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"10+2 EQUALS BIG DOLLARS FOR US IMPORTERS"

In December of 2007, The Customs and Border Protection division of the U.S. Department of Homeland Security issued a proposed rulemaking to require all U.S. importers as well as ocean carriers to provide electronic reporting of additional data elements for cargo that is destined for U.S. Ports. The proposal which is now commonly referred to as "10+2" will require these U.S. Importers to provide as many as 10 importer data elements and ocean carriers will be responsible for transmitting additional carrier requirements consisting of Vessel Stow Plans and Container Status Messages, hence, the 10+2 Acronym.

The primary benefit of the rulemaking is to improve the high risk targeting of cargo destined for the U.S. by the Customs and Border Patrol's Automated Targeting System (ATS). The ATS system processes cargo manifest information to identify and evaluate the risk of smuggling weapons on ocean going vessels. At the same time, the process will enable Customs to further expedite low risk shipments following their arrival here in the U.S.

The additional data security elements will help identify the entities involved in the supply chain of foreign goods, identify the entities locations, as well as corroborate and provide potentially more precise descriptions of the goods being shipped. The data capture will according to Customs enhance the risk assessment process by separating the high risk and low risk cargo.

The good news for all of us is the additional security screening to protect all U.S. citizens, but the bad news is what will these regulations cost the importers and then the ultimate consumer. As with any new regulation, only time will tell. Based on a U.S. Customs and Border Protection economic analysis, these new regulations will "cost industry from $390 Million to $640 Million per year for security filing transaction costs or transmission fees charged to importers by cargo agents, the potential for supply chain delays and the estimated costs to carriers for transmitting the additional data to CBP".

The regulations will be phased in over a 12- month period to help everyone adjust to the new regulations once it is finalized. Many in the industry, including Logistics Service Providers, Importers, Trade

Compliance Consultants and Foreign Vendors are all over the place in trying to determine just how these regulations will ultimately be implemented.

So what are the 10 Security Filing Data Elements which will be required from Customs?

· Manufacturer or Supplier Name and Address

· Seller Name and Address

· Buyer Name and Address

· Ship to Name and Address

· Container Stuffing Location

· Consolidator (Stuffer) Name and Address

· Importer of Record/Foreign Trade Zone (FTZ) Applicant Identification Number

· Consignee Number(s)

· Country of Origin

· Commodity Harmonized Tariff Schedule of the US (HTSUS) Number

These data elements are obviously not difficult to assemble, but the real issue of cost will be in electronic reporting of these elements. All of the industry interested parties mentioned earlier have many questions and have created their own top ten list.

1. How will they collect all of this data?

2. Who will be ultimately responsible for collecting it?

3. Who will consolidate all of the data elements?

4. Who will be responsible for transmitting the data to the Customs and Border Patrol?

5. How will the information be tied to the original bill of lading and the two individual carrier reports?

6. Who will notify the carrier that the file has been sent?

7. How will they insure that the data has been transmitted in a timely fashion?

8. Who will be responsible for correcting the data if it is initially transmitted inaccurately?

9. Who will be responsible for auditing the electronic import data filing?

10. How will the confidentiality of the data be protected?

Arthur Litman, former Vice President of Regulatory Affairs for FedEx Trade Network stated that there are other issues to consider. "It covers hundreds of thousands of importers and all of their agents. And it raises questions about the mechanics of how to do it, liabilities, powers of attorney, bonds- things that we didn't expect that showed up in this rule that we are still trying to digest".

So the real question that importers need to ask themselves immediately is this. Am I fully aware of these new regulations and the impact they will have on my supply chain? Is my broker and/or forwarder up to speed on these regulations so they will be able to process my imports without delay or added exposure, and if not why not?

SOME GOOD NEWS OUT OF THE US POSTAL SERVICE!

If you have been living in a cave for the past several months then you are probably not aware that the US Postal Service is implementing a postage increase on May 12, 2008. "But I thought you said Good News! " Well, there is good news ahead from the Postal Gods.

For the first time ever, the US Postal Service will be offering incentive pricing for several of their shipping services for the following products:

· Express Mail

· Priority Mail

· Parcel Select

· Parcel Return Service

· International Mail

The good news is that in addition to the increase in postage rates USPS will provide "commercial volume and contract prices, rebates, online price reductions and other new incentives".

