A Celebration of Leadership, Growth and Sustainability
Two-thousand eleven marks the 50th anniversary of ocean cargo transportation service between the U.S. and Central America for Crowley and predecessor company Coordinated Caribbean Transport (CCT). Since 1961, Crowley has helped the region blossom into the shipping hub that it is today, and has contributed to the development of Central America’s economy, culture and ports. Crowley now reflects on its history of faithful service to the people of Central America while also looking forward to the next 50 years of growth and opportunity.
This year marks Crowley’s 50th anniversary of service to the countries and businesses of Central America. During the last half-century, Crowley and its predecessor company, Coordinated Caribbean Transport (CCT), have gone above and beyond to not only meet the needs of customers by shipping cargo between the United States and Central America, but to also develop equipment and methods to revolutionize the region’s shipping experience. Crowley has taken an unmistakable foothold in Central America, providing the various countries with a logistical means to develop and prosper. Through the development of each country’s shipping industry and continuous improvement of the region’s facilities and services, Crowley and CCT have helped make business with Central America a reality.

Today, Crowley is the premier shipping company between the United States and Central America, a market it entered as a result of the 1986 acquisition of CCT. Shortly after, the company’s name changed to Crowley Caribbean Transport – still under the acronym of CCT – to reflect the purchase. This was a major boon to Crowley’s foray into containerized cargo (liner) services, which had only begun a few years prior with the purchase of Delta Lines. Through CCT, Crowley was now able to serve a majority of the Western Hemisphere adding to its already established and diversified business lines.

Central America remains an important component of Crowley’s business, as evidenced by the continual focus on the region. These interests go beyond common business practices. Crowley’s in-country contributions have helped to improve the entire shipping industry and thus the economy in Central America.

Perhaps it was Hugo Llorens, U.S. Ambassador to Honduras, who said it best when he stated: “Crowley is a company that is respected by the people and businesses of Central America – and therefore it is respected by the governments. The company is well-run, good corporate citizen and has been a pivotal player in Central America’s healthy trade relationships with the rest of the world. It has been able to influence trade for the better, and has helped to create more efficient and competitive ports. Crowley has served as the logistical bridge from Central America to the rest of the world.”
With a half-century of total commitment to the region, it is clear that Crowley has deep roots in Central America. In it for the long haul, Crowley fully anticipates that it will be celebrating 100 years of service in the future along with every milestone in between.

The Beginning

To understand Crowley’s continued success in Central America, one must consider the strength of the roots established 50 years ago. CCT recognized that Central America could overcome its shipping problems – which included congestion, damage, delays and pilferage in its ports – only through the establishment of a strong and reliable ocean transport service and a common Central America market. The singular market opportunity materialized with the creation of the Central American Common Market (CACM), a trade organization established through a 1960 treaty among Guatemala, Honduras, Nicaragua and El Salvador that had goals of lowering tariffs, improving infrastructure, and dismantling various technical trade barriers. With this united front and the subsequent growth of the Central American economy, the demand for U.S.-produced goods began to increase – a trend that continues to this day.

Ro/Ro Service Lays the Foundation

In response to the new demand for U.S. goods, CCT pioneered an innovative Roll-on/Roll-off (Ro/Ro) service between the U.S. and Central America in 1961. Though CCT had grand visions of helping the entire region to grow, its operations started out very small, consisting of only two converted ex-U.S. Navy landing vessels, each with a capacity of just 28, 40-foot trailers. Despite the company’s small size, that year it successfully made the first of many treks from Miami to Matias de Galvez, in northeastern Guatemala. This unique Ro/Ro service was the foundation of growth and the cornerstone of supplying goods to CCT’s customers in the region. The company added the M/V Mar Caribe to the service in 1967, which allowed it to expand services to Puerto Limon, Costa Rica, the following year. There, CCT financed and built a special pier to accommodate the country’s first Ro/Ro vessel operations.
In the early years, Ro/Ro vessels were the solution to the somewhat limited port infrastructure, which included a lack of cranes and berthing areas for vessels entering the port," said John Hourihan, Crowley’s senior vice president and general manager of Latin America services. "By using Ro/Ros, we became self-sufficient, and could easily get in and out of port, helping us to quickly serve our customers."

