

# comments & letters

## Smart containers here and will be used

Like it or not, the use of smart containers is inevitable. The only issues of debate can reasonably be confined to two areas: how smart is smart, and who will be the users? What is not an issue is who will pay. We all will pay.



To begin, DHS has already defined what a smart container should do. It should detect and report an unauthorized entry into the container via the doors of the container.

That seems to be the minimum. That was recently reinforced by headquarters, Customs and Border Protection, with the statement that "... we have to crawl before we can walk." It seems clear that for now

the doors have to be smart, although there are systems out there that do a lot more than monitor doors.

The real issue of debate is who will be the user. The user will be the vessel carrier for reasons of competition, CBP benefits coupled with disparate needs of the shipper, and carrier self-protection as an instrument of federal regulation and law. The facts are public and known, or should be known, by the maritime carrier industry. First, partnerships have already been announced. We have Maersk, the largest vessel carrier in the world, and IBM teaming up to provide secure trade lanes which involve the use of smart containers, although likely a smarter container than that focused on by

the Department of Homeland Security. We also have GE and Mitsubishi Corp. partnering. Mitsubishi is a major shareholder in NYK Lines. China is also aggressively investigating smart container technology. There are talks between one of the largest Chinese vessel carriers and container manufacturers, and Powers International, which holds a worldwide patent on one form of smart container that detects an intrusion anywhere into the container and reports the intrusion and the container's location by satellite. Additionally, companies such as Northrop Grumman, Lockheed Martin, Bearing Point and Parsons have either announced or are directly or indirectly working on or in the burgeoning smart container market. So what do the other vessel carriers do? It is almost a no-brainer that to compete, carriers will have to also provide similar security to their container shippers.

Second, promised CBP benefits and both direct and indirect pressure from the shipper will force vessel carriers to use smart containers. The promise of "green lanes" or dedicated lanes that provide preferential treatment by CBP in moving containers through ports, and subsequent financial benefits gained by expedited movement through our ports are well documented. Depending on which source of information one uses, the use of green lanes and smart boxes that tighten the supply chain save, *not cost*, the shipper in a range of \$400 to \$1,200 per container. Certain shippers need and want more security in the control of their international supply chain. For instance,

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**1 (800) 874-6422**  
or on the Web at  
**www.americanshipper.com**

**Publisher** Hayes H. Howard  
Jacksonville [howard@shippers.com](mailto:howard@shippers.com)

**Editorial** Christopher Gillis, Editor  
Washington [cgillis@shippers.com](mailto:cgillis@shippers.com)

Gary G. Burrows, Managing Editor  
Jacksonville [gburrows@shippers.com](mailto:gburrows@shippers.com)

Robert Mottley, Feature writer  
New York [rmottley@shippers.com](mailto:rmottley@shippers.com)

Eric Kulisch, Associate Editor  
Washington [ekulisch@shippers.com](mailto:ekulisch@shippers.com)

Jim Dow, Associate Editor  
Miami [jdow@shippers.com](mailto:jdow@shippers.com)

Eric Johnson, Associate Editor  
Long Beach [ejohnson@shippers.com](mailto:ejohnson@shippers.com)

Simon Heaney, Reporter  
London [london@shippers.com](mailto:london@shippers.com)

Francis Phillips, Shipping Research  
London [fphillips@shippers.com](mailto:fphillips@shippers.com)

Stephen Wynn, Shipping Research  
Jacksonville [swynn@shippers.com](mailto:swynn@shippers.com)

Beth Voils, Art Director  
Jacksonville [evails@shippers.com](mailto:evails@shippers.com)

Jason Braddock, Graphic Designer  
Jacksonville [jbraddock@shippers.com](mailto:jbraddock@shippers.com)

**Advertising** Ryan Kneipper, Advertising Manager  
New York [rkneipper@shippers.com](mailto:rkneipper@shippers.com)  
Kevin Murphy, Marketing Assistant  
New York [kmurphy@shippers.com](mailto:kmurphy@shippers.com)  
Nancy B. Barry, Adv. Prod. Manager  
Jacksonville [nbarry@shippers.com](mailto:nbarry@shippers.com)

**Circulation** Karyl DeSousa, Kerry Cowart,  
Kathy Houser  
Jacksonville [circulation@shippers.com](mailto:circulation@shippers.com)

**Jacksonville** (800) 874-6422  
(904) 355-2601  
Fax: (904) 791-8836  
300 W. Adams St., Suite 600  
P.O. Box 4728  
Jacksonville, FL 32201

**Washington** (202) 347-1678  
Fax: (202) 783-3919  
National Press Bldg., Rm. 1269  
Washington, DC 20045

**New York** (212) 422-2420  
Fax: (212) 422-0047  
61 Broadway, Suite 1603  
New York, N.Y. 10006

**London** +44 (20) 8970-2623  
Fax: +44 (20) 8970-2625  
Empire House  
Empire Way, Wembley  
North London HA9 0EW, England

**Long Beach** (949) 412-4304  
Fax: (626) 796-8246  
730 Arden Rd.  
Pasadena, CA 91106

**Miami** (954) 443-3746  
10300 Iris Court  
Pembroke Pines, FL 33026

high value cargo, such as Viagra, electronics, or designer fashions, needs protection from theft. The pharmaceutical and Food and Drug Administration-compliant industries need greater security and control to prevent contamination. There are also major shippers who simply want to preclude one of their shipments being the one carrying a dirty bomb into a U.S. port. Finally, shippers who are Customs-Trade Partnership Against Terrorism participants are better able to control the monitoring of stuffing of their containers at foreign locations (a new requirement for U.S. C-TPAT importers) by using smart container systems. Carriers, then, will have little choice but to comply with the needs of their customers, especially those large customers who are significant to the carriers' bottom line. Contrary to their protestation, the carrier will be forced in some cases to become the user.

