

AllCovered NEWS

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HIGHLIGHTS TO HELP YOU THIS WEEK

- Inflation Freight Train
- TWIC Transport ID Cards This Year
- GSA Slips Nukes Past Border Agents
- Corruption In US Military Freight

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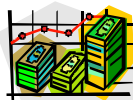
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<http://www.allcovered.net/AC-News-PDF.htm>

>> SMALL BUSINESS SECTION <<



SMALL BIZ – INFLATION FREIGHT TRAIN

--- Excerpted from a detailed article by Jephraim Gundzik – Link at end ---

US & Global prices and interest rates may shoot sharply higher while growth and asset values drop. Do you have a plan?

It has been a nice party.

Between January 2003 and September 2005 the US S&P 500 stock market index advanced by 34%. Over the same period leading stock market indices in Germany, Japan, Korea and Brazil have gained 62%, 48%, 74% and 127%, respectively. Similarly strong stock market performance has occurred in many other countries.

In addition, Bond markets worldwide have also performed exceptionally well since 2003 supported by declining long-term interest rates.

This period of sharp gains in global asset values came at a time of strong jumps in oil prices and oil demand.

Between 2003 and late 2005 oil prices rose 81%. International oil demand rose 6.0%.

Rather than reducing global demand as economists would normally expect, the leap in international crude oil prices since 2003 has been accompanied by exceptionally strong global demand growth by historical standards.

--- LOW INFLATION ---

One key factor that has supported global-asset performance since 2003 has been the apparent containment of US inflation despite surging crude oil prices.

The US Federal Reserve's preferred inflation indicator, the "Personal Consumption Expenditure" (PCE) rose only 1.9% in 2003, 2.6% in 2004, and 2.9% in the first three quarters of 2005. Goods in the PCE deflator are weighted in proportion to how much Americans spend on any particular class of consumer goods. This allows changes in consumption patterns to be immediately reflected in the PCE deflator.

Most consumer spending in America since 2003 has been on automobiles thanks to low-interest or no-interest loans, and intense competition that has forced auto prices lower.

Without the steady decline of automobile prices the PCE deflator would have been much higher.

--- DELUDED OPTIMISM ---

Investors and businessmen have been willing to buy assets and expand businesses because they believe crude oil prices will decline. Such a decline is unlikely.

While many analysts and investors have focused on how the US economy has become more insulated from rising energy prices, few have considered how little room there is for energy conservation.

ALLCOVERED FOCUS

Allcovered reports news of interest to small businesses... especially those in logistics... to help them manage and grow their business.

To help you plan we watch for stories that look into the future to help you prepare for whatever the future may bring.

JUST FOR FUN:

Only In America

NEXT WEEK

Family Business? Run It Like A Business

Links to source stories at end of excerpts

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With gas-guzzling trucks and SUVs and poor public transit infrastructure in the US few Americans can cut their fuel consumption.

A very similar situation exists in China, which is the world's second-largest crude oil consumer after the US. Rather than housing, China has seen a boom in energy-inefficient factory construction. Rapidly rising incomes in China and super strong economic growth have also created new fuel demand that is highly price inelastic. It would take a strong deceleration in US economic growth to slow China's economy sufficiently to moderate the country's crude oil demand.

The supply of crude oil is constrained and is more likely to decline than increase in the months ahead. OPEC oil production is running at full capacity while several important non-OPEC oil producers are suffering from declining oil production.

WORST CASE: A burgeoning and potentially very powerful new oil cartel comprising Venezuela, Russia and Iran, all of which oppose US foreign policy, could use reduced oil production as a weapon to tame US military ventures.

This would push global oil prices well above \$100 a barrel, push US gasoline prices above \$10.00/gallon... perhaps \$15.00.

Could this happen in a short time frame?

Look to history. World War One was launched following a series of missteps and poor choices by government leaders over the course of only a few weeks.

Finally the probability of continued oil production shocks such as those resulting from hurricanes in the US, to sabotage in Ecuador and strikes in Nigeria, is very high.

Given the long lead time necessary for new oil production to come on-line, an appreciable increase in global oil supply is improbable in the medium-term.

-- SHOCK COMING? --

An inflation shock in the US is very close at hand. Much higher than expected US inflation will have a dramatic negative impact on global asset values and investors are ill-prepared for this decline.

Home heating bills are running 32% to 48% higher than last winter. Electricity bills are also rising as 20% of US electricity is generated using oil and gas fired power plants.

There is no spare oil refining capacity in the US. No new refineries have been built in decades.

No new oilfields have come online anywhere in the world in recent years. There is no increase in supply on the near-term horizon, but there will be an increase in demand.

