



THE PORTAL

VOLUME XXXVIII The Journal of the Household Goods Forwarders Association of America, Inc.

JULY/AUGUST 2006



Canals and
Waterways
of the World

2005–2006
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About our cover: *Canals and waterways of the world provide our focus in this issue. Coverage begins on page 4. Cover design by Stephanie Sutherland, Glennan Graphics.*

THE PORTAL is published bimonthly by the Household Goods Forwarders Association of America, Inc. (HHGFAA), 5904 Richmond Hwy., Suite 404, Alexandria, VA 22303. Phone: (703) 317-9950. Fax: (703) 317-9960. E-mail: hhgfaa@aol.com. Website: www.HHGFAA.org. Send subscriptions, advertising and editorial material, and changes of address to: Household Goods Forwarders Association of America, Inc. (HHGFAA), 5904 Richmond Hwy., Suite 404, Alexandria, VA 22303.



THE PORTAL

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By Terry R. Head
HHGFAA President

Canals, Hurricanes, and Golden Opportunities

It's always nice when your own thinking is validated by others, especially the media and world press. I don't always agree with my fellow magazine publishers on every issue or subject; however, it was nice to see that a predominant publication like The Journal of Commerce (JOC) magazine, in its June 19, 2006, issue, ran a cover focus and Special Report entitled "Canal vs. Canal."

The JOC article centered on the choice with which ocean carriers, forwarders and shippers will be faced in the future with respect to shipping cargo through the Suez or the Panama canals. This article came out several weeks after we had made the decision here at HHGFAA to do our own focus on the importance and impact of the world's canals and waterways on our Industry and on global shipping in general.

Are canals that important in our lives? I certainly did not wake up this morning wondering what happened to the Panama or Suez canal last night. But I will tell you that in doing the research and in reading over some of the material gathered for this issue, I did come to realize that the world's canals and waterways have in played the past and will continue to play an important and strategic role in moving goods and people around the world. I think you will enjoy and be enlightened by reviewing the articles presented in this issue on this subject.

You may find of particular interest the contribution by HHGFAA's own Director of Programs and Education Boris Populoh. In his article (which begins on page 35), Boris examines the possible consequences for world trade and various global economies in the event one of the world's canals or waterways were temporarily rendered impassable through a deliberate act and/or experienced a major bottleneck through congestion or by not simply keeping pace with the size and capacity of seagoing vessels.

Also, in the AMMB Outlook section of this issue is a very interesting and enlightening commentary. "Flying Into a Hurricane" was written by Cliff Williamson, who serves on HHGFAA's Associate Members' Management Board as the representative for the Latin America and the Caribbean Region.

Mr. Williamson provides his own viewpoint on the challenges and business and political issues facing his region. In addition, he recently conducted a survey of all the Latin American and Caribbean HHGFAA members on a variety of topics and soliciting their input. The results of that survey are summarized in his article. I am sure you will be intrigued by Mr. Williamson's comments and those of your fellow HHGFAA members.

Last but not least, this issue contains the latest version of the tentative Program Schedule for the 44th HHGFAA Annual Meeting, set to take place October 9–12, 2006, at the San Francisco Hilton in San Francisco, California. In recognition of the role this wonderful city played in the famous California Gold Rush, our theme for this year's meeting is:

"Golden Opportunities: Prospecting for New Business"

If you have not already done so, I strongly encourage you to visit the special annual meeting Website — www.hhgfaameetings.org — to register to attend and take advantage of the many opportunities to promote your company, either by exhibiting at the Tradeshow or through one of the many other sponsorship or advertising opportunities during the industry's largest gathering of moving and forwarding professionals.

PORTAL FOCUS: CANALS AND WATERWAYS

Ports Go Deep to Dock Bigger Ships

In a bid to stay competitive, Boston and other ports are considering plans to dredge 50-foot channels.

Lifting anchor in New York, the Dahe recently steamed toward Boston Harbor. While almost three football fields long and capable of holding 3,800 20-foot metal containers, this 12-year-old Chinese container ship is relatively small compared with today's high-tech transports. But Boston's port can't receive those bigger boats, so the Dahe will have to suffice.

As export economies continue to expand in the Far East to supply hungry American consumers, shipping companies are shifting to vessels three times larger than the Dahe. These new giant freighters are forcing many US ports to decide whether to spend millions on improvements — like deeper harbors and new terminals — or watch the next generation of ships pass them by.

Many small US ports are not equipped to handle the largest ships in today's fleet. Shipping companies that want the fastest, cheapest route will go to Canada or Mexico to find it.

To compete with other Eastern cities, the Massachusetts Port Authority wants to dredge 5 to 10 feet of rock and clay from the bottom of the harbor to allow larger, deeper-floating ships to enter safely. The estimated cost: \$100 million.

"In order to be competitive in the global marketplace, we need a 45- 50-foot harbor, one that can serve these new vessels," said Boston port director Michael Leone.

While Boston waits for a green light from the US Army Corps of Engineers and Congress for the project, ports from Sacramento, Calif., to New Orleans are scrambling to find funds for their own plans to dredge and deepen.

The Virginia Port Authority finished a 3-year, \$37 million project last April, turning Norfolk into the deepest port on the East Coast, at 50 feet. The Port of New York/New Jersey hopes to join the 50-foot club by 2009, as part of a multibillion-dollar harbor renovation.

Tired of losing major manufacturing contracts to neighboring states with stronger infrastructures, North Carolina recently approved construction of a new billion-dollar port on Cape Fear, designed for 21st-century container ships.

"The American container market is going to double by 2012 [or] 2015, and we want to be a part of that," said Thomas Eager, CEO of the North Carolina State Port Authority.

The more containers that can be packed into a single boat, the bigger the profit. Today, US ports handle 95% of the volume of goods coming in or out of the country, according to federal statistics. However, most container ships fly under foreign flags. Where Americans

make their money is in unloading and transporting the containers as they head from the docks to the checkout counters.

Shipping companies have always taken the path of least resistance when it comes to managing routes and keeping costs in check. And with container technology improving and outdated ports straining to handle volumes they never expected, trading routes are changing quickly.

Volume at Pacific ports like Seattle and Long Beach, Calif., grew

Panama, for one, has discussed expanding its canal to meet new industry standards. But if Panama increases tolls to cover what might become a \$10 billion price tag, container companies could quickly draw trade routes around the canal to avoid the added cost.

more than 15% last year, which slowed unloading speeds, therefore increasing shipping costs. One reason for the West Coast congestion is that the Panama Canal is no longer suited to handle the larger, deeper ships. Thus, for large ships to get from Singapore to Savannah, Ga., they can either head around Africa or Los Angeles to offload. But Los Angeles's decades-old rail system is undersized for moving cargo.

Panama, for one, has discussed expanding its canal to meet new industry standards. But if Panama increases tolls to cover what might become a \$10 billion price tag, container companies could quickly draw trade routes around the canal to avoid the added cost.

To find the cheapest combination of open access, location, and infrastructure, many shipping firms are looking at previously untapped sites.

Just south of the Alaska border, officials in Prince Rupert, British Columbia, are trying to turn their frigid frontier town into a Northwest shipping hub. Their new port, scheduled to open next year, offers a tempting package: the deepest North American harbor not trapped under ice, connection to Canada's rail system, and a location 1,000 miles closer to Hong Kong than Los Angeles.

SOURCE: Christian Science Monitor

Panama Canal to Double Capacity

As the Panama Canal nears its 100-year anniversary, Panama has proposed a \$5.25 billion expansion that will add a third lane and double capacity of the inter-ocean canal by 2014. The project will add a third set of locks to the canal, which opened in 1914, to be paid for by users tolls.

The proposal was submitted to Panamanian President Martin Torres, who will discuss the plan with his Cabinet and make a recommendation to the country's Congress.

The plan is subject to a referendum of the nation's voters this fall if approved by Congress. The 52-mile canal, built by the United States, was turned over to Panama in 1999. Recent polls indicate majority support, but some critics have questioned whether the project can be completed within the estimated cost.

The expansion would accommodate the newest generation of container ships, which have outgrown the waterway's 900-foot length limit. The canal is the world's busiest after Egypt's Suez, handling about 14,000 ships a year and generating almost \$1 billion in annual toll revenue.

The project includes basins built alongside the new locks that will allow the canal to reuse 60% of the water for each ship that passes. Pressure to expand capacity has increased as trade volume has soared and ships have grown larger. The canal once accommodated the biggest ships afloat. Now it's too small for many container ships, tankers and bulk carriers. Ships with capacities of at least 5,200 TEUs are expected to increase from 475 at the start of this year to 645 by 2009. Traffic growth, meanwhile, is causing delays. Ships arriving without reservations often wait four or five days to cross the isthmus.

The waterway, run by the Panama Canal Authority, has no debt, and has accumulated about \$1 billion in cash and investments in the past four fiscal years as well as contributing more than \$400 million to Panama's treasury. The canal authority expects payments to the government to total \$500 million to \$700 million annually during the next seven years. Last year, the canal announced the first in a series of toll increases that will increase average rates for container ships by about 69% over three years, to \$54 per TEU by next year.

In addition to toll increases, the canal authority has been boosting revenue in other ways by making daily ship-transit reservations available for advance booking by carriers. The first 24 advance bookings each day are sold for a posted price. The 25th slot is put up for auction. By 2010, the canal authority hopes to reserve about 30 slots a day, several of which could be auctioned. The canal now handles 38 to 40 ships a day, close to its capacity. The larger new locks could accommodate multiple ships at the same time.

The canal authority plans to consult with customers on the new tolls pricing system.

SOURCES: Traffic World and Journal of Commerce

Apples and Pears

By Peter T. Leach

With the Panama Canal having imposed the second of three scheduled toll increases in May and planning to raise rates further to cover a proposed \$5.25 billion expansion, **some analysts say the Suez Canal is emerging as a better alternative for Asia-to-US traffic.**

Not necessarily, Panama officials say. “What is important is to take into account the total costs of the whole voyage, otherwise you are comparing pears to apples,” said Rodolfo Sabonge, director of corporate planning and marketing for the Panama Canal Authority. He adds that when all the costs are included and when routes from North China ports to the US East Coast are compared, Panama’s costs will remain lower even after next May’s third scheduled toll increase.

Mahmoud A. Rezk, general manager, planning and research, at the Suez Canal Authority, acknowledges that Panama is more competitive for North China traffic because of the longer sailing through the Suez. But he said the Suez is clearly cheaper for US-bound cargo from Laem Cha-bang, Thailand, and that it is competitive as far north as Hong Kong. Rezk also said the Suez route allows the use of larger container ships than Panama can accommodate.

The Suez route is longer, requires more ships and takes more time, but some analysts say economies of scale can lower the costs and generate more revenue per voyage. Moreover, the Panama Canal will bump up against its capacity ceiling before it can complete its expansion, forcing more traffic through Suez.

Panamanian President Martin Torrijos has approved the proposal to double the canal’s capacity. If the National Assembly agrees, it will submit it to a national referendum, which will be scheduled in October or November, Sabonge said. Then the canal authority will issue requests for proposals from engineering firms, which it is currently preparing.

Meanwhile, Sabonge said, the Panama Canal’s transit costs remain cheaper. He said comparisons of canal costs must take into account some of the discounts that the canal authority provides, such as discounts for containers that are loaded on the top tiers of ships. The Panama Canal assesses tolls on only 88% of the TEU capacity of container ships passing through the canal - not on all loaded containers on the ship.

Statistics show that transit costs are lower for a ship passing through Panama than for one through Suez, even after Panama’s scheduled May 2007 toll increase. For purposes of a direct comparison, the canal authority used two vessels on a round-the-world service that uses both canals.

A report by Drewry Shipping Consultants, “Asia-ECNA via Suez: Why, When and How?”, which compares the costs of all-water services from Hong Kong to New York via the two canals, also finds that the total direct costs are less via Panama than via Suez. The one-way

cost per TEU, which includes costs of fuel, provisions, ports and canal tolls, is \$445 for a 4,600-TEU ship in a string of eight ships using the Panama Canal. This compares with \$472 per TEU for a 6,000-TEU post-Panamax ship in a string of nine ships going via Suez, or \$505 for the same size ship in a string of 10 ships.

The Drewry report said the higher costs on the all-water route through Suez to the US East Coast result from the carriers’ need to use more vessels and to steam an additional 1,258 miles, or 2.2 days, to reach Hong Kong. The report said a Suez service from Asia to the East Coast of North America would need to use larger ships to compete with Panama — and that the only way to fill these ships is to call at Hong Kong. Drewry said that by accommodating ships too big for the Panama Canal, the Suez route offers carriers an option that is “sufficiently competitive to warrant serious consideration.”

Sabonge argued that the all-water route through Panama offers carriers a variety of “hubbing” opportunities into South America and the Gulf from Panama and Caribbean ports that Suez services can’t provide. He added that carriers coming through the Mediterranean were likely to call at several ports on the way to increase the profitability of the voyage. This would cut into the timeliness of the service, he said.

Both agree that the Panama Canal will hit its capacity ceiling before it can complete construction on the proposed third set of locks that will be able to handle post-Panamax ships. The canal authority is expanding its capacity within its current lock configuration enough to accommodate the growth in traffic through 2011, by illuminating the locks at night, using more information technology to streamline appointments, adding crews, widening and deepening channels, and adding more reservation slots.

The sea-level Suez can handle all existing container ships. Rezk said Suez officials plan improvements - including deepening the canal’s 62-foot draft to 66 feet by the end of 2007 and expanding widened segments of the channel - that eventually will enable the canal to accommodate proposed 18,000-TEU “Malacca-max” ships.

Lack of port capacity on the US East Coast could slow the growth of post-Panamax vessel traffic. Only Norfolk and Halifax currently have enough depth to handle post-Panamax ships with a draft of 49 feet. The Port of New York and New Jersey is not expected to complete its dredging to 50 feet until 2009 or 2010.

Nearly all of the major East Coast ports have dredging projects on their drawing boards that will deepen their drafts to 50 feet, but none of the US Gulf ports have 50-foot depths or plans to dredge deep enough to handle post-Panamax ships.

SOURCE: Journal of Commerce

The Suez Canal

The Suez Canal is one of the most important waterways in the world. The 101-mile waterway connects the Mediterranean Sea to the Red Sea. **The Suez Canal is often called the “crossroads of Europe, Africa, and Asia” because the route is used to transport goods to and from all three continents.**

The Suez Canal is one of the greatest engineering feats of modern record. The pilot study estimated that a total of 2,613 million cubic feet of earth would have to be moved, including 600 million on land, and another 2,013 million dredged from water. The canal, along with other such projects, changed the face of maritime world trade.

The idea of connecting the Mediterranean Sea to the Red Sea is as old as the pharaohs. The first canal in the region seems to have been dug about 1850 BC, but many attempts to complete the task failed. Desert winds blew into the canal and clogged it.

The first efforts to build a modern canal came from the Egypt Expedition of Napoleon Bonaparte, who hoped the project would create a devastating trade problem for the English. Though this project was begun in 1799 by Charles Le Pere, a miscalculation estimated that the levels between the Mediterranean Sea and the Red Sea were too great and work was quickly suspended. Then, about 150 years ago, Great Britain had a thriving trade with India; but without a canal, British ships had to make a long journey around the entire continent of Africa. A canal through the Isthmus of Suez would cut the journey by 6,000 miles.

A French company led by Ferdinand deLesseps made a deal with Egypt to build the Suez Canal. After 10 years of work, the canal opened in 1869. The Egyptian ruler, Ismail, celebrated by building a huge palace in Cairo. Ismail treated some 6,000 people from around the world to a huge weeks-long celebration in honor of the new canal, but this came at a time when the price of Egyptian cotton plunged. Egypt had gone into debt to pay for the Suez Canal. Ismail took out loans from European banks, but he was unable to repay them. Egypt was forced to sell the canal to Great Britain. Soon after, the British sent soldiers into Egypt, saying they were concerned for their property. For many years, the English controlled the Suez Canal.

In 1956, Egyptian president Gamal Abdel Nasser seized the canal and declared it to be the property of the Egyptian people. Egypt fought three bitter wars with Israel during this period, and denied Israel the use of the waterway. Egypt and Israel agreed to a peace treaty in 1979, and since then the Suez Canal has been updated and enlarged, and has been open to every nation.

SOURCE: www.toureygypt.net

Shippers Float Alternatives

By Bill Armbruster

Jo Douglas doesn't mince words when expressing her disdain for landbridge service via the West Coast: "I avoid it like the plague."

"Landbridge" is the term for shipping Asia cargo to West Coast ports and then by rail to points east. Douglas, controller of Quozel, a Goose Creek, S.C.-based importer of lighting fixtures, says she prefers a 21-day "K" Line service from Hong Kong to Charleston, S.C., via the Panama Canal. "It beats landbridge hands down," she said. "We will always try to go to the East Coast whenever possible."

