

Male Speaker: Please say your name and spell it.

Enrico Salvo: Enrico Salvo, E-N-R-I-C-O, Salvo, S-A-L-V-O.

MS: Enrico, what year were you born, and where were you born?

ES: I was born in Italy on the 16th of July 1927.

MS: So, tell me, how did you get to San Pedro?

ES: Well, the first time I was in San Pedro, I was a merchant marine officer. I came with a vessel here in 1952. I returned several times. Then finally, when I immigrated to the United States in [19]55, I got married in Los Angeles. My first trip to San Pedro was to come down here, eventually find an occupation related to the port activity since my background was there.

MS: When you first came here, what were your first impressions of the port? What was it like? What did you see?

ES: Well, it was kind of a small port.

MS: Did you say, "San Pedro was"?

ES: Yes, San Pedro was a small port. It was a few years after the war. So, the Japanese, they were trying to develop their business with the United States. So, the preponderance of vessels was either American flag or Japanese flag. You could see that the San Pedro was poised for growth because that's where the business was in that particular time, was Asia.

MS: What about the town itself? Do you have any impressions of that?

ES: Well, the town was a small town. With the ethnic— there are two or three active groups. One was Italians, of course. There was a lot of fishermen either from Italy or from Yugoslavia, from Croatia. It was a very pleasant little town.

MS: So, if you want to take that little badge off that you have there.

ES: If you don't have the badge, you don't get in.

MS: [laughter] Or out. You can button your coat if you like.

ES: No, that's fine.

MS: Let's see what that looks like. Pull your jacket down just a bit. Yes, good. All right. So, when you came here, was it attractive to you because there were a lot of Italians here already?

ES: No, no. Just because it was next to an area which I thought that it would be growing, and I thought that was a good place to raise a family, a good place to find a job.

MS: What have you been doing before that?

ES: I was an officer in merchant marine. I was at sea for almost ten years.

MS: So, you have had enough of that. You are ready to settle down. Or what [inaudible] your mind?

ES: Yes, that's true. Yes. Well, I always liked United States. I work for American companies. I look forward to settling here, and that was a place for me.

MS: So, how did you go about finding a job? Did you just walk up the harbor?

ES: Well, at that time, I was not a citizen. So, you couldn't get any good harbor job unless you're a citizen because that Cold War was still going on. So, when I realized that I couldn't do that, I went into logistics and transportation, which didn't require that. You could do it in from downtown Los Angeles where all the bags, Customs was, and that kind of things.

MS: So, talk about looking for a job in San Pedro. You walked and knocked on doors. Talk about that.

ES: Oh, I walked the harbor on foot for three weeks, all the piers. [laughter] Well, I decided that if I had to start on a job and I told them what I have done, I was way overqualified. So, I asked for a messenger job. I told them I didn't know anything. They hired me. I'm still with the same company.

MS: But not as a messenger.

ES: Not as a messenger. I'm the chairman of the board now, but that's – I started there and never left.

MS: Tell me about that company. What was that company?

ES: The company, I worked for them. Then three years later, I bought them out. The company is engaged in freight forwarding and custom brokerage. In other way, they coordinate all the movement, the custom clearances, the forwarding of cargo in and out of the harbor or the airport for that matter. The fact that I spoke different languages and the fact that I know the culture of many countries, particularly Japan, was very useful to me because the Japanese at that time where the prime importers in this port.

MS: Tell me again, what were the specific things this company did? What did they do on a day-to-day basis?

ES: On a day-to-day basis, we facilitate the movement of the cargo in and out of the harbor by either working with the ocean carrier to ship it out or working with the inbound carrier and with the U.S. Customs to pay the duty and get the cargo cleared and delivered so they can be sold.

ME: Now what experience that you had before qualified you for this job?

ES: Well, I know logistics. I know how the cargo moves around the world. I know languages. I know the different cultures of people. I know how they do business in different countries. I think that was very useful to me. It was just a matter to learn the U.S. part for which I got my citizenship. I became a custom broker. I got a license and so forth and so on.

MS: So, what is a custom broker?