Gasoline prices in the summer of 2006 are forecast to be higher than the summer of 2005.

The impact of much higher energy prices on the Fed's PCE deflator is likely to be profound in the next several months. Higher gasoline prices will lead to a collapse in US automobile sales.

Rising energy costs will increase the weight of energy products in the PCE deflator also pushing overall inflation higher.

Prices for most other consumer goods are very likely to spike higher as much higher energy prices increase production and transportation costs.

-- RUNNING OUT OF STEAM --

The US economy has pulled the global economy forward since the Asian currency collapses of the late 1990's and the tech-stock bubble collapse in 2000. US consumers have no more elasticity in their budgets and no other countries or regions are stepping up to pull the global economy forward.

If this scenario comes to pass we will see higher fuel and transportation costs, slower economic growth, and a sharp contraction in global trade.

SO WHAT?:

- Are your contracts with suppliers and customers flexible to allow adjustments if fuel costs rise?
- Are your contracts with suppliers/customers flexible if demand slows?
- How will you control costs?
- Will you trim employee numbers?
- Will you slow buying?
- Plan now for the worst... and let's hope for the best.

What goes up must come down. Nothing goes up forever.

The risk of a spectacular decline in global asset values in the next 12 months, led by rapidly rising US inflation and much slower than expected US economic growth, is high. Businessmen and investors should strongly consider reducing their exposure. The light at the end of the tunnel is the inflation freight train. Are you in the way? MORE: http://www.atimes.com/atimes/Global_Economy/GJ15Dj01.html



SMALL BIZ – HEALTH – AHPs MOVE FORWARD

In a follow-up to our story last week, the US Senate's Health, Education, Labor and Pensions Committee approved the expansion of Association Health Plans. The full Senate must vote on the measure. A vote is expected in May.

Similar legislation has passed the House eight times but never gotten anywhere in the Senate.

By being able to pool their business, Association Health Plans give smaller businesses the ability to bargain for lower rates on their coverages, just as large companies do.

Many associations once offered health and benefit plans to members, but each US state has different rules and regulations and requires different filings, and that became too expensive.

State Health Insurance regulators once opposed the current measure because it would have taken multi-state Association Health Plans away from state control. That has changed.

--- HOW IT WOULD WORK ---

The Senate bill, sponsored by Senator Michael Enzi, (R-WY), addresses key criticisms of association health plans, which have been relabeled small-business health plans.

States would regulate these plans, just like they do other insurance.

The plans would have to offer high-end coverage -- equal to that provided to state employees in the five largest states -- as well as bare-bones coverage. Plus, insurance companies could sell these plans directly to businesses under the same rules that apply to associations.

Small-business health plans also would benefit from one set of rating rules, which restrict how widely premiums can vary based on a group's health experience.

--- 12% SAVINGS ---

According to a study conducted by Mercer Oliver Wyman Actuarial Consulting, the bill's reforms would reduce health insurance premiums for small businesses by 12%. MORE: <http://www.bizjournals.com/louisville/stories/2006/03/20/story2.html>

UNDER SENATE BILL

- Associations could pool independently from the underlying small-group market and offer health insurance to their members
- These plans must be fully insured and offered through licensed insurers
- Plans can vary from state coverage mandates, but if they do so, they must also offer an alternative that provides the same benefits as a state employee health plan in one of the five largest states
- Associations can't condition membership or coverage on health status
- States will regulate these plans
- Insurance companies could sell mandate-exempt plans directly but also would have to offer a high-end alternative

SMALL BIZ – AHP'S – THE "OTHER" SIDE: With health-care costs perched high on their list of worries, many CFOs see health savings accounts as a way to stanch the bleeding. But growing corporate interest in HSAs has been met by a growing backlash by critics and researchers.

MORE: <http://www.cfo.com/printable/article.cfm/5623932?f=options>

ALSO: HEALTH ACCOUNTS RISE BUT PROGRAM COULD BACKFIRE:

MORE: <http://tinyurl.com/jrlej>

US ECONOMY – FED HIKES RATE: The US Federal Reserve raised its benchmark "Federal Funds Rate," the rate it charges member banks for overnight loans, by one-quarter point to 4.75%. This is the highest level since April 2001 and the 15th straight hike.

MORE: http://news.yahoo.com/s/nm/20060329/bs_nm/economy_fed_dc_vl=Akequ9OUV7z2DVsdER_8HkyvBhIF_vlu=X3oDMTA5aHJvMDdwBHNiYwN5bmNhdA...

