



Do We Choose America's Or An Alternate Way?

With the Presidential elections just a month away, I thought it appropriate to pen a few thoughts on where America stands today in comparison to much of the rest of the world. Since the horrific events of 9/11, what are my thoughts about America today? Candidly, I feel more American than ever before. Why do I feel so strongly? Because most of the world is out of step with us. Apart from Great Britain and Australia and a few Central European nations like Poland (who knew the horrors of totalitarianism), the wishy-washy, anti-American attitudes of many nations including our once erstwhile allies like France and Germany, disgust me. Unfortunately, their actions and attitudes are only too well known to us. Because I am a New Zealander by birth but an American by choice, the lesser known behavior of the Kiwi government and much of its population is particularly odious to me. Few Americans are aware of the depth and intensity of New Zealand's left wing government. It would make Karl Marx proud. The way in which New Zealand and many other countries are governed is responsible for conditions and the sick political climate that prevails throughout the world today. The present gaggle of smarmy, self-serving pseudo intellectual parliamentarians who control the Beehive (nickname for NZ's Parliament) mentally have never left the nineteen sixties. Most are products of the Progressive Youth Movement who made an agreement with the devil in accepting Soviet Union sponsorship so they could spend their university days protesting the Vietnam War, the then moderate NZ government, the CIA and everything else anti-American and anti-establishment. They were a particularly nasty kind;



professional students who had never worked a day in their lives. The chaos was compounded because their teachers were of the same ilk; long haired, scruffy proponents of socialism who sang the praises of the Soviet Union life style and the evils of free enterprise as practiced in America.

Helen Clark, the present lesbian Prime Minister and most of her cronies who today make up her Cabinet are all graduates of the PYM, Princes Street Labour Party, and the Auckland University Political Science Department. All came out of the radical politics of the sixties

and unlike most people who grow more conservative as they age, those hotheads became even more radicalized as the years wore on. So few of them have any experience working in a profession or a real job to know the plight of the working man. None of them has ever seen the inside of a factory or worked the docks. They jumped from being students to being politicians without an ounce of practical experience. One thing they were expert in, however, and that was the art of public relations. They infiltrated politics and society at large so cleverly, ordinary Kiwis didn't know what hit them. Hard working, average New Zealanders didn't discover until too late how evil these radicals' politics were and how the country was setting sail into uncharted, turbulent waters. Matters came to a head in 1985 when the United States determined that NZ's nuclear policy under its Labour Government was in violation of the ANZUS Treaty and decided New Zealand no longer could remain a partner. Australia and America struck out on their own. The rest is history. By any measure, Australia

Announcements

Inside This Issue:

America's or Alternate Way? Pg 1,2

Northwest's Direct Relationships Pg 2

Companies buying back while their Executives sell. Pg 3

Qantas/ NZ merger Kaput Pg 3

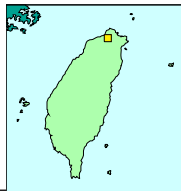
Boeing's Crystal Ball Pg 3

Open Skies Over Indonesia Pg 3

has become one of the most dynamic nations on earth under a free enterprise system. Its neighbor, New Zealand, is awash in economic mediocrity with virtually unsolvable racial and social problems that have dragged down the country's quality of life to the point where it not much better than India or Nigeria.

"Australia has become one of the most dynamic nations on earth under a free enterprise system. Its neighbor, New Zealand, is awash in economic mediocrity..."

Ironically, for such a "socialist" nation, state and local government assets were sold off to greedy capitalists for next to nothing. The "guardians" of the state had no idea of the value of state owned enterprises. These now private enterprises were raped and pillaged over the next ten years.



Do We Choose America's Or An Alternate Way?-cont-



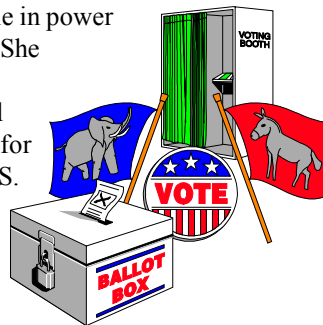
They helped transform several astute citizens from multi-millionaires to near billionaires. To compound the error, the same government had to buy back Air New Zealand and the Railways to save them from oblivion.

