

ORIGINAL

BEFORE THE
FEDERAL MARITIME COMMISSION
WASHINGTON, D.C.

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PETITION OF NATIONAL CUSTOMS BROKERS AND FORWARDERS ASSOCIATION OF AMERICA FOR EXEMPTION
FROM MANDATORY RATE TARIFF PUBLICATION
DOCKET NO. P1-08

VERIFIED SUPPORTING STATEMENT OF TERRI L. DANZ

I am Terri L. Danz, National Development Manager of Independent Brokerage LLC dba IBL Worldwide Express, OTI license number 018491NF, based in Atlanta, Georgia with agents worldwide.

As a member of the National Customs Brokers & Forwarders Association of America and primary for our company in charge of ensuring rate filings and communication of and compliance with FMC regulations within the company and having worked in the NVOCC industry for the past nine years and as a shipper for over 12 years prior, I am writing in support of the Association's petition to exempt NVOCCs from having to memorialize rates negotiated with shippers in rate tariffs.

It has been standard procedure in the NVOCC industry for many years to solicit new business by providing prospective customers with written quotations for services to be provided, clearly spelling out the parameters of those services in order to avoid disputes after a shipment is effected. These parameters can vary widely from customer to customer and the written quotes serve as de facto contracts with the customers and are updated as parameters or the NVOCC's underlying costs change. In the past, these underlying costs have remained largely constant for a period of time, three months or more, enabling NVOCCs to secure new business and then file selling rates in tariff as per regulation which would remain valid for that period of time. Now given the rapidly changing nature of transportation costing – arguably the largest of which being fuel costs – rate quotations must be updated to customers on an almost constant basis. Further, the NVOCC industry is highly competitive and we must be constantly negotiating with a broad base of steamship lines for the best rates possible in order to maintain and expand our customer base. It is quite common for importers to change forwarders used for a savings of as little as US \$25. Maintaining fully compliant tariffs has become a very labor-intensive and costly part of business for US NVOCCs, and it has put US-based NVOCCs at a competitive disadvantage in the world market.

Our company uses a tariff publishing agent, as do many US NVOCCs. With a worldwide sales force, ensuring rate filing compliance is a highly cumbersome process. There must be constant communications to ensure rates and all parameters encompassed in them are received from the sales force in time to file in our tariff prior to shipment loading at origin. There must be a system in place to audit all shipments to ensure no conflict exists between the rate one sales person has sold to one customer, and the rate sold by another salesperson to another customer when the parameters are the same. (This situation can easily occur when a salesperson must lower a selling rate in order to retain a customer's business against strong competition.) Further, it is very common to negotiate spot rates with a steamship line and then with the customer immediately before a shipment is effected, limiting the time available to communicate and properly file the selling rate in tariff.

We are finding more and more that our customers are relying on the written (usually emailed) communications of rates from us from which to validate their expenses and even prefer them to formalized rate quotes covering multiple lanes, which they understand have to be changed on a more frequent basis than ever before. By using a specific quote about a specific shipment, they can ensure that they have figured the landed cost of their shipment correctly and can easily validate and pay the invoice for the services provided. Further, they use this form of communication with multiple NVOCCs on a single shipment to ensure they are getting the best rate, rather than accessing the NVOCC's published tariff which is costly and cumbersome. Therefore, the reasoning behind the initial enactment of the rate publishing requirement – to ensure fairness and equity in pricing to shippers - is no longer in practical usage by the shippers it was intended to serve.

The goal of protecting shippers' interests in ocean transportation can be met by requiring that all rates must be formalized between the NVOCC and the shipper in writing, which practice is regularly done already as a means of protecting the business interests' of both parties and avoiding disputes. By relying on this requirement and eliminating the rate publishing requirement currently upon NVOCCs, a significant cost of doing business as an NVOCC will be eliminated allowing shippers to be offered lower rates which in turn will help their businesses better compete in the global marketplace.

Our company currently pays our tariff publishing service a monthly hosting fee of \$37.50 per month, plus \$3.25 per rate item filed. The labor involved in filing rates and ensuring full compliance company-wide easily exceed 20 man-hours per week for a relatively small NVOCC such as ours; they would be virtually immeasurable for a larger NVOCC. These costs must be passed on to shippers in the form of increased margins as they simply cannot be borne into operating expenses of an NVOCC without recuperation. In these very difficult economic times, it is a challenge for any business to consistently be able to keep costs to their customers down and excess costs, without absolute need for them, should be avoided in order to ensure that US businesses can continue to compete effectively with businesses in other countries which are in a better economic situation than ours.

The dynamics of global trade have changed dramatically since the rate publishing requirement was enacted for NVOCCs. Now is the time to change policy that is no longer serving its intended purpose in order to allow US entities – both NVOCCs and the shippers that we serve - to be successful, to grow in the world marketplace and to provide critical jobs to US citizens.

I, Terri L. Danz, declare under penalty of perjury that the foregoing is true and correct. Further I certify that I am qualified and authorized to file this verified statement.

Executed on September 26, 2008.



Terri L. Danz