US ECONOMY – CONSUMER CONFIDENCE AT 4-YEAR HIGH:

MORE: http://news.yahoo.com/s/ap/20060328/ap_on_bi_economy_vlt=AtfqaMdUjEG9.151Drc50KvBHF_vlu=X3oDMTA5aHJvMDdwBHNYwN5bmNhdA--

SCARY TECH – SPYWARE FOR SALE: Got \$20.00? If so, you can pick up a DIY spyware kit from a Russian Web site, and get into the malware business quickly and cheaply. It sounds like a bad joke, but it's not. The kit, called WebAttacker, even provides tech support to buyers. MORE: <http://ct.eletters.whatsnewnow.com/rd/cts?d=181-632-1-278-261855-33119-0-0-0-1>

TECH BIZ – GET READY TO RECODE YOUR WEB PAGES: The new version of Microsoft's Internet Explorer browser, IE 7 due this fall, and MS has a warning. Microsoft is warning that all web pages in your site that use ActiveX, Flash or Java will have to be recoded to meet the new standards. It's optional now, but soon a security patch will do away with that--potentially breaking the Web for zillions of users. MORE: <http://ct.eletters.whatsnewnow.com/rd/cts?d=181-635-1-278-829574-33269-0-0-0-1>

PERSONAL BIZ – GOOD PLASMA TV FOR HIGH DEFINITION TV VIEWING: You'd expect to pay \$4,000 or more for a 50-inch plasma display. PC Magazine just tested a huge plasma that can be found at Costco today for around \$2,300. If you're in the market for a great plasma TV, and can't spend a small fortune, check out our review. This is the plasma for you! MORE: <http://ct.eletters.whatsnewnow.com/rd/cts?d=181-635-1-278-829574-33263-0-0-0-1>

TECH BIZ – PAY-AS-YOU-GO WIRELESS NOTEBOOK ACCESS: In the US, mobile phone service Verizon Wireless unveils its BroadbandAccess pay-as-you-go pricing, giving non-subscribers a way to use high-speed EV-DO mobile data service with new 3G-integrated laptops. You used to be forced into a monthly commitment. Now it can be day-by-day. MORE: <http://ct.eneews.pcmag.com/rd/cts?d=184-2668-1-53-255970-324710-0-0-0-1>

>>>> TRUCKING SECTION <<<<

TRUCKING - TRUCKERS AND DOCKERS HARD TO FIND

Just ask Paul Kelly, chairman of the Maryland Motor Truck Association's Intermodal Council. "We're all looking for drivers."

Maryland isn't alone: The country faces an 111,000-person shortage of truck drivers by 2014, according to the American Trucking Association.

Stevedoring companies -- those who manage the loading and unloading of cargo at the port -- are also experiencing worker shortages. And demand is also high for construction workers, electricians and auto mechanics.

People see these jobs as "old economy or dirty," Richard Clinch, director of economic research at the University of Baltimore, says. The older industries have to upgrade their images to compete with higher-paying technical jobs available.

Truck driving looks less attractive to graduating high school students, the industry isn't gaining enough new drivers to replace retirees. New truck drivers earn from \$25,000 to \$50,000, depending on the distance of their hauls.

Drivers must be 21 years old to obtain a commercial driver's license. That leaves a three-year gap for most high school students who are not planning to attend college. By then many young workers have started some other career.

In addition, young drivers generally mean higher insurance rates for their employers, making them a much more expensive asset.

MORE: <http://msnbc.msn.com/id/11920505/>

TRUCKING – ATA/TCA LAUNCH DRIVER TUITION PROGRAM: The American Trucking Associations and Truckload Carriers Association have unveiled an initiative designed to provide financial assistance to men and women who wish to attend truck driver training schools, as part of ongoing efforts to reduce the nation's shortage of long-haul truck drivers. The "ATA/TCA Company Driver Tuition Finance Program" partners motor carriers and lending institutions to provide low-interest financing to those who wish to attend a driver training school but otherwise might not be able to afford it.

BROCHURE: Contact Christina Cullinan at ccullinan@trucking.org.
MORE: http://www.truckinginfo.com/news/news-detail.asp?news_id=56386

TRUCKING – TRUCK PRICES RISING

New rules that take effect January first will require heavy-duty vehicles to run on cleaner diesel fuel.

Commercial truck and bus manufacturers are experiencing a sales bonanza that may last until they introduce next year's models, when new EPA regulations will cause the prices of the vehicles to soar.

The new standard reduces the sulfur content in diesel from 500 parts per million to 15 parts per million. The new engines will also capture and burn soot through filters.

The added costs of meeting the requirements will lead to a hike in new truck prices of between \$5,000 and \$10,000. The spike in prices is much higher than what the EPA suggested in 2000, when it claimed meeting the new mandate would cost only \$1,200 per truck.

