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Savings Resulting From
Improved Procedures For
Negotiating Transportation Rates
For Baggage Shipments B-133025

Department of Defense

**UNITED STATES
GENERAL ACCOUNTING OFFICE**

094239

APRIL 29, 1974



UNITED STATES GENERAL ACCOUNTING OFFICE

WASHINGTON, D.C. 20548

LOGISTICS AND COMMUNICATIONS
DIVISION

B-133025

The Honorable
The Secretary of Defense

Dear Mr. Secretary:

This is our report on savings resulting from improved procedures for negotiating transportation rates for baggage shipments.

The Department of Defense action to change its procedure for obtaining rates on shipments of baggage from five countries in the Pacific has substantially reduced rates. We are therefore recommending that you consider adopting the new procedures in other areas.

We are sending copies of this report to the Director, Office of Management and Budget; the Senate and House Committees on Government Operations, on Appropriations, and on Armed Services; and the Secretaries of the Army, Navy, and Air Force.

Sincerely yours,

A handwritten signature in cursive script, reading "F. J. Shafer".

F. J. Shafer
Director

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ABBREVIATIONS

CONUS	continental United States
DOD	Department of Defense
GAO	General Accounting Office
MAC	Military Airlift Command
MTMTS	Military Traffic Management and Terminal Service

GENERAL ACCOUNTING OFFICE
REPORT TO THE
SECRETARY OF DEFENSE

SAVINGS RESULTING FROM
IMPROVED PROCEDURES FOR
NEGOTIATING TRANSPORTATION RATES
FOR BAGGAGE SHIPMENTS
Department of Defense
B-133025

D I G E S T

WHY THE REVIEW WAS MADE

GAO wanted to followup a May 1969 report on savings available by using otherwise unused space on Military Airlift Command (MAC) aircraft for shipping baggage of military personnel between the United States and points in the Pacific and South-east Asia.

In that report GAO also evaluated a test involving commercial forwarders' use of space on MAC aircraft for baggage shipments.

GAO concluded in 1969 that the forwarders' rates were high in relation to cost of the services provided and that savings could be achieved if the Government itself managed the baggage shipments and used the space on MAC aircraft. (See p. 4.)

This follow-up review was directed chiefly toward the rates charged by the forwarders.

FINDINGS AND CONCLUSIONS

Several years after GAO's 1969 report, savings were still available in connection with the transportation of baggage.

During 1971 commercial forwarders handled about 13 million pounds of baggage from Korea and Okinawa to the U.S. at a cost of about \$7.2 million.

DOD could have saved about \$1.2 million if forwarders' rates had been more in line with the reasonable cost of providing this service. (See p. 6.)

Forwarders' rates were high in relation to GAO's estimate of the reasonable cost of providing the service plus an allowance for profit.

For example, on each hundred pounds of baggage handled between Seoul, Korea, and California, the difference between the forwarders' charges and a rate based upon reasonable cost plus an allowance for profit was \$10.34, or about 30 percent. From Ft. Buckner, Okinawa, the difference was \$10.76, or about 18 percent. (See pp. 9 and 12.)

The cost to the Government in 1971 was high because the method of negotiating with forwarders for transportation rates had not created a truly competitive environment.

Under the system, all bidders were given a chance to match the initial low bid and then be assured of sharing in the traffic. Also, DOD had not developed cost data to evaluate the reasonableness of forwarders' rates. (See pp. 6 and 12.)

AGENCY ACTION AND UNRESOLVED ISSUES

DOD agreed with GAO's findings and recently solicited rates for

transporting baggage from five countries in the Pacific to the United States. These rates were obtained under a competitive method of procurement. Competing forwarders under this method were not allowed to meet the rates of the low bidder.

Rates were significantly reduced in almost all cases. Reduction ranged from 35 to 45 percent in four countries and was about 20 percent in the fifth country. (See p. 14.)

GAO estimates that the lower rates

will save about \$1.9 million annually on shipments from the countries involved. (See pp. 6 and 14.)

