



Consolidators International, Inc.

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CII Aids In Rushing Relief Supplies To Samoa:

Consolidators International has rushed emergency aid to tsunami-stricken Samoa and American Samoa after huge, destructive waves washed ashore with 15 feet swells inundating the island's shore line. Dozens of people died, hundreds were injured and the destruction of property was in the many millions. Under the direction of Tony Feist, CII's vice president of our Tuna Support Division, container loads of new clothing were shipped to Samoa to replace clothing lost to thousands of people in the tsunami following the 8.0 earthquake.

As Tony explained, "we have an obligation to the people of Samoa. Our concern is not only for fellow human beings, many of whom have lost everything, but with CII as an active participant in the Samoan economy, we felt an even greater desire to help." During the past year, CII has become a major supplier of equipment and parts for the

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Samoan tuna business, the largest civilian industry on the Island. Tony reports that many of the canneries, almost all of which are located near the berths where the tuna boats dock, have been crippled. The livelihood of many Samoans has disappeared until the canneries can be up and running again. CII also is aiding in the effort to re-equip the canneries so production can be resumed as quickly as possible.

CII has enlisted the aid of many of our customers in this emergency. E-mails, faxes and telephone calls have been made to customers to join the effort in supplying the kinds of clothing needed by a population living in a warm, humid climate. Items like T-shirts, shorts and thongs have been collected, all of which

Announcements

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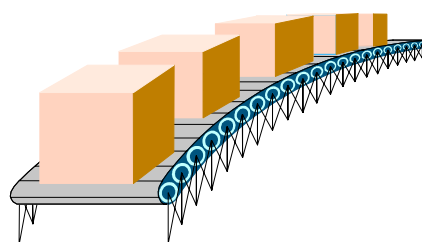
are brand new. CII is not accepting used clothing because of health and sanitary reasons.

It is not often that humanitarian and business interests merge. With the Samoan situation beginning to improve after the destructive tsunami, CII's humanitarian and business efforts are helping to revitalize the Samoan economy.

CII Begins Screening Program For Forwarders:

Our company has begun screening cargo under a TSA-mandated program whereby 50 per cent of all freight carried in the bellies of passenger aircraft must be examined. We have undertaken this program primarily for the benefit of smaller and mid-sized forwarders who can save time and money when utilizing CII's TSA-approved system. We emphasize customer confidentiality; a confidentiality that will be adhered to rigidly. Our equipment has been thoroughly tested, and we now have a trained staff to operate and monitor the program. The equipment is massive, taking up a secure, sealed off section of the CII warehouse in Los Angeles. It

consists of an X-Ray machine and an explosive trade detector. The X-Ray machine is capable of examining large wooden skids with a weight capacity on their rollers of 4,000 to 6,000 lbs. The explosive trade detector is a portable device that is rubbed on cargo and picks up any known, "problematic" compounds.



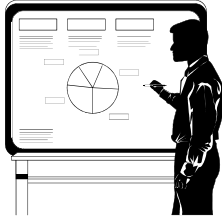
"While our equipment is geared to serve the entire freight industry, we are emphasizing the smaller to mid-sized consolidator..."

We realize there has been some controversy about this program within the air freight community, but for the moment it is the law of the land. It must be adhered to. While our equipment is geared to serve the entire freight industry, we are emphasizing the smaller to mid-sized consolidator who too often is the "forgotten man" in government calculations.





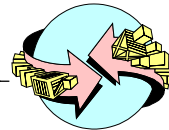
A Return To Business As Usual—Unlikely:



The deep recession, which has “officially” ended in the opinion of most economists, has brought industrial, political and societal changes which were considered unthinkable just a few years ago. Let’s leave the political and societal changes to the journalism pundits and the writers who record our social habits. Let’s take a look at some of the changes in the world of business. Business as usual is out, new business thinking is in. The recession has forced new thinking in boardrooms around the U.S. Perhaps the most striking trend is the determination of management at companies large and small that business as usual no longer is valid. The rapid economic growth of the past few years, fueled by mountains of debt, is just a memory. Management has been hurt not only in the pocketbook. The downturn in the world economy has been so profound, it has changed the confident thinking of management who once were certain they knew all the answers.

Well, as events have proven, they don’t. Nowhere is the change more far-reaching than in the global transportation business. Assumptions once taken for granted now are out the window. Outsourcing, once the undisputed linchpin of corporate thinking, is being re-evaluated as never before. A growing number of businessmen are yearning to come home; to move their manufacturing operations closer to their customers so they can react more quickly to changes in customer desires and tastes. If this trend continues, a dramatic effect on global trade patterns will occur. Supply chain strategies will change. A 10,000-mile supply chain no longer will seem a minor obstacle but an impediment to fast changing market conditions. These strategies will change quickly to satisfy an increasingly fickle consumer. Who wants to be a continent away in a rapidly changing world?