Even with the all-water route, however, Douglas has to use the railroads to ship containers to their final destination.

Douglas cited a recent e-mail from "K" Line saying there would be a three-day delay because of a railcar shortage. The note said "K" Line would try to get the boxes loaded the next day, but Chicago traffic would be the last.

"That's why I don't go to the West Coast. I know they ['K' Line] try to help me as much as they can, but the railroads are the railroads," she said.

At West Coast ports, improved use of technology, the hiring of additional longshore labor, new routes to Oakland and the Pacific Northwest and expanded all-water services to the East Coast have greatly improved the flow of cargo at the Southern California gateways.

But Los Angeles and Long Beach, which handle 36% of total US container traffic, will reach maximum capacity in 4 to 5 years, according to Philip Damas, container shipping analyst with London-based Drewry Shipping Consultants.

That means most of the new growth will have to move on all-water services via the Panama Canal and the Suez Canal, with the Suez Canal appearing more viable, at least until the Panama Canal is expanded.

So far, the Suez option has attracted little attention from shippers and carriers. There are only a handful of services to the East Coast using Suez, and most of the cargo they handle is from the Indian subcontinent and the Middle East.

The primary disadvantage is the long transit time, especially from China, which accounts for by far the biggest share of Asian traffic. Carriers would have to operate at least 11 ships to operate a weekly service to the East Coast, allowing for a round-trip transit time of 77 days. Exporters such as Laura Hopper, manager of the settlements division for Macquarie Cotton International in Mount Pleasant, S.C., prefer all-water services via the Panama Canal.

"I have better control of my cargo with the East Coast ports," Hopper said. "If the container is held up on the rail move or didn't make the cutoff time and we didn't find out until the last minute, then I have to begin all over again."

SOURCE: Traffic World

Which Canal: Suez or Panama?

For years, most importers didn't bother to ponder which all-water route they would use to ship their Asian imports to East Coast ports. Hands down, they chose the Panama route over Suez. Even though the rates were higher, shipping via Panama was faster and there were many more liner services from which to choose.

But the balance is starting to shift. Rising costs of tolls, transit reservations and waiting time on the Panama route are beginning to make the Suez route from Asia to ports on the East Coast of North America an attractive alternative. Ship lines are launching new services from ports as distant as South China, but more often from Southeast Asia and South Asia, where some importers are beginning to source more of their imports. Some shippers are beginning to switch to the Suez route, despite the few extra days of steaming time it takes.

In fact, the time advantage may be fading as the Canal Waters Time, the yardstick the Panama Canal Authority uses to measure delays at the canal, begins to mount. The economics also are changing. The factors contributing to the growth in services via the Suez Canal are:

- The ever-increasing demand for all-water services in general, whether through the Panama or the Suez.
- The deeper drafts of East Coast ports, particularly the Port of New York and New Jersey, which can accommodate fully loaded post-Panamax ships. That wasn't possible even two years ago.
- The rising cost of all the alternatives, including intermodal rail freight rates for landbridge service and the rising Panama tolls and surcharges.
- Declining charter rates because of incipient overcapacity. Liner companies need 10 ships for a weekly service from Asia through the Suez, compared with only eight through Panama. But with charter rates down 20% since the beginning of the year, charter ships can serve the Suez route at a reasonable cost, which has lowered the added cost of using the Suez route.

Maersk Line launched its new service through Suez because the current capacity of the Panama Canal cannot accommodate 391 post-Panamax vessels greater than 5,200 TEUs that consequently cannot call the US East Coast. Several other carriers are considering services through the Suez Canal. But steamship lines will pick up and deliver cargo at intermediate points, so the service will be slower than the lines intend when they start a Suez service because ships will call at more ports than originally scheduled.

The question remains as to how quickly shippers will adjust their supply chains to accommodate the new services. Importers that have been using the Suez route tend to be those like Pier 1 Imports that are less concerned about the speed of delivery than with getting the lower freight rates offered on the Suez route. For example, Dollar Tree Stores last year began using China Shipping Container Line's all-water service from Shanghai, Ningbo, Yantian and Hong Kong to the East Coast through the Suez Canal.

SOURCE: Peter Leach, Journal of Commerce

The Welland Canal

The Welland Canal runs 43.4 km (27.0 mi) from Port Colborne, Ontario on Lake Erie to Port Weller, Ontario, on Lake Ontario. As part of the St. Lawrence Seaway, it allows ships to avoid Niagara Falls by traversing the Niagara Escarpment.

Approximately 40 million metric tonnes of cargo is carried through the Welland Canal annually by over 3,000 ocean and lake vessels. It was a major factor in the growth of the city of Montreal. The original canal and its successors allowed goods from Detroit, Mich., Cleveland, Ohio, and other heavily industrialized areas of the United States and Ontario to be shipped to the port of Montreal, where they were reloaded onto ocean-going vessels for international shipping.

The completion of the Welland Canal made the Trent-Severn Waterway (which links Lake Ontario with Lake Huron) all but obsolete as a commercial traffic route for Great Lakes navigation.

The Port Weller (east, compass north, at Lake Ontario) end of the canal is 99.5 meters (326.5 feet) lower than the Port Colborne (west, compass south, on Lake Erie) end. There are eight locks, each 24.4 m (80 ft) by 233.5 m (766 ft). The Garden City Skyway constrains the maximum ship height allowed to 35.5 m (116.5 ft); all other crossings are lift bridges or tunnels. Maximum length is 225.5 m (740 ft), and it takes an average of 11 hours to travel between the two ends.

SOURCE: Wikipedia.com

The Grand Canal and Waterways in Beijing

The Grand Canal of China, the longest manmade waterway in the world, begins at Hangzhou in East China and terminates in Beijing, some 1,794 kilometers away. Digging started in about the 5th century B.C. and it was twice extended and widened. As China's terrain slopes eastward—from the highlands and mountains in the west to the hinterlands on the shore of the Pacific, all the major rivers in China run west to east and empty into the Pacific. The Grand Canal was the sole waterway for south-north transportation and communication. At one time, the docks at Jishuitan in Beijing, formerly called the Greater Capital, were crowded by boats loaded with grain from the south. After the mid-19th century, motor roads and railways gradually replaced the Grand Canal for transportation.

Beijing is formed by the alluvial plain between the Yongding River and the Chaobai River. The Yongding River runs down from the Taihang Mountains, carrying with it gravel and boulders, sometimes as big as beer barrels. Because of its heavy silt and turbulent torrent during the high water season, the river used to change its course frequently, prompting its former name, which meant “capricious river.” But people who wished it to be permanently stable renamed it the Yongding River (meaning “settled forever” in Chinese). The river has lived up to its auspicious name only in the past few decades, thanks to the dredging and reinforcement of the embankment undertaken by the government. The Chaobai River drains the gullies of the Yanshan Mountains and flows to the east of Beijing. In recent decades, some large dams have been built on the river to form the Miyun Reservoir and the Huairou Reservoir. They provide the water source for Beijing's waterworks.

SOURCE: ok-trip.com

Delaware River and Chesapeake Bay Canal

One of only two commercially vital sea-level canals in the United States, the Chesapeake and Delaware Canal runs 14 miles long, 450 feet wide and 35 feet deep across Maryland and Delaware, connecting the Delaware River with the Chesapeake Bay and the Port of Baltimore. The C&D Canal is owned and operated by the US Army Corps of Engineers, Philadelphia District.

In the mid-1600s Augustine Herman, a Dutch envoy and mapmaker, observed that two great bodies of water, the Delaware River and Chesapeake Bay, were separated only by a narrow strip of land. He proposed that a waterway be built to connect them. This would reduce, by nearly 300 miles, the water routes between Philadelphia and Baltimore. But a canal would not become a reality for decades.

The issue of constructing the waterway was raised again in 1788 by business leaders, including noted Philadelphian Benjamin Franklin. In 1802, the Chesapeake and Delaware Canal Company was incorporated. Finally, in 1804, construction of the canal began including 14 locks to connect the Christina River in Delaware with the Elk River at Welch Point, Md. The project was halted two years later for lack of funds, but the canal company was reorganized in 1822, and Pennsylvania, Maryland, and Delaware bought stock in the project; the federal government and the public put up the rest of the money needed.

The US Army Corps of Engineers played a vital yet unofficial role for the canal company in 1823 and 1824, providing two senior commissioned officers to assist in determining a canal route. The engineer officers and two civilian engineers recommended a new route with four locks.

Canal construction resumed in 1824, and some 2,600 men toiled with pick and shovel, working for an average daily wage of 75 cents. The swampy marshlands along the canal's planned route proved a great impediment to progress. In 1829 the C&D Canal Company, at last, the waterway opened for business.

Herman's vision finally was realized.

The Chesapeake Bay and Delaware River were now connected by a navigation channel measuring nearly 14 miles long, 10 feet deep, 66 feet wide at the waterline and 36 feet wide along the channel bottom. A covered wooden bridge at Summit, Del., spanned the canal. The bridge floor was 90 feet above the channel bottom. Three wooden swing bridges also crossed the canal.

Locks to pass vessels through the waterway's various levels were constructed at Delaware City and St. Georges, Del., and two at Chesapeake City, Md. Each measured 100 feet long and 22 feet wide and was eventually enlarged to 220 feet in length and 24 feet in width.

Teams of mules and horses towed freight and passenger barges, schooners and sloops through the canal. Cargoes included practically every useful item of daily life: lumber, grain, farm products, fish, cotton, coal, iron, and whiskey. Packet lines were eventually established to move freight through the waterway. By 1872, more than 1.3 million tons was transiting the canal.

Throughout the 19th century the canal's use continued to change with the New Castle and Frenchtown Railroad being its only major competitor. Steam power brought larger and deeper-draft vessels that could not pass through the restricting locks. By the early 1900s the decline in canal traffic and great cost of operation and repairs brought a downward trend in canal profits. Clearly a larger, wider and deeper waterway was needed.

At the time, however, little thought was given to improving the existing canal. New companies were formed instead, with at least six options to consider for a new canal route. President Theodore Roosevelt then appointed a commission in 1906 to report on the feasibility of converting the canal to a "free and open waterway."

In 1919 the canal was purchased by the federal government for \$2.5 million and designated the "Intra-coastal Waterway Delaware River to Chesapeake Bay, Delaware and Maryland." Included were six bridges plus a railroad span owned by the Pennsylvania Railroad. They were replaced during the 1920s by four vertical lift spans and a new railroad bridge.

Responsibility for operating, maintaining and improving the waterway was assigned to the Corps of Engineers' Wilmington (Del.) District. All locks (except the one at Delaware City) were removed and the waterway was converted to a sea-level operation at 12 feet deep and 90 feet wide.

The "new" canal opened in 1927, but plans already were underway for further expansion

as the sizes of ships and amounts of cargo continued to increase. Between 1935 and 1938 the channel was again improved deepened to 27 feet and widened to 250 feet. The project was also expanded to include a federal navigation channel 27 feet deep and 400 feet wide for some 26 miles.

Over the years, as the sizes and tonnages of ships using the canal continued to grow, accidents and one-way traffic restrictions strained the canal's capacity. In 1954 Congress authorized further expansion of the channel to 450 feet wide and 35 feet deep. These improvements were completed in the mid-1970s.

New bridges to accommodate highway traffic crossing the canal also became necessary. Two mechanical lift bridges at St. Georges and Chesapeake City were replaced in the 1940s with high-level highway spans. Two other high-level vehicular traffic bridges, Summit Bridge in 1960 and Reedy Point Bridge in 1968, were constructed as part of the 1954 improvement authorization.

In 1966 a new railroad lift bridge was also completed by the Corps and turned over to the Pennsylvania Railroad to carry freight across the canal.

Today's canal is a modern sea-level, electronically controlled commercial waterway, carrying 40% of all ship traffic in and out of the Port of Baltimore.

Cargo ships of all sizes, tankers, container-carrying vessels, barges accompanied by tug-boats, and countless recreational boats create a steady flow of traffic. Through state-of-the-art fiber optic and microwave links, dispatchers use closed-circuit television and radio systems to monitor and move commercial traffic through the canal.

Navigating oceangoing vessels requires extensive maritime skills, with strong currents or bad weather conditions adding to the risks. A US Coast Guard certified pilot is required for vessels engaged in foreign trade transiting the canal, the Delaware River and Bay, and Chesapeake Bay.

Typically a Delaware River and Bay pilot boards a ship as it passes Lewes, Del., entering the Delaware Bay, and guides the vessel up the bay and into the canal to Chesapeake City. A Maryland pilot then takes over and continues the ship's transit into the Chesapeake Bay to Baltimore or Annapolis, Md. The procedure is reversed for eastbound ships. At Chesapeake City a "changing of the pilots" takes place, while the pilot launch maneuvers alongside a vessel as it continues its journey without stopping.

The Chesapeake and Delaware Canal is listed on the National Register of Historic Places and is designated as a National Historic Civil Engineering and Mechanical Engineering landmark. The canal is the only major commercial navigation waterway in the United States built during the early 1800s still in use.

The Soo Locks

The Soo Locks consist of two canals and four locks: The Poe Lock (named for a Civil War-era engineer), the MacArthur Lock (named for the famed World War II Gen. Douglas MacArthur), the Davis Lock (named for a Detroit District engineer in the early 1900s), and the Sabin Lock, which now is closed. The 21-foot drop in elevation of the St. Marys River and Lakes Michigan and Huron formed a natural barrier to vessel navigation that made necessary the construction of the locks project known as the St. Marys Falls Ship Canal.

Long ago the Ojibway (Chippewa) Indians, who lived in the area, would carry their canoes around the rapids to reach Lake Superior from the St. Marys River. As European pioneers arrived, creating larger settlements with increased trading, the need for larger boats grew. It became necessary to unload the boats, haul the cargo around the rapids in wagons, and then reload alternate boats on the other side. This process took valuable time. The need to build a lock became apparent; thus, the world-famous Soo Locks were built to form a passage around the rapids in the river.

In the late 1700s a Canadian company built a lock on the Canadian side of the river. It was destroyed in the War of 1912. A private American company built locks on the US side of the river in 1853. These locks were turned over to the State of Michigan in 1855. Although the state charged a lockage toll, commerce grew and the locks became important on a national level.

In 1881 the locks were transferred to the federal government. Today, the Army Corps of Engineers, Detroit District, operates and maintains the entire facility.

More than 11,000 vessels, carrying up to 90 million tons of cargo, pass through these locks every year. Many different types of vessels lock through the system varying in size from small passenger vessels and workboats to large 1,000-foot ships, carrying more than 72,000 tons of freight in a single load. Most cargo contained in these ships is iron ore, coal, grain, or stone.

The channels through the St. Marys River are maintained at a maximum draft of 25.5 feet. When lake levels are above low water averages, larger ships take advantage of the deeper water and load up to an additional 200 tons of cargo per inch of additional draft.

It is estimated that the Soo Locks water route reduces transportation costs by an average of more than \$4.90 per ton. Based on 1997 tonnages, this represents an annual transportation costs savings to the nation of approximately \$450 million.

The Corps plans to replace the Davis and Sabin Locks with a larger state-of-the-art lock, similar to the Poe Lock, to assist in handling the larger vessels of the Great Lakes fleet.

The new lock will be the first lock built at the Soo since 1968. The Hydropower plant, just north of the locks, generates more than 150 million kilowatt hours of electrical power each year to operate the locks. Whatever power is not used at the locks is distributed to homes and businesses in Sault Ste. Marie, Mich., and surrounding communities.

Flying into a Hurricane: A Regional Report for Latin America and the Caribbean

By Cliff Williamson

I had heard a few comments about nasty weather, and even checked with the airline before leaving for Ezeiza airport in Buenos Aires. Alberto, the first tropical storm of the 2006 season, was headed directly for the Gulf Coast of Florida, where I intended to take my vacation. The news was ominous. It was like the old song by the B52's, "Should I stay or should I go?"

I had been looking forward to the trip for so long. It was a trip to a place that I love, a place that I feel restores me physically and mentally each time I go there. Sure there was a risk, but the risk was not enough to sway me from my goal, to keep me home.

I thought later about my processing of this decision to travel despite the dangers, and realized that it was something akin to working in the moving business in Latin America, like flying into a hurricane. We do it every day. Sometimes we see the bad weather coming. Sometimes we don't. But it doesn't change a thing. We go no matter what. It is what we do. And we won't be swayed from our goal.

Why do we do it? Every day we face corrupt customs and public officials. Every day we face anti-business labor laws that go beyond logical explanation. Every day, we face threats of hyperinflation and sudden devaluation. Every day we face the possibility of some new law or new application of a law that will negate the hard work we have invested in our businesses. And why do we do it? We do it because we love it.