RECOMMENDATIONS

DOD's action in changing its procedures for obtaining rates for shipments from five Pacific countries has significantly reduced rates. GAO therefore recommends that DOD consider adopting the new procedure in other areas. (See p. 15.)

CHAPTER 1

INTRODUCTION

Members of the military services, when changing stations, are entitled to have their baggage and household goods transported at Government expense. Baggage, as used herein, is that portion of the member's authorized weight allowance that does not accompany the member but is usually shipped separately from the bulk of his personal property. It may include personal clothing, professional equipment, and other essentials needed by the member before the arrival of his household goods.

The Commander, Military Traffic Management and Terminal Service (MTMTS), has management responsibility for the baggage program. Transportation is authorized by an expedited mode, including commercial air transportation, when such mode is necessary to meet the desired delivery date.

Before 1966 three methods for moving unaccompanied baggage were available. One was through the Government bill-of-lading method, whereby a single bill of lading was issued to a commercial household goods forwarder for transportation and related services. This type of shipment included single-carrier liability with one forwarder managing the shipment from origin to destination. The forwarders' charges were based on a single-factor rate for a hundred pounds. These rates were established under a "me too" concept, which allowed all bidders to meet the rates quoted by the lowest bidder. The traffic volume was shared equally by all forwarders meeting the low bid.

Under the second method--the direct procurement method--the Government managed the shipment throughout. Packing, containerization, local drayage, and storage services were obtained from commercial firms under a contractual arrangement or by using Government facilities and personnel. Separate arrangements were made for transportation. Shipments were routed through commercial or Government-operated terminals, and transocean transportation was by Government-controlled ships and aircraft or by commercial air transportation.

The third method was parcel post.

In 1966 a fourth method, the forwarder-MAC method, was tested. This involved the forwarders' use of Military Airlift Command (MAC) aircraft for shipments from Vietnam. The forwarder managed the movement of unaccompanied baggage from origin to destination and assumed liability for the shipment. The forwarder generally engaged the services of agents and transportation companies for the actual processing and moving of baggage. The rate charged by the forwarder covered profit and expenses incurred in contracting, coordinating, and managing the movement.

The forwarders' rates under the forwarder-MAC method generally covered

- pickup, marking, banding, stenciling, and preparing necessary documents,
- palletizing,
- delivery to a MAC air terminal,
- preparation of Government transportation documents for each pallet and tendering the pallet to the appropriate MAC air terminal,
- advising MAC of cargo availability, and
- arranging for pickup at the U.S. terminal and delivery to destination.

Under the forwarder-MAC method, MAC provided all required terminal services as well as air transportation between overseas and U.S. terminals.

In May 1969 we reported to the Congress on savings available by using otherwise unused space on MAC aircraft for shipping unaccompanied baggage between the continental United States (CONUS) and points in the Pacific and Southeast Asia (B-133025 dated May 6, 1969). We also evaluated the DOD test on the use of the forwarder-MAC method for moving unaccompanied baggage. We reported that the forwarders' rates during the test appeared high in relation to the cost of services provided and that savings could be achieved if the Government used the MAC space itself under the direct procurement method.

DOD did not agree with our observations, and the forwarder-MAC method, until then just a test, was adopted for shipments of baggage from Vietnam. Use of this method was later expanded to Korea; and, at the time of our current review, DOD was planning to expand its use worldwide.

CHAPTER 2

SAVINGS FROM

IMPROVED RATE NEGOTIATIONS

During 1971 DOD shipped about 19 million pounds of unaccompanied baggage from Korea and Okinawa to CONUS. About 13 million pounds was handled by forwarders using the forwarder-MAC method or using commercial air transportation, at a cost to DOD of about \$7.2 million. Our analysis of the various cost factors involved indicated that DOD could have saved about \$1.2 million if the forwarders' rates had been more in line with the reasonable cost of providing this service.

We believe that the cost to the Government was high because (1) the method of negotiating for forwarder services which allowed all bidders to meet the rates quoted by the low bidder--the me-too concept--did not create a truly competitive environment conducive to obtaining reasonable prices and (2) DOD had no cost data with which to evaluate the reasonableness of forwarders' rates.

