THE PORTAL

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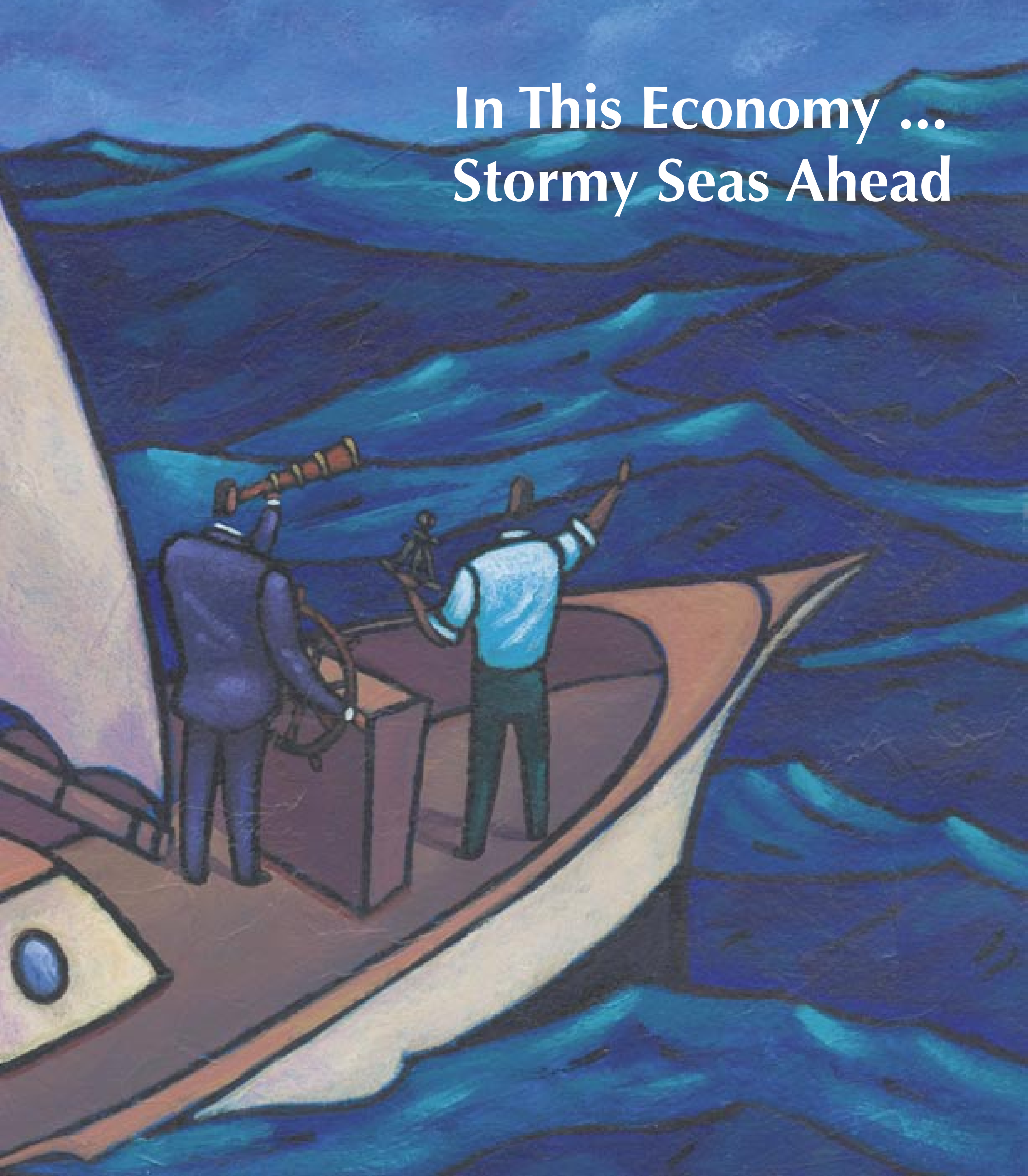
In This Economy ... Stormy Seas Ahead



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THE PORTAL

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President Barack Obama delivers his Inaugural address on Jan. 20.

Gathering Clouds and Raging Storms

That we are in the midst of crisis is now well understood. Our economy is badly weakened, a consequence of greed and irresponsibility on the part of some, but also our collective failure to make hard choices and prepare ... for a new age. Homes have been lost, jobs shed, businesses shuttered.

Today I say to you that the challenges we face are real. They are serious and they are many. They will not be met easily or in a short span of time. But know this ... they will be met. ...

We have chosen hope over fear, unity of purpose over conflict and discord. ... We understand that greatness is never a given. It must be earned. Our journey has never been one of short-cuts or settling for less. It has not been the path for the faint-hearted, for those that prefer leisure over work, or seek only the pleasures of riches and fame. Rather, it has been the risk-takers, the doers, the makers of things — some celebrated, but more often men and women obscure in their labor — who have carried us up the long rugged path towards prosperity....

This is the journey we continue today. For everywhere we look, there is work to be done.

As for our common defense, we reject as false the choice between our safety and our ideals. Those ideals still light the world, and we will not give them up for expedience sake.

Our challenges may be new. The instruments with which we meet them may be new. But those values upon which our success depends -- honesty and hard work, courage and fair play, tolerance and curiosity, loyalty ... these things are old. These things are true. They have been the quiet force of progress throughout our history.

—Excerpted from President Barack Obama's Inaugural Address on Jan. 20, 2009

President Obama began his Inaugural speech by recalling that his predecessors had taken their oath of office *"... during rising tides of prosperity and the still waters of peace. Yet, every so often, the oath is taken amidst gathering clouds and raging storms."*

When I heard those words — "gathering clouds and raging storms" — I immediately thought of our industry and the members of IAM. If you go back over the text I have selected from the new President's full speech, I think you can easily see how relevant much of what he said directly corresponds to the business environment in which our industry currently finds itself.

As your President, I firmly believe the unity of purpose of the IAM membership, our choice of hope over fear, and commitment to honesty and hard work, courage, fair play, and loyalty will allow our industry to meet the challenges that face us now and over the horizon.

Together, we will weather the storm of the current global economic crisis and land our boat safely and successfully on the far shore.

—Terry R. Head
IAM President

Our New Look

As your Association enters 2009 under its new name, the **International Association of Movers**, a new administration has assumed power in Washington. With it will come many challenges as the industry adapts to what promises to be significant changes in the government's strategies, its way of doing business, and its philosophy concerning regulation and other issues important to our industry.

In keeping with the new era, **The Portal** is pleased to present a bold new look that we trust you will find pleasing and easy to read. IAM will continue, of course, to bring you timely news, interesting features, and information that will help you stay abreast of developments and enhance your personal and professional knowledge and management skills.

The Portal will, as always, serve as an important means of sharing your news, concerns, and ideas with your colleagues around the world. To submit contributions and articles to be considered for inclusion in the magazine, e-mail

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This issue of **The Portal** addresses the current crisis that is rippling through all sectors of the global economy and offers perspectives and ideas that are of concern to every business owner, manager, and employee. Our coverage begins on page **5.**

The Ripple Effect

Submitted by Dawn Shepherd

Credit crisis creeps into the real economy, as international trade shipments come to a virtual halt

The financial crisis, spreading in a ripple effect from the mortgage industry and stock market where it began, is now leading to rapid deterioration of the international trade finance market as well. This in turn has brought international shipping of commodities to a near halt. Cargo shipping rates have plummeted as vessels sit at anchor and goods sit on the docks.

Trade finance is credit to allow exporters and importers to ship their goods and services. Everyday trade in raw materials, intermediate goods and consumer goods is dependent upon the availability of trade financing.

WTO anticipates continued downturn

World Trade Organization Director-General Pascal Lamy reported to WTO ambassadors on Nov. 12, 2008, following his meeting with an expert panel of representatives of private banks, international financial institutions and export credit agencies. Lamy stated, "...The market for trade finance has severely deteriorated over the last six months, and particularly since September. The view expressed by the trade finance practitioners is that the situation is likely to deteriorate further in the months to come."

Since the onset of the crisis, the cost of trade financing has risen more than 6 times previous levels, according to a recent report by HSBC Holdings Plc. (HBC:NYSE). Higher financing costs are only part of the problem, as even qualified borrowers are being turned away by major lenders, and some banks are refusing to honor letters of credit from other institutions.

Ed Rice, president of the Coalition for Employment through Exports, was quoted in a recent Bloomberg News article, saying, "...People can't get financing, no matter what their credit situation. Banks are canceling credit lines even for creditworthy customers."

This glitch in the availability of trade financing is creating a disruption in the worldwide flow of commodities such as coal, iron ore, grain, and consumer goods. Bill Gary, president of Commodity Information Systems in Oklahoma City was quoted by the *Financial Post* in an October article: "There's all kinds of stuff stacked up on docks right now that can't be shipped because people can't get letters of credit. The problem is not demand, and it's not supply because we have plenty of supply. It's finding anyone who can come up with the credit to buy."

Collapse of the Baltic Dry Index

The rapid decrease in commercial shipping has left many bulk vessels sitting empty at anchor, without promise of new cargo orders. Reports indicate that as many of 20% of capesize-class vessels used to transport raw materials are sitting idle. International shipping rates have plummeted, with the Baltic Dry Index, which hit an all-time high in May 2008, losing over 93% of its value since. Even if shipowners are able to find cargo to fill their holds, in many cases operating expenses exceed current shipping rates.

The Baltic Dry Index (BDI), an overall measure of commodity shipping costs, is considered by some to be one of the truest indicators of global economic health. The Index is a number issued daily by the London-based Baltic Exchange. The Baltic canvasses brokers around the world and asks how much it would cost to book various cargoes of raw materials on various routes (e.g., 100,000 tons of iron ore from San Francisco to Hong Kong, or 1,000,000 metric tons of rice from Bangkok to Tokyo). It then aggregates the quotes to form the Baltic Dry Index.

Louis Basenese, Advisory Panelist for Investment U, explained in a recent article why the Baltic Dry Index is such a significant economic indicator: "The supply of cargo ships is tight and inelastic. Even the slightest changes in demand for shipping raw materials results in a change in the index. And, because the index tracks the cost of shipping raw materials — the precursors of economic output — instead of intermediate or finished goods, it provides a precise and rare measurement of the volume of global trade at the earliest possible stage."

Along with the collapse of shipping rates, cargo ship prices have fallen sharply. Bloomberg News quotes representatives of Tufton Oceanic Ltd., the world's largest shipping-hedge fund group, as saying that as many as 20% of shipping lines are at risk of breaching their loan accords because the decline in rents has caused a similar plunge in ship prices.

World governments and organization try to aid trade finance market

After meeting at the Fifth US–China Strategic Economic Dialogue held in Beijing Dec. 5, 2008, US Treasury Secretary Henry M. Paulson, Jr. and Chinese Vice Premier Wang Qishan announced a new partnership for increasing trade related finance to emerging markets. Together, the United States and China expect that their efforts will generate total trade financing for up to $38 billion in exports over the next year.

Specifically, the United States, through the US Export-Import Bank, announced its intention to provide $4 billion in new short-term trade finance facilities and $8 billion in new medium- and long-term trade finance facilities for export of US goods and services to emerging markets. China, through the Export-Import Bank of China, is providing $8 billion in short-, medium-, and long-term trade finance facilities for export of Chinese goods and services to emerging markets.

Additionally, South Korea has pledged $16 billion for its exporters who had been unable to secure international lines of credit, and World Bank tripled funding for banks helping emerging-market companies to sell abroad, to $3 billion.

Sources: US Treasury Department, World Trade Organization, Bloomberg News, Financial Post, HSBC Holdings Plc, Wikipedia, Investment U. Related articles may be found on **InthisEconomy.org**:

Dawn Shepherd founded the Web site, **InThisEconomy.org***, a clearinghouse for information on developments in the fast-changing arena of US economics. Readers get the news behind the headlines, directly from press dispatches released by major government agencies and key players in global economics.* **InThisEconomy.org** *also offers an online community forum where members can voice their opinions and ideas. It is a place where people can discuss economic issues, share their experiences and connect with others facing the same challenges. To request a free membership, visit* **http://InThisEconomy.org**

Sporadic Credit Policies Make Tough Times More Difficult

By Heather Engel

We're all feeling the pinch of the global economic crisis; times are hard. It's difficult to predict whether you'll be paid by your customers or even whether your vendors will be in business next year.

The upside is that reliable forwarders and movers should be able to withstand these difficult times since we have been dealing with extreme business cycles for years. There are very few businesses that experience the sort of dramatic swing between heavy busy seasons and terribly slow seasons that we weather year to year. Our industry, in my opinion, is better equipped to handle the tough times ahead than almost any other.

Recently, I have begun to notice companies reacting to the financial climate by holding on to cash, temporarily and sporadically changing their credit policies or demanding prepayment in order to battle their fears of the future.

While tightening credit policies can increase your immediate cash flow, this strategy can prove detrimental in the long term. When you suddenly tighten credit, stop extending credit or require pre-payment on moves, you perpetuate the financial crisis by decreasing your customers' liquidity. Sudden changes to credit policies can also reflect negatively on your own company's viability and make it appear financially unstable, which alienates and worries good, stable customers.

During financially difficult times there are things that we all can do to increase cash flow while maintaining business relationships over the long term:

- **Review your current credit policy.** If you decide to change your credit policy, notify your existing customers in writing and state it clearly to all new customers.
- **Review the payment terms and history of all your customers.** Good customers that have a history of paying in a timely manner will most likely continue to do so.
- **Identify questionable customers** and establish a short list of companies to review on a weekly or monthly basis.
- **Try to maintain your credit policy** throughout good times and bad. Your regular customers will appreciate the continuity and your own company will appear more stable.
- **Extend credit only to new customers that are members of reputable associations** (such as the Better Business Bureau or IAM) or participate in programs such as the Receivables Protection Program.

Everyone is worried about our friends, families and business associates and how they will fare though these financially difficult times. We have all seen slow years and have survived through slow winters and down cycles. **I believe that we can work together to weather this storm as an industry.**

Heather Engel is with True North Relocations in Seattle, Wash.

In This Economy ... Dilemmas and Crystal Balls

In anticipation of this issue of **The Portal** focusing on the current economic crisis, the Association conducted a survey to see how IAM member companies are coping with the extraordinary conditions and what measures they are taking to stay afloat as the industry weathers this financial storm.

One respondent from a medium-sized US-based member company, who wishes to remain anonymous, offered these insights — and some of the answers may surprise you.

Q. How have the economic slowdown and US and other government responses to it affected your ability to serve your customers?

A. Throughout 2008, not surprisingly, the cost of doing business increased tremendously, mainly the operational costs. Most notable is the Fuel Service Charge (FSC) levied by truckers and agents alike; since the beginning of the year, the FSC seemed to increase exponentially on a monthly, then a weekly, basis. At one point, we saw FSC as high as 62% on the West Coast. Although still a component of their charges, the rates are back down to 15-18-20%.

The volume of our international non-military business has increased at almost an alarming rate.

Soon after the trucking companies began steadily increasing the FSC, a large majority of our US national agency roster, instead of raising their "rates" mid-year, began charging the FSC in addition to their normal service. For example, instead of having a rate of $20 per N/CWT as a destination charge, it became "...plus the fuel service charge of 18% or 20%...." Although those trucking companies have brought the FSC back to a reasonable figure, obviously following the fuel cost trend, a lot of agents still have that "extra" FSC tacked onto their rates.

Q. What has been the impact of the crisis on your volume of business? Are you seeing less business—or an increased cost of doing business—because of economic pressures on housing markets?

A. Frankly, the volume of our international non-military business has increased at almost an alarming rate. For example, during October and November, the volume of quotations requested of us, prepared and presented to those who requested them, increased by more than 300% compared to the same period as last year. The number of bookings for these same months increased at a similar rate. [At this writing] December appears no different. The big question is: Why is this happening? I wish I could tell you with any certainty.

One result from "benchmarking" various marketplaces is that we have noticed a definite modification in the strategy of companies who have historically been the more expensive players. While we have not altered our strategy in the past year, it appears that some colleagues/competitors are not getting the same volume of business they previously experienced. In certain markets we have seen them becoming more price-competitive and/or seeking new markets previously ignored. Our philosophy is, and always has been, that "a move is a move," whether corporate or private consumer. Recently, we have seen "corporate -oriented-only" movers now dabbling in this private consumer category.

Q. How has the crisis affected your ability to retain your staff? Have you been forced to reduce the number of people working at your company?

A. Unlike some of our colleagues, we have not had to reduce staff. Rather, we must now consider increasing, but should they be permanent or provisional? That's where the crystal-ball comes in:

- Is this an anomaly?
- Should we hire more people to "ease the load"? If so, will they be permanent or provisional?
- Will this continue into the new year?
- Can we handle this increase in business professionally and efficiently with the present staff?
- The age-old question: What happens if we hire more staff and the market drops again?

Q. What other measures do you expect to take in order to weather this financial storm?

A. We will keep booking as much business as we can handle in a professional manner—while it lasts.

Q. What else would you like to share with *Portal* readers about this topic?

A. Personally, having spent more than 30 years in this business, I don't believe that I have ever seen an October and November behave in this manner. I am certainly not complaining. On the contrary, I am ecstatic! This will be a stellar year for us and, according to a couple of my "colleague-competitors," for them as well.

Having spoken on this topic with several of my colleagues and agents in the US and abroad, it appears that this phenomenon is hitting like a tornado that hits some, spares some. Some of my contacts are experiencing the same trend, while others are reducing administrative and operations staff. It also does not seem to be geographically specific, as I have heard at least two contradictory versions in the same general area of the United States.

Obama May Be More Pro-Trade Than Campaign Rhetoric Indicated

During the presidential campaign, Barack Obama sounded like a fire-and-brimstone anti-trade populist. He promised to revise the North American Free Trade Agreement, while rejecting the free-trade agreements that the Bush administration has negotiated with Colombia, Panama, and South Korea.

Summing up his approach in a letter to the National Council of Textile Organizations, Obama wrote, "Our country can benefit from trade, but I will insist on a trade policy that will work for all Americans. That means opening markets abroad for our manufactured exports, and including enforceable labor and environmental standards in free-trade agreements."

What exactly does this mean for importers, exporters, and global corporations? In the short term, probably not much, said Edward Gresser, director of the Project on Trade and Global Markets at the Progressive Policy Institute, a Washington-based think tank.

In this economy, he said, "There are so many other crises to deal with, trade probably won't become a priority for several months after the inauguration." With the new administration focused on economic stimulus, energy, taxes, the Iraq war and climate change, trade will be on the back burner.

That means there will be no quick relief for US exporters of manufactured and other goods to Colombia or exporters in the automotive and other industrial sectors to South Korea.

But that doesn't mean the new administration will be protectionist, said Brian Pomper, founding partner of Parven Pomper Strategies Inc., a political consulting firm linked to the Democrats: "Barack Obama is an economic pragmatist who supports open trade. The Obama trade policy will be different from the Bush trade policy, but that doesn't mean he is a protectionist."

Once the trade agenda moves back into the spotlight, Panama will be the easiest of the pending three agreements to push through Congress. There is little bilateral trade between the US and Panama, which is largely a service economy, and therefore little opposition from US interest groups that might feel threatened. Pomper said he also expects the controversial pact with Colombia to win approval.

The troubled bilateral agreement with South Korea won't be endorsed by Congress unless the Korean government makes major concessions to end restrictions on US auto exports to that country. "South Korea will be the last (of the three agreements) to be considered," Pomper said.

SOURCE: Shipping Digest

25 Million Jobless By 2010, Says OECD

The ranks of the unemployed could rise as high as 25 million by 2010 because of the global financial and economic crisis, Angel Gurria, secretary-general of the Paris-based Organization for Economic Cooperation and Development recently advised.

"We're heading for a loss of between eight and ten million jobs in the OECD area... and 20-25 million in the world as a whole between now and 2010," said Gurria, an economist who was formerly Mexico's finance minister, in an interview with France's BFM radio.

Gurria said that the pace of global construction has "stopped in a brutal way," hitting Spain and Ireland especially hard. Gurria suggested that European countries should spend more in their fiscal stimulus plans to revive their economies, considering the size of rescue plans already announced in China, Japan and the United States.

The European Union should "go beyond" the fiscal stimulus plans that have already announced, equivalent to around 1.4% of the EU's GDP, because "all the other major countries are going beyond that," Gurria added.

SOURCE: Journal of Commerce Online

Driving Declines 100 Bn. Miles in a Year

In this economy, Americans drove 100 billion fewer miles in the twelve months between November 2007 and October 2008, compared with the same period a year earlier, said US Transportation Secretary Mary E. Peters. **The period was the largest continuous decline in American driving in history.**

The change came in a period when historically high fuel prices gave way to the fastest sustained drop ever, suggesting a fundamental shift in driving habits. The change could have consequences beyond saving fuel and overcoming dependence on foreign oil.

"As driving decreases and vehicle fuel efficiency continues to improve, the long-term viability of the Highway Trust Fund grows weaker," said Peters. "The way we finance America's transportation network must also change to address this new reality, because banking on the gas tax is no longer a sustainable option," she said.

SOURCE: Traffic World

Ex-Im Bank Acts to Boost Exports

The US Export-Import Bank said it will enhance several of its trade finance products to help counter tightening credit and help exporters.

"These actions help maintain the flow of US exports to international buyers and keep US export workers on the job," said James H. Lambright, chairman and president of Ex-Im Bank, in a statement. "We are pleased to do what we can to help meet needs of US exporters facing difficult economic conditions."

The bank also announced changes targeted at assisting exporters to South Korea.

The bank said it would expand access to its trade finance products, making more US exporters eligible to apply for financing backed by the Ex-Im Bank.

Ex-Im Bank will expand access to direct lending and working capital loan guarantees.

Phil Cogan, a spokesman for Ex-Im Bank, said in the past the bank has mostly provided loan guarantees because commercial banks could offer a better loan rate. But with credit hard to come by, more exporters are seeking direct loans from Ex-Im Bank.

The working capital loan guarantees are most frequently used by small business exporters, the bank said. It plans to modify various requirements and restrictions to provide increased liquidity to exporters.

The Ex-Im Bank said it was taking the following actions:

- "Companies that produce goods or services that are sold to US companies and are subsequently exported will now be eligible to apply for working capital loans guaranteed by Ex-Im Bank. In the past, Ex-Im Bank's working capital loan guarantee product has not been available to small-businesses that supply their products or services to US exporters, but do not themselves directly export.
- Ex-Im Bank is raising from 10% to 100% the amount of a working capital loan guarantee available for these "indirect" exporters, the first time such companies have, on their own, been able to access the product. Ex-Im Bank will now consider covering warranty letters of credit up to 20% of the loan amount or $1.5 million, whichever is lower, for a term of 12 months. This is a tripling of the previous ceiling of $500,000 which the Bank believes will provide additional liquidity to exporters and help them be more competitive.
- Exporters using Ex-Im Bank for such coverage are required to provide only 25% cash collateral versus the standard 100% cash collateral in the private sector."
- Staff will now consider, on a case-by-case basis, reducing collateral requirements for letters of credit to 10% of face value, down from 25% currently versus 100% cash collateral for all letters of credit generally required by the private sector."
- For exporters selling goods to Korea, the bank said it granted special delegated authority to help meet increased demand to insure US lenders' confirmation of Korean bank letters of credit.

The board's action allows senior Ex-Im Bank officials to approve requests for up to $2.9 billion in insurance cover involving letters of credit issued by 11 Korean financial institutions. Ex-Im Bank said "surveys of relevant confirming banks and brokers indicate that due to instability in the market there is a significant gap in commercial capacity available to support letters of credit issued by Korean financial institutions.

"The increased demand for confirmed letters of credit stems from the combination of the continuing high volume of US exports to South Korea and weaker macroeconomic conditions," the bank explained.

The Ex-Im Bank cited figures from the Office of the US Trade Representative, which showed US exports to South Korea exceeded $34 billion in 2007. The bank said Census Bureau figures show the vast majority of US exporters selling to South Korea are small and medium-sized businesses.

SOURCE: ExIm Bank

In This Economy ... Even the Weather Will Be Bad

An above-average Atlantic storm season is forecast for 2009, with 14 named storms developing into seven hurricanes. The statistical analysis provided each year by Colorado State University predicts a total of 70 days when tropical storm-force winds will hit the Atlantic Basin and 30 days when hurricane conditions will occur in the region. Hurricane season runs from June 1 to Nov. 30.

The university's Tropical Meteorology Project uses statistical data rather than climatologic analysis to make its predictions. The data accumulated over 58 years correctly forecast above- or below-average seasons in 45 out of 58 years, and an above-average season in 2008.

Seven of the 14 storms in 2009 are predicted to become hurricanes, and three are expected to develop into intense or major hurricanes from Category 3 to Category 5 with sustained winds of 111 mph or greater.

This year the team has provided a county-by-coastal county table of predictions. For the complete list go to **www.e-transit.org/hurricane/Full%20Data%20Table.xls**

SOURCE: Rick Eyerdam, writing for the Florida Shipper

World Bank: Global Trade Will Decline to Record Low Next Year

By Christopher Swann

Global growth in 2009 will slow to the weakest rate since records became available in 1970, according to the World Bank, which recently issued its annual *Global Economic Prospects* report.

International trade will shrink in 2009 for the first time in more than 25 years as economic growth slows and commodity prices slide, the Bank said. Its chief economist noted, "Urgent steps are needed to help reduce fallout from the crisis on the real economy and on the poorest."

Fiscal stimulus and coordinated interest-rate cuts by governments in the United States, Europe and other regions have failed to reverse a worldwide economic slowdown and the worst credit crunch in seven decades. Gross domestic product in developing countries will increase 4.5% in 2009 compared with 6.3% this year, while global growth will slow to 0.9%, according to the report. The analysis said that if the freeze in credit markets does not thaw, "the consequences for developing countries could be catastrophic." The bank is forecasting growth in China to slow to 7.5% next year from 9.4 percent this year.