Summarizing our business in a region as large and as diverse as Latin America and the Caribbean is quite impossible. I can speak only in general terms, and paint my picture with broad strokes. But I will do the best I can, begging the pardon of those countries and those businesses that don't exactly fit into the mold I describe. A bit later in this article, I will report the results of a survey that I sent to all HHGFAA members of the region, and will share the comments of those who took the time to reply.

The main challenges of the present day in this region, as I see them, are these:

- Political instability
- Loss of control of our marketplace
- Fickle foreign investment
- Corruption

Political instability

Who do we want to be when we grow up? In case you hadn't noticed, Latin America is once again redefining its character and personality. You see, we are really not sure yet exactly what we want to be. The promise of Neoliberalism (read: to be like the United States) with its democratic style of government and capitalist economy, has failed to fulfill the dreams of the masses. Perhaps the rules of Neoliberalism were not correctly applied, or were corrupted by ill-intentioned governments. But what the simple folk (read: voters) see and hear is that the dream of a dignified life where one's children get an education

and enough to eat, has not been sufficiently realized for the masses. All it takes is for a man like Hugo Chavez to step in and promise the poor everything they want. True, the poor of Venezuela have gotten even poorer since Chavez came to power, but what they do have today is someone who tells them they are important, someone who promises them life will be better, someone who stands up to the United States and the World Bank and gives them the titillating thrill of revolution, so valued in this part of the world. Chavez has stepped comfortably into the shoes of Fidel Castro, but apparently is not the last to do so, as a wave of leftist and populist governments have come to power.

Where is all this heading? On the one hand, we view with a certain satisfaction how the macro-economics of our countries finally begin to show signs of recuperation. But on the other hand, are we must ask ourselves if we are ready for a new wave of leftist governments that promise everything but usually result in some form of anarchy. We movers are unable to predict the outcome, but believe me, we are all watching very closely. Northern Latin America and Caribbean countries are more prone to alliances with the United States, due to their closer proximity and the huge economic influence of the United States. But if the US economy weakens, if the dollar loses its shine, and if another option for political and economic alliance appears on the horizon, be ready for dramatic change. Capitalism and democracy may have won the battle against communism, but they have not necessarily won the war. People in Latin America continue to look for other viable alternatives.

We all know that our beloved moving business can sometimes benefit from instability, and there may be an upside to all this change. When an economy grows, we bring people in. When that same economy falters, we move people out. But I think most movers in the region share my opinion; while a bit of turmoil and instability can lead to short-term booms in our businesses, we would prefer long-term stability to short-term windfalls if we have the choice. The down cycles may be too long for a typical company to bear. A dangerous trap that has caught many moving companies in its clutches is an overly long growth cycle, which leads to expansion and further investment, plus hiring of new workers. When things go sour, it might be too costly to downsize or adjust to the new reality, and overextended businesses typically go under.

These conditions lead to a simple fact: All Latinos are economists. When I lived in Brazil, a friend in business — together with his partner — spent 2 hours a day just moving his money around. Latinos are wary of economic change, and are constantly on the lookout for ways to protect themselves against the whims of flaky governments.

We are all looking eagerly now at how Latin American governments will align themselves as Europe, China, and the United States struggle for dominance. We may not be sure exactly how, but we all know — deep in our hearts — it is going to affect our businesses in a very big way.

Control of our markets

Control of our marketplace is a fleeting thing that has been slipping through the fingertips of all of us in the moving business in recent years, and not just in Latin America and the Caribbean. We all know the advantages of booking our own business: quicker collection, profits from insurance, and the possibility of modest margins on contracted freight and destination services. There is also tonnage credit, which obliges trading partners to work with you, plus the possibility of promoting and nurturing a long-term relationship with the account.

In sharp contrast, what we see as we work as subcontractors for others is the pressure to lower our prices, the elimination of margins on extras, and no profits on insurance; the only prospect for a repeat performance is if the agent or the account happens to fall in love with your work and demand to use you again. Once finished, don't hold your breath as you wait for payment. Average time to collect between fellow agents has gone to about 60 days, and then only with an aggressive collection policy. Work for the relocation companies and conditions get markedly worse. There is more pressure to discount prices, longer waits to collect, and little hope for anything resembling loyalty for a job well done.

What I paint for you is not a uniquely regional picture, but a global one. It might be a bit worse in Latin America and the Caribbean, since we have so little indigenous industry of our own. We all know this story. It is "The Mover's Lament."

Foreign investment

It has been said that the only thing for a developing country that is worse than foreign investment is no foreign investment at all. Why? Latin Americans and Islanders would love to be in charge of their own destiny, and no one can question that there is a cost — sometimes a high cost — to letting foreign companies in to buy up resources and utilize cheaper local labor. There is both a logical and an emotional side to this issue. Argentina is perhaps the most glaring example of a country with protectionist policies in the region, and they frequently are their own worst enemy. Soon after his election, President Nestor Kirchner (who had never traveled outside Argentina until he became president of the country) managed to keep Carly Fiorina, CEO of Hewlett Packard, waiting for over an hour when she came to see him about the possibility of investing in Argentina. She ended up walking out and the meeting never took place, essentially killing any hope of investment from an obviously interested candidate. Kirchner apparently did not read Dale Carnegie's book on making friends and influencing people.

But there is a method to his madness, as infuriating as his antisocial behavior might be. It wins him votes. People — or at least Argentines — like to see their country stand up to the big dogs of business. Either they don't see the connection between their anti-business posturing and their country's failure to attract foreign investment, or they just don't care.

A big surprise to the region has been Brazil's Lula, a long-time labor leader and presumed leftist, now president. He came to power and surprised everyone with his pro-business behaviors. A joke is shared by Brazilian cab drivers that Lula tells his chauffeur to "signal left, but turn right." But while his rhetoric and policies may not be overtly discouraging foreign investment, it could be that the very high taxes of Brazil are having the same discouraging effect.

While Mexico seems to be booming with investment, there is an underlying tension between the United States and all of Latin American — but especially Mexico — regarding the backlash against immigrants. Chile seems to be one of the only real success stories regarding foreign investment and economic stability, but at what cost? A long-term military regime and a controversial record still hotly debated shows that this kind of stability comes at a high price. Chile's new government may also lead to changes, but from what I hear, so far so good.

Corruption

With very few exceptions, the movers of Latin America and — perhaps to a slightly lesser extent, of the Caribbean — deal with corruption. Perhaps to say "deal with corruption" is not sufficiently accurate. We live with corruption every day. We don't like it, but it is the way business is done in our countries, and we have little choice but to work within the system.

A good match

Latin Americans and the moving industry are a good match for each other. As a people, Latinos are highly social beings, they are risk takers, they enjoy helping people, and they enjoy learning about and interacting with the rest of the world. Labor costs are generally a bit lower than the global average, thus allowing for the possibility of adding that little bit of extra personal attention which rarely fails to impress both clients and agents. In a word, they are perfect for the business of moving people and their effects from point A to point B. I salute the flexibility, the resilience, and the persistence of the vibrant members of the industry in our region. It is not an easy place to do business, but the job gets done, and generally it gets done well. With the many really great movers in our region, there is no chance that the business will ever go away entirely.

The Survey: What the regional members have to say about the issues

A survey was sent out to all Latin American and Caribbean members of the Association with a set of 7 questions requiring short answers, plus 4 additional open-ended questions asking for comments. The survey was sent in both English and in Spanish. Replies were gathered and results are summarized in below.

It was no surprise to see a limited return on the survey. I sometimes feel we are being surveyed to death, and even I cringe each time I am asked to reply to a new one. However, there were enough replies to give a good basis and — it is hoped — a representative viewpoint of the membership from the Latin American and Caribbean Region. Here is a brief summary of the replies.

Question 1: Optimism

Regarding the future of the industry, 73% of the respondents took an optimistic view of the future, 9% were pessimistic, and 18% were cautiously neutral.

Question 2: Working hard, or hardly working

Regardless of the outcomes, ALL respondents said that they were working harder. Slightly less than half said they were working harder for less money, and slightly more than half said they were working harder for more money.

Question 3: Customs complications

54% of the respondents said customs procedures for clearing household goods shipments have become more complicated. 36% said customs procedures remain at the same level of difficulty. 9% say customs procedures are easier.

Question 4: Employee levels

45% of respondents say they have added employees, while 54% say that they have maintained current staffing levels. None of the respondents claim to have reduced staffing levels.

Question 5: Finding qualified candidates

The slight majority of respondents (55%) say that it is harder to find qualified candidates, while a significant minority (44%) say the job market has not changed for them. Only 9% claim to find an abundance of candidates waiting to work in the industry.

Question 6: Ranking of corporate values

Respondents ranked in the following order of importance to their companies the following characteristics (1 being most important; 5 being least important):

1. Quality
2. Communication
3. Training
4. Technology
5. Marketing

Question 7: Reasons for being members of HHGFAA

Reasons for joining and maintaining membership in HHGFAA are ranked from most important to least important reason. Here they are in ordered sequence.

1. Networking with fellow agents
2. Education and training opportunities
3. Credibility in their marketplace to assist sales
4. Opportunities to travel and visit with friends and colleagues in the industry

In addition to the 7 survey questions, I included 4 general questions and invited respondents to offer their comments. Below are some quotes from some of those who took the time to reply.

Biggest concerns in the moving industry

“My biggest concern in the moving industry comes from the public image of the industry. The proliferation of all kinds of ‘briefcase companies’ selling anything but quality work, without proper financial foundations, and abusing of the market’s naiveté, has made a most detrimental impact in the general perception of our activity.”

—*Luis Alfonso Colmenares, Portan S.A., Bogotá, Colombia*

“I am concerned with the reduction in the size of the marketplace - that is to say - fewer clients — plus the increase in the number of companies which offer international moving services. This is not to mention the increases in air and sea freight costs.”

—*Luciano Gustavo Salazar of Salpack, Colombia*

“I am sure that most colleagues would agree that our common problems include increased costs for rents of office and warehouse space, lack of fiscal clarity in the taxation of our activities, finding adequate insurance for customers with specific and sometimes unusual needs, increases in labor costs and subsequent problems with labor unions, and unfair competition.”

—*Nazareno Villa Abrille, Argenvans, Buenos Aires, Argentina.*

“Fewer expats, account cost reductions, more competition, and lower rates.”

—*Peter Walvis, Transcontrol, Brazil*

“My main concern is that the competition continually seeks ways to reduce prices which consequently damages the market.”

—*Walter Lafitte, Canal Movers and Logistics Corp., Panama*

“I am particularly concerned with the subject of customs which at every turn is the focal point of corruption, and without exception complicates our operations. Employees of customs have used and continue to use every possible means to make it difficult to ship our customers’ goods.”

—*Name withheld by request*

“It is evident that the principal concern of our industry — without a doubt — is that the moving companies for several years DOES NOT CONTROL OUR ACCOUNTS. The vast majority are controlled by the relocation companies, leaving us to be mere packers and shippers. This fact has an even more important relevance to our region of Latin America and the Caribbean than it does in the rest of the world.”

—*Daniel Laporta, Class International Movers, Lima, Peru*

What is wrong with the international moving industry?

“The worldwide economy and the new human resources policies.”

—*Peter Walvis, Transcontrol, Brazil*

“Some industry associations — including HHGFAA — seem to ignore the damage inflicted by unfair competitors, and accept their membership without compliance to the least minimum prerequisites, nor do they do a periodic follow-up of the standings of the membership. Quantity overruns quality.”

—*Luis Alfonso Colmenares, Portan S.A., Bogotá, Colombia*

“Strong competition and the tendency for multinationals to replace expats with local hires.”

—*Walter Lafitte, Canal Movers and Logistics Corp., Panama*

Encouraging my child to follow my footsteps into the moving industry

“After many years of hard work and positioning my company, my children can find an activity that will bring them a lot more possibilities to personal development and at a much quicker pace than what they would find if starting from scratch. I am personally delighted to see that my work enjoys some projection into the future.”

—*Luis Alfonso Colmenares of Portan S.A., Bogotá, Colombia*

“I would like for my children to follow me in this business, because I find it to be fascinating. It is an international business in which one makes friends with people from all over the world.”

—*Walter Lafitte, Canal Movers and Logistics Corp., Panama*

“I think it is important to make clear that I personally love what I do in this business. Still, things being what they are today, I am not certain that I would wish for my children to become actively involved in this industry.”

—*Daniel Laporta of Class International Movers from Lima, Peru*

How has my business changed in the past 5 years?

“The acquisition and implementation of new specialized software, to carry on our daily activities, the permanent training of the work force, the upgrading of equipment, have made us more productive and better professionals.”

—*Luis Alfonso Colmenares, Portan S.A., Bogotá, Colombia*

“Prices have dropped considerably.”

—*Walter Lafitte, Canal Movers and Logistics Corp., Panama*

“One word: Technology.”

—*Peter Walvis, Transcontrol, Brazil*

Finale

So there you have it, a very superficial overview of the current situation of the international moving industry within the Latin American and Caribbean Region. I wish to thank all those who contributed to this article with answers and opinions. It is a privilege for me to represent this group of fine companies and even finer people. In spite of the fact that our part of the world has always been and continues to be a place where problems such as poverty, corruption, and injustice are the order of the day, it is also a place where people tend to be more happy, more family-oriented, and lead more balanced lives, keeping the concerns of work and politics in perspective, while allowing adequate time for family and fun.

And certainly, if you are looking for a good international moving service company, you will find many great options in this beautiful region of the world.

Cliff Williamson is the Representative for the Latin American and Caribbean Region on the HHGFAA Associate Members Management Board and the CEO of Transpack Argentina S.A. He also manages the Transpack Companies, encompassing activities that include fairs and exhibition logistics, software development, and relocation services. He has lived in Latin America for 22 years.

Maritime Bottlenecks: Vital Segments of Global Commerce

By Boris Populoh

The commerce traversing the world today is the lifeblood that will continue to drive economic prosperity on a global scale. The sheer volume of world trade that moves via ocean cargo vessels makes an attack on this global economic lifeline an appealing target for terrorist groups aiming to disrupt worldwide commerce. According to estimates by the United Nations, ships carry 80% to 85% of the world's cargo; this translates to some 6 billion tons of cargo annually.

While the world's oceans are huge and can accommodate the growing number of vessels that use them, **certain segments of the global maritime shipping routes are extremely vulnerable to terrorist attacks.** Such attacks, if targeted at areas in the maritime transportation web susceptible to single-vessel attacks, would have devastating results for the global economy for months, if not years to come.

While the global ocean vessel fleet has continued to grow, the US fleet has remained relatively constant. In terms of tonnage transported by US Flag Fleet vessels, the United States' share of global tonnage transported by US Fleet vessels has shrunk substantially, from 36% in 1948 to 2% in 2002. This shrinkage in capacity translates into more direct reliance on foreign operators to manage the economic supply lifeline feeding cargo into the United States. More reliance on foreign-flagged ships also means less control over ownership, financing, and crewing of these vessels, which in turn increases security concerns and risks.

The global maritime transportation supply chain is a complex web of cargo, money, people, and vessels. The nature of this worldwide enterprise makes its infrastructure vulnerable to acts of terrorism and piracy due to the involvement of business interests and nameless crews operating under flags of convenience in areas of the globe that are often times far outside the reach of law enforcement agencies.

The thousands of vessels traveling around the globe are relatively autonomous with respect to their operation, crewing, and voyage schedules. Vessel ownership is often times murky and difficult to trace allowing for, and greatly expanding, the possibility of vessel misuse. It is believed that al-Qaeda owns and operates 15 to 18 cargo ocean vessels to generate operational funds "and/or to support the group's logistical network."¹ The autonomous nature of vessel operation makes single, oceangoing ships relatively easy targets for modern-day pirates and/or terrorists whose reasons for hijacking a large container vessel or tanker are above and beyond monetary gain.

While acts of piracy carry with them certain economic costs, they are relatively minor if put into the context of a large-scale terrorist attack involving the maritime industry. A great deal of emphasis has been placed on container and cargo security with programs like The Container Security Initiative (CSI) and The Customs-Trade Partnership Against Terrorism (C-TPAT), as well as the International Ship and Port Facility Security (ISPS) Code to require vessels to develop

their own security protocol. Although these programs were created in an effort to reduce the risk of the introduction of a weapon of mass destruction into the country via legitimate commercial means, vessel security is more difficult to implement and monitor. The potential for using an entire 500+-foot-long cargo vessel as a weapon for a terrorist attack cannot be underestimated.

The maritime bottlenecks

Our oceans are vast, and vessels traverse them in a myriad of crisscrossing maritime shipping routes. Thus, certain segments of this global navigational maritime route web are vulnerable to direct attacks due to their unique nodal role in transitioning vessels from one set of maritime routes to another.