This development soon repeated itself in Honduras in 1969, Panama in 1972, Ecuador in 1974 and Peru in 1981. In the latter part of CCT’s days, it also forayed into the Caribbean, serving the Dominican Republic, Haiti and Jamaica in the mid-1980s.

Port-to-Door Services Added

CCT also implemented a quick port-to-door service using trailers that were permanently mounted to chassis, a feature that allowed them to be loaded directly onto ships and unloaded quickly for transportation to inland destinations in Central America. The service gave shippers a timely method for transporting cargo. So successful, the method is still used today by Crowley when providing intermodal services for customers who would not otherwise have access to the ports on Central America’s east coast.

But as successful as the port-to-door service was, there were also many obstacles that CCT faced. Juan Cambo, who started his career at CCT and retired from Crowley as director of Central America services, clearly remembers the challenges of the early days.

"The roads were a real problem in Central America – we even encountered places where there were no roads, so we had to look for alternate ways to move the cargo," Cambo said. "It took a lot of work just to make a simple delivery and stay safe while doing business. And, the freight that we moved was so large that sometimes we had to close sections of the main road just to pass through. When we came to a river, sometimes we couldn’t go over the bridge because the cargo was too heavy. In those cases, we had to break down the cargo just to move it. But overall, it was a very interesting operation – it was epic."
It was rewarding to be able to pull off an operation like that for a customer.”

**CCT Helps to Develop the Lucrative Apparel Trade**

While CCT regularly came up with creative solutions, the team also took an unusual approach to how they handled apparel, or 807 cargo (a term pertaining to a Customs regulation that permitted U.S. companies to export raw materials to Central America, have garments assembled there, and then import the finished apparel back into the U.S., paying duties only on the foreign value added to the finished products). Because of the demand for 807 to reach its seasonal market quickly, it was, and still is, treated as a commodity with an expiration date. Attention to detail was perhaps the most important consideration when handling 807. It required precise timing as it moved from facility to facility along the production line – a single untimely delivery could cause delays on entire shipments.

At first, CCT took advantage of the 807 opportunity by placing emphasis on increasing imports to the U.S. to foster growth. But it didn’t take long for Crowley to realize that there was a great need for a dependable 807 service southbound to Central America as well, mainly for raw materials. For this reason, Crowley devoted many resources to it, such as a dedicated contact person and additional containers specially equipped for the service. Years later, this dedication evolved to an entire team devoted to the trade and 807 was booming.

“Managing the 807 trade was a unique business,” said Jay Brickman, vice president of government services. “Apparel would become a useless commodity very quickly if it wasn’t delivered on time. We took that very seriously. There was nothing else that we handled like that, nothing like that, at all.”

“The 807 service was initially a success because no other company offered it.” Cambo said. “Manufacturers didn’t have access to resources like warehousing, so if there were ever delays in the production line, then the factory would be forced to stop operations until deliveries could be made again. That’s where our
That emphasis on quality was the cornerstone of the 807 trade in Central America and proved to be a boost to business for both Crowley and its customers.

**Efficiency Brings Growth in Central America**

Speed and excellent customer care is an integral part of Crowley’s quality service to Central America still today. But over time, Crowley also came to recognize that frequency and efficiency were just as important in its service to Central America.

“As the market in Central America continued to grow, we knew we needed to expand our services to fit all of our customers’ needs,” Hourihan said. “We came to the realization that the way to do that wasn’t in getting bigger vessels, but was instead in getting more vessels. As a result, adding vessels and providing a greater frequency of service became the foundation of the business in Central America.”