ES: A custom broker is an individual or a company licensed by the Treasury Department, which prepares all the declaration of cargo arriving and pays the duties. After the duties are paid, ships the cargo to the distribution centers or to the warehouses or whatever the cargo ultimately goes for sale.

MS: Who pays the brokers? The shipper or –

ES: The broker is usually paid by the importer on record, whoever causes the importation of the merchandise. It could be an importer or a record situated in a foreign country, but 99 percent are companies who are domiciled here in the United States.

MS: So, tell me the kinds of cargo that are particularly common here at the port of Los Angeles.

ES: Well, yes. It changes through the years. Now, consumer goods are a very common cargo, so are foods, refrigerated cargo. You have cargo like steel and plywood. They're still popular but not as popular as they were in the old days. This is a consumer port. As you well know, this port handle about 52 percent of all the cargo coming into the United States. So, you have a great variety.

MS: How did you get from your first job as a messenger to buying the company three years later? How did that happen?

ES: Well, I learned as fast as I could, and I think my background helped me. I got my license, got my citizenship, and then I used my common sense.

MS: What was the history of the company before? Was it an old company?

ES: Yes, the company was...

MS: What did you say the name of the company was?

ES: Carmichael International Service was established in 1939. It grew during the war by helping the Military and the State Department with the logistics.

MS: So, was the company just losing business when you came in?

ES: No, they were just concentrating on export. But after the war, the United States started importing a lot of goods, particularly consumer and so forth. So, the future was in imports. Imports are still – we have a very bad balance [laughter] to trade.

MS: Not getting any better either.

ES: No.

MS: [laughter] So, you settled in San Pedro then?

ES: No, I – yes, I settled in Los Angeles really. But San Pedro, I spent a lot of time in San Pedro because all the vessels come in and out of here. Besides, I have many friends from the old days coming in with vessels. So, I come on and visit and so forth.

MS: Of all the different things that come in and out and you go through your company, what is the most unusual, in the all the years you have been here, most unusual cargo you have had to deal with in the customs space?

ES: Unusual cargo? Well, in general, unusual in the sense that it's valuable. It's works of art, paintings and sculptures and so forth. In a commercial cargo, you have all the consumer goods that you can think of. You have very expensive items. You'll have the Walmart-type items.

MS: Now, with your job, you never necessarily see the item. You are just doing the paperwork.

ES: No, very seldom we see the item. Usually, we see a picture of the item in the catalogue because we had to provide the importer and customs with the classification. The classification of the item determines the rates of duty which will naturally influence the landed cost. You have to know how much you have to pay so you can price it right.

MS: How has the business changed from when you began to today? What are the changes that have taken place?

ES: Well, the changes are significant. This has become a global economy. Therefore, the barriers that our country had with other country and vice versa, they're all coming down slowly, not everybody's happy about but – so you have exchange of a lot of items which before, you didn't have.

MS: What was the Foreign Trade Association? Tell me the history of that.

ES: The Foreign Trade Association was created by – was founded by a gentleman called Stanley Olafson, who was with the Los Angeles Chamber of Commerce. Stanley, whom I know very well, thought that we needed a group to guide the area into the international trade fields. The Foreign Trade Association worked very hard with the Brokers Association and with the ports, to promote the ports and to promote trade through trade missions and all kinds of things, cultural exchanges and so forth.

MS: What was their pitch? How were they selling them? What were they telling the people that would get them to come here?

ES: The United States was growing. It's still growing. So, it's just a matter to reach the right people to make them understand that if they use the ports of Los Angeles and Long Beach, they would be in a very good position to distribute their goods beside in the local market, to other parts of the United States. So, one of the highlights of my time working with the Foreign Trade Association or working with the Brokers Association, working with the ports was that two-, three-year project which culminated in a congress for forwarding agents from all over the world in Los Angeles in 1977. The ports and the city, at that time, weren't very close with the people like us. They helped us to go around the world and promote Los Angeles as a place to have a congress in order for all over the world to see what the two ports could do, what the city could do. So, this effort culminated in 1977 and was very successful. We had to thank John Ferrara and Bayer Bradley at the time, who believed in our mission, our ideas. So, we had 1,047 forwarders from all over the world, here for five days. So, they saw what we had. Then they figured out at the time that we're a better port than San Francisco [laughter], which was one of the thing. For the first time, we had Russians and Cubans. We got eight visas to have eight people from those country to come in and see what free enterprise should do. So, that was part of the – the Cold War was still on, but – so, that was an effort that paid off, really. The port did a great job. The city did a great job. We spent a lot of time on it.