The World Bank plans to nearly triple loans to poor countries to $35 billion in the year ending June 2009, while pledging $100 billion over the next three years.

The collapse in global economic growth will continue to weigh on commodity prices, the report said. The price of a barrel of oil will probably average $75 next year, a decline of more than 30% from 2008, the bank said.

Export growth for developing countries will slow to 3% next year from an average of 15% during the past five years, the World Bank said.

Developing "countries will not only sell less, but there is a price shock too" from the declining prices of export commodities, Hans Timmer, a World Bank economist, said.

SOURCE: Bloomberg News

US Economic Crisis Drives Public Transport Boom

In this economy, despite plunging fuel prices, Americans are using public transportation in record numbers, with more than 2.8 billion trips taken on metros, buses and light rail in the third quarter of 2008. Ridership numbers marked a record 6.5% increase over the same three-month period in 2007, when around 2.67 million people rode public transportation in the United States, a report by the American Public Transportation Association (APTA) showed. During the same period, vehicle miles traveled on US roads declined by 4.6%.

SOURCE: Reuters.com

WCO Urges Trade Promotion

In this economy, the World Customs Organization Policy Council is urging countries to avoid protectionist policies and to promote ways to facilitate trade to alleviate the effects of the global financial crisis.

The council said customs administrations are experiencing revenue declines at a time when they are under pressure to meet revenue forecasts. The revenue decline is a ripple effect of the general slowdown in global trade, the policy council said. It warned that the current state of the economy also could cause some traders to avoid paying duties.

There is a growing concern about a possible new wave of protectionism that would exacerbate the crisis, the council stated. The council called on members to support the development of risk-based systems and audit control to increase security, safety and revenues.

SOURCE: Shipping Digest

European Production to Drop

Industrial production in the United Kingdom, Spain, Italy, France, Finland, and Sweden will continue to decline, and some industrial sectors in those countries will likely fall into a severe recession early next year, according to the semiannual Manufacturers Alliance/MAPI European Industrial Outlook: 2008-2009.

The Eurozone will slide into a recession either in late 2008 or early 2009, according to economist Kris Bledowski of the Manufacturers Alliance/MAPI . However, Central Europe may escape a recession despite the sudden collapse in demand in Western Europe.

"**Regional differences in the Eurozone are as stark as ever, which bodes ill for the potential success of any joint stimulus measures,**" Bledowski said. "Europe's manufacturing outlook has deteriorated markedly over the past six months as consumer sentiment soured in the wake of the financial crisis and falling asset markets."

According to the report, 12 out of the 16 industrial sectors in the Eurozone will likely decline in 2008 with non-metallic industries falling the most, by 9.8%. Next year, 13 of those 16 industrial sectors will register negative growth, with office machinery and computers forecast to decline the most, by 7.6%. In Central Europe, however, only seven of the 16 industrial sectors will decline in 2008, and just one will decline in 2009. Textiles will suffer the greatest decline, by 9% in 2008 and 11.9% in 2009.

Germany and Switzerland will be the strongest performers in Western Europe because of their early restructuring efforts and their specialization in product lines that are less price-elastic. In Central Europe, most industrial sectors will contract much less than in the West; especially durable goods for consumer markets, the report forecasts.

SOURCE: Journal of Commerce

New Study Finds Housing Stimulus Essential to Economic Recovery

Without substantial demand stimulus for the housing sector, the stimulus package currently being considered by Congress will have only a limited effect and would fail to reverse the loss of trillions of dollars in homeowner equity, according to a study by the Fix Housing First Coalition. The study, conducted by a California-based expert services consulting firm, shows that when housing stimulus is combined with a general economic recovery program, increased economic activity grows strongly across all sectors of the economy.

Using a well-regarded economic model, researchers studied the impact of a short- term program espoused by the Fix Housing First Coalition that would combine a significant tax credit for all homebuyers from $10,000 to $22,000 with a time-restricted mortgage rate write down to 2.99%. The economic analysis demonstrated that adding these housing stimulus provisions to the anticipated economic recovery bill would over a 4-year period:

- Increase GDP by 1% annually;
- Create 940,000 new jobs annually;
- Increase average homeowner equity by $25,000 by 2012;
- Increase aggregate homeowner equity by more than $2 trillion by 2012; and
- Generate revenues at the federal and state level that will exceed the cost of the program.

"A strong direct stimulus to housing demand is essential to turn the economy around in a timely and dependable fashion," noted Dwight M. Jaffee, Professor of Finance and Real Estate, Haas School of Business, University of California, Berkeley. "Every key economic indicator—GDP, employment, consumer confidence and housing market activity—rebounds significantly faster if housing is included in the stimulus package."

The lack of demand for housing has created a self-perpetuating downward spiral that shows no signs of abating. Potential homebuyers are fearful of entering the market out of concern that the house they buy today will be worth less in 6 months. When there are no buyers, prices continue to fall, thus confirming buyers' worst fears.

The National Association of Home Builders reports that three million home building-related jobs across the country have been lost as a result of the slowdown in housing production, which represents $145 billion in lost wages and $4.9 billion in lost purchases. Deterioration in these jobs has now spilled over into virtually all sectors of the U.S. job market.

"The collapse in home equity has devastated homeowners across the country and placed many of them ... in very tenuous financial positions," said Thomas M. Skiba, CEO of Community Associations Institute. "Reviving the housing market in a way that restores that equity has to be a critical element in any economic recovery plan."

While the new study demonstrates the effectiveness of the Fix Housing First Coalition proposal, it also found that the program is consistent with the criteria established for a fiscal stimulus program. It is short term. It is effective. And it generates economic activity that will actually reduce the deficit over the long term.

*The **Fix Housing First Coalition** is a diverse group of housing stakeholders—including homeowner and community groups, homebuilders and manufacturers—dedicated to addressing the root cause of our economic troubles. The coalition is advocating for a short-term incentive for qualified home buyers that would stop the fall in home values, restore consumer confidence, create jobs and lift our entire economy. For more information, visit* **www.fixhousingfirst.com**.

US Stimulus Package Approaches $850 Billion

A US economic stimulus package being negotiated in Congress may grow to as much as $850 billion, while the share devoted to tax cuts might shrink, lawmakers said. Sen. Charles Schumer (D-NY) recently said that the price of the plan may rise to $800 billion or $850 billion. President Barack Obama and lawmakers have been discussing a package of about $775 billion. Obama has called for quick action on the economic stimulus package. While Democratic leaders promise to complete work on the legislation by mid-February, the plan met criticism recently from lawmakers of both parties over its size and the balance of tax cuts and spending.

SOURCE: Wall Street Journal (wsj.com)

Expats Feel the Euro's Pinch

In this economy, US expatriates living in Europe are finding it even harder to make ends meet as the dollar continues to drop against the euro and as Europe suffers its own economic difficulties. The dollar rebounded slightly after hitting bottom against the euro in July, but some economists believe this rebound may already be ending and the dollar may reach fresh new lows as the US government expands its debt. This has had an effect on business deals as well, such as Staples Inc.'s acquisition of Dutch rival Corporate Express, whose euro-denominated purchase price increased by $400 million in dollar value between the negotiating time and completion of the acquisition. Some US businesses have boosted salaries and cost-of-living adjustments for their workers in the euro zone and in the United Kingdom, where the pound has been rising against the dollar for much of the decade. Meanwhile, some companies have gone so far as to pull out of Europe entirely, such as the Massachusetts-based clothing retailer Talbots, which shut its three remaining UK stores earlier this year.

SOURCE: Boston Globe

Worst Recession Since 1980s: OECD

By Alan Field

The 30-member Organization for Economic Development is forecasting the most serious recession among developed countries since the early 1980s.

In the latest *Economic Outlook*, Gross Domestic Product in OECD countries is expected to fall by an average of 0.4% in 2009 before rising slowly 1.5% in 2010. The GDP of the overall OECD group declined 0.1% in the third quarter of 2008, the first drop in 7 years.

The US GDP will grow 1.375% in 2008 but decline 0.91% next year, then grow 1.79% in 2010.

France, Germany and the United Kingdom are all projected to show negative growth in 2009, after registering growth of less than 2% growth in 2008. Germany's growth rate will register 1.38% in 2008, but fall by 0.75% in 2009, before growing by 1.17% in 2010.

The GDP in France will grow 0.926% in 2008 but decline by 0.365% in 2009, and then expand 1.5% in 2010.

Among leading developing countries, China's GDP growth is projected to drop from 9.5% in 2008 to 8% in 2009 but then recover to 9.2% in 2010. Russia's growth will drop from 6.5% in 2008 to 2.3% in 2009, and then recover to 5.6% in 2010.

The total number of unemployed in OECD countries is expected to rise to 42 million by 2010 from 34 million today, and inflation is expected to diminish among all OECD countries and economies.

SOURCE: Journal of Commerce Online

Pension Plans Underfunded By $400 Billion

Just before the Christmas holiday, President Bush signed legislation to temporarily ease companies' pension funding requirements established by the Pension Protection Act of 2006.

The bill was supported by The American Society of Association Executives (ASAE) and other organizations and companies that have seen billions of dollars in pension plan assets disappear during the economic crisis. The "Worker, Retiree, and Employer Recovery Act" makes temporary changes to the PPA that would permit "smoothing" of pension plan assets to account for unexpected losses over several years and give companies more time to transition to the PPA's 100% funded target.

A White House spokesman said the president still has concerns with the bill but that, in this economy, "the benefits of the legislation outweigh our objections."

This week, a report from the Mercer consulting firm indicated that the collapse of the stock market last year left corporate pension plans at large companies underfunded by more than $400 billion, reversing a $60 billion pension surplus at the end of 2007.

Poor Outlook for British Economy

A key economic forecast projects the sagging British economy will contract even more sharply this year.

IHS Global Insight said it expects the United Kingdom's GDP to fall 2.7% in 2009 after an estimated 1% decline in the fourth quarter of 2008. The firm said it expects the UK's economic woes to continue into 2010, when IHS Global Insight projects GDP growth of just 0.2%.

The decline in GDP should be particularly sharp in the first half of the year with soaring unemployment brought on by bankruptcies and business closures. Because the UK economy faces its most serious recession since World War II, the research firm sees a risk that the economy could contract even more and delay recovery beyond 2010.

"Consumer spending is being hammered by accelerating unemployment, muted income growth, high utility bills and food prices, very tight lending practices, heightened debt levels, a depressed housing market, and substantially lower equity prices," said Global Insight in a summary of the forecast. The Bank of England cut interest rates from 5% to 2% between October and December. Rates may hit zero later this year, and a period of deflation is likely in the second half of the year, the forecast said.

Business investment will decline substantially in 2009. The softer pound will ease the effect of slower global growth, however, as the British reduce imports faster than exports, Global Insight said.

SOURCE: Traffic World

APEC OKs Free Trade

President Bush played a key role in the achievement of an agreement from the 21-nation Asia Pacific Economic Cooperation forum to keep trade barriers low along the Pacific Rim.

In a joint declaration, participants also said they want to revive the stalled World Trade Organization-sponsored Doha Round of trade negotiations. The governments said they will instruct their trade ministers to meet in Geneva in December to revive Doha Round talks.

For his part, Canadian Prime Minister Stephen Harper cautioned President-elect Barack Obama not to attempt to revise the North American Free Trade Agreement, saying that doing so would worsen the global financial crisis.

Mexican President Felipe Calderon warned Obama that any tightening of trade restrictions would send a flood of illegal immigrants into the United States. "The next US administration must assume leadership in a very firm manner — not just for Americans but for the whole world."

SOURCE: Journal of Commerce Online

UN: Global Stimulus Needed

The United Nations called for governments around the world to undertake massive stimulus packages in order to deal with the impact of a global economic downturn.

The world body's economists forecast in a new report that the dollar and world per capita income will continue to drop in 2009. The report predicts that export growth and capital inflows will decline and borrowing costs for developing countries increase in 2009.

The *Global Outlook Report* calls for "massive economic stimulus packages that are coherent and mutually reinforcing on a global basis, and linked with sustainable development imperatives."

The packages "should come on top of the liquidity and recapitalization measures already undertaken by countries in response to the economic crisis," the report added.

The report also proposed "stronger regulation of financial markets and institutions, adequate international liquidity provisioning, an overhaul of the international reserve system and a more inclusive and effective global economic governance, to prevent against any future repetition."

According to the report, output of developed countries will decline 0.5%, compared with an average growth rate of 5.3% in emerging economies and 4.6% growth in developing countries.

Overall global growth will probably not exceed 1% in 2009, compared to 2.5% in 2008, and rates varying between 3.5% and 4% in the four previous years. In the US GDP growth will decline by 1%, the euro zone will drop by 0.7% and Japan by 0.3%. Growth in India, Brazil and Mexico are projected to reach 7%, 2.9% and 0.7%.

But the report warns that "given the great uncertainty prevailing today, a more pessimistic scenario is quite possible."

SOURCE: The Journal of Commerce Online

Piling Infrastructure Woes Onto Economic Injury

By Eric Beuthin

In this economy I should be worried about the high costs of transport even though the price of fuel has dropped dramatically. I should be worried about the recession and the effects it will have on donor contributions and their related business to Africa. I should be worried about the fact that very few new positions are being created in Uganda and that for every three people we move out, only one is replaced. These are trying times and we have to carefully plan our moves if we are to come out of this on top.

Yet, for the moment, I have more pressing needs fighting for my attention. The new year started off ... well, differently from what I had anticipated. Kampala City Council decided to finally fix the potholes in front of our office. Before Christmas the road was not merely pitted; you could safely hide a VW beetle in some of the smaller craters. The pits and ruts were the most effective hindrance to speeding I have ever seen.

Without any advance warning KCC laid siege to the street. They brought in bulldozers and ripper-toothed bucket diggers and oversized graders and dump trucks. They proceeded to hack and cleave at the remaining tarmacadam and turn the entire road into one huge construction site. In one fell swoop they successfully managed to completely block off any access to our office, in or out. I could see across the street the same disbelieving expression on our neighbor's face.

The first bucket digger plowed into the ground. There was a tremendous clamor, the whole building vibrated, and then -- pandemonium. Up came our water pipes. Fountains of water shot up 30 feet, splashing past my office windows and flooding the road. Work stopped. Another team from the Kampala Water and Sewage board came in to look at the pipes. Then, rather than fix the pipes, they turned off the water. They just stopped it from flowing. Good for construction, but it also meant we won't have water for the foreseeable future.

Hard as it is to imagine, there are times when—even in this economy—the dollar takes a back seat to more immediate practical concerns.

I watched, fascinated, as work resumed on the road. In one slow and beautifully orchestrated movement the bucket digger proceeded to pull down our power cables and knock down our telephone pole. The digger operator could not have done more damage if he had tried. There was an almighty explosion as the transformer down the street blew sky high. This was followed by a soft sigh as our server shut itself down.

And so went my first week of the new year. Our office has no running water, nor electrical power, nor telephone line. The e-mail server and our computer network are smoldering unhappily in the corner and my staff are concerned about how they are going to get to their cars and go home. The parking area facing the street now leads to a muddy ditch crisscrossed by high-tension power cables.

Luckily the warehouse was spared and we can still get the trucks and teams dispatched.

So — what was that question about the economy?

Eric Beuthin, who is with Worldwide Movers Uganda Limited, is an AMMB Representative for Region 1—Africa. His disheveled office is in Kampala, Uganda.

When the Economy Falters, There's Always Golf

By Steve Lewis

After learning that this edition of **The Portal** would focus on the effects of the present economy, I started looking at the country where I am presently working, namely Malaysia. I will not attempt to dissect the macro effects, as I am not an economist. However, as I talk with people who are living here and observe my surroundings, I note that the local "Mamak" stalls (food vendors), while not bursting at the seams, are still doing a fair trade. In Malaysia a very large number of the population eat out!

The spikes in fuel costs earlier this year caused a lot of my staff to be up in arms and demand salary increases to cover the difference. However, I did not notice any car pooling arrangements among co-workers. In fact, when I ventured to suggest a potential method to combat the fuel increases and asked about car pooling, my colleagues looked at me as if I were crazy -they thought I meant taking your car into a swimming pool!

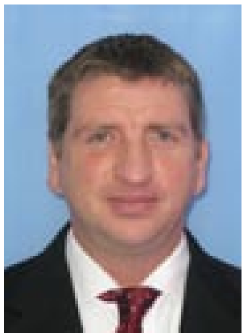
Still, the roads remain as full as ever. The Mat Rempit, as the illegal street racers and/or stunt riders are known, are still out in force, literally flying around Kuala Lumpur in very large groups and performing stunts such as the "superman" and the "scorpion," riding their two-stroke motor bikes past car-driving bystanders who watch the antics with apprehension and fear.

In the local shopping malls the car parks are full and the retailers seem to be doing a brisk trade (although the shoe repairer man did tell me that he was seeing more golf shoes being brought in for repair as opposed to his customers following their usual practice of throwing away their slightly damaged shoes and buying new ones). So it's good to note that golf remains a popular and affordable pasttime. Indeed, when my boss was in town and I phoned to reserve a Sunday tee time so that I could pretend to lose to him (again), I was told that all tee times were fully booked for the next 4 weeks!

Of course, modern-day Malaysia, as well as the Federation of Malaya before it, has seen many changes and crises. With its diverse ethnic population it has a very calming way of looking at whatever comes along. Independence was gained from its former colonial powers over 51 years ago. Malaysia itself came into being when the Federation of Malaya joined with Singapore, Sarawak, and North Borneo (Sabah) in 1963. Singapore subsequently withdrew two years later. Since then Malaysia has demonstrated a very consistent and sound

platform. Politically stable, it stands itself in good stead to weather the economic storm. For those not familiar with the geography of Malaysia, it is separated into two regions, Peninsular Malaysia and Malaysian Borneo, by the South China Sea. Malaysia borders Thailand, Indonesia, Singapore, Brunei, and the Philippines and is located near the equator and experiences a tropical climate. So the weekends most definitely call for shorts and sandals.

Yes—belts need to be tightened, which is not that difficult with the amount of great food on offer. And yes, Malaysians do need to plan their general expenditures. But Malaysia remains a good area for foreign direct investment, as it offers many benefits that become very appetizing in this present economic climate. Let us hope that we will see Malaysia continue to record growth through 2009 and to ramp up once again into 2010. And if not, well, it's off to the golf course for me ... assuming I can get a tee time, of course!



Steve Lewis, GMS, an AMMB member for Region 3-Eastern and Southeastern Asia, GMS is managing director of Santa Fe Relocation Services-Malaysia.

Sink or Swim

By Yogesh Thakker

Clearly, 2008 was a rocky year for the whole world. Signs of a large worldwide recession had begun creeping in since December 2007. There were several key areas that affected all of us globally:

- High oil prices
- High food and commodity prices
- Credit crisis and the liquidity crunch
- Rise in unemployment
- Fall of the financial giants
- Rising inflation all over the world
- Fall in prices of assets (stocks, houses, property etc)

What does this mean for all of us? Global expansion is losing speed. Companies are scaling back their plans to expand or open new offices, plants, or factories all over the world.

Housing markets everywhere, especially in the United States, have taken a severe beating. The emerging and developing markets have been spared some of the trauma, but economies around the globe are extremely shaky right now.

The liquidity crunch has hit most markets despite aggressive responses by major central banks around the world. Despite repeated interest rate cuts, the money market shows no signs of improvement.

Currency rates are fluctuating excessively against one another. Importers in certain markets end up paying a huge amount for imports, while exporters in other markets lose money on prices quoted months ago, when exchange rates were much more favorable to them.

Growth figures all across the planet dropped to below 3%. India, which had posted almost 9% growth figures for the last 3 years in a row, also posted around 6% growth for the year 2008.

Some oil producing nations are said to be on the verge of bankruptcy and have started scaling down on mega-construction projects that were announced. Only those projects that were beyond a 50% stage of completion before the market tumbled will be finished; the rest will be abandoned and new projects put on back burners until the economy turns around.

Alas, 2009 does not seem to promise much improvement. All we can do is sit tight and hold on. Everyone seems to be in the mood for cost cutting and tightening belts.

All of us seem to be preparing for an economic slowdown in 2009, which may well last till 2010 unless a magic wand suddenly appears out of nowhere and makes all the problems go away.

Some positive signs are already emerging. Oil prices have come down by 50%. Diesel and gas prices that had prevailed at $4.5 to $5 a gallon have come down to half that, or lower. Ocean freight rates have dropped. As a result commodity prices have stabilized. Million-dollar houses that were being offered for bargain-basement prices are now fetching better prices. We can only hope that this area will stabilize and see prices firm up or go back up.

Revival will happen. When and how, no one knows. But happen it will. Until then, hang in there—it's time to sink or swim. As they say, there's only one way to go from the bottom—UP.

Yogesh Thakker, president of 21st Century Relocations in Mumbai, India, is an AMMB representative for Region 3—Eastern and Southeastern Asia.

Visitors to US Must Register Online

Effective Jan. 19, travelers from the United Kingdom, Germany, Japan, Australia, and a host of other countries will have to register online with the US Department of Homeland Security before they can travel into the United States.

As part of its efforts to use technology to improve border security, DHS is mandating that travelers from any of the 35 countries in the US Visa Waiver Program apply online for an Electronic System of Travel Authorization [ESTA] before boarding a plane to the US. Previously, visitors from those countries were only required to fill out the I-94W form on flights to the US for trips shorter than 90 days. Malta is the latest country to be designated as a Visa Waiver Program (VWP) country, effective Dec. 30, 2008.

The ESTA applications collect the same information as the I-94W form and check it against DHS databases to determine whether a traveler poses a law enforcement or security risk. That information includes biographical data like birth date and passport information, as well as information regarding communicable diseases, arrests, convictions for certain crimes, and mental disorders that spur behavior that may pose a threat to others.

DHS Secretary Michael Chertoff called ESTA a “key security element” of the Visa Waiver Program. By requiring travelers to register online before their journey, ESTA gives authorities more time to screen for threats and ensure that a traveler isn’t a known security risk,” he said.

The Web-based program lets an applicant know within minutes if their application has been approved. If it is not, the traveler can still attempt to enter the US by acquiring a visa. Travelers can submit ESTA applications up to 2 years in advance, even without a specific destination in mind.

If a traveler does not have Internet access, the DHS says in its ESTA FAQ (PDF) that “a third party, such as a relative, friend, or travel agent, may submit an ESTA application on behalf of the traveler.”

DHS began accepting voluntary applications through the ESTA site in August 2008. Since then, more than a million people have used the system.

Advanced screening of travelers from countries in the Visa Waiver Program is required through the Implementing Recommendations of the 9/11 Commission Act of 2007, but the DHS introduced rules for the ESTA program in June 2008 without seeking public comment on it, a decision criticized by the Air Transport Association of America.

Elizabeth Merida, a spokesperson for the ATA, said it was too early to tell how well the program is running now that it is mandatory for all Visa Waiver Program countries, but that the ATA has been working with DHS to ensure it is implemented smoothly.

In October, when the ESTA program became mandatory for citizens of certain countries, the International Air Transport Association warned against the lack of mechanisms in place to deal with travelers who will inevitably reach an airline ticket counter without an approved ESTA application. More than 15 million people last year traveled through the United States from Visa Waiver Program countries, according to the DHS.

To deal with unprepared travelers, airlines may have to collect sensitive information for ESTA applications—“something that the industry does not wish to do, even if a technical solution is possible,” the IATA said.

Once that information is collected, the DHS will retain it for two years in order for travelers to enter the U.S. After that, the DHS archives the information for 12 years—limiting the officials who can access it—so it can be retrieved for law enforcement, national security, or investigatory purposes. When ESTA applications are used in lieu of the I-94W form—which is the ultimate goal of the program—the data will be retained for 75 years, in accordance with the I-94W retention schedule.

WCO Urges Trade Promotion

In this economy, the World Customs Organization Policy Council is urging countries to avoid protectionist policies and to promote ways to facilitate trade to alleviate the effects of the global financial crisis. The council said customs administrations are experiencing revenue declines at a time when they are under pressure to meet revenue forecasts.

The revenue decline is a ripple effect of the general slowdown in global trade, the policy council said. It warned that the current state of the economy also could cause some traders to avoid paying duties.

“Moreover, **there is a growing concern about a possible new wave of protectionism that would exacerbate...the crisis**,” the council stated. The council called on members to support the development of risk-based systems and audit control to increase security, safety and revenues without hindering trade.

SOURCE: Shipping Digest

TSA-TWIC Update

The Transportation Security Administration (TSA) issued an update to its status report on the implementation of the Transportation Worker Identification Credential (TWIC) program. The TWIC Dashboard shows that as of Jan. 5, 782,395 maritime workers have enrolled for a TWIC and that 554,547 cards have been activated.

TSA to Screen Inbound International Cargo

The US Transportation Security Administration’s (TSA) cargo screening mandates will now apply to international cargo as well, the agency has recently advised.

The requirements, that 50% of cargo shipped on passenger airlines be screened by February 2009 and 100% screened by August 2010, had initially only been required for flights originating at US airports.

TSA’s air cargo manager said the agency will now screen international inbound cargo as well.

SOURCE: Traffic World

US Business Groups Oppose Electronic Collection of Data By DHS

The Department of Homeland Security will collect millions of new electronic records about private planes, imported cargo, foreign visitors and federal contractors as part of an array of controversial last-minute security policies imposed by the Bush administration. A Homeland Security official stated that by collecting information electronically, the department can run security checks more quickly than with paper forms, and could flag people or cargo that should be barred from the USA. However, businesses say the policies are costly, and worry that sensitive information could be released if a database is lost or stolen. Additionally, the U.S. Chamber of Commerce and four other groups have sued to block a policy requiring federal contractors to send information about employees electronically to the department to verify that they can work legally in the USA.

SOURCE: allheadlinenews.com

Napolitano

Napolitano to Lead Homeland Security

Arizona Gov. Janet Napolitano was confirmed as Secretary of Homeland Security shortly after Barack Obama's swearing-in as President of the United States.