DOD recently changed its negotiating procedures from the me-too method to a more competitive method of procurement for unaccompanied shipments from five selected countries in the Pacific to CONUS. From DOD's statistics, we estimate that this change in negotiation procedures will save about \$1.9 million annually.

FORWARDERS' RATES HIGH IN RELATION TO COST OF PROVIDING SERVICE

We analyzed the various elements of cost involved in handling baggage from selected shipping points in Korea and Okinawa to CONUS and found that the forwarders' rates were high in relation to the cost of providing the service. We estimate that DOD could have saved about \$1.2 million during 1971 if forwarders' rates had been more in line with reasonable costs. Details of our estimate are shown in the following table.

	Volume of baggage (pounds)	Estimated cost	Reasonable cost	Potential savings
Korea	11,800,000	\$6,183,000	\$5,142,000	\$1,041,000
Okinawa	1,300,000	<u>978,000</u>	<u>853,000</u>	<u>125,000</u>
		<u>\$7,161,000</u>	<u>\$5,995,000</u>	<u>\$1,166,000</u>

Our estimate of reasonable cost was based on the forwarders' cost or the cost to the Government if DOD were to contract for the services under the direct procurement method. We used U.S. inland transportation rates published in applicable tariffs and estimated the origin service costs at the locations reviewed. We computed destination costs based on the cost of processing the shipments through Travis Air Force Base, California.

One forwarder indicated that its general and administrative cost was \$9 per hundred pounds of baggage. This rate was accepted by other forwarders as reasonable, and we included it in our computation of reasonable costs.

Our estimate included a profit of 7-1/2 percent of cost. Although the forwarders involved were not subject to Interstate Commerce Commission regulations, guidelines published for motor carriers showed that the Commission considered a profit of 7 percent of revenue (equivalent to 7-1/2 percent of cost) to be reasonable. Of the carriers for which the Commission publishes guidelines, the motor carriers' operations most closely parallel those of freight forwarders.

Korea

The forwarder-MAC method was implemented in Korea in July 1970, and in 1971 forwarders handled about 95 percent of the unaccompanied baggage shipments.

Three forwarders processed unaccompanied baggage from Korea. Each had one agent which performed complete origin services, including (1) pickup at the individuals' residences; (2) packing and crating in agent-furnished containers; (3) handling, stenciling, weighing, and palletizing with Air Force-furnished pallets, nets, and plastic covers; (4) drayage from the agents' warehouses to the MAC terminal; and (5) preparing basic documents, except for the Government bills of lading and customs declarations prepared by military personnel.

Military personnel performed limited services. Army personnel prepared the applications for shipment and the bills of lading, and they notified the agents when and where to make pickups. Some also certified the weight of the shipment. Air Force personnel unloaded the agents' trucks and performed all the handling of baggage at the MAC terminal.

We developed the cost of origin services for forwarder-MAC shipments from Korea by averaging the agents' charges to the forwarders. The rates paid by the three forwarders to their agents for complete origin services, including packing and crating, ranged from \$15 to \$18.63 per hundred pounds, or an average of \$17.21. Packing and crating was provided on almost all shipments of unaccompanied baggage from Korea.

We observed the processing of unaccompanied baggage arriving at Travis Air Force Base, which handled about two-thirds of the unaccompanied baggage moving under the forwarder-MAC method. Air Force personnel unloaded the baggage pallets from the aircraft. A resident employee, representing the four forwarders participating in the forwarder-MAC method of shipment, obtained releases from U.S. Customs and coordinated the movement of pallets from Travis to an agent's facility in Richmond, California, a distance of about 48 miles. Air Force personnel loaded the pallets onto the trucks.

Upon arrival at the agent's facility, the pallets were broken down, shipments were segregated by destination, and necessary documents were prepared by the agent's personnel. Shipments were loaded into vans by carrier (principally REA Express) or agent personnel for shipment to ultimate destination.