MS: What was it that convinced them to not go to San Francisco and go to Los Angeles?

ES: Well, San Francisco at that time was very well-known, particularly in Europe. The Japanese had other ideas, but everybody in Europe thought of the West Coast was –the West Coast ports was San Francisco. But San Francisco doesn't have the space, doesn't have that structure, the infrastructure to accommodate growth. Even now, all the business San Francisco has is in Oakland. But at that time, the railroad, the steamship line, they all were headquartered in San Francisco. So, after [19]77, a lot of companies moved down here. So, it was a very critical time. From that time on, we saw the expansion of this port. Now we have other issues with the ports, but at that time was just have them established and have them work.

MS: What I was surprised to learn is that Los Angeles was a bigger port than San – more active port than San Francisco as early as the 1930s. People did not know that it was a more active port in San Francisco for many years before that.

ES: Well, San Francisco had the – I don't know. San Francisco, they thought they were better and bigger than anybody else. Traditionally, the railroads, the steamship line, they were all headquartered in San Francisco. The banks were headquartered in San Francisco. So, it took time. That's why the Foreign Trade Association and the Chamber of Commerce, they got the bank involved to create strong international departments here. That was a great effort. The two ports backed the Foreign Trade Association and the Brokers Association very much. We had a very informal way to communicate, the board level, yes, but we had a lot of little breakfast or lunches, get idea going around. At that time, sometime politics were forgotten for the benefit of the area. Now it's changed all a bit. Politics' much more important [laughter].

MS: The competition between the two ports, they were operating...

ES: Yes, that's right. Well, it was fine.

MS: Back to the foreign exchange, that does not exist anymore. Why did it not continue on, Foreign Trade?

ES: What?

MS: The Foreign Trade Association.

ES: Oh, yes, it's still existing.

MS: It still exists?

ES: Oh, yes, it's still going. But it's changing because things are changing, but it's still there.

MS: Although it is a one-way trade, how did our trading partners change from the time you started, to today? What is the history of trade out of this port, from your beginnings to today?

ES: Well, in the old days, let's say you used to get raw material. You get a lot of steel or steel products, or plywood, and so forth. There was a small amount of food and a small amount of consumer goods. But as our country grew and the consumer goods, with the Target, the Walmart's, the Lowes and all you, this company started sourcing overseas because wages were lower. The only problem that we ever had was the importation of textile products because it is one of the restricted industries in the United States. So, textile products are still imported. Their importation is being liberalized a little bit because – like the shoe business, there's not that many company making shoes in the United States anymore. So, we see this change. But the importers, the big retailers usually are the ones who dictate.

MS: What countries? What were the countries in the [19]50s when you started, and how did they change over the years?

ES: Well, the countries, for necessity, had to export. The manufacturer in those days was Japan. Japan was trying to get over their loss of the war. So, they're rebuilding the industries. American companies, particularly oil company, they used to order all their equipment made in Japan. Japan could produce that equipment, the oil drilling equipment, pipes, and so forth. So, that cargo came on. You had traditional food importation of meat from Australia, New Zealand. That has remained. The volume might have changed.

MS: Well, what about Latin America?

ES: Latin America, due to their logistics, other than a little bit Central America, gravitates on the Gulf on Miami, New Orleans, Houston, and so forth. We don't see as much cargo, neither we see – now there's quite a bit of cargo coming from Africa after our country gave Africa a lot of concessions. But all the African cargo ends up in Savannah and in Charleston. We don't see too

much here as a port.

MS: Korea and China, how did that historically develop, that relationship?

ES: Well, I think that geographically, they are next to us. We only have...

MS: You have to say Korea and China.

ES: Yes.

MS: You have to say it – start from the beginning.