Obama reportedly chose Napolitano for her credentials in immigration policy and border security, and for her experience and executive skills to meet both terrorist threats and natural disasters.

Napolitano is serving her second term as governor. In 1993, President Bill Clinton appointed her US Attorney for Arizona. She was elected state attorney general in 1998.

Obama introduced Napolitano as a member of his national security team, which includes Sen. Hillary Clinton as Secretary of State; Eric Holder as Attorney General; and Robert Gates, who will continue as Secretary of Defense.

SOURCE: Adapted from an article in the Journal of Commerce Online

Pirate Plan Goes Global

Top Navy leaders are sharing highly classified intelligence and their new Maritime Domain Awareness system with close allies to more effectively combat a rising tide of piracy across the Horn of Africa. The move comes amid concerns over the possibility of pirates forming ties with terrorist groups. Over the next month, 6th Fleet, NATO and US Africa Command will join the MDA tracking system.

SOURCE: Navy Times

US Contractors in Iraq Lose Immunity

Thousands of contractors, both private Americans and non-Iraqi foreigners working in key roles for the United States in Iraq, will lose immunity and be subject to Iraqi law under new security arrangements.

Pentagon and State Department officials notified companies that provide contract employees, like Blackwater Worldwide, Dyncorp International, Triple Canopy and KBR, of the changes on Thursday as the Iraqi parliament continues contentious debate on a security deal that will govern the presence of American forces in Iraq after January.

That so-called Status of Forces Agreement (SOFA), which gives the Iraqi government only limited jurisdiction over US troops and Defense Department civilians, excludes Defense Department contractors, officials said.

Iraq will have "the primary right to exercise jurisdiction over" such workers, who are employed in various support roles for the US military, including food service, transportation and sanitation.

The agreement does not mention State Department contractors, who mainly provide security for US diplomats in Iraq, but their immunity is expected to be revoked by the Iraqi government after the agreement takes effect pending Iraqi parliamentary approval, the officials said.

"In the future, contractors and grantees can expect to be fully subject to Iraqi criminal and civil laws and to the procedures of the Iraqi judicial system," the official said, adding that contractors faced similar situations in all other areas of the world, including in Afghanistan.

It was not immediately clear whether any contractors would choose to stop working in Iraq because of the changes. The Pentagon official allowed that some contractors had expressed concern, but stressed that none so far had said specifically that: "If I lose immunity, I will walk."

The Pentagon employs some 163,000 contractors in Iraq. Of those, about 17% are US citizens, 34% are third-country nationals, and 4% are Iraqis.

The State Department employees 5,500 contractors in Iraq, of whom all but 1,000 are US citizens.

The US Agency for International Development employees another 4,800 contractors. A breakdown of their nationalities was not immediately available.

Under existing rules that date from 2003 and the occupation government of the US-led Coalition Provisional Authority non-Iraqi citizens working for companies under contracts to US government agencies in Iraq are immune from Iraqi law.

That status has become increasingly controversial, particularly after a September 2007 incident in which private Blackwater security guards protecting a State Department convoy opened fire in a crowded Baghdad square, killing 17 Iraqi civilians and prompting a huge outcry in Iraq.

The State Department official said he expected the US and Iraqi governments would be able to reach a separate understanding under which private security guards protecting American diplomats would be allowed to use "appropriate defensive force" if they were attacked. But he could not say when that understanding might be reached.

SOURCE: Associated Press/Inchcape Shipping Services

DP3 Is Launched, But Wrinkles Still to Be Ironed Out

By Charles L. White
IAM Director of Government and Military Relations

On Nov. 19, 2008, the Surface Deployment & Distribution Command (SDDC) implemented Phase II of the new Defense Personal Property Program (DP3), **the program formerly known as "Families First."**

International household goods shipments, unaccompanied baggage (UAB), and domestic shipments moving between 18 predetermined US Department of Defense (DOD) Personal Property Shipping Offices (PPSO) are currently eligible for Phase II of DP3.

The key to the new DP3 program is the new Web-based tool, the Defense Personal Property System (DPS). This system enables DOD to use a new Best Value model for the distribution of traffic and allows the Transportation Service Provider (TSP), PPSO personnel, SDDC, and the actual service member being moved to interact in the system in real time. TSP qualifications, rate filing, shipment distribution, the claims process, and the Customer Satisfaction Surveys (CSS) are just some of the functions that will take place in DPS. It is easy to see that DPS is critical to the success of the new program.

The shipment data that have moved in DP3 as of Jan. 31, 2009, show that since the Nov. 19 initial site rollout, 534 military members have been counseled and 354 shipments have been awarded to TSPs (carriers). Of the 354 shipments known to be awarded, 72 have been delivered and 55 invoices have been paid or are in the process of being paid.

Considering the number of shipments that were eligible to move under DP3 during that period, the shipment totals are surprisingly low. This can be attributed to a number of factors:

- Currently military members who have either a Personally Procured Move (PPM), formerly known as a DITY move, or a Non-Temporary Storage (NTS) move associated with their relocation are restricted from having ANY of their shipments handled through DPS. SDDC is now negotiating with the military services to overcome this obstacle to allow more shipment volume.
- There have been a number of problems with system "connectivity." All users (DOD and industry) have experienced problems logging onto the DPS system and have encountered numerous errors while in DPS. This has caused a great deal of "down" time. These difficulties have increased the apprehension on the part of some PPSOs about fully using the system.
- The lack of training opportunities for some PSSO and industry personnel has also been an issue. It seems many PPSO personnel are not yet comfortable operating in the new environment.

In late December and early January SDDC put the TSPs through a re-qualification period. TSPs were asked to review their qualifications data and resubmit documents that needed to be updated. The same DPS system issues identified earlier caused numerous problems that made it difficult for TSPs to update their information in a timely fashion. The re-qualification period had to be extended one week to enable all TSPs to complete the process.

Many TSPs who chose to files rates have yet to be allocated a DP3 shipment. The low shipment volume is one major reason but that was exacerbated by two unexpected "rack and stacks" (performance periods). On Dec. 1, 2008, a new rack and stack occurred. There was no change in the Best Value Score (BVS); however, the Traffic Distribution List (TDL) started back at the top again. The same thing occurred on Jan. 1, 2009. Again, no new scores were issued for the channels between the 18 initial sites, but once again distribution started at the top of the first Quality Band. This was done to bring the performance periods in line with the dates as outlined in the Business Rules.

February will be a critical month for DPS. The US Government Accountability Office (GAO) has ruled against a Protest filed against DP3 by a group of TSPs. It is unclear how the outcome of the Protest will affect the further rollout of the DP3 program.

DOD is hoping to rollout DP3 beyond the initial 18 sites in late February. The Joint Program Management Office for Household Goods Systems (JPMO HHGS) will make DPS available to all DOD PPSOs but it will be up to the individual military services to formulate a plan as to how implementation will occur at their PPSOs beyond the original 18 sites. If and when they initiate the full rollout of DP3/DPS to all worldwide installations, under the current circumstances it is unwise, and it's unlikely this will be done in a "big bang." More likely the rollout will be accomplished in a spiraling or phased-plan of implementation, with installation coming onto the system over several weeks and months.

There is still a long way to go and we may experience a few bumps along the way; however, the current landscape would tell us that DP3 is here to stay. It is unclear how long it will take to fully implement the program, but the old DOD program is on its way out and the new DP3 program will become THE US Department of Defense Personal Property Program in the foreseeable future.

Gates: Defense Needs $70B More in '09

US Defense Secretary Robert Gates has told lawmakers that he believes the US military will need an additional $69.7 billion to continue operations in Iraq and Afghanistan this fiscal year.

Gates told the House Defense Appropriations Subcommittee that the dollar figure is his "personal assessment and does not reflect the position of the Bush administration or the incoming Obama administration."

Combined with $65.9 billion in fiscal 2009 war funding already approved by Congress, Gates' estimate, accompanied by a detailed list showing how the added funds would be spent, would bring the Defense Department's share of war spending this year to $135.6 billion—significantly less than the roughly $170 billion appropriated for war costs bills last year.

But Gates' estimate does not reflect expected increases in US force levels in Afghanistan because the proposal for a larger troop presence is under review.

The secretary's report identified the need for $31.7 billion in operational costs that include incremental pay and benefits for 320,000 military personnel, pre-deployment training, transportation, aircraft flying hours and vehicle ground miles.

SOURCE: Congress Daily—Government Executive Magazine

Guam, Focus of New US Strategy, Faces Hurdles

By Eric Talmadge, The Associated Press

Sprawling toward the horizon in every direction, Andersen Air Force Base is surprisingly quiet, leaving the impression of a big, empty parking lot.

However, over the next six years, nearly 25,000 US Marines, soldiers, family members and civilian Defense Department employees are to descend on the tiny Pacific island of Guam, transforming the sleepy tropical outpost into a hub of America's military in the Pacific.

But the metamorphosis will cost at least $15 billion - with Japan footing more than $6 billion of the bill - and put some of the US military's highest-profile assets within the fences of a vastly improved network of bases.

The newcomers will find an island already peppered with strip malls, fast-food franchises and high-rise hotels serving Japanese tourists who want a closer-to-home version of Hawaii. The plans for the base are fueling a fresh construction and real estate boom, which Guam hopes will accelerate its prosperity.

But Guam is smaller than some Hawaiian islands, with a population of just 155,000, and many of its officials are worried that the military influx could leave the island's infrastructure—water, highways, and seaport— overwhelmed and underfunded.

Felix Camacho, the elected Republican governor of the US territory, says he believes in the long run the troop influx will be "tremendous" for Guam's economy, but it will be "a difficult and complex process."

The buildup plan, to be carried out by 2014, represents a major realignment of US forces in the Pacific:

- About 8,000 Marines are to be shifted 1,200 miles southeast, from Okinawa to Guam, making it the Corps' second largest permanent overseas staging and training area.
- The Navy has already deployed three nuclear-powered submarines to Guam and is seeking improvements to accommodate the nuclear-powered aircraft carrier George Washington, which carries about 5,000 sailors and airmen.
- The Army wants to deploy a ballistic missile defense task force, which would bring roughly 630 soldiers and 1,000 dependents to Guam.
- Long-range B-2 bombers have begun regularly deploying to Guam, along with squadrons of F-16 fighters. Military planners may bring in the new F-22 fighters as well, along with Global Hawk unmanned surveillance aircraft and a dozen tankers.

The buildup is designed in large part to ease the long-standing over-concentration of forces on Okinawa, the US military's key Pacific outpost since the 1950s, without pulling them back too far from such potential flash points as Taiwan and North Korea.

By treaty with Tokyo, more than 50,000 US troops are stationed throughout Japan, which pays billions of dollars each year to support them, more than any other country with a US base on its territory.

Okinawans have long complained that their crowded island has to absorb too much of the presence, and of the crimes and other misbehavior of US personnel stationed there. More than half of the US troops in Japan are on Okinawa, as is Kadena, the biggest US air base in the region.

In US-Japanese negotiations, Guam has emerged as the most practical alternative.

Okinawans have generally welcomed the move, and Tokyo has pledged to invest nearly $3 billion in building barracks, offices and other facilities for the troops on Guam, and to lend another $3.3 billion for developing supporting infrastructure. Roughly 10,000 Marines are to stay on Okinawa, however, and Tokyo has run into serious opposition in trying to move the Futenma Marine Corps Air Station to a less congested part of Okinawa. Many Okinawans want it off the island altogether.

Lt. Gen. Edward Rice, commander of the US forces in Japan, says the whole move to Guam depends on Futenma getting new premises on Okinawa. "There are serious and significant challenges that remain for us to facilitate the transfer," he said.

Lack of Key Information Could Impede DOD Supply Chain Management Plans

According to a report by the Government Accountability Office, the Department of Defense's plan to improve supply chain management falls short of meeting its goals. In July 2008, DOD released a Logistics Roadmap designed to shore up weaknesses in its $178-billion supply chain by deploying item unique identification (IUID) and passive radio frequency identification (RFID) to improve tracking and asset visibility. In a recent report, the GAO said, "The Logistics Roadmap falls short of meeting DOD's goal to provide a comprehensive and integrated strategy to address logistics problems department-wide." The GAO said Defense has taken initial steps to implement IUID and RFID, but has had a difficult time demonstrating "return on investment" to military decision-makers.

SOURCE: Government Accountability Office

EDITOR'S NOTE: IAM, under its "Technology Partnership" initiative, had been coordinating with the US Navy to conduct a pilot test of RFID capabilities for household goods and baggage moving to and from Hawaii. Unfortunately, that program was canceled last fall due to a lack of funding and/or support from the higher commands.

Defense Spending Would Be Great Stimulus

By Martin Feldstein

The chairman of the Council of Economic Advisers under President Reagan writes that a temporary "surge" in defense spending on supplies, equipment and manpower should be a significant part of President Barack Obama's stimulus package. The same applies to the Department of Homeland Security, to the FBI and to other parts of the national intelligence community. An important challenge for those who are designing the stimulus package is to avoid wasteful spending. One way to achieve that is to do things during the period of the spending surge that must eventually be done anyway. It is better to do them now when there is excess capacity in the economy than to wait and do them later.

SOURCE: Wall Street Journal

Red Cross Helps Military Families Cope

The American Red Cross is now offering a new course, Coping With Deployments: Psychological First Aid for Military Families, free of charge, to military family members of active duty, Reserve and National Guard forces, as well as veterans and their families. Presently, the course is offered in 16 states (Alabama, Arkansas, California, Colorado, Florida, Hawaii, Indiana, Minnesota, Nebraska, New Hampshire, Ohio, Oregon, Pennsylvania, Tennessee, Texas, and West Virginia) and Washington, D.C. However, the Red Cross plans to make the course available across the country in the summer of 2009.

The Red Cross developed the course to address the stress and strain of deployments on military family members to include spouses, children, parents, siblings and significant others of service members and veterans. The course is taught by actively licensed Red Cross mental health professionals. The Red Cross worked closely with subject matter experts from the Army, Navy, Air Force and Marines, to include active duty, National Guard and Reserve commands, in development of the final curriculum.

The four-hour course offers significant information on resiliency strategies for adults and children, and outlines the steps involved in psychological first aid, which involves providing immediate support to people in distress. A significant resource and referral section in the course helps families identify readily available resources.

For more information, access **www.redcross.org**.

Ports in a Storm

Want to see how the slump in trade is affecting ports? Check the container terminal gates on Saturdays at Los Angeles and Long Beach. Or on Thursday night at Savannah.

When imports from Asia were booming, these US ports kept gates open longer to handle the increased volume. Now that volume has slumped, traffic congestion has all but vanished and gate hours are being cut back. Port authorities and terminal operators on all coasts are cutting operating and capital costs in response to the most difficult market in years. **Declining cargo volumes have reduced revenue—a development with dangerous implications for ports** that rely heavily on bond debt and on terminals struggling to meet volume commitments.

Standard & Poor's has not cut ports' bond ratings, and doesn't expect to do so if cargo volumes pick up later this year. But rating agencies are keeping a close eye on port developments. "They must cut back on fixed costs, if they can, and certainly on variable costs," said Kurt Forsgren, managing director of Standard & Poor's in Boston.

With most forecasters predicting a second consecutive year of decline in Asia-to-US shipments, ports are hunkering down for a tough year. Geraldine Knatz, port director at Los Angeles, said some of their carrier customers say first-quarter volumes through the port could be down by 20-30%, and that the outlook for the rest of the year remains poor.

Terminals in Los Angeles and Long Beach will eliminate Saturday gate hours this year in a scaling back of the successful PierPass program. If this initial effort fails to bring costs in line with revenue for the terminals and their customers, additional cuts are possible.

With cargo volume down, port authorities are preparing for a difficult 2009

Tampering with PierPass gate hours is a clear indication of the ports' and terminals' concerns over the market slump. PierPass uses a $100-per-FEU assessment on peak daytime gate moves to subsidize the operation of terminal gates on four weeknights and Saturdays. The program was implemented in 2005 to prevent a state legislator from imposing his own plan to relieve truck traffic jams and pollution. PierPass averted that crisis, and since 2005 has diverted more than 5 million truck trips to off-peak hours. Long truck lines at terminal gates, once common, now are a distant memory.

In that environment, terminal operators had trepidation about eliminating Saturday gates this year. But in these tough economic times, the feared backlash from the ports and local communities did not materialize. "I support PierPass if they cut down the expense of operating in the port. These are unusual times," Knatz said.

Some ports are delaying projects that will not produce revenue, while concentrating on expansion projects that will generate additional lease payments.

SOURCE: The Journal of Commerce Online

SC Ports Authority Cuts Fees to Keep Business

In this economy... The South Carolina State Ports Authority announced it will discount container-handling fees at the Port of Charleston through March 2009. The agency's Mid-Winter Rate Roll-Back will reduce contract unit fees for container carrier customers by 5% Jan. 1 through March 31. It said it is instituting the across-the-board rate discount "to provide near-term relief to customers impacted by the current global economic situation". The authority said the action is aimed at maintaining the viability of current service levels from its carrier clients, avoiding cuts that would negatively affect the local maritime industry and jobs statewide.

SOURCE: charlestonbusiness.com

EDITOR'S NOTE: It will be interesting to see whether other Ports Authorities or container terminal operators follow South Carolina's example.

US Container Imports Decline 6.4% — Uncertainty for "PierPass" and TWIC

Container ports in the United States closed out their worst year since 2004 with an estimated 6.4% drop in imports in December compared to the previous-year period.

That marked the 17th straight month that container volumes declined year-over-year, according to the monthly *Port Tracker* published by the National Retail Federation and IHS Global Insight.

With retailers cautious about replenishing inventories, the first five months of 2009 are expected to be dismal.

"We don't expect a significant increase in traffic at the ports until retail sales return to normal levels, and even then retailers will be careful not to over-stock," said Jonathan Gold, vice president of supply chain and customs policy at the NRF.

Port Tracker projects that except for March, containerized imports at the major US gateways on the West, Gulf and East coasts will decline each month compared to the same month in 2008. Container volume is expected to increase 1.1 percent in March when factories in Asia are back to full operation following the break for the Chinese New Year.

Since cargo volumes will be down in the first half of the year due to the economic recession and the normal slack winter period in the trans-Pacific trade, ports, railroads and trucking companies should have no trouble handling the projected cargo volumes through May. *Port Tracker* stated that the threat of congestion is low at all US ports. Rail service should be adequate, with possible brief interruptions due to winter weather, and trucking capacity will be sufficient.

The only concerns in the coming months are uncertainty over the future of PierPass in Southern California, where terminal operators are considering cutting back on the extended gates program, and further implementation of federal security regulations for port workers and truckers. A number of major U.S. ports will be implementing the Transportation Worker Identification Credential program in the coming months.

SOURCE: The Journal of Commerce Online

Piracy Could Add $400M to Owners' Insurance Cover Costs

Shipowners struggling with plunging freight rates and vessel values could face additional insurance costs equivalent to $400 million a year as a result of the piracy crisis off Africa. Security consultants BGN Risk today said there was every indication that this estimate would grow.

The news came as industry giant AP Moller-Maersk confirmed it would re-route vulnerable vessels around the Cape of Good Hope and the UN Security Council today unanimously agreed a British plan to impose new sanctions against Somalia, including a call for the freezing of the financial assets of certain entities and individuals.

BGN Risk based its figures on research conducted in the insurance markets a fortnight ago. BGN Risk partner Liam Morrissey told Lloyd's List: "We talked to a range of insurers and brokers, and the impression is that this figure is set to rise and rise."

Shipowners operating in the region now face a host of difficult financial choices, ranging from extra fuel costs from re-routing to shouldering increased insurance costs, hiring onboard security forces and loss of hire cover.

London brokers and underwriters contacted by BGN gave a range of premium levels that translated into an average of around $20,000 per vessel per transit of the Gulf of the Aden.

Morrissey said that, with some 20,000 transits in the region per year, the $400m figure was indicative of the scale of extra insurance facing shipowners

SOURCE: Lloyds List

4.5% of Box Fleet Idle

In this economy... Idled ocean container capacity has reached 550,000 TEUs, with 210 vessels out of work as carriers continue to cut or suspend services in the face of sharply falling demand on key liner trade routes.

The idle capacity, up from 420,000 TEUs in December, accounts for 4.5% of the existing world container ship fleet in TEUs, according to AXS-Alphaliner, the Paris-based consultant. This compares with 3.5% of the world fleet that was idled in the depths of the 2002 slump.

With the suspension or closure of Far East-Europe loops and volume reductions on regional or feeder services "ships of all sizes continue to gather up at anchorages or in ports," AXS-Alphaliner said.

The jobless fleet has grown from 165 vessels of 420,000 TEUs two weeks ago and 135 ships of 300,000 TEUs a month ago. The decline accelerated in December when several Far East-Europe loops were abruptly closed or suspended, removing almost 30,000 TEUs of weekly capacity.

SOURCE: Journal of Commerce Online

EU to Review Reactions to Consortia Proposals

By Bruce Barnard

European Union competition regulators will start next week to analyze ocean carriers' and shippers' response to plans to tighten conditions governing container shipping consortia's exemption from antitrust rules.

The European Commission, the EU's executive, has made proposals for a new regime to replace the current block exemption which expires in April 2010.

The Commission's ban on rate-setting liner conferences in European trades went into effect Oct. 18, but it has said consortia, which allow carriers to share vessels and exchange container, can continue provided there is no collusion on freight rates.

Carriers have expressed concern the Commission assumes there is no competition within consortia and wants to aggregate all overlapping agreements to assess their market share, a key to getting anti-trust exemption. This could result in carriers terminating some cooperative agreements aimed at capping costs and improving service levels without eroding competition, to meet the EU's market thresholds.

The Commission also proposes reducing the threshold to qualify for anti-trust exemption to 30% from 35% at present for consortia whose members do not belong to conferences.

The European Liner Affairs Association, the carriers' Brussels-based trade organization, has sought support from shippers to achieve a meaningful block exemption to enable shipping lines to maintain service levels during the current market downturn.

The Commission will also consult EU member governments over its plans next year before it finalizes a new block exemption.

SOURCE: Journal of Commerce Online

Chilean Carrier on Credit Watch

By Thomas L. Gallagher

In a new sign the economic crisis is hitting the container shipping industry, Standard & Poor's Rating Services placed Chilean carrier CSAV's ratings on CreditWatch Negative.

The long term corporate credit and senior unsecured debt ratings for Compania Sud Americana de Vapores remain BB+.

"The action reflects the deeper-than-expected deterioration in the global container ship market," said S&P credit analyst Diego Ocampo. Credit concerns arise from CSAV's chartering strategy and its sizable investment program during very tough market conditions, Ocampo said.

The current market affects mostly long-haul routes such as those covered by one of the company's largest subsidiaries, Norasia Container Lines.

CSAV is the largest container ship company in Latin America. Given its exposure to sudden market downturns, there may be a downgrade of more than one level within 90 days, said S&P.

SOURCE: Traffic World

Layups of Ships Reflect Deterioration In World's Container Trade

The economic slowdown is of massive proportions and is causing ocean carriers to lay up ships and freeze expansion programs. Container lines will be affected by overcapacity from currently ordered vessels, even if the economy turns around in the 2010 timeframe. Moreover, carriers who have already ordered ships and invested money are in a difficult position. If banks are not willing to fund commitments, some cancellations of ships are expected.

SOURCE: shippingdigest.com

Maersk, CMA CGM Announce Joint Asia/North America Services

CMA CGM and Maersk Line are preparing a major shake-up in their services between Asia and North America, launching two new vessel sharing agreements starting in May 2009.

According to Maresk, these changes are made in anticipation of a more difficult trading environment in 2009 and a part of our efforts to further rationalize deployment.

Maersk said, "These changes result in an 8 percent net reduction of capacity for Maersk Line between the Far East and North America. These adjustments are consistent with our efforts to improve the product offering while also reducing costs and environmental impact through increased efficiencies and economies of scale."

CMA CGM said the deal would allow it to operate its own vessels instead of chartering space in a trans-Suez service, and also enable it to operate bigger ships on a trans-Panama service.
One service, which CMA CGM has dubbed the Hudson Loop and Maersk the TP10, will be a trans-Panama service linking Asia with U.S. East Coast ports.

Maersk said the new vessel sharing agreement "follows almost a year of successful cooperation," and called it "a further rightsizing of capacity in the transpacific trade."

SOURCE: American Shipper

Navy Creates Force to Combat Piracy

The US Navy will launch a force to combat piracy in the waters off Somalia as foreign navies try to stem a sharp rise in attacks in the region that threaten key oil shipping lanes, the US Navy advised recently. The new anti-piracy force would start in mid-January and be an offshoot of the US-led coalition of naval forces which has been operational in the region since 2001. **There were nearly 100 pirate attacks in Somali waters last year,** with about 40 ships taken. The rise of pirate attacks had prompted the creation of this special U.S.-led coalition naval force, said a spokeswoman for the Combined Maritime Forces (CMF), a 20-nation naval coalition in the Gulf of Aden and off parts of Africa's coast.

SOURCE: CNN.com

APL Moving HQ to Phoenix

Neptune Orient Lines, the parent company of carrier APL Ltd., will move its Americas headquarters to Phoenix from Oakland during the second half of 2009. The liner operator, which has been based in the San Francisco Bay area for more than 100 years, is taking a number of steps to reduce costs during the global shipping industry recession.

"The greater Phoenix area will be a cost-effective base of operations for us and we're going to a state that is well-known for its support and encouragement of business," said John Bowe, regional president for the Americas.

The carrier is also reducing capacity in its major ocean trade lanes, idling some vessels and restructuring its logistics business.

The Americas regional headquarters coordinates NOL's shipping, terminals and logistics activities across the Americas.

The vessels of APL will continue to call at the same ports on the West and East coasts.

Bowe said the move to Phoenix should be completed by the end of the third quarter.

