

negative impacts of our operations on our constituents and neighbors.

We're learning these lessons from North America's largest port complex in Los Angeles and Long Beach. As alternative gateways grow on the West Coast, we will face the same challenges that they face today. In Tacoma, we are building upon our successful on-dock rail system by adding more rail, more technology and a larger work force; and it doesn't stop there. We are working with our regional partners on freight mobility projects in rail and roadway infrastructure as well as technology, throughout Washington state and the northern tier, even



east of Chicago to ensure that our customers receive the most efficient and reliable service in North America.

We can't do it without the consent of our neighbors and constituents, nor can we take these relationships for granted. Intermodal efficiency benefits not only the shipper, but our neighbors in Tacoma as well. Cargo in motion is more secure and generates less traffic and emissions than cargo that is standing still. We are

engaged in programs to buffer residents from port operations through green-space preservation, transitional development and transportation corridor development. We've invested more than \$150 million in environmental projects in our communities. The transportation industry generates well-paid jobs in our region, and our responsibility is to ensure that those workers and other residents have a pleasant place to live as well as work.

Ports cannot maintain these relationships alone. Our customers must engage with the local communities where they operate and be visible to their neighbors. In our business, a gram of prevention is worth a kilogram of cure.

International Brotherhood of Teamsters

James P. Hoffa
General president

www.teamster.org

Container shipping is the fastest-growing sector of the U.S. economy. Over the last few years, ocean carriers and shippers have seen record profits. But not all participants in the industry have shared in this prosperity. Those who have shared the least are the drivers who haul intermodal containers to the ports. To that end, I have two hopes for 2005.



I hope the industry's stakeholders will finally address the most critical problem in our ports — an exploited, overworked and unorganized port driver work force — instead of continuing to invest in costly programs that only produce short-term "fixes."

Port drivers often are forced to work unpaid for hours at a time and to haul improperly labeled and overweight containers. Drivers are routinely issued unroadworthy chassis to transport containers over crowded highways. And most port drivers' wages do not cover the costs of maintaining their trucks and feeding their families.

Instead of seeking to resolve this problem, the industry has poured thousands of dollars into programs such as extended hours for gates and a proposed Department of Homeland Security "cargo summit" for government and industry representatives to discuss cargo security. Although these efforts may have some positive results, they will not achieve their goals — efficient and secure ports — because they do nothing to fix the industry segment that is critical to achieving both of these objectives — the port driver work force.

Addressing the port drivers' plight is critical to any wholesale effort to improve port efficiency and security. Unlike other segments of the intermodal industry (longshore workers, vessel crews, etc.), turnover among port drivers is high. An unstable work force is neither efficient nor secure. Poor working conditions and wages give drivers no incentive to take personal ownership and correct the system's inefficiencies. Until stakeholders get serious about leveling the playing field for port drivers, the strength of these other solutions is equal only to that of a house of cards.

My second hope is that port authorities begin to take responsibility for the conditions, including overweight, improperly labeled containers and unroadworthy chassis, that result in exploitation of port drivers. Port authorities have responded that these problems are not their responsibility. While I do think the responsibility is not theirs alone, as government entities, port authorities must be held responsible and accountable for violations of the law that occur on their property and under their watch.

Trade Security Institute

Irvin Varkonyi
Director of education

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Have you ever tried your hand at target practice, aiming your weapon at the red and white concentric rings? Until you get really better, you tend to take off little pieces around the edges, slowly making your way toward the center. This is a metaphor I would like to offer on our progress toward making transportation and the larger supply chain, more secure. This year, we will hit the mark — if certain principles are accepted:



● **Security:** The security of an enterprise is dependent on its organizational ability to imbue preparedness into all of its business units. Organizational behavior modification is a prerequisite for security.

● **Collaboration:** The practice of collaboration among the enterprise's personnel will elevate the importance of security as a business process. Security is too important to leave only to the security professional, who can't do it alone.

● **Protection of stakeholders:** The organization will evolve to protect the internal stakeholders — employees, customers and shareholders by greater collaboration with external stakeholders — vendors, government and owners of critical infrastructure.

● **Government programs are the floor:** Security cannot come only from government programs such as C-TPAT, FAST, etc. These should be viewed as the floor to increased security, not the ceiling, despite the

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advice of legal counsel. Minimal compliance with C-TPAT does not represent the maximum amount of effort that the enterprise is capable of doing.