ES: Oh, yes. Korea and China, they followed up the example of Japan. They started producing goods for our market. As a matter of fact, right now in Congress, we have a free trade agreement with Korea which the Ways and Means Committee is holding up. But I think that by the end of the year, it'll be signed, which produce an increase of business with Korea. We will send Korea more meat and more produce. We'll get from them, manufactured goods. So, it's a very important time in our history because the Democratic Congress now has some problem in accepting the free trade agreement that were negotiated even by Democratic presidents. They want to take a look at it. Of course agriculture is a big issue on both sides. But negotiation will determine the success.

MS: Talk about China. They are our biggest trading partner. Talk about them and their importance in the port here.

ES: Well, China produces almost any item that our market wants. They have created, over the last ten years, fairly good quality control in certain areas. Now, food, we have seen that they are not doing as well. They are also our biggest trading partner. They surpass Canada. So, it's a two-way trade that we have with China which is continuing. Now the problem with China that the Congress has now is the currency that they – see, – the China currency is overvalued. So, the next, probably fifteen, sixteen months, we'll see what measures, if any, are going to be taken to try to correct this.

MS: Let us go through the process that your company does. There is a ship that is shipping electronics from China. It leaves this port. Then how does it begin to come here? What do you do step by step?

ES: Well, normally, taking that cargo coming in, particularly large clients, they have a contract with steamship lines. So, when the cargo is onboard either electronically or through other means, we'll get a notification that the cargo is being loaded on the vessel. Within five days from sailing, we got all the details of what is on that vessel. So, we prepare an entry which is customs declarations and list all the items which our clients are importing. We classify, one by one. You might have an entry that they have 200 or 300 items which take different rates of duty. But anyway, this task is very important because they determine the revenue of the United States. Like paying income tax, customs is not very happy if you don't pay the right amount. Usually, five days before the vessel arrives, we electronically transmit all that data to customs. Customs

tells us, "Yes we accept." Or they tell us, "Yes, we accept, but we want to look at some of the goods." Whatever the response is, we make arrangements. As soon as the vessel comes in, we'll have the trucker ready to, at the dock, when the container is ready, pick it up and deliver. Now, if the merchandise goes inland and we got – as you probably know, 40 percent of the goods come in here are moved to some other place. The ocean carrier will make arrangements with the railroad to take the merchandise to Memphis, to Atlanta, to whatever they go to, sometimes to New York. Because it's usually easier to go to New York by rail than go through the Panama Canal. First of all, it costs more money through the Panama Canal. Then you have one more week of sailing time. So, the routing of the cargo is predicated on the urgency of the goods, the transit time, the price. There's a lot of parameters that are used to route the cargo.

MS: So, you are responsible for making sure that the duties are the correct amount?

ES: Right.

MS: You also –

ES: Well, legally...

MS: – change those duties via the shipper, or you –

ES: Well, most of our clients, they do pay the duty – after the declaration is done, they have a certain amount of time to deposit the duty. The large importers, they have a direct account with customs. A smaller company, they pay through us. We have an account with customs. Pay the duty, and the client reimburse us for it.

MS: So, your profit or income, where does that come from in this exchange?

ES: Well, we charge service in preparing all the documents. It's like a CPA preparing your income tax. The more data you have, the service charge changes. In our business, if you have cargo which is subject to different government agencies, like the Food and Drug and so forth, then there's a lot more work. So, we make a little more money.

MS: But now we are number four. But there are forty-one different agencies involved. Tell me about that.

ES: Yes. Well, some of them – depending what the item is. If you import automobiles, you've got the Department of Transportation involved. You've got the EPA involved, besides Customs. If you import food, you've got Food and Drug. If you've got agriculture, you might have – depending what – you might have Food and Drug also involved in looking at electronics, the radiation that they emit, depending what the item is.

MS: So, tell me again. There are forty-one agencies. Tell me the big picture.

ES: Well, no, there are forty-one agencies which might be involved, but not all items are subject to forty-one agencies, depending what the nature of the item is. So, if you have a lot of food,



then you've got the Food and Drug, and you've got the Department of Agriculture. They are the two agencies, besides customs, that they like to get involved with that. If you import high fashion merchandise, you might get Fish and Wildlife because they don't want you to import reptiles or endangered species product. As a broker, we identify the agency involved. We get clearance from them, so the client doesn't have a problem.