Despite the separation of Church and State in the U.S., our nation is governed basically by Judeo-Christian beliefs and principles. These beliefs, amongst many other considerations, allow us to be tolerant of others. The Prime Minister of New Zealand, on the other hand, is a devout atheist. The great liberal traditions of New Zealand, adopted from the Mother Country, Great Britain, rapidly are being dismantled. The heritage of the country is slipping away. Prayer has stopped altogether before Cabinet meetings and shortly will be removed from the start of each session of Parliament. The justice system, built on the traditions of English Common Law, likewise is undergoing radical change. So much so, even the nation's legal profession is up in arms. If we think healthcare is a problem here in America, take a look at NZ's medical situation. Just look, because if you are visiting New Zealand and become ill, you are in real trouble. Hospitals have no funds. They can literally handle only emergency cases and many areas (mainly rural) don't even have doctors. In summary, Ms. Clark and her merry band of socialists and third world leaders spend little time in actually governing, but rather consume hours of empty anti-American rhetoric. They offer no solution to the world's ills, let alone the problems right in their home country. While they condemn American policies, their own countries are becoming basket cases. Ms. Clark was surprised when President Bush made it clear that New Zealand could not join Australia in a free trade agreement with America. Ms. Clark and her allies believe they can dump their products into America at the expense of the American worker. When we ask for their help, however, in expanding freedom and

democracy over the tyrannical regimes of the world, they are worse than silent. They are openly belligerent toward us. The treatment Mr. Bush received last month when addressing the United Nations was nothing short of disgusting but I guarantee it was music to Ms. Clark's ears. Yes, whether it be a Republican or Democrat President, America stands up for what it believes in, goodness and decency, and above all freedom. I only wish those people in New Zealand could behave better than their principal export, sheep, and realize all the qualities in life as we know it come at a price. We sometimes have to fight for those values. New Zealand over the past twenty years hasn't and the result is the standards that were once so high have been steadily moving backwards.

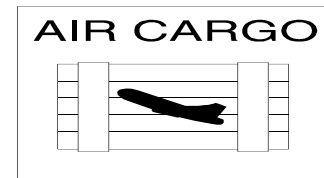
"Ms. Clark and her merry band of socialists and third world leaders spend little time in actually governing, but rather consume hours of empty anti-American rhetoric. They offer no solution to the world's ills, let alone the problems right in their home country."

As a newly minted citizen, I will be voting next month. Whomever is elected, I know America will remain in good hands. I can't say that for so many other countries in the civilized world including New Zealand. The world is paying a high price for the backward looking policies of Europe and the behavior of so many governments like New Zealand. I only wish they could become more enlightened like America. Our planet would become a better and safer place. There should be no place for people in power like Ms. Clark. She wouldn't get a single electoral vote if she ran for office in the U.S. Thank God for that!



Northwest Airlines Prefers Direct Carrier Forwarder Relationship:

Even in the palmy, lush days of regulation thirty years ago when airlines' flight attendants were hand carving prime rib in first class cabins, Northwest Airlines was plain Jane, no-frills carrier. Today's Northwest's no-nonsense mind set continues. Little wonder that Northwest is perhaps in better shape than the other U.S. "legacy" carriers.



Northwest, like yours truly, casts a skeptical eye on the claims of the 3PLs and other "intermediaries" between airline and forwarder that they can lower costs, raise efficiencies and move freight faster. In my view, most of these claims are bogus. The airline's latest effort to bring carrier and forwarder closer together is its rejection of so-called Value Added Networks or VANs to interpose data flow between forwarder and airline under new U.S. security rules. Northwest, the largest freight carrier among the U.S. passenger airlines, is charging forwarders a fee if they utilize VANs in processing their manifest data. This additional charge is causing forwarders to drop their intermediaries and deal directly with Northwest—a situation which the airline prefers.

Why should a forwarder use an intermediary when he has direct access via the Internet to airline systems? And pay for the privilege? It makes no sense and Northwest sees the absurdity of new technology actually hampering the flow of direct information between airline and forwarder—while paying the intermediary. Northwest's attitude toward VANs can be likened to the kid who, watching the emperor parade by nude, exclaims, "why, the emperor has no clothes!" Northwest is using plain common sense, a commodity in short supply in the airline industry, to reject new "has no clothes" technology when "old" processes are more efficient—and cheaper.

Why Do Companies Buy Back Their Stock When Executives Sell Their Shares?

Earlier in this Newsletter, I sharply criticized the New Zealand government for being hopelessly behind the times and unwilling to face the reality of a changing world. American capitalism also has a few practices to be ashamed of. It's only fair to shine a light on some of them. One of the most hypocritical actions public companies take is having their Boards authorize buy back of often millions of shares of stock while their executives are selling their own shares at the same time.



