Proposed APHIS fee increases would squeeze commerce

After nearly a decade of flat rates, in late April the U.S. Department of Agriculture Animal and Plant Health Inspection Service (APHIS) proposed fee increases in two major service areas. The first would raise costs for certain conveyance operators for Agricultural Quarantine Inspection, or AQI, program services. Only rail inspections, and air passenger fees would be decreased. Also included in the proposal are new fees for “treatment” services, such as cold treatment and fumigation, as well as vessel passenger processing. The second involves rates for overtime services for APHIS inspectors.

A coalition consisting of over 30 national and regional associations – including the Maritime Exchange – representing shippers, cargo and cruise ship operators, truckers, importers and other interests quickly responded to the proposed rules. Shepherded by Gene Harrington, vice president of government affairs for the National Pest Management Association, the coalition worked throughout May, June and July to document the concerns.

“Upon review of the proposal, we became extremely concerned about the impact of the proposal on fumigators and their clients. We also recognized that this is a pretty far-reaching rulemaking, and began reaching out to other affected sectors. Soon enough we had organized a pretty formidable group,” Harrington said.

Of primary concern to vessel operators are the 66% increases in AQI fees – from $496 to $825 per arrival. “In addition to raising the service fees, APHIS has also proposed eliminating the caps,” said Exchange Vice President Lisa Himber. Today, a vessel must only pay the fees on the first 15 voyages each year. Under the USDA proposal, ships would be required to pay the fees for every arrival. “For frequent callers, this would mean a staggering increase,” Himber said.

Dole Fresh Fruit Company, which signed a 15-year deal with the Port of Wilmington in December, would be hit hard by the new fees. “The impact on our operation will be substantial,” said David Lennon, terminal manager for Dole. “If these increases go into effect as proposed, we could see a 210% increase in our AQI fees.”

With nearly 200 ships arriving at Delaware River ports with grapes from Chile each year, the new treatment fees would also have a significant economic impact for the tri-state region. Other commodities will be affected as well. Lennon anticipates an additional $380,000 per year if APHIS implements its proposed $375 fee for supervising cold treatments and fumigations and bumps up the AQI rate. “I won’t be able to absorb these additional costs, especially in such a short time frame.”

The Exchange and others are not opposed to reasonable rate increases. “We recognize that it’s been nine years since the USDA last adjusted these fees,” Himber said. “In addition to the mind-numbing percentages the agency is proposing, where we really have the problem is with some of the internal overhead costs that USDA is asking the trade community to cover.” According to the continued on page 3

Interview with Delaware Congressman John Carney

Democrat Representative John Carney is the state of Delaware’s lone representative in the U.S. House. He is a member of the Financial Services Committee, the Subcommittee on Capital Markets and Government Sponsored Enterprises, and the Select Committee on Infrastructure, Energy and Trade. We asked Rep. Carney to share his thoughts with us on some of the current issues on the Delaware River maritime industry agenda.

Q: You have a long history of working with Delaware. What is the most important issue that you have worked on to help the port grow and be successful and where do you see it headed in the future?

A: My involvement with the Port of Wilmington goes back nearly 20 years. When I served as Deputy Chief of Staff for then-Governor Tom Carper, I was part of the team that negotiated the state’s purchase of the port from the City of Wilmington. It became very clear to me during this process how important the port is to Delaware’s economy and the state, and as a source of employment for thousands of working-class Delawareans.

Since I was elected to Congress in 2010, I’ve worked closely with our delegation and the Maritime Exchange to ensure that the deepening of the Delaware River Main Channel is completed on time. I was also pleased to work more recently with the Port of Wilmington on its application for a grant from the Department of Transportation’s TIGER Program to rehabilitate two of the port’s berths. The $10 million grant awarded last year will allow for heavier cargo to be placed on the berth, adding an additional 18 vessels per year. With these investments and the completion of the channel deepening I look forward to participating in discussions related to further expansions of the Port of Wilmington, including a container terminal on the Delaware River to allow the port to fully take advantage of the new channel depth.

Q: You mentioned the Delaware River Deepening Project. Could you give us an update on where that project stands now and what still has to be done?

A: Deepening the Delaware River Main Channel is a critical project not only for our Delaware River ports but for the economic competitiveness of our whole region. Roughly 135,000 jobs are directly tied to commerce on the Delaware and thousands more would benefit from increased activity at our ports. As container ships continue to get larger and larger, deepening the Delaware River from 40 feet to 45 feet is extremely important to maintain the competitiveness of our ports and attract new business to the river and the Port of Wilmington.

The funding for this project was first funded in 2011, and it has been
When President Obama visited the Port of Wilmington on July 17 to call on the federal government to fully fund transportation infrastructure projects vital to our country’s economic security, he cited the critical role ports contribute to our nation’s economy. That’s extremely positive exposure for an industry sector which often takes a back seat to other modes of transportation.

Among the plethora of foreign crises throughout the Middle East and Eastern Europe, the immigration crisis at our southern border and the ever present political gridlock in Washington, there is at least an understanding among policymakers that our nation’s infrastructure must be both maintained and expanded.

There are more and more positive port-related infrastructure projects stories to tell. Here at home, with the support of the Obama administration and members of our regional Congressional delegation, we have received $104.8 million in federal funding for the Delaware River main channel deepening project. After the contracts currently underway are finished, more than 80% of the work to deepen the channel between Philadelphia and the sea will be completed.

At the national level this past spring, after years of debate, Congress passed legislation, which the President then signed into law, authorizing and mandating full utilization of the harbor maintenance tax (HMT) for its intended purpose – harbor maintenance dredging and related projects. Our entire regional Congressional delegation supported this legislation.

As mentioned in an accompanying article in this edition of The Beacon, only about half of the $1.8 billion HMT collected annually is expended for port dredging projects, with the balance being spent on other government programs. By 2025, this legislation directs that 100% of these tax revenues be used to dredge out nation’s ports and harbors. With a shipping channel of over 100 miles, our port will be well positioned to benefit from these additional revenues.

Five years ago, no one thought this legislation had even a remote chance of becoming law. Again, a growing awareness among our country’s policy makers that our economy is inextricably linked to transportation infrastructure has made this long-sought victory possible.