It's unclear how well older trucks will run on the new fuel, but most believe they won't require retrofitting.

MORE: <http://www.detnews.com/apps/pbcs.dll/article?AID=/20060320/AUTO01/603200333/1148/BIZ>

TRUCKING – FMCSA REVIEWS DIABETES: The Federal Motor Carrier Safety Administration is considering changing its medical qualification standard to allow commercial motor vehicles drivers with insulin-treated diabetes mellitus to engage in interstate commerce. Drivers with this diabetes are required to obtain an agency exemption, but upon completion of this rulemaking, these drivers might not have to apply for the exemption. .

MORE: <http://www.etrucker.com/apps/news/article.asp?id=52628>

TRUCKING – TWIC TRANSPORTATION CARDS THIS YEAR: See "Security" Section

TRUCKING – CRASHES SPUR NY TANKER REVIEW: A series of horrific fuel tanker truck mishaps on New York roads has prompted a call for a review of tanker-truck driver regulations. NY State Senator Charles Fuschillo Jr. (R-Freeport) said he was moved to act after learning that drivers are not required to take a road test in a tanker truck to obtain a license to drive one on state roads. "Although these instances are rare, it is important to determine whether new protections are needed to keep our roadways safe," Fuschillo said. Currently, New York drivers who receive their commercial driver's license can pass their road test on a "box" trailer truck with a single axle and automatic transmission. Once licensed, they are legally allowed to drive larger tanker trucks with multiple axles and manual transmission.

MORE: <http://www.nydailynews.com/boroughs/story/404451p-342530c.html>

TRUCKING – DART RAISES CONTRACTOR PAY: Dart Transit has announced mileage pay increases for a third consecutive year. The pay hikes, which took effect on Saturday (April 1) and will again on 1 October, are worth between \$2,400 and \$3,600 – or more per year, depending on miles driven and the contractor's capacity type.

MORE: <http://www.dartadvantage.com>

MORE: http://www.truckinginfo.com/news/news-detail.asp?news_id=56404

TRUCKING – DIESEL DOWN: The US national average retail price of a gallon of diesel dropped more than a penny for the week ending March 27, to \$2.565, or 32 cents more than in the same week of 2005.

MORE: <http://www.etrucker.com/apps/news/article.asp?id=52592>

TRUCKING – NEW MILEAGE MANDATES FOR SUVs: New fuel economy standards for light trucks will save 10.7 billions of gallons of fuel over 20 years say backers. The light truck targets will increase from 21.6 to 24 miles per gallon, the highest level ever for the program.

MORE: http://www.truckinginfo.com/news/news-detail.asp?news_id=56405

>>>> **SECURITY SECTION** <<<<

SECURITY – TWIC TRANSPORTATION CARDS THIS YEAR

If you're involved in commercial transport you are going to have to get a "Transportation Worker ID Credential" or TWIC from the government once the program begins.

Homeland Security Secretary Michael Chertoff has said the Transportation Security Administration will put the cards in the hands of every approved US seaport worker by the end of the year. Trucking companies, airlines, railroads and freight forwarders will have them shortly after.

It was announced and supposed to be started long ago, but bureaucratic delays have slowed the program. The program was started after the 9-11, terrorist attacks, but in the five years to date, only a prototype card has been given to some airport and seaport workers in California, Delaware, Florida and Pennsylvania.

Under mounting congressional pressure, the Homeland Security Department has finally announced a timetable for issuing tamper-resistant, biometric-based identification cards to millions of workers at US transportation facilities.

The Transportation Security Administration is placing a request for proposals for the program on its website: FedBizOpps.gov.

--- WHAT IS TWIC? ---

The TWIC will include information such as fingerprints and iris scans so transportation facilities can verify worker identities and help prevent unauthorized access to secure areas. All transport workers will undergo background checks before cards are issued.

--- CONGRESS TIRED OF WAITING ---

Congress is raising the pressure on TSA to act. Ten House Republicans sent TSA's Chertoff a letter last week urging the department "to immediately accelerate implementation" of TWIC.

"The TWIC program went through four specific development phases, and the final prototype testing phase was completed in the summer of 2005," the lawmakers wrote. "Unfortunately, bureaucratic slowdowns and unforeseen obstacles have put this program over two years behind schedule."

"Without a uniform system, we are concerned that ports and other vulnerable locations will be forced to implement their own secure identification programs, which likely will not be interoperable with the final federal TWIC program."

--- TIMETABLE DEMANDED ---

Members of the House Homeland Security Committee want a concrete timetable for issuing cards, having all port workers covered by the end of 2006, and demanding TSA begin issuing TWIC cards for other modes of transport no later than June 2007. Under the lawmakers' timetable all transport workers must be checked, cleared, and approved by 2008.