SOURCE: Journal of Commerce

Brokers, Forwarders Slam Capacity Plan

The National Customs Brokers and Forwarders Association of America is warning that allowing ocean carriers in the Asia-US West Coast trade to collectively discuss capacity management would result in anti-competitive activity that would be harmful to shippers.

In a letter to the Federal Maritime Commission, NCBFAA General Counsel Edward Greenberg said that the commission should summarily reject an amendment proposed by the Transpacific Stabilization Agreement to allow members to discuss and agree on vessel capacity.

The TSA filed the amendment on Dec. 18 as a way to stem members' economic losses in the current recession. The amendment sought authority for members to discuss cost-saving measures and the efficient use of vessels and equipment.

Greenberg wrote that while the NCBFAA was sympathetic to carriers' plight, **to allow TSA members to discuss capacity would result in unreasonable reductions in service and increases in shippers' costs.**

As evidence, Greenberg cited a Justice Department report on two airlines that offer inter-island service in Hawaii. They requested temporary antitrust immunity to rationalize capacity when the events of Sept. 11, 2001, caused a drop in passenger traffic. The analysis showed that the immediate result was a jump in airfares that lasted two years after the immunity period expired.

SOURCE: Journal of Commerce

Layoffs, Recalls Affect FMCSA Record Keeping

In this economy, many US based motor carriers and movers have been forced to reduce their workforce out of necessity. As demand for deliveries and moving services begins to increase, some or all the workers may be recalled. However, this period of unemployment leaves many carriers wondering what their record keeping obligations are under the Federal Motor Carrier Safety Administration (FMCSA). Do the returning drivers need a new Driver's Qualification (DQ) file? Do they need a DOT pre-employment drug test?

How you handle a returning driver is determined by the intent of the layoff. You will need to answer the following questions:

- Was the layoff temporary with the understanding the driver will be recalled?
- Was the layoff permanent with no promise or expectation of return? You must look at the intent at the time the driver was removed from your active driver list.

DQ file

Let's look at the following scenarios as they relate to the DQ file:

- **Temporary layoff.** If the driver was told his or her layoff was temporary and to expect a callback, this is not seen as a break in employment if the driver was considered an employee during the interim. The driver was not "terminated." A new DQ file does not have to be created. As long as the existing driver file is up to date, or brought up to date, before operating a commercial motor vehicle (CMV) again for you for the first time, there is no violation. If a renewable item such as an annual MVR, annual review, annual certification of violations, or medical certificate lapsed during the layoff, you will need to create the document before he or she operates the CMV. You may want to communicate—through a note in the file to the FMCSA—the dates of the layoff. This shows the driver did not violate the regulations by operating a CMV with an incomplete DQ file. The violation actually occurs when the driver operates a CMV with missing or incomplete documents. As time passes and those renewable items within that time frame are purged (after 3 years), your explanatory note may also be pulled from the file.
- **Termination.** If the driver was told he or she was no longer an employee and should seek other employment, this is considered a break in employment. A driver who is called back in this situation is a "rehire," and is no different from someone who quits or is fired for other reasons and comes back. You would base everything in the DQ file on the rehire date, not the original hire date. The original DQ file is kept for 3 years from the "termination date" as if the driver never returned.

  You may be able to use copies of the following items in the old DQ file to place in the new DQ file:
- **Medical certificate**, if current.
- **Road test/certificate,** if completed less than 3 years ago (see §391.33(a)(2)).
- **Safety performance histories**, if the information pertains to the 3 years that precede the rehire date and the inquiries sent to previous employers were in compliance with the current version of §391.23, which was revised effective Oct. 30, 2004. In other words, carriers don't have to redo previous employer checks they've already completed, as long as those checks are compliant with current rules.

  You will need to create some items from scratch, including:
- **A new driver application** completed using the rehire date as the point of reference. All employment while the driver was away must be listed, as well as dates previously employed by the motor carrier and anyone else who may fall within the 3 years from the rehire date. Violations, accidents, residences, etc., must be based on the rehire date. If the driver was not employed during the absence, you may want him or her to list the period as unemployed.
- **A motor vehicle report (MVR**) to coincide with the rehire date, to comply with §391.23.
- **Safety performance histories,** requested on any employment during the absence. Technically, as both former and present employer, you would have to document Safety Performance History data on the driver for the time he or she worked for you earlier. It may seem redundant, but you are not excepted from documenting the Safety Performance History. It demonstrates to the FMCSA that you are aware of the driver's prior safety history with you when making a rehire decision.

D & A papers

The criterion for a new DOT pre-employment drug screen is based on participation in a DOT drug and alcohol testing program. If you removed the driver from your program and more than 30 days has elapsed, you must send the driver for the test regardless of the employment status (termination vs. temporary layoff). You must wait for the verified negative result prior to using the driver again for the first time in a safety-sensitive function. If the driver was in someone else's DOT pool during the layoff, you could attempt to obtain the records necessary to show the driver meets the DOT pre-employment exception in §382.301(b). However, if you need the driver right away, this may not be the best option. You must have the former employer's statement as prescribed in §382.301(c) in hand to show he or she meets the criteria in §382.301(b). This is considered the same as having a verified negative result.

If there was a "termination," you would need to ask the driver about previous DOT pre-employment drug screens in accordance with §40.25(j). You would also need to reissue the educational materials and company policy in accordance with §382.601 and obtain a new signed receipt with a date that corresponds with the rehire date.

Any drug and alcohol papers from the previous employment must be retained as if the driver never returned, and purged in accordance with §40.333 and §382.401.

If the driver remained in the random pool during the absence, a DOT pre-employment drug screen is not required and you would not have to reissue the educational materials and policy. You would not have to ask about DOT pre-employment testing under §40.25(j). However, if the driver's name is drawn during the layoff, you have a few options to consider:

1. If the driver is NOT expected to return before the end of the testing cycle, you may use an alternate drawn using a scientific method. You would document the reason why the original driver was not sent (i.e., layoff).
2. If the driver is expected to return before the end of the testing cycle, save the notification and keep it secret. You would send the driver when he or she returns providing it is within the testing cycle.
3. If the driver does not return to work before the end of the testing cycle, you would document the reason why the test was not

performed (i.e., layoff) and compensate for the missed test later in the year if you need a result to meet your numbers for the year.

You may create an off-duty notification policy for drug testing. This would involve making sure the driver knows he or she may be called for a drug screen during a layoff and would be expected to go once notified. Unfortunately, such a policy may set a driver up for failure if he or she is physically unable to go for the test (e.g., no personal vehicle available, childcare issues, out of the area with cell phone, etc.). To refuse to go is a refusal to test, no matter the circumstances.

Economic Woes Top Concerns As a Year of Challenges Begins

Trucking's difficulties are expected to continue this year, as many carriers struggle for survival while freight volumes fall, financial market turmoil continues and a new political landscape takes shape.

To counter a severe downturn in business activity, the Obama administration is expected to propose a stimulus package that could include hundreds of billions of dollars for infrastructure projects. Meanwhile, congressional leaders will begin work on a new multiyear highway funding bill to take effect in October, a measure that could include higher fuel taxes and tolls.

"The recession will be deep," said Nariman Behravesh, chief economist for economic forecasting firm IHS Global Insight, "**but the recovery is also likely to be strong.**"

A multibillion-dollar stimulus package likely will contain a combination of tax cuts, infrastructure spending, transfer payments, help for local and state governments and aid for housing and the auto industry, Behravesh said.

Notwithstanding increased public spending, rising unemployment and high consumer debt levels are likely to suppress demand for goods and "negatively impact the amount of freight to be hauled in the United States," said John Larkin, a stock analyst with Stifel, Nicolaus & Co. in Baltimore.

"Manufacturing was being held up nicely by the weak dollar and the appetite around the globe for US exports," Larkin said. "As the dollar has increased in value over the last few months, and as the rest of the world's economy has slowed down rapidly, the export mini-boom that the US had experienced has come to an abrupt halt."

Independent analyst Edward Wolfe, formerly with Bear, Stearns & Co., said transportation traditionally is among the first industries to experience a recovery, as retailers rebuild inventories and manufacturers ramp up production.

"Sentiment is as bad as I have seen it in my 13 years on Wall Street," Wolfe said in a note to clients, "but I remain bullish that a deep recession will give way to a gradual recovery at some point over the next three-to-four quarters."

In Washington, trucking's main focus will be on the highway reauthorization bill. The current 6-year law expires Sept. 30, and a serious debate over how to pay for the maintenance and expansion of highway system is expected.

American Trucking Associations (ATA) spent much of 2008 crafting the industry's priorities for the upcoming legislation through its safety and sustainability plans.

Also on the regulatory front, trucking is braced for a potential battle with organized labor over legislation to make it easier to organize workers.

Teamsters union President James Hoffa, in an interview with CNBC shortly before Barack Obama won the election, said passage of the Employee Free Choice Act "will set off a whole new wave of [union] organizing and swell the ranks of organized labor by hundreds of thousands of new members."

ATA has expressed opposition to the so-called "card check" legislation, which would waive the requirement for a secret ballot vote to verify employee requests for union representation, calling such a measure "simply undemocratic."

A year after truckers had to deal with $5-a-gallon diesel in some parts of the country, the Department of Energy said a repeat is unlikely.

Because of the slowdown, DOE said diesel is expected to average $2.47 a gallon in 2009, while gasoline will average $2.03. However, geopolitical uncertainty or natural disasters change these projections.

Looking ahead, Noel Perry, a partner with the freight forecasting firm FTR Associates, said he does not see enough growth in business activity to really change fundamental conditions in the industry until 2011. And the recovery, he said, will depend on how many carriers go under and how much freight-hauling capacity is removed in the process.

"I would say that 2010 is the year when we begin to get fairly substantial reorganization of the industry, including mergers and acquisitions," Perry said.

SOURCE: Transport Topics

Record for NAFTA Cargo

By Courtney Tower

Despite the economic slowdown affecting trade in North America, US freight shipments with Canada and Mexico increased 4.9% from $866 million to a record $909 billion in 2007 and, as the problems deepened, have risen further this year, according to the Department of Transportation's Bureau of Transportation Statistics.

Two-way trade volumes between the US and Canada and the US and Mexico reached nearly 606 million tons in 2007.

Total trade with Canada totaled $562 billion in 2007, up from $534 billion in 2006. Trade with Mexico, at $347 billion, increased from $332 billion.

Trucking carried 61% of the 2007 freight by value, at $555 billion. Rail carried $138 billion in goods exchanged, maritime, $74 billion, pipeline, $59 billion, and air, $38 billion.

Trade grew as economic problems deepened in 2008. The latest BTS statistics showed surface trade worth $72.3 billion in August, up 4.5% on-year. Surface trade for the first eight months of the year reached $571.8 billion, up from $525 billion.

SOURCE: Journal of Commerce Online

California Clamps Down on Truck Emissions

By Bill Mongelluzzo

California in 2011 will begin to phase in the nation's strictest emission rules for commercial trucks.

Motor carriers, including those carrying freight into California from other states as well as from Mexico and Canada, will have to replace the oldest model trucks with new trucks that are compliant with federal Environmental Protection Agency anti-pollution guidelines.

Many newer-model trucks can be retained in service as long as they are retrofitted with filters or diesel particulate traps that reduce nitrogen oxide and particulate matter pollution, according to the regulations adopted Dec. 12 by the California Air Resources Board (CARB).

The new rules, based on federal EPA guidelines, also call for measures to streamline trailers in order to reduce drag, which improves fuel mileage and reduces pollution.

The phase-in period will continue until 2023, at which time all heavy-duty trucks operating in California will have to be 2010-model or newer trucks. The 2010-model diesel trucks will incorporate the latest pollution-reduction technology available on the market and will meet the strictest EPA guidelines.

Since the California rules will apply to out-of-state as well as intrastate trucks, and since the regulations incorporate federal EPA standards, it is believed that other states will eventually adopt similar regulations.

Drayage trucks that serve ports and intermodal rail yards in California already face stricter guidelines than the rules approved by CARB. The Los Angeles-Long Beach clean-trucks program on Oct. 1 banned all pre-1989 trucks from the harbor. On Jan. 1, 2010, they will ban all pre-1993 trucks and will require the retrofitting of 1994-2003 trucks.

CARB's own drayage truck rules, which take effect in December 2009, are similar to the LA-Long Beach regulations, but the CARB rules will also apply to the Port of Oakland and to intermodal rail yards served by the seaports.

Eventually, the LA-Long Beach and CARB drayage rules will merge with CARB's new fleet rules and there will be one standard for all heavy-duty trucks in the state.

Executives from smaller trucking companies told a CARB hearing that the new rules will be too costly for many motor carriers and will drive them out of business. CARB will offer some financial assistance, but truckers say it will not be enough.

CARB estimates that the fleet rules will cost the industry \$5.5 billion over the next 16 years but will produce \$45 billion to \$69 billion in health benefits.

SOURCE: Journal of Commerce Online

Ryder Quits South America

In this economy, Ryder System will drop South American operations and cut 3,100 jobs to meet deteriorating global economic conditions. The truck leasing and logistics firm said it will increase its focus on North American and UK markets as it discontinues operations in Brazil, Argentina, and Chile. The restructuring will also reduce headcount in the United States through production related layoffs to meet lower demand.

Ryder will take charges of \$53 million to \$60 million in the fourth quarter to cover the cost of restructuring.

SOURCE: Traffic World

Ocean Carriers, Railroads to Share Chassis Safety Responsibility

A regulation adopted by the Federal Motor Carrier Safety Administration will now require US railroads and steamship companies owning intermodal container chassis to share safety responsibility with motor carriers. The regulation, a decade in the making and part of the 1005 federal highway bill, requires owners of intermodal equipment—many of them railroads and ocean carriers—to register and file with FMCSA a motor carrier identification report. They will also be required to establish inspection, repair, and maintenance programs as well as provide a means to respond to driver and motor carrier reports about intermodal chassis mechanical defects and deficiencies.

FMCSA also adopted inspection requirements for motor carriers and drivers operating intermodal equipment. Better maintenance should mean fewer chassis removed from service and fewer vehicle breakdowns involving intermodal chassis, the agency said.

SOURCE: Traffic World and JOC Online

In Brief ...

BNSF Railway Co. has announced it will offer express international container service from Tacoma, Wash., to its intermodal facility in Memphis, Tenn. BNSF said the service will improve transit time from the West Coast by almost a day. The railroad's Memphis facility is undergoing a \$200 million expansion that includes five of the largest wide-span cranes in North America and automated checkpoints. A subsidiary of Burlington Northern Santa Fe Corp., BNSF Railway Co. operates one of the largest North American rail networks, with about 32,000 route miles in 28 states and two Canadian provinces.

SOURCE: CNNMoney.com

Daimler Forecasts Slow Recovery

By Thomas L. Gallagher

The downturn in truck sales is not likely to rebound in the near future, according to Andreas Renschler, head of the trucks division for German manufacturer Daimler.

Renschler said the US truck market, which declined more than 40% in 2007 and 60% in the last 2 years, would not return to peak levels for another five to 8 years.

New emission standards were blamed in 2007 but the current financial crisis is taking the blame now. "We see downturns all the time," Renschler said. "Now we see the credit crisis, and it'll take more time to recover. The financial crisis is putting more pressure on our business."

Daimler previously announced the closing of two North American factories and the discontinuance of its Sterling brand trucks. The company still produces Freightliner brand heavy-duty trucks. Daimler will lay off 3,500 employees in the United States in an attempt to cut costs by $900 million per year by 2011. In Germany, the company is cutting back an unspecified number of temporary workers, a spokeswoman said recently.

(*EDITOR'S NOTE: Now or in the near future might be the right time to upgrade or add to existing fleets, but only if projected volumes would indicate a need for additional or improved fleet capacities—and the necessary cash or credit is available*.)

DOT OKs Mexican Trucks

Transportation officials told a Senate subcommittee Thursday that they have met congressional requirements to go forward with a pilot program that would allow Mexican trucks on US highways.

Secretary of Transportation Mary Peters told the Senate Appropriations Subcommittee on Transportation, Housing and Urban Development that the pilot will meet or exceed the safety requirements that were included in the fiscal 2002 budget bill.

The pilot program that the administration announced Feb. 23 will allow a limited number of Mexican trucks to operate beyond a limited range of the US-Mexico border.

Cross-border trucking is one of the few remaining unfulfilled terms of NAFTA, and one that has been vigorously opposed by labor and environmental groups.

Peters said that fewer than 1,000 Mexican trucks and drivers will have to comply with US regulations, including the hours-of-service rule, and pay any necessary fees and fuel taxes.

SOURCE Journal of Commerce Online

Road Work Ahead

If President Barack Obama's economic stimulus plan makes it through the US Congress, money designated for infrastructure could start flowing within months into scores of "shovel-ready" projects stalled due to a lack of funds. But accessing cash is just the first step. Industry experts warned that a lasting solution to America's infrastructure problems—an aging, congested highway system, for starters—will take far longer to implement. Before any money can be spent, however, Obama's stimulus plan—up to $775 billion including as much as $310 billion in tax breaks for businesses and the middle class—must make it through Congress.

SOURCE: pacificshipper.com

IACA: Security Shouldn't Hinder Trade

Air-cargo security should work under coordinated controls across the globe, an industry group urged, to avoid a morass of regulations that would bog the flow of trade.

"**Global aviation security must be threat-based, risk-managed, multi-layered and operationally consistent to be effective**," said Ulrich Ogiermann, chairman of The International Air Cargo Association's Industry Affairs Committee. He added that security agencies should understand and make the best use of the resources and expertise employed by global trade and transport operators to meet their own commercial and security requirements.

The group called for the coordination and harmonization of security controls on a worldwide basis to avoid the multiplicity of regulations currently facing the industry.

"Restrictions and controls should be reasonably and visibly related to the threats they are intended to counter," said Ogiermann. "While sudden, unexpected developments could justify urgent unilateral action, broad security strategy and related legislation should be based on systematic consultation with relevant and responsible business interests."

He also recommended more consultation on national legislation, such as such as import controls, that can have effects beyond a country's borders.

Air-cargo carriers are preparing for new US rules scheduled to take effect in February which mandate screening of 50% of all airfreight carried on passenger aircraft, increasing to 100% by August 2010.

TIACA said it wants to simplify security compliance and audit record-keeping for traders, carriers and intermediaries, and deploy market forces to ensure safety. It added that unnecessarily complex procedures hinder start-up operations for small- and medium-sized companies entering the industry.

The group observed that security and safety standards have for years been subject to stringent international regulation by the International Civil Aviation Organization and other inter-governmental authorities.

"TIACA will actively support measures that are proven to improve airport and air cargo security. New initiatives, however, must be effective, workable, and affordable and create a minimum of disruption to the flow of air cargo.

"Failure to meet these objectives will create an environment where transport and, therefore, trade is disrupted," it stated.

SOURCE: Journal of Commerce Online

IDA: Despite Affordable Fuel, Airlines Brace for $2.5B Global Loss in 2009

Although fuel prices have fallen dramatically in the last quarter, the global airline industry still expects to see a multibillion-dollar loss in 2009, according to the Geneva, Switzerland-based International Air Transport Association (IATA), which has released a revised industry outlook-it's worst revenue outlook in 50 years. While affordable fuel has no doubt lessened the impact of the global economic recession on airlines, it will not be enough to turn the entire industry around, according to IATA.

TSA to Screen Inbound International Cargo

The US Transportation Security Administration's (TSA) cargo screening mandates will now apply to international cargo as well, the agency has recently advised.

The requirements, that 50% of cargo shipped on passenger airlines be screened by February 2009 and 100% screened by August 2010, had initially been required only for flights originating at US airports.

Ed Kelly, the TSA's air cargo manager, said the agency will now screen international inbound cargo as well.

SOURCE: Traffic World

European Air-Cargo Traffic Down

By Bruce Barnard

In this economy, Europe's top three scheduled cargo carriers were bracing for further declines after the International Air Transport Association today forecast global airfreight would decline more sharply than passenger traffic in 2009 -- by 5% after an estimated 1.5% drop this year.

Lufthansa Cargo, Europe's biggest airfreight carrier, said cargo volume in November fell nearly 10% from a year ago as the global economic slowdown pared shipments on its key Americas and Asia-Pacific networks.

Air France-KLM, Lufthansa's closest European rival, reported a 13.2% drop for the month, while British Airways's cargo traffic weakened 7.2% from November 2008.

SOURCE: Journal of Commerce Online

Consortium Buys Alitalia

Alitalia was recently sold to a consortium of investors, ending a decade of multi-billion-dollar losses, state handouts, and several near-bankruptcies at Italy's national state-controlled airline.

The CAI consortium of 21 Italian investors is paying 450 million euros [$594 million] for a shrunken Alitalia, shorn of its cargo unit, Europe's seventh-largest.

The cargo operations will be disposed of as the government gets rid of assets the investors didn't want, primarily freighter aircraft.

The "new" Alitalia will be merged with its smaller domestic rival Air One which CAI acquired earlier this week for around 300 million euros [$396 million].

The investor group will now decide whether to sell a minority stake of between 20% and 25% to either Air France-KLM or Lufthansa. CAI hopes to have made a decision by the end of December so the foreign partner is place when Alitalia is re-launched on Jan. 12.

The new airline will have 148 planes flying to 70 destinations.

SOURCE: Journal of Commerce Online

TIA to Become US Travel Association

The board of directors of the Travel Industry Association (TIA) approved a merger Dec. 5 with the Travel Business Roundtable that will result in a new organization and advocate for the $740 billion US travel industry, effective Jan. 1.

The new organization, the US Travel Association, has more than 1,800 members, including major travel-related companies, state travel and tourism offices, and many convention and visitor bureaus.

USTA intends to be an aggressive advocate for travel industry interests on Capitol Hill, in addition to providing research on the economic impact of the travel industry, programs and events, international travel development programs in emerging countries, and marketing for US travel and tourism worldwide.

"**America needs travel now more than ever—to create jobs, stimulate economic growth,** and further the vital public diplomacy interests of the United States," said Caroline Beteta, CEO of the California Travel and Tourism Commission, who will serve as chair of the new USTA in 2009. "We look forward to working with leaders in Washington and our entire membership to maximize travel's unique ability to address America's most pressing problems."

Air Passengers Safer Now

The year 2008 was one of the best years on record for air safety, according to the latest data from Ascend (**www.ascendworldwide.com**), a consultant to the global aerospace industry. Ascend's annual safety bulletin shows a 25% decline between 2007 and 2008 in the number of fatalities resulting from aircraft accidents.

With 539 reported passenger and crew fatalities, 2008 represents a notable improvement on the 730 fatalities recorded in 2007 and makes last year the safest on record, except for 2004, with 434. However, 2008 also saw 28 fatal air accidents, 17% more than 2007's 24.

The fatal accident rate for 2008 of 1 per 1.3 million flights is better than the overall rate for the nine years since 2000 of 1 per 1.2 million flights. The year also compares very favorably with those of the 1990s, which recorded an average of 37.4 fatal accidents per year. Furthermore, in the 1990s, an average of 1,128 people died each year—more than twice the number in 2008.

Ascend, reported that "some industry actions, such as the EU's controversial blacklisting, have proved effective."

SOURCE: Business Wire

Maersk Sells Martinair Stake to KLM

Danish transportation giant A.P. Moller-Maersk sold its 50% stake in Martinair to the owner of the other half, Air France-KLM. The European Commission approved the sale after an in-depth investigation launched in September to look into the potential impact on transport between Amsterdam and Curacao and Aruba in the Dutch Antilles. Approval puts Martinair entirely within Air France–KLM, Europe's largest air cargo operation.

In This Economy ... What Is Your Top Leadership Challenge?

In a volatile economy, everything is a challenge, you might say. How much of my workforce will get cut, and how do I manage that? Those two big ones, among other questions, probably are wracking many of your brains right now. Are you wondering whether business leaders are suffering from the same preying thoughts? To clue you into their thinking, Adecco Group North America released results from its survey of 200 business leaders regarding the most important leadership qualities and major workforce challenges facing leaders today. Adecco Group North America CEO Tig Gilliam presented the findings:

- **Leadership and the priorities of leaders change vastly depending on the state of the economy.** For example, those polled stated that "generating revenue" is the most important priority during an economic downturn (i.e., right now). In contrast, this ranks fourth on the list of priorities when the economy is booming. Instead, when the economy is growing, "recruiting and retaining top talent" becomes the main focus. Interestingly, regardless of our economic state, "downsizing staff" was seen to be the least important on a leader's list of priorities.
- **Leaders aren't rewarded for their most important qualities.** Soft skills such as "the ability to inspire and motivate," "communication skills," and "people management skills" were ranked as the most important leadership qualities in today's economy. In contrast, "keen decision-making" and "financial acumen" were seen as most rewarded, revealing that what is important isn't always what is valued when it comes to our nation's business leaders.
- **Workforce initiatives continue to make it onto leaders' agendas.** "Succession planning," "better compensation and benefits," and "improved performance management tools" are the three most important non-discretionary workforce initiatives on leaders' agendas.
- **"Managing through change" is the most challenging workforce issue for leaders**. When asked about the workforce issues most plaguing leaders and their companies, "managing through change" took top ranking with just more than one-third of respondents feeling strongly about the challenges associated with working through downsizings, restructurings, and other workforce changes. In close second place, "attracting and managing Generation X and Generation Y" remains a core challenge for one-quarter of those surveyed. Interestingly, immigration reform was seen as the least troubling workforce issue, capturing only 1% of the vote.
- **"It's clear that leadership and priorities of leaders shift as the economy shifts,"** said Gilliam. "Those leaders who best adapt to shifts in priorities and successfully execute against them by rallying their talent in new and often uncharted territory are leaders who are successful in times of growth and times of uncertainty. In today's rapidly changing global economy, all leaders must have the capacity to manage through change to support their people, processes, and stakeholders."