In his remarks, the President stressed the fact that public-private partnerships will be key to future success. You’ll also note in this issue of the newsletter an announcement of a new partnership between Holt and the South Jersey Port Corp. to develop the Paulsboro Marine Terminal. We can’t think of a better recent example of how such public-private partnerships can create economic opportunity. This project will benefit not only the partners, but the entire regional port community. There are any number of other opportunities available to those with vision and creativity.

So, while Washington remains gridlocked by partisan politics, continuing resolutions and uncertain economic conditions, port business people have played a huge role in helping to educate the public and elected officials about the importance of our industry. At times this is an arduous and unappreciated task – the need and the benefits associated with smart investments in port infrastructure generally don’t make front-page news. But given the successes noted above, it is well worth the effort.

Focus on port infrastructure a welcome change of pace

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Holt, SJPC partner to revitalize Paulsboro port

In July Holt Logistics announced it entered into a partnership with the South Jersey Port Corporation for the construction of a new, state-of-the-art marine terminal to benefit Paulsboro, N.J. The announcement was made at a press conference located at the former Paulsboro BP refinery on the banks of the Delaware. The planned 190-acre facility will be the first new multipurpose marine terminal to be constructed on the Delaware River in over 30 years, and it is expected to create more than 850 permanent jobs when the new Paulsboro Marine Terminal is fully completed.

“The Delaware River really has become a rising tide that can create abundant opportunities for new cargo and business growth for the entire region,” said Leo A. Holt, president of Holt Logistics. “The Paulsboro Marine Terminal will be a modern, multi-faceted facility that will greatly increase shipping capacity for a full range of commodities. The Delaware River port complex stretching from Wilmington to Trenton is known worldwide for safe and efficient handling of steel, forest products, project cargo, rolling stock and containers. World trade has rebounded and this region is one of the epicenters of a new phase of cargo opportunities for traditional and new commodities.”

The redevelopment of the Paulsboro Marine Terminal is directly connected to the planned construction of the new Holtec International manufacturing facility in Camden, N.J. As part of its agreement with the SJPC, Holt will relinquish an important portion of the Pier 5 port facility at the Broadway Marine Terminal in Camden in exchange for the opportunity to energize the operation at Paulsboro, which has been vacant since the BP oil refinery was permanently shuttered. SJPC anticipates completion of the $170 million redevelopment of the Paulsboro terminal by next year, and Holt will initially invest in excess of $10 million at the site, which represents the first phase of a private investment. As the facilities and surrounding industrial development areas reach their full potential, Holt anticipates larger investments into the port facility.

“This announcement is a prime example of what is possible when the public and private sector work together to benefit New Jersey citizens,” said Governor Chris Christie. The State of New Jersey issued several bonds totaling $170 million to fund land and infrastructure improvements to the Paulsboro site, which had been closed for more than a decade while a plan to redevelop the site was formulated. The completed site will encompass 150 acres of waterfront land, with possible expansion to 190 acres, and 2,600 linear feet of berth on the Delaware River, all of which have been raised above the flood plain to resist operational shutdowns in the event of major storms. Additional infrastructure improvements include a dedicated bridge and off-ramp that connects directly to I-295 and approximately four miles of rail lanes that are not currently in use.

“This is a great day for the people of Southern New Jersey,” said Kevin Castagnola, executive director and CEO of the SJPC. “The Paulsboro Marine Terminal will be a modern jewel of the Delaware River, providing expanded capacity to complement existing marine terminal facilities. It will become a destination for an even wider array of international shipping products and other emerging industries.”

First Fibria ship arrives Tioga Terminal

Previously, on page 1

The Maritime Exchange extends its sincere congratulations to the DSPC and Chiquita,” said Exchange President Dennis Rochford. “This long-term relationship is good for both parties, and for the regional port community as a whole.”

In May, the House and Senate reached agreement on this long-delayed legislation and passed the Water Resources Reform and Development Act of 2014. President Obama signed this legislation into law on June 10.

In addition to authorizing major port and inland waterway projects throughout the U.S. the legislation addressed a variety of issues important to the maritime industry.

Chiquita and the SJPC, among these, WRRDA deals with the 0.125 percent ad valorem Harbor Maintenance Tax, or HMT, collected on all import cargoes arriving at U.S. ports. These funds, deposited into the Harbor Maintenance Trust Fund, are to be utilized to repair and maintain shipping channels and harbors at ports around the country. Currently the HMT generates approximately $1.8 billion annually, yet only half of these revenues are expended for their intended purposes. “Over a period of years, the trust fund has accumulated a surplus of more than $7 billion, revenues that could and should have been expended to maintain deep and shallow draft ports throughout the country,” said Exchange President Dennis Rochford.

The Act requires Congress, over a period of ten years, to increase the expenditure of HMT revenues for maintenance dredging and related projects on a sliding scale to 100 percent.

“This is a huge win for the Delaware River and ports around the country,” said Capt. Ward Guilday, president of the Pilots’ Association for the Bay and River Delaware.

“This infusion of funds will help ensure that shipping channels and anchorages throughout our port are maintained to their full capability in support of the over 2,200 vessels that arrive here every year,” Guilday said.

Included in this legislation are provisions to streamline and expedite major navigational construction projects, address the concerns of donor ports that collect more tax than they receive, and streamline environmental reviews and permitting processes.

“All in all, this legislation empowers the Corps of Engineers to advance construction projects in a timely manner, and more importantly, increase revenues available for maintenance dredging through full utilization of harbor maintenance tax revenues,” Rochford said. “Adequate funding for dredging is essential to keeping our port competitive, enabling us to better serve our customers.”

APHIS Fees proposal continued from page 1

The coalition has asked the USDA to provide more detail on what the fees are actually funding. It has also asked the agency to outline specific steps that have been taken to minimize costs and eliminate redundancies before proposing the new fees. Although additional information about costs funded by the programs was provided in a July 9 webinar, it was not provided at the level of detail that is useful for making informed comments, Harrington said.

The comment period closed on July 24. The Exchange and the coalition asked USDA to withdraw both proposals pending further dialogue with stakeholders.

Unlike USDA, which has a complete face about the future, we expect the final rules will be published as proposed,” Himber said. USDA had indicated it expects to start collecting the new fees in January of 2015.
45’ Channel Deepening Update

Under contract to the U.S. Army Corps of Engineers, the “Dodge Island,” a Great Lakes Dredge & Dock Company hopper dredge, motors upriver during dredging operations on July 23. Operations began on July 18 as part of the next phase of the Delaware River Main Channel Deepening Project. The current work is part of a $14.1 million contract to remove approximately 400,000 cubic yards of material from Lower Reach A, southwest of the Philadelphia Airport to Chester, Pa.