The forwarders participating in the forwarder-MAC method had formed a corporation for handling the arrival and distribution of unaccompanied baggage in the United States. The corporation, called Military Express, Inc., operated at five MAC air terminals. At Travis Air Force Base, an agent performed all the destination services for a fee based on volume. At other MAC terminals, the corporation's operations were handled by one of the forwarders.

We developed the destination cost from the cost of transportation from Travis Air Force Base to the agent's facility, the average work force size, the clerical help needed, and type of facilities and equipment used. Using filed

transportation rates, labor costs according to union agreements and prevalent salaries in the areas, the annual cost of real property including maintenance and utilities, the cost of equipment and other services, and an allowance for profit we estimated the destination costs to be about \$1.40 for a hundred pounds.

By combining these costs and adding an allowance for profit, we developed what we considered to be the reasonable cost for performing the required service. We then compared this cost with what the forwarders received and found the difference to be considerable. This, in our opinion, was a good indication that the forwarders' rates were higher than warranted.

As an example, consider the following analysis which shows the charges assessed by the forwarders for handling a hundred pounds of baggage from Seoul, Korea, to California and our estimate of the reasonable cost for performing the service. The charges exceeded reasonable cost by \$10.34, or about 30 percent.

Forwarders' rate		\$36.10
Packing and crating charge		<u>9.22</u>
		45.32
Average origin cost	\$17.21	
Destination cost (Calif.)	1.40	
In CONUS delivery--REA rate	4.93	
General and administrative cost	9.00	
Profit at 7.5 percent	<u>2.44</u>	
Total estimated reasonable cost		<u>34.98</u>
Difference		<u>\$10.34</u>
Percent of difference to reasonable cost		30

We have not included a charge for the MAC airlift in our analysis because MAC bills the sponsoring military service directly for this service.

Okinawa

Each of the four military services on Okinawa had one transportation activity handling personal property shipments.

These activities were responsible for determining the method of transportation to be used.

The agents we contacted on Okinawa provided complete origin services under the through Government bill-of-lading method which included (1) pickup at the individual's quarters, (2) packing and crating in agent-furnished containers, (3) banding, stenciling, and weighing, (4) delivery to the commercial airport in Naha; and (5) all necessary documentation. The agents on Okinawa had only one warehouse, and their baggage operation involved fewer personnel and less equipment than the agents' operations in Korea. The agents did not palletize baggage on Okinawa. Palletizing was done by the airline personnel. The work by military personnel included turning the shipments over to the agents and preparing the application for shipment, customs declaration, and bill of lading.

Direct procurement shipments were processed either by the military activities, in case of small shipments, or by contract. The U.S. Army Procurement Office, Ryukyu Islands, awarded competitive contracts to six moving companies, covering all types of personal property shipments by all the services in 1972. Five of these companies were also agents of the forwarders.

The forwarders' agents provided the same basic service under the direct procurement method as under the through Government bill-of-lading method; therefore, we used the direct procurement costs to estimate the forwarders' origin costs. The rates the military services paid for complete origin service under direct procurement contracts ranged from \$4.85 to \$6.50 for a hundred pounds, including packing and crating--an average charge of \$5.78 for a hundred pounds.

Through Government bill of lading, shipments generally arrived at commercial airports, and the shipments were picked up by carriers for consolidation and delivery to their ultimate destination.

As for Korea, we compared the forwarders' charges with the reasonable costs of providing the necessary services and found that the difference was considerable. For example, on a hundred pounds of baggage from Ft. Buckner, Okinawa, to California, the charges paid exceeded reasonable cost by \$10.76, or about 18 percent.

Forwarders' rate	\$61.70
Packing and crating charge	<u>9.22</u>
	70.92

Average origin cost	\$ 5.78
(Government contracts)	
Commercial airlift to west coast	34.00
(Calif.)	
Average port cost	2.25
In CONUS delivery--REA rate	4.93
General and administrative cost	9.00
Profit at 7.5 percent	<u>4.20</u>
Total estimated cost	<u>60.16</u>
Difference	<u>\$10.76</u>

Percent of difference to reasonable cost 18

The commercial air charge was included because MAC airlift was not available to the forwarders on shipments from Okinawa.