Industry officials say getting cards to all seaport workers by December is doable, but only if TSA moves quickly to award a contract. "I would say it's a very aggressive schedule," said Steve Lunceford, a spokesman for BearingPoint, which was contracted to develop the prototype TWIC card. He said the company was able to develop and deploy the prototype in less than 100 days.

MORE: <http://govexec.com/dailyfed/0306/033106cdpm1.htm?rss=getoday>

MORE: <http://www.joc.com/lede/20060331/sections/ecommm/w42176.asp>

MORE: http://www.americanshipper.com/SNW_story.asp?news=30727

TRAIN YOUR STAFF ABOUT ADDED RISKS FOR LOGISTICS

--- Protect Yourself – Protect Your Shipper ---

If you move freight for others, or for your company, the risks you face now are much greater. One paperwork mistake can cost you a minimum \$5000 fine.

Allcovered.net has a 10-minute training video to help you and your staff understand your rights, your risks, and your responsibilities.

GO TO: www.allcovered.net

CLICK: "Training & Help" – then –

CLICK: "Video Training" – Click Video #3 – "Profit, Protect & Grow"

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SECURITY – CARGO SCANNERS NEEDED

A leading expert on cargo security told a Senate subcommittee last week that America is "not acting like a nation at war" when it comes to working to protect the country from radiological or nuclear materials.

Stephen Flynn, a fellow at the Council on Foreign Relations, says that even the monitoring systems being installed at border crossings and seaports around the country won't catch everything a terrorist might try to smuggle in. Laying out a harrowing scenario in which a single weakness in the global supply chain could allow a dirty bomb to end up in a container traveling from Indonesia to Chicago, Flynn said "we are living on borrowed time" when it comes to cargo security.

Lawmakers demand more be done, especially after a Government Accountability Office report revealed that investigators had been able to bring small amounts of radioactive material across the borders from Mexico and Canada, with the help of forged documents.

(GAO test brings nuke material into country – story below).

The GAO studies found potential weak spots in efforts to keep nuclear weapons out of the country, including the potential for corruption among local officials overseas - where the US has begun installing radiation portal monitors in an effort to combat the problem from afar - and limitations of older technology that hinder the usefulness of some monitors.

The studies also found that the Department of Homeland Security is behind schedule for installing the monitors.

MORE: <http://www.baltimoresun.com/news/nationworld/bal-te.cargo29mar29.0.5347743.story?coll=bal-nationworld-headlines>

MORE: <http://www.joc.com/20060328/sections/ocean/w53187.asp>

SECURITY – GAO IMPORTS NUKES - FOOLED BORDER AGENTS

Undercover investigators bought radioactive ingredients needed to make a dirty bomb and drove them into the USA past border security agents. The report by the Government Accountability Office, the watchdog arm of Congress, said that investigators put radioactive material in the trunks of cars and drove to Canadian and Mexican border checkpoints on December 14, 2005. When Homeland Security radiation detectors went off, the investigators gave Customs and Border Protection agents fake government licenses and receipts and were allowed to pass.

"The reality is that it is easier to buy low-grade radioactive material for a dirty bomb than it is to buy cold medicine that has been restricted because of the meth epidemic," said Senator Norm Coleman (MN). "The operation demonstrated that the Nuclear Regulatory Commission is stuck in a pre-9/11 mind-set in a post- 9/11 world and must modernize its procedures."

MORE: http://www.usatoday.com/news/washington/2006-03-27-ports-security_x.htm

SECURITY – SHIPPERS WORRY SECURITY WILL SLOW FREIGHT

While lawmakers in both parties intend to move quickly to pass legislation aimed at improving maritime and cargo security, officials with major shipping and container companies fear some new rules could be disastrous for international commerce.

Industry experts worry that new regulations for screening and inspecting cargo could place odious and costly requirements on shippers, and they are urging lawmakers to be cautious.

"If you delay the supply chain to the extent that prices go up and the cost of doing business with America is too high, and you have several shipping companies that can't upgrade their security, then the terrorists have won," says Noel Cunningham, a principal at The Marsec Group, which consults maritime companies and port operators.

"It's not so much the number, it's the quality of the inspection that's important," Cunningham says. The objective should be to increase the non-intrusive screening of cargo at foreign ports, primarily with X-ray machines, backed up by more random physical inspections of containers, he added.

"Subjecting 100 percent of all containers to full inspection is neither feasible nor logical," says Christopher Koch, president and chief executive officer of the World Shipping Council, which represents more than 40 of the world's largest shipping companies. He said such a requirement would be "enormously expensive" and disrupt global trade.