If our nation has accepted the principles of protecting the environment by building environmental protection into the business processes, and if our nation, stung by the success of how the Japanese placed value on quality, accepted quality as a desired value for the customer, then our nation will accept imbedding security into business processes. Many organizations, in the private and public sectors, have already modified their organizations and accepted security and efficiency as complementary, not contradictory principles.

Trailer Bridge Inc.

John D. McCown

Chairman and chief executive

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At a recent investment-bank conference that included presentations by several publicly held tanker companies, it was clear that tanker owners and customers were aware of the interplay between supply-demand dynamics and pricing. They had readily available, creditable, quantifiable benchmarks. I came away envious, because it highlighted what liner shipping doesn't

have. Tanker shipping services are a commodity where price is everything. Whether it's the Worldscale index or VLCC charter rates reported weekly, there is total quantitative clarity on real-time market prices. That factual data benefits all participants in the tanker sector.

The dearth of timely and credible pricing data in the liner sector is a burden on all participants. I believe that a worthwhile goal for all industry participants is to move to establish pricing measures similar to those available in almost all other industries. Too many in the liner sector are content with subjective, nonspecific assessments as a substitute for precise factual benchmarks. Yes, compiling this information would be difficult. But it is not impossible, and better data would yield better decisions for all.

For shippers, having reliable overall benchmarks in liner pricing by traffic lane will improve their freight decision-making. Increased transparency and visibility of decision-making processes at publicly held corporations is mandated by Sarbanes-Oxley. Liner freight decisions are coming under increasing scrutiny, and the data and process can no longer remain isolated from the rest of the organization. These decisions and the processes that produce them will require more accurate and verifiable data. Readily available and precise benchmarks on liner prices and trends will be important.

"When you can measure what you are speaking about, and express it in numbers, you know something about it; but when you cannot measure it, when you cannot express it in numbers, your knowledge is a meager and unsatisfactory kind," said Lord Kelvin in 1891 when he developed the Kelvin Scale that quantifies the entire hot and cold range. All industry participants will benefit if we can move beyond today's meager and unsatisfactory data.

TransOceanic Shipping Co.

Gregory R. Rusovich

President and chief executive

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2005 should be a year of vibrant growth and activity in the global project-cargo sector. The high price of oil, global economic growth and the active engagement of the U.S. government in troublesome regions will prompt extensive cargo mobilizations. Global economic growth is projected to run in the 4 percent range, and it is estimated that more than \$2 trillion of capital investment in the oil-and-gas industry is

required over the next 10 years in order for supply to satisfy demand.

Concomitant with the increased activity, project shippers are seeking enhanced cargo tracking and tracing of cargo. RFID and GPS technology will give the project-forwarding industry excellent tools to ultimately provide shippers with instant, seamless information. This global integration and availability of enhanced technology is the next step in the tracking and tracing of cargoes. Shippers are seeking seamless visibility of purchased equipment on a global basis.

Further exemplifying the globalization of our industry, the established trend of procurement from emerging markets will continue. Global sourcing concentrated in countries including China, South Korea, India and Brazil will proceed rapidly. U.S. manufacturers and fabricators will also see increased activity as the overall global cargo flows increase. The low value of the dollar and the expansion of cargo flows to overseas U.S. government projects will prompt enhanced activity. The Export-Import Bank of the United States is also playing a crucial positive role as it energetically increases its funding of global infrastructure projects.

The vibrance in the market will, unfortunately, continue to exacerbate ship-availability problems. There is simply inadequate tonnage to meet demand, which will place continued pressure on rates.

The industry is also becoming even more demanding of responsiveness with a sense of urgency, and it should. The shipping, forwarding and logistics-management sectors will be expected to perform with operational excellence. Even with state-of-the-art technology and hard assets, the industry is still a people business. Assets and technology delinked from responsive people will not succeed.

This is a time for optimism in our sector. But it is also a time for new technology rollouts and implementation, rate concerns, ship availability problems and attention to operational performance.

Transpacific Stabilization Agreement

Albert A. Pierce

Executive director

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Soaring Asia-U.S. trade, following China's 2002 entry into the World Trade Organization, has challenged many closely held assumptions among transportation and logistics providers and