SOURCE: Inside Training Magazine

Look at Alternatives to Layoffs

In this economy, layoffs might seem like the only answer to monetary challenges. In the third quarter of 2008, the number of mass layoffs in the United States reached its highest level — 1,330 — since 2001, according to the Bureau of Labor Statistics. More than 218,000 workers were separated from their jobs for at least 31 days.

But layoffs can thin the number of workers on the payrolls in unexpected — and undesired — ways. According to research cited in the November 2008 issue of *HR Magazine*, companies that laid off 0.5% of their workforces experienced a turnover rate 2.6 percentage points higher than companies that didn't cut staff. The more people that were laid off, the more people quit, researchers said.

Of the employees who stay, many report less productivity and more stress on the job. They say customer service has declined, they see more errors, and they think their organizations' prospects have worsened.

Companies can avoid layoffs and reduce payroll with some innovative methods. Jason Zickerman is president and CEO of The Alternative Board, an organization that brings together executives of similar-sized, noncompeting companies for monthly meetings to brainstorm strategies and learn from each other. Thousands of business owners have found creative ways to hold onto their employees, he said. These include:

- **Reduce your workweek.** Going from a five-day workweek to a four-day workweek reduces payroll by 20%, Zickerman noted. Employees stay on the job, for less money, meaning companies don't have to rehire workers once the economy is on the mend.
- **Extend time off**. Instead of offering two weeks of paid vacation, offer five weeks, two of which are paid. "The younger generation sees that as a perk," Zickerman said. "After they left college, they thought they'd never have a long break from work again."
- **Challenge employees to save money.** Employees look for ways to reduce spending. For every $1,000 identified to be saved, pay the employee who had the idea a $200 incentive. While not spending the money might mean increased work for the employees or fewer perks, "the [employees] said to do away with it, not the senior management," Zickerman said. When the employees take ownership of the problem and identify cost-cutting measures, it doesn't feel like something has been taken away, he said. "Make them part of the solution instead of a victim of circumstance."
- **Offer sabbaticals.** These extended periods of time away from the office are different from long vacations in that managers challenge employees to step away from the office, take a pay reduction, get some training or learn a new language, and then come back at full pay with more skills. Sabbaticals are successful with established, high-performing professionals, Zickerman said. "They come back better and more valuable," he added.
- **Swap employees or lend them to another company.** Procter & Gamble and Google recently swapped more than 20 employees each to learn one another's tricks in targeting consumers, according to a press release from The Beacon Group, which is helping facilitate the swap. Or a company can lend an employee to another organization, which will take on his salary, Zickerman said. "You have to be careful that expectations are set clearly. This is more complicated."

- **Look to your peers for help.** "We are in unprecedented times," Zickerman said. "These ideas came out of [The Alternative Board member companies]. Don't be alone or make decisions by yourself. Other business owners have done these tactics successfully. There is no better investment than to be with other business owners and share ideas."

Society for Human Resource Management (SHRM) research also has found that many companies employ tactics other than layoffs to cut staffing costs. The 633 randomly selected members responding to an Oct. 30, 2008, poll reported using these measures:

- Attrition (72%)
- Hiring freeze (48%)
- Not renewing contracts with existing contract/temporary/contingent workers (21%)
- Reducing employee work hours (17%)
- Hiring more contract/temporary/contingent workers (12%)
- Retraining employees for new positions in the organization (10%)
- Reducing the workweek for the entire organization (9%)
- Shutting down the business for short periods of time (7%)
- Offering early retirement (6%)
- Offering job sharing (5%)
- Reducing salaries (5%)
- Freezing salaries (3%)
- Reducing or eliminating overtime (3%)

However, 48% of respondents said that their organizations had laid off employees in the past 12 months. Respondents reported spending more time calming employee fears about job security (52%), counseling employees worried about retirement funds (50%), and devising and recommending alternatives to layoffs (37 percent).

Nearly half (43%) reported spending more time managing organization-wide communications. Sharing information with employees is vital to keeping them onboard and working productively, Zickerman said. Retaining "layoff survivors" will be important, as 60% of respondents to the SHRM poll said it was very or somewhat likely that their organization would lay off employees in the next 12 months.

"I can't emphasize enough the amount of time, communication and morale support you have to give the people who are still there," he said, adding that senior leaders will be relying on these workers to take on more work, report in for longer hours, and do more for the same or less pay. "You need to communicate and celebrate the small wins along the way. Give them thanks, kindness and recognition."

Clueing layoff survivors in on why the layoff took place and how the company sees the future shaping up can help build a better corporate culture. Jason Jamrog, senior vice president of research at i4cp Inc., advised participants in a Webcast to "give employees a sense of context. Why are these changes being made? What are we here to achieve? Is there a clear direction for the organization?"

To build engagement, let employees speak up about the company's direction and delineate clearly what is up for discussion and what is not. Provide rewards and recognition, Jamrog said, and let the survivors know why they are still there to help build a sense of belonging.

"Make them part of the solution," Zickerman said. "There's more to deciding whether to do layoffs — there's also how you run your company and manage the morale of the corporation."

SOURCE: HR News/Society of Human Resource Managers

Rise in Workplace Theft

The current economic downturn has led to an upturn in workplace theft — especially in large organizations — according to a recent Institute for Corporate Productivity (i4cp) study. The study found that 27% of respondents in large companies say **crime in the workplace has risen during the current economic crisis,** while 15% of all respondents, regardless of company size, reported the same. From an internal perspective, of those companies that feel today's economic situation has led to an increase in theft, almost a quarter (24%) of all respondents, and 31% of companies, say they've noticed an increase in the theft of company-owned items such as office supplies, products they produce, electronic equipment, and food items since the economic downturn.

SOURCE: Inside Training Magazine

View from Middle Management

While you're leading the "glamorous" life of owner or one of your company's top executives, **ever wonder what your company's middle managers think of their own job roles?** You might not know them as well as you think you do. Among other findings, "Middle Managers Outlook," new research from Accenture, reveals many of your mid-ranking workers are at least as strained as executives by the volatile economy. Here are some key points from the study:

- Nearly one-half of middle managers in the United States are extremely or very satisfied with working at their current organizations. Just over half are not highly satisfied, including almost one in ten who are dissatisfied.
- Job dissatisfaction stems primarily from insufficient pay or benefits and the lack of prospects for advancement.
- Insufficient compensation topped the list for the most frustrating aspects of the job. In addition, more than one-third of middle managers are frustrated by their increasing workload, particularly middle managers in larger companies.
- Two-thirds of middle managers would consider another job, but are not actively looking. Another one in 10 are actively looking for a new job. Among those actively seeking or considering a new job, two-thirds cite pay or benefits as the top reason.
- Almost one in ten middle managers cite salary compensation as the most important thing they look for when considering a new job. Roughly two-thirds seek benefits and interesting or challenging work, and more than half look for flexible work hours.
- Overall, middle managers feel the state of the economy is having some effect on their job-related decisions, with most saying they would like a new job but will stay in their current position until the economy improves. More than one-quarter are taking steps to improve the security of their jobs, such as working harder or longer hours.
- Just under one-third of middle managers say the economy is not affecting their job.
- Similar to the economy's effect on job-related decisions, almost two-thirds of middle managers say the economy is having a negative effect on their work environment, mentioning that employees are concerned about losing their jobs and are demonstrating low morale. Notably, approximately 3 in 10 middle managers say the economy is having no effect on their work environment.
- Only about 3 in 10 middle managers say their employers have taken steps to help employees cope with the weak economy. And, more than two-thirds of middle managers feel their employers could do more to help employees cope with the weak economy.
- One in 4 middle managers recently have been asked to deliver difficult news such as layoffs or cuts in salary/benefits to staff members.

Tough Times Call for X and Y

By Sarah L. Sladek

Looking for a life preserver to rescue your organization from the US financial economic crisis? One way your organization can navigate through rough economic seas is to tap into the skills of Generations X and Y.

A combined demographic of 120 million people, Generations X and Y are rapidly moving into the majority, yet many of our workplaces remain steeped in tradition and heavily managed by individuals over 45 (Baby Boomers).

However, **what the economic crisis is showing the for-profit sector is that companies can no longer rely on stability, complacency, and doing things the way they've always been done.**

And it's showing the nonprofit sector that organizations can no longer rely on corporate social responsibility, ongoing government funding, or stable donations from even the most loyal donors.

Regardless of where you work or what your age, the unpredictable economic climate has made it painfully clear the top-down hierarchy and traditions of the past aren't the best models for what need to happen in organizations today.

Change is necessary, and Generations X and Y are your best resources for change-making.

Turn to young professionals to bring fresh, innovative ideas for how organizations work and do business. Younger generations may not have as many years of experience as their Baby Boomer counterparts, but they are well educated, proficient with social media and technology, can problem-solve through innovation, and have great instincts for collaboration.

And any time a business faces an uncertain future, it is best to focus on leveraging human capital and exploring new, and often better options.

Actually, a recent survey by Randstand USA revealed that focusing on employees during the economic crisis can pay future dividends. Work environments focused on building positive inter-generational relationships result in more productivity and stability, which positively impacts an organization's bottom line.

Furthermore, Microsoft Chairman Bill Gates has indicated in media interviews that he isn't concerned about the state of the US economy long-term. He has stressed that "the amount of innovation taking place is actually greater today than ever" because we have been forced to find new ways of doing things.

There are many ways we can get through the bad economy even stronger on the other side if we only recognize the enormous opportunity for current leaders to partner with the next generation to contribute and come up with innovative solutions. This will require the seasoned executives to shift their mindsets, but it can be done.

Then again, it must be done. Because it's quite possible that younger generations are our economy's only life preserver.

Sarah L. Sladek is president & CEO at Limelight Generations.

Positive News

Good news is not easy to find these days, but what follows you may not have known and US-based companies can use as part of their tax planning (savings) for 2008.

According to Blackman Kallick, an accounting and wealth transfer firm in Chicago, when President Bush signed H.R. 1424 on Oct. 3, a number of tax breaks and extensions were added to the $700 billion bailout bill. In fact, 41 pages and $17 billion were included in the Act to support business owners in general. Following are a few examples:

- Research and development (R&D) credit has been extended through 2009.
- The deduction for capital improvements to make a building energy efficient through 2013.
- Manufacturers earn tax credit for energy-efficient appliances.
- Contractors get tax credit for construction of energy-efficient new homes.
- Extended through 2009, Individual Retirement Accounts (IRA) charitable rollover at age 70-1/2 or older can donate $100,000 from your IRA to public qualified charities without including it in your taxable income.
- The AMT Act increases the exemption to $46,200 for individuals and $69,950 for married couples filing jointly. This bill also allows personal credits such as child tax credit, dependent care credit and education credits. H.R. 1424 also provided good news for nonprofits and charitable planning.

SOURCE: Dorothy Brooks, Southwest Movers Association

Worst Recession Since 1980s: OECD

By Alan Field

The 30-member Organization for Economic Development is forecasting the most serious recession among developed countries since the early 1980s.

In the latest *Economic Outlook*, Gross Domestic Product in OECD countries is expected to fall by an average of 0.4% in 2009 before rising slowly 1.5% in 2010. The GDP of the overall OECD group declined 0.1% in the third quarter of 2008, the first drop in 7 years.

The US GDP will grow 1.375% in 2008 but decline 0.91% next year, then grow 1.79% in 2010.

France, Germany and the United Kingdom are all projected to show negative growth in 2009, after registering growth of less than 2% growth in 2008. Germany's growth rate will register 1.38% in 2008, but fall by 0.75% in 2009, before growing by 1.17% in 2010.

The GDP in France will grow 0.926% in 2008 but decline by 0.365% in 2009, and then expand 1.5% in 2010.

Among leading developing countries, China's GDP growth is projected to drop from 9.5% in 2008 to 8% in 2009 but then recover to 9.2% in 2010. Russia's growth will drop from 6.5% in 2008 to 2.3% in 2009, and then recover to 5.6% in 2010.

The total number of unemployed in OECD countries is expected to rise to 42 million by 2010 from 34 million today, and inflation is expected to diminish among all OECD countries and economies.

SOURCE: Journal of Commerce Online

Motivating Employees .... In This Economy

By Joanne Sammer

In an uncertain economy, many companies are facing hard choices when it comes to rewarding employees. Salary budgets are being cut, and incentive pools are drying up. According to a global survey (**www.shrm.org/rewards/news_published/CMS_027378.asp**) of 1,028 HR and finance professionals conducted by Mercer, 73% of respondents are likely to reduce their projected salary increase budgets in 2009, and 12% consider it likely that their companies will freeze wages at 2008 levels. When it comes to incentives, 60% of respondents expect to reduce 2009 bonus payouts based on 2008 performance, and Mercer expects this figure to increase after year-end 2008 results and 2009 business forecasts are finalized.

Yet especially in difficult economic times, companies need to manage rewards carefully. "The biggest concern for companies is losing top talent," says Tom McMullen, US. rewards practice leader for The Hay Group in Chicago. "Good performers can land a new job no matter what is going on in the broader economy."

Get more bang for the compensation buck

In this environment, employers need to make sure that they are spending their compensation dollars wisely. For many companies, this means focusing incentives and salary increases on key talent in the most important jobs. These are the employees a company can least afford to lose and who are likely to be in greatest demand in the marketplace. But focusing on rewarding top achievers gives rise to challenges such as:

- To ensure appropriate rewards for key employees and high performers, companies must take the time to identify properly which employees fit into that category. "So many organizations can tell you about every segmentation of their customer bases," says McMullen. "But ask them the same question about segmenting their employee population and they can't answer."
- The need to reward and motivate high performers could impact incentive pools and salary budgets to the point where little is left for the remaining employees. "If you take that budget and target it to the highest-performing employees, some employees may get zero," says Erin Packwood, leader of Mercer's human capital practice for the southwest region in Houston. "However, this approach can make that budget go a little farther."
- Methods for managing employee performance must be effective. "Although more organizations are increasing the quality of their performance management programs, there is still work to be done," says Packwood. Effective performance management helps to ensure that the company is rewarding the right people-and that employees understand pay and incentive decisions by linking them clearly to business performance.

Identify Top Talent

There are many ways that HR can help define employees who deserve exceptional rewards. Some companies spotlight those holding the "key jobs" in the organization, while others favor employees that they have determined to be high performers or high-potential individuals. These employees might not have reached the high-performer level but show the promise to do so.

Gen-Probe, a biotechnology company with about 1,000 employees based in San Diego, focuses its incentives and merit increases heavily on high-performing employees. For this company, identifying high performers is a relatively straightforward exercise: defining clear goals and metrics, and then communicating to employees exactly what they are expected to do.

Gen-Probe employees who exceed a certain level of performance are considered to be high performers and are eligible for greater rewards, such as higher merit increases. "We make it very clear at the beginning of the year what the company expects in a given time frame," says Lisa Hellmann-Rhodes, the company's senior director of organizational development and learning. Because of the company's stretch goals, only about half of the group is made up of employees who attain high-performer status consistently.

No matter what parameters or criteria a company uses to select the employees eligible for special rewards, incentives or salary increases, it must apply them consistently. Like any other performance criterion, lack of clarity or confusion about what is required to achieve high-performer status is likely to lead only to frustration and anger among employees.

Look beyond pay

It is always a good idea to expand the traditional definition of rewards beyond the financial, especially when monetary rewards are getting scarce. After all, rewards can encompass anything of value an employer provides to its employees, including benefits, training, professional development, career advancement and long-term opportunities with the company. “Different workers have different values, so it is important to discover the best way to motivate them,” says Hellmann-Rhodes.

Along similar lines, no matter how companies manage their rewards programs, they should keep one thing in mind, adds McMullen. “It's important to align reward opportunities with the intrinsic needs of the individual.”

In this regard, career development, in particular, should not be underestimated. Companies can garner a great deal of good will with their top performers by talking to them about what they want to be doing in their jobs and careers, and how that might fit with the company's needs. However, whenever a manager or executive makes a promise regarding the careers of these individuals, it's essential that the company be able to deliver.

"When people know that they are considered among the top talent in the company, that can be an indication that the company will offer a broader range of future career opportunities and the related rewards," says McMullen. "The company needs to position those long-term opportunities, whether that is a specific job or simply interesting project opportunities, as what top performers can aspire to. A big part of rewards is the quality of work itself."

It's easy to overlook the motivational and positive psychological benefits of nonfinancial rewards. It costs very little to invite a group of high performers to have lunch with the CEO to discuss the company's future, but the motivational benefits and cache attached to that invitation can be considerable. Likewise, the psychological and motivational benefits of fast food giant McDonald's paid sabbatical program, which allows managerial employees to take eight weeks of paid leave after 10 years of service, are likely to far outweigh the actual cost of the employee's eight weeks of salary.

SOURCE: Society of Human Resources. Joanne Sammer is a New Jersey-based business and financial writer. Her articles have appeared in a number of publications, including Business Finance,

Networking: In this Economy, More Important Than Ever

Although job searches are never easy, they are even more demanding in times like these, when the economy is in peril and companies are more likely to be scaling back than hiring.

Simply posting a resume on a job board and scouring newspaper want ads won't do the trick. You must commit to working hard at your career strategy.

A key objective is to stand out from the crowd. You can do this by not simply relying on job boards to deliver your resumes and applications to prospective employers. Network within the company and have a contact deliver your resume to the hiring manage. This puts you in the pile of a handful of resumes instead of hundreds, increasing the odds of someone actually looking at your resume.

Networking is even more critical in a down economy because companies often scale back their recruiting budgets. For example, in a recent survey by the online career site Jobfox, 48% of in-house corporate recruiters expected their recruiting budgets to decrease in the first half of 2009. Most of these said they were most likely to reduce or eliminate spending for print advertising, online job boards and recruiting services. In other words, many employers are hoping you'll come to them, rather than the other way around.

Even if you're not actively looking for a new job, you should continue to network and seek professional growth as if your job may end soon. In today's environment where there is no tenure with a company, no matter how competent you are, the risk is ever-present that you may lose your job through no fault of your own.

SOURCE: Society for Human Resource Management

Global Growth Prospects Decline

The Organization for Economic Cooperation and Development cut its forecast for global growth in 2009. The economy of the organization’s 30 members will contract 0.4% next year, after expanding 1.4% in 2008. Earlier, it had predicted a 0.3% contraction.

• Meet Your 2008–2010 YP-35 Management Board •

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E-mail: ajit@globemoving.net

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Fax: (803) 786-2569
E-mail: anilson@nilsonvan.com

Oceania (encompassing Australia, New Zealand, and the Islands of the Pacific, including Guam, American Samoa and the State of Hawaii)
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E-mail: julia@hawaiimovers.com

ATTENTION YP-35 MEMBERS: Please check your contact details and e-mail address on the YP-35 Web site **(www.yp-35.org)** and let us know if any corrections need to be made so that we may properly contact you and keep you informed. Make sure that your birth date is listed! If you have difficulty accessing the Web site, or if you have questions or ideas concerning YP-35, or to supply your updated contact information, please e-mail *pcolmenares@portan.com*.

ALAN F. WOHLSTETTER SCHOLARSHIP UPDATE

The Alan F. Wohlstetter Scholarship Fund is the cornerstone for the IAM Scholastic Assistance Program, which is aimed at promoting and suppo
giving levels) to the Alan F. Wohlstetter Scholarship Fund received in the last 12 months are as follows:

Platinum ($5,000 or more)

Gosselin Group N.V.
Hilton Hawaiian Village Beach Resort & Spa
National Van Lines, Inc. and National Forwarding Co., Inc. (in memory of F. L. McKee Sr.)
Royal Hawaiian Movers, Inc.

Gold ($2,500–$4,999)

The Pasha Group

Silver ($1,000–$2,499)

ABBA International
All American Moving Group, LLC
Approved Forwarders, Inc.
Arven Freight Forwarding, Inc.
DeWitt Transportation Services of Guam
Evergreen Forwarding, Inc.
Gateways International
*Great American Forwarders, Inc.
P&F Safepac Company
True North Relocation, LLC
World International Forwarding, Inc.

Bronze ($500–$999)

Baltic Forwarding, Inc. (in memory of Terry Bell)
Blonde International Services, Inc.
Dell Forwarding, Inc.
Logistics International, Inc.
Mallory Alexander International Logistics
S&E Transportation, LLC

In Kind or Other

Jackie and George Agner (in Memory of Cheryl Baker)
Jackie and George Agner (in Memory of Chuck Fuller)
Jackie and George Agner (in Memory of Ken Garrison)
Belvian and Gloria Carrington
Claims Adjustment Technology (in memory of Mary Reeve)
Douglas Finke
Jones & McIntyre, PLLC
The Trilogy Group

*Denotes contributions made since the previous issue of **The Portal** was published.

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

Alan F. Wohlstetter Scholarship Fund

5904 Richmond Highway, Suite 404 • Alexandria, VA 22303
Phone: (703) 317-9950 • Fax: (703) 317-9960

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 this year. Please advise your employees that scholarships are available to qualified candidates of any IAM company worldwide. For further information, visit **www.afwscholarship.org.**

Is someone in your company attending college?

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IAM HALL OF HONOR

Call for Nominations

PURPOSE: The purpose of the IAM "Hall of Honor" is to fully recognize individuals that have made outstanding contributions to the Association and/or have had a profound effect on the moving, transportation, forwarding, or relocation industries.

ELIGIBLE CANDIDATES INCLUDE:

1. Participants of the transportation, moving, forwarding and/or relocation and shipping industries
2. Individuals who have served as clients and/or customers of the industry
3. Other individuals as deemed appropriate by the IAM Selection Committee and IAM Executive Committee
4. IAM/HHGFAA members, past and present, as well as non-members

ELIGIBILITY FOR NOMINATION:

1. Nominees must have made a major contribution to one of the related industries. Contributions may include acts, deeds, or achievements such as:
   a. Acts of kindness, charity, and/or heroic action
   b. Creation and/or development of new technologies, products, programs and services that benefit the industry and/or the IAM membership
   c. Development of policies and procedures that benefit the industry and/or IAM membership (i.e., training, safety, modernization, public relations, equal opportunity, etc.)
   d. Other characteristics deemed important and worthy of recognition as determined by the HoH Selection and IAM Executive Committees
2. Nominees must have a minimum of 5 years' experience in one of the acknowledged industries.
3. Nominees may be living or deceased.
4. Members of the HoH Selection Committee are not eligible for nomination and induction while serving.

NOTIFICATION PROCEDURE: Nominees will be solicited from the full IAM Membership (past or present) along with clients or customers via **The Portal** magazine. Submit the IAM Hall of Honor Nomination Form by the designated submission deadline date of April 1 each year. Incomplete Nomination Forms, non-historical documentation (i.e., letters of endorsement) or forms submitted after the deadline date will not be considered for selection.

HoH SELECTION COMMITTEE: The HoH Selection Committee is comprised of a balanced group of participants from the following groups:

1. Active, Associate, Industry Veterans, and YP-35 memberships of IAM
2. Broad global geographic representation
3. At least one representative from the IAM Executive Committee and the Associate Members Management Board
4. Committee members are appointed to serve a minimum of 3 to 5 years

INDUCTEE SELECTION: The Selection Committee will advise the IAM President of all recommended inductees by June 1. Following formal acceptance by the IAM Executive Committee, all inductee names will be published in **The Portal** magazine and subsequently posted on the Association's Web site.

MINIMUM/MAXIMUM NUMBER OF INDUCTEES: No minimum or maximum numbers of inductees will be selected for any given year.

INDUCTION: Announcement and the induction ceremony will occur each year during the IAM Annual Meeting.

AWARDS: Recipients will be recognized by award with permanent enshrinement in the IAM "Hall of Honor" and will be acknowledged in **The Portal** magazine, on the Association's Web site, and other publications.

Call for 2009 Nominations

Help IAM recognize the true founders and leadersof the moving industry by nominating a deserving candidate for induction into the Hall of Honor during 2009.

Nominations may be submitted by any IAM member, client, or customer. The awards will be presented in October during the IAM 47th Annual Meeting in Orlando, Florida.

The Selection Committee will consider all duly completed nomination forms. Complete nominations include the nominee's name and current professional affiliation and the reasons for making the nomination. Nominations must be received at the IAM office no later than April 1, 2009. The current Nomination Form can be found on the Association's Web site: **http://www.iamovers.org/member.html**. You may then submit your nomination in any one of the following ways:

- **Mail** the completed form to
  IAM HOH Selection Committee
  5904 Richmond Highway, Suite 404
  Alexandria, VA 22303
- Complete the form, scan it, and **e-mail** it to *hoh@iamovers.org*
- **Fax** the completed form to (703) 317-9960

Please note the following changes to the program since last year:

- A separate Nomination Form must be submitted for each Nominee.
- Companies are no longer eligible to be considered for induction.
- Nomination Forms are no longer submitted for specific categories of nominees.

Questions may be directed to *hon@iamovers.org.*

Companies Hope RFID Can Mitigate Economic Slump

The general feeling around the RFID industry is that 2008 will go down as the year that the technology finally gained its footing and started on the path to becoming ubiquitous. The fact that the technology reached this level during a worldwide economic slowdown speaks volumes for the future of RFID.

Many analysts believe that the technology is poised to take off once the economy recovers and IT budgets are somewhat restored. While some projects have been put on hold because of the poor economy and the financial crisis, many have moved forward. And as venture capitalists show a continued willingness to pour money into RFID, some enterprises see RFID as a tool to help them increase margins and sales during these lean economic times.

"The fight for the consumer dollar is more relevant than ever given the economic times," says Mike Liard, research director for RFID at ABI Research. "RFID can help reduce that out-of-stock challenge. The technology can make sense in a tough economy from a technology and business benefit and operational efficiency point of view."

Liard also notes that some of the limited scale deployment and pilot programs currently planned might be immune from current economic pressures do to their size and scope.

Patrick Sweeney, founder of ODIN technologies, says that the overall feeling at last month's ID World International Congress in Milan was that "2008 was the year that RFID crossed the chasm as a technology."