--- RUMOR ---

One rumor Allcovered hears from government sources is that security officials are

increasingly likely to mandate container security devices that monitor the box, the contents inside the box, and test the atmosphere inside the container for dangerous goods. Experts say such a device would add \$50 to the cost of transporting a container of cargo.
MORE: http://www.govexec.com/story_page.cfm?articleid=33693&dcn=todaysnews

SECURITY – PORTS BILLS MOVE IN CONGRESS

Proposed laws coming before committees in the House and Senate aim to strengthen US cargo security and port safety, and to bring the federal panel that approved the DP World ports deal under tighter oversight by Congress.

Nearly identical to a measure pending in the Senate, the House bill would require the Homeland Security Department to lay out a timeline... and meet its targets... for putting radiation portal monitors at US seaports that don't have them. It also would require the agency to establish standard operating procedures for examining containers.

MORE: <http://www.chron.com/disp/story.mpl/nation/3757772.html>

SECURITY – BOX SCREENING SYSTEM WINS SUPPORT: An experimental container scanning system testing at two Hong Kong terminals has received enthusiastic approval from three members of the US Senate, but Department of Homeland Security officials say the system is not ready yet for full-scale deployment. The Intermodal Container Inspection System (ICIS) combines radiation monitors and gamma-ray scanners to inspect containers as they roll through the gates at Hong Kong's ports.

MORE: <http://www.ioc.com/20060331/sections/ocean/w83437.asp>

SECURITY – HONDURAS JOINS CSI: US Customs and Border Protection has added the first Central American port to the Container Security Initiative program. The Port of Cortes in Honduras is the 44th overseas port participating in the program, which screens containers headed to the US for terrorists or terrorist weapons.

MORE: http://www.americanshipper.com/SNW_story.asp?news=30413

>>> AIR & OCEAN SECTION <<<

TRADE – CORRUPTION IN US MILITARY FREIGHT

--- Excerpted from a detailed article by Tim McGlone – Link at end ---

About three years ago, Ohio farmer and trucker Rick Vicroy tried to break into the military's multibillion-dollar freight shipping operation.

He drove 10 hours to meet with Gene Boyce, who controlled many shipment contracts out of the Norfolk Naval Shipyard in Portsmouth.

Vicroy bought lunch for Boyce, who bluntly explained how to submit winning bids in a process that's supposed to be confidential and competitive. The trucker was awarded two jobs hauling military equipment up and down the East Coast.

When the jobs dried up and Boyce stopped returning his calls, Vicroy filed a complaint with the shipyard commander. That action helped launch an investigation that continues today, one in which federal agents say they uncovered a bribery scheme that has cost taxpayers millions of dollars in overpriced military freight deliveries.

The Virginian-Pilot newspaper has learned, based on interviews and a review of federal court papers, that payola in the military freight shipment business is far more common than investigators initially thought.

"It just makes you sick," Vicroy said in an interview. "It's our taxpayer money getting thrown away."

Vicroy knew something wasn't right when he left that lunch meeting with Boyce.

"He tells us how to bid on that stuff," Vicroy recounted in a recent interview and e-mail exchange with The Pilot. "It could be \$25,000 to \$35,000. That meant, when we called to bid on this, whatever we bid, he would tell us, 'Go up six, or go down six,' meaning six thousand dollars."

After explaining the process, Boyce told him, "I could get in a lot of trouble for telling you that," Vicroy said.

Federal authorities told The Pilot they are only now beginning to audit international

shipments, which are worth tens of millions of dollars.

MORE: <http://home.hamptonroads.com/stories/story.cfm?story=101668&ran=164247>

TRADE – TWIC TRANSPORTATION CARDS THIS YEAR: See “Security” section.

TRADE – TOLL UPS BID FOR PATRICK: Patrick Corporation, Australia's biggest port cargo handler, rejected an increased 5.5 billion Australian dollars (3.9 billion USD) takeover bid from Toll Holdings. Toll is Australia's freight company. Toll CEO Paul Little bid for Patrick seven months ago, seeking control of the movement of goods across Australia from shipment to final delivery.

MORE: http://news.xinhuanet.com/english/2006-03/27/content_4350397.htm

TRADE – CHILE-BOLIVIA PORT FLAP: Chileans oppose a proposal for a land swap that would give landlocked Bolivia land for use as a Pacific port, but they would back a compromise that would give Bolivia access to the ocean as long as the land remained under Chilean control. Bolivian sea access has long been a controversial issue between the countries. Bolivia had Pacific access until Chile seized the land in a war.