Under a separate contract, Great Lakes is also deepening the main shipping channel between the Ben Franklin and Walt Whitman bridges. Weeks Marine has been awarded the contract to deepen the channel off Broadkill Beach in Delaware.

With the completion of these three contracts, the 45’ channel deepening project will be 80% complete in terms of linear miles of channel that need to be deepened.

Be grateful for the man behind the curtain

The summer of 2014 was a busy one for the Maritime Exchange as it continued its work to upgrade Maritime On-Line and the infrastructure which supports it. While much of the effort is invisible to the many Exchange members and subscribers who use the system, a great deal of activity takes place behind the scenes to ensure their online experiences are helpful and productive.

New desktops, laptops, smart phones and operating systems are being rolled out at a sometimes dizzying pace. The computer or phone purchased last week with the newest version features seems to be obsolete just a few weeks later. This is equally true for servers and development software.

New server operating system and program versions, software development platforms, system integration methodologies, and hardware architecture continually evolve.

Without this infrastructure, Exchange staff would not be able to communicate with mariners at the level required to effectively aid in the safe coordination of vessel movements. “The VHF radio allows the Exchange to work with mariners before the ship is even in sight of the shore to gather and relay up-to-the-minute arrival times, draft conditions, berthing instructions and other information,” said Capt. Jonathan Kemmerley, Chairman of the Mariners Advisory Committee for the Bay and River Delaware. “This information exchange continues throughout the ship’s stay in port, including position updates, anchorage reports, bunkering coordination as well as communication with the pilot on board as the ship transits the river. The Exchange provides vital information to the users of the Marine Transportation System that promotes safe, efficient commerce.”

With the VHF network playing such an important role in daily operations, keeping the infrastructure up to date is crucial. Previously, the equipment was linked by network topology known as frame relay. While still in use, frame relay technology relies on aging infrastructure and is becoming increasingly inefficient at linking data between multiple points.

Many Maritime On-Line Upgrades Occur Behind the Scenes

In an effort to provide the best service possible to the mariners in the region, Michael Fink, Exchange IT director and Jason Rowinski, IT manager for the Pilots’ Association managed the work to move to a Multiprotocol Label Switching structure. This new platform required upgrading the infrastructure between sites with fiber optic cable. It provides better information-sharing redundancy, increased bandwidth and more effective resiliency by replacing the existing aging copper lines used by the frame relay.

Though the project took a few years to complete, the payout will be well worth the effort. “With the VHF network upgrade now complete, mariners and other port entities can benefit from the reliable high-quality radio broadcasts,” Rowinski said. “The Maritime Exchange and the Pilots’ Association are always looking for ways to improve the safety, interaction and communication throughout the Delaware River.”

Projects like this exemplify the dedication these two organizations have to safe and efficient commerce.

For more information, contact Paul Myhre at pmyhre@maritimedelriv.com or 215-925-2615.

Using technology to promote safe and efficient commerce

Recently, the Maritime Exchange and the Pilots’ Association for the Bay and River Delaware completed a VHF radio infrastructure upgrade project that not only replaced outdated technology, but increased communication efficiency for the mariners in the region. This equipment allows Exchange Operations staff to interact with and assist vessels as they transit the region and helps alleviate anchorage congestion.

“The Maritime Exchange uses the VHF radio network to provide a crucial interface between ships and their agents which allows for the timely exchange of docking and anchorage information. It also provides mariners with up-to-date information on vessel traffic in the Delaware Bay and River,” said Capt. Stephen Roberts of the Pilots’ Association for the Bay & River Delaware.

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The Maritime Industry is unique. Almost all anti-collision and navigational safety information is exchanged through the use of a vessel-to-vessel system using a single radio frequency, VHF Channel 13 (156.650 MHz). This system, referred to as “Bridge to Bridge Communication,” is unique to the marine industry and has its roots here in the Delaware Bay and River. It has worked, and worked very well, for many years, and will continue to provide a very important function for many years to come.

Aviation relies on FAA controllers who direct aircraft using multiple radio frequencies to avoid collisions and relay navigational safety information. Railroads rely on line dispatchers who utilize various radio frequencies and signals to direct train movements and rail allotments. In the maritime industry, however, vessels use a direct-communication, single-channel system to communicate between vessels. This is amazing considering the complexity of what is involved. Vessels meeting in restricted channels, approaching blind turns, and leaving/docking at various locations necessitating turning around and blocking main channels are just some of the many challenges that professional pilots and masters routinely discuss and agree upon utilizing VHF Channel 13. Some ports, such as New York, New Orleans, and Houston have Coast Guard-mandated Vessel Traffic Systems, but even in these areas final arrangements for vessel meeting and passing are always discussed and agreed upon between the pilots of the individual vessels utilizing VHF Channel 13.

This system has been in place for over 50 years and has remained unchanged even though there have been tremendous advances with electronics, computers, global positioning, Automatic Identification System and Global Maritime Distress and Safety System implementations. Additionally, commercial vessels have undergone detailed scrutiny with the implementation of International Standards Organization (ISO) standards. On today’s commercial vessel, every piece of equipment and every person’s duties and responsibilities are documented in detail. Believe it or not, I attended an ISO seminar where my cook’s procedure for making chocolate chip cookies was put into ISO 9002 format. This has resulted in volumes of manuals, many hours of review and training, and numerous audits, yet the usage of VHF Channel 13 has remained unchanged.

On the Delaware River, there was certainly a need for a bridge-to-bridge communication system on June 6, 1953 at 12:15 AM when the tankers “Pan Massachusetts” and “Phoenix” collided in the vicinity of the C & D Canal entrance. This collision was the result of a mix up with whistle signals, which was the only system in use at that time. The “Pan Massachusetts” was loaded with 150,000 barrels of gasoline which burned for days. The “Phoenix” broke apart, and the stern section grounded on a shoal on the New Jersey side of the channel, where it remains to this day.