REASONS FOR HIGH RATES

In our opinion, the principal reason for the high unaccompanied-baggage rates was the method used by MTMTS in obtaining rates from the forwarders.

MTMTS awarded contracts to forwarders under a me-too concept. MTMTS obtained proposals from each forwarder and selected a forwarder on the basis of compliance with the requirements and the lowest rates offered. After the selection, other forwarders were given the opportunity to meet the rates accepted by MTMTS. It was DOD's policy to share the volume of traffic as equally as possible among the forwarders meeting the low rates. Because each forwarder was eventually given the opportunity to meet the rates of the one selected, forwarders had little incentive to offer their lowest rates. Each forwarder, by just meeting the accepted rate, was assured a share of the business. A truly competitive environment necessary to obtain low prices did not exist.

Another reason for the high rates was the fact that MTMTS had not developed cost information with which to evaluate the reasonableness of forwarders' rates. We found no evidence that MTMTS officials had developed and analyzed comparative costs before adopting the forwarder-MAC method of shipment in Korea and planning its adoption worldwide. We were informed that the reasonableness of forwarder-MAC rates in Korea was evaluated by comparing them with the existing forwarder rates which were based on the use of commercial airlift. The reasonableness of the existing rates was not questioned, and the feasibility of using the direct procurement method was not considered.

CHAPTER 3

OUR EVALUATION OF AGENCY AND FORWARDER COMMENTS

AGENCY COMMENTS

We brought our findings to the attention of the Secretary of Defense and proposed that DOD establish procedures for awarding contracts for forwarder services, which will enable it to secure reasonable rates. Specifically, we proposed that DOD:

- Award contracts to the lowest bidder under formally advertised contracts with the option of giving other bidders the opportunity to meet the lowest bidder rate if DOD determines that it is necessary to maintain more than one forwarder in a given location, provided, however, that the bidder submitting the initial low bid receive a larger portion of the business.
- Evaluate the reasonableness of the forwarders' rates established through competitive bidding by analyzing and verifying the cost factors that make up the single-factor rate. If the evaluation shows that the rates are high, DOD should establish annual requirement-type contracts for services. The provisions of The Truth in Negotiations Act (Public Law 87-653) should be applied to contracts with an estimated annual cost of \$100,000.
- Manage the program under the direct procurement method if unable to secure reasonable rates.

The Assistant Secretary of Defense (Installations and Logistics) responded and stated that DOD concurred in our findings and conclusions. (See app. I.) DOD agreed with our proposals to evaluate the reasonableness of the forwarders' rates and to manage the program under the direct procurement method if reasonable rates cannot be obtained. However, DOD indicated that alternatives should be available so that the most cost-effective method can be selected.

DOD did not agree with our proposal that contracts be awarded to the lowest bidder under formally advertised

procurement. DOD proposed instead a procedure which would require rate tenders to be submitted on a competitive basis and would permit the carrier with the lowest rates to receive a substantial part of the traffic.

MTMTS subsequently solicited rates from forwarders for the transportation of unaccompanied baggage from five countries in the Pacific (Guam, Japan, Taiwan, Thailand, and Okinawa) to CONUS under the forwarder-MAC method. These rates were obtained under competitive bidding, and the forwarders were not allowed to meet the lowest bidder rates.

We noted a significant rate reduction in almost all cases. The overall reduction in the rates between the lowest bidder and the former rates obtained under the me-too method ranged from about 35 percent to about 45 percent in four of the countries. A fifth country, Japan, showed an overall average reduction of 20 percent. MTMTS officials attributed the reduction in rates to the competitive nature of the bid solicitation. We estimate that the lower rates will save about \$1.9 million annually.

FORWARDERS' COMMENTS

At the time we brought our findings to DOD's attention, we also asked the four forwarders involved in the forwarder-MAC method of shipping to comment.