Sweeney says the move started out with specific industries, such as retail and healthcare, and predicts that 2009 will see full-scale adoption as budgets allow. Medical device makers, industrial manufacturers, and aerospace companies looking to cut costs are likely to be the leaders. In addition, large retailers who have the cash to beef up their RFID infrastructure are likely to show greater margin improvement when the economy rebounds. The beauty of the technology, Sweeney says, is that users are discovering that once their RFID infrastructure is in place, "incremental benefits are nearly free to users."

Reik Reid, managing director and senior analyst at Baird, says that so far, the RFID sector has dodged most of the bullets from the poor economy. Although sales have slowed in many industries this year, Reid notes that a good number of pilots and deployments are still occurring in apparel and other sectors. "There are some good projects out there," he says. "Aside from apparel, the financial services industry, despite all their woes, needs better visibility. And there are good pilots in the medical industry, which is somewhat resistant to economic turmoil. I have heard of some projects being pushed back in the space, so RFID is not immune to it. But it is holding up at least reasonably well in the terms of the overall economy."

SOURCE: RFID 24/7

Voxme Completes Integration with Canada's National Statistical Agency

Voxme Software Inc. has completed intergation of its office application MightyForwarder with CAED Software. CAED is an office application application used by all Canadian exporters to submit electronic export declaration (Form B13A). This integration allows Voxme users to fill out the form based on the information captured in the system with one button click. This development was initiated by the growing number of Canadian removals companies that use Voxme solutions. Says Leonard Hoyt of Hoyt's International: "Your product has allowed us to simplify many of the repetitive Data Entry Tasks required to manage the progress of a move from start to finish. The addition of the CAED Integration has further increased the productivity of Mighty Forwarder."

Warnings Against Scam E-mails May Actually BE Scam E-mails

Scammers now are making their fraudulent e-mails appear genuine by having them warn against scam e-mails. *Example:* An e-mail purportedly from a bank warns its customers about scam e-mails sent in its name, tells them that their accounts have been "locked" to prevent anyone from losing money by falling for the scam e-mails and tells them that they can "unlock" their accounts by calling a phone number. When customers call, they are asked for their account numbers, passwords and other confidential information to "verify" their identities — and the scammer uses the information provided to commit theft. Self-defense: Look up the bank's phone number yourself and call it directly.

SOURCE: ConsumerAffairs.com

GET THE WEATHER ANYWHERE
www.vatlas.com/weather/

Everyone is trying to forecast what lies ahead in this economy, but what about forecasting the weather? If you're looking for a comprehensive, worldwide weather site, go to vAtlas Weather(**www.vatlas.com/weather/**). Here you'll find weather forecasts, satellite views, information about tropical weather systems, a calculator (you can convert Fahrenheit to Celsius, etc.), weather-themed wallpapers for your computer, and links to hundreds of sites about weather (storm chasing, marine weather, air quality, aviation weather, climate prediction, etc.). Visit the site for a quick forecast or a more in-depth look at the weather.

GET UPDATES ON WORLD FINANCE AT CRISIS TALK
Real Perspective on the Crisis
http://crisistalk.worldbank.org

In this economy, if you're like most of us, you're still trying to figure out just what's happening with the global financial crisis that's in all the headlines. Most of us are not economists, but we all want to at least have a grasp of what's happening, because it affects all of us. That's why you might want to check out Crisis Talk (**http://crisistalk.worldbank.org**), a blog from the World Bank that aims to keep readers updated on the developments in this unfolding crisis.

Crisis Talk has news and information about specific countries and sectors, as well as on the global crisis response. It also features opinions on possible solutions, what the future will bring for the financial sector, and how the crisis affects the real economy. There is commentary from internationally recognized experts, and enough information here that you'll want to visit regularly.

COUNTRY PROFILES AT "DOING BUSINESS IN" SITE
49 Country Profiles (also in Spanish/other languages)
www.hlbi.com/DBI_list.asp#

If you're looking for in-depth country research, there are a series of very useful reports at HLB International's "Doing Business In" site (**www.hlbi.com/DBI_list.asp#**). These multi-page files are full of information about each country, with sections about taxes, intellectual property, labor, foreign investment, culture, history, geography, holidays, political institutions, language, and currency. There are reports here on dozens of countries, from Argentina to Vietnam, and in various languages. These reports will give you a good overview of a country, and they're a good addition to your research arsenal.

(*Editor's Note:* These reports can be downloaded and printed to be given as an added value service to your clients who might be moving to and/or your accounts considering doing business in a particular country.)

GET THE LATEST NEWS AT NEWSDIRECTORY.COM
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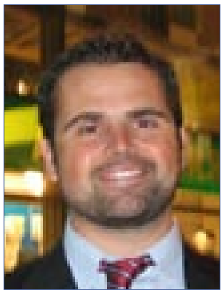
http://newsdirectory.com

Print newspapers are steadily losing circulation in many parts of the world, but online news is booming. There are thousands of online editions of newspapers now, and more are appearing almost daily. There are so many, in fact, that you need a good portal to keep track of them. One good resource is NewsDirectory.com (**www.ecola.com**). At this site you can search thousands of newspapers by title, keyword, or area code, or browse them by country, region, or State. There are also links to specific types of newspapers (business, college, etc.), columnists, comics, daily horoscopes, magazines, and TV news.

These items are copied from the newsletter Really Useful Sites for International Trade Professionals, *a free, biweekly e-mail publication of FITA—The Federation of International Trade Associations.*

A look at people and events shaping IAM member companies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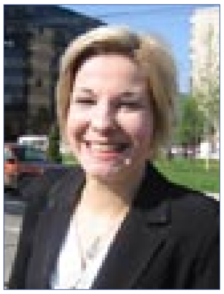
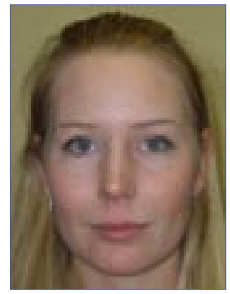

Vuluga


Sedgwick


Stuart-King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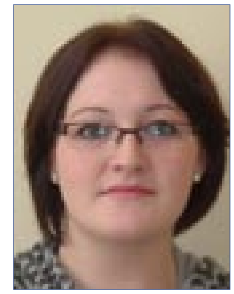

Davies

APPOINTMENTS

Intermud Guatemala has announced the return of **Patrick Heinimann** to Guatemala as the new Business development manager, effective January 2009.

Prior to his return to Guatemala, Heinimann had worked for the past 4 years with Santa Fe Relocation Services in Shanghai/China and Kualalumpur/Malaysia, where he has acquired strong experience in relocation and household goods services.

❖

Interdean International Relocation has made several recent appointments.

The company has named **Elaine Sedgwick** as business development manager.

Sedgwick, who is based at the company's offices in Budapest, has a wealth of experience in the relocation sector. She joins Interdean International Relocation from SIRVA Relocation in Germany, where she was the company's European account manager. She has also worked for Cheryl Koenig Relocation Services in Germany and Sterling Relocation in London.

Sedgwick's main role at Interdean will be handling corporate and diplomatic accounts in Hungary.

Originally from Scotland, Sedgwick speaks German, French and Hungarian.

Alina Vuluga has been appointed relocation manager. Vuluga, who is based at the company's Bucharest office, joins Interdean International Relocation from Move One Relocations, where she worked as account manager. Her main role at Interdean is co-ordinating relocations services, in addition to working with the sales team.

Prior to her work with Move One Relocations, Vuluga also gained considerable project manager experience with an event organizer in Bucharest.

In addition to her mother tongue of Romanian, Vuluga is also fluent in English and French.

Kathleen Stuart-King has been named global mobility director.

Stuart-King, who is to be based at the company's UK headquarters, has a wealth of experience within the relocation industry. Her latest role was account director, and she has also worked as the quality and internal control manager for a major relocation company.

Stuart-King will be responsible for all components of international relocations for the company's clients. She will also run a designated team responsible for hiring, training and development, as well as act as a main point of management for the vetting of new suppliers, a process that will involve the approving of pricing structures and managing the quality of service delivery through key performance indicators.

Before embarking on her relocation career, Stuart-King studied fashion and has since gained numerous qualifications in management and coaching. Her career has so far taken her to the United States, Belgium, and Switzerland.

Supporting her is **Melissa Swanepoel**, in her new position of assistant global mobility coordinator. Swanepoel, who is based at the company's UK headquarters, joins Interdean International Relocation from her native South Africa, where she has worked in various customer-service related roles. Her main role at Interdean will be supporting the global mobility coordinator, including the processing of invoices and expense reimbursement.

Also working with Stuart-King is **Caitlin Davies**, who recently was named the company's assistant global mobility coordinator. Davies, who is based at the company's UK headquarters, joins Interdean from Ladbrokes PLC, where she worked within different teams, including some time in the Customer Service Department. Her main role at Interdean will be supporting the global mobility coordinator, including the processing of invoices and expense reimbursement.

Silvia Gomez has joined the company as a global move specialist. Gomez, who is to be based at the company's UK headquarters previously worked at Excess International Movers as European Removals Manager. Her primary role at Interdean will be handling corporate international moves.

Originally from Spain, Gomez moved to England in 1999. She studied import/export at the College of Central London, and earned the Certificate in International Trade from the British Institute of Export.

Also at Interdean International Relocation, **Susana Bourne** has been named global mobility manager.

Bourne, based at the company's Madrid offices, previously was operations director for a major Spanish relocation company. She has worked in the relocation industry for over eight years and was part of the best practice committee for the EuRA Quality Seal.

Bourne is responsible for all components of international relocations for Interdean's clients in Spain. She also looks after client relationships, client policy development, benchmarking and reviews.

The company also named **Jesse van Sas** as general manager for Belgium. Van Sas previously worked at Ziegler Relocation for 14 years.

A Dutchman by birth, van Sas now lives in Haaltert, Belgium. He holds a FIDI diploma from the Advanced Management Seminar and has been the FIDI trainer for the FIDI Academy, since 2003. He has been chairman of FIDI Belgium since 2005 and has also been a member of the FAIM Steering Committee since 2005.

Anna Michalak has joined Interdean International Relocation as

van Sas

Michalak

Gomez

Bourne

Borrmann

Ribotta

global mobility coordinator.

Michalak, who is based at the company's offices in London, has over 10 years' experience in the relocation industry, most recently at Sterling Relocation. Her main role at Interdean is coordinating relocations across the world.

Before moving to Britain from her native Poland, Michalak earned a degree in business administration.

Helge Borrmann has joined Interdean International Relocation as senior account manager. Borrmann, who is to be based at the company's offices in Berlin, has a wealth of experience in the relocation sector. He joins Interdean from Froesch, where he worked as key account manager and managed moves from Germany to Eastern Europe, Central Asia, and Africa. Prior to his time with Froesch, Borrmann, a qualified logistics specialist, previously worked for Deutsche Post and DHL Worldwide Express.

Borrmann's main role at Interdean will be handling moves to and from Russia, Scandinavia, Greece and Turkmenistan.

Dominique Ribotta was recently named sales manager. Ribotta, who is based at the company's Geneva offices, joins Interdean International Relocation from Dell, where she worked as team leader of the Customer Care and Call Management Group. Her main role at Interdean will be looking after the sales department for the French side of Switzerland.

This role offers Ribotta the chance to return to her native Switzerland, following positions in Morocco and Italy. Dominique sees customer service as crucial to running a successful business and is looking forward to bringing her experience in this field to Interdean International Relocation. She is well-traveled and fluent in six languages.

Also at Interdean International Relocation, **Marius Cascaval** has been named export coordinator. Cascaval is to be based at the company's offices in Bucharest, Romania. He most recently worked at Move One Relocations, where he worked as assistant move manager; this job involved planning moves and liaising with both clients and suppliers.

Cascaval's main responsibility at Interdean will be preparing files for export and customs clearance. He will also play a key role in client liaison.

Peter Schaefers has been named **Asian Tigers Group**'s US Representative, based in New York, effective Jan. 2.

Schaefers has spent many years in the industry, most recently having retired from The MI Group, where he had been since selling his company (Endicott) to The MI Group in 1988.

Schaefers's responsibilities will primarily be agent relationships, allowing closer ties with the company's US partners, keeping the Group informed about possible opportunities in the US, representing the Group from time to time at conventions and in the US whenever a Tigers point person be required, and providing a higher profile for Asian Tigers within the moving and relocation world outside of Asia.

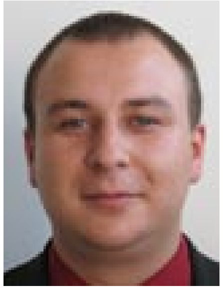
Arpin International Group has hired **Aileen Tan** as sales and marketing assistant manager in the company's Singapore office. Most notable among Tan's accomplishments is her recent participation as a triathlete in a 2007 Ironman World Championship 70.3 .

In her new role, Tan will market the Arpin brand to companies in Asia, survey customers, generate new business leads for Arpin International Group's Singapore office and network with clients to build successful business relationships.

Tan previously was corporate marketing executive at Asian Tigers K.C. Dat Singapore.

North American freight transportation and logistics provider **Pacer International, Inc.** announced the appointment of **James K. Commiskey** as vice president, business development-automotive, for its Pacer Stacktrain unit. In his role, Commiskey is responsible for sales and coordinating the marketing effort for Pacer's wholesale automotive product.

Prior to joining Pacer, Commiskey was senior vice president of Avnet Logistics, where he was responsible for sales, marketing, and services development. He has held a series of progressively senior positions in the logistics industry, including vice president of business development at UPS Supply Chain Solutions, Menlo Worldwide, Vector SCM, and Emery Worldwide, respectively.



Cascaval

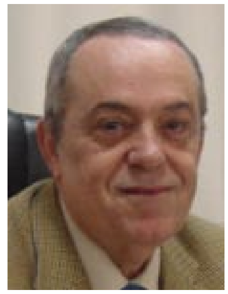
Schaefers

Compain

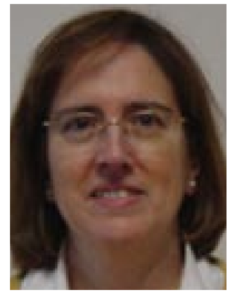
Santa Fe Group has announced two appointments. **Ruth Lockwood** has been named group director, relocation services, and **Fiona Williams** is now group general manager, business development and service innovation.

Lockwood joined the Santa Fe group in 2004. She has been a major influence and architect of the development and enhancement of the company's relocation services. In her new role Lockwood will continue to lead the growth of relocation services.

Williams was previously the company's group development manager, relocation services. The company reported that she has been instrumental in promoting and selling Santa Fe's relocation service model over the past three years as well as managing large client relationships. In her new role she will be responsible for leading the company's Customer Centric Innovation initiatives, which are designed to ensure the company's optimal response to the needs and requirements of its customers.



Segundo



Delgado

Pinto

EXPANSIONS

Interdean recently announced details of its new operation in Luxembourg. The company recently acquired **A. Daleiden Worldwide Mover**. A. Daleiden has been a FIDI member for over 35 years, and is FIDI FAIM certified.

Stéphane Compain is heading the new management team for Luxembourg. Compain started in the moving industry in 1993, and he has worked in senior positions in several European international moving companies, most recently at A. Daleiden Worldwide Mover.

The company also has opened a new Portuguese office and warehouse facility located in Lisbon. The move to open in Portugal marks a significant development of the Interdean Group's pan-European coverage, increasing Interdean's coverage to 34 countries with 46 offices. Interdean Portugal offers full moving, storage and relocation services in addition to secure archive storage and records management.

Federico Montilla is managing director for the Iberian Region, and the Interdean Portuguese operation is managed by **Tony Segundo**, who will be well known to many Interdean agent partners worldwide. Segundo has extensive experience and has been influential in establishing high-quality moving and relocation services throughout Portugal, the company said.

Segundo is supported by **Isabel Delgado**, who is the primary point of contact for agent partners, including all rate and service requests, while **Douglas Pinto** is sales manager for Portugal.

IAM Member McGimpsey Brings Christmas Cheer

Not for the first time, a local international removals and storage company is bringing unexpected Christmas cheer to 50 housebound elderly citizens. Well established in the North Down area, **McGimpsey Brothers** is delivering 50 Christmas hampers to a group of people on the Age Concern home visit list. The exercise has been carried out over the last few years and reflects the company's wish to give something back to those in most need within North Down. Company Director Campbell McGimpsey, one of four brothers who have developed the company over the years, said:

"We have nurtured our company for many years using North Down as our base. Our modern premises at Conlig offers state-of-the-art self-storage facilities and we are now involved in removals right across the world. This Christmas gift is just our way of saying thank you to the people of the area that have supported us over the years."

Facilitating the handover, Town Centre Manager Stephen Dunlop said, "I have a strong admiration for companies such as McGimpsey Brothers who can do something like this for such a worthy group at Christmas. Too often corporate gifts go to those who already have so much. This is a worthy twist of the normal story and I applaud them for this Christian act appropriate for this festive time of year."

Commenting on the donation, Age Concern's Dorothy Beattie noted, "This is a particularly difficult year financially for all of us and especially for those elderly people on fixed income. Age Concern is extremely grateful that once again McGimpsey Brothers is assisting 50 of our elderly citizens by delivering a much welcome and needed Christmas hamper."

Training for Growth in Indonesia

It's not all doom and gloom in the business world these days. **Asian Tigers Lane Moving & Storage** in Jakarta is currently running a packing school for 40 young men at its brand-new purpose-built facilities, in preparation for significant new growth. The company has recently booked additional contracts and has opened branches in Balikpapan and Pekanbaru. "Training has always been a very important part of our corporate culture," said Operations Manager Uti Sinaga, himself a graduate of FIDI's EIM seminar. "Our claims ratio has been extraordinarily low since we started in Indonesia in 1985 and we intend to keep it that way." The company says it consistently enjoys one of the best track records for low claims in the industry worldwide.

Asian Tigers has opened a packing school to prepare workers for continued growth in Indonesia.

Crown Launches Intercultural Services Web Site

Crown Relocations relaunched its intercultural training program, Global Passport (**www.crownrelo.com/globalpassport**), in Asia-Pacific two years ago. Now, they have launched a new Web site to further support the program.

Crown's Global Passport services include specialized training for relocations, repatriation, working across cultures, and young professionals working overseas, as well as training for spouses and families, to help them cope with cultural conflicts in all aspects of their lives—both professionally and personally. The program is currently being offered in 19 locations across the Asia-Pacific region. New locations are added on a regular basis, to meet the needs of relocation professionals and transferees.

Jill Bedford, regional director for Crown's Global Mobility Services division, Asia-Pacific, said, "It is very exciting to be harnessing the talent

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leadership skills are now accepted core competencies for all multinational and global businesses."

Plans to extend the Global Passport program in key markets of the Europe/Middle East/Africa region are in development. Crown Relocations continues its partnership with Aperian Global to provide intercultural services in some of its worldwide regions.

United VL Releases Migration Study

The Mid-Atlantic and Western regions proved to be popular destinations in 2008 for those looking to change their places of residence, according to United Van Lines' 32nd annual "migration" study, which tracks where its customers moved from and their most popular destinations over the past 12 months.

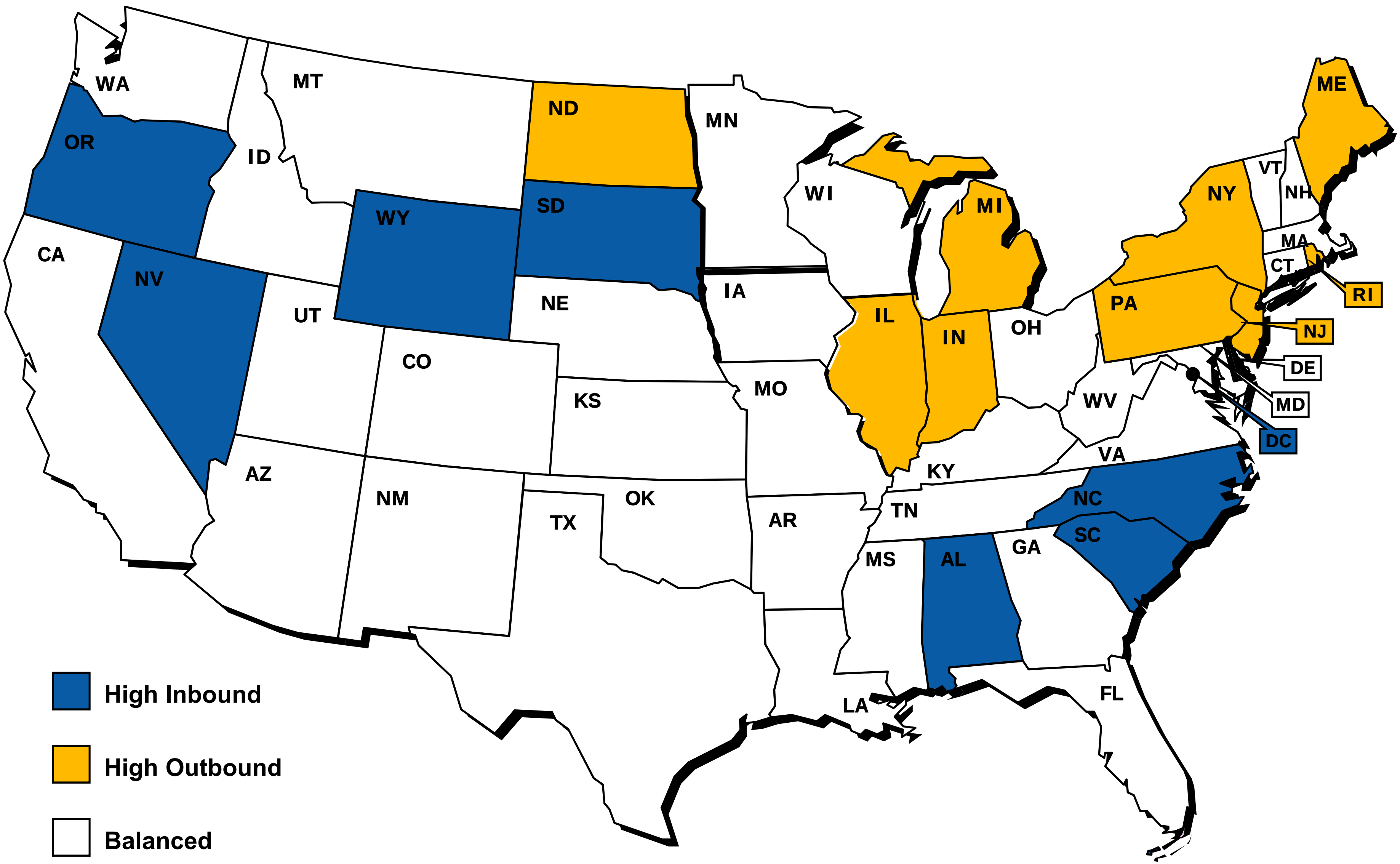
United, the nation's largest mover, has tracked shipment patterns annually on a state-by-state basis since 1977. For 2008, the study is based on the 198,962 interstate household moves handled by United among the 48 contiguous states and Washington, D.C. United classifies the states as "high inbound" (55% or more of moves going into a state), "high outbound" (55% or more of moves coming out of a state) or "balanced."

Among the 2008 study's findings:

- The top destination was the District of Columbia (62.1%).
- Only two Northeastern states experienced inbound migration: Vermont (52.2%) and Massachusetts (51.8%). Connecticut (53.5%) ranked as an outbound state for the sixth year in a row.
- Oregon and Nevada have been top inbound states for over two decades.
- Alabama was the only Southern state represented in the high-inbound list in 2008. The overwhelming majority of Southern states, including Texas (54.6%), Louisiana (54%), Mississippi (51.8%) and Georgia (51.2%), experienced more inbound moves than outbound moves.
- Michigan (67.1%), Indiana (57%), New York (55.1%) and Illinois (57.2%) all were among the top outbound states.