The history of VHF Channel 13 began in 1947 when the VHF band 157 to 162 MHz was set aside for maritime usage with no specific channel numbers allotted; however, the frequency 156.800 MHz (later Channel 16) was set up as a designated emergency and calling frequency. During the 1950s there was some voluntary use of the VHF band, and here on the Delaware Bay and River the Delaware Pilots’ Association used custom-made VHF portable radios for “Bridge to Bridge” communication. Finally, in 1959, the FCC set up VHF Channels 1 through 28 for marine usage and designated Channel 13 for navigational safety communication between vessels using the Delaware Pilots system as a model.

In the early 1960s, various pilot organizations purchased the only suitable VHF radios that were available at that time, manufactured by General Electric with the impressive name, “Voice Commander.” They were odd looking grey boxes, about the size of a notebook computer with only one channel capability and one watt of transmission power. Because the push to talk button was on the front, it was an awkward two-handed operation to transmit, and great care was needed; if the whip antenna touched the carrying handle, there was a risk of blowing out continued on page 11
**ELMOc comes to the Delaware River**

U.S. Customs and Border Protection (CBP) in the Area Port of Philadelphia has recently implemented a pilot program to enhance cargo examination at seaports. Known as Enforcement Link Mobile Operations Cargo, or ELMOc, this new technology allows CBP Agriculture Specialists to release inspected cargo in real-time. “The ELMOc pilot program has greatly benefited both the CBP Agriculture mission and the trade community,” said William C. McGinnis, special projects manager at Greenwich Terminals. “Since the releases are sent through the existing electronic systems as the exams are completed, trucks can be scheduled for same day pick up. It’s a huge step forward to enhance cargo availability and condition.”

Integration of ELMOc into the agriculture mission has proven to be successful as it delivers data to the work-site rather than delivering the work to the data-access point, according to CBP officials. Continuing this strategy in the various CBP processing environments enhances CBP operations and provides for more efficient use of existing staffing resources.

Projected use of ELMOc devices include operations during inspections primarily at all locations where CBP personnel are not stationed or do not have land computers. These areas might include, for example, inspecting tractors, container yard examinations and other remote warehouses.

Although the use of ELMOc is currently in a pilot phase, there is some speculation that the technology is already outdated. When he visited the Delaware River in August, CBP Assistant Commissioner for International Trade Rich DiNucci noted that the agency is looking into acquiring tablet computers for its inspectors, and Port Director Susan Stranieri alluded to similar upgrades at a recent meeting with stakeholders at the Port of Wilmington.

“Whether it’s ELMOc or other portable devices, for now we are happy to take advantage of any technologies CBP sends our way,” said Exchange Vice President Lisa Himber. “Ideally, new equipment should not only speed up release time, but it should also improve inspector work flow and productivity to maximize their time as well as the use of taxpayer dollars.”

**MOL infrastructure upgrades**

“...continued from page 4

“This was a significant effort that will ensure the continued operation of Maritime On-Line in future browser versions,” said Exchange IT director Michael Fink. “We not only had to upgrade the core platform, but we had to replace every text box, menu item, calendar control, dropdown, and data grid. It certainly wasn’t a sexy upgrade generating any buzz among the user community. But what does get a lot of attention are web apps that stop working in new browsers because the code or controls have not been updated.”

“The Exchange has also been busy with a project to migrate its current server architecture to a virtualized environment. Server “virtualization” is a technology for partitioning one physical machine into multiple servers. It also masks the identity of server resources, including the number and identity of individual physical servers, processors, and operating systems, from server users, providing additional protection against cyber intrusion.”

Although not a new technology, server virtualization has matured and is becoming more the norm rather than the exception. When complete, users will see decreased down time for maintenance and faster processing. The project will accrue substantial internal administrative benefits as well, Fink said.

**Outward facing changes also completed**

Not all work is behind the scenes, though. The Exchange recently completed an upgrade to meet the latest Coast Guard electronic notice of arrival and departure requirements. This included modifications to the vessel response plan reporting requirements, which in particular now requires the submission of vessel response plan types.

Maritime On-Line is a continually evolving platform that must be upgraded to meet the changing demands of its subscriber base as well to meet new federal reporting requirements. Some of the improvements are visible to the users such as new software functionality – others are transparent like server and operating system upgrades. But are all necessary to support the system that allows the Exchange to help facilitate trade and commerce and to assist local and federal law enforcement agencies in their safety and security missions.
As I walk through Olde City, Society Hill, and Penn’s Landing, I always enjoy reading all the historical markers on poles that remind us of the great history of our city. While I believe I had seen most of them, I recently found one I had not seen in front of the Scarpot Museum, commemorating the building of the “SS Hughes Glomar Explorer” in Chester, Pa. in 1972.

While I had heard about this ship in the early seventies, I had no idea that the “SS Hughes Glomar Explorer” would be part of one of the most complex, expensive and secretive intelligence operations of the Cold War at a cost of $800 million ($3.8 billion in 2014 dollars).

This story really begins in April 1968, when Soviet Pacific Fleet surface and air assets were observed conducting a surge deployment to the North Pacific Ocean that involved some unusual search operations. The activity was evaluated by the office of Naval Intelligence as a possible reaction to the loss of a Soviet submarine. Soviet surface ship searches were centered on a location known to be associated with Soviet Golf Class SSB strategic ballistic missile submarine patrol routes. These submarines contained three nuclear missiles and routinely deployed to within missile range of the U.S. West Coast.

After weeks of searching, the Soviets were unable to locate their submarine, and the Soviet Pacific Fleet operations gradually returned to a normal level.

In July 1968, the U.S. Navy deployed the “USNS Halibut” to the wreck site and in three weeks found and photographed the sunken Soviet submarine officially named K-129. Then in 1970, based on this photography, Defense Secretary Melvin Laird proposed a clandestine plan to recover the wreckage so that the U.S. could study Soviet nuclear missile technology, as well as possibly recover cryptographic materials. The proposal was accepted by President Nixon, and the CIA was tasked to attempt the recovery using Global Marine to design, build and operate the “Hughes Glomar Explorer.”

In order to support the cover story that the ship was mining manganese nodules from the ocean floor, billionaire businessman Howard Hughes agreed to lend his name to the project. The K-129 was photographed at a depth of over 16,000 feet and thus the salvage operation would be well beyond the depth of any ship salvage operation ever before attempted.