Third, government programs like the Container Security Initiative, which is now part of federal law, squarely place the security burden of reporting on the vessel carrier. Therefore, it is in the carrier's interest and an advantage to the carrier to furnish another class of container — a smart container to its shippers. Smart containers will tighten up the access to the container while on its way from a foreign origin where it is stuffed to the foreign seaport from which the container moves to a U.S. seaport. For satellite-controlled smart containers, the carrier gets the added benefit of knowing the location of his smart container anywhere there is satellite coverage.

It is well known that carriers pay enormous port security and other surcharges that are passed on to the ultimately to us, the consumer. A modest fee for smart container usage may actually be turned into more profit. The claim that smart containers will only become another class of container for which the carrier must account, is absolutely true. However, unlike some others, this container cannot only pay a good margin of return profit, but also protects the carrier and shipper while serving as one more deterrent to potential terrorism.

It is no longer easily defensible to claim that moving to smart boxes is an unnecessary expense. In fact, to compete successfully, moving to smart boxes is essential and will materialize. The question is not *if* one uses smart containers, but how *soon* will one use them.

### **James Giermanski**

*director, Center for Global Commerce,  
Belmont Abbey College,  
Belmont, N.C.*

## **Bonner revered by trade**

In the eyes of the trade community, Robert Bonner may go down as the most respected Customs commissioner in history.

After his swan song speech at the Customs Trade Symposium in Washington on Nov. 4, the whole crowd of 620 import and export specialists rose in unison and gave Bonner a 30-second standing ovation. It was a touching show of support for a man they believe has treated them fairly, while under pressure to quickly implement a slew of security measures that might have gummed up trade if it weren't for Bonner's understanding of how trade was critical to the economic security of the nation.

Bonner told me that evening at a reception hosted by the American Association of Exporters and Importers that he was moved by the gesture.

Not everyone loved Bonner. The unions representing Customs and Border Protection inspectors, investigators, import specialists and other rank-and-file workers certainly took some nasty shots at Bonner on his way out.

"Good riddance," Charles Showalter, president of the American Federation of Government Employee's National Homeland Security Council, a union that represents 108,000 employees in the Department of Homeland Security, told *Federal Times*. That criticism is understandable considering unions never liked the One Face at the Border plan to consolidate agriculture, immigration and cargo inspection forces into a multifunctional group of generalists that lacked detailed expertise in any particular area. Officials at other unions criticized Bonner for dictating changes in work conditions without seeking input from front-line workers. And immigration reform advocates felt that not enough was done to stem the tide of illegal immigrants across the southwest border.

Bonner will certainly be missed by many trade representatives and is revered by many who worked closely with him. One Washington-based government affairs specialist, perhaps feeling emboldened by AAEE's libations, said Bonner should be considered the best government appointee ever.

Bonner seemed at times unwilling to consider the limitations of his pet policies. He sought to tweak the Customs-Trade Partnership Against Terrorism when it perhaps needed a more drastic face-lift and he was slow to consider the potential benefits of the integrated radiation and X-ray cargo exam system promoted by major terminal operators in Hong Kong, seeing it as a threat rather than a complement to C-TPAT and the Container Security Initiative.

Disagree with his policies or not; the fact is that Bonner treated his office, employees, and citizens with dignity and respect. He worked long hours, delving into the issues so that he could make sound decisions and not just be led by his staff.

Bonner exemplified what a public servant should be. He sought no personal gain other than wanting to do his duty. And to that we can all salute. (*Eric Kulisch*)

## **Playing by the rules**

Moby Marine Corp. found out the hard way that if you're going to engage in the transport of government-financed food aid then you better follow the rules.

When Moby recently decided to enter its 390-foot U.S.-flag barge *Connor* in the food-aid business, it dispatched the vessel to a Colombian shipyard in Cartagena for some conversion work. The company claimed it didn't have sufficient manpower in-house to make the changes to the *Connor*. Moby quickly finished the conversion work and secured a Haiti-bound food aid shipment for the barge.

Allied Transportation Co., another U.S.-flag barge operator with an interest in food aid, cried foul and coordinated with the Washington-based American Maritime Congress to help point out Moby's wrongdoing to the Maritime Administration.

For more than two decades, the AMC has acted as the maritime industry coordinator on cargo preference. Thus, when something happens that affects cargo preference laws or their implementation, such as the *Connor's* eligibility to carry food aid, the U.S.-flag shipping industry generally looks to AMC to alert the industry and to help resolve the issue.

The 1954 Cargo Preference Act states that the federal gov-