These so called maritime "bottlenecks" are segments of global shipping routes that pass through narrow straits and canals, which often only allow one ship to pass at a time. Although there are a number of such nodal points, this article will look at seven "bottlenecks" that are vital to the flow of maritime commerce, and are therefore vital to the global economy.

1. The Bosphorus

Linking Europe and Asia via this narrow strait, the Bosphorus connects the Black Sea with the Sea of Marmara, ultimately leading vessels to the Aegean and Mediterranean Seas. Located in Northern Turkey, with Istanbul at its eastern end, the Bosphorus is a critical artery of the Russian, Ukrainian, and Georgian oil industry. Oil terminals located in these countries depend on their access to the world's oceans via the Bosphorus and export approximately 1.7 million barrels per day of crude, on top of 1.9 million barrels of oil products."² The vulnerabilities and inherent dangers that surround the Bosphorus are derived from the fact that vessels pass within a few hundred feet of major metropolitan areas like Istanbul, which has well over 10 million inhabitants. Direct danger to human life is certainly one aspect of security concerns; however, economic damage that could be inflicted by the intentional blockage of the Bosphorus by a scuttled vessel is enormous. More than 50,000 vessels transit the strait each year, many of which supply huge quantities of oil to the world markets. On top of that, "2,500 daily ferry journeys carrying some 2 million people and 15,000 vehicles each day," under dangerous navigation conditions, coupled with tight passages of 700 meters at its narrowest point, create circumstances that cause vessels to slam into the shoreline on occasion.³ Clearly, a vessel sunk in the Bosphorus would have far-reaching global impact, well beyond the immediate geographical region.

²Ambrogi, Stefano. Planet Ark, "Russia asks UN to press Turks over Bosphorus ships," 30 May 2003, Reuters (<http://www.planetark.com/dailynewsstory.cfm/newsid/20990/newsDate/30-May-2003/story.htm>).

¹"15 Freighters Believed to be Linked to Al Qaeda," Washington Post, 31 December 2002.

2. The Dover Strait

The Dover Strait is much wider than the Bosphorus, and traffic congestion is a major concern for authorities patrolling the Strait. At approximately 21 miles wide, the Dover Strait may not seem like a typical bottleneck. However, the more than 500 ships utilizing this passage on a daily basis show otherwise. Although these vessels include fishing and crossing vessels, the annual volume of vessels negotiating the Dover Strait is staggering. Some 200,000 vessels transit this route each year, making it the world's most heavily traveled maritime route segment.⁴

Targeting and attacking vessels in this particular maritime route segment would virtually paralyze global trade. Additionally, random attacks on Panamax and Suezmax vessels, built for their specific purpose of negotiating the Panama or Suez Canals at maximum load, by groups of suicide divers is not as farfetched as it may initially sound. The "Swimmer Attack Indicators and Protective Measure" advisory was issued by the Department of Homeland Security on August 22, 2003. Although there is currently no evidence that terrorist groups are planning to use underwater bombing strategies, the press release advises "the maritime industry and owners and operators of maritime facilities, of a number of incidents of suspicious activity and possible surveillance of maritime" infrastructure in the United States and around the world.⁵

3. The Malacca Straits

The Malacca Straits is the shortest sea route between China, India, and Indonesia, three of the world's most populous countries, and is therefore considered to be a key economic choke point for Asia.⁶ Pirate activity has increased in the region in the past several months, prompting authorities to issue numerous warnings to seafarers. At the present time, "the Straits of Malacca is the most important waterway in the world, and most of China's and Japan's oil imports pass through" this bottleneck, along with 50,000 other vessels annually.⁷

Chinese oil imports from the Middle East continue to grow, expanding the strategic importance of the Straits. Any event that would close or substantially reduce traffic through the Malacca Straits "would immediately raise freight rates around the world" and substantially damage the world economy.⁸

4. The Panama Canal

Arguably the Western Hemisphere's most vital maritime route, the United States depends heavily on the Panama Canal for every imaginable type of cargo that arrives in or departs from the United States via an ocean container or break-bulk vessel. The vulnerabilities of the Panama Canal are easily identified. It is relatively narrow, with certain sections measuring only 100 feet wide, and the canal is shallow, in places barely 40 feet deep. A large cargo vessel used to intentionally damage the lock system is a plausible scenario when it comes to paralyzing the flow of cargo from the Pacific to the Atlantic, or vice versa.

5. The Strait of Hormuz

Located in one of the most volatile regions of the globe, the Strait of Hormuz connects the Persian Gulf to the Gulf of Oman and the Arabian Sea.⁹ Its strategic importance in the global oil trade cannot be underestimated. The Persian Gulf region roughly contains "674 billion barrels of proven oil reserves," which is approximately two-thirds of the proven oil reserves in the world. Damaging this fragile aspect of oil export from this region could result in global energy catastrophe. For the year 2002, countries in the Persian Gulf maintained around 22.3 million barrels per day of oil production capacity, which translates to roughly 32% of global production capability.¹⁰

The graph above illustrates the region's importance to worldwide oil resources and the need for that oil to be moved to the global marketplace. Halting delivery of oil from this region would frustrate any signs of recovery currently registering in the global economy.¹¹

³Zihni Shipping Agency SA "Vessel Traffic System started to work in Bosphorus" (www.zihni.com.tr/news/Vtsworks.htm).

⁴Boyd, James. Volvo Ocean Race, "Dover Straits," 27 May 2002, MadForSailing.com (http://2002.volvoceanrace.org/news/feature/f8_020527_doverstraits.html).

⁵Smith, Charles R. Cyber Diver News Network, "Al Qaeda plans scuba diver, one-man submarine attack" (26 August 2003; www.cdn.info/industry/i030826/i030826.html).

⁶"The Malacca Straits," Steve's Vital Maritime Canals (www.geocities.com/uksteve.geo/canal6.html).

⁷"After three centuries, a Kra Canal?" Asia Today Online (http://www.asiatoday.com.au/features/2004_1.asp).

⁸"The Malacca Straits," Steve's Vital Maritime Canals (www.geocities.com/uksteve.geo/canal6.html).

⁹"Straits of Hormuz," Encyclopedia of the Orient (<http://-icias.com/e.o./hormuz.htm>).

¹⁰Persian Gulf Oil and Gas Exports Fact Sheet," Energy Information Administration (<http://eia.doe.gov/emeu/cabs/pgulf.html>).

¹¹Persian Gulf Oil and Gas Exports Fact Sheet, Energy Information Administration (<http://eia.doe.gov/emeu/cabs/pgulf.html>; accessed 1 April 2004).

6. The Suez Canal

Like the Panama Canal, the Suez Canal is an artificial waterway. Located in Egypt, the Suez Canal extends for some 100 miles, connecting the Red Sea with the Mediterranean Sea.¹² Officially inaugurated in 1869 after 10 years of construction, the Canal now carries millions of barrels of oil each day, predominantly to Europe. Any terrorist action resulting in a Suez Canal closure would require oil tankers to divert around the Cape of Good Hope at the southern tip of Africa, adding significant transit time and “effectively tying up tanker capacity” around the globe.¹³ While attacks can come in a variety of forms, small teams or single individuals in inflatable speedboats laden with explosives or submerged using scuba gear could cause significant damage to commerce flowing through the Suez Canal to the global marketplace.

7. The Welland Canal

Located in the Niagara region of Ontario, Canada, the Welland Canal connects Lake Ontario and Lake Erie to the Atlantic Ocean. A vital link in the St. Lawrence Seaway passage, the canal contributes greatly to the economic health and growth of Midwestern Canada and the United States.¹⁴ Only 80 feet wide, the Welland Canal offers ample opportunity for sabotage along its 27-mile-long route. Eight locks along its route lift vessels some 326 feet between Lake Ontario, which is 246 feet above sea level, and Lake Erie, which is 572 feet above sea level.¹⁵ A vessel used in such a way as to cause maximum damage to the canal infrastructure, or one that is scuttled to block passage, would cause both Canada and the United States substantial economic trauma.

Each of these “maritime bottlenecks” or chokepoints is a significant liability to the global maritime industry and therefore could threaten economic health and growth on an extraordinary scale. However, the Panama Canal, the most significant maritime bottleneck in the Western Hemisphere, plays an important role in the economic vitality of the United States. Its uniqueness is further underscored by the fact that the Canal’s direct control and protection is out of the hands of US authorities.

¹²“Suez Canal,” Encyclopedia of the Orient (<http://-icias.com/e.o./hormuz.htm>; accessed 4 April 2004).

¹³“World Oil Transit Chokepoints,” Energy Information Administration (<http://eia.doe.gov/emeu/cabs/pgulf.html>; accessed 01 April 2004).

¹⁴“Welcome to the Welland Canal,” The Welland Canal (www.wellandcanal.com; accessed 23 March 2004).

¹⁵“The Welland Canal,” Steve’s Vital Marine Canals (www.geocities.com/uksteve.geo/canal7.html; accessed 19 March 2004).

Boris Populoh is HHGFAA’s Director of Programs and Education.

A Personal Security Tip

Kee your car keys next to your bed on the night stand and just press the panic alarm on your car if you hear an unexplained noise or someone trying to break into your house. It will go off from almost everywhere inside your house and keep honking until your battery runs down or until you reset it with the button on the key chain.

This probably will scare any potential intruder away; moreover, a lot of burglars will cut your telephone line before breaking in so this is an excellent idea that could save your life.

Creating Competitive Advantage from Your Employees: A Global Study of Employee Engagement

One of the most significant, sustainable sources of competitive advantage is an organization's workforce. Workforce-management practices have an important influence on business performance. But what factors attract, motivate, and retain staff? And will the same techniques work for employees in countries with different economies and cultures? One factor that is receiving considerable attention is employee engagement. **Engagement is the degree to which workers identify with, are motivated by, and are willing to expend extra effort for their employer.**

ISR, an international research consultancy, has just finished a major international survey into the nature and causes of employee engagement and how companies can improve engagement to enhance business performance. The survey:

- was conducted across 10 of the world's largest economies—Australia, Brazil, Canada, France, Germany, Hong Kong, the Netherlands, Singapore, the UK, and the United States;
- involved nearly 160,000 employees; and
- included hundreds of different companies across a broad spectrum of industries from high-tech to financial services, manufacturing, pharmaceuticals, retail, transport, government, and consumer goods.

The survey follows a 3-year study by ISR of 40 of its major global clients, completed in 2002, which showed that higher levels of employee engagement can improve a company's bottom line. That study found that companies with high levels of employee engagement achieved significant increases in both operating margin and net profit margin. Organizations with lower levels of engagement saw those financial indicators decline over the same time period.

ISR's latest survey highlights large variations among the 10 countries in terms of employees' overall commitment to and involvement with their employers. For example, while in Brazil and in the United States 75% of employees are engaged with their companies, the same can be said of only 59% of French employees.

The report graphically illustrates that one size does not fit all when it comes to motivating employees to contribute to their company's success. What motivates an employee in Brazil may not resonate as strongly with his or her counterparts in the United States, Hong Kong, or any of the seven other countries surveyed.

For example, in Australia, Singapore, and Hong Kong, the extent to which company management is respected is an influential determinant of engagement. In the UK and US, on the other hand, a more important factor is the degree to which organizations provide long-term employment and career opportunities.

The new research builds on work undertaken by ISR when it created a 3-D model of engagement. This describes and defines employ-

ee engagement in terms of three dimensions: cognitive (how employees think about their company), affective (how they feel about their company), and behavioral (how they act in relation to their company). All three must be present in some degree to achieve strong employee engagement.

ISR's survey highlights three aspects of engagement that will help corporate leaders focus on those factors that most affect employee engagement in their respective countries:

1. It demonstrates variations in the relative importance each of the dimensions assumed in the 10 countries surveyed.
2. It identifies four core issues that influence employees'

Career development influences engagement for employees, with two specific elements most commonly cited: retaining the most talented employees and providing opportunities for personal development.

engagement on a global basis. These provide a framework within which managers can start assessing levels of employee engagement and how to improve them.

Within the core issues, ISR has identified the key drivers of engagement for each of the 10 countries. Some core issues are common factors in virtually all of the countries; in addition, there are important variations in terms of the specific actions required to improve engagement in each country. Local issues matter.

This study will help employers gauge their employees' level of engagement against the norm for their own country. It also provides some perspective on engagement predispositions in the 10 different countries for managers in multinational organizations. And it suggests policies and actions managers might adopt to improve employee engagement within their organizations.

The report suggests that the corporate concept "glocal" (think global, act local) should underpin any effective strategy to improve employee engagement. Organizations must adapt to different cultural values and norms when it comes to attracting, motivating, and retaining staff.

For more information, visit www.insight.com. To view the full report: www.isrinsight.com/pdf/insight/Engagement%20White%20Paper-US%20Singles.pdf

Trust Busting in the Office

Gossiping employees, workers who don't feel like their manager is always acting in their interest, and those of your workforce who sense they can't take co-workers at their word, are all issues that can mean a big headache for human resources. More than that, though, they all stem from a lack of trust, says Dr. Michelle Reina, who co-founded The Reina Trust Building Institute in Stowe, Vt., with her husband, Dr. Dennis Reina. The institute conducts research on the underlying causes of broken trust in organizations and also specializes in developing tactics for repairing it.

“Business, regardless of size, shape, form or industry, is conducted through relationships, and trust is a critical foundation to the effectiveness of relationships,” Michelle Reina says. While the importance of trust is widely recognized these days, with many organizations incorporating it as part of their mission statement or even adopting it as a core competency, there are still plenty of problems for companies in this area, she notes.

Step one is making workers aware of how trust is built, violated and, whenever necessary, repaired, says Michelle Reina. Training programs that define trust for employees and provide them with instruction for preserving and fixing it should be given on an ongoing basis, but primers may be necessary at certain critical junctions in a company's life such as during mergers and acquisitions. “When an organization is going through change and transition, people become unclear of what is expected of them and of their roles and responsibilities,” she stresses. “When they're not clear of their expectations, they're also not aware of what agreements they are being expected to honor.” Training that emphasizes the importance of communicating fears and concerns directly with managers and co-workers, rather than relying on the old gossip mill, therefore, is essential. “Our research over the last 10 years has found that gossip and backbiting is the number one breach of communication trust,” Michelle Reina points out. “Nine out of 10 employees experience it.”

In addition to unclear (or unused) channels of communication, workers may feel their manager doesn't trust them if they end up doing work that doesn't take advantage of the skills they were hired for, Michelle Reina says. “When people have skills, abilities or insights they are not able to offer, they often feel as though they are not being trusted by their leaders. They feel as though they are not being perceived as trustworthy, and not feeling trusted, they are not trusting in return.” Trainers and HR execs who are able to effectively match employees' skill sets to their work may see an organization that's not only more efficient, but one that suffers a lot less from interpersonal problems.

If you're communicating directly with workers who are well suited to the tasks they've been given, another tip to keep in mind is leaving off the blinders. You need to trust your managers and employ-

ees, but not with tunnel vision, Michelle Reina explains. If a manager complains repeatedly about an underling, for example, it does more harm than good to fall back on the age-old wisdom to simply “trust your manager.” A protocol should be in place for grievances so the gossip and backbiting mill isn't fed, and the charged employee is given a fair hearing. “When we follow an age-old wisdom like, ‘You always trust your manager,’ that is an idealization that comes under the category of what is most desired,” she notes. “It is most desirable to always trust our managers and team, however, when we exercise blind trust, we open ourselves up to being vulnerable to missing the fact that there is always the human element at play.” A manager who cries to her boss repeatedly that she isn't being treated right by a subordinate and simply doesn't want to work with him anymore should be pressed for specific examples of wrong-doing that can be discussed openly with the supposedly errant employee. “It is the responsibility of a leader to be aware there will be some people who at some point in time may become vulnerable and lose their sense of themselves, and may behave in a way that is untrustworthy,” she says. “We are human beings, and even those of us who are highly trustworthy do trip up. We do lose our way. We do mistakes. We do lie, and we do violate trust.”

For more information on building trust in the workplace, including a Web-based assessment to gauge the level of trust in your organization, visit www.trustinworkplace.com.

Your Employee Orientation May Be Sorely Lacking

Just 30% of global executives surveyed are positive about their employer's on-boarding and assimilation process for new hires, a recent Executive Quiz survey from Los Angeles-based executive search, outsourced recruiting and leadership development provider Korn/Ferry International (www.kornferry.com) revealed.

Thirty-eight percent of respondents called their employer's on-boarding and assimilation process for new hires average, with 22% calling it below average, and 10 percent calling it poor. **Additionally, more than half of executives surveyed (54%) believe they do not reach maximum productivity until three to five years into their tenure with a company.** Another 33% of respondents believe executives are most productive at one to two years; 8% said 5 to 10 years; 4% said six months; and 2% said it takes more than 10 years.