On November 1, 1972 work began on the 50,500 ton, 619-foot long and 116-foot wide “Hughes Glomar Explorer” at Sun Shipbuilding and Drydock Co. in Chester, Pa. The ship was built with a large mechanical claw to be lowered to the ocean floor, grasp around the targeted submarine section and then lift that section into the ship’s hold. Recovery operations began in the summer of 1974 in the Pacific, and within 30 days the “Hughes Glomar Explorer” was in position to raise the Soviet submarine K-129. While raising the submarine the mechanical claw suffered a catastrophic failure, causing two-thirds of the already raised portion of K-129 to sink back to the ocean floor. However, the recovered section did include two nuclear torpedoes and thus Project AZORIAN was not considered a complete failure. The bodies of six crewmen were also recovered and were subsequently given a memorial service with military honors.

The operation became public in February 1975 when the Los Angeles Times published a story told to them by former crew members. The true name of the project was not publicly known to be Project AZORIAN until 2010. The ship is still operational today as a deep sea drilling ship and is called the “GSF Explorer.” She is currently working off the East Coast of India and is registered in Vanuatu.

Q&A with Carney

included in the President’s Budget since Fiscal Year 2013. The total estimated cost is $300 million, and the project remains in the President’s Budget and the appropriation of these funds for the operation will continue to be vigilant in working with the Army Corps of Engineers. However, we have to continue to be vigilant in working with the Army Corps and the Obama Administration to ensure that the project remains in the federal budget. The problem is that unlike the Highway Trust Fund, which is an entirely separate account in the federal budget, the user fees collected for Harbor Maintenance go into the general fund. This means that the appropriation of these funds for dredging has to compete with all other priorities in the federal budget.
Maritime community celebrates Coast Guard birthday

The Coast Guard celebrated its 224th birthday in August. The agency’s official history began on August 4, 1790 when President George Washington signed the Tariff Act that authorized the construction of ten vessels, referred to as “cutters,” to enforce federal tariff and trade laws and to prevent smuggling. The service received its present name in 1915 when the Revenue Cutter Service merged with the U.S. Life-Saving Service to form a single maritime service dedicated to the safety of life at sea and enforcing the nation’s maritime laws.

The Coast Guard began maintaining the country’s aids to maritime navigation in 1939 with the transfer of the Lighthouse Service to the Coast Guard in 1939. In 1946 the Commerce Department’s Bureau of Marine Inspection and Navigation was transferred to the Coast Guard, thereby placing merchant marine licensing and merchant vessel safety under its purview.

Last chance to register for HSC/AMSC conference


The conference will focus on best practices of Harbor Safety Committees and Area Maritime Security Committees as well as new ideas and technology to address critical safety and security issues.

Offsite Social Event

Join the MAC and the Pilots’ Association for the Bay & River Delaware at a cocktail reception for conference attendees. The event honors the 50th Anniversary of the MAC, the nation’s first harbor safety committee and will be held aboard the “Moshulu” on August 26 from 6:00-9:00 pm. Ticket and sponsorship information are available at http://nhscsocialevent.com.

HSC/AMSC Conference Details:

August 25-27, 2014

Hyatt Regency Philadelphia at Penn’s Landing
201 S Christopher Columbus Blvd, Phila. PA 19106
215-928-1234

To Register: http://www.trb.org/Main/Blurbs/168413.aspx

Session Topics:

- Partnering for Safe, Secure and Resilient Port Operations
- Desperately Seeking Resiliency
- Physical Oceanographic Real-Time System (PORTS)
- Challenges to Regional Initiatives
- Maritime Commerce and Offshore Energy: How We Can Coexist
- Securing Our Ports Through Technology
- Pilot Commissions: Compositions, Responsibilities and Roles in Harbor Safety
- AMSC Governance – An Information Sharing Event
- Training and Exercises: A Frank Discussion
- The Future of Navigation – Bringing America’s Waterways into the 21st Century
Hurricane season well underway

So far, so good.

It’s that time of year again, and the Mid-Atlantic region is well into the hurricane season that began on June 1 and continues until November 30. The Delaware River region narrowly escaped serious impact from Hurricane Arthur in the beginning of July as the storm turned out to sea off the coast of North Carolina. This provided a sobering reminder of the potential for dangerous weather and what could happen in the months ahead.

As usual, the National Oceanic and Atmospheric Administration released its outlook, and indications point to a normal or below normal activity level for the 2014 season.

“The main factor guiding the 2014 Atlantic Hurricane Season will be El Nino. El Nino suppresses Atlantic Basin hurricane activity in a number of ways, with the biggest factor being the amount of shear, or stronger wind speeds, that are present when tropical systems travel through,” said Ray Kruzdlo, Senior Service Hydrologist for NOAA.

“Another factor that will affect this year’s tropical development is sea surface temperature [SST]. Most of the temperatures we’re seeing are right around normal at this time where tropical systems like to develop. Warmer water can enhance tropical development and also lead to stronger systems. SSTs are expected to remain normal or even slightly below normal for the rest of the tropical season, which is good,” Kruzdlo said.

At the beginning of the season, the U.S. Coast Guard Sector Delaware Bay updated its hurricane readiness plan for 2014. “It is important that facility managers, ship agents, and vessel masters review Sector Delaware Bay’s contingency plans,” said Robert Ward, port security specialist, Sector Delaware Bay.

“The steps and actions listed in these plans help to ensure safety while securing the critical infrastructure of the region from an impending storm. We have had destructive hurricanes in the past, and even though the region has not had any major storm damage over the last few years, people should not become complacent and ignore proper planning,” Ward said.

Available documents from the sector include storm preparation checklists for facilities and vessels, preparedness planning for oceangoing vessels remaining in port and precautionary measures for ships and barges. The Maritime Exchange encourages all port stakeholders to review these documents, which can be found on our website.

Visit www.maritimedelriv.com/Port_Security/USCG/USCG_hurricane.htm for more information.

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Each year, the Seamen’s Church Institute of Philadelphia and South Jersey bestows its “Friend of the Port Award” to companies within the port industry that have demonstrated concern for the welfare of seafarers and/or the port in general.

This year, SCI has selected the Philadelphia Belt Line Railroad, which recently concluded a new 25-year agreement with Conrail after a long period of negotiations. The award recognizes the railroad as being an important partner in the port community and integral to the success of efforts to expand international trade, especially in the Port Richmond corridor.