MORE: http://www.americanshipper.com/SNW_story.asp?news=30462

AIR- AIR FINANCIAL FORECAST UP: The International Air Transport Association has improved its forecast for losses in the aviation industry for 2006 to \$2.2-Billion from its initial prediction of a \$4.3-Billion deficit. For 2007 IATA forecasts airlines profits of \$7.2-Billion.

MORE: http://www.americanshipper.com/SNW_story.asp?news=30472

AIR – ASIAN AIR CARGO UP: The Association of Asia Pacific Airlines reports its member airlines transported 3.8 million freight-ton kilometers in February, up 5.3% compared to 2005.

MORE: http://www.americanshipper.com/SNW_story.asp?news=30470

AIR – MALAYSIA TO LOSE 6,500 EMPLOYEES: Malaysia Airlines will abandon all but 19 domestic routes to AirAsia, take 19 aircraft out of service and lay off approximately 6,500 employees, or about 28% of its workforce. AirAsia will take over the remaining 96 routes and compete with MAS on the other 19, giving passengers the option of choosing a full-service or a low-cost carrier. The Malaysian government said it will stop subsidizing MAS from 1 August.

MORE: <http://www.atwonline.com/news/story.html?storyID=4524>

AIR – DELTA'S COMAIR ATTENDANTS OK STRIKE: The union representing flight attendants at Delta Comair said 93% of attendants had voted to authorize a strike. Delta Comair has demanded pay cuts of approximately USD\$10,880 annually -- up to 30% of an average Comair flight attendant's salary.

MORE: <http://news.airwise.com/story/view/1143411352.html>

AIR – NWA PILOTS VOTE THIS WEEK: Pilots at bankrupt Northwest Airlines will begin voting this week on a contract that could save the carrier USD\$358 million yearly. The vote starts Thursday and will be complete by May 3. ALPA spokesman Will Holman says it was unclear how members would vote.

MORE: <http://news.airwise.com/story/view/1143671270.html>

AIR – NWA TO LAUNCH REGIONAL COMPASS: Northwest Airlines expects to have its new Regional carrier, now named Compass Airlines, up and running by June. Northwest asked its pilots union last fall for permission to create a wholly owned regional subsidiary under the working name of NewCo that would operate 70-seat regional jets. NWA pilots are in the process of ratifying an agreement that will permit Compass to operate 76-seat RJs using pilots furloughed from the mainline.

MORE: <http://www.atwonline.com/news/story.html?storyID=4547>

MORE: <http://news.airwise.com/story/view/1143756740.html>

AIR – FEDEX INCREASES CHINA FLIGHTS: FedEx says it now has the rights to operate three additional weekly flights to China, bringing the total to 26.

MORE: <http://memphis.bizjournals.com/memphis/stories/2006/03/20/daily43.html>

AIR – CATHAY ADDS INDIAN CARGO SERVICE: Cathay Pacific Airways will launch a

twice-weekly Hong Kong-Mumbai-Chennai-Hong Kong freighter service aboard a 747-200F.
MORE: <http://www.atwonline.com/news/other.html?issueDate=3%2F30%2F2006>

AIR – INTEREST GROWS IN LARGER 787: Boeing is in final negotiations with Emirates for up to 50 787-10s, which will become the fourth model of the fastest-selling twin-aisle aircraft in history because it's operating cost-per-seat-mile is lower than the Airbus A380. The 787-10 will have 80% more revenue cargo space than the A380, according to sources at Emirates. It is understood that Singapore Airlines and British Airways are among the carriers keen on the version. Qantas has raised its potential 787 orders to over 100 aircraft. The 787-10 would launch in 2012. The first 787 models are due next year.

MORE: <http://www.atwonline.com/news/story.html?storyID=4505>

MORE: <http://news.airwise.com/story/view/1143496959.html>

AIR – EU WANTS 'OPEN SKIES' BY SUMMER: The European Union hopes to get a preliminary EU-US 'open skies' air services agreement in the first half of this year. Talks are on hold until Washington provides details on how it will lift foreign airline ownership restrictions and allow foreign investors more say over the management of US carriers. An "Open Skies" agreement will also allow EU and US airlines to fly to wherever they want and charge whatever they want on trans-Atlantic flights, a move that could lead to lower ticket prices for passengers. The pact would replace the current series of restrictive treaties between individual countries

MORE: <http://business-times.asia1.com.sg/sub/shippingtimes/story/0.4574.190516.00.html>

AIR – VENEZUELA DELAYS US AIR SLAP: Venezuela says it had agreed to postpone placing restrictions on incoming US flights until April 25, when FAA officials release the results of a safety audit that Venezuela hopes will return it to Category 1 status. Venezuela said it would ban all flights operated by Continental Airlines and Delta Air Lines and restrict flights by American Airlines