MS: Okay, good. That makes sense. Now this sounds like a lot of paperwork. Is it done electronically or literally paper?

ES: Well, it's done electronically, but you have to have the hard copies [laughter] to –there's a lot of cases going to court because people disagree. So, we maintain hard copy. We are bound by statute to keep it for five years, the hard copy. But we keep everything electronically.

MS: So, take a particular piece of merchandise, let us say an automobile from Toyota. Is that three pieces of paper, five pieces of paper, or 500 pieces of paper?

ES: Well, you know, an automobile, usually you clear maybe 1,000 automobiles on one vessel. It would be one declaration covering 1,000 automobiles. No, you keep all the record, electronically, but the law still compels you to keep all the hard copy for five years.

MS: I am asking, how many pages of hard copy are there on a shipload? Is it five pages, ten pages, a hundred pages?

ES: Depending on the variety of merchandise. If you have all automobiles, it's probably two pages. If you have consumer goods or if you have spare parts – we have clients in the automobile business that they have 200,000 items in their catalogues. [laughter] So, some of the paperwork, it's by the pound.

MS: [laughter] What is your competition?

ES: There's a competition. Now, in the last few years, it's worldwide. You have companies such as DHL, FedEx, UPS, a lot of foreign companies who are competing with us, typical American companies. We are not gaining any ground because we don't have the money, the worldwide expansions that they have. So, that's a competition. But normally, many companies likes to do business with a company where they get personal service. If somebody wants me at 3:00 a.m. that has a problem, they can always get me, type of thing.

MS: But I do not see FedEx picking up a ship full of 1,000 Toyotas though.

ES: No, they'll clear it. They won't touch it. They'll clear it, yes.

MS: So, from your point of view, what is the future of your company or companies like yours?

ES: Well, our future of our company, to survive, we have to use technology like the big ones do. Eventually, I think that – I would say twenty, thirty years from now, our industry would be dominated by multinationals.

MS: What about the future for the port of Los Angeles, from your point of view? What do you see happening?

ES: Well, the port of Los Angeles, geographically, is situated in a place where...

MS: Okay, start again, the Port of Los Angeles.

ES: The port of Los Angeles, it's in an ideal position. However, if all your business continue to be what they think is going to be, people, importers are going to look at other ports as alternatives to Los Angeles. The Canadian ports, now they put Vancouver and the three ports in British Columbia under one authority. They opened Prince Rupert north of Vancouver. The Mexico wants to open Point Colonet, south of San Diego. So, by 2015, you might have two or three more ports competing with Los Angeles. But according to the experts, the volume which would be generated globally will allow Los Angeles to keep what they have and growing. Our problem now, as you know, is how to control the growth, to keep everything green, and that kind of thing, because the harbor has no more room to grow. So, that's a worldwide problem. Excluding China, every port has a problem of space and congestion.

MS: All the years you have done this job, there must be something that you remember especially, in the sense of all this international trade and all the changes that are taking place in the economies around the world. I mean, when you look back at all your years in this business, what do you think? Do you look back with astonishment or pride or horror or what?

ES: I think I look back with pride and satisfaction because myself and a few other people at this port – the group was pretty small – we firmly believed that Los Angeles would be a major port in the world. So, we look back with pride. Yes, I would say so, yes. I think that we still have – I mean the ports have a lot of work to do now to maintain their position. At the same time, try to, not compromise, but consider the needs of the business, consider the needs of the environment, consider the needs of labor, and put them all together. Now of course, when the container revolution – when the container became the means of transporting goods, that changed a lot of things. I think that Mr. McLean did a great job of doing it. I think is this is – and simplify the thing. Because when I used to come here, we used to come with vessels towed by hand [laughter]. So, we used to spend ten, fifteen days in the port. Now, if they spend fifteen hours, it's a lot.

MS: What about yourself, personally? Did you imagine yourself, when you first came here in 1952 and got that messengers job, what your future was going to be?