Three forwarders responded, and most of their comments were directed to our analysis of shipments from Vietnam. After meeting with these forwarders and reviewing some of their records, we concluded that we had underestimated certain forwarder costs. We have made appropriate adjustments in our cost estimates for Korea and Okinawa. However, because of the withdrawal of U.S. Forces from Vietnam, we decided to delete Vietnam from our review and to report only on Korea and Okinawa. Since comments concerning the Vietnam phase of our review are no longer pertinent, we have not included copies of the forwarders' responses as appendices to our report. We have included a synopsis of the comments and our evaluation as appendix II.

CHAPTER 4

CONCLUSION AND RECOMMENDATION

DOD's action to change its negotiating procedure on shipments in the Pacific area from the me-too method to competitive procurement has significantly reduced rates.

We therefore recommend that DOD consider adopting this new procedure in other areas, particularly on shipments from Korea.

CHAPTER 5

SCOPE OF REVIEW

Our review included (1) interviews and discussions with military and forwarder personnel connected with the movement of unaccompanied baggage, (2) an analysis of forwarder tariffs and tenders, and (3) a review of pertinent military regulations. We observed the actual handling of unaccompanied baggage and inspected various military and forwarders' facilities both in CONUS and overseas.

A list of the installations and activities visited is included in appendix III.



ASSISTANT SECRETARY OF DEFENSE
WASHINGTON, D.C. 20301

29 MAY 1973

INSTALLATIONS AND LOGISTICS

Mr. Henry W. Connor
Associate Director
Logistics and Communications
Division
U. S. General Accounting Office
Washington, D. C. 20548

Dear Mr. Connor:

This is in response to your letter of March 29, 1973, submitting a draft report on the need to improve procedures for negotiating transportation rates for baggage shipments (GAO Code 43186) (OSD Case 3602).

We concur in the findings made and conclusions reached in the draft report, based on the cost data presented. We concur also in the recommendation to evaluate reasonableness of the forwarders' rates by means of analysis and verification of the cost factors that make up the rate. We do not concur in the recommendation to award contracts to the lowest bidder under formally advertised procurement, for the reasons set forth below. We concur in the recommendation to manage the program under the direct-Government method if reasonable rates cannot be obtained through the use of forwarders, although not to the exclusion of other methods, as set forth below.

As to the recommendation to award contracts to the lowest bidder under formally advertised procurement, we feel that such a procedure would not allow the flexibility which is necessary within a changing cost environment, to negotiate and renegotiate contracts. We do concur, however, in the desirability of procuring this transportation under competitive bidding and propose, as an alternative, a procedure which will require rate tenders to be submitted on a competitive basis, utilizing the lowest rated carrier for a substantial portion of the traffic. This procedure represents a definite break with past practices and can be expected to generate strong opposition. It will also have to be worked out so as to preserve essential competition.

APPENDIX I

We concur in the recommendation to manage the program under Direct Procurement Method if reasonable rates cannot be secured from the forwarders. However, it is considered expedient, efficient and economical to continue to monitor alternative methods of transporting unaccompanied baggage for the purpose of selecting that method in any specific set of circumstances which will provide the required services in the most cost-effective manner.

Your study has proven helpful and steps are being taken to implement the recommendations.

Sincerely,

A handwritten signature in cursive script, appearing to read "Hugh McCullough".

HUGH McCULLOUGH
Acting Assistant Secretary of Defense
(Installations and Logistics)

FORWARDER COMMENTS AND

OUR EVALUATION

The forwarders disagreed with some of our cost estimates for traffic from Korea and Okinawa. They stated that our estimates did not represent the costs actually incurred and did not consider all cost factors involved in handling baggage shipments.

After reviewing their comments and meeting with two of the three forwarders who responded, we concluded that we had underestimated certain of the forwarder costs. We have made appropriate adjustments to our cost estimates.

The forwarders stated that (1) the origin costs in Korea and Okinawa were higher than we had estimated, (2) we had not included a cost for CONUS port handling of through Government bill-of-lading shipments, and (3) we had not made allowances for additional delivery costs resulting from the requirement imposed by certain transportation officers that the shipment of unaccompanied baggage be delivered to an agent for redelivery to the owner rather than directly to the final destination and for costs resulting from deliveries to points beyond the area served by the common carrier.