The Korn/Ferry International Executive Quiz is based on a global survey of executives registered within the firm's online Executive Center (www.ekornferry.com). Respondents from more than 80 countries, across multiple industries and functional areas, participated in the most recent Executive Quiz between February and May 2006.

Seven Tips for Delivering Constructive Criticism

By Barton Goldsmith

Ask most employees and they will tell you that they rarely get enough feedback—positive or negative. That’s because most managers don’t want to create conflict and they may not feel confident in their ability to deliver appropriate suggestions. For most people it’s easy to see that someone isn’t doing a job correctly, but it’s very difficult to tell him or her how to do it better.

Here are some tips to help you give team members the feedback they need and want.

1. Make sure you have all the necessary information. The quickest way to offend people is to criticize them for something they did not do.
2. Choose the best time and place. Never give criticism in public, in front of another person, or at the end of the day when you or the other person may be too tired to deal with it appropriately.
3. Talk about the performance, not the person. Feedback is not about telling someone he is bad at what he does, it’s about telling him how he could do it better.
4. Realize that the person you’re giving feedback to may get defensive. This is a natural response to criticism, especially if he or she has gotten her feelings hurt by you (or another manager) in a previous experience. Use a softened start-up. For example you could say, “You’ve really done well this quarter, but there’s one area that could use a bit of improvement.”
5. Use humor if possible. If you can deliver criticism in a light-hearted manner it will be received in a much more positive way. Humor doesn’t diminish the seriousness of the feedback you are giving; it actually helps the person receiving the direction to open up and take it in.
6. Get a commitment. Make sure that the team member who is receiving the feedback makes a commitment as to how and when she will correct the problem.
7. Start and end with a compliment. Find something good to say about the person and her performance at the beginning, as this will help her take in your advice. At the end of the conversation it will help her to feel that she isn’t a failure or about to be fired.

Testing Resumes for Defense Personal Property System

The Surface Deployment and Distribution Command is announcing that Independent Verification and Validation (IV&V) testing of the Defense Personal Property System (DPS) will resume on July 20.

Successful conclusion of the IV&V testing period will signal the end of the Strategic Pause. SDDC entered a Strategic Pause during October 2005 to resolve problems encountered with the production test site and software during IV&V testing. As a result, SDDC held non-advocate reviews to assess ways to maximize the effectiveness of the Families First and DPS development, testing, and implementation.

During the Strategic Pause, SDDC established the DPS Program Management Office (PMO) and implemented a structured oversight process. The elements of the oversight process include a General Officers' Steering Committee consisting of members from the Joint Staff J4, USTRANSCOM, the Assistant Deputy Under Secretary of Defense (TP), and representatives from the military services. An Acquisition-certified Program Manager has also been identified and will provide day-to-day leadership to the DPS PMO.

SDDC has taken advantage of the time allowed by the pause to assess the DPS implementation timeline, secure funding for testing of DPS in FY06, and reestablish IV&V testing using the Defense Information Systems Agency environment. The PMO finalized the functional requirements and software design.

The current IV&V testing period is scheduled to run July 20 through Aug. 30, 2006. Testing will evaluate baseline system and functionality requirements of the new DoD Personal Property System. Upon successful completion of IV&V test scenarios, DPS will be certified to have met system requirements and the development process will move to the next crucial step, System Acceptance Testing (SAT). SDDC will conduct SAT with participation from Services and Transportation Industry Representatives who will evaluate the system

for acceptance against documented requirements.

Upon completion of SAT and acceptance of the system by the military services and industry, SDDC will confirm an implementation timeline and announce a rollout date.

Families First, supported by DPS, provides key benefits to all members of the personal property community. DPS improves the liability and claims process, improves evaluation of carrier performance based on customer feedback and provides other service benefits. The DPS launch will implement Full Replacement Value coverage on all domestic and international shipments.

The development of DPS represents a magnitude of complexity unmatched by any DoD project in the personal property arena. The launch of this system will significantly improve the quality of life for our Service members, DoD civilians and their families by streamlining all aspects of the household goods moving process. DPS is the one system, one standard, Worldwide Web-based system employing cutting edge technology to support the "best value" approach of Families First, the future DoD Personal Property Program. The success of IV&V will allow SDDC to present the initial operating capabilities of this cutting edge technology to selected users for SAT.

For additional information, visit www.sddc.army.mil/public/Personal+Property/Families+First.

Editor's note: The new revised (targeted) time line for implementation of Families First and DPS can be viewed on the HHGFAA Website, www.hhgfaa.org under the "Industry News and Alerts" section. The likelihood and feasibility of meeting this new time line will greatly depend on the success of testing the DPS system this summer and early fall.



Young Professionals

“Leadership Through Innovation”

YP-35 Election 2006—Remember to Vote!

Slate of Candidates

YP-35 CHAIR

Stephan Geurts Jr.
Gosselin Worldwide (Belgium)

Victor Castanon
Transportes Tres Banderas (Mexico)

YP-35 VICE CHAIR

Julia Hardin-Pavia
Aloha International (Hawaii—USA)

Eric Carden
S&E Transportation, LLC
(California—USA)

Paula Colmenares
Portan (Colombia)

HOW TO VOTE

YP-35 Election Process Note: The 2006 YP-35 election for Chair and Vice-Chair is scheduled to commence on August 1, 2006, via an online voting process. The election will last for 30 days and will conclude on August 31, 2006. Shortly before the election is scheduled to begin, YP-35 members have received an e-mail with instructions as to how to cast their vote. If you are an YP-35 member and you have not received a notification concerning the election by August 8, 2006, please contact Ms. Jean Mathis at the HHGFAA offices via phone at (703) 317-9950 or via e-mail at: Jean.Mathis@hhgfaa.org to confirm that you are a member in good standing (dues paid) with YP-35 and/or that we have your correct contact e-mail address on record.

The Annual Meeting is Just Around the Corner!

Be sure to join us for two special YP-35 events during the HHGFAA 44th Annual Meeting in San Francisco, California:

Tuesday, Oct. 10, 2:00–3:00 p.m.
YP-35 Membership Meeting
Location: Franciscan C

Wednesday, Oct. 11, 9:00–11:30 p.m.
YP-35 Social “Networking” Mixer
Location: TBA

An organization within the HHGFAA for Young Professionals 35 years of age and under



PLEASE NOTE: It is up to YP-35 members to maintain current data on the Website. Please take a moment to log in and verify your information. Make sure that your birth date is listed! If you have difficulty accessing the Website, or if you have questions or ideas concerning YP-35, please e-mail ruby@euro-america.net.

ALAN F. WOHLSTETTER SCHOLARSHIP UPDATE

The Alan F. Wohlstetter Scholarship Fund is the cornerstone for the HHGFAA Scholastic Assistance Program, which is aimed at promoting and supporting individuals engaged in higher education involved in the areas of transportation and logistics. Donations (by major annual giving levels) to the Alan F. Wohlstetter Scholarship Fund received to date are as follows:

Platinum (\$5,000 or more)

*Continental Van Lines

Marriott Wardman Park Hotel, Washington, DC
Matson Navigation Company
Trans-Atlantic American Flag Liner
Operators

*Tri Star Freight Systems, Inc.

Gold (\$2,500–\$4,999)

*Approved Forwarders

Deseret Forwarding International, Inc.
P & F Safepac Company Ltd.

*Royal Hawaiian Movers

Silver (\$1,000–\$2,499)

*All American Moving Group, LLC

*American Red Ball International

*American Vanpac Carriers Inc.

Apollo Transportation Companies

Axis International

*Blonde International Services, Inc.

Denali Group Companies

Dewitt Transportation Services of Guam

Evergreen Forwarding, Inc.

Han and Ella Helders

Jet Forwarding Inc.

Jack Kagan

*National Van Lines, Inc.

*The Day Companies, Inc.

*The Pasha Group

*True North Relocation

J. W. and Heike Westbrook

Bronze (\$500–\$999)

7M Transport, Inc.

A & P Shipping Corporation

AALCO Forwarding, Inc.

Arpin International

Cartwright International Van Lines, Inc.

Terry R. Head

Interstate Worldwide Relocation

*M. Dyer & Sons, Inc.

North & South Logistics, Inc.

Paul Arpin Van Lines, Inc.

R. J. Hudson Associates

Southern Winds International

The Community Foundation, Inc.

The Suddath Companies

In Kind or Other

AAA Heartland Express

*Jackie and George Agner

*American Fast Freight

American Moving & Storage
Association

American World Forwarders, Inc.

Belvian and Gloria Carrington

Dell Forwarding, Inc.

Bridgette R. Galbreath

Gateways International, Inc.

H C & D Forwarders International

Mr. & Mrs. Stanley Goldman

National Forwarding, Inc.

Ocean-Air International, Inc.

Pearl Forwarding, Inc.

NOTE: *Denotes contributions received since the May/June issue of **The Portal** was published.

Boldface type denotes repeat donors (within the 12-month period of October 31, 2005–October 31, 2006).

Join this prestigious list of contributors by sending your contribution TODAY! For more information on how to donate, please go to www.hhgfaa.org or www.yp-35.org. Make checks payable to Alan F. Wohlstetter Scholarship Fund.

Alan F. Wohlstetter Scholarship Fund

The Board of Directors of the Alan F. Wohlstetter Scholarship Fund urges you to consider a contribution or donation to the Scholarship Fund as part of your year-end tax strategy or as you formulate your company budgets for next year. Please advise your employees that scholarships are available to qualified candidates of any HHGFAA company worldwide. For further information, visit www.yp-35.org/.

THE RUSH IS ON! GOLDEN OPPORTUNITIES ABOUND IN SAN FRANCISCO

As this issue of **The Portal** goes to press, there are strong indications that attendance at HHGFAA's 44th Annual Meeting in San Francisco will break all past records. This presents you with some golden opportunities to get maximum "bang" for your promotion dollars while supporting your Association.

For information about sponsorship opportunities at the meeting, go to HHGFAA's special meeting Website, at www.hhgfaa.org/meetings.

To place an advertisement in the Annual Meeting issue of **The Portal**, which will be available for Annual Meeting attendees in San Francisco, call Bel Carrington at (703) 317-9950 or e-mail bel.carrington@hhgfaa.org.

Breaking Point: Ports Perform Under Pressure

By Lisa H. Harrington

US container ports are busy trying to update aging infrastructure and ease congestion, while handling increased demand. Can the government and private sector help? What does the future hold?

“The US economy has been transformed by unprecedented growth in containerized imports. Growth in the transportation infrastructure hasn’t kept pace. If we don’t fix this, supply chains will bog down, consumer prices will go up, and the economy will suffer,” warned John Bowe, president, the Americas, for global transportation company APL and its sister company APL Logistics.

“Containerized US imports from Asia will grow by about 30 percent in the next three years, but ports aren’t

“The importance of the Panama Canal to America’s maritime commerce is difficult to overstate, particularly as US rail and inland infrastructure struggles to keep up with the demands of commerce.”

—Christopher Koch, president and CEO of the World Shipping Council

improving productivity fast enough to keep pace and railroads aren’t adding enough track, equipment, or terminal capacity to handle the load,” said Bowe.

Bowe’s comments may sound dire, but one look at port volume statistics shows why they are not unfounded.

From 1990 to 2005, container traffic at the ports of Los Angeles and Long Beach rose 280%, from 3.7 million TEUs to 14.2 million TEUs. The Port of Seattle saw its container volume grow 78%, Charleston grew by 147%, and Savannah rose by 354%.

The monumental shift

The current state of US port affairs stems from a monumental shift in the volume and flow of world trade. Trade with China and the rest of Asia has mushroomed, and vessel size reflects economies of scale (using larger ships lowers the per-box shipping cost. Now, the great volume of goods moves directly from the Far East to US West Coast ports.

Because of the trend toward large ships that do not fit through the Panama Canal, shippers sending goods to the East Coast shifted from using the all-water route to using double-stack trains to move goods from West Coast ports eastward.

Serious constraints began to emerge. Facility inad-

equacies caused delays and other problems.

Some shippers have looked north from Los Angeles/Long Beach and routed their freight through the Ports of Oakland or Seattle. Cargo diversion from Los Angeles created a 25% increase in business at Oakland, Calif., last year, at least 15% of that growth coming from importers looking for alternate ports.

Analysts warn that West Coast ports are not ready for the next spurt in ocean trade. If Asia trade continues to grow at 10% annually, West Coast ports will reach their limits soon. Certain industries and products — such as high-tech — will be significantly affected.

The maritime community spends billions of dollars building new terminals, developing productivity programs, and investing in new technology. Port-related improvement efforts currently underway include:

- **Strategic growth plan.** California Gov. Arnold Schwarzenegger’s “Strategic Growth Plan” proposes \$107 billion for transportation, \$18.9 billion for expanding trade corridors, and \$2 billion for the state’s ports. His goal is to reduce congestion in the state’s transportation system by 20% in the next decade while increasing capacity.

- **OffPeak program.** At the Ports of Los Angeles and Long Beach, 12 major shipping terminals last year formed a non-profit entity, PierPass Inc., to work on congestion solutions such as the OffPeak program, launched in July 2005. OffPeak establishes new night and Saturday shifts at the terminals. By December, more than a million truck trips had been diverted out of daytime traffic, reducing congestion noticeably, and 30 to 35% of container cargo at Los Angeles/Long Beach has moved to new OffPeak shifts on a typical day.

The 12 terminals participating in the OffPeak program are processing an average of nearly two trucks per minute per terminal.

- **TruckTag security program.** Under this program, aimed at improving the process of checking trucks and drivers entering the terminals, PierPASS distributes RFID tags to be installed on trucks, enabling quick and secure terminal check-in.

When trucks arrive at a terminal, an electronic reader at the gate automatically reads the RFID tag. Simultaneously, drivers insert their commercial driver’s license into a machine that verifies that the driver and truck have authorized business at the terminal. Historically, each driver showed the license to a security guard upon entry to a terminal.

- **The Heartland Corridor.** Portsmouth, Va., had been trying for decades to develop a 568-acre riverfront parcel with deepwater access — then known as the Cox property. In 2001, A.P. Moller-Maersk purchased the Cox property with the intention of developing it as a primary East Coast shipping hub.

In 2004, Maersk and the State of Virginia announced joint plans: APM Terminals would spend \$500 million to construct the terminal, the state would expand road access to the facility, and both the state and federal governments would support rail expansion.

The latter ultimately led to the development of the Heartland Corridor, a \$266-million project that will remove height impediments along rail track from Virginia to Ohio, enabling the use of double-stack trains. It will also extend the rail line directly into the new facility, and adjust the capacity of roads that feed the railroad and terminal.

- **New equipment and expansion projects.** The South Carolina State Ports Authority, whose container traffic grew 14% last year, is spending \$64 million on new container cranes. The Port of Charleston also replaced an old bridge over the ship’s channel with a new cable-stayed bridge to provide clearance for the next generation of ships.

Charleston is also considering two major expansion projects: a new 280-acre container terminal on the former Charleston Naval Complex, and a new terminal on the Savannah River.

In Savannah, Ga., the Georgia Ports Authority (GPA) opened the first phase of a new container berth at its Garden City Terminal. Phase One features a 1,200-foot dock, bringing the terminal's total linear berthing space to 8,800 feet, which makes it the largest single terminal container facility on the US East and Gulf coasts.

Phase Two, to be completed in 2007, will include an additional 100 acres of paved storage area and 1,000 linear feet of dock. The new \$109-million berth will increase the terminal's capacity by 20%.

The GPA's 10-year plan calls for investing more than \$700 million in the Port of Savannah. The plan includes deepening the harbor from 42 feet at mean low water to 48 feet. The Port of Savannah will be able to handle 4.37 million TEUs by 2015.

The rail infrastructure required to support this country's explosive trade growth is a private sector responsibility. US Class I freight railroads will spend more than \$8.2 billion in 2006 laying new track, buying new equipment, and improving infrastructure. The industry's capital expenditures budget is a 21% increase over last year.

Pressure on Panama

By anyone's estimate, the Panama Canal plays a critical role in US trade. Sixty-nine percent of the Canal's commerce moves to or from the United States; 47% moves to or from Asia.

"The importance of the Panama Canal to America's maritime commerce is difficult to overstate, particularly as US rail and inland infrastructure struggles to keep up with the demands of commerce," says Christopher Koch, president and CEO of the World Shipping Council.

Carriers and shippers have dramatically increased their utilization of the Canal, particularly for all-water services from Asia to the US Gulf and East coasts. From 2001 to 2005, the TEU capacity of container ships transiting the Canal increased by 59%, the number of container ships transiting the Canal rose by 47%, and average vessel size increased 21%.

But the Canal is now operating at close to capacity, and additional improvements are increasingly hard to obtain, Koch notes.

Vessels that do not fit through the Canal now represent 27% of the world's capacity of containerized maritime shipping, according to the Panama Canal Authority (ACP).

