operations, practical export operations, documents for international multimodal transport services, international multimodal transport and cargo insurance/claims.

Members of the Education Committee are responsible for the lectures on subjects other than insurance.

When the committee began recruiting students for a Tokyo session, which was held in July, the number of applicants immediately reached 60, the maximum enrollment of one session.

As such, an additional session was given in Osaka in September for those who had not been accepted to the Tokyo session.

The same programs were given in Tokyo and Osaka.



Lecturer and Audience

JIFFA Gives Fiscal 2012 IMTS Course in Tokyo 152 Multimodal Transport Specialists Born

A training course for qualifying international multimodal transport specialists (IMTSs) for fiscal 2012 (Tokyo Session) was completed on Nov. 14.

The annual program, which is provided by the Education Committee of JIFFA, has improved every year since it was first given in 1985.

Held in Tokyo, the recent 10-day course was attended by 163 students, who were enrolled in 30 classes to study exports and imports, customs clearance, multimodal transport, dangerous cargoes, international conventions, bills of lading (B/Ls) and other subjects indispensable for freight forwarders.

Students who attended 80% or more of the lectures given during the course are qualified to take the qualification exams. For the latest Tokyo course, 152

students have passed the final exams and received IMTS certificates.

At the end of 2012, a total of 4,503 IMTSs were produced.

In fiscal 2012, a similar course will be held in Nagoya in February 2013, where the same lectures will be given.



IMTS Training Course in Tokyo

Slovenian Ambassador to Japan visits JIFFA Head Office

The Slovenian ambassador to Japan made a courtesy call on May 18, 2012 at the office in Tokyo of JIFFA.

On May 31 and June 1, the Port of Koper, a leading commercial port in Slovenia, held seminars in Tokyo and Osaka, respectively,

Ms. Helena Drnovsek Zorko visited JIFFA in advance, which is an organization of major forwarders in Japan, to encourage companies affiliated with the association to attend the seminars.

JIFFA enthusiastically introduced the ambassador to its members, believing

the seminars would provide a good opportunity for them to learn the current state of Koper and future development plans directly from approximately 10 executives coming to Japan on behalf of the port, which is the nearest gateway from Japan to reach Austria, southern Germany, Hungary, Slovenia and other countries and regions in central Europe.

Some 30 JIFFA members attended the Tokyo seminar, while about 20 were present at the Osaka seminar.

Currently, a consortium of Maersk Line and CMA CGM as well as Evergreen Line link Japan directly with Koper, which also hosts car carrier services.

During the seminars, a plan was unveiled to expand the Port of Koper's container and roll-on/roll-off (ro/ro) terminal, as container throughput surged 20% year on year to 590,000 TEUs last fiscal year and is expected to grow further in the future.

Many questions were asked about the port, to and from which many railway services are operated, and the attending executives were responsible for answering the questions.



Slovenian ambassador Helena Drnovsek Zorko (left) meets JIFFA officials