PBL, which dates back to 1889, owns a 2.66-mile railroad line running along the Delaware River waterfront and has played a unique role in advocating for non-discriminatory rail service to port facilities. Conrail provides safe and efficient switching services at all of the major terminals in Philadelphia and southern New Jersey and is an important link between the port and the Class I railroads which serve it—CSX and Norfolk Southern.

The award ceremony will take place during the SCI annual fall event, to take place on October 17 at the New Jersey State Aquarium.

Contact Ronnie Barlow at 215-940-9900 or barlow@sciphiladelphia.org for information.

Q: What can Congress do to increase trade in a way that will benefit the Port of Wilmington and others on the Delaware River?

A: My top priority as a Member of Congress is helping our economy grow and create jobs, and that is why I have strongly supported the House of Representatives’ Make it in America Agenda since I joined Congress. In order to be successful, we must focus on expanding domestic manufacturing, and creating opportunities and access to new markets overseas. It’s clear that exporting is key to economic growth and success. If done correctly, free trade agreements will enable companies to reach new customers, which will help create jobs in the manufacturing sector and grow business at our ports. To do this, it’s critical that trade agreements are a two-way street and that barriers to trade be lowered for both the U.S. and for our trading partners.
Del. River key to VHF Channel 13

continued from page 5

the transmitter. There is a story about one of these radios catching fire in a pilot’s bag due to the push to talk button getting accidentally depressed and activated. The button worked even when the radio was turned off.

Technology improved quickly and, in the mid-1960s, Motorola developed the HT220, a truly portable unit that looked similar to, but still larger than, what is generally available today. I bought one of these units in 1969 – I still have it and it still works. The use of VHF Channel 13 expanded greatly, and was completely voluntary, although the Rules of the Road still required whistle signal proposal and acknowledgement.

In the early 1960s, tide gauge readings were becoming very important with the increase of maximum draft vessels utilizing the Delaware Bay and River, so the Delaware Pilots’ Association developed a system for tide gauge reporting using VHF Channel 14. This information reporting function was shifted to the Maritime Exchange, which adopted VHF Channel 14 for vessel reporting. The Exchange eventually retired its lookout towers and flashing lights system.

Most ports, using the Delaware Pilots’ model, adopted the VHF Channel 13 “Bridge to Bridge” system, but this was still on a voluntary basis. Finally, in 1972, the Ports and Waterways Safety Act required installation and monitoring of VHF Channel 13 on vessels over 20 meters in length, over 100 tons when carrying passengers for hire, and vessels over 20 feet engaged in towing.

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The Act also made the use of VHF Channel 13 compliant with the Rules of the Road whistle signals requirements and required floating plants, dredges and drawbridges to monitor and use VHF Channel 13.

As a general practice, the C&D Canal control (using their old call letters WB-33) and the Cape Cod Canal control (using their old call letters WUA 21) used VHF Channel 13 for management of canal traffic. Prior to the use of VHF Channel 13, traffic coordination was accomplished with use of the designated AM frequency 2350 KHz and traffic lights at each end of both canals. The old AM radios using 2350 KHz are gone, but the traffic lights are still there.

In the 1970s, the use of the VHF band increased to the point of congestion, especially with only three available public access (Marine Operator) channels. In 1979, the FCC cut the 50 MHz bandwidth between allotted frequencies to 25 MHz, and sandwiched an additional 28 channels (60-88) between the existing 1-28 channels. Since the advent of the cell phone, there is very little need for all the public access duplex (dual frequency) channels presently available, so some of these frequencies may be re-allotted to other uses.

It used to be that only a few frequency selections were available when purchasing a marine VHF radio, and a technician had to install crystals to change them. Now, any marine VHF radio has all-channel capability. Portable equipment has become smaller, lighter and much less expensive to the point where some pilots will board a vessel with several portable radios so that they can simultaneously monitor traffic, VTS, and direct tugs during a docking or undocking operation.

Even though radio procedures are governed by CFR Title 47, Subpart C 80.68 to 80.103, the general usage of VHF Channel 13 is self-regulated by pilots and masters of commercial vessels. VHF Channel 13 is a business-only navigational safety frequency for regulated commercial vessels, and any other usage is strongly discouraged. However, recreational and other non-required vessels are encouraged to monitor this frequency and to answer when called, especially when navigating close to main channels, at night and/or during times of reduced visibility.

The maritime industry has changed in many ways over the past 50 years VHF Channel 13 has been used. The vessels have become larger and more efficient. The crews have become smaller and more highly trained. The volume vessels carry into and out of our ports has increased dramatically and will continue to increase, especially with the expansion of the Panama Canal. Coastwise ships and tug/barge units will possibly be used to augment the existing road and railroad infrastructure that is becoming very overloaded.

To make things even more complicated, many traditional routes along the Atlantic Coast used by vessels in the past will change with the development of wind energy on the Continental Shelf. The “Bridge to Bridge” communication system, which has worked so well for so long, will be even more important for collision avoidance and navigational safety in the future.

Capt. Bradley is a former Ship’s Master and recently-retired Federal Pilot with Interport Pilots Agency. Thanks are also due to Capt. Paul Ives, retired Delaware River pilot, for his contributions to this article.

Bidding adieu to a good friend

Exchange staffer Scott Anderson joined several members of the port community to wish Mesfin Ghebre-woldi a roasting “bon voyage” on his retirement from the Seamen’s Church Institute of Philadelphia and South Jersey. “It has been a joy to work with Mesfin, and he will be sorely missed,” Anderson said.

Mesfin, who speaks seven languages, was a pillar within the SCI family for over 35 years – visiting ships, helping the seafarers with needs great and small, training others, and generally handling whatever came his way with a smile.

In a recent tribute article, SCI Board member Henry Holcomb noted that what truly amazes people who work with him day in and day out is the durability of his passion for helping seafarers. The Exchange staff is grateful to have had the opportunity to know and work with such a dedicated advocate.

In winds and following seas, Mesfin. We wish you the best!
On September 9 from 4:30-7:30 pm the Seamen’s Center of Wilmington will hold its Fall Fun(d) Raiser at Firestone restaurant in Wilmington. Highlights of the evening will be the Silent Auction, raffle and, new this year, a limited raffle to win an 8-day stay on Grand Cayman Island. Sponsorship opportunities are available. For more information contact the Center at 302-575-1300 or scw@scwde.org.