Crowley next strove to improve its Central America service line efficiency by moving operations from Miami to Lake Charles, La., and Port Everglades, Fla., at the end of 1986. The strategic relocations paid off, in part by reducing costs dramatically. In just the first year of operations, Crowley increased revenues by 40 percent. Crowley’s move to Port Everglades made them the first carrier to operate at the Port Authority’s new South Port container facility, which was located even closer to major highways and intermodal routes. This independent residency didn’t last long, though, as many other carriers soon realized the competitive advantage Crowley gained from the location, and they quickly followed suit.

The growth continued in February of the ensuing year as Crowley continued to build its foundation in Central America by establishing a sister terminal near the Miami Free Trade Zone. This satellite site was primarily used for consolidating less-than-trailerload (LTL) shipments into single loads, which increased...
LTL business by 30 percent. Also in 1987, Crowley acquired a fleet of 25 trucks to create a shuttle service between Port Everglades and Miami, all in the name of speed and efficiency of service to Central America.

In 1993, Crowley fostered even more efficiency by consolidating CCT with its Puerto Rico service, Trailer Marine Transport (TMT), and its South America service, American Transport Lines, to form Crowley American Transport (CAT). That same year, Crowley expanded its services by offering services from Central America northward to Mexico. The services remained under that name until the turn of the century, when the company was renamed Crowley Liner Services following the sale of the South American business.

Today, employees and customers know the business line simply as a service of Crowley.

Improving efficiency in unexpected ways has always been a part of the process for Crowley and CCT, for all kinds of cargo. From the beginning, CCT pioneered the practice of leaving refrigerated trailers at customers’ remote farms during the harvests to increase shipment efficiency. With the cooled trailers easily accessible on site, the freshly gathered produce could be loaded immediately for faster delivery to the Ro/Ro carrier – a timesaver that ultimately provided a longer product shelf life in stores.

Guatemalan vegetable processor Alimentos Sumar’s Jesus Mora said of the service, which Crowley has continued to this day: “The service has been excellent and very personalized. Crowley has always watched out for our needs and best interests and has always provided us with the newest and best equipment. With Crowley, I just leave the container outside to be picked up and I don’t have to worry about the container.”

Because 70 percent of northbound cargo required refrigerated trailers, CCT maintained a fleet of over 700 – a number that has grown to more than 3,000 containers today – to carry perishable goods.

The standard trailers CCT used were also more efficient than the normal variety. Because of CCT’s work in the apparel industry, it recognized that the size of these trailers – 45 feet long by 96 inches wide – would not accommodate the size of most shipping pallets, a problem that prevented customers from maximizing...
the cubic capacity of the trailers. So, Crowley purchased a slightly different sized trailer – 45 feet long by 102 inches wide – to solve the problem.

“It may not seem like a big change,” said Cambo, “But those extra six inches made a world of difference for all types of cargo.”

And finally, although CCT had used the elongated, fixed-wheel trailers since the early days of the Central America service, in 2002 Crowley implemented similarly dimensioned containers that could be used with or without chassis into the Central American service – a decision that helped to make a future Lift-on/Lift-off (Lo/Lo) service possible. Such containers existed at the time, but they were only capable of being stacked two or three high. To continue serving the apparel trade at optimal efficiency, while also enjoying the advantages stackable Lo/Lo containers, Crowley invested in custom-built containers that could stack seven high, which proved to be an enormous advantage.

**Strong Relationships are Key to Success**

In addition to considering unconventional solutions, CCT also took it upon itself early on to play the role of liaison between potential U.S. shippers looking for markets in Central America. CCT formed relationships with the governments in Central America, stressing the importance of opening markets to American goods.

The president of the Chamber of Commerce and Industry of Cortés in Honduras, Luis Larach, remembers Crowley as a “pioneer” in this way, stating, “Crowley has always been seen as a leader company – one that honors its legal responsibilities. Most of the trade in Central America has been a service of Crowley for a long time – the company is well known among government officials for almost any trade need. And as an employer for many of our people, the people of Honduras think of Crowley as helpful and with good memories.”
As a result of its longstanding relationships with governments and the people, CCT provided vital expertise to businesses on both sides of the shipment – often whether it was hired to carry the freight or not. One example was the success in helping to establish American companies International Nickel, in Guatemala, and Texas Instruments, in El Salvador. Because of CCT’s capabilities of carrying construction equipment, industrial machinery and vehicles, it made possible an increasingly strong market for American goods to develop in the region. The demand piqued the interest of more American manufacturers, which built additional plants, leading to the widespread availability of jobs and even more economic growth for the countries. These in turn lead to further development of Central America’s port terminals, for which CCT helped again by lending expertise and financial support – including the expansion of docks, warehouses and facilities.