By the end of 2011, said the ACP, the total post-Panamax container ship fleet will comprise some 670 ships with a capacity of almost 4.6 million TEUs — nearly double the capacity of the existing post-Panamax fleet.

By 2011, about 37% of the world's containership fleet capacity will consist of vessels that do not fit through the Canal, and many of the ships will be placed in competitive routes, such as the transpacific-intermodal route and the Suez Canal route.

The voters of Panama will decide this year whether to fund a \$6-billion expansion of the Canal's capacity. If they approve the project, construction could begin in 2007, with completion slated for 2013 or 2014.

US ports expect to benefit significantly from a Panama Canal expansion. To accommodate increased maritime traffic the Port of Houston, for example, plans to invest \$1.2 billion in its new Bayport Container and Cruise Terminal.

No silver bullet

No simple solution exists for meeting the challenge of America's maritime and intermodal infrastructure constraints. But while the private sector has become increasingly vocal about its concerns on this issue, the federal government has said little.

US Secretary of Transportation Norman Mineta announced in May a new national initiative to tackle highway, freight, and aviation congestion. Over the coming months, the US Department of Transportation plans to focus resources, funding, staff, and technology to cut traffic jams, relieve freight bottlenecks, and reduce flight delays.

However, the plan contains no concrete solutions. In fact, it doesn't mention ports at all, focusing entirely on highways and airports.

APL's Bowe believes public-private collaboration is the only way to deal with infrastructure constraints. "The private sector will have to play a larger role," he said, but government must provide incentives that stimulate investment."

Meanwhile, other countries are making great strides. China has a well-organized national plan for infrastructure construction to accommodate the country's export growth.

Should there be a national plan for trade-related infrastructure investment in this country? Will the market generate sufficient incentive for individual ports to make the necessary investments to accommodate projected growth?

Though port developments are often viewed as local or regional projects, their impact is national in scope. US ports serve markets thousands of miles away.

SOURCE: InboundLogistics.com

Carrier Outlook: Bigger is Better

One way to put current US port capacity constraints in perspective is to consider the ballooning size of the world's containership fleet and the surplus of ocean-going capacity. While ports are challenged to dredge harbors and berths, and retool dated facilities and equipment to accommodate growing container volume and vessels, ocean carriers must add new ships to their fleets and increase the frequency of port calls.

Wary that ports can't keep up with these demands, many shippers are diversifying points of entry to add capacity, shorten turnaround times, and create more contingencies in their global supply chains.

Ocean carriers, by contrast, continue to consolidate assets — as evidenced by Maersk Sealand's recent acquisition of P&O Nedlloyd — and build more post-Panamax vessels. The consequence? Bigger ships are carrying more containers to more ports strapped for space - and this trend will likely continue.

"As of year-end 2004, the world containership fleet was comprised of 3,375 vessels of 7.2 million TEUs. Sixty-nine percent of the existing fleet capacity was built after 1995, and of this, 55% is post-Panamax capacity. Another 950 new containerships (3.6 million TEUs) are scheduled for delivery over the next three years," reports the US Maritime Administration's 2005 Containership Market Indicators.

Maersk Line led the way in the US Maritime Administration's 2005 Top 50 ocean carriers ranking, with 3,231 vessel calls at world ports, accounting for more than 10.8 million TEUs in capacity; MSC, APL, Hapag-Lloyd, and Evergreen rounded out the top five carriers based on volume.

Maersk and MSC together operate 298 containerships — or 27% of the world's fleet — and supply 25% of total capacity delivered to ports. The top 20 ocean carriers as a whole are responsible for 85% of the world's ocean-going capacity.

SOURCE: InboundLogistics.com

Matson to Start Biweekly Service To Micronesia and Marshall Islands

Matson Navigation Co. is upgrading its service to eastern Federated States of Micronesia (FSM) and the Republic of the Marshall Islands (RMI), effective Aug. 4, by introducing a new biweekly liner service from Guam.

Matson is chartering a 425-foot vessel for the new feeder service, which will call Ebeye, Kwajalein, Majuro, Kosrae, Pohnpei, and Chuuk. The Jones Act carrier has offered a monthly service to the Marshall Islands from Honolulu via the container barge *Islander* and a 21-day service from Guam to Kosrae, Pohnpei, and Chuuk via a connecting carrier agreement. The improved frequency of service will allow these island businesses to diversify their product line while concurrently saving inventory costs, Matson said in a statement.

The shift of Matson's Marshall Island operations from Honolulu to Guam will further increase the amount of transshipment activity in Guam, making it a dynamic hub in the Pacific and facilitating the economic growth of the islands, the carrier added. Matson will continue to offer weekly service via connecting carrier agreements to Yap, Palau, Saipan, Tinian, and Rota.

The chartered vessel to be assigned to the service, the *Cerrina*, has a capacity of 650 TEUs and is equipped with two onboard cranes. The ship will be renamed *Islander* before the service starts up in August.

*SOURCE: American Shipper
www.americanshipper.com*

ISA, 7M Enter Special Agreement

The **International Shippers' Association, Inc. (ISA)**, an Alexandria, Va.-based nonprofit, and **7M Transport, Inc.** a Louisville, Ky.-based ocean transportation intermediary (OTI) catering to the household goods and personal effects industry, have entered into a NVOCC Special Agreement (NSA) for the movement of less than containerloads of crated or packed shipments. This agreement was made possible with the Federal Maritime Commission's recent ruling that allows shippers' associations to enter into NSAs with NVOCCs. The service is based upon fixed-day weekly sailings from the Port of New York and the Port of Baltimore to Antwerp and then to most European destinations, including all of the former Soviet republics.

ISA General Manager Dennis Lordan noted, "**This is a new and exciting step forward** to providing our membership with an exclusive single-commodity container, which will eliminate some of the past problems of contamination and damage from mixing general commodities with household goods. In addition, 7M will provide residence delivery through its association with International Freight Forwarding Services, BVBA in Antwerp for those members seeking a seamless thru service."

"7M is pleased to launch this route and looks forward to utilizing our domestic trucking carriers from origins in New England and the Midwest to bring cargo to our New York and Baltimore terminals," said Steven Leff, vice president of 7M Transport, Inc.

For further information, call Dennis Lordan at (508) 430-1633 or Steven Leff at (866) 327-7776.

Websites: www.isaship.org and www.7m-transport.com.

Mexico Set to Gain From Capacity Crunch

While shippers have so far been committed to traditional trade routes, the US' southern neighbor sees an opportunity

In theory, **Mexico is perfectly placed to benefit from the shortage in capacity in the Panama Canal and ports on the US west coast.** But the dream of millions of containers moving through Mexican ports and railways to reach the US has yet to materialize. The shift in volume from traditional ports to Mexican alternatives has been accelerating a little in the last few years. The trend is expected to continue but not at the record pace that many had expected. The decline in trade overall has been a factor but there is also the element of competition from the traditional ports. They have all been working to expand their capabilities and marketing.

SOURCE: Roadway—Business Intelligence

UK Panel to Investigate Ports

The UK's House of Parliament Transport Committee has decided to look into the UK ports market. The decision to start the investigation follows a rash of sales of British shipping-related companies.

The investigation will review ownership, capacity, environmental, and safety issues.

Recent sales of British-controlled ports and shipping interests to foreign companies include P&O Ports, PD Ports, P&O Nedlloyd, CP Ships, and Inchape Shipping Services.

And now the UK's largest port group, Associated British Ports Holdings, is subject to a \$5.13 billion takeover offer from a consortium led by Goldman Sachs.

SOURCE: www.americanshipper.com

Canal Comparison

The Panama Canal continues to be the most important transit point for all-water services to the US East Coast. There are 15 regularly scheduled westbound liner services to East and Gulf Coast ports. Also, there are two round-the-world container services and one roll-on/roll-off service that call at Chinese ports. Except for the two round-the-world liner container services, there are no services from China to the US East Coast via the Suez Canal. One new China service via Suez is planned to start later this year. There are six regularly scheduled eastbound liner services to US East Coast ports via the Suez from ports in India, Pakistan and Sri Lanka. Two more are planned later this year.

SOURCE: Traffic World

Record US Air Exports in 2005

The United States shattered records for air exports in 2005 amid a resilient global economy, weaker dollar, and the importance of airfreight in the supply chain. The Colography Group in releasing two of its annual reports on the US airfreight and expedited trucking markets, noted that domestic ground parcel traffic also set records last year.

Domestic airfreight and less-than-truckload traffic, while posting year-over-year gains, have still not returned to their all-time highs set in 2000, according to the reports.

Air exports totaled nearly 92.4 million shipments in 2005, the first time annual shipments exceeded the 90-million mark. Export traffic increased nearly 8% from 2004 levels.

SOURCE: Journal of Commerce

Lost Baggage Worldwide

Airlines worldwide lost 30 million bags in 2005 and spent \$2.5 million returning them, according to a study by the Switzerland-based communications/technology company SITA. Of that number, 240,000 pieces of luggage never reached their owners. US airlines lost about 10,000 bags per day in 2005.

SOURCE: Meetings & Conventions



Planning a Flight?

Find out average wait times in airport security lines. Access wait-time.tsa.dhs.gov/index.html.

TAMPER SEAL

<http://www.tamperseal.com>

Tamper Seal luggage locks and seals (www.tamperseal.com) are easy to use, inexpensive, and airport-security compliant. The locks can be opened only with a Transportation Security Administration (TSA) secured access device, and a section of the lock changes from green to red to let you know. The luggage seals are individually numbered, fit zippered luggage, and require no prohibited cutting instruments for removal. These products are simple to use, and they give you peace of mind when you're traveling. There are some other interesting travel products for sale on the site too.

WORLD BANK ENTERPRISE SURVEYS

<http://rru.worldbank.org/EnterpriseSurveys/>

If you're considering doing business in a country, check out <http://rru.worldbank.org/EnterpriseSurveys/>, which has data from 38,000 surveys done by the World Bank in 68 countries. It has information about bureaucracy, corruption, the legal system, finance, infrastructure, taxes, trade, and much more. If you want information like the average time it takes to clear direct exports through customs, or the percentage of senior management time spent dealing with requirements of regulations, this is the site for you. You can see "snapshots" of each country, with survey results included, or larger reports in PDF format. You can also export the information to an Excel spreadsheet.

These items are copied from the newsletter Really Useful Sites for International Trade Professionals, a free, bi-weekly email publication of FITA — The Federation of International Trade Associations.

Start-ups Strong in USA, Softer Abroad

By Jim Hopkins

US entrepreneurship is growing while Western Europe's start-up activity is threatened by aging populations there, according to a study with implications for the debate on immigration reform.

The US population also is aging, with the graying of over 75 million baby-boomers. But the more liberal US policy on immigration is providing a steady source of young people more likely to start companies.

The study, by researchers at Babson College near Boston and Canada's University of Waterloo, comes as Congress debates restrictions on immigration that could dampen entrepreneurship, says Babson economics professor Maria Minniti.

A bill passed by the House of Representatives late last year could significantly restrict the number of immigrants coming to and staying in the United States. A bill passed by the Senate in May would be less restrictive.

Historically, entrepreneurship in the United States has been highest among immigrants launching grocery stores, construction companies, and other businesses serving their communities.

For example, the number of Hispanic-owned firms soared to 1.6 million from 1997 to 2002, according to the Census Bureau. That 31% jump was three times the growth of all firms.

Minniti said, "[Immigrants] replenish the core of the population that is more likely to generate businesses." Immigrants tend to be younger and have more children, creating generations of future entrepreneurs.

Birth rates in Germany, Italy, and many Scandinavian countries have declined significantly. But those nations have not benefited from an influx of immigrants, like those coming to the United States, said Minniti.

While self-employment rises among older Americans, the highest start-up activity is among those 25 to 34 years old in the United States and 39 other nations that Minniti studied.

Many of those start-ups will fail, she said. But in attempting to launch them, young entrepreneurs perfect innovations and create more seasoned managers that over time make the US economy more efficient.

SOURCE: USA Today

The High Cost of Fringe Benefits

Fringe benefits account for nearly 30% of payroll costs. These "extras" add more than \$8 an hour to the average full-time worker's compensation, bringing total wages plus fringe benefits to more than \$28 per hour. In management and financial fields, a company's fringe benefits add more than \$13 per hour. The biggest outlays are for required benefits, such as Social Security.

SOURCE: Bureau of Labor Statistics, US Department of Labor

Before You Buy Broadband Services

Thanks to the Web, comparison shopping is easy. Sites such as Bizrate.com, PriceGrabber.com, Shopping.com, and NexTag.com may turn up the deal you're looking for on any number of items for a small business. The following sites may be helpful for specialized searches. For broadband services, check the following:

Broadband.com

Broadbandbroker.com

Buyerzone.com

EverythingT1.com

Payroll Services

Outsourcing onerous payroll tasks is easy and quite affordable. For a flat monthly fee, online services such as surepayroll.com and paycycle.com do all the calculations, pay and file federal and state taxes, and make direct deposits into your employees' bank accounts. PayCycle costs \$45 to \$73 per month for a company with 25 employees, regardless of how often you run payroll (50-employee maximum). Sure Payroll charges about \$87 to process the monthly payroll for 25, and can cut payroll expenses by up to 50%.

SOURCE: Inc. Magazine

Playing Post Office, 2004 Style

All mail is not created equal, so if you're paying equally for all of it, you're probably paying too much. Go to usps.com/business-mail101 for a primer on the different classes of mail and an explanation of the many discounts available for bulk and presorted mail and for things like dropping mail off at a bulk mail center or a central post office. For flat non-letter-size mail, such as catalogs, simply presorting according to Zip code can save you up to 30% on postage, and you can save up to 10 cents per pound by dropping it all off at a bulk mail center. **Never send a letter if a post card will do.** Post cards cost 38% less to send than First Class mail.

SOURCE: Inc. Magazine

e-Security Threats Aren't Just the Enemy of the Corporate

By Ralph Shaw

They may not have as many employees, generate the same size revenues or have the million-plus customer base of the large enterprises, but when it comes to Internet security, **small and medium-sized enterprises (SMEs) face exactly the same risks as larger organizations** when they incorporate e-business and e-commerce into their traditional business models.

Companies taking advantage of Internet technology are using the Internet extensively for accounting, collaboration applications, homepages, intranets, online ordering, and payment and Web-enabled customer relationship management (CRM). According to a report by IDC on SMEs IT spend in Western Europe, these companies are experiencing increases in revenues of nearly 75% on average, and a halving of costs as a direct result of e-business strategies.

As the Internet expands and becomes more widespread and established, an increasing number of SMEs will be willing to harness the latest technologies, driving heavy IT investment. Another report by IDC stated that over \$5 trillion (£3.5 trillion) will be spent on the development of e-business strategies by companies worldwide over the next 4 years. By giving customers, partners and suppliers access to live corporate data over the Internet, these organizations are opening themselves up to the myriad of security risks associated with e-business such as online fraud, breaches of confidentiality and data theft. Yet many of these organizations are lacking a formal information security strategy. A recent Gartner survey on e-security asked more than 500 SMEs in 12 countries across the Asia Pacific region to outline their plans for e-businesses. Of those organizations surveyed, 60% said that they planned to implement online ordering, product or service payment or direct sales via their web site; only 34% of those surveyed had a formal information security strategy.

All small and medium-sized organizations must be aware that as soon as they provide access to their important corporate data over the Internet, they need to protect themselves and the people they are dealing with in exactly the same way as large organizations do. As a small business trying to gain a foothold on the market, the last thing you need is a loss of credibility, or for one of your competitors to get hold of your customer list simply because you didn't put security on the top of your list when taking your business online.

All organizations — big and small — must look to e-security as the foundation of e-business, not something to be tacked onto the end of the process, almost as an afterthought. But e-security means more than just technology. We consider robust, sustainable e-security to be 30% technology and 70% policy and procedure. This is where many organizations, especially the smaller ones, come unstuck — they think that they have secured their Internet communications and transactions simply by purchasing and implementing security software. Wrong.

Some SMEs also think that to go online at all is more trouble than it is worth. These companies will lose out to competitors who do business online. These organizations need to understand that by implementing a robust security solution as well as enforcing a comprehensive e-mail and Web policy, smaller companies will be able to open up their sales and communications channels. By not doing so, or by not going online at all, you risk losing a lot of business to your

competitors that do.

Cost keeps some SMEs from implementing stringent e-security measures from the outset. But surely your confidential corporate data and your market reputation are worth protecting. E-security technology is affordable for many SMEs, but while technology helps them enforce their security policies, proper e-security also needs monitoring, attention and follow-up.

A recent report from analyst group Datamonitor suggests that as companies, small and large, realize the importance of e-security and the complexities of implementing and managing it effectively, they will turn to security vendors to manage their security for them.