New Contact Information for SCW
SCW has changed its email addresses. The new email address for Executive Director Joan Lyons is jlyons@scwde.org and the general email address for the Seamen’s Center is now scw@scwde.org.

Palaima honored by the Chapel of Four Chaplains

The Chapel of Four Chaplains honored Exchange Board member and President of Delaware River Stevedores, Inc. Robert Palaima with its prestigious Legion of Honor Humanitarian Award on July 13. The award recognizes outstanding members of society whose lives model the giving spirit and unconditional service to community, nation, and humanity without regard to race, religion, or creed exemplified so dramatically by the Four Chaplains. Michelle Durham of KYW Newsradio also received the award.

On hand for the ceremony at the Navy Yard chapel were (l-r) Commander Arno Vorwerk, USN (ret.), Michelle Durham, Chapel Executive Director Christine Beady, Chapel Coordinator Michelle Nolfi, Robert Palaima; Chapel Chairman Capt. Louis A. Cavaliere, USN (ret), and Maj. Lawrence Herrmann, board member.
Earlier this year, the Commissioners of the Delaware River Port Authority named John T. Hanson as the agency’s Chief Executive Officer. Since November of 2004, Hanson served as the Authority’s Chief Financial Officer, stepping in as Acting Director upon the departure of John Mattheusen. He was a Commissioner on the Board and Chairman of the Finance Committee from 2002 through 2004.

Hanson is a Certified Public Accountant (CPA) licensed in the State of New Jersey and a Chartered Global Management Accountant (CGMA). Additionally, he has earned certificates in management from Cornell University: “Executive Leadership” (2008), “Change Management” (2009), and “Leading Management Teams” (2009). He graduated magna cum laude from Drexel University in 1990 with a B.S. in Accounting and earned an MBA from St. Joseph’s University in May, 2007, graduating with honors.

Hanson is currently the Chairman of the Board of Trustees of Camden County College in Blackwood, NJ. He served as the Deputy Mayor of the Borough of Audubon, New Jersey from 1997 to 2001 and joined New Jersey government under former Governor Christie Whitman in 1998.

The Exchange extends its sincere congratulations to John and wishes him great success in his new position.
USDA “cold treatment pilot program” misstep raises questions

A June announcement by the U.S. Department of Agriculture, Animal and Plant Health Inspection Services about a new pilot program in the Port of Savannah generated widespread reaction among shippers and carriers involved in the all-important perishable products market. On June 24, USDA/APHIS announced that it would begin accepting applications for several cold-treated commodities from Peru, Chile and Brazil destined for Savannah.

The announcement seemed to imply that the importation of those products was somehow unique to Savannah. The notice also created another broad misconception: that cold treatment is a substitute for fumigation. Neither of these statements is correct.

While we don’t believe it was USDA’s intention to suggest either of these ideas, the wording the agency chose effectively created that impression. We’re not sure why a federal agency would allow itself to be put in that position.

The announcement was picked up by a number of trade publications, and the coverage it generated has created a misconception among the shipping community. Exchange members raised numerous questions from shippers, importers, exporters and growers.

The Maritime Exchange has asked USDA/APHIS to issue a public clarification.

The pilot program as described in one article is limited to fresh fruit from South America arriving in containers that have completed in-transit cold treatment as a condition of entry. With that limitation, the entry of Chilean fruit, which is subject to a mandatory fumigation treatment, would not be authorized under the pilot program. However, Chile is included with the countries of Peru and Brazil in the article, due to inaccuracies in the announcement.

Delaware River ports have strong relationships with Chilean growers. We know that Chile has a long-standing and successful program of fruit fly eradication and is not required by APHIS to cold treat its exports to the United States.

The various articles also suggested that cold treatment is an environmentally-friendly alternative to fumigation-based pest control and that there is “increasing acceptance by the U.S. Department of Agriculture and other import authorities around the world” for its use. This is clearly not the case. Cold treatment is not a broad spectrum treatment option for quarantine pests. On the contrary, the use of cold treatment is very targeted and limited, and it cannot arbitrarily replace fumigation as a quarantine alternative to protect U.S. agriculture.

Unlike southern ports, Delaware River ports can accept containers under cold treatment, and they can be discharged during any stage of the treatment to have the cold treatment completed dockside. Further, as a general rule, transit times to the Delaware River area coincide more closely with required cold treatment time frames – no vessel operator would want to see a ship lay in wait while cold treatment continues for the prescribed time periods, as is more likely the case at southern ports.

The Delaware River been the destination of choice for break bulk imported perishable commodities for over 30 years. And the volume of these products moving through our ports in containers is increasing exponentially. This is a result of our proximity to northern markets which have traditionally paid higher prices for imported produce, linkages to a transportation network that can reach two-thirds of the U.S. population in two days, extensive cold storage facilities, experienced port operators who have built strong relationships with partners over time, and a trained and capable labor force.

No other port can make the same claims, regardless of what pilot programs they may start.

Editorial

Russian cyber attack reminds us to be vigilant

As we’re putting this issue of The Beacon to bed, news of the latest cybercrime is breaking. According to an August 5 report in the New York Times, a Russian crime ring has stolen 1.2 billion (yes, that’s billion) user name and password combinations and more than 500 million email addresses.

The facts are still emerging – we don’t yet know what web sites or users were targeted. And this attack follows directly on the heels of an early August announcement by the P.F. Chang restaurant chain that debit/credit card machines at as many as 33 of its U.S. restaurants may have been compromised during a breach discovered in June.

Earlier this year, Microsoft was taken to task for vulnerability flaws in its Internet Explorer web browser. One of the most severe defects allowed hackers to gain rights to personal computers, and all of the personal information stored on them, by luring unsuspecting searchers to compromised web pages.

And as most of us know, Target retail stores were hit hard when cyber thieves stole credit card and personal information from over 100 million customers last December. Target is recording recovery costs, which include a year of free credit monitoring for customers, at $148 million as of the end of June. These costs are still climbing.

As if visiting web sites and opening emails were not enough to worry about, scammers have upped their game and are making phone calls posing as Microsoft technicians. They claim the victim’s computer is at risk and pressure the user to allow the “technician” access to the computer to “fix” the issue for a fee. If successful, the cyber criminal not only has the victim’s credit card information but may have opened up the PC to future attacks.

These are only a few examples from among the many incidents recorded in just the last year alone.