Also key to developing relationships was CCT’s early decision to directly employ individuals residing in Central America instead of utilizing third party agents, a practice that Crowley continues today. These local resources have created permanence in the region for the company allowing customers to work directly with Crowley experts.

“Crowley is our strategic partner,” said Nelson Ahues, planning manager of Hanesbrands in El Salvador. “We’ve tried other companies, but the relationship hasn’t been as successful.”

Today, Crowley continues to take pride in its investment in local resources and the relationships it has formed. In fact, the company currently employs more than 600 workers in Central American to facilitate the company’s liner and logistics services.

“Often it’s helpful to have an agent available, especially when starting a service to a new country or region,” Cambo said. “But Crowley’s 50 years of successful service in Central America have shown that the best method is to serve the region firsthand.”
Agents tend to have local expertise and a book of business already available. For the company just getting into the business, it can be advantageous to rely on an agent who has the local wherewithal to get things off the ground,” Hourihan continued. “But in our case, we have established roots with our own people for many years, and we provide a lot of value to customers by using our own personnel.”

Today

Now, at the 50th anniversary of service to Central America, Crowley continues to expand its services and solidify its presence in the area through frequent weekly fixed-day direct sailings. Currently, Crowley is proud to offer three weekly fixed-day sailings to the Central American Northern Zone, which includes Guatemala, Honduras, Nicaragua and El Salvador, and two sailings per week the Southern Zone countries, Panama and Costa Rica.

Dedication to the economic growth of the region has also helped Crowley to develop an excellent rapport with the governments of Central American nations. With these government bodies, Crowley has affirmed the importance of opening markets for the export of American goods and the value of non-restricted import quotas. This is a practice Crowley continues to this day, as exemplified by the wide variety of conferences and expos attended, during which Crowley educates shippers on the importance of maintaining these markets, and teaches businesses how to improve the shipment process with the U.S.

Crowley now also implements its formalized Speed to Market philosophy that leverages Central America’s proximity to the U.S. with multiple vessel sailings, a wide array of logistics services, continuous process improvement and operational excellence to address the expediting of cargo and simplification of the shipping process for customers.

Customer Lorena Martinez, general manager for Karim’s Group in Guatemala, said of Crowley’s multiple sailings: “Crowley has three vessels every week (between Port Everglades, Fla., and Guatemala),
while most companies have just one. That's a big advantage. If you miss a sailing with one of your competitors, you might have to wait a week, but with Crowley, there's another vessel almost every other day."

From Ro/Ro to Lo/Lo Services

Perhaps the biggest change came about in the past several years as Crowley became ready to complement its reputed fast service with an increase in container volume – a decision that changed Crowley from a Ro/Ro service provider to a predominantly Lift-on/Lift-off (Lo/Lo) service.

The decision wasn’t made lightly – careful study of the region revealed that Central America was fully capable of supporting a Lo/Lo service, which requires more docking space and shoreside cranes for many vessels. Though other carriers’ largest Ro/Ro ships can only fit about 180 40-foot containers, Crowley’s Lo/Lo vessels can carry nearly three times that amount.

In most cases, these Lo/Lo sailings are filled with ordinary cargo, but from time to time, Crowley has proven itself invaluable to those in Central America with out-of-gauge cargo, successfully delivering seemingly impossible shipments composed of a variety of challenging sizes, weights and shapes. Some instances include live animals such as the Tihany Circus to Honduras, double-stack railcars to Manzanillo for the Panama Canal Railway Company, the movement of an 110,000-pound boiler to Honduras for a major apparel company, and the relocation of 11 oversized electrical transformers to Costa Rica for installation in a hydroelectric dam – just to name a few.