MORE: <http://www.atwonline.com/news/other.html?issueDate=3%2F31%2F2006>

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| SKYPE is a free Internet telephone & videoconferencing service... We highly recommend it. The others are chat programs. | | |

OCEAN – HEAVY CARGO SEASON EXPECTED: The US can expect record levels of cargo from Asia this year, but the nation's largest port complex at Los Angeles and Long Beach should be able to handle the volume without major disruptions according to a panel of shipping industry experts. "Were going to be hitting new record levels of trade in a few months as we enter the peak season," says Paul Bingham, an economist with the research firm Global Insight. "But we don't expect any significant disruption in 2006." Members of the panel warned that infrastructure improvements would be necessary in coming years for the ports to handle what is expected to be an unabated onslaught of cargo from the Far East.

MORE: <http://www.newsday.com/business/nationworld/wire/sns-ap-port-cargo-outlook.0.6208106.story?coll=sns-ap-business-headlines>

MORE: <http://www.joc.com/20060329/sections/ocean/w16339.asp>

OCEAN – BUNKER SURCHARGE HIKE: Three carrier groups covering the Europe/Caribbean/South America trade -- The Association of West India Trans-Atlantic Steam Ship Lines, the European/South Pacific & Magellan Conference and the New Caribbean Service Rate Agreement -- have raised their bunker surcharges for May by \$13 to \$26.

MORE: http://www.americanshipper.com/SNW_story.asp?news=30624

OCEAN – WALLENIUS PAYS \$6.5-MILLION FINE: Wallenius Ship Management, operator and manager of a fleet of car carriers, has pleaded guilty in a New Jersey federal court to seven felony counts involving pollution and obstruction of justice. The ocean carrier, owned jointly by Wallenius Marine, a Swedish corporation, and Singapore Shipping, has agreed to

pay \$6.5 million in criminal fines and community service payments. During an inspection the US Coast Guard discovered what ships' crew referred to as the "magic pipe," that "had been specially fabricated and used to bypass the ship's pollution prevention equipment and to discharge oily waste directly into the ocean," according to the US Justice Department.
MORE: http://www.americanshipper.com/SNW_story.asp?news=30422

OCEAN – AP MOLLER-MAERSK REPORTS LOWER INCOME: Denmark's A.P. Moller-Maersk says the integration of P&O Nedlloyd negatively impacted its net income for its container shipping and related activities in 2005, dropping 15.5% to \$1.3 billion. "Demand for container capacity was high throughout the year, with good growth in the central container markets. After several years when growth in demand exceeded delivery of new tonnage, the increase reached equilibrium again towards the end of 2005. The group expects further reductions to its shipping related profits for 2006.
MORE: http://www.americanshipper.com/SNW_story.asp?news=30556

OCEAN – EVERGREEN, OOCL AND YM BEGIN VN SERVICE: Evergreen, Orient Overseas Container Line and Yang Ming will jointly operate a twice-weekly 21-day Taiwan/Hong Kong to Vietnam service.
MORE: http://www.americanshipper.com/SNW_story.asp?news=30475
MORE: <http://www.joc.com/20060328/sections/ocean/w77157.asp>

OCEAN – YM JOINS US EAST COAST– SOUTH AMERICAN LANE: Yang Ming will enter the US East Coast/East Coast South America trade in June when it will take slots from fellow CKYH alliance members Hanjin and "K" Line.
MORE: http://www.americanshipper.com/SNW_story.asp?news=30625

>>>>> **JUST FOR FUN** <<<<<

(These are shared by readers – Please share yours. Thanks. Mike)

ONLY IN AMERICA

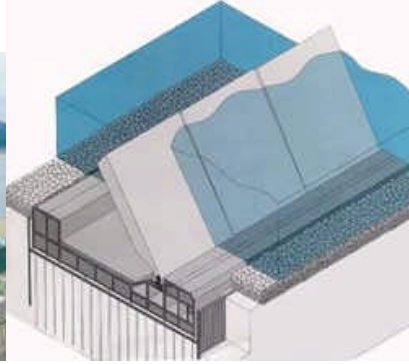
Here's how the British hold back waters from flooding London if tides rush up the Thames River.



The Dutch protect their country from flooding this way... so much of the Netherlands lies below sea level.

The Italians are protecting Venice with a new state-of-the-art flood control project.

Giant platforms rise and break the waves when they get to high. (Below)



And in America?

Below is part of the levee system that was supposed to protect New Orleans. After billions of dollars was supposedly spent on levees, this is what was found. Only in America.



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