In its 2014 Internet Security Threat Report, computer security giant Symantec Corporation reported that Internet security breaches in 2013 were 62% greater than in 2013, and the number of identities stolen in 2013 was twice that of 2011.

These crimes are financially devastating to corporations and individuals alike, and some whose identities are stolen never fully recover.

This is the reality in which we live, and it will not change for the foreseeable future. We will continue to make on-line purchases, use our credit cards in stores and at restaurants, and pay our bills via on-line banking. And hackers will continue to find new ways to steal our money and personal data. Every time a breach is plugged, criminals will adjust strategies and look for the next hole.

But not all is bleak. On our behalf, an army of public and private sector professionals is battling these threats, and many good products are available to mitigate the risks.

There are also some low-tech steps we can take to protect ourselves.

First, change passwords often, don’t use the same password for every, or even multiple accounts, don’t share passwords – ever – and use passwords that contain a variety of upper and lower case letters, numbers and symbols.

Do not post personal data on social media sites, and certainly do not let the World Wide Web know when the family will be on vacation. It is the same thing as hanging a sign on the front door announcing that no one will be home – except that now hundreds of people, or more, will see that sign.

Though we cannot control what protections are in place at the places we go to dine, shop and be entertained, these simple measures are within your control and can help make you less of a target.

As an organization dedicated to providing online services, the Maritime Exchange is keenly aware of the risks. We encourage you to take all steps possible to protect yourself from this increasing threat.
The sun-setting life of the generalized system of tariff preferences and the real cost of congressional inaction

Legal Ease

By: John P. Donohue, Esq.
Clark Hill Thorp Reed

Anyone who listens to radio or television talk shows will hear the participants bemoan the inability of the Federal Government to get things done. Those complaints are all too commonplace and widespread that they cross party lines. To those of us who work daily with the rules of international trade, there is no better example of the real costs of inaction than the death last year of the Generalized System of Preferences (GSP) and our Government’s inability to revive it.

The GSP law was originally enacted as part of the Trade Act of 1974, and it granted duty-free treatment to a wide array of goods imported into the United States from underdeveloped countries. The goal of the legislation was to boost the lives of those in the poorer nations by making it easier to sell their products here at a price that would be more competitive by the elimination of duties.

The 1974 GSP law contained within it a sunset provision – language that allowed the bill to die if Congress took no action to extend it. How Congress managed (or failed to manage) this sunset provision is emblematic of how our government has lost its ability to manage (or failed to manage) this problem. The GSP law was made retroactive. Some benefits would expire, but the Bureau of Customs and Border Protection signaled that fact in a message to the port community in mid-May.

When GSP expired last July, Customs instructed the import community to flag GSP-eligible products at the time of entry but to calculate duties without the benefit of GSP and act as if the issue did not exist. Customs chose this latter course. On May 16, 2014 it issued a notice to both the import community and the ports of Customs that it would not honor any requests to extend the liquidation dates pending the outcome of the extension debate (which it clearly could have done under the law because GSP availability was an issue of “compliance with applicable law”). It further announced that it would not accept any importer’s protest to the denial of GSP benefits, since, as of the date of entry, no GSP benefits were available and therefore the refusal to grant GSP benefits was not an error of law. Entries made in August and September of 2013 are now being liquidated without benefit of GSP and the denial is not protestable.

Congress’ failure to extend this popular and progressive legislation, and Customs’ failure to invoke the extension provision which would keep the entries alive, will adversely affect the poorer nations like Egypt, Kenya and Ecuador, and a trade program that has been part of the international trade landscape for almost forty years is now wholly inoperative. By simply invoking an extension statute that was already on the books, Customs could have kept the door open on these entries until the end of the congressional session. But Customs acted too precipitously, and Congress acted too slowly, and the poorer nations lost.

John P. Donohue is a Partner in the firm of Clark Hill Thorp Reed and is a member of the Firm’s International Trade Practice Group. He is member of the Board of the Exchange.
Notes & News

Michael Mattioni, president of Mattioni, Ltd., was elected Chancellor of the Justinian Society on Monday June 2, 2014. He was a long term member of its Board of Directors, and served as Vice-Chancellor for the past two years. Jennifer Popelack, an associate attorney at Mattioni, Ltd, was also elected as a member of the Board. Congratulations to both!

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www.fourchaplains.org

Holiday Inn Express Penn’s Landing
100 North Columbus Boulevard
Philadelphia, PA 19106
agmgr@hiepennslanding.com
www.hiepennslanding.com

Calendar of Events

08/25/14  National Harbor Safety/Area Maritime Security Committee Conference, Hosted by the Mariner’s Advisory Committee
Hyatt Regency Philadelphia, Penn’s Landing
Visit www.trb.org/Main/Blurs/168413.aspx

09/09/14  Seamen’s Center of Wilmington Fall Fundraiser, Firestone, Wilmington, DE. Contact: 302-575-1300 or scw@scwde.org
Tri-State Maritime Safety Association Board Meeting

09/10/14  Maritime Exchange Board Meeting

09/12/14  Ports of Philadelphia Maritime Society
Russ Larsen Memorial Golf Outing
Springfield Country Club, Springfield, PA
Contact Mike Scott: mrscott24@yahoo.com

Ports of Philadelphia Maritime Society Annual Crab Feast
The Deck at Harbor Pointe, Essington, PA
Contact Theresa Penot: 215-783-9484 or theresap1@verizon.net

09/16/14  Seamen’s Center of Wilmington Board Meeting
Philadephia Regional Port Authority Board Meeting

09/17/14  World Trade Association of Philadelphia Annual Banquet
Cescaphe Ballroom, Philadelphia, PA
Contact Deborah Ingravallo: 856-642-3957

10/06/14  Traffic Club of Philadelphia Golf Outing
Radnor Valley Country Club, Radnor, PA
Contact Maureen Waddington: tcp@philia.com

10/08/14  Maritime Exchange Executive Committee Meeting

10/15/14  DRPA/PATCO Board Meeting

10/17/14  Seamen’s Church Institute Annual Fall Gala
Adventure Aquarium, Camden, NJ
Contact Joan Andrel: 215-940-9900 or jandrel@sciphiladelphia.org

10/21/14  Philadelphia Regional Port Authority Board Meeting

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For a complete schedule and event details, visit www.maritimedelriv.com

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