As Crowley looks to the future, it has plans to build new Lo/Lo vessels specifically designed for serving customers with such unique needs, which will maximize the effectiveness of its services to Central America into the next 50 years.
The Produce Industry Grows Stronger

One of the largest increases in Crowley’s Central America shipments in recent years is due to improvements within the countries’ produce industry. Fruit and vegetable growers have implemented better practices in the cultivation of produce and in their shipment processes, which has led to increased approvals from the USDA to allow imports to come into the U.S.

Central America’s produce industry has flourished in part because land in the region is so affordable, and because the region offers a diverse landscape and climate conducive to a wide variety of produce. Also, the region’s proximity to the U.S. and the available workforce has played a major role in its growth during the past decade.

For example, AgroExports in Guatemala, which only produced 400,000 pounds of produce in 1993, now directly and indirectly employs 30,000 workers and exports an estimated 35 million pounds – 60 percent of which will be sold in the U.S.

“Central America has continued to grow as the ‘fruit and vegetable basket’ for the United States,” Hourihan said. “This is an area of opportunity where Central America can continue to grow.”

The Addition of Logistics Services Creates Total Solutions

A decade ago, Crowley expanded its logistics services to include Central America, providing customers with more complete solutions. Today, Crowley continues to open new facilities to serve Central America including distribution centers in Guatemala, El Salvador and, most recently, a Customs bonded facility in Panama. These improvements helped relieve congestion, which have in turn increased efficiency and the gain in the market for U.S. goods. This increased focus is a reflection of Crowley’s company-wide initiative to offer a complete service package to the region.
Customer Roberto Bequillard, president of the Argus Group, said of Crowley’s logistics capabilities: “Crowley saw an opportunity to help our business, and they jumped on it. They created an integrated logistics service that just didn’t exist in the Central America region.”

Steve Collar, senior vice president and general manager of logistics, remembered a recent example where these services significantly improved the shipping experience for another customer: “In 2009, Hanesbrands needed a solution for the supply-chain visibility problems it had with other carriers,” he said. “We added all of their shipments into Crowley’s Internet-based trucking system and gave Hanesbrands the capability to track the cargo throughout the deliveries. As a result, they were able to manage their shipments better and could determine which cargo needed to be shipped out first to avoid demurrage charges.”

“Crowley’s warehouse in the El Salvador Export Salvus Free Zone

This business is all about logistics, logistics, logistics,” said customer Rene Chiquillo, director of administration and finance for Merlet Industries in El Salvador. “When I have to get a load to a specific customer in the U.S., I always want to use Crowley.”

As shown, Crowley has made transporting goods easier for customers by combining the company’s vast resources. But perhaps most importantly, Crowley connects a region with complete solutions to customers better than ever.

Expanding Logistics Services to Fulfill Customer Needs

In the latter half of 2010, Crowley reacted to the needs of several of its customers and expanded its reach by offering logistics services between Central America and Mexico. A market with which the company has a history, Crowley combined its vast resources and knowledge with Mexico’s unique capabilities to develop a growing new market for the region – yet another step towards reaching the goal of connecting Central America to the rest of the world and partnering with customers to provide best-in-class service.
We really look forward to bringing new opportunities to the people and companies of Central America, and to increasing the connectivity they have with businesses all over the world,” said Miguel Artiga, vice president, logistics, Central America.

To do so, Crowley is also working to streamline operations in the region and incorporate its Customs brokerage resources, which will help create uniformed policies and procedures when making shipments from one country to the next.

“If we want to see more development in this area of the world, then we must find a way to make it easier to connect all the parties involved,” Artiga said. “Business can bottleneck when going from one country to the next because of the varying Customs regulations. We hope to influence these operations and practices to help Central America benefit greatly.”

The Shared Services Solution

One way Crowley has started such streamlining of its operations is through the creation of its shared services team, which handles freight and accounting services and also documentation. In 2001, Crowley started the department with three employees in El Salvador to handle freight services for the company’s headquarters in Jacksonville, Fla. Today, the group has expanded to more than 130 employees who handle the full process of documentation for the liner services business teams.