The main benefit of using managed security services is that the systems and networks can be monitored remotely from an e-security center with a team of experts monitoring customer networks. As well as providing basic services such as hosting and filtering a company's e-mail, the security team is able to respond to alerts immediately and can ensure that the network is monitored effectively on a 24x7 basis.

The advantage of outsourcing security is that managed security services let companies choose the level of service that they want. This allows companies to exploit economies of scale. The global application service provider (ASP) market is expected to exceed US\$25 billion by 2004. Research by IDC suggested that SME spending will grow fastest in the sector. Many SMEs are moving their IP networks to high-bandwidth architectures capable of handling a range of applications, such as e-commerce and wireless, with security being an essential addition. The managed service approach will enable more customized security strategies to suit each organizations needs.

Take any recent virus outbreak as an example of how a managed security service could help protect an organization. As noted earlier, effective e-security is 30% technology and 70% policy and procedure. So what happens when a company has the right technology that is not backed up by sound policy and procedure management? What would happen to a small business that has the best content security management software available but no procedures in place to use the technology to its full advantage? A virus, which can spread to the company's customers, could easily infect such a company. Not great for the company's reputation or customer relationships. However, if the company in question used a managed security service, its security policy would be updated as soon as a virus is detected and no loss of productivity or corporate reputation would occur.

So while the more dynamic SMEs understand many of the benefits of conducting business online, they may still fall short of ensuring that they have established a comprehensive security policy and that business is conducted within a secure and trusted environment. Today, clouded perceptions of security being too expensive and complex need to be readdressed if organizations are to ensure that they harness the opportunities that the Internet presents and not lose out to competitors.

Ralph Shaw is senior vice president, authentication group, Baltimore Technologies (www.baltimore.com).

Logistics Costs Hit All-Time High in 2005

Logistics costs for US businesses soared 15.2% in 2005 to a record \$1.2 trillion, equivalent to 9.5% of domestic economic output, sharply reversing a 20-year trend of lower logistics costs that has helped make US businesses more competitive worldwide, says a new study.

Early signs indicate that logistics costs will increase to more than 10% of gross domestic product in 2006 due to the continuation of higher fuel prices, government-mandated security investments, rail and truck capacity shortages and the tight labor market for truck drivers.

Rising freight transportation costs and interest rates were the primary reasons that logistics costs increased \$156 billion, almost double the \$71 billion jump in logistics costs recorded in 2004 and the largest year-to-year change recorded by transportation consultant Rosalyn Wilson and her predecessor Robert Delaney since they began compiling the annual "State of Logistics" report 17 years ago. Freight transportation costs were up 14.1% in 2005.

Real logistics costs may be rising at a greater rate, but Wilson's approach compares the rise in logistics costs to the growth of the economy. In 2004, logistics costs were 8.8% of Gross Domestic Product due to a combination of productivity gains and low interest rates.

Logistics costs as a percentage of the economy hovered between 10% and 11% throughout the 1990s and were last above 10% in 2000 (10.3%). Logistics costs as a percentage of economic growth have increased by more than 25% in the last two years. The only reason preventing logistics costs from topping the 10% mark in 2005 was that they were offset in part by the robust 6% growth of the economy, Wilson said.

SOURCE: American Shipper

Trucking Industry's 2005 Freight Load Reaches Record

The US trucking industry increased its share of the nation's freight pool, hauling more goods than ever in 2005, the American Trucking Associations reported recently.

ATA's American Trucking Trends 2005-2006, an almanac on US trucking, reported that the trucking industry hauled 68.9% of the total volume of freight transported in the United States last year.

That equates to an all-time high of 10.7 billion tons and \$623 billion in revenue, and represents 84.3% of the nation's freight bill.

"These numbers show clearly that trucking is the driving force behind our great economy and a vital transportation link for domestic and international products," ATA President Bill Graves said.

The report said that more than 26 million trucks of all classes played a part in reaching the forecast milestone. Of those, 2.7 million were typical Class 8 tractor-trailer combinations operated by 565,000 interstate motor carriers.

SOURCE: Transport Topics

Logistics Just Finding Its Way in China

The core of the logistics industry is connectivity and that, for the Chinese mainland, is a long way off. The industry, albeit in an infancy in the country, faces an uphill task to build an integrated system, as it needs to tap the rural population. And that will take a minimum of 10 years, according to estimates of many in the industry. China has hundreds and thousands of logistics firms, but realistically many are little more than trucking firms operating a delivery service, nowhere near what would be recognized by international standards. The demand for better logistical support in China continues. There are a few companies that have begun to step up to look at the challenges of moving goods across the country without using rail or barge. As the highway infrastructure improves (major interstate-type highway systems are being built now, but are currently inadequate to support demand), there will be greater opportunities for transportation companies to offer those inland transportation services that are enjoyed throughout the US.

SOURCE: South China Morning Post

A look at the people and events shaping HHGFAA member companies

APPOINTMENTS

Asian Tigers Lane Moving and Storage in the Philippines recently announced the promotion of **Tata Pintac** to the position of general manager. Pintac, who has degrees in business administration and accounting, has a total of 23 years of professional experience in the moving industry, with 13 years in finance, 5 in sales and the past 5 years as Asian Tigers' sales manager. Having worked her way up through the ranks, she is well rounded and well prepared to assume this responsible position.

In addition to running the 29-year-old moving operation in Manila, she will also be responsible for the company's branches in Cebu and Davao.

E-mail: tata.pintac@asiantigers-philippines.com



International industry veteran **Budd Cardone** has joined the management team at **Relogistics Worldwide, Inc.**, headquartered in Indianapolis, Ind. Cardone, who has 30 years' experience in the international household goods forwarding industry, was named vice president of operations. He will bring his extensive forwarding and marketing background to Relogistics Worldwide during a time of dynamic growth.

Cardone previously was affiliated with Suddath United, Mayflower International and Wheaton Worldwide. His duties will include operational administration and tactical support to business development. His group will operate under a broader group administered by Executive Vice President Debbie Milakis.

Website: <http://relogisticsworldwide.com/>



Crown Worldwide has named **Norah Franchetti**, GMS, to the position of group vice president, learning and development.

Franchetti joined Crown 24 years ago and has held a wide range of business development and general management positions, with postings in Hong Kong, the UK, and the United States. Most recently she has been responsible for planning and implementing Crown's international sales and account management strategies. Under the Crown University umbrella, she defines global sales strategies and delivers in-person workshops to the worldwide staff including Business Development Managers, Account Managers and Customer Service staff.



Bekins International Group has announced the promotions of **Shannon Gabbert**, **Jennifer Walsh**, and **TJ Mikrut**.

Gabbert has been named supervisor, Walsh senior international relocation coordinator, and Mikrut international relocation coordina-

tor.

Gabbert will assist in the continued development of the international group and will have operational responsibility for the military product line, overseeing the quality management for military shipments. Gabbert has 8 years of international forwarding experience, including commodities and tradeshows as well as a household goods background that includes COD, military, GSA, and national account forwarding.

Walsh will assume greater responsibility for Bekins' commercial product lines. Additionally, she will work as a liaison, assisting agents with all facets of international relocation. Walsh brings 5 years' experience to this position, including COD, military, and national account forwarding.

Mikrut will be responsible for estimating and coordinating commercial international relocations and distribution services, as well as providing move management support services within the military network.

EXPANSIONS

Crown Worldwide Breaks Ground In Beijing for State-of-the-Art Facility

On April 28, **Crown Worldwide** held the groundbreaking ceremony for its new facility in Beijing, China. Among those present at this momentous event were Jim Thompson, Crown chairman; Billy Wong, managing director, Greater China; Jimmy Thompson, regional manager, North China and Mongolia; and Analdo Li, logistics general manager.

The new facility supports Crown's commitment to growing its presence throughout the region. Crown Beijing joins Crown's facilities in Chengdu, Guangzhou, Shenzhen, Xiamen, Hong Kong, Taiwan and a 1.7 acre, 86,000 square foot facility in Shanghai that opened for business in 2005.

Completion of the Beijing facility is scheduled for January 2007. Elements of the office include five floors of office space and three floors of warehouse space, which will be dedicated to the household goods, records management, and logistics businesses. To ensure the security of the facility, state-of-the-art systems will be in place, as well as humidity and temperature control monitors to protect the inventory throughout the year.

Website: www.crownworldwide.com.

From the Heart of Asia

Rich in natural resources and culture, the former Soviet republics of Central Asia have attracted increasing levels of foreign investment in recent years. Of all the countries formed from the breakup of the Soviet Union 15 years ago, perhaps none emerged from a greater degree of obscurity than those of Central Asia. Indeed, most Westerners would be hard pressed to name all five of the former-Soviet Central Asian republics, a fact that has led to the countries being labeled collectively as the 'Stans. However, as many of these countries continue to take their first tentative steps toward the establishment of democratic institutions and market economies, one wonders if all that is about to change.

Having spent the last 3 years living and working in Central Asia, David O'Connor, **AES Cargo's** Central Asia operations manager, has had a first-hand view of the changes on the ground. O'Connor travels frequently in the region, stopping in to check up on operations at the AES Cargo offices in Kyrgyzstan, Tajikistan, and Uzbekistan. Most recently, he laid the groundwork for the opening of a new AES Cargo office in Almaty, Kazakhstan. While AES Cargo is no stranger to doing work in Kazakhstan, this is the company's first permanent office in that country.

Berlin Summer 2006

Once again this year, Berlin is presenting its residents and visitors a diverse open-air cultural program. Festivals, street parades, concerts and of course the huge event of the FIFA World Cup represent only a few of the varied attractions that are taking place in the city. **Gebr. Hertling GmbH & Co. KG** sponsored the international street theatre festival "Berlin Lacht" (Berlin laughs) through the provision of 1000 removals cartons. A wall was constructed with these cartons, this time of course for cultural reasons, and international artists painted and decorated the wall as a highly visible advertisement for the festival. Because of the contribution of these outstanding artists and of course also the participation of the sponsors, the street theatre festival was a great success and led to the active and interested participation of many Berliners and visitors.

Website: www.hertling.com

Matson Supports Patriot Artist

Matson Navigation Company recently lent a hand to a patriotic artist by transporting him and his "Flagmobile" Chevy Suburban to and from Hawaii. Scott LoBaido, a New York artist, became inspired to paint American flags on rooftops across the United States after painting one on a rooftop in New Orleans last year as a gesture of support following Hurricane Katrina. Due to an inner ear condition that precludes him from flying, LoBaido drives to each state in his "Flagmobile," looking for an ideal location to make his mark. Unlike the other 49 states, however, Hawaii is the only state LoBaido was unable to drive to, which is when Matson stepped in and arranged for his transportation. "My goal is to paint 50 flags in 50 states and getting Hawaii done was a big boost for me," states LoBaido. "I can drive everywhere else, even up to Anchorage, Alaska, so I appreciate Matson's help in getting me to and from Hawaii."

LoBaido rode to Hawaii aboard Matson's MV Mokihana, where he managed to paint an American flag on the ship's wheelhouse. Once in Hawaii, which was the 13th state LoBaido painted, he looked for a site that would be located near a military base and big enough to be seen by GoogleEarth. He found Botson's North End Pizza in Aiea, which sits across from McGrew Point Navy Housing on the slope overlooking Pearl Harbor. LoBaido explains why he set up the criteria he did in choosing a location. "When looking for a rooftop to paint a flag, ideally I would like it to be in a place that is visible to our troops, whether from a nearby base or from the air. I realize that I owe a great deal of gratitude to military personnel who sacrifice to protect our freedom and therefore see my work as giant 'thank you cards' to them."

According to Dave Hoppes, Matson's senior vice president, ocean services, Matson does not normally transport people on its ships, but due to LoBaido's health concerns and patriotic cause, the company made an exception in his case. "It is not our company's policy to transport civilians aboard our ships, but Scott LoBaido's patriotic art project is one that we as a US-flag shipping company are proud to support."

Crown to Service Int'l Business for Wheaton

Crown Worldwide has expanded its relationship with Wheaton World Wide Moving. From over 100 locations in 46 countries, the Crown Relocations division now services all of Wheaton's international business.

Just over a year ago, Crown Relocations in the United States and Canada partnered with Wheaton as an agent to service Crown's domestic US interstate and cross-border Canadian business. The Crown Relocations division now provides all of the international service delivery for Wheaton's 250 agents across North America.

O'Neil Upgrades RS-SQL

Irvine, Calif.-based **O'Neil Software** recently announced the latest upgrade to its highly successful flagship record storage management product, RS-SQL, Version 3.0. This new release continues to lighten the load on record center staff, reducing the time and effort it takes to access information. RS-SQL Version 3.0 highlights include:

- *Enhanced authorized lists*, with two new fields.
- *Search for information in workorder notes*. Now users can easily find all the workorders that match the search criteria.
- *New screen icons* that reflect a more modern look.
- *Ability to count RSMobile downloads* from the Communications grid.
- *Barcode auto-incrementing* for the Web.
- *Fully compatible* with the latest version of Microsoft® SQL Server 2005.
- *New re-file list to RSMobile options*.

For more information, visit www.oneilsoft.com.

Move One Helps Ensure a Smooth Presidential Visit

US President George W. Bush made a historic visit to Hungary on June 21-22 to mark the 50th anniversary of the ill-fated Hungarian strike for freedom in 1956. The occasion prompted an unprecedented security operation and the US Embassy called on **Move One Relocations** to supply some 20 trucks for the transportation of security service equipment and luggage belonging to the Presidential party and their extensive entourage.

According to Tibor Barczai, a Move One Relocations' Operations Manager who previously worked in security for the Hungarian State Department, "When you have a visitor of this standing, the security involved is mind-boggling. For days beforehand we were going to the airport to meet with secret service agents, here to check every inch of road the President would drive, the food he would eat, the people he would come in contact with. We had a Secret Service agent in every truck and a military escort for every trip."

Move One Relocations was granted special status to enter the security zone at Ferihegy Airport so we could unload the planes that carried all the president's men. The company was also given the task of unloading and transporting the all cargo onboard Air Force One, the plane which carries the President and First Lady.

The President and his wife came to Hungary following a US-EU summit in Austria. The visit included a meeting with László Sólyom, the Hungarian Head of State, at Sandor Palace where he reviewed Hungarian troops. Thereafter, Bush traveled to the Hungarian Parliament to meet with Ferenc Gyurcsány, the Hungarian Prime Minister and a number of other leading political figures. The visit was one of friendship and gratitude extended to an ally of the United States. The extensive security operation was deemed necessary following the death of Al-Qaeda Iraqi leader Abu Musab al-Zarqawi, who was hit in a US air strike on June 7. However, despite a single hoax bomb call to the US Embassy prior to the President's arrival, the visit was hailed as a security success, thanks, in small part at least, to the professionalism of Move One Relocations. The president and his wife returned to Washington on Thursday evening.

This was not the first time America's first family has turned to Move One Relocations for logistical support. During a tour of Central and Eastern Europe in 2002, First Lady Laura Bush found some time out of her busy schedule to purchase a modern Hungarian painting. Move One Relocations' Fine Art Division was given the responsibility of shipping the work back to Washington, DC. The company was also entrusted with moving the First Lady's IT equipment from country to country throughout that tour. More proof that when it comes to logistics, Move One Relocations is the Presidential choice.

Trans-Link Supports Local Charities

The management of **Trans-Link Relocation Thailand** has recently agreed to set up the Community Care & Charity Fund. CCC Fund's main objective is to give care and support to communities of disabled people, animals, and the environment through its various activities.

The first CCC activity is CCC Caravan, to help and support one of the disabled children's organizations, namely Ban Rajawadee (girls), Nonthaburi, Thailand, scheduled for July 15. Some of Trans-Link's corporate customers were invited and attended the event as well.

In addition to enjoying an opportunity to help others, participants received CCC souvenirs, free lunch, and transport.

AGS, Trinity Removals Team Up

AGS Group and **Trinity Removals** are joining forces in India.

AGS, like New Delhi-based Trinity Removals, specializes in door-to-door relocation and the storage of household and personal effects.

Over the past 30 years, the AGS Group has built a global network of wholly-owned subsidiaries in Europe, Africa, and Asia to become a leader in the industry, with 106 branches covering 67 countries worldwide.

The combination of AGS' international expertise and Trinity's 7 years' experience of the Indian market already makes AGS FourWinds Trinity a leader of the industry in India, noted Payal Singh, director of AGS Fourwinds India-Trinity Removals.

Website: www.agsfourwinds.com

Asian Tigers Conservation Effort Featured on BBC

Asian Tigers, which actively supports the International Foundation for Animal Welfare (IFAW), is now a major benefactor to the Save China's Tigers (SCT) organization. In fact, the Asian Tigers Group has donated more than \$200,000 to help the IFAW and SCT in their efforts to preserve this endangered, magnificent animal.