ES: Well, frankly, I didn't think – I couldn't see I – to arrive at this point. But I always had a great faith in the people in this town, in this port, either be politicians or traders or steamship line, everything else. Yes, there's been a few disappointments. For example, the major carriers now, they are no longer American flag vessels. The major steamship lines do not maintain executive offices here. They are in Timbuktu and Salt Lake City and places where they don't – they never see any ship to start with, but for lot of reasons, they're not – yes. So, the group that we had here is no longer here. In the old days, everybody that had to do with the harbor was here. We used to get together and tackle the problem. Now, it's not very conducive. So, it's

kind of frustrating a little bit.

MS: Why have they all moved away from the port?

ES: Some for cost. At the ports, they may be subject to union wages, even for the people in the offices. Then some steamship line, they maintain their account in Costa Rica or some other countries. Not having the executive of this ocean carrier not at the port or visiting us once a year, it's not the same thing. Because when you have a problem or you have an idea, it's easy to, "Well, let's have a cup of coffee and talk about it." Can't do that anymore. You have conference calls, emails, all that stuff. I don't have computers. So, I can't even do that.

MS: So, when you came and started – when you took over the company, who were those groups, those guys you would have coffee with? Who were the clients in the port in those days?

ES: Well, usually, you'll have people from the harbor. You'll have people from the steamship line. You have people from the stevedoring company. Sometimes you even have people from the union, the longshoremen. "We have a problem. How can we solve it?" Now, it's much more formal. It's more political. You can go to a board meeting, but nobody's going to listen to you. [laughter] It's a different thing. It gets resolved anyway, but it's a different...

MS: In the port of Los Angeles, of a typical kind of company like yours, who are your competition here? Or do you pretty much have it to yourself?

ES: Oh, no, no, no, no. We are a medium-sized company. You have all the national companies like UPS, DHL, FedEx, Expedite, the big companies. They all hire here. They do more business than we do. But we have a good following of clients who have been with us, some as much as forty-two, forty-three years. We grew up with them. Because in order to serve a client, you have to know how they do business. We have a certain amount of expertise on that.

MS: I think you might want to wipe your mouth. One last question. Before, when you were a merchant marine, what was your education before? Did you learn everything by being a merchant marine, or did you have an education before that?

ES: No. Well, the merchant marine in Italy, you had to go to academy for five years, after high school. Then you have to sail for so many years and get two certificates. You get a third officer certificate. You have a captain certificate. Then you're done. So, to give an idea, the Merchant Marine Academy qualifies you here. I know because I've done it for two and a half year of college in UCLA, the background, the school part. Actually, you do a lot of astronomy. You do a lot of math. You do a lot of physics, that kind of stuff.

MS: So, when you came here, what was your position in merchant marine. You were captain?

ES: No, I was chief officer.

MS: Chief officer. Where did you pick up these languages? You picked them up?

ES: Well, you studied two in school. Then the other ones, you pick up.

MS: What languages do you speak?

ES: Of course, I speak Italian, Spanish, French, and English.

MS: Not Japanese?

ES: No. Well,— with Japanese, one time we had a great damage to the ship. We went to a shipyard, in 1952, and the Japanese — we couldn't communicate in Japanese. The Japanese engineer didn't speak English. Then I found out that the old-timers all spoke French. So, we converted to French. The old-timers were fine with French, because in Japanese university, they taught French up to 1939. Well, you pick up by necessity. Of course, English is pretty well-talked all over the place. I mean, all the pilots speak English. But if you go down to — I went to the Strait of Magellan one time. The pilots, they only spoke Spanish [laughter], which was fine with us.

MS: Well, this is great. Is there anything else you want to tell me?

ES: No, no, I didn't have anything, It's just that these ports can grow, prosper, if the city and the port talk to people. That's a general statement. They don't.

MS: [laughter]

ES: Because, ultimately, I think that's...

MS: Hold on a second. Continue. Do not look away when you are saying that. Just finish the thought.

ES: Yes, it's important to get input. Because we're all exposed to business, so we know what our clients in New York, our clients in in Cleveland, our clients in Chicago expect from this port.

MS: Good. Terrific. I need to take a still photo of you.

[end of transcript]