“Because Crowley chose to employ people from Central America, it has impacted our workforce as a whole,” said Hugo Llorens, U.S. Ambassador to Honduras. “Crowley invests in the training of its people and has a very high performance as a company. This makes Honduran workers more efficient and better employees even if they no longer work for Crowley.”

The work performed by these employees is crucial to managing the continued growth and demand for services throughout the Caribbean and Central America regions. As a result, Crowley customers in

Refrigerated container unloading in Port Everglades, Fla.
Charity activity in El Salvador

Central America have direct contacts who speak their language and who can help to prepare any required shipping documentation.

"The shared services team in El Salvador has been critical to the success in Central America," said Crowley's Rob Clapp, vice president, customer care. "They are committed to providing the best freight services and customer service in the industry."

"The establishment and growth of shared services shows that we are looking to secure a long-term relationship with the countries in Central America," continued Azucena Hernandez, general manager of Crowley’s Latin America services in Honduras. "The fact that we have a team in Central America working the same schedule as our customers allows us to be in direct contact with them. It is also beneficial that our staff is fully bilingual and immersed in the Latin American culture, so they understand how to best serve our customers’ needs in Central America."

**Putting the People of Central America First**

As has always been the case, Crowley has the best interests of the people of Central America in mind, not only for company-related matters but also those of human interest. As a part of its company-wide philanthropy program, Crowley regularly supports the youth of Central America with the Thomas B. Crowley St. Memorial Scholarship. As of 2006, Crowley awarded this educational scholarship to students in Costa Rica, Guatemala, Panama, Honduras and El Salvador, and added Nicaragua in 2010. More than 200 students throughout the United States, Central America and the Caribbean have been granted a cumulative half-million dollars in Crowley scholarships since 1984.

Crowley also participates in charities throughout Central America to do its part to give back to the community. In Costa Rica, employees have installed a new dining area, helped to restore second- and third-grade classrooms and built a new playground at Escuela de Guarai de Heredia, an elementary school in a low-income, crime-ridden area. In Honduras, employees helped to build a library and computer lab for...
Fundacion Amor y Vida, an orphanage for children infected with HIV/AIDS. Crowley employees also volunteer their time at organizations like La Casa de Mi Padre orphanage in El Salvador; Cabecitas de Algodon, a home for seniors with low financial means, in Guatemala; El Hogar Pajarito Azul, a home for abused and neglected children, in Nicaragua; and Hermanas de Jesus El Buen Samaritano, a home for abandoned children with neurological conditions, in Honduras.

A Resource When in Need

No matter how much CCT and Crowley have invested in Central America, it can easily be undermined by one natural disaster. True to its commitment, Crowley has been the first to respond to many in the past – including the 1972 Nicaraguan earthquake, the 1976 Guatemalan earthquake and the many destructive hurricanes that have struck Honduras. Especially memorable was a November 1986 urgent call for help: equipment and supplies were desperately needed after a landslide at the Panama Canal. To assist, barge 450-12, towed by tug Sentinel made a 1,500-mile journey between South Florida and Cristobal, Panama, carrying a 9,000-ton shipment of dredges and dump scows. Today, Crowley is uniquely prepared to assist disaster-stricken countries with a full suite of transportation and logistics services.

“Crowley has been with Central America through political and economic crises and environmental disasters,” said Llorens. “The company has been successful because it has been there for Central America in an active way, each and every day. Because of this, Crowley will continue to be a big part of Central America’s future.”
For half a century, this is the way it has been in Central America. Crowley has gone above and beyond in its business practices and relationship building in the region, and continuously strengthened Central America’s shipping and logistics industry by building efficient, state-of-the-art facilities, investing in people and providing support in various forms. As Crowley reflects on and celebrates the past 50 years of commitment and growth in Central America, it also continues to focus on the future, for what’s best for the industry and people of Central America in the next 50 years.