What Crystal Ball Is Boeing Using?

Every year, like clockwork, Boeing issues a world cargo report. But unlike most clocks, Boeing's predictions often tell the wrong time. Just before 9/11, Boeing predicted a "substantial" upsurge in the international air cargo market during the years 2002, 2003 and 2004. Of course, the years following the Twin Towers disaster were recessionary with cargo volume dropping by a fairly wide margin. Boeing's continual, sunny predictions are no surprise. It is their business to sell freighter aircraft and if they issue a downbeat predictions, who will buy those big 747s?

Their latest appraisal of the future air cargo market is a mixture as before. They anticipate cargo volume will increase by precise percentages during the next twenty years, and that airlines will purchase a precise amount of freighters. How Boeing knows what will happen during the next twenty years down to the last decimal pointy is a profound mystery to me. At CII, we don't know how much freight will cross our dock next week, let alone next year. The same could be said for most forwarders. Yet, Boeing blithely predicts a market twenty years into the future.

Candidly, Boeing's predictions are useless. Their crystal ball is no better than a gypsy woman's in a carnival. Who knows what will happen tomorrow, let alone twenty years down the pike? A worldwide recession; an outbreak of a serious epidemic crossing borders and oceans; a major terrorist attack. The permutations are endless. Boeing's methodology is similar to the predictions-

Figures tell the story. While companies aggressively are stepping up purchases of their stocks, insiders in those companies exactly haven't been breaking down doors to do the same. Since January, 2004, there have been 430 announcements of stock repurchasing programs with the total value of these shares amounting to a tidy \$87 billion.

How much of this \$87 billion was purchased with executives' own cash? All of \$121 million or about one tenth of one percent. Of course, at the **Qantas-Air New Zealand Merger Kaput:**

While the New Zealand government attempts to limit competition by encouraging mergers and acquisitions, the New Zealand Courts fortunately still have the independence of mind and spirit to tell the government where to get off. The Court's decision to rule against a Qantas-Air New Zealand plan to unite the two airlines with the Aussie airline buying a major stake in the Kiwi carrier effectively ends negotiations in its tracks. If this "strategic alliance" had been allowed to move forward, as surely as there is a Southern Cross shining in the night skies above the South Pacific, aircraft lift would have been reduced and prices raised. As a wholesaler with much of CII's business still committed to the South Pacific, we applaud the actions of New Zealand's High Court. Interestingly, the New Zealand Commerce Commission also rejected the Qantas proposal, whose decision the High Court upheld. It is heartening to note that the spirit of free enterprise in New Zealand still exists in many quarters. Interestingly, Air New Zealand is 85% owned by the New Zealand government.

-Boeing's Crystal Ball cont-

of Wall Street analysts; they extrapolate from the past into the future. If predicting the future were indeed so simple, we all would be millionaires.

Sincerely,

Julian A. Keeling

same time, executives and board members were dumping \$3 billion of their own stock into the open market. They had received this stock at minimal cost options. The general public, of course, was paying full price for them. Quite a disparity between companies' eager buying and the equally eager selling by company executives and board members. As Actor Michael Douglas said in the film, "Wall Street," "Greed is good." Many corporate executives are following Michael's advice to the letter. Shame on them!

Open Skies Over Indonesia Could Mean More Business:

Overlooked during the enormous buzz that accompanied the almost open skies agreement with China that was inked in August, was a wide open cargo agreement signed between the U.S. and Indonesia. This new, genuinely open skies agreement could have a positive effect on the trans-Pacific cargo market.

Indonesia is no China, but in its own quiet way, is making progress politically and economically. Once almost a basket case of corruption, ineptitude and greed, that nation has amazingly turned over a new leaf and has become one of the most stable countries in Asia. It also is a major exporter of oil and was one of the founding members of OPEC. While Indonesia is hardly a dynamo of hi tech industries, its admittedly low wage factories grind out a great many apparel, footwear and textile products that are snapped up in the U.S. Nike has its largest number of facilities there. Retail chains like the GAP and Banana Republic are huge importers of Indonesia apparel.

Their cargo market in that Island nation is showing solid momentum and the new open skies agreement should increase volume between the U.S. and Indonesia. The national flag carrier, Garuda, is planning to return to the U.S., with other Asian airlines now providing adequate lift. CII is looking at Indonesia as a potential new cargo market to complement our operations in the South Pacific and China. It is a market currently under the radar screen for most forwarders, but there is solid growth potential in that tropical island nation of 200 million people.