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Assumptions, once taken for granted, must now be given careful scrutiny. Just because Asian nations now are a powerhouse in supplying global consumer and business needs, it is not a certainty they will continue their dominance five, ten years from now. Are costs in China as cheap today as they were ten or even five years ago? Of course not. We have witnessed a sharp decline in new outsourcing facilities in China and to a lesser extent in other Asian countries as their costs have risen. The big multi-national companies are not interested in a nation’s welfare but in the cost of production wherever that might be. China is no more sacred than any other nation. If costs rise to an unsustainable level there, producers will show little concern for millions of Chinese workers. Manufacturers will move elsewhere where labor is cheaper, and plentiful, and let the Chinese government worry about millions of unemployed workers. Isn’t that what capitalism is all about?

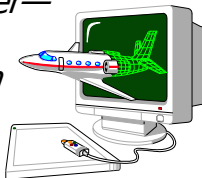
Nothing is static. If the recession has proven anything, it has shown the truth once again in that statement. The world moves on. Management who ignores that lesson do so at their own peril.

Does Our “Information Age” Generate Sales?



During President Obama’s speech last month to both Houses of Congress on the subject of health care, one Republican Congressman was seen on TV intently

"Are we oblivious to the fact that air freight volume today is no greater today than ten years ago when the world was much smaller—despite all these improvements in technology?"



focused on his Blackberry rather than listening to the President. Obviously, the Congressman was more interested in his Blackberry than in his President. In our search for real time information, are we missing the human element? Is the Blackberry more important than what is going on around us? With air freight, that certainly seems to be the case. Publications keep writing about “advances” in technology, but are these advances helping cargo sales? The press never answers that question. Are we so hypnotized by our technical prowess, we have forgotten basic principles of selling? Are we oblivious to the fact that air freight volume today is no greater today than ten years ago when the world was much

smaller—despite all these improvements in technology?

What our industry needs is not a new hand held device that shows movies, but a new mindset. A mindset that is not afraid to wear out shoe leather in searching for and landing new accounts. Even at the height of air cargo’s share of the transport market, we never obtained more than 4 per cent of all domestic and international volume. This, after 60 years as an industry! Yes, the recession seems to be ending. We’ll never fully join the recovery, however, unless and until our people, from back office staff to senior management, concentrates on selling air freight without waiting for technological “marvels” to pull us out of our deep downdraft.

YRC Decides To Sell Out In China:



A brief afterthought on how the China market is changing, generally for the worse. About four years ago, YRC (the old Yellow Freight trucking firm) trumpeted to the world that it was entering the China market with a new trucking service. This



service would serve many of that country's principal cities. YRC invested millions in the project. In a little noticed recent press release, YRC reported that the company was attempting to sell its road division because of "substantial losses." No takers so far.



3PLs & Shippers Rate Each Other Very Differently:



3PL executives never tire of congratulating themselves on how indispensable they are to the cargo industry; how they solve shippers' problems with a wave of the hand and how transportation would return to the stone age if not for their valiant efforts. But how do shippers, their customers, rate 3PL "logistic providers," particularly in these perilous times? Not very well. The majority of shippers consider 3PLs over priced and who under perform. The gap between what 3PLs think of themselves and their customers' thinking is growing wider as the transportation business struggles to regain its lost momentum.

Shippers are re-evaluating relations with 3PLs as never before. The 3PL traditional argument that their high pricing is well worth the money because of supposed superior skills and wide range of services increasingly is met with Bronx cheers by shippers. Independent surveys

unequivocally are echoing this caustic view. Shippers want price reductions and if their 3PLs won't accept this demand, out they go to be increasingly replaced by "traditional" forwarders who can provide just about all the services of a 3PL at a reduction in cost. 3PLs are hearing that hated word, "renegotiation" with their

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customers more often than they like because renegotiation today almost always means lower fees. Innovations in supply chain systems are out the window unless accompanied by sharp reduction in cost. "Can you ship it for less?" is the mantra being heard in traffic departments across the land. The two sides are talking about entirely different logistics objectives. While 3PL executives keep talking about ideas for supply chain improvements, their customers keep asking the uncomfortable question, "what will it cost?" Many shippers are twisting the knife by asserting that many 3PLs don't live up to their initial promises of service. "We've been had" is a common complaint at many traffic departments.

Will confidence return in 3PLs among shippers as the economy gradually improves? Don't bet on it. One of the few positive developments in this downturn is, like the emperor, 3PLs have no clothes.



Sincerely,

Julian A. Keeling