A short video clip that ran on BBC television recently showing SCT founder Li Quan and some excellent footage of real Asian Tigers can be found at www.bbc.co.uk/mediaselector/check/nolavconsole/ukfs_news/hi?redirect=st.stm&news=1&bbram=1&bbwm=1&nbram=1&nbwm=1&nol_storyid=5042788

Crown Employees Volunteer for National Hunger Awareness Day

On June 6, **Crown Worldwide** joined up with the Southern California Relocation Council (SCRC) to support National Hunger Awareness Day. This day serves as a platform for hunger-relief organizations to raise awareness about hunger in America.

The SCRC is currently a sponsor of the Second Harvest Food Bank, a network committed to feeding those in need in Orange County, Calif. The Second Harvest Food Bank provides food assistance to some 25 million low-income, hungry people in the United States, including more than 9 million children and nearly 3 million seniors.

Four employees from Crown Relocations' Los Angeles branch, along with other SCRC volunteers, spent the morning planting, picking and gathering zucchini, cucumbers and green beans for the needy. Approximately 3,000 pounds of produce were gathered that will provide over 12,000 meals to low-income individuals and families.

Crown business development manager Michele Madgar, who is an active member of the SCRC, was the volunteer coordinator. The other Crown volunteers were Nicola Valentine, VP-US Western Region; Billy Garcia, Los Angeles warehouse manager; and Elena Soboleva, client relationship manager.

HHGFAA Associates with Other Associations

HHGFAA President Terry Head recently represented the Association and the HHGFAA Membership at the annual meeting of the **National Council of Moving Associations** (NCMA) in Nashville, Tenn. The Council is comprised primarily of the various state moving associations in the United States and is strongly supported by the **American Moving and Storage Association**, but also counts among its members the **Canadian Movers Association**, as well as the **Pan American International Movers Association**. The Council meets once a year to discuss common objectives for the associations and to discuss and be updated on various regulatory actions and issues impacting the moving and storage industry.

Livin' La Vida Cargo

As anyone who has laid eyes on the back of a rock concert t-shirt might guess, international music tours follow grueling schedules with consecutive shows often performed in different cities (or even countries) within 48 hours of each other. This means the tour gear (including all the requisite instruments, stage show, and lighting) must be packed up and shipped out immediately after a show wraps up, leaving little time for error or unexpected delays.

Helping to ensure the equipment is shipped out and shipped in on time is a role that **AES Cargo** is accustomed to playing. Over the years, the company has provided logistics services to a number of big name rock acts, including U2, Sting, Ricky Martin, and Sir Elton John. Much of this work comes from Rock-It Cargo, a longstanding partner of AES Cargo and the entertainment industry's preferred choice for tour planning and logistics. Their client base amounts to a dizzying list of rock stars, world-class athletes, touring circuses, and symphony orchestras.

HHGFAA Member in Syria Announces Name Change

Nazha Freight Services Ltd.—Syria has a new look, a new name and a new logo. The company's new name is **Nazha & Darwish Ltd (N&D)**.

The new name represents the people behind Nazha's success to date. The new logo (shown below) and image reflect the company's recognition of the need to maintain a fresh outlook, and its commitment to keep up with a demanding and ever-changing market.

"The company has implemented a number of forward-thinking strategies aimed at maintaining our chief goals; to offer a comprehensive range of services as well as the very best in value and to achieve across-the-board customer satisfaction," said Samer Darwish, managing director and shareholder. Contact details remain the same.

Website: www.nazhagroup.com. E-mail: info@nazhagroup.com.

AES Ready to Ship Aid to Lebanon

As the first convoys of emergency aid relief reached southern Lebanon in late July, appeals for further aid emanated from the United Nations and other regional observers. With offices throughout the Middle East, global freight forwarder **AES Cargo** and sister company **Move One Relocations** are strategically placed to swiftly move humanitarian aid into Lebanon and move personal effects out. A company with vast freight forwarding experience in some of the world's most troubled regions, AES Cargo is continuing to monitor the situation and assess its impact on key transportation routes.

Long established in the Middle East, AES Cargo and Move One have offices in Jordan, Saudi Arabia, and the U.A.E, along with partner offices in Syria and Lebanon. This strong regional network allows for the coordination of shipments by air into Damascus, Syria, and then by convoy onto Lebanon. The company also arranges freight forwarding services from Lebanon by road through Syria and Jordan and then onto U.A.E.

Erik Hemphill is AES Cargo field manager and point of contact for Lebanese operations.

The Israel–Hezbollah conflict continues to intensify despite hundreds of fatalities to date and international calls for a ceasefire. The need for food and shelter grows daily. The UN announced a \$150 million aid appeal and the US has launched its own \$30 million package for civilian aid, while the E.U. has pledged \$12.6 million in funds to help those affected.

For more information, e-mail erik.hemphill@aescargo.com.

Drilling for Business In Kazakhstan

Long established in the region, **Move One Relocations** is perfectly placed to oversee the logistics of a Kazakhstan move. The company's permanent office in cosmopolitan Almaty recently expanded and is now fully equipped to relocate the embassies and private sector companies heading here.

As well as the Almaty expansion, Move One Relocations is witnessing a marked increase in HHG/relocation business throughout Kazakhstan. The northern city of Astana lately ceded capital city status from Almaty and is presently re-housing diplomatic missions that have moved there, largely with the help of Move One Relocations. The company also is preparing to open further offices in the coastal cities of Aktau and Atyrau, following the tapping of a nearby oil field, thought to have the fifth largest oil reserves in the world. Explaining the impact of such interest in the area, David O'Connor, Move One Relocations' Central Asian manager, commented, "With over 15,000 expats in Almaty alone, the relocation business is booming, and this is set to continue as the country's energy sector develops at breakneck speed."

HONORS AND AWARDS

Crown Worldwide recently acknowledged an exceptional employee and presented him with The Chairman's Award.

The Chairman's Award was given to **ES Chandramouli (Mouli)**, country manager of Crown India, who has been with Crown for 12 years. Mouli is a graduate of Crown University, an intense, offsite training program, designed to develop Crown managers for assignments throughout Crown's worldwide network.

Crown opened its first branch in India 6 years ago and today has full-service branches in seven cities. Under Mouli's leadership, the company recently completed the construction of a new building in Chennai and has plans to build two more. With a state-of-the-art office complex and a 50,000 square-foot warehouse with modern security and environment controls, Crown India provides relocation and business information management services to clients that are investing in this quickly developing region.

Also at Crown Worldwide, the Teamwork Award was given to **Gary Maguire**, vice president–quality and risk management, who joined Crown in 1991. The annual award recognizes the employee who best embodies the spirit of team building and teamwork, which the Crown Group seeks to foster. Maguire oversees the QUEST Quality Management Program.

MILESTONES

Jennif Worldwide Movers Singapore was founded and established by Retnam S. Rosario on Aug. 9, 1961. Jennif, the oldest international moving company in Singapore, has established itself as a reputable company in the international moving industry.

Jennif's North American regional office, **Jennif Worldwide Movers Canada**, headed by Judith M. Rosario, celebrates its 13th year in Vancouver B.C.

Oxford Van Lines Singapore, a division of Jennif Worldwide Movers, is also celebrating its 6th anniversary this year. Oxford is headed by Jayson T. Rosario and his wife, Rose Marlina. Oxford Van Lines handles all the operational networks for Jennif Worldwide Movers in Singapore.

The Republic of Singapore also celebrates its 41st National Day on Aug. 9, 2006.

IN MEMORIAM

Tom Stilmock

Tom Stilmock Jr., co-founder of China Way, died in a tragic hiking accident while hiking through the mountains near Beijing.

Born and raised in Omaha, Neb., Mr. Stilmock graduated from Arizona State University before joining the US Air Force, where he served for 8 years in the logistics and transportation sector. During his years in the military, he was stationed in the Philippines and Korea. This was to be the start of his adventures traveling the world.

After leaving the military, Mr. Stilmock returned to Monterey, Calif., where he learned Chinese. In 1988, armed with his Chinese language skills and his understanding of military logistics, Mr. Stilmock traveled to Hong Kong and joined Santa Fe Freight Forwarders. After 3 years in Hong Kong he was assigned by Sante Fe to travel to Beijing to help them gain a foothold in the logistics and transport business. Once in Beijing, he began successfully developing new business for Sante Fe.

Then, in 1995, Mr. Stilmock joined Global Silver Hawk, another company looking for experienced talent to help them grow in China. It was during his time at Global that he met his future business partner, Jeffrey Zhao. The two soon developed a strong friendship, from which the company China Way was born in 1997. Since that time the two men demonstrated that a foreigner and Chinese could work together successfully.

Mr. Stilmock was one of the founding members of the Huatang International Golf Club, where he enjoyed the company of many friends, and he often played in golfing events. His other great love was traveling, which he did frequently; he looked forward to the adventures that came with visiting exotic places. In 1999, he became a very avid scuba diver, traveling to many exotic locations to see a new world that lay below the ocean's surface.

Mr. Stilmock was well known in the community because of his generosity as a sponsor of local events. Some of that generosity often included a China Way truck delivering tables and chairs to a golf event.

Never married, Mr. Stilmock is survived by two sisters and three brothers.

WELCOME NEW MEMBERS



Georgia Angell
President
Dell Forwarding
HHGFAA Chairman

On behalf of the Household Goods Forwarders Association of America, Inc., I want to extend a warm welcome to those who are new to our organization.

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Chaklala Rawalpindi, 46000, Pakistan
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E-mail: transpak@isb.apollo.net.pk
Website: www.amcoexpress.com
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E-mail: peteri@cybcia.net.lb
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Fax: (91) 22 2521 3070
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E-mail: diar.dwiputra@schenker.com
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OR, fax with credit card information to (703) 317-9960**

Senate Passes Navigation-Flood Control Legislation

On July 20, the United States Senate passed the Water Resources Development Act (WRDA)—the first time that this type of legislation has been adopted since 2000. The House passed its water resources bill (HR 2864) last July by a 406-14 vote.

WRDA authorizes projects for waterway, dredging and navigation and flood control projects across the country. All of these projects are under the jurisdiction and control of the US Army Corps of Engineers. Although there is no funding affiliated with the WRDA, the legislation is important because it provides Congressional approval for those waterway, canal and levee projects that are deemed to part of the national interest. This specific bill provides this required authorization for approximately \$11 billion in project needs thereby paving the way for the actual spending bill that will be considered later this year. It should be pointed out that some of these projects require local cost-sharing commitments as part of the funding formula with the Federal government.

WRDA specifically provides authorization for more than 100 navigation, flood-control and related projects, including river locks and navigational channel enhancements. One of the largest is an almost \$4 billion upper Mississippi and Illinois river project, which includes \$1.8 billion for new locks and dams and \$1.6 billion for environmental work.

Debate on WRDA was sometimes heated and led to a close vote. An amendment offered by Sens. Russ Feingold (D-WI) and John McCain (R-AZ) that would create an Independent Review of Corps projects was accepted. This amendment was obviously in response to much of the controversy surrounding the failure of the New Orleans levees during Hurricane Katrina. Those levees were the responsibility of the Corps of Engineers.

On another amendment, the Senate overwhelming rejected a proposal by Sen. Barbara Boxer (D-CA) that would have required the Executive Branch to prioritize WRDA projects. On this point there was much debate regarding a need to ensure that navigation and flood control needs were being addressed as expeditiously and completely as possible.

However, the prevailing sentiment of the Senate was that by adding excessive oversight, there could develop unnecessary delays in the construction and rehabilitation of navigation and flood control projects. In fact, the bill, without the Boxer amendment, had the overwhelming support of the construction industry, maritime interests, port directors, and agriculture interests. About 80 senators signed a letter to Republican and Democratic leaders in January urging action on the legislation.

On the Senate side, the bill had been bogged down over concerns from critics of the corps (i.e., Senators, environmental groups and taxpayer watchdog organizations) who sought to improve the agency's planning and management of crucial flood-control and navigation projects.

Among provision in the bill that passed the Senate are the following:

- A requirement that the Army Corps of Engineers update its planning guidelines for projects.

- A requirement that the Corps provide a review of the nation's vulnerabilities to flooding and that the Army secretary must ensure that projects meet minimum standards for mitigating their effects on flood control and natural habitats, according to Senate aides and lobbyists familiar with the bill.
- A requirement that the Corps follow state standards in ensuring that water resources do as little harm as possible to the environment and wildlife

The conference committee with the House has not, as yet, been scheduled. Most observers believe that this important legislation will be completed in the September Congressional session.

By Jim Wise
PACE-CAPSTONE



Proposal to Expand Panama Canal Moves Forward

Expansion of the Panama Canal took a step closer to reality on July 14 when the governing body of the Canal and Panama's National Assembly, unanimously approved the proposal to expand the Canal. However, as part of the vote, the National Assembly also passed legislation requiring that a national referendum will take place allowing all Panamanians to approve or reject the proposed expansion. The referendum will be held Oct. 22, 2006.

The Panama Canal expansion would be the largest project at the Canal since its original construction. Under terms of the proposal, the Canal's waterway capacity would be doubled. The proposed project would allow more traffic by creating an additional new shipping lane through the construction of a new set of locks.

The prevailing argument that was articulated before the National Assembly was that an expanded Panama Canal would benefit the people of Panama and world trade. In addition, it would enhance and maximize Panama's strategic location as the critical and greatest maritime hub of the Americas.

Pressure for expansion of the Canal has been building from virtually all trading interests. Delays and the growth of supertankers has made the Canal subject to traffic concerns and growth restrictions. The increase in size of international vessels has worried Canal authorities that the Canal might not be able to meet this increased demand in coming years. This expansion, which will be financed in part by increased fees for use of the canal, will allow the Americas' "All-Water Route" to continue to grow.

The Official Visitor and Tourist Site of the San Francisco Bay Area

A great starting out point if you're not familiar with the area, this site provides maps, information on San Francisco's diverse neighborhoods, ideas for day trips, and much more.

Website: <http://onlysf.sfvisitor.org/>

San Francisco Museum of Modern Art

As one of the world's most innovative museums of modern and contemporary art, SFMOMA is defiantly worth a visit. Visit the web page for current exhibit information and to purchase tickets.

Fleet Week San Francisco 2006

If you arrive a few days early in San Francisco, you may want to check out Fleet Week. Fleet Week is the Bay Area's opportunity to honor the men and women of our nation's Navy and marine services. Navy ship tours and parades, as well as the Blue Angels air show.

Redwood State Parks

Redwood National and State Parks are home to some of the world's tallest trees: old-growth coast redwoods. They can live to be 2000 years old and grow to over 300 feet tall. A unique experience!

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Napa Valley

One of the great wine producing regions in the United States., the Napa Valley offers visitors wine and culinary temptation at every turn. A trip to San Francisco would not be complete without a visit to this beautiful region.

Oktoberfest 2006

Celebrate in the true tradition of Munich's famed Oktoberfest; the festival, which takes place Oct. 12-15, 2006, includes nonstop music, dancing, singing, and the very best in German food and drink.

The San Francisco War Memorial and Performing Arts Center

In the mode for an opera or a symphony, a play or theatrical performance, visit the SFWMPAC web page for information on performances.

There's more — much more — to grab your interest in this beautiful Golden Gate city. For further information on these and other great attractions in the area, check out the Website:

<http://onlysf.sfvisitor.org>

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(ANNUAL MEETING ISSUE)

November/December Issue November 10, 2006

January/February 2007 Issue January 20, 2007

March/April 2007 Issue March 10, 2007

May/June Issue May 20, 2007

July/August Issue July 15, 2007

IMPORTANT NOTICE ABOUT ELECTRONIC ADS

The Portal now accepts computer-generated files, graphics, and ads supplied on PC- or Mac-compatible floppy or Zip disks or CD-ROMs. **DO NOT SEND ADS BY E-MAIL.**

When providing electronically-generated advertisements, your disk **MUST** be accompanied by a printout showing what the ad should look like. **HHGFAA will not accept disks that arrive without a hard copy proof.**

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Industry Calendar

Sept. 11–12, 2006

Military/Industry (M/I) Meeting
Alexandria, VA

Sept. 24–28, 2006

NDTA Forum
Memphis, Tennessee

Sept. 18–19, 2006

CAM Annual Conference and Golf Tournament
Toronto, Canada

Sept. 30–Oct. 3, 2006

125th Anniversary Meeting of the
German Movers Association
Berlin, Germany

Oct. 7–8, 2006

PAIMA Convention
San Francisco, California

Oct. 9–12, 2006

HHGFAA 44th Annual Meeting
San Francisco, California

April 22–25 2007

AMSA Annual Meeting
Palm Springs, California

April 23–25 2007

SDDC-HQ Training Symposium
Orlando, Florida

Oct. 14–17, 2007

HHGFAA 45th Annual Meeting
New York, New York

Oct. 4–7, 2008

HHGFAA 46th Annual Meeting
Honolulu, Hawaii