The full migration study is attached to this Web version of **The Portal**. To access the report, click **here.**

Migration Patterns
January – December 2008



UNITED VAN LINES
JANUARY - DECEMBER 2008
BASED ON 198,962 SHIPMENTS
SEQUENCED ALPHABETICALLY

STATE	TOTAL SHIPMENTS	INBOUND SHIPMENTS	OUTBOUND SHIPMENTS	% INBOUND SHIPMENTS	% OUTBOUND SHIPMENTS
ALABAMA	5,255	3,055	2,200	58.1%	41.9%
ARIZONA	12,889	6,897	5,992	53.5%	46.5%
ARKANSAS	2,401	1,303	1,098	54.3%	45.7%
CALIFORNIA	40,610	20,230	20,380	49.8%	50.2%
COLORADO	11,780	6,366	5,414	54.0%	46.0%
CONNECTICUT	5,121	2,381	2,740	46.5%	53.5%
DELAWARE	1,164	628	536	54.0%	46.0%
DISTRICT OF COLUMBIA	1,873	1,163	710	62.1%	37.9%
FLORIDA	26,957	13,487	13,470	50.0%	50.0%
GEORGIA	14,333	7,344	6,989	51.2%	48.8%
IDAHO	2,412	1,230	1,182	51.0%	49.0%
ILLINOIS	15,903	6,806	9,097	42.8%	57.2%
INDIANA	6,387	2,745	3,642	43.0%	57.0%
IOWA	2,592	1,302	1,290	50.2%	49.8%
KANSAS	4,676	2,356	2,320	50.4%	49.6%
KENTUCKY	4,257	2,170	2,087	51.0%	49.0%
LOUISIANA	4,373	2,363	2,010	54.0%	46.0%
MAINE	1,940	858	1,082	44.2%	55.8%
MARYLAND	8,678	4,116	4,562	47.4%	52.6%
MASSACHUSETTS	8,820	4,567	4,253	51.8%	48.2%
MICHIGAN	9,957	3,277	6,680	32.9%	67.1%
MINNESOTA	7,780	3,893	3,887	50.0%	50.0%
MISSISSIPPI	2,499	1,295	1,204	51.8%	48.2%
MISSOURI	8,810	4,753	4,057	54.0%	46.0%
MONTANA	1,865	999	866	53.6%	46.4%
NEBRASKA	2,369	1,140	1,229	48.1%	51.9%
NEVADA	4,720	2,792	1,928	59.2%	40.8%
NEW HAMPSHIRE	1,751	833	918	47.6%	52.4%
NEW JERSEY	9,074	3,752	5,322	41.3%	58.7%
NEW MEXICO	3,518	1,825	1,693	51.9%	48.1%
NEW YORK	15,770	7,077	8,693	44.9%	55.1%
NORTH CAROLINA	14,889	8,670	6,219	58.2%	41.8%
NORTH DAKOTA	1,289	530	759	41.1%	58.9%
OHIO	13,110	5,979	7,131	45.6%	54.4%
OKLAHOMA	4,086	1,999	2,087	48.9%	51.1%
OREGON	6,679	3,713	2,966	55.6%	44.4%
PENNSYLVANIA	13,239	5,561	7,678	42.0%	58.0%
RHODE ISLAND	1,196	505	691	42.2%	57.8%
SOUTH CAROLINA	7,061	3,979	3,082	56.4%	43.6%
SOUTH DAKOTA	804	461	343	57.3%	42.7%
TENNESSEE	7,948	4,340	3,608	54.6%	45.4%
TEXAS	32,817	17,909	14,908	54.6%	45.4%
UTAH	3,701	1,900	1,801	51.3%	48.7%
VERMONT	695	363	332	52.2%	47.8%
VIRGINIA	16,503	8,422	8,081	51.0%	49.0%
WASHINGTON	14,438	7,257	7,181	50.3%	49.7%
WEST VIRGINIA	1,119	562	557	50.2%	49.8%
WISCONSIN	6,731	3,182	3,549	47.3%	52.7%
WYOMING	1,085	627	458	57.8%	42.2%
COUNT 49					
TOTAL		198,962	198,962		

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UNITED VAN LINES
JANUARY - DECEMBER 2008

HIGH INBOUND STATES

STATE	TOTAL SHIPMENTS	INBOUND SHIPMENTS	OUTBOUND SHIPMENTS	% INBOUND SHIPMENTS	% OUTBOUND SHIPMENTS
DISTRICT OF COLUMBIA	1,873	1,163	710	62.1%	37.9%
NEVADA	4,720	2,792	1,928	59.2%	40.8%
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UNITED VAN LINES
JANUARY - DECEMBER 2008

HIGH OUTBOUND STATES

STATE	TOTAL SHIPMENTS	INBOUND SHIPMENTS	OUTBOUND SHIPMENTS	% INBOUND SHIPMENTS	% OUTBOUND SHIPMENTS
MICHIGAN	9,957	3,277	6,680	32.9%	67.1%
NORTH DAKOTA	1,289	530	759	41.1%	58.9%
NEW JERSEY	9,074	3,752	5,322	41.3%	58.7%
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NEW YORK	15,770	7,077	8,693	44.9%	55.1%

UNITED VAN LINES
JANUARY - DECEMBER 2008

BALANCED STATES

STATE	TOTAL SHIPMENTS	INBOUND SHIPMENTS	OUTBOUND SHIPMENTS	% INBOUND SHIPMENTS	% OUTBOUND SHIPMENTS
TENNESSEE	7,948	4,340	3,608	54.6%	45.4%
TEXAS	32,817	17,909	14,908	54.6%	45.4%
ARKANSAS	2,401	1,303	1,098	54.3%	45.7%
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OHIO	13,110	5,979	7,131	45.6%	54.4%

Mr. Tiddy from Agility (left) calls on Myanmar Embassy personnel, Mr. Win and Mr. Ong.

Mr. China receives Mr. Tiddy at the Bhutan Embassy.

Trans-Link Calls on Embassy Community

Trans-Link Relocation is often called upon to move diplomatic shipments from various embassies based in Thailand. The company has developed a good connection with diplomats, which provides an opportunity for it to learn their moving/relocation service requirements.

As part of establishing good business rapport, Trans-Link conducts a regular visit to each embassy and actively participates in special occasions such as National Day and inaugural ceremonies. Recently, Trans-Link visited First Secretary Win Zeyar Tun and Second Secretary Chinda Topgay of Myanmar and Bhutan Embassy respectively.

Many diplomats opt to entrust their international moves to Trans-Link because they are confident that their valued possessions will be secure. Every party involved is well managed to ascertain that a given consignment will depart from its origin and arrive to its final destination on time and in perfect condition.

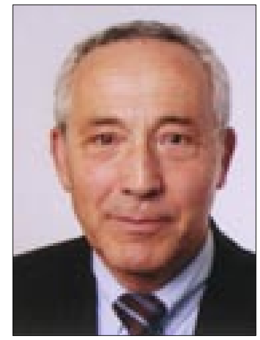
Moving the goods safely is not the only consideration; it is always coupled with import/export paperwork and government rules. As Trans-Link aspires to provide full customer satisfaction, these factors are kept in mind to ensure that every customer can avoid delays and unexpected expense.

The latest diplomatic move Trans-Link facilitated was for Kelvin Kok of the Singapore Embassy staff. He and his family moved back to his country in mid-December 2008. The move was carried out successfully, and Mr. Kok—clearly a satisfied customer—wrote that "Trans-Link delivers fast and good service."

MILESTONES

Horst Basse Retires After 46 Years In the Steamship Business

Horst Basse, the premier steamship representative in Northern Germany and the UK, recently retired after 46 years in the steamship business. Friends said that Basse served his companies and customers with great integrity, and called him "a true friend to the household goods industry, both proactive with the local port agents in Bremen and Bremerhaven, and responsive to the American flag customers he ultimately serviced." Basse hosted many events for the industry each year at the Annual SDDC-Europe Personal Property and Passenger Training Workshop in Germany. It was also his pleasure to attend the annual meetings of the Household Goods Forwarders Association of America. He very fondly remembers the trusting and unique cooperation he enjoyed with the legend of the industry, David P. Beere.



Basse was born in Bremen, Germany. As is common with all German youths starting their careers, Basse participated in a commercial apprenticeship, but combined it with attendance at a vocational school. He received a degree in trade and foreign commerce and subsequently served two years in the German Air Force.

From 1968 thru 1970 he was an industrial trainee with Biehl & Company of Houston, Texas. This provided him with an introduction to American culture that would later enhance his career.

For the next six years Basse worked the inbound desk of USA–Europe trade lanes for Gebrueder Specht of Bremen, Germany, who represented Hapag-Lloyd, and later on the Lash-Service (Lighter aboard Ship) of Combi Lines, which was a joint venture of Hapag-Lloyd and Holland America Lines.

In 1976 Gebrueder Specht was named general agent for Lykes Bros. Steamship Co. of New Orleans, La., and Basse was made deputy manager of the group handling the account. In 1985 Basse was promoted to line manager and within two years, the company appointed him general manager. In 1997 Basse became CEO of the affiliated terminal operator Nordsee-Hafenbetrieb.

In 1998 Lykes Lines was bought by CP Ships, and Basse remained as CEO. Following the reorganization of the company, Basse concentrated on the US-flag related aspects with his responsibilities extended to include all of North Europe and the United Kingdom.

Then in August 2005, CP Ships was purchased by its current owner, Hapag-Lloyd of Hamburg. Basse continued his position but moved his office from Bremen to Hamburg.

Basse opted to make use of early retirement retired on Oct. 1, 2008. Basse and his wife of 35 years, Birgit, look forward to many exiting travels. The first trip they made after his retirement was to his "second" home in Houston.

Dieter Schlimmer 'Retires,' Begins New Chapter

Ask any one of Dieter Schlimmer's customers from the US military household goods business if they received the most personal and knowledgeable support, and they will tell you: "Absolutely." With over 50 years of experience in Europe, the Mediterranean, North Africa, and Asia, Schlimmer's passion and commitment helped define and form the current scope of business in the United States Department of Defense (US DoD) military household goods business.

Schlimmer was an early player in the international US DoD military household goods program. What sets him apart is his vertical customer focus. He always ensured his customers had whatever they needed to provide the US military with the best service possible. When not working, Dieter enjoyed many hobbies, including sky diving, skiing, gliding, and, of course, flying.

Schlimmer grew up in a very impoverished war-torn Germany and entered the transportation business in 1954 as a transportation apprentice in Mannheim, Germany, for Damco, a Dutch shipping company. Within two years, he was transferred to the materials and supplies department for the US Forces in Germany, northern Italy, and eastern France, where he gained experience in port handling, dispatching, special routing, air freight, and railroads.

The next year, he participated in the new van-sea-van system of US military household good shipments. Schlimmer was responsible at Damco for the transportation of the shipments via the Rhine River to and from Rotterdam/Amsterdam for US military freight forwarders and van lines.

In 1959 Schlimmer was hired by his mentor, Donald E. Rowe, president of Imperial Household Shipping Co., Inc. in Mannheim, where he helped implement door-to-door, Code 4 in Germany, Holland and Belgium, which replaced the old system of van-sea-van. Working with the US Imperial team, he identified and trained agents to pack for the US DoD. Unlike today, rates had to be filed directly with each Transportation Office. Schlimmer carried a typewriter in his car and had 3 to 4 rate tenders on hand to lower his rates from one day to the next, as each competitor followed him or preceded him around the continent for this very competitive growing business.

In 1960 the European headquarters of Thru-Container Services, Inc. was established in Lausanne, Switzerland, to manage all Imperial freight to and from Holland, Belgium, France, Spain, Portugal, Italy, Greece, Crete, Turkey, the U.K., and Scotland. DPM airfreight was changing into Code 8, so two years later, Schlimmer opened the Thru-Container Airlift Operation in Frankfurt, Germany, where he represented Imperial and TWA as a military sales agent.

In 1963 his world got bigger when Thru-Container moved its European headquarters to Bremerhaven, Germany, where they opened the seaport operation and represented eight to ten US military forwarders. Schlimmer traveled extensively throughout Europe as general agent for Imperial. In 1966, Schlimmer became the European vice president of Thru-Container, and vice president of Imperial Household Shipping Co.-Europe; later he became president of Thru-Container.

Through Imperial's corporate innovation and Schlimmer's leadership and ability to constantly implement change, new ideas, and technology, Thru-Container grew from a small branch office to a major international personal effects import/export operation, with expertise in emergency operations, charters, large consolidations, source loading, creative routing, monitored warehouses, and innovative rail and trucking.

In late 1969, after the revolution in Libya and Wheelus AFB closed, the always flexible Schlimmer flew to Libya on behalf of Imperial and assisted in the evacuation of the military families' personal effects left behind after their quick departure. Under armed guard, Schlimmer organized the packers and shipped the goods via military aircraft to the USA as well as many European destinations.

Weeks later, Schlimmer left Libya for Italy to attend the NDTA convention. Within 24 hours he was called to report to the Berlin Brigade in Berlin. Soon, Imperial was called to assist due to the lack of military aircraft support and moved the first Code 7 shipments to the USA. This marked the advent of the industry moving the US military personal effects via duty train from Berlin to Bremerhaven, instead of via the DPM system that had been in place since 1945. Surprisingly, Code 4 moved six weeks later by Jet Forwarding Inc. beating Imperial's shipments. US military forwarders followed and received approval to move personal effects in and out of Berlin.

The Imperial/Thru-Container team used every opportunity available to create new transportation solutions to increase business and ship at a low cost. During the Vietnam War, the US DoD chartered planes to Europe to ship military supplies. Imperial chartered these aircraft on their return trip. Schlimmer oversaw the operation to fill them with baggage in Frankfurt back to the US. Additionally, a special ocean shipping program was created to assist the military to return Conex containers from Germany to the US at no cost. In return, Imperial got most of the Code 7 business out of Germany needed to fill the Conex containers, which were then returned to the military in the Baltimore area.

Schlimmer often heard the knock of opportunity and in 1974, he and colleagues were again called to assist in the emergency packout of household goods and personal effects for the embassy in Nicosia, Cyprus, prior to the political dispute between the two republics on Cyprus.

Shortly thereafter, Schlimmer and Imperial team members traveled to Kenitra AFB in Morocco, and oversaw the transition from DPM to Code 4. His next assignment was in Bahrain, where DPM changed to Code 5. Many others also helped in this process. He also traveled to Eritrea, Ethiopia, to assist in Embassy moves, not knowing there was a revolution going on. He learned a lot and took more precautions from that day on, which saved him during a trip to Portugal in the midst of the Carnation Revolution. An attempt was made to break Portugal out of NATO. The revolution failed and no evacuation took place.

Other assignments took him from Iceland to The Azores, to Israel. Thru-Container was also the first general agent to truck US military household goods shipments through Germany to and from Turkey and Greece, saving time and money versus shipping via the Mediterranean Sea.

In the mid 1970s, a major accomplishment was the opening of the port office in Felixstowe, U.K., with the help of Dorothy James. Schlimmer also opened the Madrid, Spain office with the assistance of Klaus Moericke. Schlimmer attributes his success to being blessed with great support and staffs over the years.

The late 1970s found Schlimmer working several months a year in Japan as president of Thru-Container Services—Japan. The scope of operations included Yokohama, Korea, Okinawa, the Philippines, and Thailand.

From 1985 to 1991 Schlimmer joined Teamwork, part of a growing US military freight forwarder, American Ensign. Among their innovations was the chartering of ocean vessels from Bremerhaven to the US Great Lakes. Schlimmer's expertise in massive movement organization and port operations was a great asset. Later, noticing that US aide vessels were returning empty from Africa, they also chartered ships in Bremerhaven to Houston, Texas.

Also in 1985, Schlimmer founded his own company, Phoenix-Sea-Land-Air to service commercial shipments. In 1991 Phoenix Transport Services GmbH was opened with the support of some business friends to service all customers in Bremerhaven. Over the years, a close cooperation grew between Phoenix Transport Services GmbH and Gosselin in Antwerp, Belgium. Both companies represented each other in their respective ports and looked out for each other's customers. As a result, Schlimmer and Phoenix were able to offer their customers at times competitive solutions via the port of Antwerp.

After 17 successful years, Phoenix Transport Services closed following Schlimmer's retirement and the reduced volumes and increased costs of doing business via Bremerhaven. With transportation and forwarding in his DNA, he now transitions to a new role as a consultant to Govlog in Antwerp, Belgium. This opportunity enabled Schlimmer to continue offering his experience and contacts to his long time friends and business partners.

Dieter shares his active life between Langen, Germany, and St. Petersburg Fla., with his wife, Renate.

Schlimmer considers himself a small wheel in a big machine. He shares his successes with Don Rowe, colleagues at Imperial, Thru-Container, Teamwork and Phoenix, and with his competitors, who often were ahead of him at times and behind at others.

Schlimmer sums it up this way: "We all learned from one another. Everyone in the industry had excellent systems and worked hard to best service the customer, the US military. Relationships, pioneering and independent actions make up the history of our Industry. If you have a great idea and want something - you can do it, and if you are not successful, you can always ask the US military services for assistance to make it happen. Offer only facts and not wishful thinking."

Schlimmer is well known for being a 24/7, go-anywhere, anytime guy. It's not unusual for Schlimmer to participate in conference calls at 2 in the morning. Always passionate and considerate of his customers and colleagues, he is never at a loss for words to convey those feelings. "The business was always challenging, interesting, and I enjoyed every minute of it. If someone told me it was too difficult, the more I enjoyed it. Certainly, the industry needs to form a coalition of our transportation experts to share with the military our history of support. We had at times the best support, connections, and cooperation between industry and the military."

What words of advice does he have for others who hope to emulate his success? “Communication is key. You must meet your customers face to face. You don't achieve excellence from only sitting at your desk.”

HONORS AND AWARDS

Lynne O'Leary, corporate account director of Interdean International Relocation, holds achievement award from BP.

Interdean International Relocation has received a series of major honors from one of its blue-chip clients, BP, for its achievement in providing mobility services.

BP's Vendor Awards are voted for by the energy giant's International Mobility Advisors. Following this process Interdean International Relocation was presented with three awards at a ceremony in Washington, D.C.:

- The BP International Mobility International Vendor Award 2008 went to **Interdean London**.
- The BP International Mobility Individual Award 2008 was awarded to **Lynne O'Leary**, corporate account director at Interdean International Relocation.
- **Interdean Baku**, managed by Vagif Samosud, was presented with the BP International Mobility Regional Vendor Award—MOW (most of world) 2008.

Interdean International Relocation handles over 500 global moves a year on behalf of BP.

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The FIDI Global Alliance has granted membership to **Arpin International Group**'s United Kingdom branch after a thorough quality inspection. FIDI (Fédération Internationale des Déménageurs Internationaux), based in Belgium, is the largest global alliance of independent quality international removal companies.

In order to qualify as a FIDI member, companies must undergo a rigorous inspection procedure including a thorough review of financial security and stability, facilities, equipment and materials, staff qualifications, quality management, insurance and risk management, permits and licenses, environmental policy, product and service knowledge, service processes, quotation and contracts, claims, responsiveness and customer feedback as well as other items. Ernst & Young performed the compliance procedure on behalf of FIDI.

John Ferguson is director of Arpin International UK Ltd. Arpin International Group also holds a FIDI accreditation for its Rhode Island-based headquarters.

❖

Move One Relocations was honored by its peers, competitors and clients for its outstanding service levels as a Destination Service Provider at the 2008 Employee Relocation Council Symposium in Washington, D.C. Move One was also recognized for its innovative use of technology as a means of improving overall performance.

Move One Relocations received four awards at this year's conference:

- GMAC: GMAC presented Move One with its "Most Innovative: award in recognition of its new video destination guides. GMAC recognized Move One Relocations' video destination guides as an effective and cost-saving tool that will go a long way to providing a better relocation experience for GMAC customers and assignees.
- WRRI: The Supplier Relations team at WRRI presented Move One with a Commitment to Service Excellence Award for 2008, in recognition of efforts and commitment to assure a smooth relocation for a WRRI client conducting a group move to Prague. The Move One Prague team, along with their coordinator in Budapest, went the extra mile in assisting WRRI with their customer's concerns and turned a potentially difficult group move into an positive experience for all.

Another key client recognized Move One this year with awards for "Delivering More" to their clients in 2008 and also for "Supplier Innovation" for the Extrack service tracking system — a proven innovation that Move One Relocations has implemented as a means of improving efficiency and responsiveness while also lowering costs.

❖

ABF Freight System, Inc.® has been named as one of the top US companies to sell for by *Selling Power* magazine. For 2008, ABF® again was the highest ranked transportation company and ranked second overall in the service sector. This is the seventh consecutive year that ABF has ranked among the top 10 of the magazine's annual listing.

The corporate research team at Selling Power annually identifies and ranks the best companies to sell for in the U.S., focusing on companies with sales forces of 500 or more people. Assessments are based on compensation, training and career mobility. Selling Power ranks the top 25 manufacturing companies and the top 25 service companies to complete its annual list of the 50 best companies to sell for.

IMPORTANT NOTICE

Antonio Gil, president of **Mudanzas Clara del Ray S.L.** in Madrid, Spain, informed IAM that under recent European Council Regulation (CE) No. 274/2008, effective Dec. 1, 2008, **the usual Duty and Tax Free allowance** for the importation of household goods and personal effects destined to furnish a *holiday home or secondary residence* **has been cancelled in all European Union countries.** Therefore, such import shipments will now incur taxes — duty and VAT — as legally applicable. "In the case of Spain," Gil noted, "our Customs will levy only the VAT to these importations (16 percent), but not the Duty and VAT together (about 30 percent). The taxes will be based on the C.I.F. value of the shipments.

"Spain has raised a protest for this cancellation to our Federation of European Union Movers (FEDEMAC). The reasons why this rule was adopted could be understandable in certain countries, but not so for all of the 25 member states. In Spain, where climatic or other living conditions meant that it was traditionally attractive to many holiday homeowners and investors, this rule represents a new blow to us, the movers.

"While the FEDEMAC lobby office works on the case and a possible restoration can be obtained we feel that our worldwide agents should be alerted to this new rule."

Canada's Do Not Call List

Movers are all telemarketers to some degree. Canada's Do Not Call List (DNCL) is now in effect. It applies to all telephone and fax contacts with consumers. The rules forbid telemarketers from calling anyone on the list without the consumer's permission. There are now almost 6,000,000 Canadians on the list and to date there have been 5,000 complaints. The rules require telemarketers to acquire copies of the DNCL. Further, the rules require specific content for calls and a high level of record-keeping. They also regulate the use of automatic dialing devices and automated calls to voice mail.

Fines can be up to $1,500 for an individual and $15,000 for a corporation. You are responsible for the calls that you, your staff and your agents make.

CAM Mover's Edge

IN MEMORIAM

Verna J. Effenberger

Verna J. Effenberger, well known to IAM members, passed away on Dec. 10 at the age of 62.

A 1964 graduate of Kent-Meridian High School in 1964, she married the same year. She and her husband lived in Lake Forest Park for the last 42 years. The couple raised two children, who attended Brookside Grade School, where Mrs. Effenberger served as co-president of the PTA, receiving the Golden Acorn Award — their highest commendation for service. She also was actively involved in area Girl Scout and Boy Scout programs.

She lived a full and satisfying life filled with much travel. As owner of her own transportation company, which she served as president and CEO for nearly 20 years, she enjoyed seeing the world. She traveled to Europe, Disneyworld and Disneyland, and all the Hawaiian Islands many times. Several years ago she spent some time in China and marveled at the Great Wall, but shared upon her return that she really liked the “warmer climates and cleaner air” much better.

Home time was usually spent cross-stitching, scrapbooking, or reading. She was an avid collector of Lladro’s, Swarovski crystal, thimbles, and jewelry.

Memorials in Mrs. Effenberger’s name may be made to Make-A-Wish Foundation of Washington State, 400 East Pine St., #220, Seattle, WA 98122.

IN MEMORIAM

Douglas M. Coleman

Douglas M. “Doug” Coleman passed away after an extended illness on Dec. 15 in Panama City, Fla. He was 70.

Mr. Coleman was born and raised in Kansas and attended school in Hutchinson, where he was an active student and athlete. He graduated in 1961 from the University of Kansas School of Business, and was a member of the Kappa Sigma social fraternity.

Mr. Coleman and his wife, the former Mary Jo Traynor, made their home in Lawrence, Kans. He was an avid Kansas Jayhawk basketball fan and enjoyed watching games in the historic Allen Fieldhouse.

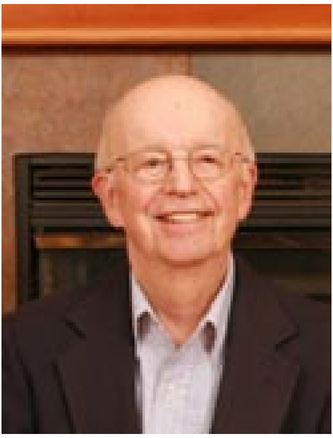
Mr. Coleman was an owner of and spent his 50-year career with the family moving and storage business, Coleman American Moving Services, which was launched in 1914. Throughout his tenure, he was regarded as a great leader, innovator, and trusted mentor to countless individuals and he distinguished himself and his company among the public he served. He was past president of Coleman American and Covan Worldwide Moving, and throughout his career he was dedicated to its growth and success.

He was a former board member of the American Moving and Storage Association in Alexandria, Va., and a member and past president of the Kansas Motor Carriers Association.

Douglas M. Coleman
1938–2008

Mr. Coleman moved to Florida in 2002 upon his retirement and remained active as a consultant to the industry until his death. He is survived by his wife, Mary Jo; four daughters; three sons; 17 grandchildren; and three brothers.

IN MEMORIAM



John M. (Jack) Stern, Jr.

September 12, 1926–December 10, 2008

John M. (Jack) Stern, Jr. passed away peacefully on Dec. 10, 2008, after a long battle with throat cancer. He was 82.

Born in Buffalo, N.Y., Sept. 12, 1926, he graduated from East High School and attended the University of Buffalo, Cornell University, University of Pennsylvania, and the Wharton School of Business.

Mr. Stern passed his Alaska bar examination in 1959 and was admitted to the Alaska Bar Association, Anchorage Bar Association, and American Bar Association. He was admitted to practice law before the Civil Aeronautics Board, Interstate Commerce Commission, and the US Supreme Court.

He first went to Alaska to work during the summers while attending college. His career included working for the Burroughs Corp., Pacific Northwest Airlines, and Cordova Airlines. While employed at Cordova Airlines in Anchorage, Ak., he also attended the University of Washington Law School, where he received his law degree in 1958.

Mr. Stern went into private law practice in 1961 and concentrated on transportation, utility and administrative law. He was appointed Chairman of the Alaska Public Utilities Commission by Gov. Bill Egan in 1971. In 1973, he returned to private law practice until 1986, when he and his wife, Lorna, moved to Seattle, Wash., and pursued their passion in the transportation business. Over the years, Mr. Stern enjoyed attending the various military and trade association meetings, where he always had penetrating queries. He looked forward to meeting with agents and members of the military and trade associations, whether during meetings, breaks or during "attitude adjustment" hours. Many of those he met became longtime business friends with whom he enjoyed further encounters and conversations. He will be remembered as a fun-loving, generous family man who had a zest for life and a great time living it.

Mr. Stern is survived by Lorna, his wife of over 50 years; two children; and four grandchildren. Three grandchildren predeceased him. He is survived by his brothers, Philip Stern and Paul Plett, nieces, nephews, and a host of dear friends.

At his request, no funeral services were held. The family requests remembrances be sent to the Dr. Henry Kaplan Research Foundation, Swedish Medical Center, 1221 Madison St., Suite 200, Seattle, WA 98104.