According to the USPS website, "these innovative pricing incentives will make our products more attractive to all shippers, especially small businesses. We're pricing our products to sell in today's competitive shipping market. In the near future, the Postal Service plans to explore contract pricing for larger customers similar to others in the market." said Postmaster General John Potter. We have one very simple question for Mr. Potter---- What took you so long? The reality is that for the first time the USPS has the ability to better compete in the shipping market due to recent changes in Federal Law. So shippers beware that in addition to UPS, FedEx, and DHL, you now have a 4th alternative for parcel shipping which is your own Uncle Sam. How cool is that?

To put these incentives into perspective, here are the highlights of the new USPS parcel shipping incentive programs:

· Express Mail is switching to a zone based pricing system, resulting in customers paying less for nearby destinations. Customers will receive a 3% price reduction by purchasing Express Mail online or through corporate accounts. Additional price reductions are available for those who ship quarterly minimums.

· Priority Mail will have an average 3.5% savings for customers who use electronic postage or meet other requirements.

· Parcel Select -the USPS' "last mile" to every door will feature pricing and volume incentives for medium and large shippers.

· Parcel Return Service will move entirely to a weight based pricing system, resulting in significant price reductions for many lighter packages.

As far as USPS' Mailing Services are concerned, according to The Postal Accountability and Enhancement Act, the Post Office will adjust the mailing services fees each May. By law, these prices can only increase on average no more than the rate of inflation as measured by the Consumer Price Index. The net results for May 12, 2008 are found below:

· A First Class Mail stamp will be 42 cents. Consumers may continue to use the Forever Stamps they have purchased before May 12th at the current postal rate of 41 cents. The Post Office assures us they will have over 5 Billion Forever Stamps in stock to meet the increased demand before the price change.

· No change in the First Class Mail single piece additional-ounce price.

· Lower additional-ounce price for presorted First Class Mail letters.

· Lower per pound price for Standard Mail saturation and high density flats.

· Shaped-based pricing for First Class Mail International letters, flats and parcels.

· First Class Mail letter (1oz) $0.42

· First Class Mail letter (2oz) $0.59

· Postcard $0.27

· First Class Mail large envelope (2oz) $1.00

· Certified Mail $2.70

· First Class Mail to CN and MX $0.72

· First Class Mail to all other countries $0.94

The bottom line of all this news out of the Post Office for shippers is this, if you have not spoken with a Postal Service Account manager or Sales Specialist recently, now is the best time to do so to learn how these new incentive programs may benefit your company.

TRUCKERS SLOW DOWN TO SAVE FUEL

With the cost of diesel fuel soaring above $4.00 per gallon, the trucking industry needs to pull out every weapon in its arsenal to conserve fuel. Slowing down their vehicles is just one of their weapons.

Last week, the Associated Press reported that at least one major LTL motor carrier was reducing their fleet's maximum speed from 65 to 62 MPH, while one other major LTL carrier has used this ploy for the past ten years. Here are some excerpts from the AP story.

NEW YORK (AP) - With oil and diesel prices hitting record highs, some truckers are choosing to slow down as a way to cut costs and conserve fuel.

Earlier this week, Con-way Inc. said it had scaled back the maximum speed on its 8,400-truck-less-than- truckload fleet to 62 miles per hour from 65. The company estimates that three-mile-per-hour cut will save 3.2 million gallons of fuel - or $10 million a year. Con-way uses about 100 million gallons of diesel fuel in its trucking operations annually.

Con-way spokesman Gary Frantz said the change is currently being implemented in the company's truckload division, and is expected to be completed by the end of April. At that unit, maximum truck speeds are being rolled back to 65 from 70 miles per hour.

Frantz assured that the scale back won't affect delivery time or other standards of service.

YRC Worldwide Inc., the nation's largest less-than- truckload carrier, has had the maximum speed of its 35,000-tractor fleet set at 62 miles per hour for 10 years.

Mike Smid, president and chief executive of YRC North American Transportation, estimated that for every mile- per-hour above the 62 benchmark a truck travels, there's a two percent impact on fuel consumption.

Other trucking companies have recently followed suit. Among them, trucking companies including Con-way have equipped trucks with designs aimed to reduce wind resistance and improve fuel efficiency, manipulated engines to maximize mileage, used special engine lubricants to improve operations and set engines with auto shut-off controls to reduce idle time.

Many economists believe the current fuel cost situation is a major reason our economy is faltering. We happen to agree with them.