Our estimate of origin costs in Korea was based on the amount two of the three forwarders operating in Korea paid their agents for complete origin services. When our report was prepared, we had no knowledge of the third forwarder's costs. For the purpose of this report, we have now averaged the three agents' fees to arrive at a new origin cost. Although two forwarders are paying fees slightly higher than the average, one is paying less.

Two forwarders informed us that they pay their agent \$12.50 for origin services, including packing and crating, on Okinawa. In view of the lower rate (\$5.78) paid by the military on Okinawa for essentially the same services, we believe that \$12.50 is unreasonably high, and we have used the military rate in our computation of reasonable costs.

One forwarder informed us that CONUS port-handling costs averaged about \$2.25 per hundred pounds for through Government bill-of-lading shipments. We have revised our computation to include this cost on shipments from Okinawa.

APPENDIX II

We recognize that the forwarders are, in some instances, incurring delivery costs that are not included in the line-haul rate, but we believe that such additional costs may be largely offset in our computation by the line-haul rates for shipments weighing from 1 to 499 pounds. We made no allowance for the lower rates applicable on shipments of 500 pounds or more.

For example, we analyzed 714 shipments made in a 1-month period from Vietnam, Korea, and Okinawa, and found that about 22 percent of the shipments weighed less than 100 pounds but that over 20 percent of the shipments weighed over 499 pounds. The savings resulting from the lower rates applicable on the shipments over 499 pounds--our computation of reasonable costs was based on relatively higher rates applicable on shipments up to 499 pounds--more than offset the added costs on shipments of less than 100 pounds. In addition, forwarders would also realize savings by consolidating shipments destined to a single agent. The savings realized by the forwarders through consolidation become more significant on shipments to such locations as the Washington Military District where several forwarders employ a common destination agent.

INSTALLATIONS AND ACTIVITIES VISITED

WITHIN THE CONTINENTAL UNITED STATES:

Headquarters, Military Traffic Management and Terminal
Service, Washington, D.C.
Scott Air Force Base, Illinois
Travis Air Force Base, California
Norton Air Force Base, California
Western Area, Military Traffic Management and Terminal
Service, Oakland, California

Freight forwarders and agents:

Asiatic Forwarders, Inc., San Francisco, California
Bekins International Lines, Wilmington, California
Tyler Consolidators, Inc., Richmond, California

OUTSIDE THE CONTINENTAL UNITED STATES:

Vietnam:

Military Assistance Command, Vietnam
U.S. Army, Vietnam
U.S. 7th Air Force, Vietnam

Personal property shipping activities:

Tan Son Nhut (Saigon)
Long Binh
Bien Hoa
Can Tho
Cam Ranh Bay
Phan Rang
Nha Trang
Pleiku
Qui Nhon
DaNang

Military Airlift Command terminals:

Tan Son Nhut
Cam Ranh Bay
DaNang

Freight forwarders and agents:

Asiatic Forwarders, Inc.
Bekins Airvan Company
Columbia Export Packers, Inc.
Imperial Household Shipping Company, Inc.

APPENDIX III

Packing/crating contractor

Rockdel Corporation

Korea:

Military Airlift Command terminal, Osan, Korea

Personal property shipping activities:

Army Garrison Yongsan (Seoul)

I Corps Group (Uijongbu)--Army

20th Support Group, ASCOM (Bupyong)--Army

2nd Transportation Group (Pusan)--Army

6314th Support Wing (Osan)--Air Force

Agents' offices and warehouses:

Hanjin Transportation Company

Youngjin Trade and Transportation Company

Kun Yang Enterprise Co.

Okinawa:

2nd Logistical Command--Army

824th Combat Support Group--Air Force

Army (Camp Sukiran)

Air Force (Kadena Air Base)

Marines (Camp Hansen)

Navy (Naha Base)

Agents' offices and warehouses:

Y. Higa Enterprises, Ltd.

Ryukyu Freight Forwarders

Asiatic Trans-Pacific Inc.

Keystone Van Lines

Kakazu Gumi

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