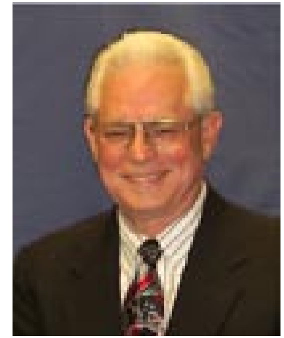
Tarheel State Honors Members

At its 54th Convention, the **North Carolina Movers Association** presented its 2008 Mover of the Year award to **Robert Long** of DeHaven's Transfer & Storage, an Atlas Van Lines agent in Durham, N.C.

Also at the convention, **Gary Battle II**, the son of a driver for Security Storage Company in Goldsboro, was awarded a $1,000 2008 NCMA Scholarship. Meanwhile, a recent NCMA Golf Tournament and a $200 fuel card raffle raised over $1,700 for the Scholarship Fund.

The organization's newsletter, *The Tar Heel Van*, reported that NCMA also inducted **Carter C. Lassiter** of City Transfer and Storage in High Point into the North Carolina Transportation Hall of Fame. Lassiter's company was launched by his father, I.M. Lassiter, in 1908, with a wagon and a team of mules and horses. Carter Lassiter, his father, and his brother, Mac, expanded the company over the years. Under Carter's leadership, the company has since grown to include a range of services, including commercial storage, corporate relocations, and crane work.

Brown



Bramer

New Leader at Ohio Association of Movers

Karen Brown has been named executive director of the **Ohio Association of Movers, Inc.** She replaced **Edwin Bramer**, who will serve as a consultant to her and OAM. Brown, who has worked with Bramer for the past 15 years, said she had gained great insight and experience while sharing his responsibilities with the household goods moving industry. Bramer has been employed and retained by nonprofit trucking and moving associations for the past 55 years.

The OAM Board of Directors said they welcomed Brown's "passion for improving the reputation of the moving industry and her performance in dealing with our members and regulatory bodies.

EDITOR'S NOTE: The Portal welcomes news from state associations. Please send your newsletters and press releases to Bel.Carrington@iamovers.org

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IAM Chairman

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Fax: (714) 527-7691
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Fax: (630) 848-1116
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P.O.C: Richard Wozwiak and Lori Moran

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Fax: (877) 495-3233
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Website: www.21stcenturyrelocations.com
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Sponsors: Special Speed Intl Logistics, China
Globe Moving & Storage Co, Mauritius

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P.O.C: N. Ceron Jean Pierre
Sponsors: Interdean Int'l Relocations, Switzerland
Accelerated International Forwarders, LLC, IN

Sirva International Freight Forwarding
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Fax:(847) 238-5170
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Sponsors: Crown Relocations, IL
Champion International Moving, Ltd, PA

IMPORTANT TAX INFORMATION CONCERNING IAM DUES

Dues may be deducted as a business expense, but not as a charitable contribution.

Effective July 1, 2007, 13% of dues are not deductible in accordance with US IRC Sec. 6033.

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Save this list in a convenient place for future reference.

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Global Trade and Credit

In early January, Warren Buffet, CEO, Berkshire Hathaway, Inc., described the US situation as an "Economic Pearl Harbor" in an interview with Dateline NBC. Although he was referring only to the US economy, what Buffet has described is a worldwide assessment of the global credit crisis. The impact on virtually every country in the world has been dire, with two of the major economic engines in the world, Japan and the United States, hitting credit lending rates nearly approaching zero.

Another indicator of the crisis is the cost of debt. In the past six months, the euro has dropped in its exchange against the dollar, from about $1.56 to approximately $1.33. This has created deep concern within the European Central Bank and throughout most of the EU members, who are examining their future within the organization.

The drop in the price of oil has also eased fears of inflation on both sides of the Atlantic. With the price per barrel expected to stay in the $35–$50 range for the foreseeable future, the larger fear now is one of deflation in the later quarters of 2010.

In fact, there is concern among many international credit grantors that the decrease in oil exploration could have a deleterious impact on economies when the global economy recovers. The concern is that as demand increases with economic recovery, oil-producing companies will be unable to ramp up quickly enough to meet the growing demand. Such an imbalance could act as a braking mechanism on global economic recovery.

But such concern would be a welcome problem given the debts that are being absorbed by countries worldwide. There appears to be no immediate relief to rapid decline in global trade until international credit is flowing again—a situation that is unlikely to be reversed until there are investors interested in buying national and corporate debt.

Economic Stimulus and TARP Funds

To respond to the economic crisis, the federal government created a pool of money made available to America's financial houses. Then, the Obama Administration and the Congress developed an economic stimulus bill to invest in infrastructure and create some tax cuts. Both measures have been controversial.

For example, the Congressional Budget Office says the federal government already faces a record $485 billion deficit in just the first three months of FY 2009. Even without the economic stimulus bill that has passed the House and awaits Senate action in early February, this year's deficit could soar past $1.2 trillion. President Obama has said he is much more concerned about infusing capital into the economy than about the record deficit. Many say that much of the government's fiscal difficulties can be pinned to the Troubled Asset Relief Program (TARP), whose remaining $350 billion in funds were just released by the Senate.

Many tie the current economic crisis to the increased leverage in a seeminly low-risk market over 10 years ago. When the $11 trillion US residential mortgage market began to slide last year, large losses piled up, with global consequences. In recent months, eight major US financial institutions failed, six of them in September 2008 alone. As a result, credit froze, and a money market mutual fund collapsed.

Federal regulators and the Congress stepped in with two emergency packages: the Emergency Economic Stability Act of 2008 (EESA) and its TARP provisions. The Treasury Department used $250 billion of the original $350 billion in TARP funds to develop the Capital Purchase Program to invest directly into banks. By late January, the Treasury had invested $189 billion into 257 institutions.

Now, many wonder what the banks are doing with the money. One Treasury Department official explained, "Banks are in the business of lending and they will provide credit to sound borrowers. They may also use the capital to absorb losses and [for] restructuring."

Some have criticized the Treasury Department for not stepping in to the stop banks from possibly using TARP funds for mergers and acquisitions. But within the agency, it is felt that when a failing bank is acquired by a healthy bank, the community of the failing bank is better off than if the bank had been allowed to fail.

There is an overall lack of transparency that exists in the utilization of the money. As public skepticism grows about the utilization of TARP funds, Congress is demanding more oversight. Barney Frank (D-MA), Chairman of the House Financial Services Committee, introduced legislation to impose better monitoring. H.R. 384, the TARP Reform and Accountability Act, would amend some TARP provisions of the EESA. The bill would close loopholes, increase accountability and transparency, and require the Treasury to develop procedures and lending practices to prevent foreclosures, a major objective of the original legislation. Monies recently released by the Treasury were directed at the most problematic mortgages, but there are significant obstacles to dedicating TARP funds for that purpose. In fact, Treasury is focused on direct investment in banks, because it couldn't analyze which assets to buy while protecting the taxpayers' investment.

Treasury officials insist that TARP will cost taxpayers far less that the total amount allocated over the long haul. Since the funds are being used for direct investments in banks and in acquiring financial assets, taxpayers have some assurance of a return on investment.

Federal Reserve Board officials acknowledge the public's concern about the cost of this program, particularly as most other industries experiencing distress are not receiving comparable assistance. They note that further deterioration of financial conditions would affect all industries, in all regions of the county.

The new Administration hopes that over the next few weeks, the economy will be given a boost by the cumulative effect of the stimulus bill and the incremental release of more TARP funds. Many in the new Administration believe the psychological benefit of these programs is important for restoring confidence to the marketplace.

111th Congress: A Profile

The Congressional Research Service (**www.crs.gov**) has prepared a 10-page resource analyzing the makeup of the incoming Congress.

This report—entitled *Membership of the 111th Congress: A Profile*—presents a profile of the membership of the 111th Congress. Statistical information is included on selected characteristics of Members, including data on party affiliation, average age and length of service, occupation, religious affiliation, gender, ethnicity, foreign births, and military service.

Currently, in the House of Representatives, there are 262 Democrats (including five Delegates and the Resident Commissioner) and 178 Republicans. The Senate has 55 Democrats; two Independents, who caucus with the Democrats; and 41 Republicans. There are two Senate vacancies and one House vacancy.

The average age of Members of both Houses of Congress at the convening of the 111th Congress is 58.2 years; of Members of the House, 57.0 years; and of Senators, 63.1 years. The overwhelming majority of Members have a college education. The dominant professions of Members are public service/politics, business, and law. Protestants collectively constitute the majority religious affiliation of Members. Roman Catholics account for the largest single religious denomination, and numerous other affiliations are represented.

The average length of service for Representatives at the beginning of the 111th Congress is 11.0 years (5.5 terms); for Senators 12.9 years (2.2 terms).

A record number of 95 women serve in the 111th Congress: 78 in the House, 17 in the Senate. There are 41 African American Members of the House and none in the Senate. This number includes two Delegates. There are 31 Hispanic or Latino Members serving: 28 in the House, including the Resident Commissioner, and three in the Senate. Eleven Members (seven Representatives, two Delegates, and two Senators) are Asian or Native Hawaiian/other Pacific Islander. The only American Indian (Native American) serves in the House.

The full report is attached to this Web version of **The Portal**. To access, click **here.**

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IAM (HHGFAA) 47th Annual Meeting
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September 29–October 2, 2010
IAM (HHGFAA) 48th Annual Meeting
San Diego, California

September 12–15, 2011
IAM (HHGFAA) 49th Annual Meeting
Denver, Colorado

October 10–13, 2012
IAM (HHGFAA) 50th Anniversary Meeting
National Harbor, Maryland
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EDITOR'S NOTE: Visit **www.iamovers.org/calendar.html** for an expanded list of meetings and events of interest to IAM members.

Membership of the 111th Congress: A Profile

Mildred Amer
Specialist on the Congress

Jennifer E. Manning
Information Research Specialist

December 31, 2008

Congressional Research Service
7-5700
www.crs.gov
R40086

CRS Report for Congress
Prepared for Members and Committees of Congress

Summary

This report presents a profile of the membership of the 111th Congress. Statistical information is included on selected characteristics of Members, including data on party affiliation, average age and length of service, occupation, religious affiliation, gender, ethnicity, foreign births, and military service.

Currently, in the House of Representatives, there are 262 Democrats (including five Delegates and the Resident Commissioner) and 178 Republicans. The Senate has 55 Democrats; two Independents, who caucus with the Democrats; and 41 Republicans. There are two Senate vacancies and one House vacancy.

The average age of Members of both Houses of Congress at the convening of the 111th Congress is 58.2 years; of Members of the House, 57.0 years; and of Senators, 63.1 years. The overwhelming majority of Members have a college education. The dominant professions of Members are public service/politics, business, and law. Protestants collectively constitute the majority religious affiliation of Members. Roman Catholics account for the largest single religious denomination, and numerous other affiliations are represented.

The average length of service for Representatives at the beginning of the 111th Congress is 11.0 years (5.5 terms); for Senators 12.9 years (2.2 terms).

A record number of 95 women serve in the 111th Congress: 78 in the House, 17 in the Senate. There are 41 African American Members of the House and none in the Senate. This number includes two Delegates. There are 31 Hispanic or Latino Members serving: 28 in the House, including the Resident Commissioner, and three in the Senate. Eleven Members (seven Representatives, two Delegates, and two Senators) are Asian or Native Hawaiian/other Pacific Islander. The only American Indian (Native American) serves in the House.

Contents

Contacts

Congress is composed of 541 individuals from the 50 states, the District of Columbia, Puerto Rico, Guam, the U.S. Virgin Islands, American Samoa, and the Northern Mariana Islands.[1] This count assumes that no seat is temporarily vacant.[2] The following is a profile of the 111th Congress.[3]

Party Breakdown

In the 111th Congress, the current party alignments are 262 Democrats in the House of Representatives (including five Delegates and the Resident Commissioner) and 178 Republicans. The Senate has 55 Democrats; two Independents, who caucus with the Democrats; and 41 Republicans.

Age

The average age of Members of the 111th Congress is among the highest of any Congress in recent U.S. history.[4] The average age of Senators at the beginning of the 111th Congress is 63.1 years, approximately 1.5 years greater than that of the 110th Congress (61.7 years) and three years older than that of Senators in the 109th Congress (60.1 years).

The average age of Members of the House, including Delegates and the Resident Commissioner, is 57.0 years, over a year older than that of Representatives in the 110th Congress (55.9 years), and almost two years older than that of Representatives in the 109th Congress (55.1 years). The average age of all Members in both Houses is 58.2 years.

The average age of the new Members of the House, including a Delegate and the Resident Commissioner, is 49.7 years. The average age of new Senators is 57.1 years.

The U.S. Constitution requires Representatives to be at least 25 years old when they take office. The youngest Representative, as well as youngest Member of Congress, is Aaron Schock (R-IL), 27. The oldest Representative is Ralph Hall (R-TX), 85.

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[1] This figure includes 100 Senators, 435 Representatives, five delegates (from the District of Columbia, Guam, American Samoa, the U.S. Virgin Islands, and the Northern Marianas Islands), and one Resident Commissioner from Puerto Rico. The 111th Congress is the first one in which the Northern Mariana Islands have had a delegate. Note that since 1789, 11,890 individuals (not including Delegates and Resident Commissioners) have served in Congress: 9,984 only in the House, 1,258 only in the Senate, and 648 in both houses.

[2] Currently, there two Senate vacancies, one from the Illinois seat vacated by President-elect Barack Obama, and one from the undecided Minnesota Senate race. There is one House vacancy for the 5th District of Illinois. For information on any special elections or appointments to fill vacancies in the 111th Congress, refer to http://www.crs.gov/reference/general/legislative/111change.shtml. This site is updated when there is a death or resignation of a Member of Congress as well as an appointment or election to fill a vacancy.

[3] Information on the five Delegates and the Resident Commissioner is included where relevant. References to Representatives include information for the 435 Members of the House, but not Delegates or the Resident Commissioner. For background information on earlier Congresses, refer to CRS Report RS22555, *Membership of the 110th Congress: A Profile*, by Mildred Amer, and CRS Report RS22007, *Membership of the 109th Congress: A Profile*, by Mildred Amer. See also CRS Report RL30378, *African American Members of the United States Congress: 1870-2008*, by Mildred Amer; CRS Report RL30261, *Women in the United States Congress: 1917-2008*, by Mildred Amer; and CRS Report 97-398, *Asian Pacific Americans in the United States Congress*, by Lorraine H. Tong.

[4] Complete CRS records on the ages of Members of the House begin in 1907, the 60th Congress.

Senators must be at least 30 years old when they take office. The youngest Senator is Senator Mark Pryor (D-AR), who is 45. The oldest Senator, as well as the oldest current Member of Congress, is Robert C. Byrd (D-WV), 91.

Occupations

According to *CQ Today*, in the 111th Congress, law is the dominant declared profession of Senators, followed by public service/politics; for Representatives, public service/politics is first, followed by business and law.[5] A closer look at the prior occupations of Members of the 111th Congress also shows[6]

- 16 medical doctors (including a psychiatrist), two dentists, three nurses, two veterinarians, a psychologist, an optometrist, a clinical dietician, and a pharmacist;
- four ministers;
- 38 mayors, 13 state governors, ten lieutenant governors (including two Delegates), two state first ladies (one of whom was also the first lady of the United States), and one territorial first lady;
- three Cabinet secretaries, one Secretary of the Navy, a vice admiral in the Navy, a Deputy Assistant Secretary of State, a Defense Department counter terrorism consultant, an ambassador, three state supreme court justices, and a federal judge;
- 269 (229 in the House, including two Delegates, and 40 in the Senate) state or territorial legislators;[7]
- at least 112 congressional staffers (including 9 congressional pages),[8] 13 White House staffers or fellows, and several executive branch employees;
- a parliamentary aide in the British House of Commons and a foreign service officer;
- five Peace Corps volunteers;
- four sheriffs, a deputy sheriff, four police officers (including a Capitol policeman), two state troopers, two probation officers, a volunteer fireman, an FBI agent, and a former border patrol chief;

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[5] "111th Congress: Statistically Speaking," *CQ Today*, vol. 44, no. 138 (November 6, 2008), p. 72. In the overwhelming majority of previous Congresses, business has followed law as the dominant occupation of Members. However, in the 111th Congress, 214 Members (182 Representatives, 33 Senators) list their occupation as public service/politics, 204 Members (152 Representatives, 51 Senators) list law, and 201 Members (175 Representatives, 27 Senators) list business. Ninety-four (78 Representatives and 16 Senators) list education as a profession. Members often list more than one profession when surveyed by Congressional Quarterly, Inc.

[6] "The New Senators and The New Representatives," *CQ Today*, vol. 44, no. 13 (November 6, 2008), pp. 23-25, 27-37, 50-57, supplemented by CRS. The professions listed here are not necessarily the ones practiced by Members immediately prior to entering Congress.

[7] National Conference of State Legislators, "Former State Legislators in the 111th Congress," (as of December 8, 2008), http://www.ncsl.org/print/statefed/fsl111.pdf.

[8] Michael L. Koempel and Judy Schneider, *Congressional Deskbook*, 5th ed. (Washington: TheCapital.Net, 2007), pp. 206-209, supplemented by CRS.

- three physicists, one chemist, six engineers including a biomedical engineer, and one microbiologist;
- a radio talk show host, a radio/television broadcaster, a radio broadcaster, a radio newscaster, a television reporter, and a television commentator;
- five accountants;
- an astronaut, a naval aviator, the commander of an aircraft carrier battle group, an instructor at West Point, and a pilot of Marine One (the President's helicopter);
- two professional musicians, a semi-professional musician, a screenwriter, a documentary film maker, a major league baseball player, and an NFL football player;
- three organic farmers, three ranchers, two vintners, and a fruit orchard worker;
- a driving instructor, a cosmetic sales woman, a mountain guide, and a ski instructor;
- a casino dealer, a night watchman, and a prison guard; and
- three carpenters, two bank tellers, a furniture salesman, an ironworker, an auto worker, a clothing factory worker, a textile worker, an oil field worker, a mortician, a coroner, a waitress, a teamster member/dairy worker, a paper mill worker, a cement plant worker, a meat cutter, a shellfish specialist, a river boat captain, a taxicab driver, an auctioneer, a toll booth collector, and a hotel clerk.

Education

As has been true in recent Congresses, the vast majority of Members (95%) of the 111th Congress hold university degrees.[9] CRS research indicates that 27 Members of the House and one Senator have no educational degree beyond a high school diploma. Five Members of the House, but no Senators, have Associates' degrees as their highest degree, and one House Member has an L.P.N. (nursing) degree. Eighty-three Members of the House and 16 Senators earned a Masters degree as their highest educational degree, and 168 Members of the House and 57 Senators have a law degree. Of the Members holding a law degree, five (three House Members and two Senators) also hold an LLM (Master of Laws) degree. Twenty-three Representatives (but no Senators) have doctoral (Ph.D.) degrees, and 17 Members of the House and three Senators have a medical degree.[10]

By comparison, 30 years ago in the 96th Congress (1979-1981), at least 48 Members of the House and 7 Senators had no degree beyond a high school diploma. Sixty-seven Representatives and 15 Senators had a masters degree, 17 Representatives and 4 Senators had a doctoral (Ph. D) degree,

[9] The information in this section of the report includes the Delegates and the Resident Commissioner.

[10] Thirteen Representatives, one Senator, and one Delegate have an M.D. degree; two Representatives have a D.D.S. (doctor of dental surgery) degree; and one Senator and one Representative have a D.V.M. (doctor of veterinary medicine) degree. One Representative has an O.D. (doctor of optometry) degree, but is not included in the count of those with medical degrees.

and 197 Members of the House and 60 Senators had a law degree.[11] Five Members of the House and one Senator had a medical degree.[12]

Forty years ago in the 91st Congress (1969-1971), at least 45 Representatives and 9 Senators had no degree beyond a high school diploma. Thirty-seven Representatives and 14 Senators had a masters degree, 7 Representatives and 2 Senators had a doctoral (Ph. D) degree, 219 Members of the House and 58 Senators had a law degree, and four Representatives had a medical degree.[13]

In addition, three Representatives and one Senator in the 111th Congress are graduates of the U.S. Military Academy and two Senators and two Representatives are graduates of the U.S. Naval Academy. Three Senators and two Representatives were Rhodes Scholars, three Representatives were Fulbright Scholars, and one Representative was a Marshall Scholar.

Congressional Service

The average length of service of Members of the House at the beginning of the 111th Congress is 11.0 years (5.5 terms), a year longer than that of the 110th Congress (10.0 years), and a year and half longer than the average service (9.3 years) in the 109th Congress.[14] Representatives are elected for two-year terms. Representative John Dingell (D-MI), the dean of the House, has the longest consecutive service of any Member of the 111th Congress (53.0 years).[15] He began serving on December 13, 1955.

The average length of service of Members of the Senate at the beginning of the 111th Congress is 12.9 years (2.2 terms), six months longer than that of the 110th Congress (12.3 years), and slightly more than a year longer than the average service (11.8 years) in the 109th Congress.[16] Senators are elected for six-year terms.[17] Senator Robert C. Byrd (D-WV), the President pro tempore of the Senate, has served longer (50.0 years) than any other Senator in history. His service began on January 3, 1959.

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[11] CRS Report 89-92, *Educational Degrees Attained By Members of Congress, 94th through 101st Congresses*, by Mildred Amer. This report is available only from the author.

[12] This number includes one Senator with a veterinary medicine degree and one Representative with a dental degree.

[13] Sen. Thomas F. Eagleton, "Educational Background of Members of Congress," remarks in the Senate, *Congressional Record*, vol. 117, part 36 (December 17, 1971), pp. 47696-47697. Senator Eagleton released a study done by educators George S. Reuter Jr. and Helen S. Reuter.

[14] This service does not include Delegates or the Resident Commissioner. For additional information, refer to CRS Report RL32648, *Average Years of Service for Members of the Senate and House of Representatives, First - 110th Congresses*, by Mildred Amer.

[15] For additional information on longevity in Congress, refer to CRS Report RL34581, *Members Who Have Served in the U.S. Congress for 30 Years or More*, by Mildred Amer and Clay H. Wellborn.

[16] CRS Report RL32648, *Average Years of Service for Members of the Senate and House of Representatives, First - 110th Congresses*, by Mildred Amer.

[17] Note that 48 Senators in the 111th Congress have previously served in the House.

Religion

Most Members of the 111th Congress cite a specific religious affiliation.[18] Protestants (Episcopalians, Methodists, Baptists, Presbyterians, and others) collectively constitute the majority religious affiliation of Members. Roman Catholics, however, account for the largest single religious denomination. Other affiliations include Greek Orthodox, Jewish, Christian Scientist, Quaker, and The Church of Jesus Christ of Latter-Day Saints (Mormon). There are also two Buddhists and two Muslims in the House.

Gender and Ethnicity

Female Members

A record number of 95 women serve in the 111th Congress; 78 serve in the House and 17 in the Senate. Of the 78 women in the House, 61 are Democrats, including 3 Delegates, and 17 are Republicans. Of the 17 women serving in the Senate, 13 are Democrats and 4 are Republicans.

African American Members

There are 41 African American Members in the 111th Congress, all serving in the House. All are Democrats, including two Delegates. Fourteen African American women, including two Delegates, serve in the House.

Hispanic Members

There are a record number of 31 Hispanic or Latino Members of the 111th Congress, one more than the record number who served in the 109th and 110th Congresses.[19] Twenty-eight serve in the House and three in the Senate. Of the Members of the House, 22 are Democrats (including one Delegate), three are Republicans, and seven are women. The Hispanic Senators include two Democrats and one Republican. All are male.

Two sets of Hispanic Members are brothers, and one set are sisters. Mario and Lincoln Diaz-Balart, Republicans from Florida, serve in the House. Ken Salazar (D-CO) serves in the Senate, and his brother, John Salazar (D-CO), serves in the House. Linda Sánchez and Loretta Sanchez, Democrats from California, serve in the House.[20]

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[18] "Religions in the 111th ," *CQ Today*, vol. 44, no. 38 (November 6, 2008), p. 73.

[19] This number includes three Members of the House who are of Portuguese descent and belong to the Congressional Hispanic Caucus.

[20] Note that brothers Sen. Carl Levin (D-MI) and Rep. Sander Levin (D-MI) also serve in the 111th Congress as well as Sen. Edward Kennedy (D-MA) and his son Rep. Patrick Kennedy (D-RI).

Asian Pacific Americans

A record eleven Members of the 111th Congress are of Asian or Native Hawaiian/other Pacific Islander heritage. Nine (seven Democrats, two Republicans) serve in the House; two (both Democrats) serve in the Senate. Of those serving in the House, two are Delegates and one is an African American Member with Filipino heritage. Included in this count is the first Vietnamese American to serve in Congress.

American Indians

There is one American Indian (Native American) Member of the 111th Congress, who is a Republican Member of the House.

Foreign Birth

Twelve Representatives and one Senator were born outside the United States. Their places of birth include Cuba, Mexico, Taiwan, Japan, Pakistan, Peru, Canada, Vietnam, and the Netherlands.[21]

Military Service

In the 111th Congress there are 121 Members who have served in the military, five less than in the 110th Congress.[22] The House has 96 veterans (including two Delegates); the Senate 25. These Members served in World War II, the Korean War, the Vietnam War, the Persian Gulf War, Afghanistan, Iraq, and Kosovo, as well as during times of peace. Some have served in the Reserves and the National Guard. Several Members are still serving as Reservists. As noted above, one Senator is a former Secretary of the Navy.

The number of veterans in the 111th Congress reflects the trend of a steady decline in the number of Members who have served in the military. For example, there were 298 veterans (240 Representatives, 58 Senators) in the 96th Congress (1979-1981); and 398 veterans (329 Representatives, 69 Senators) in the 91st Congress (1969-1971).

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[21] "Born Abroad," *CQ Today*, vol. 43, no. 175 (October 30, 2007), p. 9, supplemented by CRS.

[22] Congressional Quarterly Inc., http://www.cq.com/flatfiles/editorialFiles/memberFactFiles/demographics_111.html, and the Military Officers Association of America, unpublished data supplied to CRS.

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